

PUBLIC DISCLOSURE

January 16, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Union Bank
Certificate Number: 14722

670 Cascade West Parkway SE
Grand Rapids, Michigan 49546

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Needs to Improve**.

An institution in this group needs to improve its overall record of helping to meet the credit needs of its assessment areas (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Union Bank's (UB) performance of originating loans to businesses with gross annual revenues (GAR) of \$1 million or less is the primary reason for the adverse rating, despite other criteria that reflect reasonable performance. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of the bank's small business and home mortgage loans are inside the bank's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's AAs.
- The distribution of borrowers reflects poor penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

UB is a \$333.9 million community bank headquartered in Grand Rapids, Michigan (Kent County). UB is a wholly-owned subsidiary of Union Financial Corporation, a single-bank holding company also headquartered in Grand Rapids, Michigan. The bank does not have any affiliates or subsidiaries. UB received a "Satisfactory" rating at its previous FDIC CRA Performance Evaluation, dated January 2, 2018, based on Interagency Small Institution CRA Examination Procedures.

In addition to UB's main office location, the bank operates out of seven full-service branches in the cities of Ada, Lake Odessa, Hastings, Mulliken, Westphalia, and Diamondale, Michigan. The bank closed two branches in Pewamo and Grand Rapids, Michigan in 2019. The branches were located in middle- and upper-income census tracts, respectively. In September 2022, UB moved its headquarters from Lake Odessa to Grand Rapids, Michigan. UB did not merge or acquire any institutions during the evaluation period. The following table provides additional information on the branch locations.

Office Locations				
Address	City	MSA	County	Census Tract Income Level
670 Cascade West Parkway Southeast	Grand Rapids	Grand Rapids	Kent	Upper
933 4th Avenue	Lake Odessa	Grand Rapids	Ionia	Middle
127 East Road	Dimondale	Lansing	Eaton	Upper
1150 Jordan Lake Street	Lake Odessa	Grand Rapids	Ionia	Middle
233 West Grand Ledge Highway	Mulliken	Lansing	Eaton	Upper
202 East Main Street	Westphalia	Lansing	Clinton	Upper
529 West State Street	Hastings	NA	Barry	Upper
523 Ada Drive Southeast	Ada	Grand Rapids	Kent	Upper

Source: Bank Records, 2020 US Census Data

UB offers a variety of banking products and services. Deposit products include business and personal checking and savings, certificates of deposits, and individual retirement accounts. Lending products include agricultural, commercial, residential, and consumer loans. The primary lending focus is small business and home mortgage lending. Alternative services include internet, mobile, and telephone banking, as well as electronic bill pay and ATMs.

As reported in the September 30, 2023, Consolidated Reports of Condition and Income (Call Report), bank assets totaled \$333.9 million, loans totaled \$235.1 million, and deposits totaled \$292.3 million. The following table provides a breakdown of the bank's loan portfolio composition.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	12,645	5.4
Secured by Farmland	20,054	8.5
Secured by 1-4 Family Residential Properties	37,779	16.1
Secured by Multifamily (5 or more) Residential Properties	12,399	5.3
Secured by Nonfarm Nonresidential Properties	100,973	42.9
Total Real Estate Loans	183,850	78.2
Commercial and Industrial Loans	33,039	14.1
Agricultural Production and Other Loans to Farmers	14,742	6.3
Consumer Loans	3,507	1.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	235,138	100.0

Source: Reports of Condition and Income; Due to rounding, totals may not equal 100%

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the credit needs of the AAs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. UB maintains three contiguous AAs that have a total of 229 census tracts in five counties. Four of the counties span two separate metropolitan statistical areas (MSAs), and one county is not located in a MSA, as described in the following bullets. This evaluation contains separate analyses and conclusions for each AA.

- Grand Rapids-Kentwood MSA AA – the entirety of Kent County and Ionia County (161 census tracts).
- Lansing-East Lansing MSA AA – the entirety of Eaton County and Clinton County (52 census tracts).
- Non-MSA AA – the entirety of Barry County (16 census tracts).

The AAs conform to CRA requirements, consist of contiguous whole geographies in which the bank has offices and operates, do not reflect illegal discrimination, and do not arbitrarily exclude any low- or moderate-income geographies.

Examiners placed the greatest emphasis on the bank's performance in the Grand Rapids-Kentwood MSA AA in the overall rating, because it contains the majority of the reviewed lending activity and a significant majority of the institution's deposit and branch locations.

At the previous evaluation, examiners did not consider Kent County due to the bank's limited time operating in the county. Examiners included Kent County in the current evaluation. Additionally, there have been changes to the MSA designations within the AA. At the time of the previous evaluation, Barry County was considered part of the Grand Rapids-Kentwood MSA and Ionia County was considered to be in a non-MSA area. At the time of this evaluation, Ionia County is considered part of the Grand Rapids-Kentwood MSA and Barry County is considered to be in a non-MSA area.

Examiners considered unemployment data when evaluating the bank's ability to lend within the AAs. Data obtained from the U.S. Bureau of Labor Statistics indicates that the unemployment rates in all three AAs were typically similar to or lower than the state of Michigan and national average unemployment rates in 2022 and November 2023. The COVID-19 pandemic likely contributed to the increased unemployment levels in 2020. The following table depicts relevant unemployment rates from 2020 through November 2023.

Unemployment Rates				
Area	2020	2021	2022	November 2023
	%	%	%	%
Grand Rapids-Kentwood MSA AA	7.7	4.6	3.5	2.6
Lansing-East Lansing MSA AA	7.6	5.3	4.4	3.0
Non-MSA AA (Barry County)	7.6	4.6	3.9	2.8
State of Michigan	5.8	5.8	4.2	3.6
National Average	8.1	5.4	3.6	3.7
<i>Source: Bureau of Labor Statistics</i>				

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation, dated January 2, 2018, to the current evaluation date of January 16, 2024. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate the bank's performance under the Lending Test, as detailed in the appendix. The previous evaluation also used the Small Institution CRA Examination Procedures.

Examiners used full-scope procedures to evaluate the bank's performance in each AA. The bank does not have any affiliates that perform lending activities.

Activities Reviewed

Based on the bank's business strategy, the number and dollar amount of loans originated during the evaluation period, and data from the September 30, 2023 Call Report, examiners determined UB's major product lines are small business and home mortgage loans. Examiners did not consider any additional loan types, as they did not represent a major product line and did not provide material support for conclusions or ratings.

Call Report data from September 30, 2023, outlines that commercial loans represent 57.0 percent and one to four family residential loans represent 16.1 percent of the loan portfolio distribution. Examiners gave more weight to small business loans than home mortgage loans when drawing overall conclusions.

The evaluation considers the bank's universe of small business loans originated or renewed in 2022 and 2023. The bank originated 69 small business loans totaling \$56.8 million in 2022 and 53 small business loans totaling \$52.6 million in 2023. Examiners considered this representative of the bank's performance during the evaluation period.

The evaluation considers all home mortgage loans reported on the bank's 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). In 2022, UB originated 68 home mortgage loans totaling \$28.4 million. UB was not required to report HMDA data in 2021. Therefore, examiners did not consider 2021 home mortgage lending in their analysis.

Examiners analyzed and presented both the number and dollar volume of small business and home mortgage loans; however, examiners emphasized performance on the number of loans, as this is a better indicator of the number of businesses and individuals served by the bank. In evaluating the Geographic Distribution and Borrower Profile criteria, examiners only evaluated loans extended within the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, UB demonstrated poor performance under the Lending Test. Performance under the Borrower Profile criterion primarily supports this conclusion.

Loan-to-Deposit Ratio

The LTD is reasonable given the bank’s size, financial condition, and AA credit needs. The net LTD ratio, calculated from Call Report data, averaged 77.9 percent over the past 23 quarters, from March 31, 2018, to September 30, 2023. The bank’s ratio fluctuated from a low of 56.4 percent in December 2021 to a high of 92.9 in September 2018. The net LTD ratio declined from the end of 2020 throughout 2021 due to a significant increase in deposits resulting from Small Business Administration-backed Paycheck Protection Program loans and economic impact payments. Since then, the net LTD has steadily increased and is similar to the average net LTD ratio at the previous evaluation of 77.2 percent.

In order to assess the adequacy of the bank’s ratio, examiners reviewed the results relative to two other similarly-situated institutions (SSI), selected primarily based on asset size, lending focus, and geographic location. As shown in the following table, UB’s performance on average, was slightly greater than one SSI and was less than another SSI.

Loan-to-Deposit LTD Ratio Comparison		
Bank	Total Assets as of 09/30/2023 (\$000s)	Average Net LTD Ratio (%)
Union Bank	333,888	77.9
Similarly-Situated Institution #1	587,070	71.9
Similarly-Situated Institution #2	550,450	99.5
<i>Source: Reports of Condition and Income 03/31/2018 - 09/30/2023</i>		

Assessment Area Concentration

UB originated a majority of its small business and home mortgage loans, by number and dollar amount, inside the AAs. The following table illustrates the lending activity both inside and outside the AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2022	52	75.4	17	24.6	69	40,558	71.4	16,213	28.6	56,770
2023	34	64.2	19	35.8	53	31,183	59.3	21,400	40.7	52,583
Subtotal	86	70.5	36	29.5	122	71,740	65.6	37,613	34.4	109,353
Home Mortgage										
2022	48	70.6	20	29.4	68	13,483	47.5	14,887	52.5	28,369
Subtotal	48	70.6	20	29.4	68	13,483	47.5	14,887	52.5	28,369
Total	134	70.5	56	29.5	190	85,223	61.9	52,500	38.1	137,722

Source: Bank Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the AAs.

Borrower Profile

The distribution of borrowers reflects poor penetration overall among businesses of different sizes and individuals of different income levels. The separate AA discussions later in this evaluation contain complete discussions of the performance for this criterion.

Response to Complaints

UB did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other legal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

GRAND RAPIDS-KENTWOOD MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GRAND RAPIDS-KENTWOOD MSA AA

Performance within the Grand Rapids-Kentwood MSA AA was given more weight than the other areas analyzed. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The Grand Rapids-Kentwood MSA AA consists of all census tracts in Kent County and Ionia County, Michigan. UB operates four offices, which includes its main office within this AA. The Cascade Branch (main office) and Ada Branch are both located in upper-income census tracts, while the Lake Odessa Branch and drive-in limited-service office are both located in middle-income tracts. In May 2022, UB closed its Pewamo Branch. UB closed a limited-service (administrative) branch in Grand Rapids in September 2019, and reopened a full-service branch in the same general area in September 2022.

Economic and Demographic Data

Based on 2020 U.S. Census data, the Grand Rapids-Kentwood MSA AA is comprised of 161 census tracts with the following designations: nine low-, 39 moderate-, 76 middle-, 34 upper-income tracts, and three with no income designation. The previous evaluation did not include Kent County in the analysis given the relatively recent addition of a branch and the bank’s limited time in the Kent County market. This evaluation includes both Kent and Ionia counties. In addition, Ionia County was considered to be in a non-MSA area at the time of the previous evaluation. The 2020 Census data includes Ionia County within the Grand Rapids-Kentwood MSA. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

Demographic Information of the Grand Rapids-Kentwood MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	161	5.6	24.2	47.2	21.1	1.9
Population by Geography	724,778	4.4	21.9	45.3	26.9	1.5
Housing Units by Geography	282,209	4.1	22.3	47.0	25.6	1.0
Owner-Occupied Units by Geography	189,841	2.4	17.2	47.8	31.9	0.7
Occupied Rental Units by Geography	78,025	8.0	33.2	45.6	11.5	1.7
Vacant Units by Geography	14,343	6.1	31.1	42.9	18.8	1.1
Businesses by Geography	55,947	2.9	20.4	40.6	35.7	0.5
Farms by Geography	1,709	1.3	13.7	51.5	33.0	0.5
Family Distribution by Income Level	179,032	19.6	18.7	23.1	38.6	0.0
Household Distribution by Income Level	267,866	23.1	17.4	19.5	40.1	0.0
Median Family Income MSA - 24340 Grand Rapids-Kentwood, MI MSA		\$80,705	Median Housing Value			\$191,969
			Median Gross Rent			\$932
			Families Below Poverty Level			7.0%
<i>Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%</i> (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of business by GAR level, with GARs equal to or less than \$1 million. The analysis of the Geographic Distribution criterion compares the bank's small business lending to the distribution of businesses by tract income category. According to 2023 D&B data, the AA contains 55,947 non-farm businesses with the following GAR levels:

- 83.8 percent have \$1 million or less
- 5.8 percent have more than \$1 million
- 10.4 percent have unknown revenues

Further, 2023 D&B data shows that the largest industries in the AA are services (40.9 percent); non-classifiable establishments (13.5 percent); retail trade (12.1 percent); finance, insurance, and real estate (10.7 percent); and construction (6.7 percent). In addition, 88.5 percent operate from a single location, and 65.9 percent have four or fewer employees. Major employers in the AA include Corewell Health, Meijer Inc., Mercy Health, Gentex Corp., Anios Inc., SpartanNash, and Amway Corp.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Examiners focused on the percentage of loans within the low- and moderate-income census tracts. According to 2020 U.S. Census Data, the AA contains 282,209 housing units, with 67.3 percent owner-occupied, 27.7 percent occupied by rental units, and 5.1 percent vacant, indicating a moderate level of opportunity for home mortgage lending.

Examiners use the FFIEC-adjusted median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories for the AA during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Grand Rapids-Kentwood, MI MSA Median Family Income (24340)				
2022 (\$88,900)	<\$44,450	\$44,450 to <\$71,120	\$71,120 to <\$106,680	≥\$106,680
2023 (\$88,900)	<\$44,450	\$44,450 to <\$71,120	\$71,120 to <\$106,680	≥\$106,680
<i>Source: FFIEC</i>				

Competition

Overall, UB operates in a highly competitive environment with competing institutions. According to June 30, 2023 FDIC Deposit Market Share data, 24 financial institutions operate 165 branches within the AA. Of these institutions, UB ranked 17th with only 0.7 percent of the deposit market share.

Although UB is not subject to CRA data collection and reporting requirements for small business loans, market share data provides a measurement for the level of competition in the AA. Peer data shows financial institutions operating in this area including large national banks and credit card banks. Aggregate lending data for 2021, the most recent year for which data is available, reflects 121 lenders originated or purchased 15,179 small business loans, with the top 10 lenders originating 70.5 percent of those loans. In addition, the top five banks are large credit card banks. This indicates a high level of competition.

There is a high level of competition for home mortgage loans from several banks, credit unions, and non-depository mortgage lenders in Kent and Ionia counties. 2022 aggregate lending data shows 463 lenders originated or purchased 36,953 home mortgage loans, with the top 10 lenders originating 50.7 percent of those loans. UB ranked 109th with 0.1 percent of the market.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the AA to assist in identifying credit needs and opportunities, including local banks' responsiveness to those needs. Examiners contacted a representative from a local housing organization in the AA.

The contact stated that the housing market in the area is highly competitive and indicated the need for more housing. Kent County specifically is seeing an increase in the 25-35 years age group. The contact also stated that individuals' income have not kept pace with the rising housing costs. The contact stated local banks are involved in the community and provide essential services to meet the credit needs of local businesses, farms, and community members.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that small business and home mortgage lending represent the primary credit needs of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GRAND RAPIDS-KENTWOOD MSA AA

LENDING TEST

UB demonstrated poor performance in the Grand Rapids-Kentwood MSA AA. The Borrower Profile performance criterion primarily supports this conclusion.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the Grand Rapids-Kentwood MSA AA. Reasonable small business and home mortgage lending support this conclusion.

Small Business Loans

The distribution of small business loans reflects reasonable dispersion throughout the AA. As illustrated in the following table, the bank's lending in low-income areas was consistent with the percentage of businesses within these tracts. The bank's performance in moderate-income tracts slightly trailed the percentage of businesses in these tracts in both 2022 and 2023.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2022	2.9	1	2.4	570	1.5
	2023	2.9	1	3.1	60	0.2
Moderate						
	2022	20.5	7	17.1	5,884	15.5
	2023	20.4	5	15.6	4,966	16.5
Middle						
	2022	40.8	18	43.9	14,812	39.0
	2023	40.6	10	31.2	9,764	32.4
Upper						
	2022	35.4	15	36.6	16,680	44.0
	2023	35.7	16	50.0	15,325	50.9
Totals						
	2022	100.0	41	100.0	37,946	100.0
	2023	100.0	32	100.0	30,115	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available.; Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion in the Grand Rapids-Kentwood MSA AA. As shown in the following table, UB originated one loan in a low-income census tract. UB's performance in this tract is slightly above aggregate lending performance and the percentage of owner-occupied housing units. UB originated one loan in a moderate-income census tract. Performance in this tract is below aggregate lending performance and the percentage of owner-occupied housing units. All of the low- and moderate-income census tracts in the AA are located in the Kent County. The bank only operated from one branch office in Kent County during the entirety of 2022, the market for home mortgage lending in Kent County is highly competitive. Given the above performance context, examiners consider the bank's performance reasonable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.4	3.1	1	4.5	215	2.4
Moderate	17.2	18.7	1	4.5	150	1.7
Middle	47.8	46.9	14	63.6	2,422	27.2
Upper	31.9	30.8	6	27.3	6,110	68.7
Totals	100.0	100.0	22	100.0	8,897	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.; Due to rounding, totals may not equal 100.0%

Borrower Profile

Overall, the distribution of loans reflects poor penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the percentages by number of small business loans to businesses with GARs of \$1 million or less and number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects poor penetration of lending to businesses with GARs of \$1 million or less. The following table shows that the lending penetration was much lower than the percentage of business in this category in 2022 and 2023.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	83.3	10	24.4	18,273	48.2
2023	83.8	9	28.1	13,329	44.3
>\$1,000,000					
2022	6.1	31	75.6	19,673	51.8
2023	5.8	23	71.9	16,786	55.7
Totals					
2022	100.0	41	100.0	37,946	100.0
2023	100.0	32	100.0	30,115	100.0

Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available.; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. As shown in the table below, the bank's lending to low-income borrowers slightly exceeds aggregate lending performance, but trails the percentage of low-income families in the AA. However, the low-income category includes 7.0 percent of families in the AA with incomes below the poverty level. Families at this level likely face difficulty qualifying for

financing homes in the AA. For this reason, examiners emphasized comparisons to the aggregate HMDA data.

Performance lending to borrowers in the moderate-income category is below both the percentage of families and aggregate lending performance. However, as examiners noted in the Community Contact section, there is insufficient housing stock in the AA. There is also a strong level of competition for home mortgage loans in Kent County, as discussed previously. Both factors affect lending opportunities for the bank and other lenders included in the aggregate lending data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.6	11.3	3	13.6	215	2.4
Moderate	18.7	24.2	2	9.1	159	1.8
Middle	23.1	22.2	2	9.1	432	4.9
Moderate	38.6	31.1	9	40.9	6,457	72.6
Not Available	0.0	11.3	6	27.3	1,634	18.4
Totals	100.0	100.0	22	100.0	8,897	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.; Due to rounding, totals may not equal 100.0%</i>						

LANSING-EAST LANSING MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LANSING-EAST LANSING MSA AA

Performance within the Lansing-East Lansing MSA AA was given more weight than the non-MSA AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. The Lansing-East Lansing MSA AA consists of all census tracts in Eaton County and Clinton County, Michigan. UB operates three offices within this AA in Dimondale (Eaton County), Mulliken (Eaton County), and Westphalia (Clinton County). Each office is located within an upper-income census tract. UB did not open or close any branches in this AA since the previous evaluation.

Economic and Demographic Data

Based on 2020 U.S. Census data, the Lansing-East Lansing MSA AA is comprised of 52 census tracts with the following designations: five moderate-, 31 middle-, 15 upper-income, and one tract with no income designation. There are no low-income census tracts within the AA. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

Demographic Information of the Lansing-East Lansing MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	52	0.0	9.6	59.6	28.8	1.9
Population by Geography	188,303	0.0	7.3	59.1	32.0	1.7
Housing Units by Geography	79,602	0.0	8.2	60.6	29.9	1.4
Owner-Occupied Units by Geography	57,477	0.0	6.3	56.6	37.0	0.2
Occupied Rental Units by Geography	17,742	0.0	12.6	72.7	11.2	3.5
Vacant Units by Geography	4,383	0.0	15.3	63.6	12.8	8.4
Businesses by Geography	12,101	0.0	9.8	59.0	30.7	0.5
Farms by Geography	861	0.0	4.4	59.3	36.0	0.2
Family Distribution by Income Level	50,050	15.6	17.3	23.9	43.1	0.0
Household Distribution by Income Level	75,219	17.3	15.6	19.3	47.8	0.0
Median Family Income MSA - 29620 Lansing-East Lansing, MI MSA		\$78,657	Median Housing Value			\$173,260
			Median Gross Rent			\$860
			Families Below Poverty Level			5.1%
<small>Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</small>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level, with GARs equal to or less than \$1 million. The analysis of the

Geographic Distribution criterion compares the bank’s small business lending to the distribution of businesses by tract income category. According to 2023 D&B data, there are 12,101 non-farm businesses operating in the AA with the following GAR levels:

- 84.9 percent have \$1 million or less
- 4.3 percent have more than \$1 million
- 10.8 percent have unknown revenues

The 2023 D&B data shows the largest industries in the AA are services (40.2 percent); non-classifiable establishments (12.1 percent); retail trade (11.7 percent); finance, insurance, and real estate (9.2 percent); construction (8.3 percent); and agriculture, forestry, and fishing (6.6 percent). In addition, 89.2 percent operate from a single location, and 69.0 percent have four or fewer employees. Major employers in the AA include Michigan State University, Liberty National Life Insurance, Sparrow Health System, General Motors Corp., Auto Owners Insurance, and Lansing Community College.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Examiners focused on the percentage of loans within the moderate-income census tracts. According to 2020 U.S. Census data, the AA contains 79,602 housing units, with 72.2 percent owner-occupied, 22.3 percent occupied by rental units, and 5.5 percent vacant, indicating a moderate level of opportunity for home mortgage lending.

Examiners use the FFIEC-adjusted Median Family Income to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories for the AA during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lansing-East Lansing, MI MSA Median Family Income (29620)				
2022 (\$86,800)	<\$43,400	\$43,400 to <\$69,440	\$69,440 to <\$104,160	≥\$104,160
2023 (\$86,800)	<\$43,400	\$43,400 to <\$69,440	\$69,440 to <\$104,160	≥\$104,160
<i>Source: FFIEC</i>				

Competition

Overall, UB operates in a highly competitive environment with competing institutions. According to June 30, 2023 FDIC Deposit Market Share data, 12 financial institutions operate 28 branches within the AA. Of these institutions, UB ranked eight, with 4.5 percent of the deposit market share.

Although UB is not subject to CRA data collection and reporting requirements for small business loans, market share data provides a measurement for the level of competition in the AA. Peer data shows financial institutions operating in this area including large national banks and credit card banks. Aggregate lending data for 2021, the most recent year for which data is available, reflects 74

lenders originated or purchased 2,639 small business loans, with the top 10 lenders originating 70.2 percent of those loans. This indicates a high level on competition.

There is a high level of competition for home mortgage loans from several banks, credit unions, and non-depository mortgage lenders in Eaton and Clinton counties. 2022 aggregate lending data shows 307 lenders originated or purchased 8,719 home mortgage loans, with the top 10 lenders originating 51.2 percent of those loans. UB ranked 75th with 0.2 percent of the market.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the AA to assist in identifying credit needs and opportunities, including local banks' responsiveness to those needs. Examiners contacted a representative from a local economic development corporation in the AA.

The contact stated that the economic conditions in the area are positive overall and possibilities for development are present. The contact stated that many financial institutions are actively involved in community development in the area. The contact also mentioned that the area is highly competitive in home mortgage and small business lending, indicating opportunities for local financial institutions.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that small business and home mortgage lending represent the primary credit needs of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LANSING-EAST LANSING MSA AA

LENDING TEST

UB demonstrated poor performance overall in the Lansing-East Lansing MSA AA. This conclusion is primarily supported by poor borrower profile performance in small business lending.

Geographic Distribution

Overall, the distribution of loans reflects reasonable dispersion throughout the Lansing-East Lansing MSA AA, based primarily on reasonable dispersion in small business lending.

Small Business Loans

The distribution of small business loans reflects reasonable dispersion throughout the Lansing-East Lansing MSA AA. In total, the bank originated four small business loans within the AA in 2022 and 2023. The bank originated two of these loans to businesses located in a moderate-income census tract.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	9.8	2	66.7	1,033	91.2
2023	9.8	0	0.0	0	0.0
Middle					
2022	59.4	1	33.3	100	8.8
2023	59.0	0	0.0	0	0.0
Upper					
2022	30.2	0	0.0	0	0.0
2023	30.7	1	100.0	800	100.0
Totals					
2022	100.0	3	100.0	1,133	100.0
2023	100.0	1	100.0	800	100.0

Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available.; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of home mortgage loans reflects poor distribution throughout the Lansing-East Lansing MSA AA. There are two moderate-income tracts in the southeastern portion of Clinton County, while the bank’s branch is located in the far western portion of the county. Eaton County contains three moderate-income tracts, with one branch located in close proximity to one of the moderate-income tracts. UB did not originate any home mortgage loans in the moderate-income tracts in 2022. As shown in the following table, 6.3 percent of owner-occupied housing units are in these areas and the aggregate lending performance was 7.5 percent, which indicates that there are lending opportunities in these areas.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate	6.3	7.5	0	0.0	0	0.0
Middle	56.6	57.6	5	45.5	1,051	56.7
Upper	37.0	34.7	6	54.5	802	43.3
Totals	100.0	100.0	11	100.0	1,853	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.; Due to rounding, totals may not equal 100.0%

Borrower Profile

Overall, the distribution of borrowers reflects poor penetration among businesses of different sizes and individuals of different income levels. Poor performance in small business lending under the Borrower Profile criterion primarily supports this.

Small Business Loans

The distribution of small business loans reflects poor penetration of loans to businesses with GARs of \$1 million or less. The bank originated a total of four small business loans within the AA in 2022 and 2023. The bank originated one loan to businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	84.3	1	33.3	280	24.7
2023	84.9	0	0.0	0	0.0
>\$1,000,000					
2022	4.4	2	66.7	853	75.3
2023	4.3	1	100.0	800	100.0
Totals					
2022	100.0	3	100.0	1,133	100.0
2023	100.0	1	100.0	800	100.0

Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available.; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers reflects excellent penetration. The bank’s lending in low- and moderate-income areas exceeded aggregate performance and the percentage of families within those areas.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	15.6	9.7	2	18.2	125	6.7
Moderate	17.3	25.5	4	36.4	469	25.3
Middle	23.9	25.3	1	9.1	190	10.3
Upper	43.1	29.2	4	36.4	1,069	57.7
Totals	100.0	100.0	11	100.0	1,853	100.0

Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.; Due to rounding, totals may not equal 100.0%

NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA AA

The non-MSA AA consists of all census tracts in Barry County, Michigan. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. UB operates one office within this AA in Hastings, Michigan. Hastings is located within an upper-income census tract. UB did not open or close any branches in this AA since the previous evaluation. The AA does not contain any low- or moderate-income tracts; therefore, the examiners did not evaluate the Geographic Distribution criterion.

Economic and Demographic Data

Based on 2020 U.S. Census data, Barry County is comprised of 16 census tracts with the following designations: seven middle- and nine upper-income tracts. There are no low- or moderate-income census tracts within the AA. The following table illustrates relevant demographic characteristics of the AA considered within the evaluation.

Demographic Information of the Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	0.0	43.8	56.3	0.0
Population by Geography	62,423	0.0	0.0	44.9	55.1	0.0
Housing Units by Geography	27,785	0.0	0.0	43.3	56.7	0.0
Owner-Occupied Units by Geography	20,440	0.0	0.0	43.0	57.0	0.0
Occupied Rental Units by Geography	3,902	0.0	0.0	56.3	43.7	0.0
Vacant Units by Geography	3,443	0.0	0.0	30.8	69.2	0.0
Businesses by Geography	3,420	0.0	0.0	38.7	61.3	0.0
Farms by Geography	272	0.0	0.0	42.6	57.4	0.0
Family Distribution by Income Level	16,801	11.2	13.4	23.3	52.0	0.0
Household Distribution by Income Level	24,342	16.6	13.0	18.0	52.5	0.0
Median Family Income Non-MSAs - MI		\$64,965	Median Housing Value			\$180,404
			Median Gross Rent			\$831
			Families Below Poverty Level			5.4%

Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%

(*) The NA category consists of geographies that have not been assigned an income classification.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level, with GARs equal to or less than \$1 million. The analysis of the Geographic Distribution criterion compares the bank’s small business lending to the distribution of businesses by tracts income category. According to 2023 D&B data, there are 3,420 non-farm businesses operating in the AA with the following GAR levels:

- 88.2 percent have \$1 million or less
- 3.2 percent have more than \$1 million
- 8.6 percent have unknown revenues

The 2023 D&B data shows the largest industries in the AA are services (37.3 percent); retail trade (11.6 percent); construction (11.4 percent); non-classifiable establishments (10.8 percent); finance, insurance, and real estate (7.8 percent); and agriculture, forestry, and fishing (7.4 percent). In addition, 92.3 percent operate from a single location, and 72.5 percent have four or fewer employees. Major employers in the AA include Bradford White Corporation (manufacturing), Pennock Hospital, and Hastings Mutual Insurance Company.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. According to 2020 U.S. Census data, the AA contains 27,785 housing units with 73.6 percent owner-occupied, 14.0 percent occupied by rental units, and 12.4 percent vacant, indicating a moderate level of opportunity for home mortgage lending.

Examiners use the FFIEC-adjusted Median Family Income to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories for the AA during the review period.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
MI NA Median Family Income (99999)				
2022 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
2023 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
<i>Source: FFIEC</i>				

Competition

Overall, UB operates in a highly competitive environment with competing institutions. According to June 30, 2023 FDIC Deposit Market Share data, five financial institutions operate seven branches within the AA. Of these institutions, UB ranked fourth with 6.4 percent of the deposit market share.

Although UB is not subject to CRA data collection and reporting requirements for small business loans, market share data provides a measurement for the level of competition in the AA. Peer data shows financial institutions operating in this area including large national banks and credit card

banks. Aggregate lending data for 2021, the most recent year for which data is available, reflects 44 lenders originated or purchased 649 small business loans, with the top seven lenders originating 63.8 percent of those loans. This indicates a high level of competition.

There is a high level of competition for home mortgage loans from several banks, credit unions, and non-depository mortgage lenders in the AA. 2022 aggregate lending data shows 240 lenders originated or purchased 3,846 home mortgage loans, with the top 10 lenders originating 40.4 percent of those loans. UB ranked 57th with 0.4 percent of the market.

Community Contacts

As part of the evaluation process, examiners contact third-parties active in the AA to assist in identifying credit needs and opportunities, including local banks' responsiveness to those needs.

Examiners contacted representatives from a local community foundation. The contacts stated that local economic conditions are relatively strong. Companies in the area are hiring local residents. The contact stated that local financial institutions are doing well at providing financial literacy programs and special deposit savings programs for residents. However, the contact added that the area has an aging population, and family sizes have been smaller than in the past. This has created a lack of housing stock, as older residents tend to stay in their homes for longer periods of time. Therefore, there is a need for additional housing stock.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage lending represents the primary credit needs of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA

LENDING TEST

UB demonstrated poor performance overall in the non-MSA AA. This conclusion is primarily supported by poor borrower profile performance in small business and home mortgage lending.

Geographic Distribution

The non-MSA AA does not include any low- and moderate-income geographies, a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion.

Borrower Profile

Overall, the distribution of borrowers reflects poor penetration among businesses of different sizes and individuals of different income levels.

Small Business Loans

The distribution of small business loans reflects poor penetration of loans to businesses with GARs of \$1 million or less. UB originated a total of nine loans to businesses in the AA in 2022 and 2023. Of those loans, a total of four were to businesses with GARs of less than \$1 million. This trails significantly behind the percentage of businesses in the area with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	87.9	3	37.5	396	26.8
2023	88.2	1	100.0	268	100.0
>\$1,000,000					
2022	3.5	5	62.5	1,082	73.2
2023	3.2	0	0.0	0	0.0
Totals					
2022	100.0	8	100.0	1,478	100.0
2023	100.0	1	100.0	268	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available.; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage loans reflects poor penetration throughout the non-MSA AA. The bank made one loan to moderate-income borrowers in 2022. The bank’s performance trails aggregate lending performance and the percentage of families within low- and moderate-income tracts.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	11.2	5.0	0	0.0	0	0.0
Moderate	13.4	21.5	1	6.7	22	0.8
Middle	23.3	23.4	1	6.7	28	1.0
Upper	52.0	37.1	9	60.0	1,919	70.2
Not Available	0.0	13.0	4	26.7	764	28.0
Totals	100.0	100.0	15	100.0	2,733	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.; Due to rounding, totals may not equal 100.0%</i>						

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g. geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g. innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.