

PUBLIC DISCLOSURE

April 17, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Utah Bank

RSSD # 207872

**3826 South 2300 East
Salt Lake City, Utah 84109**

Federal Reserve Bank of San Francisco

101 Market Street

San Francisco, California 94105

NOTE: 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 the 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 Community Reinvestment Act (CRA) Rating

First Utah Bank is rated "SATISFACTORY"

The following table shows the performance ratings for the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	LENDING TEST	COMMUNITY DEVELOPMENT TEST
OUTSTANDING		
SATISFACTORY	X	X
NEEDS TO IMPROVE		
SUBSTANTIAL NONCOMPLIANCE		

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio;
- A majority of loans originated within the bank's assessment area;
- A reasonable geographic distribution of small business loans;
- A reasonable distribution of small business loans to businesses of different sizes; and
- An adequate level of responsiveness to community development needs, particularly the need for economic development and job creation.

INSTITUTION

Description of Institution

First Utah Bank (FUB) headquartered in Salt Lake City, Utah, reported total assets of \$325.8 million as of March 31, 2017. FUB is a wholly owned subsidiary of First Utah Bancorporation, a one-bank holding company. The bank operates seven full service branches in Utah. Four branches, including its headquarters, are located within Salt Lake City, and one branch is located in each of the following cities: Riverton, Sandy, and West Valley City. The bank also operates a mortgage loan service office and a separate construction lending office in Sandy and a commercial lending office in Salt Lake City. In October of 2016, FUB opened two loan production offices located in Rexburg and Idaho Falls. In mid-2015, FUB ceased operating its non-bank subsidiary, Premier Data Corporation, which provided data processing and other technological services to FUB and other financial institutions. The bank has no subsidiaries at the current time.

FUB is a full-service, relationship-based community bank that provides products and services targeted to businesses and consumers. Business lending products include term loans and lines of credit for commercial purposes, Small Business Administration (SBA) loans, business credit cards, and real estate and construction loans. Consumer lending products include mortgage loans, home equity lines of credit and personal secured or unsecured loans. Deposit products are non-complex and include business and consumer checking and savings accounts, certificates of deposits and money market demand accounts.

As depicted in the Exhibit 1 below, commercial loans represent the greatest portion of the bank's loan portfolio as of June 30, 2016.

EXHIBIT 1 LOANS AND LEASES AS OF JUNE 30, 2016		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	136,274	62.2
Secured by 1-4 Family Residential Real Estate	25,711	11.7
Construction & Land Development	24,308	11.1
All Other	21,288	9.7
Multi-Family Residential Real Estate	5,135	2.3
Consumer Loans & Credit Cards	3,426	1.6
Farm Land & Agriculture	3,020	1.4
Total (Gross)	219,162	100.0

FUB did not face any legal or financial impediments during the review period that would have prevented it from helping to meet the credit needs of its assessment area consistent with its business strategy, size, financial capacity, and local economic conditions. The bank received a satisfactory rating at its previous CRA examination, which was conducted as of March 4, 2013, by the Federal Reserve Bank of San Francisco using the *Interagency Small Institution CRA Examination Procedures*.

Description of Assessment Area

FUB's assessment area remains unchanged since the previous examination. The assessment area consists of the entire county of Salt Lake, which is located in north central Utah. Salt Lake County is part of the Salt Lake City Metropolitan Statistical Area (MSA) and is bordered by David and Morgan counties to the north, Summit and Wasatch counties to the east, Utah County to the south, and Tooele County to the west. With a population of more than 1.1 million people, Salt Lake County is the most populated county in Utah.¹

FUB has a relatively limited portion of the overall market in Salt Lake County. As of June 30, 2016, FUB operated all seven of its branches in Salt Lake County², and these branches held total deposits of \$270.5 million.³ By comparison, there were a total of 41 FDIC-insured financial institutions operating 227 offices in Salt Lake County, with deposits totaling over \$529 billion. Large national banks have a strong presence in this area, with the top two, ranked by deposit share, comprising 43.6 percent of the market. FUB ranks 25th in the market, with less than 0.1 percent of the deposit market share.⁴

The following exhibits present key demographic and business information used to help develop a performance context for the assessment area, based on 2010 U.S. Census data and 2014, 2015 and 2016 Dun and Bradstreet data.

¹ U.S. Census Bureau, 2016 Population Estimates, Salt Lake County; available from: <http://quickfacts.census.gov/qfd/index.html>.

² Federal Deposit Insurance Corporation, Institution Branch Report, First Utah Bank, June 30, 2016; available from: <https://www5.fdic.gov/sod/sodInstBranchRpt.asp>.

³ Federal Deposit Insurance Corporation, Deposit Market Share Report, Salt Lake County, June 30, 2016; available from: <http://www5.fdic.gov/sod/sodMarketRpt.asp?baritem=2>.

⁴ Ibid.

EXHIBIT 2 ASSESSMENT AREA DEMOGRAPHICS SALT LAKE COUNTY 2014 2010 U.S. CENSUS AND 2014 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.2	8,657	3.7	2,142	24.7	43,345	18.3
Moderate-income	41	19.3	40,478	17.1	5,954	14.7	44,141	18.7
Middle-income	98	46.2	119,198	50.4	7,501	6.3	53,957	22.8
Upper-income	60	28.3	68,171	28.8	1,977	2.9	95,061	40.2
Tract not reported	2	0.9	0	0.0	0	0.0	0	0.0
Total AA	212	100.0	236,504	100.0	17,574	7.4	236,504	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	18,772	4,760	2.1	25.4	12,348	65.8	1,664	8.9
Moderate-income	73,410	31,586	13.8	43.0	35,190	47.9	6,634	9.0
Middle-income	174,679	120,639	52.5	69.1	45,859	26.3	8,181	4.7
Upper-income	90,152	72,652	31.6	80.6	12,041	13.4	5,459	6.1
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	357,013	229,637	100.0	64.3	105,438	29.5	21,938	6.1
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,273	4.5	1,819	4.0	350	8.4	104	6.6
Moderate-income	9,701	19.1	7,882	17.5	1,410	34.0	409	25.9
Middle-income	22,205	43.8	19,898	44.3	1,668	40.3	639	40.5
Upper-income	16,307	32.2	15,252	33.9	647	15.6	408	25.9
Tract not reported	188	0.4	103	0.2	68	1.6	17	1.1
Total AA	50,674	100.0	44,954	100.0	4,143	100.0	1,577	100.0
Percentage of Total Businesses			88.7		8.2		3.1	
Income Categories	Total Farm Entities by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	6	2.1	6	2.2	0	0.0	0	0.0
Moderate-income	38	13.4	35	12.7	3	42.9	0	0.0
Middle-income	109	38.5	106	38.4	3	42.9	0	0.0
Upper-income	129	45.6	128	46.4	1	14.3	0	0.0
Tract not reported	1	0.4	1	0.4	0	0.0	0	0.0
Total AA	283	100.0	276	100.0	7	100.0	0	0.0
Percentage of Total Farms			97.5		2.5		0.0	
2014 Median Family Income ⁵			Salt Lake County		December 2014 Median Housing Value ⁶		Salt Lake County	
			\$73,087				\$239,000	
2014 HUD Adjusted Median Family Income ⁷			Salt Lake County		2014 Unemployment Rate ⁸		Salt Lake County	
			\$68,700				3.7%	

⁵ U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP03, 2014; available from: <http://factfinder2.census.gov>.

⁶ Utah Association of Realtors, Local Market Updates by County, December 2014.

⁷ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il14/index.html>.

⁸ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

EXHIBIT 3 ASSESSMENT AREA DEMOGRAPHICS SALT LAKE COUNTY 2015 2010 U.S. CENSUS AND 2015 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.2	8,657	3.7	2,142	24.7	43,345	18.3
Moderate-income	41	19.3	40,478	17.1	5,954	14.7	44,141	18.7
Middle-income	98	46.2	119,198	50.4	7,501	6.3	53,957	22.8
Upper-income	60	28.3	68,171	28.8	1,977	2.9	95,061	40.2
Tract not reported	2	0.9	0	0.0	0	0.0	0	0.0
Total AA	212	100.0	236,504	100.0	17,574	7.4	236,504	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	18,772	4,760	2.1	25.4	12,348	65.8	1,664	8.9
Moderate-income	73,410	31,586	13.8	43	35,190	47.9	6,634	9
Middle-income	174,679	120,639	52.5	69.1	45,859	26.3	8,181	4.7
Upper-income	90,152	72,652	31.6	80.6	12,041	13.4	5,459	6.1
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	357,013	229,637	100.0	64.3	105,438	29.5	21,938	6.1
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,491	4.6	2,065	4.2	392	8.2	34	21.4
Moderate-income	10,280	18.9	8,614	17.4	1,616	33.7	50	31.4
Middle-income	23,708	43.6	21,689	43.9	1,977	41.2	42	26.4
Upper-income	17,740	32.6	16,977	34.3	735	15.3	28	17.6
Tract not reported	191	0.4	109	0.2	77	1.6	5	3.1
Total AA	54,410	100.0	49,454	100.0	4,797	100.0	159	100.0
Percentage of Total Businesses			90.9		8.8		0.3	
Income Categories	Total Farm Entities by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	6	2.1	6	2.2	0	0	0	0.0
Moderate-income	38	13.3	34	12.3	4	44.4	0	0.0
Middle-income	112	39.3	108	39.1	4	44.4	0	0.0
Upper-income	128	44.9	127	46	1	11.1	0	0.0
Tract not reported	1	0.4	1	0.4	0	0.0	0	0.0
Total AA	285	100.0	276	100.0	9	100.0	0	0.0
Percentage of Total Farms			96.8		3.2		0.0	
2015 Median Family Income ⁹			December 2015 Median Housing Value ¹⁰					
Salt Lake County			\$75,900		Salt Lake County		\$249,000	
2015 HUD Adjusted Median Family Income ¹¹			2015 Unemployment Rate ¹²					
Salt Lake County			\$72,200		Salt Lake County		3.3%	

⁹ U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP03, 2015; available from: <http://factfinder2.census.gov>.

¹⁰ Utah Association of Realtors, Quarterly Activity by County, Q4-2015.

¹¹ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il14/index.html>.

¹² U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

EXHIBIT 4 ASSESSMENT AREA DEMOGRAPHICS SALT LAKE COUNTY 2016 2010 U.S. CENSUS AND 2016 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	5.2	8,657	3.7	2,142	24.7	43,345	18.3
Moderate-income	41	19.3	40,478	17.1	5,954	14.7	44,141	18.7
Middle-income	98	46.2	119,198	50.4	7,501	6.3	53,957	22.8
Upper-income	60	28.3	68,171	28.8	1,977	2.9	95,061	40.2
Tract not reported	2	0.9	0	0.0	0	0.0	0	0.0
Total AA	212	100.0	236,504	100.0	17,574	7.4	236,504	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	18,772	4,760	2.1	25.4	12,348	65.8	1,664	8.9
Moderate-income	73,410	31,586	13.8	43	35,190	47.9	6,634	9.0
Middle-income	174,679	120,639	52.5	69.1	45,859	26.3	8,181	4.7
Upper-income	90,152	72,652	31.6	80.6	12,041	13.4	5,459	6.1
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	357,013	229,637	100.0	64.3	105,438	29.5	21,938	6.1
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,301	4.7	1,841	4.3	409	8.2	51	8.7
Moderate-income	9,333	19.1	7,537	17.4	1,691	33.8	105	18
Middle-income	21,103	43.2	18,874	43.6	2,056	41.2	173	29.7
Upper-income	15,913	32.6	14,902	34.4	763	15.3	248	42.5
Tract not reported	191	0.4	108	0.2	77	1.5	6	1
Total AA	48,841	100.0	43,262	100.0	4,996	100.0	583	100.0
Percentage of Total Businesses		88.6		10.2		1.2		
Income Categories	Total Farm Entities by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	6	2.3	6	2.4	0	0.0	0	0.0
Moderate-income	35	13.5	32	12.7	3	37.5	0	0.0
Middle-income	105	40.5	101	40.2	4	50.0	0	0.0
Upper-income	112	43.2	111	44.2	1	12.5	0	0.0
Tract not reported	1	0.4	1	0.4	0	0.0	0	0.0
Total AA	259	100.0	251	100.0	8	100.0	0	0.0
Percentage of Total Farms		96.9		3.1		0.0		
2015 Median Family Income ¹³			December 2016 Median Housing Value ¹⁴					
Salt Lake County			\$75,900	Salt Lake County			\$269,900	
2016 HUD Adjusted Median Family Income ¹⁵			2016 Unemployment Rate ¹⁶					
Salt Lake County			\$73,800	Salt Lake County			3.7%	

¹³ U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP03, 2015; available from: <http://factfinder2.census.gov>.

¹⁴ Utah Association of Realtors, Quarterly Activity by County, Q4-2016.

¹⁵ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il14/index.html>.

¹⁶ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

Salt Lake County's economy is driven by major sectors including technology, finance, healthcare, and government. During the review period, strong performance from the financial services, healthcare, and technology sectors have allowed the county to attain one of the healthiest economies in the nation. Consistent high-value-added jobs, especially in high-tech, are a major part of the assessment area's economic expansion. The State of Utah has a robust information technology industry and is ranked second in the nation in fastest-growing states for tech jobs.¹⁷ The tech-producing industry in Salt Lake City is diverse and a fast-growing startup scene has formed the backbone of the sector.¹⁸ Low business costs and a well-educated workforce have attracted capital in the growing industry. The financial services sector has also become a focal point of the economy. Some of the largest industry leaders, such as Wells Fargo and Goldman Sachs, have moved to the assessment area due to the low cost of doing business compared to other metro areas.¹⁹ Given the size of Salt Lake City's tech industry, financial institutions have access to world-class high-tech companies that have become attractive for tech-driven lenders, driving further growth in this sector. In healthcare, medical device manufacturing has been a major growth engine.²⁰ Knowledge from the tech expansion has caused spillover growth in the medical devices manufacturing industry, which has been responsible for nearly one-third of the assessment area's high-tech jobs. A business friendly environment, low-cost structure along with a well-educated labor force and diverse engines for growth has allowed Salt Lake City's economy to outperform.

In addition to improvements in the economy during the review period, a review of small business loan data reported by banks subject to the CRA indicates that small business lending in the assessment area is also increasing. As seen in Exhibit 5 on the following page, the number of CRA reportable loans to small businesses continued to trend upward during the review period, but overall lending remains depressed relative to levels prior to the Great Recession.²¹ Lending to small businesses plays a critical role in the economy given that over 88 percent of all businesses in the assessment area are small as depicted in Exhibit 4 on the previous page. However, according to the 2016 Small Business Credit Survey (SBCS), a significant majority of small businesses (61 percent) faced financial challenges, with credit availability or securing funds for expansion being the top financial challenge.²² In addition, financing shortfalls were notably more common among smaller firms (annual revenues of \$1 million or less), with 67 percent of applicants obtaining less than the amount sought, compared to 45 percent of larger firms.²³

¹⁷ EDCUtah, Business and Economics in Utah, 2017; available from:

http://edcutah.org/sites/default/files/images/edcutah_business_economic_profile_-_web.compressed.pdf.

¹⁸ Moody's Précis Report, Salt Lake City, December 2016.

¹⁹ Ibid.

²⁰ Ibid.

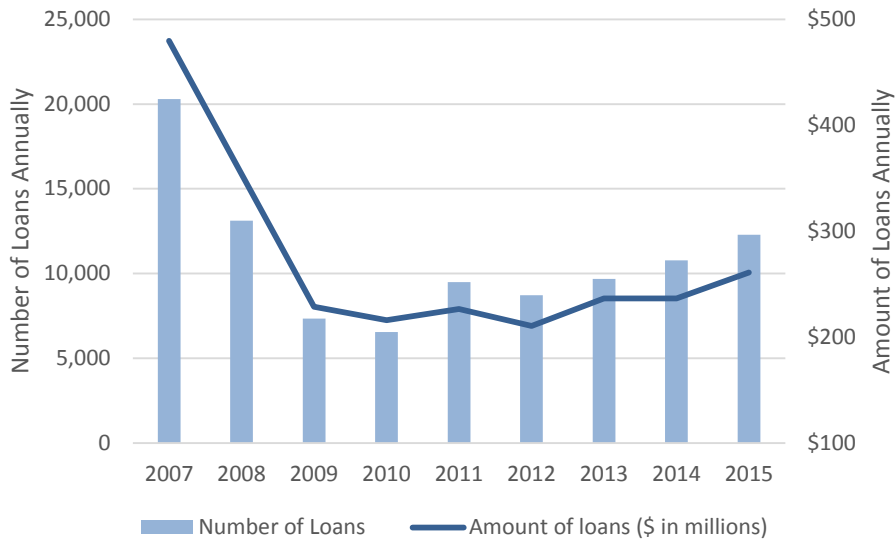
²¹ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national.aspx>.

²² 2016 Small Business Credit Survey, Report on Employer Firms, available from:

<https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf>.

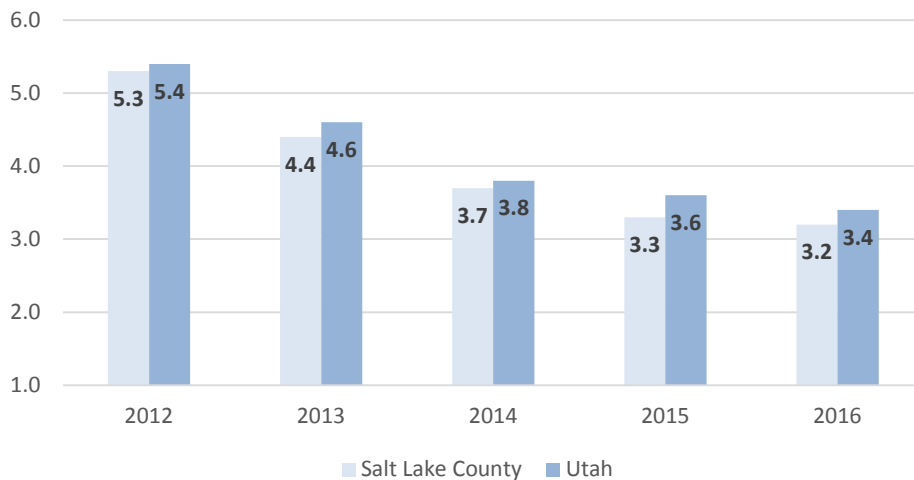
²³ Ibid.

Exhibit 5
Loans to Small Businesses in Assessment Area
2007-2015



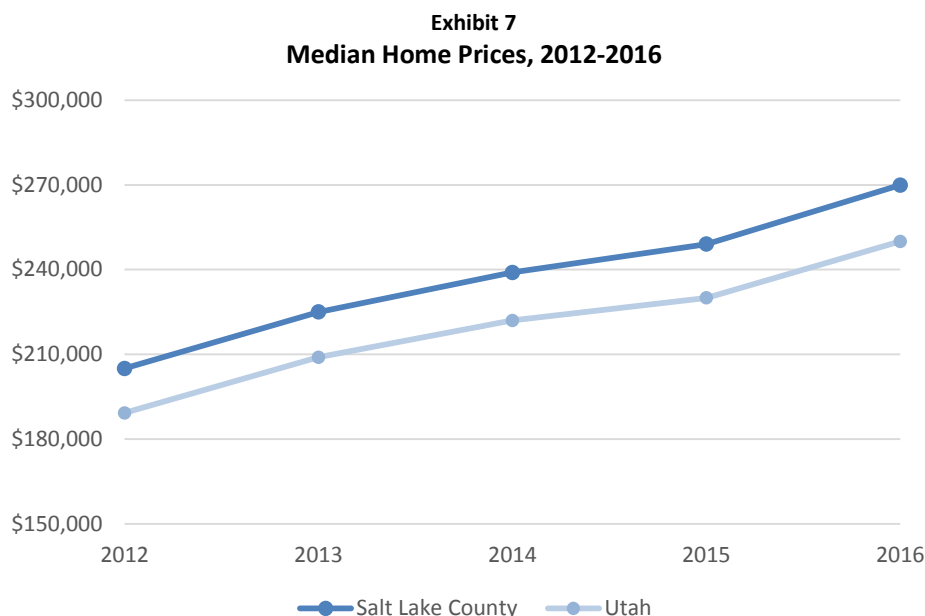
As shown in Exhibit 6 below, the unemployment rate continued to decline throughout the assessment area in the past five years, hovering above 3.2 percent by the end of 2016. Consistently lower than the statewide rate, Salt Lake County’s low unemployment rate indicates a healthy and growing economy. In addition, as a state, Utah has had one of the highest job growth rates in the nation since the Great Recession in 2008.²⁴

Exhibit 6
Unemployment Rates
2012-2016



²⁴ EDCUtah, Business and Economics in Utah, 2017; available from: http://edcutah.org/sites/default/files/images/edcutah_business_economic_profile_-_web.compressed.pdf.

The prices of homes in the assessment area rose during the review period, and at the end of the last quarter of 2016, the median home price in Salt Lake County was \$269,900, as depicted in Exhibit 7 below.²⁵ Since 2015, the median home price has increased by 7.7 percent and by 11.4 percent since 2014.



As evidenced in the trends depicted above in Exhibit 7, home prices have increased at a relatively quick pace. One of the reasons for the rapid increase is that Utah’s demographic growth has created a housing shortage. For the first time in nearly 40 years, the increase in the number of Utah’s households has exceeded the number of new housing units available, causing strong demand and insufficient supply in the housing market.²⁶ In addition to Utah’s demographic growth, the influx of refugees to Salt Lake City creates additional demand for housing. Salt Lake City is one of the cities that welcomes refugees from Iraq, Burma, Congo and recently Syria since the Syrian Civil War began.²⁷ There are over 60,000 refugees currently living in Utah, and refugee resettlement organizations in Salt Lake City resettle an additional 1,200 families in cities across Utah each year.²⁸ The influx of refugees creates additional challenges for local nonprofits to provide the growing refugee population with housing and healthcare.²⁹

Finally, as shown in Exhibit 8 on the following page, poverty rates in the assessment area declined to levels below that of the state, breaking the stagnation seen between 2012 and 2013.³⁰ The rate of food stamp usage declined in the assessment area, echoing the decline in poverty rates. The concurrent

²⁵ Utah Association of Realtors, Quarterly Activity by County, Q4-2012-2016.

²⁶ Policy Institute of University of Utah, Salt Lake County Real Estate Conditions and Forecast, 2016-2017; available from: <http://gardner.utah.edu/wp-content/uploads/Salt-Lake-County-Real-Estate-Conditions-2016-V2.pdf>.

²⁷ Canham, Mike, “The slow migration: Syrians to be Utah’s next refugee community,” The Salt Lake Tribune; available from: <http://archive.sltrib.com/article.php?id=3134131&itype=CMSID>.

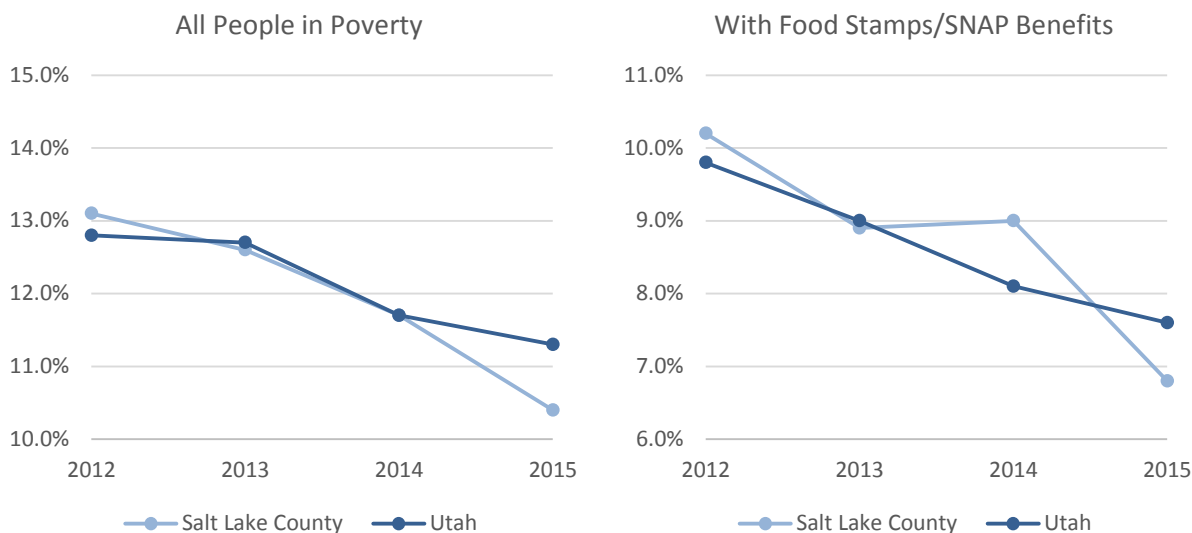
²⁸ “Salt Lake City Refugee Resettlement,” PBS, December 2, 2016; available from: <http://www.pbs.org/wnet/religionandethics/2016/12/02/salt-lake-city-refugee-resettlement/30961/>.

²⁹ Ritchey, Julia, “Housing and Health Care Obstacles For More Refugees,” KUER; available from: <http://kuer.org/post/housing-and-health-care-obstacles-more-refugees>.

³⁰ U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP03, 2012-2015; available from: <http://factfinder2.census.gov>.

decline in poverty and food stamp usage rates along with the indications of improving economic performance suggest that economic growth benefitted many of the residents in the assessment area.

**Exhibit 8
Poverty and Food Stamp Usage Rates**



Credit and Community Development Needs

The economic data previously discussed, as well as feedback from community contacts suggest that small businesses face challenges in accessing credit and that some level of small business credit needs remain unmet by area banks. As previously mentioned, CRA reportable lending levels to small businesses are improving; however, they remain well below levels experienced prior to the Great Recession. According to the 2016 SBCS, only 33 percent of smaller firm applicants received the full amount of financing dollars they sought and 29 percent received none.³¹ Of the financing and credit products sought by businesses, 86 percent of applicants applied for either a business loan or line of credit.³² A review of community contact information indicates that small businesses are most in need of small dollar loans for working capital, cash flow, equipment, and most small businesses are unable to qualify for traditional financing.

A variety of factors also suggest that there is a lack of affordable housing development and financing within the assessment area. Currently, there is a need for an additional 7,467 units for 12,624 residents living in poverty and making \$20,000 per year or less in Salt Lake City.³³ The absence of these units results in unsafe living conditions or homelessness. Thus, there is a great need to increase housing opportunities and stabilize low-income, cost-burdened households to further alleviate the issues surrounding poverty. In addition, information obtained from community contacts within the assessment area suggests that along with residents, many refugees are on the Salt Lake City Housing Authority waiting list.

³¹ 2016 Small Business Credit Survey, Report on Employer Firms, available from: <https://www.newyorkfed.org/medialibrary/media/smallbusiness/2016/SBCS-Report-EmployerFirms-2016.pdf>.

³² Ibid.

³³ Salt Lake City Housing and Neighborhood Development, Growing SLC: A Five-Year Housing Plan; available from: www.slcdocs.com/hand/housing_plan_short.pdf.

The prevalence of poverty and the increase in number of refugees entering the state discussed previously highlight the importance of community service organizations within the bank's communities. There is an opportunity for banks to support the wide range of community needs in the assessment area from affordable housing to refugee assistance. Banks can do this by engaging in community development activities and/or partnering with organizations that address the aforementioned needs of those most vulnerable in the community.

Scope of Examination

FUB's CRA performance was evaluated using the *Interagency Intermediate Small Institution CRA Examination Procedures*. As such, performance was evaluated using the lending and community development tests. The bank has one assessment area, Salt Lake County, which was subject to a full scope review.

LENDING TEST

The lending test portion of the evaluation was based on the following performance criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio);
- Lending inside versus outside of the assessment area (Lending in the Assessment Area);
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography); and
- Lending to businesses of different revenue sizes (Lending Distribution by Business Revenue).

FUB's responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period.

The lending test evaluation was based on 464 small business loans originated between January 1, 2014, and June 30, 2016. Of that total, 364 small business loans were extended within the bank's assessment area. From the 364 small business loans that were extended within the bank's assessment area, a sample of 153 small business loans was used to evaluate the *Lending Distribution by Geography* and *Lending Distribution by Business Revenue*.

There were insufficient volumes of small farm, multifamily, home purchase, home improvement and home refinance loans in the bank's assessment area to perform meaningful analysis. While these products were considered during the review, they did not influence FUB's overall assessment due to the limited volumes involved.

COMMUNITY DEVELOPMENT TEST

The community development test portion of the examination included an evaluation of FUB's level of community development activities in relation to local needs, as well as the bank's capacity to participate in such activities. The evaluation was based upon qualified community development loans, investments, and services from January 1, 2014, through April 17, 2017.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

FUB's overall performance under the lending test is satisfactory. Lending levels relative to deposits are reasonable and a majority of loans were extended within the bank's assessment area. The geographic distribution of small business loans is excellent, with strong overall penetration in low- and moderate-income census tracts. The distribution of small business loans among businesses of different revenue sizes is reasonable, particularly in light of competitive pressures in the assessment area.

LOAN-TO-DEPOSIT RATIO

FUB's loan-to-deposit ratio is reasonable. The bank's average loan-to-deposit ratio over the 16-quarter period ending with the fourth quarter of 2016 is 76.80 percent. This ratio compares reasonably with the state and national peer averages of 83.56 percent and 77.01 percent, respectively.

LENDING IN ASSESSMENT AREA

A majority of the small business loans evaluated were extended within the bank's assessment area. As shown in Exhibit 9 below, the bank extended the bulk of its small business loans, by number and dollar volume, within the assessment area.

EXHIBIT 9 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA JANUARY 1, 2014 TO JUNE 30, 2016								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	364	78.4	107,793	79.0	100	21.6	28,635	21.0
Small Farm	1	100.0	447	100.0	0	0.0	0	0.0
Total Business Related	365	78.5	108,240	79.1	100	21.5	28,635	20.9
HMDA Home Purchase	80	55.2	20,635	58.4	65	44.8	14,705	41.6
HMDA Home Improvement	12	66.7	141	62.9	6	33.3	83	37.1
HMDA Refinance	73	48.3	20,225	45.8	78	51.7	23,913	54.2
HMDA Multifamily	1	100.0	924	100.0	0	0.0	0	0.0
Total HMDA Related	166	52.7	41,925	52.0	149	47.3	38,701	48.0
Total Loans	531	68.1	150,165	69.0	249	31.9	67,336	31.0

LENDING DISTRIBUTION BY GEOGRAPHY

FUB's geographic distribution of lending is reasonable overall, with excellent penetration in moderate-income census tracts. As shown in Exhibit 10 on the following page, while the performance in low-income census tracts varied by year, lending was particularly strong in moderate-income geographies with FUB outperforming the aggregate market and concentration of businesses by a significant margin in each review year. This geographic distribution helped ensure that the economic growth in Salt Lake County reached low- and moderate-income geographies.

EXHIBIT 10 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Salt Lake County Assessment Area 2014								
Bank Lending	3	5.4	17	30.4	23	41.1	13	23.2
Aggregate Lending	1,162	4.8	5,138	21.1	10,259	42.1	7,816	32.1
Business Concentration	2,273	4.5	9,701	19.2	22,205	44.0	16,307	32.3
Salt Lake County Assessment Area 2015								
Bank Lending	1	1.8	21	38.2	22	40.0	11	20.0
Aggregate Lending	1,243	4.7	5,463	20.6	11,222	42.3	8,620	32.5
Business Concentration	2,491	4.6	10,280	19.0	23,708	43.7	17,740	32.7
Salt Lake County Assessment Area 2016								
Bank Lending	0	0.0	11	28.2	22	56.4	6	15.4
Aggregate Lending	1,423	4.4	5,990	18.6	13,357	41.5	11,437	35.5
Business Concentration	2,301	4.7	9,333	19.2	21,103	43.4	15,913	32.7

LENDING DISTRIBUTION BY BUSINESS REVENUE

The distribution of small business loans by business revenue is reasonable. As shown in Exhibit 11 below, lending to businesses with gross annual revenues of \$1.0 million or less compared reasonably with aggregate lending in each review year. In addition, the majority of loans during the review period were made in amounts equal to or below \$250,000, demonstrating responsiveness to the community need for smaller dollar loans. While the bank's lending to small businesses with revenues of \$1 million or less was below the total percentage level of small businesses in the assessment area, performance context information suggests that only a portion of these small businesses demand credit. This reduced demand, coupled with strong competition in the area such as automated credit approval programs or tech-driven lenders, likely factor into the bank's overall performance.

EXHIBIT 11 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2014	57	49.1	88.7	43.6	40.4	28.1	31.6
2015	56	37.5	90.9	45.7	32.1	35.7	32.1
2016	40	30.0	88.6	38.9	17.5	27.5	55.0

RESPONSE TO COMPLAINTS

As noted above, FUB did not receive any consumer complaints related to CRA during the review period. Accordingly, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

Community Development Test

FUB’s performance under the community development test is satisfactory. The bank provided an adequate level of community development activities that were responsive to the community development needs within its assessment area including a broader statewide and regional area. FUB provided loans, investments and services that were particularly responsive to the need for affordable housing and economic development in low- and moderate-income geographies. Consideration was also given to the bank’s statewide and regional activity due to its responsiveness to opportunities within its assessment area.

Exhibit 12 illustrates the bank's community development activities. The details of these activities are depicted below.

EXHIBIT 12 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Salt Lake AA	30	\$25,920	NA	NA	19	\$33	127	646
Broader Statewide or Regional Area	20	\$35,040	NA	NA	1	\$1,000	0	0
Total	50	\$60,960	NA	NA	20	\$1,033	127	646

Community Development Lending

FUB originated a total of 30 qualified community development loans within its assessment area during the review period. This included a total of 26 SBA 504 or 7A loans totaling \$24.9 million that helped create or retain approximately 331 jobs. In addition, FUB originated a total of 20 qualified community development loans benefitting a broader statewide or regional area during the review period. This included ten SBA 504 or 7A loans totaling \$9.6 million that helped create or retain approximately 60 jobs.

While the majority of community development loans originated during the review period primarily promoted economic development and job growth, the bank’s lending also demonstrated responsiveness to other community needs. Notable loans from the review period include:

- Two loans, totaling \$6.9 million, were provided to finance the purchase and improvement of a hotel in Salt Lake County which helped create or retain approximately 20 jobs.
- A \$260,000 loan was extended to finance a 12-unit low-income housing project in a low-income census tract in Salt Lake County.
- A \$642,000 loan was extended to assist a non-profit organization purchase a church in a moderate-income census tract and another \$30,000 loan was extended to a non-profit organization to finance improvements to a church in a low-income census tract.
- Two loans, totaling \$2.6 million, were extended to finance the purchase and improvement of a building that will be converted into a restaurant in a moderate-income census tract in Salt Lake County. The loan helped create approximately 25 jobs.

Community Development Investments

FUB made a total of 20 investments and donations during the review period, with 19 donations within its assessment area and one investment benefiting a broader statewide or regional area. Notable examples include:

- A \$1 million investment was made into a mortgage backed security pool that is backed by a low- and moderate-income multifamily housing complex in Clearfield, Utah. The housing project specifically targets low-income individuals and all residents of the housing complex had income that is 60 percent of the median area income or less at the time of the investment. While outside the bank's assessment area, the housing complex is located in an adjoining county to the north which is a reasonable commute to Salt Lake County.
- One "in-kind" donation to an organization providing assistance to recent refugees. The donation included computer equipment that allows individuals to learn technical skills and search for jobs. The approximate value of the donation was \$9,960 and shows responsiveness to the county's growing refugee population and the difficulties this population faces in rebuilding their lives.

Community Development Services

The bank provided a total of 646 community development service hours to organizations involved in providing community services within the assessment area. With the influx of refugees, non-profit organizations have struggled to meet the needs of local communities. As such these services were particularly responsive to the needs of low-income individuals who have struggled to obtain access to affordable healthcare and housing. Examples of these services are listed below:

- One employee provided 90 hours of service as a board member of a non-profit 501(c)3 organization that provides medical services to uninsured and low-income individuals and families.
- An employee provided approximately 40 hours of service as a vice-chair of a non-profit 501(c)3 organization whose mission is to help children and families suffering from abuse, neglect or foster care disruption.
- A total of 21 bank employees provided 112 hours of services for an organization that teaches financial literacy to children at local public schools.
- An employee provided 28 hours of service as chairman of the board for an organization that helps recent refugees and immigrants by reducing the financial barriers they face upon arriving in the United States and teaching self-sufficiency.
- An employee provided 35 hours of service as a board member and finance committee member for an organization that provides affordable housing opportunities for low- and moderate-income individuals.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted. The review found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations.

GLOSSARY OF TERMS

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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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, which 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).

Full-scope review: Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower

distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any 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.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

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