



PUBLIC DISCLOSURE

May 20, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Uwharrie Bank

Albemarle, North Carolina

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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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590220

P.O. Box 338

Albemarle, North Carolina 28002

Federal Reserve Bank of Richmond

P. O. Box 27622

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and the credit needs of its assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation were originated within its assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses with annual revenues of \$1 million or less) varies by assessment area and is considered reasonable overall.
- The bank's geographic distribution performance (lending in low- and moderate-income census tracts) also varies by assessment area and is considered reasonable overall.
- The bank's responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and services is considered adequate.
- The institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

Uwharrie Bank (UB) was evaluated using the interagency examination procedures for intermediate-small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures and based upon recent loans originated by the institution, HMDA and small business loans were identified as primary credit products for the bank. The analysis was based on all reported HMDA loans from 2021 and 2022, as well as small business loans originated during 2022. Given its size and branch locations, UB is required to collect and report HMDA data, but is not required to collect or report CRA small business data.

Qualified community development loans and services are considered for activities since the previous evaluation (November 16, 2020). All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered. To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Additionally, members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment areas, as well as potential community development opportunities.

While the bank has reported its 2023 HMDA data, it is not included in this analysis because the 2023 aggregate data is not yet available as of the date of this evaluation. Since aggregate data captures lending done under the same business and market conditions, it is an important performance context factor needed to evaluate the bank's lending performance.

UB serves two assessment areas within the State of North Carolina (NC), the Charlotte-Concord-Gastonia, NC assessment area and the Stanly, NC NonMSA assessment area. Given the distribution of UB's loans, deposits, and branch offices as outlined in **Appendix A**, both assessment areas were evaluated using the FFIEC's full-scope review procedures.

DESCRIPTION OF INSTITUTION

UB is headquartered in Albemarle, North Carolina and operates ten full-service branches and nine automated teller machines (ATMs) within North Carolina. The bank is a wholly-owned subsidiary of Uwharrie Capital Corporation, a single bank holding company also headquartered in Albemarle, North Carolina. UB also has three subsidiaries, two of which are inactive and one which is an investment company that allows the bank to offer investment options to its customers. UB’s previous CRA rating, dated November 16, 2020, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of March 31, 2024, UB held assets totaling \$1.1 billion, of which 56.1% were net loans. As of the same date, deposits totaled approximately \$1 billion. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. Additionally, the bank continued offering the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) during a portion of the evaluation period. This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promoted economic stability during the Coronavirus (COVID-19) crisis. Since the last evaluation dated November 16, 2020, UB originated 879 loans totaling approximately \$46.4 million. The composition of UB’s loan portfolio (reflecting gross loans) is represented in the following table.

Composition of Loan Portfolio

| Loan Type | 3/31/2024 | |
|--|----------------|--------------|
| | \$(000s) | % |
| Secured by 1-4 Family dwellings | 217,430 | 35.1 |
| Multifamily | 7,118 | 1.1 |
| Construction and Development | 51,703 | 8.4 |
| Commercial & Industrial/ NonFarm NonResidential | 304,017 | 49.1 |
| Consumer Loans and Credit Cards | 11,647 | 1.9 |
| Agricultural Loans/ Farmland | 5,604 | 0.9 |
| All Other | 21,588 | 3.5 |
| Total | 619,107 | 100.0 |

As indicated in the preceding table, UB is an active commercial/small business and residential mortgage lender. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. While the bank offers additional products, such as consumer and farm loans, the volume of such lending is relatively limited in comparison to commercial and residential mortgage lending.

UB serves two contiguous assessment areas in the south central portion of North Carolina. One assessment area includes a portion of the Charlotte-Concord-Gastonia, NC MSA, while the other is located in a nonmetropolitan statistical area (NonMSA). The following table reflects the current composition of the bank’s assessment areas.

| Assessment Area Name | County | State | Census Tracts Included |
|--------------------------------|-------------|-------|------------------------|
| Charlotte-Concord-Gastonia, NC | Anson | NC | All |
| | Cabarrus | | |
| | Mecklenburg | | |
| | Union | | |
| Stanly, NC NonMSA | Stanly | NC | All |

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Overall, the bank is rated Satisfactory and the Lending Test is rated Satisfactory. The Lending Test rating considers the bank's loan-to-deposit ratio, proportion of lending within its combined assessment areas, borrower distribution performance, and geographic distribution performance. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

When evaluating the bank's HMDA lending performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. For this evaluation, relevant area demographic data from the 2015 ACS is used when evaluating the bank's 2021 HMDA lending performance, while data from the 2020 ACS data is used when evaluating the bank's 2022 HMDA lending performance. Additionally, Dun and Bradstreet (D&B) business data from 2022 is considered when evaluating the bank's small business lending performance.

Aggregate loan data is also used as a proxy for demand when evaluating the bank's HMDA and small business lending performance. Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA data, respectively, within the bank's assessment areas. Because UB does not report CRA loan data, its small business loans are not included in the aggregate CRA data.

The borrower and geographic distribution performance of HMDA loans focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the dollar volume of such loans made in the assessment area.

When determining overall conclusions for the institution, the bank's level of performance in each assessment area is generally weighted by the dollar volume of lending in the assessment areas. During the evaluation period, the bank originated a greater dollar volume of HMDA and small business loans in the Charlotte-Concord-Gastonia, NC assessment area. In addition to the weighting by dollar volume, the relative strength of performance within each assessment area is also a factor in determining overall conclusions.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 61% and averaged 55.9% for the 14-quarter period ending March 31, 2024. In comparison, the quarterly average loan-to-deposit ratios for three similarly situated institutions that operate in at least one of UB's assessment areas ranged from 60% to 84.2% during the same 14-quarter period. Since December 31, 2020, UB's assets, net loans, and deposits have increased by 33.1%, 30.5%, and 34.9% respectively. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending in Assessment Area

To determine the institution’s volume of lending within its assessment areas, the geographic location of UB’s 2021 and 2022 HMDA, and 2022 small business lending was considered. The lending distribution inside and outside of the bank’s combined assessment areas is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

| Loan Type | Inside | | | | Outside | | | |
|-----------------------------|--------------|-------------|----------------|-------------|------------|-------------|----------------|-------------|
| | # | % | \$(000) | % | # | % | \$(000) | % |
| Home Purchase | 592 | 62.4 | 182,126 | 60.6 | 356 | 37.6 | 118,178 | 39.4 |
| Home Improvement | 94 | 79.0 | 9,807 | 77.7 | 25 | 21.0 | 2,816 | 22.3 |
| Refinancing | 722 | 77.1 | 171,559 | 76.1 | 215 | 22.9 | 53,903 | 23.9 |
| Multi-Family Housing | 5 | 71.4 | 8,278 | 91.6 | 2 | 28.6 | 761 | 8.4 |
| Loan Purpose Not Applicable | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Other Purpose Closed/Exempt | 35 | 71.4 | 6,392 | 68.8 | 14 | 28.6 | 2,894 | 31.2 |
| Other Purpose LOC | 122 | 83.0 | 9,486 | 80.1 | 25 | 17.0 | 2,361 | 19.9 |
| Total HMDA related | 1,570 | 71.1 | 387,648 | 68.2 | 637 | 28.9 | 180,913 | 31.8 |
| Small Business | 173 | 86.1 | 27,861 | 83.2 | 28 | 13.9 | 5,631 | 16.8 |
| TOTAL LOANS | 1,743 | 72.4 | 415,509 | 69.0 | 665 | 27.6 | 186,544 | 31.0 |

As indicated in the preceding table, a majority of the total number of loans (72.4%) and dollar amount of loans (69%) considered in this evaluation were extended to residents inside of UB’s assessment areas. Overall, the institution’s level of lending within its assessment areas is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

The bank’s borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is considered excellent overall for the Charlotte-Concord-Gastonia, NC and reasonable for the Stanly, NC NonMSA assessment area. On a combined basis and based on the relative lending volume and strength of performance in each assessment area, UB’s borrower distribution performance is considered reasonable.

Geographic Distribution of Loans

UB’s geographic distribution performance (lending in low- and moderate-income census tracts) is considered excellent overall for the Charlotte-Concord-Gastonia, NC assessment area and reasonable for the Stanly, NC NonMSA assessment area. On a combined basis and based on the relative lending volume and strength of performance in each assessment area, UB’s geographic distribution performance is considered reasonable.

Community Development Loans, Investments, and Services

Overall, the bank provides an adequate level of qualified community development loans, investments, and services. Accordingly, the Community Development Test is rated Satisfactory. UB’s support of community development initiatives and organizations within its assessment areas is considered responsive. The bank faces no constraints preventing it from originating community development loans, making qualified investments, and providing community development services.

During the evaluation period, the bank participated in the following qualified community development activities that benefited both assessment areas and/or the larger statewide or regional area:

- Three loans totaling approximately \$951,000 to an organization located in the Stanly, NC NonMSA assessment area that provides community services to low- and moderate-income individuals with autism that reside in the State of North Carolina.
- Two loans totaling approximately \$5 million to organizations that provide social services and housing to elderly low- and moderate-income residents within the State of North Carolina.
- Two equity investments totaling approximately \$992,000 in small business investment companies (SBICs) that facilitate economic development within the Mid-Atlantic region and throughout the country.
- Three donations totaling \$61,100 to an organization that provides community services to low- and moderate-income individuals within the Charlotte-Concord-Gastonia, NC and Stanly, NC NonMSA assessment areas.
- Five donations totaling approximately \$58,000 to organizations that provide community services to low- and moderate-income individuals within the State of North Carolina, including the bank's two assessment areas.
- The bank's dedicated community outreach coordinator taught financial literacy classes to various organizations that provide services to low- and -moderate income individuals throughout both of the bank's assessment areas.

Details of other activities directly benefiting each assessment area are provided in the assessment area discussion.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

METROPOLITAN AREAS

*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN CHARLOTTE-CONCORD-
GASTONIA, NC ASSESSMENT AREA**

The bank's Charlotte-Concord-Gastonia, NC assessment area is located in south central North Carolina and includes a portion of the Charlotte-Concord-Gastonia, NC MSA. The delineation includes Anson, Cabarrus, Mecklenburg, and Union Counties, North Carolina in their entirety. UB operates four full-service branch offices in the assessment area.

Recent data (June 30, 2023) from the FDIC indicates the bank ranked 14th out of 37 institutions in local deposit market share, holding .1% of area deposits (excluding credit union deposits). According to the 2022 aggregate HMDA loan data, the institution ranked 38th out of 736 lenders in reported home mortgage volume, holding .5% of the area market share.

According to 2020 ACS data, the assessment area has a population of 1,601,608 and a median housing value of \$244,997. The owner occupancy rate within the area equals 57.4% which is slightly higher than the statewide rate (56.5%), but lower than the owner occupancy rate for the entire MSA (60.6%). Within the assessment area, 7.3% of families are considered below the poverty level, which is lower than both the percentage of such families in the State of North Carolina (10%) and the entire MSA (8.1%). The 2021 and 2022 FFIEC estimated median family income for the Charlotte-Concord-Gastonia, NC MSA equaled \$77,300 and \$91,700, respectively.

The following tables provide pertinent demographic data for the assessment area during 2021 and 2022.

| 2021 Charlotte-Concord-Gastonia, NC AA Demographics | | | | | | | | |
|--|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 30 | 9.5 | 23,506 | 6.8 | 8,460 | 36.0 | 71,428 | 20.6 |
| Moderate | 74 | 23.3 | 69,525 | 20.0 | 14,420 | 20.7 | 54,633 | 15.7 |
| Middle | 82 | 25.9 | 100,332 | 28.9 | 8,837 | 8.8 | 62,727 | 18.1 |
| Upper | 127 | 40.1 | 153,901 | 44.3 | 5,727 | 3.7 | 158,629 | 45.7 |
| Unknown | 4 | 1.3 | 153 | 0.0 | 69 | 45.1 | 0 | 0.0 |
| Total AA | 317 | 100.0 | 347,417 | 100.0 | 37,513 | 10.8 | 347,417 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 46,943 | 10,049 | 3.1 | 21.4 | 31,109 | 66.3 | 5,785 | 12.3 |
| Moderate | 127,817 | 55,740 | 17.0 | 43.6 | 58,598 | 45.8 | 13,479 | 10.5 |
| Middle | 162,341 | 99,636 | 30.3 | 61.4 | 50,308 | 31.0 | 12,397 | 7.6 |
| Upper | 236,173 | 163,248 | 49.7 | 69.1 | 57,953 | 24.5 | 14,972 | 6.3 |
| Unknown | 669 | 90 | 0.0 | 13.5 | 438 | 65.5 | 141 | 21.1 |
| Total AA | 573,943 | 328,763 | 100.0 | 57.3 | 198,406 | 34.6 | 46,774 | 8.1 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 5,841 | 7.3 | 5,173 | 7.1 | 640 | 11.5 | 28 | 3.7 |
| Moderate | 13,572 | 17.1 | 12,429 | 17.0 | 1,031 | 18.5 | 112 | 14.9 |
| Middle | 21,458 | 27.0 | 19,837 | 27.1 | 1,448 | 26.0 | 173 | 22.9 |
| Upper | 38,019 | 47.8 | 35,283 | 48.2 | 2,300 | 41.2 | 436 | 57.8 |
| Unknown | 695 | 0.9 | 533 | 0.7 | 157 | 2.8 | 5 | 0.7 |
| Total AA | 79,585 | 100.0 | 73,255 | 100.0 | 5,576 | 100.0 | 754 | 100.0 |
| Percentage of Total Businesses: | | | | 92.0 | | 7.0 | | 0.9 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 18 | 2.5 | 17 | 2.4 | 1 | 7.7 | 0 | 0.0 |
| Moderate | 143 | 19.8 | 138 | 19.5 | 5 | 38.5 | 0 | 0.0 |
| Middle | 335 | 46.4 | 330 | 46.5 | 5 | 38.5 | 0 | 0.0 |
| Upper | 224 | 31.0 | 222 | 31.3 | 2 | 15.4 | 0 | 0.0 |
| Unknown | 2 | 0.3 | 2 | 0.3 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 722 | 100.0 | 709 | 100.0 | 13 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | | 98.2 | | 1.8 | | 0.0 |
| <i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i> | | | | | | | | |
| <i>Note: Percentages may not total 100.0 percent due to rounding.</i> | | | | | | | | |

| 2022 Charlotte-Concord-Gastonia, NC AA Demographics | | | | | | | | |
|---|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 24 | 5.9 | 16,516 | 4.4 | 4,765 | 28.9 | 74,208 | 19.7 |
| Moderate | 100 | 24.4 | 85,865 | 22.8 | 11,581 | 13.5 | 62,636 | 16.6 |
| Middle | 111 | 27.1 | 106,927 | 28.3 | 6,253 | 5.8 | 70,975 | 18.8 |
| Upper | 165 | 40.3 | 165,446 | 43.9 | 4,580 | 2.8 | 169,434 | 44.9 |
| Unknown | 9 | 2.2 | 2,499 | 0.7 | 500 | 20.0 | 0 | 0.0 |
| Total AA | 409 | 100.0 | 377,253 | 100.0 | 27,679 | 7.3 | 377,253 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 34,142 | 9,387 | 2.6 | 27.5 | 21,191 | 62.1 | 3,564 | 10.4 |
| Moderate | 157,283 | 72,312 | 20.0 | 46.0 | 70,488 | 44.8 | 14,483 | 9.2 |
| Middle | 177,105 | 106,513 | 29.4 | 60.1 | 58,890 | 33.3 | 11,702 | 6.6 |
| Upper | 254,761 | 172,509 | 47.6 | 67.7 | 64,836 | 25.4 | 17,416 | 6.8 |
| Unknown | 7,616 | 1,352 | 0.4 | 17.8 | 4,909 | 64.5 | 1,355 | 17.8 |
| Total AA | 630,907 | 362,073 | 100.0 | 57.4 | 220,314 | 34.9 | 48,520 | 7.7 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 4,137 | 5.0 | 3,651 | 4.8 | 459 | 8.2 | 27 | 3.1 |
| Moderate | 18,269 | 22.2 | 16,689 | 22.0 | 1,418 | 25.2 | 162 | 18.4 |
| Middle | 21,243 | 25.8 | 19,620 | 25.9 | 1,435 | 25.5 | 188 | 21.4 |
| Upper | 36,973 | 45.0 | 34,448 | 45.5 | 2,042 | 36.4 | 483 | 54.9 |
| Unknown | 1,629 | 2.0 | 1,347 | 1.8 | 263 | 4.7 | 19 | 2.2 |
| Total AA | 82,251 | 100.0 | 75,755 | 100.0 | 5,617 | 100.0 | 879 | 100.0 |
| Percentage of Total Businesses: | | | | 92.1 | | 6.8 | | 1.1 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 29 | 4.0 | 28 | 3.9 | 1 | 7.7 | 0 | 0.0 |
| Moderate | 183 | 25.2 | 176 | 24.7 | 7 | 53.8 | 0 | 0.0 |
| Middle | 287 | 39.6 | 284 | 39.9 | 3 | 23.1 | 0 | 0.0 |
| Upper | 225 | 31.0 | 223 | 31.3 | 2 | 15.4 | 0 | 0.0 |
| Unknown | 1 | 0.1 | 1 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 725 | 100.0 | 712 | 100.0 | 13 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | | 98.2 | | 1.8 | | 0.0 |

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The area’s employment opportunities exist within retail trade, financial activities, and manufacturing. Major area employers include Atrium Health, Union County Public Schools, Cabarrus County Public Schools, and Amazon Fulfillment Services Inc. The following table reflects the average annual unemployment rates for the area.

| Charlotte-Concord-Gastonia, NC - Annual Average Unemployment Rates | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| Area | 2018 | 2019 | 2020 | 2021 | 2022 |
| Anson County, NC | 4.5% | 4.1% | 7.5% | 6.4% | 4.4% |
| Cabarrus County, NC | 3.7% | 3.6% | 6.8% | 4.4% | 3.4% |
| Mecklenburg County, NC | 3.8% | 3.6% | 7.6% | 4.9% | 3.5% |
| Union County, NC | 3.5% | 3.5% | 5.8% | 4.0% | 3.1% |
| Charlotte-Concord-Gastonia, NC-SC MSA | 3.7% | 3.5% | 7.1% | 4.6% | 3.4% |
| North Carolina | 4.0% | 3.9% | 7.2% | 4.9% | 3.7% |

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

As indicated in the preceding table, prior to the COVID-19 pandemic the assessment area’s unemployment rates were generally trending downward. During 2020, which was the peak of the pandemic, the assessment area, MSA, and state all experienced a substantial increase in unemployment rates. Since 2020, the area’s unemployment rates have been trending downward. Unemployment rates in Cabarrus and Mecklenburg Counties generally trend in the same direction as the MSA and statewide rates, while Union County’s rates are generally lower and Anson County’s rates are generally higher than the MSA and statewide rates.

An affordable housing official was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted the community has a great need for financial literacy especially among low- and moderate-income individuals with significant housing cost burdens. The contact also noted local financial institutions are readily willing to volunteer funds and time to community organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area during 2022, the bank originated purchase and refinance HMDA loans totaling \$74.5 million and small business loans totaling \$14.8 million, Accordingly, the bank’s HMDA lending performance generally carries greater weight when evaluating overall lending performance.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

UB’s borrower distribution performance for both HMDA and small business lending is considered excellent overall.

HMDA Lending

The borrower distribution performance of HMDA lending is considered excellent overall. From a loan category perspective, performance of the bank’s home purchase lending is considered excellent, while refinance lending is reasonable.

Performance for the home improvement loan category was not evaluated based on the relatively limited volume of such lending in this assessment area.

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level | | | | | | | | | | | | | |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------------|
| Assessment Area: Charlotte-Concord-Gastonia, NC | | | | | | | | | | | | | |
| Borrower Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | | Families by Family Income % |
| | 2021 | | | | | | 2022 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | \$ % | \$ % | # | % | % | \$(000) | \$ % | \$ % | |
| Home Purchase Loans | | | | | | | | | | | | | |
| Lo w | 11 | 4.4 | 3.3 | 1,680 | 1.9 | 1.6 | 10 | 6.3 | 3.3 | 1,302 | 2.4 | 1.5 | 19.7 |
| Mo derate | 38 | 15.1 | 14.3 | 8,013 | 9.0 | 9.2 | 28 | 17.7 | 14.1 | 6,146 | 11.2 | 9.0 | 16.6 |
| Middle | 55 | 21.9 | 19.3 | 14,889 | 16.8 | 15.7 | 39 | 24.7 | 21.1 | 12,731 | 23.2 | 17.3 | 18.8 |
| Upp e r | 145 | 57.8 | 49.0 | 63,432 | 71.4 | 59.6 | 74 | 46.8 | 47.6 | 32,275 | 58.8 | 58.8 | 44.9 |
| Unkno wn | 2 | 0.8 | 14.1 | 848 | 1.0 | 13.8 | 7 | 4.4 | 14.0 | 2,427 | 4.4 | 13.5 | 0.0 |
| To tal | 251 | 100.0 | 100.0 | 88,862 | 100.0 | 100.0 | 158 | 100.0 | 100.0 | 54,881 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Lo w | 20 | 5.4 | 4.3 | 2,355 | 2.3 | 2.1 | 7 | 9.3 | 10.2 | 741 | 3.8 | 5.4 | 19.7 |
| Mo derate | 57 | 15.4 | 12.8 | 10,382 | 10.3 | 8.1 | 16 | 21.3 | 20.8 | 2,789 | 14.2 | 14.9 | 16.6 |
| Middle | 87 | 23.6 | 18.2 | 18,819 | 18.7 | 14.2 | 20 | 26.7 | 21.8 | 5,224 | 26.6 | 19.2 | 18.8 |
| Upp e r | 196 | 53.1 | 47.9 | 66,948 | 66.6 | 58.8 | 32 | 42.7 | 36.8 | 10,902 | 55.5 | 48.8 | 44.9 |
| Unkno wn | 9 | 2.4 | 16.8 | 2,002 | 2.0 | 16.8 | 0 | 0.0 | 10.3 | 0 | 0.0 | 11.6 | 0.0 |
| To tal | 369 | 100.0 | 100.0 | 100,506 | 100.0 | 100.0 | 75 | 100.0 | 100.0 | 19,656 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Lo w | 0 | 0.0 | 3.2 | 0 | 0.0 | 1.7 | 3 | 5.8 | 4.1 | 310 | 4.8 | 2.2 | 19.7 |
| Mo derate | 1 | 100.0 | 9.3 | 275 | 100.0 | 5.6 | 9 | 17.3 | 11.6 | 923 | 14.3 | 6.4 | 16.6 |
| Middle | 0 | 0.0 | 14.7 | 0 | 0.0 | 9.8 | 6 | 11.5 | 20.6 | 600 | 9.3 | 14.4 | 18.8 |
| Upp e r | 0 | 0.0 | 69.5 | 0 | 0.0 | 79.0 | 33 | 63.5 | 60.6 | 4,546 | 70.4 | 73.6 | 44.9 |
| Unkno wn | 0 | 0.0 | 3.3 | 0 | 0.0 | 3.8 | 1 | 1.9 | 3.1 | 75 | 1.2 | 3.4 | 0.0 |
| To tal | 1 | 100.0 | 100.0 | 275 | 100.0 | 100.0 | 52 | 100.0 | 100.0 | 6,454 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Lo w | 31 | 4.9 | 3.9 | 4,035 | 2.1 | 1.9 | 27 | 7.6 | 5.7 | 3,125 | 3.5 | 2.7 | 19.7 |
| Mo derate | 101 | 16.0 | 13.0 | 19,298 | 10.1 | 8.5 | 63 | 17.8 | 15.8 | 10,756 | 12.0 | 10.4 | 16.6 |
| Middle | 142 | 22.5 | 18.2 | 33,708 | 17.6 | 14.7 | 83 | 23.5 | 21.1 | 20,857 | 23.2 | 17.5 | 18.8 |
| Upp e r | 346 | 54.8 | 49.4 | 131,233 | 68.7 | 59.6 | 169 | 47.9 | 45.8 | 52,312 | 58.3 | 56.9 | 44.9 |
| Unkno wn | 11 | 1.7 | 15.4 | 2,850 | 1.5 | 15.3 | 11 | 3.1 | 11.5 | 2,746 | 3.1 | 12.5 | 0.0 |
| To tal | 631 | 100.0 | 100.0 | 191,124 | 100.0 | 100.0 | 353 | 100.0 | 100.0 | 89,796 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Home Purchase Loans

UB’s home purchase lending performance is considered excellent overall. This conclusion considers the relative strength of performance and volume of lending each year. In particular, the conclusion is driven by the bank’s level of lending to low-income borrowers during 2022 and 2021.

During 2022, the bank’s percentage of home purchase loans to low-income borrowers (6.3%) lagged the percentage of area low-income families (19.7%), but it significantly exceeded the aggregate reporters’ level of lending (3.3%). UB’s percentage of home purchase loans to moderate-income borrowers (17.7%) exceeded both the percentage of area moderate-income families (16.6%) and the aggregate lending level (14.1%). Overall, the bank’s level of lending during 2022 is considered excellent.

During 2021, the bank’s percentage of home purchase loans to low-income borrowers (4.4%) lagged the percentage of area low-income families (20.6%), but it exceeded the aggregate reporters’ level of lending (3.3%). UB’s percentage of lending to moderate-income borrowers (15.1%) lagged the percentage of area moderate-income families (15.7%) but slightly exceeded the aggregate lending level (14.3%). The bank’s level of lending during 2021 is considered reasonable.

Refinance Loans

The bank’s refinance lending performance is considered reasonable overall. This conclusion considers the relative strength of performance and volume of lending each year.

During 2022, UB’s level of refinance lending to low-income borrowers (9.3%) lagged both the percentage of low-income families within the assessment area (19.7%) and the aggregate level of lending (10.2%). The bank’s lending to moderate-income borrowers (21.3%) exceeded both the percentage of area moderate-income families (16.6%) and the aggregate level of lending (20.8%). Overall, the bank’s level of lending during 2022 is considered reasonable.

During 2021, UB’s level of refinance lending to low-income borrowers (5.4%) lagged the percentage of low-income families within the assessment area (20.6%), but it exceeded the aggregate level of lending (4.3%). The bank’s lending to moderate-income borrowers (15.4%) approximated the percentage of area moderate-income families (15.7%) and exceeded the aggregate level of lending (12.8%). Overall, the bank’s level of lending during 2021 is considered excellent.

Small Business Lending

The bank’s 2022 small business loan performance is considered excellent.

| Distribution of 2022 Small Business Lending By Revenue Size of Businesses | | | | | | | |
|--|--------------------------|-------|-------|---------|-------|-------|--------------------------|
| Assessment Area: Charlotte-Concord-Gastonia, NC | | | | | | | |
| | Bank And Aggregate Loans | | | | | | Total Businesses % |
| | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | % | % | |
| By Revenue | | | | | | | |
| \$1 Million or Less | 52 | 67.5 | 51.9 | 8,597 | 57.9 | 35.0 | 92.1 |
| Over \$1 Million | 24 | 31.2 | | 4,252 | 28.6 | | 6.8 |
| Revenue Unknown | 0 | 0.0 | | 0 | 0.0 | | 1.1 |
| Total | 77 | 100.0 | | 14,849 | 100.0 | | 100.0 |
| By Loan Size | | | | | | | |
| \$100,000 or Less | 44 | 57.1 | 94.9 | 1,902 | 12.8 | 43.6 | |
| \$100,001 - \$250,000 | 17 | 22.1 | 2.7 | 2,601 | 17.5 | 14.4 | |
| \$250,001 - \$1 Million | 15 | 19.5 | 2.4 | 8,345 | 56.2 | 42.0 | |
| Total | 77 | 100.0 | 100.0 | 14,849 | 100.0 | 100.0 | |
| By Loan Size and Revenues \$1 Million or Less | | | | | | | |
| \$100,000 or Less | 29 | 55.8 | | 1,057 | 12.3 | | |
| \$100,001 - \$250,000 | 13 | 25.0 | | 1,854 | 21.6 | | |
| \$250,001 - \$1 Million | 10 | 19.2 | | 5,686 | 66.1 | | |
| Total | 52 | 100.0 | | 8,597 | 100.0 | | |
| <small>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</small> | | | | | | | |
| <small>Note: Percentages may not total 100.0 percent due to rounding.</small> | | | | | | | |

The bank's level of lending to businesses with annual revenues of \$1 million or less during 2022 (67.5%) significantly lagged the percentage of area businesses having revenues of \$1 million or less (92.1%); however, UB's level of lending significantly exceeded the aggregate lending level (51.9%). With respect to the distribution by loan size, 57.1% of the bank's small business loans during 2022 were in amounts of \$100,000 or less compared to 94.9% of such lending by aggregate reporters. Overall, the bank's performance during 2022 is considered excellent, and the conclusion is driven based by its small business lending by revenue compared to the aggregate reporters' level of lending.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered reasonable for HMDA lending and excellent for small business lending. Given the relative loan volumes and strength of performance for each product, the bank's overall performance is considered excellent.

HMDA Lending

The geographic distribution performance of HMDA lending is considered reasonable overall. From a loan category perspective, performance is reasonable for both home purchase and refinance lending.

Performance for home improvement and multi-family loans was not evaluated based on the relatively limited volume of such lending in this assessment area.

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography | | | | | | | | | | | | | |
|--|----------------------------------|--------------|--------------|----------------|--------------|--------------|------------|--------------|--------------|---------------|--------------|---------------------------|--------------|
| Assessment Area: Charlotte-Concord-Gastonia, NC | | | | | | | | | | | | | |
| Geographic Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | Owner Occupied Units % | |
| | 2021 | | | | | | 2022 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | | Agg |
| | # | % | % | \$(000) | % | \$% | # | % | % | \$(000) | \$% | | \$% |
| Home Purchase Loans | | | | | | | | | | | | | |
| Low | 6 | 2.4 | 3.8 | 1,814 | 2.0 | 3.2 | 5 | 3.2 | 3.5 | 860 | 1.6 | 2.8 | 2.6 |
| Moderate | 48 | 19.1 | 15.6 | 11,789 | 13.3 | 11.6 | 34 | 21.5 | 18.8 | 9,674 | 17.6 | 13.3 | 20.0 |
| Middle | 69 | 27.5 | 29.8 | 19,202 | 21.6 | 24.8 | 57 | 36.1 | 28.4 | 18,111 | 33.0 | 24.0 | 29.4 |
| Upper | 128 | 51.0 | 50.6 | 56,057 | 63.1 | 60.4 | 62 | 39.2 | 48.7 | 26,236 | 47.8 | 59.4 | 47.6 |
| Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.6 | 0 | 0.0 | 0.5 | 0.4 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 251 | 100.0 | 100.0 | 88,862 | 100.0 | 100.0 | 158 | 100.0 | 100.0 | 54,881 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 8 | 2.2 | 2.3 | 2,228 | 2.2 | 1.8 | 0 | 0.0 | 2.2 | 0 | 0.0 | 1.5 | 2.6 |
| Moderate | 51 | 13.8 | 11.6 | 8,436 | 8.4 | 8.2 | 19 | 25.3 | 18.8 | 2,616 | 13.3 | 12.9 | 20.0 |
| Middle | 111 | 30.1 | 27.6 | 24,700 | 24.6 | 21.5 | 19 | 25.3 | 31.8 | 3,910 | 19.9 | 25.9 | 29.4 |
| Upper | 199 | 53.9 | 58.5 | 65,142 | 64.8 | 68.4 | 37 | 49.3 | 46.9 | 13,130 | 66.8 | 59.4 | 47.6 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.3 | 0.4 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 369 | 100.0 | 100.0 | 100,506 | 100.0 | 100.0 | 75 | 100.0 | 100.0 | 19,656 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 2.2 | 0 | 0.0 | 1.7 | 1 | 1.9 | 1.8 | 50 | 0.8 | 1.3 | 2.6 |
| Moderate | 1 | 100.0 | 10.8 | 275 | 100.0 | 7.5 | 6 | 11.5 | 12.8 | 319 | 4.9 | 8.6 | 20.0 |
| Middle | 0 | 0.0 | 22.3 | 0 | 0.0 | 17.0 | 18 | 34.6 | 25.1 | 1,668 | 25.8 | 18.5 | 29.4 |
| Upper | 0 | 0.0 | 64.7 | 0 | 0.0 | 73.8 | 27 | 51.9 | 60.0 | 4,417 | 68.4 | 71.3 | 47.6 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.4 | 0 | 0.0 | 0.3 | 0.4 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 1 | 100.0 | 100.0 | 275 | 100.0 | 100.0 | 52 | 100.0 | 100.0 | 6,454 | 100.0 | 100.0 | 100.0 |
| Multifamily Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 22.3 | 0 | 0.0 | 16.3 | 1 | 50.0 | 11.8 | 2,000 | 75.5 | 8.9 | 9.0 |
| Moderate | 1 | 100.0 | 39.2 | 200 | 100.0 | 35.0 | 0 | 0.0 | 37.4 | 0 | 0.0 | 25.1 | 27.4 |
| Middle | 0 | 0.0 | 18.5 | 0 | 0.0 | 16.3 | 1 | 50.0 | 27.3 | 650 | 24.5 | 28.9 | 23.1 |
| Upper | 0 | 0.0 | 18.5 | 0 | 0.0 | 31.9 | 0 | 0.0 | 21.4 | 0 | 0.0 | 33.7 | 36.5 |
| Unknown | 0 | 0.0 | 1.5 | 0 | 0.0 | 0.6 | 0 | 0.0 | 2.1 | 0 | 0.0 | 3.4 | 4.0 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 1 | 100.0 | 100.0 | 200 | 100.0 | 100.0 | 2 | 100.0 | 100.0 | 2,650 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Low | 14 | 2.2 | 2.8 | 4,042 | 2.1 | 3.0 | 9 | 2.5 | 2.8 | 3,168 | 3.4 | 3.2 | 2.6 |
| Moderate | 101 | 16.0 | 13.0 | 20,700 | 10.8 | 10.8 | 70 | 19.7 | 17.7 | 13,862 | 15.0 | 14.4 | 20.0 |
| Middle | 184 | 29.1 | 28.1 | 44,431 | 23.2 | 22.4 | 112 | 31.5 | 29.0 | 26,035 | 28.2 | 24.7 | 29.4 |
| Upper | 333 | 52.7 | 56.0 | 122,151 | 63.8 | 63.7 | 164 | 46.2 | 50.0 | 49,381 | 53.4 | 56.9 | 47.6 |
| Unknown | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.5 | 0 | 0.0 | 0.8 | 0.4 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 632 | 100.0 | 100.0 | 191,324 | 100.0 | 100.0 | 355 | 100.0 | 100.0 | 92,446 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Home Purchase Lending

The bank’s home purchase lending performance is considered reasonable overall.

During 2022, the bank’s level of lending in low-income census tracts (3.2%) slightly exceeded the percentage of owner-occupied housing units (2.6%) and approximated the aggregate lending level (3.5%) within such tracts. Similarly, the bank’s level of lending in moderate-income census tracts (21.5%) approximated the percentage of owner-occupied housing units (20%) and slightly exceeded the aggregate lending level (18.8%) within such tracts. Overall, the bank’s level of lending during 2022 is considered reasonable, and its performance during 2021 is substantially similar.

Refinance Lending

The bank’s refinance lending performance is considered reasonable overall. This conclusion considers the relative strength of performance and volume of lending each year.

During 2022, the bank did not originate any refinance loans in low-income census tracts. By comparison, the percentage of owner-occupied housing units equaled 2.6% and the aggregate lending level equaled 2.2% within such tracts. Conversely, UB’s level of lending in moderate-income census tracts (25.3%) significantly exceeded both the percentage of owner-occupied housing units (20%) and the aggregate level of lending (18.8%) within such tracts. On a combined basis, the bank’s performance during 2022 is considered excellent based primarily on the bank’s level of lending in moderate-income census tracts.

During 2021, the bank’s level of lending in low-income census tracts (2.2%) lagged the percentage of owner-occupied housing units (3.1%) and approximated the aggregate reporters’ level of lending (2.3%) within such tracts. The bank’s level of lending in moderate-income census tracts (13.8%) lagged the percentage of owner-occupied housing units (17%) and exceeded the aggregate lending level (11.6%) within such tracts. UB’s performance during 2021 is considered reasonable.

Small Business Lending

The bank’s 2022 small business loan performance is considered excellent.

| Distribution of 2022 Small Business Lending By Income Level of Geography | | | | | | | |
|--|--------------------------|--------------|--------------|---------------|--------------|--------------|--------------------------|
| Assessment Area: Charlotte-Concord-Gastonia, NC | | | | | | | |
| Geographic Income Level | Bank And Aggregate Loans | | | | | | Total Businesses % |
| | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | % | % | |
| Low | 10 | 13.0 | 4.7 | 1,793 | 12.1 | 6.1 | 5.0 |
| Moderate | 21 | 27.3 | 21.3 | 3,242 | 21.8 | 22.2 | 22.2 |
| Middle | 26 | 33.8 | 26.3 | 3,214 | 21.6 | 23.5 | 25.8 |
| Upper | 17 | 22.1 | 45.8 | 6,259 | 42.2 | 45.4 | 45.0 |
| Unknown | 3 | 3.9 | 1.6 | 340 | 2.3 | 2.8 | 2.0 |
| Tract-Unk | 0 | 0.0 | 0.3 | 0 | 0.0 | 0.1 | |
| Total | 77 | 100.0 | 100.0 | 14,849 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

During 2022, the geographic distribution of small business loans is considered excellent. The bank’s level of lending in low-income census tracts (13%) substantially exceeded the percentage of area businesses (5%) and the aggregate reporters’ level of lending (4.7%) in such tracts. The bank’s level of lending in moderate-income census tracts (27.3%) also substantially exceeded the percentage of area businesses (22.2%) and the aggregate reporters’ level of lending (21.3%) in such tracts.

Community Development Loans, Investments, and Services

Overall, the bank's responsiveness to the community development needs of the assessment area is considered adequate. Opportunities for community development lending, investments, and services are reasonably available within the assessment area based upon discussions with an individual knowledgeable of the local community and the review of performance evaluations of other similarly situated local financial institutions. The bank faces no significant constraints in providing such loans, investments, and services given its capacity, market position, and business strategy.

As previously noted, the bank provided several community development activities that benefitted both of its assessment areas and/or the larger statewide or regional area. UB supported local community development initiatives within this assessment area by providing the following qualified activities:

- Three loans totaling \$800,000 that allowed businesses to create or retain approximately ten jobs benefiting low-and moderate-income individuals.
- Two SBA Paycheck Protection Program (PPP) loans (greater than \$1 million in amount) totaling approximately \$3.2 million to small businesses in moderate-income census tracts. This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic.
- Five loans totaling approximately \$2.5 million to organizations that facilitate affordable housing within the assessment area.
- One loan totaling \$5.5 million to an organization that provides community services to low-and moderate-income individuals within the assessment area.
- One loan totaling \$892,500 to an organization that assists to revitalize or stabilize low- and moderate-income geographies.
- Forty-two donations totaling \$94,061 to 23 different organizations that provide community services or affordable housing to low-and moderate-income individuals.

Bank employees and board members also volunteered their time and financial expertise to organizations and schools providing community development services within the assessment area. Four bank employees provided financial expertise by serving on the board of organizations that provide either community services or affordable housing to low- and moderate-income area residents. Additionally, two employees provided financial literacy to two different schools in areas with predominately low- and moderate-income residents.

NONMETROPOLITAN AREA

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN STANLY, NC NONMSA ASSESSMENT AREA

The bank's assessment area is located in the south central portion of North Carolina and includes Stanly County in its entirety. Stanly County is located in a nonmetropolitan area contiguous to the bank's Charlotte-Concord-Gastonia, NC assessment area. UB maintains six full-service branch offices within this assessment area.

Recent data (June 30, 2023) from the FDIC indicates the bank ranked 1st out of seven institutions in local deposit market share, holding 40.2% of area deposits (excluding credit union deposits). According to 2022 aggregate HMDA loan data, the institution ranked 2nd out of 215 lenders in reported home mortgage volume, holding 11% of the area market share.

According to 2020 ACS data, the assessment area has a population of 62,504 and a median housing value of \$150,372. The owner occupancy rate within the area equals 63.6% which is higher than both the rate for the entire state (56.5%) and for all nonmetropolitan areas within the state (53.4%). Within the assessment area, 8.3% of families are considered below the poverty level, which is lower than both the percentage of such families in the entire state (10%) and the statewide nonmetropolitan areas (13.1%). The 2021 and 2022 FFIEC estimated median family income for nonmetropolitan areas of North Carolina equaled \$55,300 and \$66,900, respectively.

Within the assessment area there are no low-income census tracts. The 2015 ACS data designates one census tract in the assessment area as moderate-income; however, this tract designation changed to middle-income based on 2020 ACS data. Therefore, when evaluating the bank's 2022 lending performance, the assessment area contains no low- or moderate-income census tracts. The following table provides pertinent demographic data for the assessment area during 2021 and 2022.

| 2021 Stanly, NC NonMSA AA Demographics | | | | | | | | |
|--|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,943 | 17.9 |
| Moderate | 1 | 7.7 | 1,430 | 8.7 | 356 | 24.9 | 2,951 | 17.9 |
| Middle | 7 | 53.8 | 8,844 | 53.7 | 1,100 | 12.4 | 3,049 | 18.5 |
| Upper | 5 | 38.5 | 6,198 | 37.6 | 663 | 10.7 | 7,529 | 45.7 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 13 | 100.0 | 16,472 | 100.0 | 2,119 | 12.9 | 16,472 | 100.0 |
| | Housing Units by Tract | Housing Type by Tract | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit |
| Low | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 2,997 | 1,128 | 6.7 | 37.6 | 1,376 | 45.9 | 493 | 16.4 |
| Middle | 14,426 | 8,774 | 52.2 | 60.8 | 3,482 | 24.1 | 2,170 | 15.0 |
| Upper | 9,793 | 6,913 | 41.1 | 70.6 | 1,994 | 20.4 | 886 | 9.0 |
| Unknown | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 27,216 | 16,815 | 100.0 | 61.8 | 6,852 | 25.2 | 3,549 | 13.0 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 403 | 17.7 | 357 | 17.1 | 39 | 24.1 | 7 | 20.6 |
| Middle | 955 | 41.9 | 883 | 42.4 | 59 | 36.4 | 13 | 38.2 |
| Upper | 921 | 40.4 | 843 | 40.5 | 64 | 39.5 | 14 | 41.2 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 2,279 | 100.0 | 2,083 | 100.0 | 162 | 100.0 | 34 | 100.0 |
| Percentage of Total Businesses: | | | | 91.4 | | 7.1 | | 1.5 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | |
| | | | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 1 | 0.8 | 1 | 0.8 | 0 | 0.0 | 0 | 0.0 |
| Middle | 76 | 60.8 | 75 | 61.5 | 1 | 33.3 | 0 | 0.0 |
| Upper | 48 | 38.4 | 46 | 37.7 | 2 | 66.7 | 0 | 0.0 |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total AA | 125 | 100.0 | 122 | 100.0 | 3 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | | 97.6 | | 2.4 | | 0.0 |

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

| 2022 Stanly, NC NonMSA AA Demographics | | | | | | | | | | |
|--|---------------------------|-----------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|------------|---|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | | | |
| | # | % | # | % | # | % | # | % | | |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,224 | 13.4 | | |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,666 | 16.0 | | |
| Middle | 9 | 52.9 | 7,781 | 46.8 | 653 | 8.4 | 3,609 | 21.7 | | |
| Upper | 7 | 41.2 | 8,077 | 48.5 | 355 | 4.4 | 8,141 | 48.9 | | |
| Unknown | 1 | 5.9 | 782 | 4.7 | 366 | 46.8 | 0 | 0.0 | | |
| Total AA | 17 | 100.0 | 16,640 | 100.0 | 1,374 | 8.3 | 16,640 | 100.0 | | |
| | Housing Units by Tract | Housing Type by Tract | | | | | | | | |
| | | Owner-occupied | | | Rental | | Vacant | | | |
| | | # | % by tract | % by unit | # | % by unit | # | % by unit | | |
| Low | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Moderate | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Middle | 13,622 | 7,950 | 44.6 | 58.4 | 3,177 | 23.3 | 2,495 | 18.3 | | |
| Upper | 12,878 | 9,417 | 52.8 | 73.1 | 2,143 | 16.6 | 1,318 | 10.2 | | |
| Unknown | 1,507 | 454 | 2.5 | 30.1 | 708 | 47.0 | 345 | 22.9 | | |
| Total AA | 28,007 | 17,821 | 100.0 | 63.6 | 6,028 | 21.5 | 4,158 | 14.8 | | |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Middle | 1,038 | 46.1 | 943 | 45.8 | 79 | 50.0 | 16 | 44.4 | | |
| Upper | 1,063 | 47.2 | 980 | 47.6 | 67 | 42.4 | 16 | 44.4 | | |
| Unknown | 153 | 6.8 | 137 | 6.7 | 12 | 7.6 | 4 | 11.1 | | |
| Total AA | 2,254 | 100.0 | 2,060 | 100.0 | 158 | 100.0 | 36 | 100.0 | | |
| Percentage of Total Businesses: | | | | | 91.4 | | 7.0 | | 1.6 | |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | | | |
| | | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | | |
| | | | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Middle | 48 | 39.3 | 47 | 39.2 | 1 | 50.0 | 0 | 0.0 | | |
| Upper | 74 | 60.7 | 73 | 60.8 | 1 | 50.0 | 0 | 0.0 | | |
| Unknown | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Total AA | 122 | 100.0 | 120 | 100.0 | 2 | 100.0 | 0 | 0.0 | | |
| Percentage of Total Farms: | | | | | 98.4 | | 1.6 | | 0.0 | |

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau; American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The area’s employment opportunities exist within manufacturing, administrative positions, and retail trade. Major area employers include Ess Southeast LLC, Stanly County Schools, and Atrium Health. The following table reflects average annual unemployment rates for the area.

| Stanly, NC NonMSA - Annual Average Unemployment Rates | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Area | 2018 | 2019 | 2020 | 2021 | 2022 |
| Stanly, NC NonMSA 23 | 3.6% | 3.7% | 6.2% | 4.4% | 3.3% |
| NonMSA North Carolina | 4.6% | 4.4% | 7.4% | 5.5% | 4.1% |
| North Carolina | 4.0% | 3.9% | 7.2% | 4.9% | 3.7% |

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

As indicated in the preceding table, prior to the COVID-19 pandemic, the assessment area’s unemployment rates were generally stagnant or slightly declining. During 2020, which was the peak of the pandemic, the assessment area, nonmetropolitan areas of the state, and the State of North Carolina experienced a substantial increase in unemployment rates. Since 2020, the area’s unemployment rates have been trending downward. Unemployment rates in Stanly County are generally lower than the statewide nonmetropolitan and overall statewide unemployment rates. Lower unemployment rates suggest that the local economy is slightly stronger in comparison to the statewide economy.

An affordable housing official was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted a need for low-interest mortgage financing options for individuals, which could help low- and moderate-income families obtain affordable housing. The contact also stated that local financial institutions are consistently investing in the community through sponsorships, volunteering and engagement.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Within the assessment area during 2022, the bank originated home purchase and refinance HMDA loans totaling \$35.9 million and small business loans totaling \$13 million. Accordingly, the bank’s HMDA lending performance generally carries greater weight when evaluating overall lending performance.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

UB’s borrower distribution performance is considered reasonable for HMDA lending and excellent for small business lending. Based on the relative dollar volume and strength of performance for each loan category, the bank’s overall performance is considered reasonable.

HMDA Lending

The borrower distribution performance of HMDA lending is considered reasonable overall. From a loan category perspective, performance is reasonable for both home purchase and refinance lending.

Performance for the home improvement loan category was not evaluated based on the relatively limited volume of such lending in this assessment area.

| Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level | | | | | | | | | | | | | |
|--|----------------------------------|--------------|--------------|---------------|--------------|--------------|------------|--------------|--------------|---------------|--------------|--------------|--------------------------------|
| Assessment Area: Stanly, NC NonMSA | | | | | | | | | | | | | |
| Borrower Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | | Families by Family Income % |
| | 2021 | | | | | | 2022 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | % | % | # | % | % | \$(000) | % | % | |
| Home Purchase Loans | | | | | | | | | | | | | |
| Low | 3 | 3.1 | 2.0 | 400 | 2.0 | 0.9 | 5 | 5.8 | 3.3 | 563 | 3.1 | 1.6 | 13.4 |
| Moderate | 14 | 14.4 | 18.1 | 1,783 | 8.9 | 12.1 | 18 | 20.9 | 15.8 | 2,417 | 13.2 | 10.6 | 16.0 |
| Middle | 26 | 26.8 | 24.7 | 3,985 | 19.9 | 21.8 | 23 | 26.7 | 28.2 | 3,880 | 21.1 | 25.9 | 21.7 |
| Upper | 53 | 54.6 | 43.5 | 13,743 | 68.6 | 52.9 | 38 | 44.2 | 41.6 | 10,852 | 59.1 | 50.5 | 48.9 |
| Unknown | 1 | 1.0 | 11.7 | 114 | 0.6 | 12.3 | 2 | 2.3 | 11.1 | 646 | 3.5 | 11.5 | 0.0 |
| Total | 97 | 100.0 | 100.0 | 20,025 | 100.0 | 100.0 | 86 | 100.0 | 100.0 | 18,358 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 1 | 0.5 | 2.7 | 128 | 0.4 | 1.2 | 9 | 9.9 | 7.9 | 662 | 3.8 | 4.2 | 13.4 |
| Moderate | 29 | 15.5 | 11.1 | 3,564 | 10.5 | 7.6 | 10 | 11.0 | 16.0 | 1,211 | 6.9 | 12.0 | 16.0 |
| Middle | 42 | 22.5 | 20.1 | 6,088 | 18.0 | 16.9 | 26 | 28.6 | 28.6 | 3,901 | 22.2 | 26.9 | 21.7 |
| Upper | 105 | 56.1 | 49.0 | 22,121 | 65.4 | 55.8 | 42 | 46.2 | 39.6 | 7,485 | 42.6 | 45.7 | 48.9 |
| Unknown | 10 | 5.3 | 17.1 | 1,927 | 5.7 | 18.4 | 4 | 4.4 | 7.9 | 4,310 | 24.5 | 11.2 | 0.0 |
| Total | 187 | 100.0 | 100.0 | 33,828 | 100.0 | 100.0 | 91 | 100.0 | 100.0 | 17,569 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 1.1 | 0 | 0.0 | 1.4 | 2 | 5.1 | 5.7 | 70 | 2.4 | 3.7 | 13.4 |
| Moderate | 0 | 0.0 | 8.0 | 0 | 0.0 | 3.8 | 8 | 20.5 | 16.7 | 348 | 11.7 | 10.3 | 16.0 |
| Middle | 0 | 0.0 | 21.6 | 0 | 0.0 | 14.0 | 4 | 10.3 | 18.6 | 305 | 10.3 | 17.3 | 21.7 |
| Upper | 0 | 0.0 | 64.8 | 0 | 0.0 | 75.5 | 22 | 56.4 | 56.7 | 2,030 | 68.3 | 66.6 | 48.9 |
| Unknown | 2 | 100.0 | 4.5 | 105 | 100.0 | 5.3 | 3 | 7.7 | 2.4 | 220 | 7.4 | 2.0 | 0.0 |
| Total | 2 | 100.0 | 100.0 | 105 | 100.0 | 100.0 | 39 | 100.0 | 100.0 | 2,973 | 100.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | |
| Low | 4 | 1.4 | 2.4 | 528 | 1.0 | 1.1 | 21 | 7.2 | 4.9 | 1,566 | 3.6 | 2.3 | 13.4 |
| Moderate | 43 | 14.8 | 14.0 | 5,347 | 9.8 | 9.8 | 49 | 16.8 | 15.8 | 4,541 | 10.3 | 10.8 | 16.0 |
| Middle | 70 | 24.1 | 22.2 | 10,196 | 18.7 | 19.3 | 73 | 25.1 | 26.9 | 9,398 | 21.4 | 25.6 | 21.7 |
| Upper | 160 | 55.2 | 47.3 | 36,284 | 66.6 | 54.7 | 136 | 46.7 | 43.4 | 23,018 | 52.4 | 50.3 | 48.9 |
| Unknown | 13 | 4.5 | 14.1 | 2,146 | 3.9 | 15.2 | 12 | 4.1 | 9.1 | 5,426 | 12.3 | 11.0 | 0.0 |
| Total | 290 | 100.0 | 100.0 | 54,501 | 100.0 | 100.0 | 291 | 100.0 | 100.0 | 43,949 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Home Purchase Loans

UB’s home purchase lending performance is considered reasonable overall.

During 2022, the bank’s percentage of home purchase lending to low-income borrowers (5.8%) lagged the percentage of area low-income families (13.4%), but it exceeded the aggregate reporters’ level of lending (3.3%). UB’s level of lending to moderate-income borrowers (20.9%) exceeded both the percentage of area moderate-income families (16%) and the aggregate reporters’ level of lending (15.8%). Overall, the bank’s performance during 2022 is considered excellent.

During 2021, the bank’s level of lending to low-income borrowers (3.1%) substantially lagged the percentage of area low-income families (17.9%), but it slightly exceeded the aggregate reporters’ level of lending (2.0%). UB’s percentage of lending to moderate-income borrowers (14.4%) lagged both the percentage of area moderate-income families (17.9%) and the aggregate reporters’ level of lending (18.1%). The bank’s performance during 2021 is considered reasonable.

Refinance Loans

The bank’s refinance lending performance is considered reasonable overall.

During 2022, UB’s level of refinance lending to low-income borrowers (9.9%) lagged the percentage of low-income families within the assessment area (13.4%), but it exceeded the aggregate level of lending (7.9%). The bank’s level of lending to moderate-income borrowers (11%) also lagged both the percentage of area moderate-income families (16%) and the aggregate level of lending (16%). Overall, the bank’s performance during 2022 is considered reasonable, and its performance during 2021 is similar.

Small Business Lending

The bank’s 2022 small business loan performance is considered excellent.

| Distribution of 2022 Small Business Lending By Revenue Size of Businesses | | | | | | | |
|---|--------------------------|-------|-------|---------|-------|-------|--------------------------|
| Assessment Area: Stanly, NC NonMSA | | | | | | | |
| | Bank And Aggregate Loans | | | | | | Total Businesses % |
| | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | % | % | |
| By Revenue | | | | | | | |
| \$1 Million or Less | 71 | 74.0 | 54.9 | 8,312 | 63.9 | 41.9 | 91.4 |
| Over \$1 Million | 25 | 26.0 | | 4,701 | 36.1 | | 7.0 |
| Revenue Unknown | 0 | 0.0 | | 0 | 0.0 | | 1.6 |
| Total | 96 | 100.0 | | 13,012 | 100.0 | | 100.0 |
| By Loan Size | | | | | | | |
| \$100,000 or Less | 62 | 64.6 | 93.4 | 2,290 | 17.6 | 40.8 | |
| \$100,001 - \$250,000 | 19 | 19.8 | 3.8 | 3,055 | 23.5 | 17.4 | |
| \$250,001 - \$1 Million | 15 | 15.6 | 2.8 | 7,668 | 58.9 | 41.8 | |
| Total | 96 | 100.0 | 100.0 | 13,012 | 100.0 | 100.0 | |
| By Loan Size and Revenues \$1 Million or Less | | | | | | | |
| \$100,000 or Less | 48 | 67.6 | | 1,684 | 20.3 | | |
| \$100,001 - \$250,000 | 13 | 18.3 | | 2,085 | 25.1 | | |
| \$250,001 - \$1 Million | 10 | 14.1 | | 4,543 | 54.7 | | |
| Total | 71 | 100.0 | | 8,312 | 100.0 | | |
| Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey | | | | | | | |
| Note: Percentages may not total 100.0 percent due to rounding. | | | | | | | |

During 2022, the bank’s level of lending to businesses with annual revenues of \$1 million or less (74%) significantly lagged the percentage of area businesses having revenues of \$1 million or less (91.4%); however, UB significantly exceeded the aggregate reporters’ level of lending (54.9%). With respect to the distribution by loan size, 64.6% of the bank’s small business loans during 2022 were in amounts of \$100,000 or less compared to 93.4% of such lending by aggregate reporters. Overall, the bank’s performance during 2022 is considered excellent, and the conclusion is driven based by its small business lending by revenue compared to the aggregate reporters’ level of lending.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered reasonable for both HMDA and small business lending. As previously noted, there are no low-income census tracts within the Stanly, NC NonMSA assessment area during 2021 and 2022, and no moderate-income census tracts within the area during 2022. Additionally, none of the area's middle-income census tracts are designated as distressed or underserved. Therefore, the geographic distribution performance is primarily driven by the bank's 2021 HMDA lending performance within the assessment area's single moderate-income census tract.

HMDA Lending

Considering both demographic and aggregate proxies for demand, the bank's geographic distribution performance is considered reasonable overall. From a loan category perspective, performance is reasonable for home purchase and excellent for refinance lending.

Performance for home improvement and multi-family loans was not evaluated based on the relatively limited volume of such lending in this assessment area.

| Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography | | | | | | | | | | | | | |
|--|----------------------------------|--------------|--------------|---------------|--------------|--------------|------------|--------------|--------------|---------------|--------------|--------------|-----------------------------------|
| Assessment Area: Stanly, NC NonMSA | | | | | | | | | | | | | |
| Geographic Income Level | Bank And Aggregate Loans By Year | | | | | | | | | | | | Owner Occupied Units % |
| | 2021 | | | | | | 2022 | | | | | | |
| | Bank | | Agg | Bank | | Agg | Bank | | Agg | Bank | | Agg | |
| | # | # % | # % | \$(000) | \$ % | \$ % | # | # % | # % | \$(000) | \$ % | \$ % | |
| Home Purchase Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 6 | 6.2 | 8.8 | 1,035 | 5.2 | 7.2 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 57 | 58.8 | 50.0 | 12,415 | 62.0 | 50.1 | 51 | 59.3 | 43.4 | 10,824 | 59.0 | 40.0 | 44.6 |
| Upper | 34 | 35.1 | 41.2 | 6,575 | 32.8 | 42.7 | 34 | 39.5 | 53.1 | 7,351 | 40.0 | 57.3 | 52.8 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 1 | 1.2 | 3.5 | 183 | 1.0 | 2.6 | 2.5 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 97 | 100.0 | 100.0 | 20,025 | 100.0 | 100.0 | 86 | 100.0 | 100.0 | 18,358 | 100.0 | 100.0 | 100.0 |
| Refinance Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 14 | 7.5 | 6.2 | 2,550 | 7.5 | 5.6 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 99 | 52.9 | 47.9 | 17,984 | 53.2 | 47.8 | 53 | 58.2 | 48.0 | 10,672 | 60.7 | 46.4 | 44.6 |
| Upper | 74 | 39.6 | 45.9 | 13,294 | 39.3 | 46.6 | 38 | 41.8 | 50.9 | 6,897 | 39.3 | 52.8 | 52.8 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 1.1 | 0 | 0.0 | 0.8 | 2.5 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 187 | 100.0 | 100.0 | 33,828 | 100.0 | 100.0 | 91 | 100.0 | 100.0 | 17,569 | 100.0 | 100.0 | 100.0 |
| Home Improvement Loans | | | | | | | | | | | | | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 0 | 0.0 | 8.0 | 0 | 0.0 | 6.3 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 1 | 50.0 | 48.9 | 25 | 23.8 | 54.8 | 20 | 51.3 | 49.0 | 1,628 | 54.8 | 47.4 | 44.6 |
| Upper | 1 | 50.0 | 43.2 | 80 | 76.2 | 38.9 | 19 | 48.7 | 49.0 | 1,345 | 45.2 | 51.8 | 52.8 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 1.9 | 0 | 0.0 | 0.8 | 2.5 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 2 | 100.0 | 100.0 | 105 | 100.0 | 100.0 | 39 | 100.0 | 100.0 | 2,973 | 100.0 | 100.0 | 100.0 |
| Multifamily Loans | | | | | | | | | | | | | Multi-family Units % |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 1 | 50.0 | 60.0 | 5,000 | 92.1 | 85.2 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 0 | 0.0 | 20.0 | 0 | 0.0 | 11.0 | 0 | 0.0 | 50.0 | 0 | 0.0 | 60.9 | 44.2 |
| Upper | 1 | 50.0 | 20.0 | 428 | 7.9 | 3.8 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 31.6 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 50.0 | 0 | 0.0 | 39.1 | 24.3 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 2 | 100.0 | 100.0 | 5,428 | 100.0 | 100.0 | 0 | 0.0 | 100.0 | 0 | 0.0 | 100.0 | 100.0 |
| Total Home Mortgage Loans | | | | | | | | | | | | | Owner Occupied Units % |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 21 | 7.2 | 7.4 | 8,585 | 14.3 | 7.7 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 159 | 54.5 | 49.0 | 30,547 | 51.0 | 48.5 | 160 | 55.0 | 45.0 | 25,756 | 58.6 | 42.2 | 44.6 |
| Upper | 112 | 38.4 | 43.6 | 20,797 | 34.7 | 43.8 | 130 | 44.7 | 52.4 | 18,010 | 41.0 | 55.3 | 52.8 |
| Unknown | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 1 | 0.3 | 2.6 | 183 | 0.4 | 2.6 | 2.5 |
| Tract-Unk | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | |
| Total | 292 | 100.0 | 100.0 | 59,929 | 100.0 | 100.0 | 291 | 100.0 | 100.0 | 43,949 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Home Purchase Lending

The bank’s home purchase lending performance is considered reasonable overall.

During 2022, there were no low- or moderate-income census tracts within the assessment area. The bank’s distribution of lending within middle-income census tracts (59.3%) exceeded the percentage of owner-occupied housing units located in such tracts (44.6%) and the aggregate lending level (43.4%).

During 2021, the bank’s level of lending in moderate-income census tracts (6.2%) approximated the percentage of owner-occupied housing units (6.7%) and slightly lagged the aggregate reporters’ level of lending (8.8%) within such tracts.

Refinance Lending

The bank’s refinance lending performance is considered excellent overall.

During 2022, there were no low- or moderate-income census tracts within the assessment area. The bank’s distribution of lending within middle-income census tracts (58.2%) slightly exceeded the percentage of owner-occupied housing units located in such tracts (44.6%) and the aggregate lending level (48%).

During 2021, the bank’s level of lending in moderate-income census tracts (7.5%) exceeded both the percentage of owner-occupied housing units (6.7%) and the aggregate reporters’ level of lending (6.2%) within such tracts.

Small Business Lending

The bank’s 2022 small business loan performance is considered reasonable.

| Distribution of 2022 Small Business Lending By Income Level of Geography | | | | | | | |
|--|--------------------------|--------------|--------------|---------------|--------------|--------------|--------------------------|
| Assessment Area: Stanly, NC NonMSA | | | | | | | |
| Geographic Income Level | Bank And Aggregate Loans | | | | | | Total Businesses % |
| | Bank | | Agg | Bank | | Agg | |
| | # | % | % | \$(000) | \$% | \$% | |
| Low | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Moderate | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 |
| Middle | 48 | 50.0 | 41.4 | 6,116 | 47.0 | 29.4 | 46.1 |
| Upper | 41 | 42.7 | 55.1 | 5,782 | 44.4 | 63.0 | 47.2 |
| Unknown | 7 | 7.3 | 2.5 | 1,115 | 8.6 | 7.4 | 6.8 |
| Tract-Unk | 0 | 0.0 | 0.9 | 0 | 0.0 | 0.2 | |
| Total | 96 | 100.0 | 100.0 | 13,012 | 100.0 | 100.0 | 100.0 |

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

During 2022, there were no low- or moderate-income census tracts within the assessment area. The bank’s distribution of lending within middle-income census tracts (50%) slightly exceeded the percentage of businesses located in such tracts (46.1%) and the aggregate lending level (41.4%).

Community Development Loans, Investments, and Services

Overall, the bank's responsiveness to the community development needs of its Stanly, NC NonMSA assessment area is considered adequate. Opportunities for community development lending, investments, and services are reasonably available within the assessment area based upon discussions with an individual knowledgeable of the local community and the review of performance evaluations of other similarly situated local financial institutions. The bank faces no significant constraints in providing such loans, investments, and services given its capacity, market position, and business strategy.

As previously noted, the bank provided several community development activities that benefit both of its assessment areas and/or the larger statewide or regional area. UB supported local community development initiatives within this assessment area by providing the following qualified activities:

- Three loans totaling approximately \$2.7 million that allowed businesses to create and/or retain approximately 15 jobs benefiting low-and moderate-income individuals.
- Five loans totaling approximately \$814,000 to three organizations that provide community services to low- and moderate-income individuals within the assessment area.
- Thirty-seven donations totaling \$257,366 to 13 different organizations that provide community services, affordable housing, or promote economic revitalization within the area.

UB employees and board members also volunteered their time and financial expertise to organizations and schools providing community development services within the assessment area. Seven bank employees provided financial expertise by serving on the board of local organizations that provide either community services or affordable housing to low- and moderate-income individuals. Additionally, two employees provided financial literacy to four different schools in areas with predominately low- and moderate-income residents.

CRA APPENDIX A

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with deposit and loan volume, by assessment area. The deposit volume is current as of June 30, 2023, while the loan volume includes 2021 and 2022 HMDA loans and 2022 small business loans extended within the bank’s assessment areas.

| Assessment Area | Loan Volume | | | | Branches | | Deposit Volume as of (6/30/2023) | |
|-----------------------------------|-------------|-------|-----------|-------|----------|-------|----------------------------------|-------|
| | # | % | \$ (000s) | % | # | % | \$ (000s) | % |
| Charlotte-Concord-Gastonia, NC AA | 1,064 | 61.0% | \$298,619 | 71.9% | 4 | 40.0% | \$587,331 | 61.5% |
| Stanly, NC NonMSA AA | 679 | 39.0% | \$116,890 | 28.1% | 6 | 60.0% | \$367,531 | 38.5% |
| TOTAL | 1743 | 100% | \$415,509 | 100% | 10 | 100% | \$954,862 | 100% |

CRA APPENDIX B

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.

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, 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 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.