

# **PUBLIC DISCLOSURE**

November 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Community Bank  
Certificate Number: 19143

4626 Highway 1  
Raceland, Louisiana 70394

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

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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 **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The outstanding Community Development Test rating did not warrant a stronger overall rating given the level of satisfactory performance under the Lending Test, thus supporting the overall Satisfactory rating.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) 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 Lending Test rating.

**The Community Development Test is rated Outstanding.**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

United Community (UCB), headquartered in Raceland, Louisiana, began operations in 1964. One-bank holding company Community Bancorp of Louisiana, Raceland, Louisiana, wholly owns UCB. The bank continues to have no affiliates or subsidiaries relevant to this CRA evaluation. UCB received a "Satisfactory" rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated August 10, 2020, using the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Bank (ISB) Procedures.

UCB operates as a retail bank with a primary business focus, unchanged since the last evaluation, on commercial and residential lending. UCB operates from 11 branch locations with 6 ATMs and 5 interactive teller machines (ITMs) throughout southern Louisiana. Since the prior evaluation, UCB opened a new branch in Baton Rouge as of January 23, 2023. UCB also added 5 interactive teller machines (ITM) at the Thibodaux, Coursey, Bluebonnet, Prairieville, and Gonzales branches. The bank did not participate in any merger or acquisition activities or experience any branch closures. The bank maintains hours typical for the areas served and for the industry.

The bank continues to offer a variety of loan products, including residential, commercial, and consumer loans. It also provides a variety of consumer and commercial deposit services, including checking, savings, money market deposit accounts, individual retirement accounts, and certificates of deposit. Other alternative services include debit cards, ATMs), drive-thru banking, wire transfers, safe deposit boxes, internet banking, and mobile banking.

Since the last evaluation, UCB has become a certified Community Development Financial Institution (CDFI) and has received monetary awards for locally expanding their lending, investment, and service activities in economically distressed communities. CDFIs are specialized financial institutions that provide financial products and services to populations and businesses located in underserved markets. These institutions have community development missions and a reputation for lending responsibly in low-income communities.

Based on the September 30, 2023, Report of Condition and Income (“Call Report”), assets totaled \$664.0 million, loans totaled \$496.0 million, and deposits totaled \$559.2 million. Since the last CRA evaluation, total assets increased by 10.7 percent. Additionally, net loans increased by 8.2 percent, while total deposits increased by 11.8 percent.

The following table from the September 30, 2023, Call Report, which includes outstanding loans, reflects a distribution supporting the institution’s primary business focus with commercial loans (Secured by Nonfarm Nonresidential Properties and Commercial and Industrial) representing 66.7 percent of gross loans and residential loans (1-4 Family and Multifamily Residential) equating to 13.4 percent.

<b>Loan Portfolio Distribution as of 9/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	95,005	19.2
Secured by Farmland	260	0.1
Secured by 1-4 Family Residential Properties	57,781	11.6
Secured by Multifamily (5 or more) Residential Properties	8,829	1.8
Secured by Nonfarm Nonresidential Properties	229,218	46.2
<b>Total Real Estate Loans</b>	<b>391,093</b>	<b>78.8</b>
Commercial and Industrial Loans	101,722	20.5
Agricultural Production and Other Loans to Farmers	453	0.1
Consumer Loans	2,940	0.6
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	(186)	0.0
<b>Total Loans</b>	<b>496,022</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

No financial, legal, or other impediments exist that limited the institution's ability to meet the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas for which examiners will evaluate its CRA performance. UCB has not made any changes to its assessment areas since the prior evaluation. UCB continues to operate from three designated assessment areas, all in the state of Louisiana: 1) Baton Rouge Metropolitan Statistical Area Assessment Area (Baton Rouge MSA AA), 2) Houma MSA Assessment Area (Houma MSA AA), and 3) New Orleans MSA Assessment Area (New Orleans MSA AA).

The following table provides additional information regarding the assessment areas. Refer to the individual assessment areas for additional information.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Parishes in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Baton Rouge MSA	Ascension and East Baton Rouge	99	5
Houma MSA	Lafourche and Terrebonne	60	5
New Orleans MSA	St. John the Baptist	9	1
<i>Source: 2020 U.S. Census and Bank Data</i>			

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from August 10, 2020, to November 27, 2023, the date of the previous evaluation to this evaluation’s date. Examiners evaluated performance based on FFIEC Intermediate Small Institution CRA Examination Procedures, which include the Lending and Community Development Tests. The Appendix lists the applicable test’s criteria.

The Baton Rouge MSA AA comprises the largest percentage of loans, and the Houma MSA AA comprises the largest percentage of deposits as shown in the table below; therefore, examiners performed full-scope procedures on both assessment areas. The New Orleans MSA AA has a relatively low volume of lending and deposits compared to the other assessment areas; as a result, examiners performed limited-scope procedures on this assessment area.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Baton Rouge MSA	19,948	59.0	212,806	36.0	5	45.5
Houma MSA	13,538	40.1	339,000	60.1	5	45.5
New Orleans MSA	313	0.9	11,804	3.9	1	9.0
<b>Total</b>	<b>33,799</b>	<b>100.0</b>	<b>563,610</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (6/30/2023). Due to rounding, totals may not equal 100.0%.*

The table shows that the Baton Rouge MSA AA generated a majority of the loans originated inside the assessment areas for the loan categories reviewed, whereas the Houma MSA AA generated the majority of deposits by dollar and percentage. Consequently, examiners weighed performance in the Baton Rouge MSA AA and Houma MSA AA equally when arriving at applicable conclusions.

### Activities Reviewed

CRA Intermediate Small Institution Examination Procedures require examiners to determine the bank’s major product lines for review under the Lending Test. As an initial matter, examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans.

The following table shows the bank’s lending activity by loan category for the 2022 calendar year. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	63,970	25.0	81	15.6
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	28,428	11.1	115	22.2
Multi-Family (5 or more) Residential Properties	99	0.1	1	0.2
Commercial Real Estate Loans	96,207	37.6	88	16.9
Commercial and Industrial Loans	64,755	25.3	94	18.1
Agricultural Loans	416	0.2	1	0.2
Consumer Loans	1,801	0.7	139	26.8
Other Loans	0	0.0	0	0.0
<b>Total Loans</b>	<b>255,676</b>	<b>100.0</b>	<b>519</b>	<b>100.0</b>
<i>Source: Bank Records 01/01/2022 through 12/31/2022</i>				

Considering the dollar volume and number of loans originated and products commonly reviewed for CRA, examiners determined the bank’s major product lines in 2022 consist of commercial loans (commercial real estate and commercial and industrial) at 62.9 percent by dollar and home mortgage loans (1-4 family and multi-family) at 11.2 percent by dollar. No other loan types, including agricultural or consumer loans, represent major product lines. Therefore, this evaluation does not include a review of them.

This evaluation considered the universe of small business loans originated between January 1, 2022, and December 31, 2022. Examiners used the universe of 142 small business loans totaling \$37.2 million to evaluate the Assessment Area Concentration performance factor. Examiners used the universe of small business loans originated within the assessment areas to evaluate the Geographic Distribution criterion. Finally, examiners randomly sampled 97 small business loans totaling \$25.5 million to evaluate the Borrower Profile criterion. The 2022 D&B business demographic data served as the basis for comparison when reaching conclusions for small business lending.

This evaluation also considered all home mortgage loans reported on the bank’s 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Examiners reviewed the following reported home mortgage loans for this evaluation.

- 2020: 113 home mortgage loans totaling \$20.7 million
- 2021: 107 home mortgage loans totaling \$18.0 million
- 2022: 71 home mortgage loans totaling \$17.8 million

This evaluation includes analysis of 2020-2022 HMDA data within the Assessment Area Concentration performance factor. However, as examiners did not identify any significant trends between the different years’ data that materially affected applicable conclusions, this evaluation only presents 2022 home mortgage loans, the most recent year for which aggregate data exists. Aggregate HMDA data for 2022 and demographic data based on the 2020 U.S. Census provided the standards of comparison for home mortgage lending.

Examiners considered the universe of home mortgage and small business loans, as well as

management’s stated business strategy, when determining the weighting applied to reach overall conclusions and ratings. Considering dollar volume and number volume equally, examiners placed greater weight on small business loans than home mortgage loans.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. Examiners focused on performance by number of loans, because the number of loans provides a better indicator of the number of businesses and individuals served.

For the Community Development Test, examiners considered the bank’s community development lending, investments, and services provided within the assessment areas and the broader statewide/regional area. The scope of this evaluation also considered all prior period qualified investments purchased prior to the previous evaluation and still outstanding as of this evaluation’s date.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

UCB demonstrated satisfactory performance under the Lending Test. Reasonable records regarding geographic distribution and borrower profile primarily support this conclusion. A reasonable LTD ratio and a majority of loans originated inside the assessment areas further support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution’s size, financial condition, and assessment area credit needs. For the 13 quarters since the prior evaluation, the bank recorded an 85.7 percent average net LTD ratio, slightly lower than the 91.2 percent average net LTD ratio at the previous evaluation. Over the 13 quarters, the bank’s quarterly net LTD ratios ranged from a low of 63.3 percent on March 31, 2022, to a high of 91.0 percent as of September 30, 2020.

The table below shows performance for the bank and the three similarly situated institutions based on asset size. As shown, the table below shows the bank’s average net LTD ratio exceeds two comparable institutions while trailing one similarly situated institution.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 9/30/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>United Community Bank, Raceland, LA</b>	663,975	<b>78.8</b>
First National Bankers Bank, Baton Rouge, LA	976,009	129.9
South Louisiana Bank, Houma, LA	667,364	52.3
Synergy Bank, Houma, LA	1,199,321	58.5
<i>Source: Report of Condition (9/30/2023); Reports of Condition and Income (previous 13 quarters: 09/30/2020 - 09/30/2023)</i>		



**Assessment Area Concentration**

A majority of loans and other lending related activities are in the institution’s assessment areas. The majority of small business and home mortgage loans originated inside the assessment areas supports this conclusion.

The following table shows a majority of small business and home mortgage loans, by number and by dollar volume, originated within the institution’s assessment areas.

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	104	73.2	38	26.8	142	26,720	71.7	10,528	28.3	37,248
Home Mortgage										
2020	80	70.8	33	29.2	113	13,773	66.6	6,896	33.4	20,669
2021	76	71.0	31	29.0	107	8,526	47.4	9,449	52.6	17,975
2022	47	66.2	24	33.8	71	6,160	34.7	11,608	65.3	17,768
<b>Subtotal</b>	<b>203</b>	<b>69.8</b>	<b>88</b>	<b>30.2</b>	<b>291</b>	<b>28,459</b>	<b>50.5</b>	<b>27,953</b>	<b>49.5</b>	<b>56,412</b>

*Source: Bank Data (Small Business 2022); HMDA 2020-2022. Due to rounding, totals may not equal 100.0%.*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank demonstrated consistent performance in each assessment area. Examiners placed equal weight on the bank’s performance in the Baton Rouge MSA AA and the Houma MSA AA, while placing less weight on the New Orleans MSA AA. Examiners focused on the number of loans in low- and moderate-income census tracts when arriving at conclusions.

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The bank demonstrated consistent performance in the Baton Rouge MSA AA and the Houma MSA AA and inconsistent performance in the New Orleans MSA AA. Examiners placed equal weight on the bank’s performance in the Baton Rouge MSA AA and the Houma MSA AA, while placing less weight on the New Orleans MSA AA. Examiners focused on the number of loans to businesses in the assessment areas with gross annual revenues of \$1 million or less and the number of home mortgage loans to low- and moderate-income individuals in the assessment areas when arriving at conclusions.

## Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

### Community Development Loans

The following table shows that the bank originated 56 community development loans totaling \$142.3 million during the period reviewed. These levels reflect a significant increase over the 50 loans totaling \$30.9 million reported at the prior evaluation. The current dollar amount equates to 21.6 percent of the bank's average total assets (\$659.0 million) and 32.5 percent of average net loans (\$438.5 million) since the prior evaluation. These levels significantly increased over the 5.7 percent of average total assets and 7.5 percent of average net loans reported at the last evaluation.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	1	1,426	0	0	15	21,904	0	0	<b>16</b>	<b>23,330</b>
2021	0	0	3	1,400	14	57,030	4	9,655	<b>21</b>	<b>68,085</b>
2022	0	0	1	1,000	8	20,162	4	14,355	<b>13</b>	<b>35,517</b>
2023 (YTD)	2	170	0	0	3	6,616	1	8,600	<b>6</b>	<b>15,386</b>
<b>Total</b>	<b>3</b>	<b>1,596</b>	<b>4</b>	<b>2,400</b>	<b>40</b>	<b>105,712</b>	<b>9</b>	<b>32,610</b>	<b>56</b>	<b>142,318</b>

*Source: Bank Data (08/11/2020 – 10/10/2023)*

Besides their extent, the community development loans proved responsive to the community development needs of the assessment areas. As seen in the table above, 74.3 percent of the dollar volume of the bank's community development loans promote economic development, while 22.9 percent help revitalize or stabilize low- and moderate-income geographies, and 1.7 percent benefit community services for low- and moderate-income individuals. An additional 1.1 percent promote affordable housing.

The following table further illustrates the community development lending by purpose and assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Baton Rouge MSA	2	1,476	3	2,150	8	17,894	3	6,605	16	28,125
Houma MSA	0	0	0	0	26	66,949	6	26,005	32	92,954
New Orleans MSA	1	120	0	0	0	0	0	0	1	120
Statewide Activities	0	0	1	250	0	0	0	0	1	250
Regional Activities	0	0	0	0	6	20,869	0	0	6	20,869
<b>TOTAL</b>	<b>3</b>	<b>1,596</b>	<b>4</b>	<b>2,400</b>	<b>40</b>	<b>105,712</b>	<b>9</b>	<b>32,610</b>	<b>56</b>	<b>142,318</b>

Source: Bank records (08/11/2020 – 11/27/2023)

The following point highlights examples of the bank’s community development loans benefitting a broader regional area:

- **Economic Development** – In 2022, the bank originated loans totaling \$8.9 million to stimulate the forestry industry by re-starting a lumber mill that created 46 low- and moderate-income jobs.

### Qualified Investments

The following table shows that the bank made use of 100 qualified investments, grants, and donations totaling approximately \$9.8 million, which includes 70 donations and grants for \$247,000. The total dollar volume represents 1.5 percent of average total assets (\$659.0 million) and 20.7 percent of average total securities (\$47.1 million) since the prior evaluation. This represents a decrease from the 2.6 percent of average assets and the 78.6 percent of average total securities at the prior evaluation. The qualified investments demonstrate responsiveness to community development needs in the assessment areas. As shown in the table below, the bank’s activities benefited affordable housing, community services, economic development, and revitalization or stabilization efforts in low- and moderate-income geographies.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	977	12	3,730	13	4,707
2020	0	0	2	499	0	0	0	0	2	499
2021	0	0	3	750	0	0	1	783	4	1,533
2022	0	0	5	1,250	0	0	1	162	6	1,412
2023 (YTD)	0	0	4	881	0	0	1	487	5	1,368
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>3,380</b>	<b>1</b>	<b>977</b>	<b>15</b>	<b>5,162</b>	<b>30</b>	<b>9,519</b>
<b>Qualified Grants &amp; Donations</b>	10	50	50	89	3	3	7	105	70	247
<b>Total</b>	<b>10</b>	<b>50</b>	<b>64</b>	<b>3,469</b>	<b>4</b>	<b>980</b>	<b>22</b>	<b>5,267</b>	<b>100</b>	<b>9,766</b>

Source: Bank Data (08/11/2020 – 10/10/2023)

The following table further illustrates the qualified investments by purpose and assessment area.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Baton Rouge MSA	4	30	14	57	2	2	0	0	20	89
Houma MSA	6	20	28	21	2	978	17	5,090	53	6,109
New Orleans MSA	0	0	9	292	0	0	5	177	14	469
Statewide Activities	0	0	0	0	0	0	0	0	0	0
Regional Activities	0	0	13	3,099	0	0	0	0	13	3,099
<b>TOTAL</b>	<b>10</b>	<b>50</b>	<b>64</b>	<b>3,469</b>	<b>4</b>	<b>980</b>	<b>22</b>	<b>5,267</b>	<b>100</b>	<b>9,766</b>
<i>Source: Bank Data (08/11/2020 – 10/10/2023)</i>										

The following points highlight examples of the bank’s qualified investments benefitting a broader statewide or regional area:

- ***Economic Development*** – In 2021, the bank invested \$250,000 in a certificate of deposit at a minority-owned credit union. The investment helps promote economic development in the credit union’s service area. It does so by aiding the credit union’s ability to finance businesses that meet the size eligibility standards of the regulation and that support permanent job creation, retention, or improvement for low- or moderate-income persons or in low- or moderate-income geographies in the credit union’s service area.
- ***Economic Development*** – In 2023, the bank invested \$250,000 in a certificate of deposit at a minority-owned credit union. This investment helps promote economic development by supporting other minority businesses and start-ups in the credit union’s service area.

**Community Development Services**

The following table shows that the bank provided 494 instances of community development services since the prior evaluation. This represents a significant increase from the 15 instances of community development service provided at the last evaluation. All of the services involved bank employees using their financial or technical expertise to benefit organizations or projects with a primary purpose consistent with community development. The table below shows that the services primarily provided community service activities that serve low- and moderate-income individuals, economic development, and revitalization or stabilization of low- and moderate-income geographies. This demonstrates the bank’s responsiveness to identified community development needs.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	0	6	0	0	6
2021	0	94	30	0	124
2022	0	104	15	0	119
2023 (YTD)	0	201	32	13	246
<b>Total</b>	<b>0</b>	<b>405</b>	<b>77</b>	<b>13</b>	<b>495</b>

*Source: Bank Data (08/11/2020 – 10/10/2023)*

The following table further illustrates the community development services by purpose and assessment area.

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Baton Rouge MSA	0	132	0	0	132
Houma MSA	0	211	77	13	301
New Orleans MSA	0	62	0	0	62
<b>TOTAL</b>	<b>0</b>	<b>405</b>	<b>77</b>	<b>13</b>	<b>495</b>

*Source: Bank Data (08/11/2020 – 10/10/2023)*

As shown in the following table, the bank operates one of its full-service offices in a low-income census tract. Additionally, each of its offices provide access to ATM machines.

<b>Branch and ATM Distribution by Geography Income Level Institution</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	17	10.1	53,981	8.2	1	9.1	1	9.1
Moderate	29	17.3	95,873	14.6	0	0.0	0	0.0
Middle	61	36.3	247,393	37.7	2	18.2	2	18.2
Upper	58	34.5	248,224	37.8	8	72.7	8	72.7
N/A	3	1.8	10,609	1.6	0	0.0	0	0.0
<b>Total</b>	<b>168</b>	<b>100.0</b>	<b>656,080</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>

*Source: Census data (2020); Bank records.*

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## Baton Rouge MSA AA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN BATON ROUGE MSA AA

The Baton Rouge MSA AA consists of the following 99 contiguous census tracts in Ascension and East Baton Rouge Parishes, two of the nine parishes that make up the Baton Rouge MSA.

- East Baton Rouge Parish – 73 of 108 total census tracts
- Ascension Parish – 26 of 29 total census tracts

#### **Economic and Demographic Data**

The following table contains select demographic data of the Baton Rouge MSA AA used for the review of 2022 small business and home mortgage loans.

<b>Demographic Information of the Assessment Area Baton Rouge MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	99	13.1	15.2	30.3	40.4	1.0
Population by Geography	411,990	10.7	12.6	32.1	43.2	1.4
Housing Units by Geography	176,625	11.0	13.3	30.8	44.0	0.8
Owner-Occupied Units by Geography	97,835	4.4	9.7	32.5	53.4	0.0
Occupied Rental Units by Geography	54,224	20.1	17.4	28.4	32.9	1.1
Vacant Units by Geography	24,566	17.3	18.6	29.6	31.0	3.4
Businesses by Geography	74,208	8.5	14.4	31.8	45.0	0.3
Farms by Geography	1,393	5.7	12.6	33.2	48.5	0.0
Family Distribution by Income Level	93,661	19.5	14.7	17.2	48.7	0.0
Household Distribution by Income Level	152,059	23.6	13.8	15.8	46.9	0.0
Median Family Income MSA - 12940 Baton Rouge, LA MSA		\$77,948	Median Housing Value			\$217,866
			Median Gross Rent			\$974
			Families Below Poverty Level			8.6%

Source: 2020 U.S. Census and 2022 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 following table shows the applicable income ranges for loans originated in 2022 based on the 2022 FFIEC-estimated MFI of \$88,100 applicable to the area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Baton Rouge, LA MSA Median Family Income (12940)</b>				
2022 (\$88,100)	<\$44,050	\$44,050 to <\$70,480	\$70,480 to <\$105,720	≥\$105,720
<i>Source: FFIEC</i>				

The following table presents the unemployment rates for each parish, the state, and the nation. As shown, Ascension Parish is consistently below the state and national figures. East Baton Rouge Parish is consistently comparable to the state and national rates, while both parishes are below the state and national rates for 2023.

<b>Unemployment Rates</b>				
<b>Baton Rouge MSA AA</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Nov 2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
East Baton Rouge Parish	8.2	5.3	3.5	3.3
Ascension Parish	7.1	4.3	3.0	2.9
Louisiana	8.6	5.6	3.7	3.6
National Average	8.1	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>				

Since the prior evaluation, numerous disaster declarations affected the Baton Rouge MSA AA directly, most significantly severe winter storms (3/9/2021); severe storms, tornadoes, and flooding (6/2/2021); and Hurricane Ida (8/28/2021).

### **Competition**

UCB operates in a competitive market in the Baton Rouge MSA AA. According to the FDIC's Deposit Market Share Report as of June 30, 2023, the Baton Rouge MSA contains 36 financial institutions that operate 202 full-service branches in this market. UCB ranks 17<sup>th</sup> in deposit market share by capturing 0.8 percent of the area's deposits. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. Overall, the competition level allows for lending opportunities.

### **Community Contact(s)**

Examiners reviewed a prior contact with a community member representing an economic development corporation to help assess the current economic conditions, community credit needs, and potential opportunities for bank involvement in the area.

The contact noted that the top three industries in 2022 are restaurants and other eating places, education and hospitals (State Government), and Education and Hospitals (Local Government). The contact stated that credit needs include access to capital to support private sector loans and investments to small businesses. The contact also noted that the U.S. Treasury allocated State

Small Business Credit Initiative funds to Louisiana to help creditworthy small businesses and entrepreneurs gain access to capital they need to expand and create jobs. The contact further noted that a need exists for small business financing and financial education. The community member feels that financial institutions are responsive to the area's current credit needs.

### **Credit and Community Development Needs and Opportunities**

With respect to the area's community development needs, demographic data shows that 34.2 percent of the area's families reported low or moderate incomes and 8.6 percent reported incomes below the poverty level. These levels suggest a need for activities that benefit organizations or projects that provide community services to these families. Additionally, current economic conditions have become increasingly uncertain and this has created a need for financial institutions to work with affected customers through small business loans and loans that support business and job retention through economic development and revitalization or stabilization efforts.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN BATON ROUGE MSA AA**

### **LENDING TEST**

UCB demonstrated satisfactory performance under the Lending Test in the Baton Rouge MSA AA. Reasonable records regarding both geographic distribution and borrower profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Baton Rouge MSA AA. The reasonable lending performances for small business and home mortgage loans supports this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the Baton Rouge MSA AA. Reasonable performance in low- and moderate-income geographies supports this conclusion. Examiners focused on the comparisons to the percentages of businesses as reported by D&B when arriving at conclusions.

The following table shows that, in low-income census tracts in the Baton Rouge AA, the bank's level trails 2.6 percentage points behind the D&B figure, reflecting reasonable performance. In moderate-income census tracts, the bank's level exceeds the D&B figure by 3.2 percentage points, thereby reflecting reasonable dispersion.



Geographic Distribution of Small Business Loans Baton Rouge MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.5	3	5.9	835	5.5
Moderate	14.4	9	17.6	2,279	15.0
Middle	31.8	16	31.4	4,747	31.2
Upper	45.0	23	45.1	7,368	48.4
Not Available	0.3	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>15,229</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%.*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Baton Rouge MSA AA. Reasonable performance in low- and moderate-income census tracts supports this conclusion. Examiners focused on the comparison to aggregate data when arriving at conclusions.

The following table shows that, in low-income census tracts in the Baton Rouge MSA AA, the bank's level exceeds the aggregate data by 10.0 percentage points, reflecting reasonable performance. In moderate-income census tracts, the bank's level exceeds the aggregate data by 7.1 percentage points, also reflecting reasonable dispersion.

Geographic Distribution of Home Mortgage Loans Baton Rouge MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.4	3.0	3	13.0	812	20.0
Moderate	9.7	10.3	4	17.4	493	12.1
Middle	32.5	34.4	6	26.1	349	8.6
Upper	53.4	52.1	10	43.5	2,410	59.3
Not Available	0.0	0.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>4,064</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Baton Rouge MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performance for small business lending outweighed poor performance for home mortgage lending to support this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects, given the demographics of the Baton Rouge MSA AA, reasonable penetration among businesses of different sizes. Reasonable performance to businesses with gross annual revenues of \$1 million or less primarily supports this conclusion.

The following table shows that, in the Baton Rouge MSA AA, the bank originated two-thirds of the sampled loans to businesses with gross annual revenues of \$1 million or less, thereby reflecting a reasonable level.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues Baton Rouge MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	67.1	9	18.8	2,649	17.7
\$100,000 - \$249,999	16.9	10	20.8	3,695	24.7
\$250,000 - \$499,999	3.7	5	10.4	1,835	12.3
\$500,000 - \$1,000,000	2.1	8	16.7	1,181	7.9
<b>Subtotal &lt;= \$1,000,000</b>	<b>89.8</b>	<b>32</b>	<b>66.7</b>	<b>9,360</b>	<b>62.6</b>
>\$1,000,000	2.9	16	33.3	5,595	37.4
Revenue Not Available	7.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>14,955</b>	<b>100.0</b>

*Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.*

### ***Home Mortgage Loans***

The distribution of borrowers reflects, given the demographics of the Baton Rouge MSA AA, poor penetration among individuals of different income levels (including low- and moderate-income). Poor performance to moderate-income borrowers outweighed reasonable performance to low-income borrowers to support this conclusion.

The following table shows that, to low-income borrowers in the Baton Rouge MSA AA, the bank's level trails the aggregate figure by 2.8 percentage points, thereby reflecting reasonable penetration. The table also shows that, to moderate-income borrowers, the bank's level trails the aggregate figure by 13.9 percentage points, thereby reflecting poor penetration. Considering the poverty level, examiners placed more weight on the bank's performance in lending to moderate-income borrowers in accordance with the higher level of lending opportunities available in this category.

Distribution of Home Mortgage Loans by Borrower Income Level Baton Rouge MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	19.5	7.1	1	4.3	10	0.3
Moderate	14.7	18.2	1	4.3	9	0.2
Middle	17.2	19.8	1	4.3	90	2.2
Upper	48.7	36.0	8	34.8	1,040	25.6
Not Available	0.0	18.9	12	52.2	2,916	71.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>4,065</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.*

## COMMUNITY DEVELOPMENT TEST

UCB's community development performance demonstrates excellent responsiveness to community development needs in the Baton Rouge MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability for community development in the assessment area.

### Community Development Loans

Since the prior evaluation, UCB originated 16 community development loans totaling approximately \$28.1 million in the Baton Rouge MSA AA. This level represents 19.8 percent of the overall community development lending for the institution. Additionally, the level of community development lending represents an increase from the prior evaluation, when the bank originated 17 community development loans totaling \$14.8 million. The community development loans originated primarily served economic development and revitalization or stabilization efforts in the assessment area.

The following table illustrates the community development loans by year and purpose in the Baton Rouge MSA AA.

Community Development Loans Baton Rouge MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020*	1	1,426	0	0	2	2,450	0	0	3	3,876
2021	0	0	2	1,150	2	9,540	2	3,605	6	14,295
2022	0	0	1	1,000	3	4,519	1	3,000	5	8,519
2023 (YTD)	1	50	0	0	1	1,385	0	0	2	1,435
<b>Total</b>	<b>2</b>	<b>1,476</b>	<b>3</b>	<b>2,150</b>	<b>8</b>	<b>17,894</b>	<b>3</b>	<b>6,605</b>	<b>16</b>	<b>28,125</b>

*Source: Bank records. \*Since the prior evaluation.*

The following lists notable examples of community development loans in the Baton Rouge MSA AA.

- **Economic Development** – In 2021, the bank originated a loan for \$3.3 million to purchase and renovate a hotel that primarily employs low- and moderate-income individuals. The job openings support low- and moderate-income individuals by promoting permanent job creation, retention, and improvement.
- **Revitalize or Stabilize** – In 2022, the bank originated a \$3.0 million loan for the purchase and renovation of a commercial property located in a moderate-income census tract and situated between two low-income census tracts. The owner is renovating the property that has been vacant for three years, into 17 units that provide new goods and services. This activity helps to attract new residents and businesses to a moderate-income geography.

**Qualified Investments**

Since the prior evaluation, the bank made use of 21 qualified investments in the Baton Rouge MSA AA totaling \$115,982. This level reflects a decrease in dollar amount over the previous evaluation when the bank made use of 16 qualified investments totaling \$1.7 million in this assessment area. The current dollar amount equates to 1.2 percent of the bank’s total qualified investments. The qualified investments primarily benefited community services and revitalization or stabilization activities.

The table illustrates the qualified investments by year and purpose in the Baton Rouge MSA AA.

Qualified Investments Baton Rouge MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Qualified Grants & Donations	4	30	14	57	2	2	1	27	21	116
<b>Total</b>	<b>4</b>	<b>30</b>	<b>14</b>	<b>57</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>27</b>	<b>21</b>	<b>116</b>

*Source: Bank Records*

The following lists notable examples of the qualified investments in the Baton Rouge MSA AA.

- **Community Services** – In 2021, the bank donated \$15,000 to an organization that provides financial education classes at local schools. In the school year 2021-2022, the bank sponsored 9 schools in East Baton Rouge and Lafourche Parishes that primarily serve low-

and moderate-income students. The organization provides age-appropriate financial literacy to students, giving them exposure to financial management tools.

- **Affordable Housing** – In 2021, the bank donated \$2,000 to an organization focused on community solutions to help homeless clients access a broad range of services in one location. Those services primarily include access to housing but includes the following: emergency shelter, transitional housing, permanent housing, life skills training, and employment/job assistance.

**Community Development Services**

During the evaluation period, bank employees provided 132 instances of financial expertise or technical assistance to various community development-related organizations in the Baton Rouge MSA AA. This level reflects a significant increase over the prior evaluation when the bank completed only 1 community development service in this assessment area. This level accounts for 26.7 percent of the bank’s total community development services.

The following table illustrates the community development services by year and purpose in the Baton Rouge MSA AA.

Community Development Services Baton Rouge MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	6	0	0	6
2021	0	45	0	0	45
2022	0	45	0	0	45
2023 (YTD)	0	36	0	0	36
<b>Total</b>	<b>0</b>	<b>132</b>	<b>0</b>	<b>0</b>	<b>132</b>

*Source: Bank records.*

The following lists examples of community development services in the Baton Rouge MSA AA.

- **Community Services** – Bank employees provided financial education to over 300 female students from 5 different local schools. The schools primarily serve low- and moderate-income students.
- **Community Services** – A bank employee provided financial education to low- and moderate-income students through a local non-profit organization. The employee introduced the students to financial literacy and learning objectives for social studies, including how to manage money and the importance of economic exchange within a city.

As shown in the following table, the bank operates one of its full-service offices in a low-income census tract. Additionally, each of its office locations in the designated assessment areas provides

access to ATM machines. The table below reflects those offices located within the Baton Rouge MSA AA.

<b>Branch and ATM Distribution by Geography Income Level Baton Rouge MSA AA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	13	13.1	43,955	10.7	1	20.0	1	20.0
Moderate	15	15.2	52,028	12.6	0	0.0	0	0.0
Middle	30	30.3	132,252	32.1	0	0.0	0	0.0
Upper	40	40.4	178,108	43.2	4	80.0	4	80.0
NA	1	1.0	5,647	1.4	0	0.0	0	0.0
<b>Total</b>	<b>99</b>	<b>100.0</b>	<b>411,990</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank records.*

## **Houma MSA AA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN HOUMA MSA AA**

The Houma MSA AA consists of the following 60 contiguous census tracts in Lafourche and Terrebonne Parishes, the two parishes that make up the Houma MSA in southern Louisiana.

- Lafourche Parish – 26 of 27 total census tracts
- Terrebonne Parish – 34 of 41 total census tracts

### **Economic and Demographic Data**

The following table contains select demographic data of the Houma MSA AA used for the review of 2022 small business and home mortgage loans.

Demographic Information of the Assessment Area Houma MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	60	5.0	18.3	46.7	26.7	3.3
Population by Geography	207,137	3.9	15.2	47.8	30.7	2.4
Housing Units by Geography	87,081	3.8	15.8	48.5	29.0	2.9
Owner-Occupied Units by Geography	56,897	2.3	15.3	48.3	32.6	1.5
Occupied Rental Units by Geography	20,122	7.1	17.9	42.8	25.9	6.3
Vacant Units by Geography	10,062	5.3	14.8	60.9	14.8	4.1
Businesses by Geography	23,511	3.2	15.7	44.6	34.3	2.3
Farms by Geography	713	1.5	14.3	50.4	32.1	1.7
Family Distribution by Income Level	52,699	23.9	17.1	17.8	41.3	0.0
Household Distribution by Income Level	77,019	26.9	15.1	14.7	43.3	0.0
Median Family Income MSA - 26380 Houma-Thibodaux, LA MSA		\$65,137	Median Housing Value			\$155,117
Families Below Poverty Level		14.0%	Median Gross Rent			\$797
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data Due to rounding, totals may not equal 100.0%.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The following table shows the applicable income ranges for loans originated in 2022 based on the 2022 FFIEC-estimated MFI of \$69,400 applicable to the area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Houma-Thibodaux, LA MSA Median Family Income (26380)</b>				
2022 (\$69,400)	<\$34,700	\$34,700 to <\$55,520	\$55,520 to <\$83,280	≥\$83,280
<i>Source: FFIEC</i>				

The following table presents the unemployment rates for each parish, the state, and the nation. As shown, the unemployment rates for Lafourche Parish are consistently below both state and national figures. The unemployment rates for Terrebonne Parish are comparable to the state and national rates.

<b>Unemployment Rates</b>				
<b>Houma MSA AA</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Nov 2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Lafourche Parish	6.9	4.7	3.4	3.2
Terrebonne Parish	8.1	5.9	3.9	3.4
Louisiana	8.6	5.6	3.7	3.6
National Average	8.1	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>				

Since the prior evaluation, there have been numerous disaster declarations that affected the Houma MSA, most significantly Hurricane Zeta (1/12/2021); severe storms, tornadoes, and flooding (6/2/2021); and Hurricane Ida (8/28/2021).

**Competition**

UCB operates in a competitive market in the Houma MSA AA. According to the FDIC’s Deposit Market Share Report as of June 30, 2023, the Houma MSA contains 14 financial institutions that operate 60 full-service branches in this market. UCB ranks 8<sup>th</sup> in deposit market share by capturing 5.9 percent of the area’s deposits. Mortgage companies, credit unions, and finance companies also compete for loans in the area adding to the competition level. Overall, the competition level allows for lending opportunities.

**Credit and Community Development Needs and Opportunities**

With respect to the area’s community development needs, demographic data shows that 41.0 percent of the area’s families reported low or moderate incomes and 14.0 percent reported incomes below the poverty level. These levels suggest a need for activities that benefit organizations or projects that provide community services to these families. Additionally, current economic conditions have become increasingly uncertain and this has created a need for financial institutions to work with affected customers through small business loans and has necessitated a demand for loans that support business and job retention through economic development and revitalization or stabilization efforts.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN HOUMA MSA AA**

**LENDING TEST**

UCB demonstrated satisfactory performance under the Lending Test in the Houma MSA AA. Reasonable records regarding both geographic distribution and borrower profile support this conclusion.



## **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Houma MSA AA. Reasonable lending performances for small business and home mortgage lending support this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the Houma MSA AA. Reasonable performance in low- and moderate-income geographies supports this conclusion. Examiners focused on the comparisons to the percentages of businesses as reported by D&B when arriving at conclusions.

The following table shows that, in low-income census tracts in the Houma AA, the bank's level trails 3.2 percentage points behind the D&B figure, reflecting reasonable performance. In moderate-income census tracts, the bank's level trails the D&B figure by 2.0 percentage points, thereby reflecting reasonable dispersion.

<b>Geographic Distribution of Small Business Loans Houma MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.2	0	0.0	0	0.0
Moderate	15.7	7	13.7	1,438	12.7
Middle	44.6	31	60.8	7,087	62.6
Upper	34.3	9	17.6	2,618	23.1
Not Available	2.2	4	7.8	184	1.6
<b>Totals</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>11,327</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%.*

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion in the Houma MSA AA. Reasonable performances in low- and moderate-income census tracts support this conclusion. Examiners focused on the comparison to aggregate data when arriving at conclusions.

The following table shows that, in low-income census tracts in the Houma MSA AA, the bank's level trails by 2.7 percentage points below the aggregate data, reflecting reasonable performance. In moderate-income census tracts, the bank's level trails by 7.8 percentage points below the aggregate figure, also reflecting reasonable dispersion.

<b>Geographic Distribution of Home Mortgage Loans Houma MSA AA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	2.3	2.7	0	0.0	0	0.0
Moderate	15.3	12.3	1	4.5	44	2.3
Middle	48.3	47.5	14	63.6	970	49.8
Upper	32.6	35.0	5	22.7	782	40.2
Not Available	1.5	2.5	2	9.1	151	7.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>1,947</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Houma MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Reasonable performance for small business and home mortgage loans supports this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects, given the demographics of the Houma MSA AA, reasonable penetration among businesses of different sizes. Reasonable performance to businesses with gross annual revenues of \$1 million or less supports this conclusion.

The following table shows that, in the Houma MSA AA, the bank's level of lending to businesses with gross annual revenues of \$1 million or less trails D&B data by 9.4 percentage points, thereby reflecting reasonable penetration.

<b>Detailed Distribution of Small Business Loans by Gross Annual Revenues Houma MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	60.4	16	34.0	1,533	14.8
\$100,000 - \$249,999	20.9	8	17.0	2,140	20.7
\$250,000 - \$499,999	4.3	4	8.5	899	8.7
\$500,000 - \$1,000,000	2.5	9	19.1	2,215	21.4
<b>Subtotal &lt;= \$1,000,000</b>	<b>88.1</b>	<b>37</b>	<b>78.7</b>	<b>6,787</b>	<b>65.5</b>
>\$1,000,000	3.6	9	19.1	3,509	33.9
Revenue Not Available	8.3	1	2.1	64	0.6
<b>Total</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>	<b>10,360</b>	<b>100.0</b>

*Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

The distribution of borrowers reflects, given the demographics of the Houma MSA AA, reasonable penetration among individuals of different income levels (including low- and moderate-income).

The following table shows that, to low-income borrowers in the Baton Rouge MSA AA, the bank's level trails the aggregate figure by 4.8 percentage points, thereby reflecting reasonable penetration. The table also shows that, to moderate-income borrowers, the bank's level exceeds the aggregate figure by 5.8 percentage points, thereby reflecting reasonable penetration.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Houma MSA AA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	23.9	4.8	0	0.0	0	0.0
Moderate	17.1	16.9	5	22.7	197	10.1
Middle	17.8	22.3	3	13.6	140	7.2
Upper	41.3	33.2	6	27.3	502	25.8
Not Available	0.0	22.8	8	36.4	1,108	56.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>1,947</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMD Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.*

### **COMMUNITY DEVELOPMENT TEST**

UCB's community development performance demonstrates excellent responsiveness to community development needs in the Houma MSA AA through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability for community development in the assessment area.

#### **Community Development Loans**

Since the prior evaluation, UCB originated 32 community development loans totaling approximately \$93.0 million in the Houma MSA AA. This level represents 65.3 percent of the overall community development lending for the institution. Additionally, the level of community development lending represents a significant increase over the prior evaluation when the bank originated 14 community development loans totaling approximately \$9.7 million in this assessment area. The community development loans originated exclusively served economic development and revitalization or stabilization efforts in the assessment area.

The following table illustrates the community development loans by year and purpose in the Houma MSA AA.

Community Development Loans Houma MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020*	0	0	0	0	12	18,386	0	0	12	18,386
2021	0	0	0	0	10	36,571	2	6,050	12	42,621
2022	0	0	0	0	2	6,762	3	11,355	5	18,117
2023 (YTD)	0	0	0	0	2	5,231	1	8,600	3	13,831
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>66,950</b>	<b>6</b>	<b>26,005</b>	<b>32</b>	<b>92,955</b>

Source: Bank records. \*Since the prior evaluation.

The followings lists notable examples of community development loans in the Houma MSA AA.

- **Economic Development** – In 2023, the bank originated a \$1.4 million loan for a business in Golden Meadow that will provide primarily low-income jobs.
- **Revitalize or Stabilize** – In 2021, the bank originated a \$6.0 million loan to repair and upgrade the Bubba Dove Flood Control Structure to protect Terrebonne and Lafourche Parishes from Gulf of Mexico storm surges related to federally declared disasters.

### Qualified Investments

Since the prior evaluation, the bank made use of 53 qualified investments in the Houma MSA AA totaling approximately \$6.1 million. This level reflects a consistent dollar amount with the previous evaluation when the bank made use of 14 qualified investments totaling approximately \$6.6 million in the same assessment area. The current dollar amount equates to 62.6 percent of the bank’s total qualified investments. The qualified investments primarily benefited revitalization or stabilization activities. The table below illustrates the qualified investments by year and purpose in the Houma MSA AA.

Qualified Investments Houma MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	977	12	3,730	13	4,707
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	1	783	1	783
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	1	487	1	487
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>977</b>	<b>14</b>	<b>5,000</b>	<b>15</b>	<b>5,977</b>
Qualified Grants & Donations	6	20	28	21	1	1	3	90	38	132
<b>Total</b>	<b>6</b>	<b>20</b>	<b>28</b>	<b>21</b>	<b>2</b>	<b>978</b>	<b>17</b>	<b>5,090</b>	<b>53</b>	<b>6,109</b>

Source: Bank Records

The following lists examples of the qualified investments in the Houma MSA AA.

- **Community Services** – In 2023, the bank donated \$1,000 to an organization that focuses on maintaining and fostering tribal culture and promoting the social and economic well-being of the tribal citizens. The donation supports community services for low- and moderate-income individuals.
- **Community Services** – In 2023, the bank donated \$1,200 to an organization that provides resources to public school teachers and education camps for students. The organization services an area where the majority of the parish schools meet the free/reduced lunch threshold for low- and moderate-income individuals.

**Community Development Services**

During the evaluation period, bank employees provided 301 instances of financial expertise or technical assistance to various community development-related organizations in the Houma MSA AA. This level reflects a significant increase over the prior examination in which the bank completed only 11 community development service in this assessment area. This level accounts for 60.8 percent of the bank’s total community development services.

The following table illustrates the community development services by year and purpose in the Houma MSA AA.

<b>Community Development Services Houma MSA AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	0	0	0	0	<b>0</b>
2021	0	49	30	0	<b>79</b>
2022	0	44	15	0	<b>59</b>
2023 (YTD)	0	118	32	13	<b>163</b>
<b>Total</b>	<b>0</b>	<b>211</b>	<b>77</b>	<b>13</b>	<b>301</b>
<i>Source: Bank records.</i>					

The following lists notable examples of community development services in the Houma MSA AA.

- **Economic Development** – An employee serves on the Lafourche Chamber of Commerce Board of Directors and is responsible for events and marketing, economic development, and governmental affairs in Lafourche Parish.
- **Community Services** – Several bank employees provided financial education to senior center residents to help prevent common frauds and other types of elder financial abuse. This activity primarily benefits low- and moderate-income individuals.

The following table shows the bank does not have full-service offices in low- or moderate-income census tracts within the Houma MSA AA. However, each of its office locations provides access to ATM machines. The table below reflects those offices located within the Houma MSA AA.

<b>Branch and ATM Distribution by Geography Income Level Houma MSA AA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	3	5.0	8,096	3.9	0	0.0	0	0.0
Moderate	11	18.3	31,413	15.2	0	0.0	0	0.0
Middle	28	46.7	98,978	47.8	2	40.0	2	40.0
Upper	16	26.7	63,688	30.7	3	60.0	3	60.0
NA	2	3.3	4,962	2.4	0	0.0	0	0.0
<b>Total</b>	<b>60</b>	<b>100.0</b>	<b>207,137</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank records.*

## **New Orleans MSA AA – Limited-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW ORLEANS MSA AA**

The New Orleans MSA AA consists of 9 of 11 contiguous census tracts in St. John the Baptist Parish, one of eight parishes that make up the New Orleans-MSA. Since the prior evaluation, numerous disaster declarations affected the New Orleans MSA AA directly, most significantly Hurricane Ida (8/28/2021). The following table contains select demographic data of the New Orleans MSA AA used for the review of 2022 small business and home mortgage loans.

Demographic Information of the Assessment Area New Orleans MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	11.1	33.3	33.3	22.2	0.0
Population by Geography	36,953	5.2	33.6	43.7	17.4	0.0
Housing Units by Geography	15,450	5.7	36.4	40.1	17.8	0.0
Owner-Occupied Units by Geography	10,576	4.5	33.9	42.2	19.4	0.0
Occupied Rental Units by Geography	2,748	6.0	41.2	42.4	10.5	0.0
Vacant Units by Geography	2,126	11.5	42.5	26.7	19.2	0.0
Businesses by Geography	4,950	4.2	32.8	46.6	16.4	0.0
Farms by Geography	101	3.0	35.6	42.6	18.8	0.0
Family Distribution by Income Level	9,641	29.5	15.8	20.6	34.2	0.0
Household Distribution by Income Level	13,324	23.3	17.0	16.5	43.2	0.0
Median Family Income MSA - 35380 New Orleans-Metairie, LA MSA		\$72,053	Median Housing Value			\$146,455
Families Below Poverty Level		13.5%	Median Gross Rent			\$824

Source: 2020 U.S. Census and 2022 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 following table shows the applicable income ranges for loans originated in 2022 based on the 2022 FFIEC-estimated MFI of \$81,800 applicable to the area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>New Orleans-Metairie, LA MSA Median Family Income (35380)</b>				
2022 (\$81,800)	<\$40,900	\$40,900 to <\$65,440	\$65,440 to <\$98,160	≥\$98,160

Source: FFIEC

The following table presents the unemployment rates for St John the Baptist Parish, the state, and the nation. As shown, the parish is consistently above both state and national figures.

Unemployment Rates				
New Orleans MSA AA	2020	2021	2022	Nov 2023
	%	%	%	%
St. John the Baptist Parish	11.7	8.6	5.0	4.3
Louisiana	8.6	5.6	3.7	3.6
National Average	8.1	5.4	3.6	3.6

Source: Bureau of Labor Statistics

## CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW ORLEANS MSA AA

### LENDING TEST

UCB's lending performance in the New Orleans MSA AA is consistent with the institution's lending performance overall. The following tables provide quantitative data regarding the loan distribution performance factors.

#### Geographic Distribution

##### *Small Business Loans*

Geographic Distribution of Small Business Loans New Orleans MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.2	0	0.0	0	0.0
Moderate	32.8	1	50.0	154	93.9
Middle	46.6	1	50.0	10	6.1
Upper	16.4	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>

*Source: 2022 D&B Data; 2022 Bank Data. Due to rounding, totals may not equal 100.0%.*

##### *Home Mortgage Loans*

Geographic Distribution of Home Mortgage Loans New Orleans MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.5	6.0	0	0.0	0	0.0
Moderate	33.9	31.9	1	50.0	89	59.5
Middle	42.2	47.3	1	50.0	60	40.5
Upper	19.4	14.8	0	0.0	0	0.0
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.*



## Borrower Profile

### *Small Business Loans*

Detailed Distribution of Small Business Loans by Gross Annual Revenues New Orleans MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
< \$100,000	70.4	0	0.0	0	0.0
\$100,000 - \$249,999	16.8	0	0.0	0	0.0
\$250,000 - \$499,999	3.0	0	0.0	0	0.0
\$500,000 - \$1,000,000	1.6	0	0.0	0	0.0
<b>Subtotal &lt;= \$1,000,000</b>	<b>91.7</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
>\$1,000,000	1.9	2	100.0	164	100.0
Revenue Not Available	6.4	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>164</b>	<b>100.0</b>

*Source: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%.*

### *Home Mortgage Loans*

Distribution of Home Mortgage Loans by Borrower Income Level New Orleans MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	29.5	7.7	0	0.0	0	0.0
Moderate	15.8	28.5	0	0.0	0	0.0
Middle	20.6	23.1	1	50.0	89	59.7
Upper	34.2	14.4	1	50.0	60	40.3
Not Available	0.0	26.3	0	0.0	0	0.00
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>149</b>	<b>100.0</b>

*Source: 2020 U.S. Census; 2022 HMDA Data, 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%*

## **COMMUNITY DEVELOPMENT TEST**

The institution's Community Development Test performance in the New Orleans MSA AA is below the institution's community development performance overall. The following tables provide quantitative data relevant to the Community Development Test in the New Orleans MSA AA.

<b>Community Development Loans New Orleans MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020*	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023 (YTD)	1	120	0	0	0	0	0	0	1	120
<b>Total</b>	<b>1</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>120</b>

Source: Bank records. \*Since the prior evaluation.

<b>Qualified Investments New Orleans MSA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	1	162	1	162
2023 (YTD)	0	0	1	281	0	0	0	0	1	281
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>281</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>162</b>	<b>2</b>	<b>443</b>
Qualified Grants & Donations	0	0	8	11	0	0	4	15	12	26
<b>Total</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>292</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>177</b>	<b>14</b>	<b>469</b>

Source: Bank Records

<b>Community Development Services New Orleans MSA AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	15	0	0	15
2023 (YTD)	0	47	0	0	47
<b>Total</b>	<b>0</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>62</b>

Source: Bank records.

## APPENDICES

### INTERMEDIATE 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 bank'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).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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 bank 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.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

**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.

**Qualified Investment:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**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 Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**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.



**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**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.