

PUBLIC DISCLOSURE

October 22, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Cumberland Bank
Certificate Number: 303

47 S Main St
Whitley City, Kentucky 42653

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 **OUTSTANDING**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment areas (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities. United Cumberland Bank's (UCB) excellent Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's Lending Test performance.

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

DESCRIPTION OF INSTITUTION

UCB, headquartered in Whitley City, Kentucky (KY), operates in the south-central part of KY in McCreary and Pulaski Counties, and northeastern Tennessee (TN) in Scott and Campbell Counties. UCB is wholly owned by McCreary Bancshares, Inc., a one-bank holding company which is also located in Whitley City. The institution received an “Outstanding” rating at the previous FDIC Performance Evaluation on February 3, 2022, based on Interagency Small Institution Examination Procedures.

UCB has seven full-service branches within its AAs. Four of these branches are in KY, three are in McCreary County and one is in Pulaski County. Three branches are located in TN, two of which are in Scott County, and one is in Campbell County. UCB has not had any significant changes to its business strategy since the previous evaluation and no merger or acquisition activities have occurred. UCB’s product mix continues to consist of commercial, agricultural, consumer, and both in-house and secondary market home mortgage loans. In addition, UCB provides a variety of deposit services, including checking, savings, certificates of deposit, and individual retirement accounts. UCB also offers services such as online and mobile banking and bill pay. Each branch has a deposit taking ATM.

Examiners did not identify any legal, financial, or other impediments that would affect the bank’s ability to meet the credit needs of its AAs. As of June 30, 2024, UCB had assets totaling \$402.1 million, deposits totaling \$352 million, total loans of \$282.8 million, and \$79.7 million in total securities. The following table details the loan portfolio distribution as reported in the Consolidated Reports of Condition and Income (Call Report).

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	25,445	9.0
Secured by Farmland	6,099	2.2
Secured by 1-4 Family Residential Properties	123,716	43.7
Secured by Multifamily (5 or more) Residential Properties	3,399	1.2
Secured by Nonfarm Nonresidential Properties	71,668	25.3
Total Real Estate Loans	\$230,327	81.4%
Commercial and Industrial Loans	21,932	7.8
Consumer Loans	29,259	10.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,813	0.7
Lease Financing Receivable (net of unearned income)	0	0.0
Unearned Income on Loans	(482)	(0.2)
Total Loans	\$282,849	100%
<i>Source: June 30, 2024, Call Report.</i>		

DESCRIPTION OF AAs

The CRA requires each financial institution to define one or more AAs in which examiners will evaluate its performance. UCB has defined three AAs: KY Non-Metropolitan Statistical Area (KY Non-MSA) AA, which includes the entirety of McCreary and Pulaski Counties; TN Non-MSA, which includes the entirety of Scott County; and the Knoxville TN MSA AA, which includes the entirety of Campbell County.

There have been no changes to UCB's AAs since the prior examination. The AAs selected do not reflect any illegal discrimination, arbitrarily exclude LMI tracts, or otherwise violate any requirements of the regulation. Refer to the separate AA sections of this evaluation for more detailed information.

SCOPE OF EVALUATION

General Information

Examiners utilized the Interagency Small Institution Examination Procedures to evaluate the UCB's CRA performance for the evaluation period of February 3, 2022, to October 22, 2024.

Examiners conducted a full scope review of all three AAs, assigning the highest amount of weight to the KY Non-MSA. This is due to a majority of UCB's loans and deposits being located in this AA. No affiliate or subsidiary activity was considered during the current evaluation.

Activities Reviewed

After reviewing loan activity, examiners determined UCB's major product lines are home mortgage and small business loans. This determination considered UCB's business focus, loan portfolio composition, and the number and dollar volume of loans originated during the evaluation period. Home mortgage loans contributed more weight throughout the evaluation and to overall conclusions due to the higher loan volume when compared to small business loans. No other loan types, such as

small farm or consumer loans, represent a major product line; therefore, examiners did not analyze these products, as they provided no material support for conclusions or ratings. Records indicate the product mix remained consistent throughout the evaluation period. Examiners reviewed the only two years of lending activity applicable for this evaluation period.

Examiners analyzed Home Mortgage Disclosure Act (HMDA) data from 2022 and 2023 to determine the volume of home mortgage lending. Based on a review of the HMDA Loan Application Registers (LAR), the bank originated 214 home mortgage loans in 2022, for a total of \$31.4 million, of which examiners sampled 55 totaling approximately \$9.0 million. In 2023, UCB originated 229 home mortgage loans totaling approximately \$38.4 million, of which examiners sampled 55 totaling approximately \$10.3 million. Examiners sampled the HMDA data since UCB is exempt from reporting county information for transactions when the property is located in a Non-MSA. In addition, UCB is exempt from reporting census tract (CT) information on transactions where the property is located in a county where the population is 30,000 or less. Examiners used aggregate data of lenders subject to the HMDA LAR reporting requirements and U.S. Census Data as a standard of comparison for sample home mortgage loans. However, examiners emphasized aggregate data as a standard of comparison throughout evaluation for home mortgage loans.

Examiners reviewed loan trial data to determine the volume of small business loans in 2022 and 2023. In 2022, the bank originated or renewed 136 small business loans totaling approximately \$16.9 million, of which examiners sampled 47 totaling approximately \$5.6 million. In 2023, UCB originated or renewed 127 small business loans totaling approximately \$12.8 million, of which examiners sampled 47 totaling approximately \$3.6 million. D&B data for 2022 and 2023 provided a standard of comparison for the sampled small business loans.

In evaluating the geographic distribution and borrower profile criteria, examiners only evaluated loans extended within the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, UCB demonstrated excellent performance under the Lending Test. UCB's performance under the LTD ratio, AA Concentration, Geographic Distribution, and Borrower Profile primarily supports this conclusion. Refer to the separate analyses within each AA for more details of the bank's performance.

Loan-to-Deposit Ratio

UCB's LTD ratio is reasonable given the institution's financial condition and the AAs credit needs. UCB's LTD ratio, calculated from Call Report data, averaged 74.7 percent over the last 10 calendar quarters from March 31, 2022, to June 30, 2024. The LTD has fluctuated during the evaluation period from a low of 66.3 percent on March 31, 2022, to a high of 79.2 percent on June 30, 2024. Examiners selected the similarly situated banks (SSB) based on asset size, geographic location, and lending focus. UCB maintains an LTD ratio comparable to SSBs, as shown in the following table.

LTD Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
UCB	402,133	74.7
SSB #1	326,768	64.4
SSB #2	415,207	98.2
SSB #3	318,125	61.0
SSB #4	346,455	79.2
<i>Source: Call Reports 3/31/2022 – 6/30/2024</i>		

AA Concentration

UCB originated or renewed a substantial majority home mortgage and small business loans inside the AAs during the evaluation period. The following table illustrates the number and dollar volume of lending activity inside and outside of the AAs in 2022 and 2023.

Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (\$000)				Total \$ (000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	50	90.9	5	9.1	55	8,021	89.4	948	10.6	8,969
2023	50	90.9	5	9.1	55	8,168	79.0	2,171	21.0	10,339
Small Business										
2022	40	85.1	7	14.9	47	4,001	71.3	1,608	28.7	5,609
2023	46	97.9	1	2.1	47	3,572	97.9	75	2.1	3,647
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%.</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AAs. Excellent performance in the KY Non-MSA AA outweighs the reasonable performance noted in both the TN Non-MSA and TN MSA AAs. Examiners focused on the percentage by number and the dollar amount of loans in moderate-income CTs. Refer to conclusions and supporting data for performance in each AA.

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the AAs. Excellent distribution of borrowers in the KY Non-MSA AA and TN Non-MSA AA outweighs the poor performance noted in the TN MSA AA. Examiners focused on the percentage by number of home mortgage loans to LMI borrowers and on the percentage by number of small business loans to businesses with gross annual revenues (GARs) of \$1 million or less. Refer to conclusions and supporting data for performance in each AA.

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

KY – Full-Scope Review

CRA RATING FOR KY: OUTSTANDING

DESCRIPTION OF INSTITUTION'S OPERATIONS IN KY

The KY Non-MSA AA contains four branches: three in McCreary County and one in Pulaski County. This AA accounted for 56 percent of total deposits and 57 of the branches. In addition, 66 percent and 78 percent of sampled 2022 and 2023 home mortgage loans respectively, by number, were within the KY Non-MSA AA. UCB also originated 52 percent and 65 percent of sampled 2022 and 2023 small business loans respectively, by number, within the KY Non-MSA AA. Examiners used 2020 U.S. Census data, D&B data, aggregate lending data, and bank data to analyze lending performance in the KY Non-MSA AA.

Economic and Demographic Data

Based on 2020 U.S. Census data, the KY Non-MSA AA includes 27 CT with the following designations: 9 moderate, 12 middle, and 5 upper-income. One CT was not assigned an income designation. See the following table for further demographic information about the KY Non-MSA AA.

Demographic Information of the KY Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.0	33.3	44.4	18.5	3.7
Population by Geography	81,922	0.0	30.8	46.2	19.6	3.3
Housing Units by Geography	39,054	0.0	32.1	49.3	16.1	2.4
Owner-Occupied Units by Geography	22,194	0.0	32.6	45.7	19.8	2.0
Occupied Rental Units by Geography	9,565	0.0	31.3	49.2	14.4	5.1
Vacant Units by Geography	7,295	0.0	31.9	60.7	7.5	0.0
Businesses by Geography	7,561	0.0	24.7	49.1	18.1	8.1
Farms by Geography	366	0.0	25.7	45.6	26.0	2.7
Family Distribution by Income Level	20,440	27.4	16.1	17.4	39.1	0.0
Household Distribution by Income Level	31,759	29.7	16.7	13.6	40.0	0.0
Median Family Income Non-MSAs - KY		\$54,327	Median Housing Value			\$108,921
			Median Gross Rent			\$640
			Families Below Poverty Level			18.7%

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.*

For home mortgage loans, the Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The AA contains no low-income tracts. Approximately 33 percent of owner-occupied units are in moderate-income tracts. Also, according to 2020 U.S. Census there were 39,054 housing units in the KY Non-MSA AA. Of these housing units, 56.8 percent were owner-occupied, 24.5 percent were rental units, and 18.7 percent were vacant.

For small business loans, the Geographical Distribution criterion compares small business lending to the distribution of businesses in the KY Non-MSA AA by geography. Approximately 25 percent of the businesses are in moderate -income tracts.

For small business loans. the Borrower Profile criterion compares small business loans to the distribution of AA businesses by GAR levels. According to 2023 D&B data, there were 7,561 businesses located in this AA. GARs for these businesses are as follows:

- 89.1 percent reported revenues of \$1 million or less.
- 2.8 percent reported revenues of greater than \$1 million.
- 8.1 percent have unknown revenues.

Service providers made up the largest sector of businesses in the KY Non-MSA AA, consisting of 33.3 percent of total businesses, followed by retail companies at 12.6 percent. Furthermore, 65.5 percent of businesses have between one and four employees, followed by 27.7 percent having between five and nine employees.

For home mortgage loans, the Borrower Profile criterion compares the bank’s lending distribution to families in the KY Non-MSA AA by income category. Examiners used the FFIEC Median Family Income (MFI) level to analyze home mortgage loans under the Borrower Profile Criterion. The following table presents the income categories for the review period.

KY Non-MSA AA MFI				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$61,700)	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
2023 (\$64,900)	<\$32,450	\$32,450 to <\$51,920	\$51,920 to <\$77,880	≥\$77,880

Source: FFIEC

According to the U.S. Bureau of Labor Statistics, in both McCreary and Pulaski Counties, unemployment rates increased in 2023 when compared to 2022. In addition, both counties unemployment rates are higher than the state average and national unemployment rates for 2022 and 2023. This indicates a potential for less lending opportunities. The following table presents this unemployment data.

Unemployment Rates		
Area	2022	2023
	%	%
McCreary County	5.4	5.9
Pulaski County	4.7	4.8
KY	4.0	4.2
National Average	3.5	3.7

Source: U.S. Bureau of Labor Statistics

Competition

UCB operates in a mildly competitive environment including large state-non-member banks. FDIC Deposit Market Share data was used to provide insight on the measurement of competition in the KY Non-MSA AA. As of June 30, 2024, UCB ranked fourth in deposit market share in the KY Non-MSA AA, representing 10.4 percent of the market share.

Examiners reviewed aggregate HMDA data to gain insight into the level of demand for home mortgage loans. In 2023, aggregate data notes 165 lenders reporting 1,240 home mortgage loans in the KY Non-MSA AA. In 2022, aggregate data notes 176 lenders reporting 1,585 home mortgage loans. This indicates a high-level of demand for mortgage loans.

UCB is not subject to CRA data collection and reporting requirements for small business loan activity. However, examiners used market share data to provide insight into the level of demand and opportunity for small business lending. In 2022, aggregate data notes 47 lenders reported 1,053 small business loans in the KY Non-MSA AA, indicating a high-level of demand.

Community Contact

As part of the evaluation process, examiners contact third parties active in the KY Non-MSA AA to assist in identifying credit and community development needs and opportunities, including the bank's responsiveness to those needs.

Examiners interviewed a representative of an economic development organization familiar with the economic conditions of the KY Non-MSA AA. The contact stated the demographics of the area are diverse, with both low- and high-income individuals and families. The contact also stated the economic conditions are improving, with several new businesses opening. The contact believes the major sources of employment in the KY Non-MSA AA include healthcare and manufacturing. In addition, the contact stated there is limited low-income housing available, despite demand.

The contact stated they would like to see institutions be more involved in the development and implementation of low-income housing programs. The contact indicated competition does not limit a financial institution's ability to lend in the KY Non-MSA AA. The contact also is not aware of any discriminatory practices by any financial institutions.

Credit Needs

Considering information obtained from the community contact, bank management, demographic, and economic data, examiners determined home mortgage and small business loans represent the primary credit needs for the KY Non-MSA AA.

SCOPE OF EVALUATION – KY NON-MSA AA

Examiners used full-scope procedures to evaluate the bank's performance in the KY Non-MSA AA. The KY Non-MSA AA is the sole AA in the state. As previously stated, more weight was placed on the performance in this AA to derive the overall CRA rating. The KY Non-MSA AA contains the majority of UCB's lending, deposit, and branching activities. Refer to the overall scope of the evaluation beginning on page two for more details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN KY NON-MSA AA

LENDING TEST

UCB demonstrated excellent performance under the Lending Test. Geographic Distribution and Borrower Profile performance supports this conclusion.

Geographic Distribution

The Geographic Distribution of loans reflects excellent dispersion throughout the KY Non-MSA AA. UCB's excellent home mortgage and small business lending performance described below supports this conclusion. There are no low-income CTs in the KY Non-MSA AA. Thus, examiners reviewed the UCB's lending performance in moderate-income CTs.

Home Mortgage Loans

The Geographic Distribution of home mortgage loans reflects excellent dispersion. UCB's lending within moderate-income CTs significantly exceeds aggregate performance in 2022 and 2023. The

following table presents the UCB’s lending performance within each CT category in the KY Non-MSA AA.

Geographic Distribution of Home Mortgage Loans - KY Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	32.6	24.7	26	78.8	3,836	64.5
2023	32.6	26.3	27	69.2	2,870	42.5
Middle						
2022	45.7	51.1	6	18.2	1,966	33.1
2023	45.7	50.7	5	12.8	1,181	17.5
Upper						
2022	19.8	21.3	1	3.0	142	2.4
2023	19.8	19.7	7	17.9	2,706	40.0
Not Available						
2022	2.0	3.0	0	0.0	0	0.0
2023	2.0	3.3	0	0.0	0	0.0
Totals						
2022	100.0	100.0	33	100.0	5,944	100.0
2023	100.0	100.0	39	100.0	6,757	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. UCB’s lending in moderate-income CTs significantly exceeded demographic data in 2022 and 2023. The following table presents lending performance in each CT category within the KY Non-MSA AA.

Geographic Distribution of Small Business Loans - KY Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	25.0	15	71.4	1,321	59.3
2023	24.7	24	80.0	1,454	71.7
Middle					
2022	49.0	4	19.0	280	12.6
2023	49.1	2	6.7	186	9.2
Upper					
2022	17.1	0	0.0	0	0.0
2023	18.1	4	13.3	387	19.1
Not Available					
2022	9.0	2	9.5	625	28.1
2023	8.1	0	0.0	0	0.0
Totals					
2022	100.0	21	100.0	2,226	100.0
2023	100.0	30	100.0	2,027	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of home mortgage and small business loans reflects excellent penetration among individuals of different income levels and business of different sizes within the KY Non-MSA AA. Examiners focused on number of home mortgage loans to LMI borrowers and number of small business loans to businesses of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is excellent. UCB's lending among low-income borrowers exceeded aggregate performance in 2022 and 2023. UCB's lending to moderate-income borrowers trailed aggregate performance in 2022, however, exceeded aggregate performance in 2023. The following table presents UCB's home mortgage lending performance by borrower income levels within the KY Non-MSA AA.

Distribution of Home Mortgage Loans by Borrower Income Level - KY Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	27.4	7.7	4	12.1	130	2.2
2023	27.4	6.0	4	10.3	174	2.6
Moderate						
2022	16.1	18.5	5	15.2	285	4.8
2023	16.1	15.2	9	23.1	649	9.6
Middle						
2022	17.4	23.3	8	24.2	1,248	21.0
2023	17.4	22.7	6	15.4	464	6.9
Upper						
2022	39.1	36.8	13	39.4	3,880	65.3
2023	39.1	39.6	18	46.2	5,217	77.2
Not Available						
2022	0.0	13.7	3	9.1	402	6.8
2023	0.0	16.5	2	5.1	254	3.8
Totals						
2022	100.0	100.0	33	100.0	5,944	100.0
2023	100.0	100.0	39	100.0	6,757	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. UCB's lending to businesses with GARs of \$1 million or less slightly trails demographic data in 2022 and exceeds demographic data in 2023. The following table illustrates the distribution of small business loans by revenue size in the KY Non-MSA AA.

Distribution of Small Business Loans by GARs - KY Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	87.1	18	85.7	1,701	76.4
2023	88.6	28	93.3	1,826	90.1
>\$1,000,000					
2022	3.5	2	9.5	450	20.2
2023	2.9	2	6.7	201	9.9
Revenue Not Available					
2022	9.4	1	4.8	75	3.4
2023	8.5	0	0.0	0	0.0
Totals					
2022	100.0	21	100.0	2,226	100.0
2023	100.0	30	100.0	2,027	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

TN-Full Scope Review

CRA RATING FOR TN: SATISFACTORY

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TN

UCB operates three branches in the State of TN. UCB maintains two branches in Scott County and one branch in Campbell County. TN accounts for 44 percent of UCB's total deposits and 43 percent of its branches. In addition, 34 percent and 22 percent of sampled 2022 and 2023 home mortgage loans respectively, by number, are within TN. UCB also has 48 percent and 35 percent of sampled 2022 and 2023 small business loans respectively, by number, within TN.

SCOPE OF EVALUATION – TN

UCB has two AAs in TN: The TN Non-MSA AA and TN MSA AA. Both AAs were reviewed using full-scope procedures. Examiners placed more weight on performance within the TN Non-MSA AA in delivering the TN state rating. This is due to the TN Non-MSA AA containing the majority of deposits, loans, and branches within the state. Refer to the overall scope of the evaluation beginning on page two for more details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN TN

LENDING TEST

UCB demonstrated reasonable performance under the Lending Test in TN. Geographic Distribution and Borrower Profile within the TN Non-MSA AA primarily support this conclusion.

Geographic Distribution

The Geographic Distribution of loans reflects reasonable dispersion throughout the TN AAs. There are no low- or upper-income CTs within the TN AAs. The Geographic Distribution of home mortgage and small business loans is comparable to aggregate data in the AAs. Examiners detail the Geographic Distribution for each AA under the individual sections that follow.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the TN AAs, primarily due to performance in the TN Non-MSA AA.

Home mortgage lending to low-income borrowers in the TN Non-MSA AA significantly exceeds aggregate performance; however, it significantly trails aggregate in the TN MSA AA. Home mortgage lending to moderate-income borrowers exceeds aggregate performance in the TN Non-MSA AA and trails aggregate in the TN MSA AA.

Small business lending significantly exceeds demographic data in the TN Non-MSA AA. No small business loans were extended in the TN MSA AA. Examiners detail the Borrower Distribution for each AA under the individual sections that follow.

TN NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TN NON-MSA AA

The TN Non-MSA AA includes the entirety of Scott County, TN. For this evaluation, two of the seven branches and 33 percent of all deposits are within the TN Non-MSA AA. In addition, 28 percent and 20 percent of sampled 2022 and 2023 home mortgages respectively, by number, are within the TN Non-MSA AA. Lastly, 48 percent and 35 percent of sampled 2022 and 2023 small businesses loans respectively, by number, are within the TN Non-MSA AA. Examiners used 2020 U.S. Census data, D&B data, aggregate lending data, and bank data to analyze lending performance in the TN Non-MSA AA.

Economic and Demographic Data

Based on 2020 U.S. Census data, the TN Non-MSA AA consists of the entirety of Scott County and contains six CTs with the following designations: three moderate and three middle-income. The following table details select economic and demographic characteristics of the TN Non-MSA AA during the evaluation period.

Demographic Information of the TN Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	6	0.0	50.0	50.0	0.0	0.0
Population by Geography	21,850	0.0	57.5	42.5	0.0	0.0
Housing Units by Geography	10,035	0.0	55.6	44.4	0.0	0.0
Owner-Occupied Units by Geography	6,152	0.0	51.7	48.3	0.0	0.0
Occupied Rental Units by Geography	2,473	0.0	65.0	35.0	0.0	0.0
Vacant Units by Geography	1,410	0.0	55.7	44.3	0.0	0.0
Businesses by Geography	1,319	0.0	69.1	30.9	0.0	0.0
Farms by Geography	35	0.0	54.3	45.7	0.0	0.0
Family Distribution by Income Level	5,902	26.2	25.9	18.1	29.8	0.0
Household Distribution by Income Level	8,625	29.9	18.2	17.6	34.3	0.0
Median Family Income Non-MSAs - TN		\$56,418	Median Housing Value			\$95,296
			Median Gross Rent			\$564
			Families Below Poverty Level			17.7%

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.*

According to 2020 U.S. Census data, the TN Non-MSA contains 10,035 housing units. Of these, 61.3 percent are owner-occupied, 24.6 percent are rental units, and 14.1 percent are vacant. While the families below the poverty level is 17.7 percent, it is a reduction from the 22 percent noted at the previous evaluation.

According to 2023 D&B, there are 1,319 business in the AA. GARs for these businesses are as follows:

- 83.1 percent reported revenues of \$1 million or less.
- 4.0 percent reported revenues of greater than \$1 million.
- 12.9 percent have unknown revenues.

The largest business sector in the TN Non-MSA AA is the service sector, comprising 33.2 percent of businesses, followed by retail trade at 15.7 percent. The majority of these businesses, 65.6 percent, have four or less employees.

Examiners used FFIEC updated MFI ranges to analyze home mortgage loans. The following table presents the income categories for the review period.

TN Non-MSA AA Median Family Income				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to <\$77,640	≥\$77,640
2023 (\$69,500)	<\$34,750	\$34,750 to <\$55,600	\$55,600 to <\$83,400	≥\$83,400

Source: FFIEC

According to data obtained from the Bureau of Labor Statistics, the unemployment rate within the AA remained consistently higher than state and national unemployment rates for each year in the evaluation period. While national rates did increase from 2022 to 2023, the TN Non-MSA AA and state unemployment rates slightly decreased during the same time frame. This indicates potential for increased lending opportunities in the TN Non-MSA AA. The following table illustrates the average unemployment rate for the TN Non-MSA AA, as well as the state and national average.

Unemployment Rates		
Area	2022	2023
	%	%
Scott County	4.9	4.8
TN	3.4	3.3
National Average	3.5	3.7

Source: Bureau of Labor Statistics

Competition

Examiners compared the deposit market share of UCB to other FDIC insured institutions in the AA and found UCB has 27.8 percent share for the area. The TN Non-MSA AA is a minimally competitive environment with only three FDIC insured institutions.

Examiners used aggregate HMDA data to provide insight to competition in the TN Non-MSA AA. A review of the 2023 aggregate data notes 94 lenders reporting 378 home mortgage loans. In 2022, aggregate data noted 94 lenders reporting 385 loans. This indicates demand for home mortgage loans in 2022 and 2023 in the TN Non-MSA AA is moderate.

While UCB is not subject to small business collection and reporting requirements, the market share report still provides information on loan demand in the TN Non-MSA AA. In 2022, 28 lenders originated 219 small business loans. This indicates a moderate level of demand for small business loans in the TN Non-MSA AA.

Community Contact

As part of the evaluation process, examiners contact third parties active in the TN Non-MSA AA to assist in identifying credit and community development needs and opportunities, including the bank's responsiveness to those needs.

Examiners interviewed a member of a local economic organization to gain a better understanding of the needs and conditions of the local economy. The contact stated the community is beginning to experience more growth in multiple sectors, including aviation mechanics and nuclear energy.

However, the contact stated the TN Non-MSA AA consists mainly of lower income borrowers that are diverse in age. In addition, the contact stated there is a high demand for moderate-income housing; however, inventory is limited.

The contact further stated there is a need for small business lending, as the community has experienced an influx of small businesses. The contact complimented the local institutions capacity and adaptability to lend to borrowers of all income levels. The contact is not aware of any discriminatory actions by financial institutions in the TN Non-MSA AA.

Credit Needs

Considering the information obtained from the community contact, bank management, demographic and economic data, examiners determined the primary credit needs of the TN Non-MSA AA include both home mortgage and small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TN NON-MSA AA

LENDING TEST

UCB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Geographic Distribution

The Geographic Distribution of loans reflects reasonable performance throughout the TN Non-MSA AA. This conclusion is primarily supported by the dispersion of home mortgage loans in the TN Non-MSA AA. There are no low- or upper-income CTs in the AA. Since the AA does not include low-income tracts, examiners focused on performance in the moderate-income CTs. As previously stated, examiners place more weight on home mortgage lending, given the larger volume of loan originations compared to small business lending. Examiners focused on the percentage by the number and the dollar of loans in moderate-income CTs.

Home Mortgage Loans

The Geographic Distribution of home mortgage loans is reasonable. UCB's home mortgage lending in moderate-income CTs exceeds aggregate performance in 2022 and 2023. The following table illustrates the geographic distribution of home mortgage loans throughout the TN Non-MSA AA.

Geographic Distribution of Home Mortgage Loans – TN Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	51.7	56.6	8	57.1	925	52.6
2023	51.7	55.0	6	60.0	842	78.6
Middle						
2022	48.3	43.4	6	42.9	832	47.4
2023	48.3	45.0	4	40.0	229	21.4
Totals						
2022	100.0	100.0	14	100.0	1,757	100.0
2023	100.0	100.0	10	100.0	1,071	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The Geographic Distribution of loans in the TN Non-MSA AA is poor. Examiners noted improvements from 2022 to 2023 in moderate-income CTs. However, UCB’s small businesses lending in moderate-income CTs trailed demographic data in 2022 and 2023. The following table reflects Geographic Distribution of small business loans throughout the TN Non-MSA AA.

Geographic Distribution of Small Business Loans – TN Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	69.5	8	42.1	1,064	59.9
2023	69.1	10	62.5	654	42.3
Middle					
2022	30.5	11	57.9	711	40.1
2023	30.9	6	37.5	891	57.7
Totals					
2022	100.0	19	100.0	1,775	100.0
2023	100.0	16	100.0	1,545	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of home mortgage loans and small business lending reflects excellent penetration among individuals of different income levels and businesses of different sizes in the TN Non-MSA AA. Examiners focused on number of home mortgage loans to LMI borrowers, and number of businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, is excellent. UCB’s lending to low-income borrowers significantly exceeded aggregate performance in 2022 and 2023. UCB’s lending to moderate-income borrowers trailed aggregate performance in 2022; however, exceeded aggregate performance in 2023.

The following table illustrates the bank’s home mortgage lending performance by borrower income levels within the TN Non-MSA AA.

Distribution of Home Mortgage Loans by Borrower Income Level – TN Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	26.2	8.8	3	21.4	227	12.9
2023	26.2	7.9	2	20.0	66	6.1
Moderate						
2022	25.9	17.1	1	7.1	134	7.6
2023	25.9	17.7	2	20.0	111	10.4
Middle						
2022	18.1	27.0	5	35.7	505	28.7
2023	18.1	27.5	2	20.0	125	11.7
Upper						
2022	29.8	36.9	5	35.7	891	50.7
2023	29.8	35.5	4	40.0	769	71.8
Not Available						
2022	0.0	10.1	0	0.0	0	0.0
2023	0.0	11.4	0	0.0	0	0.0
Totals						
2022	100.0	100.0	14	100.0	1,757	100.0
2023	100.0	100.0	10	100.0	1,071	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. UCB’s performance significantly exceeds demographic performance. The following table illustrates the distribution of small business loans by revenue size in the TN Non-MSA AA.

Distribution of Small Business Loans by GAR Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	82.1	19	100.0	1,775	100.0
2023	83.1	15	93.8	1,505	97.4
>\$1,000,000					
2022	4.2	0	0.0	0	0.0
2023	4.0	0	0.0	0	0.0
Revenue Not Available					
2022	13.7	0	0.0	0	0.0
2023	12.9	1	6.3	40	2.6
Totals					
2022	100.0	19	100.0	1,775	100.0
2023	100.0	16	100.0	1,545	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

TN MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TN MSA AA

The Knoxville MSA AA includes the entirety of Campbell County, TN. One of the seven branches and 11 percent of all deposits are in the TN MSA AA. Six percent of sampled 2022 home mortgages and 2.0 percent 2023 sampled home mortgages, by number, are within the TN MSA AA. In addition, none of the sampled 2022 and 2023 small businesses loans are within the TN MSA AA. Examiners used 2020 U.S. Census data, D&B data, aggregate lending data, and bank data to analyze lending performance in the TN MSA AA.

Economic and Demographic Data

Based on 2020 U.S. Census data, the TN MSA AA includes 13 CTs with the following income designations: 10 moderate and 3 middle-income. The following table illustrates relevant demographic information for the TN MSA AA.

Demographic Information of the AA – TN MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	76.9	23.1	0.0	0.0
Population by Geography	39,272	0.0	74.5	25.5	0.0	0.0
Housing Units by Geography	21,207	0.0	73.4	26.6	0.0	0.0
Owner-Occupied Units by Geography	10,934	0.0	74.0	26.0	0.0	0.0
Occupied Rental Units by Geography	5,527	0.0	75.5	24.5	0.0	0.0
Vacant Units by Geography	4,746	0.0	69.3	30.7	0.0	0.0
Businesses by Geography	2,618	0.0	68.9	31.1	0.0	0.0
Farms by Geography	71	0.0	71.8	28.2	0.0	0.0
Family Distribution by Income Level	11,035	32.8	22.8	19.7	24.7	0.0
Household Distribution by Income Level	16,461	35.0	18.2	17.2	29.7	0.0
Median Family Income MSA - 28940 Knoxville, TN MSA		\$72,608	Median Housing Value			\$117,415
			Median Gross Rent			\$590
			Families Below Poverty Level			15.5%

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.*

According to 2020 U.S Census data, there are 21,207 housing units within the TN MSA AA. Of these housing units, 51.5 percent were owner occupied, 26.1 percent were rental units, and 22.4 percent were vacant.

Based on the D&B 2023 data, there were 2,618 businesses located within the AA. GARs for these businesses are as follows:

- 86.1 percent reported revenues of less or equal to \$1 million.
- 3.1 percent reported revenues of more than \$1 million.
- 10.8 percent revenues are unknown.

Service industries account for the largest sector of business, representing 30.9 percent of businesses in the TN MSA AA. Retail trade was second, representing 13.0 percent of businesses in the TN MSA AA. Single location businesses make up 89.3 percent of businesses in the TN MSA AA. Additionally, 57.8 percent of the business in the TN MSA AA have between one and four employees.

The Borrower Profile compares UCB’s lending to the distribution of TN MSA AA families by income category. Examiners use the FFIEC updated MFI level to analyze home mortgage loans for the Borrower Profile section, which is presented in the following table.

MFI Ranges – TN MSA AA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$82,000)	<\$41,000	\$41,000 to <\$65,600	\$65,600 to <\$98,400	≥\$98,400
2023 (\$88,600)	<\$44,300	\$44,300 to <\$70,880	\$70,880 to <\$106,320	≥\$106,320

Source: FFIEC

The following table presents unemployment data obtained from U.S. Bureau of Labor Statistics for Campbell County, TN, and the national average for 2022 and 2023. Unemployment rates in Campbell County were higher than both TN and the national average for 2022 and 2023. This indicates the potential for less lending opportunities. The following table illustrates the average unemployment rate for the TN MSA AA for 2022 and 2023, as well as the state and national average.

Unemployment Rates		
Area	2022	2023
	%	%
Campbell County	4.1	4.1
TN	3.4	3.3
National Average	3.5	3.6

Source: Bureau of Labor Statistics

Competition

UCB operates in a moderately competitive environment. The FDIC’s Deposit Market Share data provides some measure of competition. As of June 30, 2024, there are 8 FDIC-insured institutions operating 12 offices in the TN MSA AA. UCB ranked sixth with a 5.6 percent of the deposit market share.

Aggregate HMDA data also provides insight into competition within the TN MSA AA. A review of the 2022 aggregate data notes 193 lenders reporting 1,347 home mortgage loans. UCB ranked 48 with a market share of 0.5 percent. A review of 2023 aggregate data showed less lenders than 2022, with 156 lenders reporting 1,032 home mortgages loans. UCB increased their market share to 0.6 percent and ranked 32 in 2023. Home mortgage loans originated and purchased by HMDA reporting institutions in 2022 and 2023 demonstrate a high-level of demand.

UCB is not subject to CRA data collection and reporting requirements for small business loan activity. However, market share data provides a comparative sample of competition for small business loans located in the TN MSA AA. Aggregate small business lending data for 2022 shows 42 lenders reporting 452 small business loans in the TN MSA AA, indicating moderate demand. Aggregate data is not available for 2023.

Community Contact

As part of the evaluation process, examiners contact third parties active in the TN MSA AA to assist in identifying credit and community development needs and opportunities, including the banks responsiveness to those needs.

Examiners contacted an individual familiar with economic development and housing in the TN MSA AA. The contact stated local institutions underwriting standards are more critical for smaller type business loans compared to other lending products. The contact also stated the current economic conditions in the area were adequate. However, the contact indicated reasonably priced housing inventory for LMI individuals is limited.

The contact stated the primary credit need in the TN MSA AA is home mortgage and small business lending. In addition, the contact stated competition does not affect the local financial institution's ability to lend in the TN MSA AA. The contact also stated they are unaware of any discriminatory practices from local financial institutions.

Credit Needs

Considering the information obtained through community contacts, bank management, economic, and demographic information, examiners identified home mortgage and small business lending as the primary need for the TN MSA AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TN MSA AA

LENDING TEST

UCB demonstrated poor performance under the Lending Test. Small business lending under Geographic Distribution and Borrower Profile performance overall primarily supports this conclusion.

Geographic Distribution

The Geographic Distribution of loans reflects a reasonable dispersion throughout the TN MSA AA due to limited lending activity. UCB's reasonable home mortgage lending primarily supports this conclusion. The AA does not include low-income tracts; therefore, examiners focused on performance in the moderate-income CTs. As previously stated, examiners place more weight on home mortgage loans, given the larger loan origination volume compared to small business loans. Examiners focused on the percentage by number and dollar of loans in moderate-income CTs.

Home Mortgage Loans

The Geographic Distribution of home mortgage loans reflects a reasonable dispersion due to limited lending activity as only four sampled home mortgage loans were originated in this AA during the review period. UCB originated only three sampled home mortgage loans in 2022, all in moderate CTs. In addition, UCB originated only one sampled home mortgage loan in 2023, also in a moderate CT.

Small Business Loans

The Geographic Distribution of small business loans reflects a poor dispersion as no sampled small business loans were originated in this AA during the review period. The small business sample reflected no loan originations in the moderate income CTs, or in the TN MSA AA for either 2022 or 2023.

Borrower Profile

The distribution of home mortgage loans and small business lending reflects poor penetration among individuals of different income levels and businesses of different sizes in the TN MSA AA. Examiners focused on number of home mortgage loans to LMI borrowers, and lack of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including LMI borrowers, is poor. UCB's did not originate any sampled home mortgage loans to low-income borrowers in 2022 or 2023. In addition, UCB originated only one loan to a moderate-income borrower in 2022 and no loans to moderate-income borrowers in 2023.

Small Business Loans

The distribution of small business loans reflects poor penetration of loans to businesses with GARs of \$1 million or less. UCB originated no sampled small business loans, therefore not lending any loans to small businesses with a GAR of less than \$1 million or less, which make up 85.8 percent of businesses in the AA. Small business lending decreased since the previous evaluation, while deposit activity increased.

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).

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Rating
KY	Outstanding
TN	Satisfactory

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.