

PUBLIC DISCLOSURE

January 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cache Valley Bank
Certificate Number: 22134

101 North Main Street
Logan, Utah 84321

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

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			
<i>*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated High Satisfactory.

Lending levels reflect adequate responsiveness to assessment area (AA) credit needs and an adequate percentage of loans are made in the institution's AAs. The geographic distribution of loans reflects adequate penetration throughout the AA, the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different revenue sizes. Cache Valley Bank (CVB) makes extensive use of innovative of flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income (LMI) individuals or geographies, and made a relatively high level of community development (CD) loans.

The Investment Test is rated High Satisfactory.

CVB has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank's qualified investments exhibit adequate responsiveness to credit and CD needs, and makes significant use of innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

Delivery systems are accessible to essentially all portions of the institution's AAs. To the extent changes have been made, the institutions opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Also, CVB provides an adequate level of CD services to the AAs.

DESCRIPTION OF INSTITUTION

CVB, headquartered in Logan, Utah, is a wholly owned subsidiary of Cache Valley Banking Company. The institution did not have any merger or acquisition activity since the prior evaluation and does not have any subsidiaries or affiliates; thus, all data presented in this evaluation is provided directly by CVB. The institution received a Satisfactory rating at the previous CRA Performance Evaluation dated May 13, 2019, using Interagency Intermediate Small Institution Examination Procedures.

CVB operates 21 full-service branches throughout Utah and Southern Idaho; of those, 5 are new since the prior evaluation and no branches were closed during the evaluation period. While the bank remains primarily focused on commercial lending, CVB also originates a limited amount of agricultural, consumer, and residential real estate loans. Deposit services include traditional personal and business checking and savings accounts, as well as personal money market, individual retirement accounts, and certificates of deposits.

CVB's assets totaled \$2.9 billion as of September 30, 2021, including \$1.8 billion in total loans and \$23.7 million in total securities. Deposits as of the same date totaled \$2.3 billion. Assets at the prior evaluation was \$1.3 billion. The significant increase in assets at this evaluation was primarily due to CVB's participation in the Small Business Association's (SBA) Paycheck Protection Program (PPP); the institution originated \$834.2 million PPP loans in 2020, and \$122.5 in PPP loans in 2021. Additionally, deposits surged 96.0 percent from the last evaluation due to economic relief payouts relating to COVID-19 in 2020 and 2021, as well as CVB's purchase of \$204.0 million in brokered deposits in late 2021. The distribution of CVB's loan portfolio demonstrates CVB continued focused on real estate lending; see the following table.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	298,027	16.4
Secured by Farmland	87,285	4.8
Secured by 1-4 Family Residential Properties	143,731	7.9
Secured by Multifamily (5 or more) Residential Properties	18,477	1.0
Secured by Nonfarm Nonresidential Properties	655,963	36.0
Total Real Estate Loans	1,203,483	66.1
Commercial and Industrial Loans	588,136	32.3
Agricultural Production and Other Loans to Farmers	46,352	2.5
Consumer Loans	7,361	0.4
Obligations of State and Political Subdivisions in the U.S.	1,567	0.1
Other Loans	182	0.0
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	25,230	1.4
Total Loans	1,821,851	100.0
<i>Source: FDIC Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

CVB's AA is delineated into four areas as follows:

Assessment Area	Counties in Assessment Area
Logan MSA*	Cache County
Salt Lake City-Provo-Orem CSA	Davis County, Weber County, Juab County
St. George MSA	Washington County
Non-MSA AA	Carbon County, Sanpete County, Wayne County
<i>*In January 2022, Franklin County, Idaho was added to AA, which will result in a Multistate MSA at future evaluations.</i>	

The Salt Lake City (SLC)-Provo-Orem CSA was divided into the Ogden-Clearfield and Provo-Orem MSAs and reviewed and presented separately at the prior evaluation. However, as performance between the MSAs was relatively consistent over the review period, the MSAs were combined into the SLC-Provo-Orem CSA for presentation throughout this performance evaluation.

CVB opened a branch in Ogden, Utah, on January 16, 2020, which resulted in Weber County being added to the AA in January 2020. Also, the bank recently opened a branch in Preston, Idaho, on November 23, 2021, which resulted in Franklin County being added to the AA in January 2022. However, Franklin County was not included in this evaluation as no material CRA related activities were conducted in this county. Refer to individual AAs for additional details.

SCOPE OF EVALUATION

General Information

Examiners utilized the Interagency Large Bank Examination procedures to assess CVB's CRA performance. This evaluation covers the period from the prior evaluation, dated May 13, 2019, through the current evaluation date of January 14, 2022.

As the Logan MSA AA contains the majority of lending activity, deposits, and branch locations, the AA was evaluated using full-scope procedures and carries greatest weight in determining overall conclusions. Based on the same factors, performance in the Non-MSA AA contributes less weight to the institution's overall rating; see the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Logan MSA	382,366	45.7	980,099	46.2	7	35.0
Salt Lake City-Provo-Orem CSA	169,639	20.3	279,344	13.2	4	20.0
St George MSA	228,391	27.3	634,817	29.9	4	20.0
Non-MSA	56,914	6.8	228,299	10.8	5	25.0
Total	837,310	100.0	2,122,559	100.0	20*	100.0
<i>Source: Bank Data; FDIC Summary of Deposits 6/30/2021</i>						
<i>*Excludes the Franklin County, Idaho branch.</i>						

Limited-scope procedures were utilized for the Salt Lake City-Provo-Orem CSA, St. George MSA, and Non-MSA AAs, as each area was reviewed utilizing full-scope procedures in at least one of the prior two evaluations.

Activities Reviewed

All home mortgage loans reported on the institution's 2019 and 2020 HMDA Loan Application Registers (LARs) were analyzed. Small business and small farm loan data collected, but not reported, by the institution in 2019 and 2020 was analyzed. As mortgage, small business, and small farm performance was not consistent between 2019 and 2020, both years' performance are presented throughout this evaluation across all product types. See the following table.

Loan Products Reviewed				
Loan Category	Universe		Reviewed/Presented	
	#	\$(000s)	#	\$(000s)
Home Mortgage	2,115	587,241	2,115	587,241
Small Business	9,475	732,425	9,475	732,425
Small Farm	595	45,313	85	4,701
<i>Source: Bank Data</i>				

Based on the bank's business strategy and the number and dollar of loans originated during the evaluation period, HMDA and small business loans contribute equal weight to overall conclusions. Small farm loans contribute minimal weight to conclusions and were only analyzed in the Non-MSA AA, where the product makes up almost 25.0 percent of the total lending.

Home mortgage performance was compared to applicable aggregate performance of other reporting institutions operating within the AA and to relevant demographic data from the 2015 ACS U.S.

Census data. Small business and small farm performance was compared only to D&B demographic data, as CVB was not required and did not choose to report 2019 or 2020 CRA data.

More weight is placed on the institution's lending performance in comparison to aggregate data, as this is a better measure of actual lending opportunities within the AA. Additionally, while lending by both number and dollar volume of loans were analyzed, performance by number of loans carries greater weight, as it provides a better representation of the number of individuals and businesses served.

All CD loans, qualified investments, and CD services activity from the previous evaluation through the current evaluation date were considered in forming CD conclusions and are presented in this evaluation.

Delivery systems, including existing branch network, branch openings and closings, and alternative delivery systems available throughout the review period were considered in forming applicable Service Test conclusions. CVB does not offer any retail banking products or services specifically targeted toward LMI individuals or small businesses; however, services tailored to meet the specific needs within the AAs during the review period was considered in forming Service Test conclusions. Refer to Service Test for specific details.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall Lending Test performance is adequate. Performance is consistent with this conclusion across all CVB AAs.

Lending Activity

Lending levels reflect adequate responsiveness to AA credit needs. Lending across all product types grew from 2019 to 2020. Home mortgage lending doubled due to refinance activity driven by low interest rates, while small business and small farm lending increased exponentially due to the bank's heavy participation in the PPP.

Refer to Scope of Evaluation for CVB's overall lending and deposit trends over the review period, and the individual AAs for market share and relative market rank for products reviewed.

Assessment Area Concentration

An adequate percentage of loans are made in the institution's AAs. The following table shows a majority of home mortgage loans are inside the AA; however, a majority of small business and small farm loans, by number and dollar, are outside the AA.

As previously discussed, the bank was an active PPP lender in 2020, and participation in this national program negatively impacted CVB's concentration of small business and small farm loans. If PPP loans were excluded from the 2020 analysis, a majority of small business and small farm loans would be inside the AA. Specifically, CVB originated 329 non-PPP small business loans totaling \$53.7 million, or 80.8 percent are inside its AA, and 71 non-PPP small farm loans totaling \$7.2 million, or 53.4 percent are inside its AA. Considering a majority of small business and small farm loans in 2019 were made in the AA and given the AA concentration of the bank's non-PPP loans in 2020, the bank's overall small business and small farm performance is reasonable.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	559	74.6	190	25.4	749	149,181	74.8	50,239	25.2	199,420
2020	1,112	81.4	254	18.6	1,366	318,174	82.0	69,647	18.0	387,821
Subtotal	1,671	79.0	444	21.0	2,115	467,355	79.6	119,886	20.4	587,241
Small Business										
2019	344	78.9	92	21.1	436	45,894	72.5	17,375	27.5	63,269
2020	4,236	46.9	4,803	53.1	9,039	304,268	45.5	364,888	54.5	669,156
Subtotal	4,580	48.3	4,895	51.7	9,475	350,162	47.8	382,263	52.2	732,425
Small Farm										
2019	71	53.8	61	46.2	132	4,672	36.0	8,321	64.0	12,993
2020	222	47.9	241	52.1	463	15,121	46.8	17,199	53.2	32,320
Subtotal	293	49.2	302	50.8	595	19,793	43.7	25,520	56.3	45,313
Total	6,544	53.7	5,641	46.3	12,185	837,310	61.3	527,669	38.7	1,364,979
Source: Bank Data; Due to rounding, totals may not equal 100.0 percent.										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AAs. Performance in the Logan MSA and St. George MSA AAs was consistent with this conclusion, while performance in the SLC-Provo-Orem CSA and Non-MSA AAs was stronger.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes. Performance is consistent with this conclusion across all AAs.

Innovative or Flexible Lending Practices

CVB makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals or geographies; see the following table. All innovative and flexible loan programs are available throughout the bank's AAs; therefore, this criterion is only discussed in the bank wide section of this evaluation.

Innovative or Flexible Lending Programs								
Type of Program	2019		2020		2021		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Paycheck Protection Program (PPP)	-	-	9,011	834,241	6,863	122,519	15,874	956,760
SBA 7a & 504	36	33,705	79	74,028	96	77,837	211	185,570
Federal Housing Association & United States Department of Agriculture	32	7,864	30	7,625	26	7,519	88	23,008
Veterans Association	9	2,896	13	4,164	14	5,162	36	12,222
Federal Home Loan Bank Down Payment Assistance Program	-	-	-	-	7	2,101	7	2,101
Totals	77	44,465	9,133	920,058	7,006	215,138	16,216	1,179,661
<i>Source: Bank Data</i>								

The most impactful program CVB participated in during the review period was the PPP. Congressional action created this SBA-backed program in 2020 to help businesses keep their workforce employed during the coronavirus pandemic. The program was especially targeted to assist LMI, very small, and/or underserved businesses. Qualifying borrowers are eligible for loan forgiveness if the funds were used to maintain employment levels and support payroll expenses. CVB's participation in this program directly assisted almost 16,000 business owners across the United States.

Community Development Loans

CVB made a relatively high level of CD loans during the review period; see the following table. Performance in all AAs was consistent with this conclusion, except in the Non-MSA AA, where CVB did not originate any CD loans. Overall, CD lending volume is slightly above similarly-situated institutions and represents 10.2 percent of average assets and 14.2 percent of average total loans. Performance increased significantly from the previous evaluation, where CVB originated 37 loans totaling \$54.2 million, which represented 4.8 percent of average assets and 6.1 percent of average loans. A primary reason for the increase is due to PPP lending; almost all loans categorized as revitalization/stabilization were originated through the PPP. As discussed, these PPP loans were a critical CD credit need during the height of the coronavirus pandemic in 2020 and 2021.

Community Development Lending By Year										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	-	-	1	1,442	13	24,146	-	-	14	25,588
2020	1	249	1	1,293	14	28,394	5	7,689	21	37,625
2021	2	13,400	1	2,600	4	10,922	3	3,733	10	30,655
YTD 2022	-	-	-	-	-	-	-	-	-	-
Regional Activities	-	-	-	-	17	62,867	17	28,742	34	91,609
Nationwide Activities	-	-	-	-	-	-	15	32,443	15	32,443
Total	3	13,649	3	5,335	48	126,330	40	72,606	94	217,920
<i>Source: Bank Data</i>										

As CVB met the CD lending needs within the AAs, regional and nationwide activities also contributed to CD loan totals. All nationwide lending activity and \$28.7 million of regional activity

was attributable to PPP lending in LMI areas. All regional economic development activity consisted of various SBA 504 loans, for example:

- In 2020, CVB originated a \$5.1 million SBA 504 loan to fund construction of a multi-unit retail location.
- In 2021, CVB made a \$7.5 million SBA 504 loan to fund the expansion of a local business' manufacturing operations.

INVESTMENT TEST

Overall Investment Test performance is good. Performance is consistent with this conclusion across all AAs, with the exception of the Non-MSA AA, where performance was weaker, but it did not change the overall conclusion.

Investment and Grant Activity

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. CD investment and grant activity is slightly above similarly-situated institutions and represents 1.1 percent of average total assets and 99.4 percent of average total investments.

Performance improved from the prior evaluation, where CVB made or maintained 58 investments totaling \$7.8 million and donated \$99,000, which represented 0.9 percent of average assets and 61.7 percent of average total investments. As shown in the below table, \$20.4 million of total investment dollars were purchased during the review period; this demonstrates management's serious commitment to meeting the CD needs of their AAs given the difficulty of obtaining affordable housing securities in the Utah market.

Activity Year	Qualified Investments									
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	2,510	-	-	-	-	-	-	1	2,510
2019	3	9,906	-	-	-	-	-	-	3	9,906
2020	1	4,082	-	-	-	-	-	-	1	4,082
2021	3	4,850	-	-	-	-	-	-	3	4,850
YTD 2022	-	-	-	-	-	-	-	-	-	-
Regional	1	1,539	-	-	-	-	-	-	1	1,539
Subtotal	9	22,886	-	-	-	-	-	-	9	22,886
Qualified Grants & Donations	2	6	19	27	2	1	4	23	27	57
Total	11	22,892	19	27	2	1	4	23	36	22,943

Source: Bank Data; due to rounding numbers in the table may differ slightly.

The regional investment purchased during the review period was a bond secured by a 96-unit property in the Salt Lake area and all of the units are for LMI families.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. All of CVB's CD investment activity targeted affordable housing, a CD need identified within the SLC-Provo-Orem CSA. Additionally, a majority of donation dollars benefitted community services, which is an identified CD need throughout CVB's AAs.

Community Development Initiatives

The institution makes significant use of innovative and/or complex investments to support CD initiatives. All investments were low-income tax housing credit (LIHTC) eligible, which are considered complex. Combined, these investments helped to create or maintain almost 700 units of affordable housing throughout the AA and regional area.

SERVICE TEST

Overall Service Test performance is adequate. Performance is consistent with this conclusion across all AAs with the exception of the Non-MSA AA, where performance was weaker, but it did not change the overall conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. Refer to the Scope of Evaluation for CVB's branch distribution across the AAs, and to individual AAs for the specific impact to LMI areas and individuals within each AA. In addition to branches, CVB also operates loan production offices (LPOs) in the Logan MSA and SLC-Provo-Orem CSA AAs. The LPO in the SLC-Provo-Orem CSA AA is new since the last evaluation, as it opened on November 16, 2020. Alternative delivery systems primarily consist of mobile and internet banking capabilities, and are the same across all of CVB's locations.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. CVB opened five branches and no branches were closed during the evaluation period. Of these, three were opened in the Logan MSA and one was opened in the SLC-Provo-Orem CSA. As discussed under the Description of AA, the bank also opened a branch in Preston, Idaho. Refer to individual AAs for the impact on branch openings in LMI areas.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals. All branches offer the bank's full array of business and consumer deposit and lending products; see the Description of Institution for details. Operating hours are generally consistent throughout the AAs and are similar to those of other institutions located in each AA. The majority of branches offer drive-up banking, have extended Friday hours, and are open on Saturdays.

Community Development Services

The institution provides an adequate level of CD services; see the following table. Service hours decreased somewhat from the prior evaluation, where CVB employees provided 1,077 hours of

service. The decrease in hours is largely due to the coronavirus pandemic, which limited the traditional ‘in-person’ service activities that have historically been provided by bank employees in the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	80	182	-	-	262
2020	34	230	-	-	264
2021	40	132	-	-	172
YTD 2022	-	-	-	-	-
Regional Activities	-	-	143	-	143
Total	154	544	143	-	841
<i>Source: Bank Data</i>					

As the above table demonstrates, a number of service hours were regional, benefitting the Cache MSA, SLC-Provo-Orem CSA, and the St. George MSA AAs. These activities, performed in 2019, 2020, and 2021, consisted of CVB loan officers’ service on the Loan Committee of an economic development financial intermediary with a mission to help small business owners gain access to capital for growth, expansion, and job creation. This activity was particularly innovative and responsive and demonstrates CVB employee’s commitment to providing meaningful support to their community during the review period.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

LOGAN MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LOGAN MSA

The Logan MSA is generally located in northeastern Utah, along the border with Idaho, and consists of all of Cache County. The AA delineation is unchanged from the prior evaluation.

Economic and Demographic Data

The AA consists of 2 low-, 5 moderate-, 11 middle-, and 8 upper-income CTs. The following table details key demographics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: CVB Logan MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	7.7	19.2	42.3	30.8	0.0
Population by Geography	117,449	6.8	22.2	40.2	30.8	0.0
Housing Units by Geography	38,715	7.0	25.1	39.0	28.9	0.0
Owner-Occupied Units by Geography	23,289	1.5	12.7	47.3	38.6	0.0
Occupied Rental Units by Geography	12,396	17.0	47.8	24.9	10.3	0.0
Vacant Units by Geography	3,030	8.7	27.5	32.4	31.3	0.0
Businesses by Geography	10,469	6.5	19.9	38.8	34.8	0.0
Farms by Geography	419	1.4	7.4	61.1	30.1	0.0
Family Distribution by Income Level	26,545	19.4	18.5	22.5	39.5	0.0
Household Distribution by Income Level	35,685	21.4	18.0	19.7	40.9	0.0
Median Family Income MSA - #30860 Logan, UT-ID MSA		\$59,129	Median Housing Value			\$184,393
			Median Gross Rent			\$701
			Families Below Poverty Level			10.8%
Source: 2015 ACS U.S. Census and 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

Moody’s Analytics indicates inflation has significantly outpaced household income growth over the review period; however, comparison of median family income to median housing value indicates housing in the AA is still relatively affordable when compared to state and national averages.

Unemployment rates over the review period indicate that COVID-19’s impact on the AA was limited when compared to that of Utah and the U.S. overall, and the economic recovery has been swift; see the following table.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Cache County	2.1	2.9	1.9
Utah Average	2.5	4.7	2.6
U.S. Average	3.7	8.1	5.4
<i>Source: Bureau of Labor Statistics</i>			

Per the U.S. Census Bureau, manufacturing and government represent the largest non-farm industries in the AA. Top employers in the area include Utah State University, Logan Regional Hospital, and Miller Manufacturing Company.

Competition

According to the June 30, 2021 FDIC Deposit Market Share report, CVB ranked 1st out of 10 institutions in the AA, with 35.7 percent of the deposit market share. The same data also indicates CVB operates 7 of the 24 branches that are operating within the AA.

Community Contact

Examiners contacted an individual from an economic development organization that primarily serves entrepreneurs, start-ups, and very small businesses in the AA. The contact stated that while the pandemic did not affect the AA as much as some other areas of Utah or the United States, the impact to the retail and hospitality sectors was very difficult for many local business owners. The contact also noted the importance of PPP lending during 2020 and 2021, but noted that there is still opportunities for financial institutions to provide short-term loans to small businesses in the AA.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, the bank's strategy, and demographic and recent economic data, examiners determined that economic development, particularly small-dollar credit, represent primary credit and CD needs for the AA. The community contract information and demographic data on small businesses support these needs. Additionally, population demographics and discussions with bank management indicate that community services also represent a key CD need of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LOGAN MSA

LENDING TEST

Lending Test performance in the AA is adequate.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. According to 2020 Peer Mortgage Data, CVB ranked 67th out of 403 total lenders in the AA, with 0.2 percent of the market share by number. Refer to overall Lending Activity conclusions for lending activity and trends for products reviewed since the last examination.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate home mortgage and small business lending performance.

Home Mortgage

CVB's lending in low-income tracts was in line with peer and demographic data in both 2019 and 2020. Lending in moderate-income tracts in 2019 was slightly above aggregate and demographics; however, the bank's performance declined slightly in 2020 along with peer data, but its performance is comparable with aggregate. Overall, this performance is adequate.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Logan MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.5	1.9	7	2.3	1,221	1.4
2020	1.5	1.5	13	2.2	2,195	1.3
Moderate						
2019	12.7	12.9	44	14.1	8,612	10.0
2020	12.7	10.7	54	9.2	10,892	6.6
Middle						
2019	47.3	47.2	107	34.4	26,829	31.0
2020	47.3	47.3	234	39.7	61,211	37.2
Upper						
2019	38.6	38.0	153	49.2	49,746	57.6
2020	38.6	40.4	289	49.0	90,199	54.8
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	311	100.0	86,408	100.0
2020	100.0	100.0	590	100.0	164,496	100.0
<i>Source: 2015 ACS U.S. Census; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business

Small business lending in 2019 in the LMI tracts was only slightly below demographic data. Performance improved slightly in 2020, bringing CVB's lending in line with demographic data. Overall, this performance is adequate.

Geographic Distribution of Small Business Loans					
Assessment Area: CVB Logan MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	6.7	8	4.5	1,000	4.1
2020	6.5	69	5.2	4,928	5.0
Moderate					
2019	20.7	31	17.5	6,602	27.1
2020	19.9	298	22.5	28,239	28.9
Middle					
2019	38.8	70	39.5	8,657	35.5
2020	38.8	555	41.9	41,809	42.8
Upper					
2019	33.8	68	38.4	8,114	33.3
2020	34.8	403	30.4	22,690	23.2
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	177	100.0	24,373	100.0
2020	100.0	1,325	100.0	97,666	100.0
Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.					

Borrower Profile

The distribution of borrowers reflects good penetration among businesses and borrowers of different revenue sizes. This conclusion is based on adequate home mortgage and excellent small business performance.

Home Mortgage

The institution's home mortgage lending to low-income borrowers in 2019 and 2020 was generally in line with aggregate and below demographics, while performance in moderate-income tracts was below both peer and demographic data, but not to an unreasonable degree. Per management, moderate tract performance lagging benchmarks is partially attributable to the bank's commercial real estate lending focus, which resulted in a relatively high level of non-consumer borrowing entities on the institution's HMDA LAR. Also, these loans were reported as borrower income 'not available' on the HMDA LAR. Overall, the performance is generally adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Logan MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	19.4	3.6	7	2.3	872	1.0
2020	19.4	3.6	19	3.2	2,998	1.8
Moderate						
2019	18.5	17.4	35	11.3	6,416	7.4
2020	18.5	18.6	66	11.2	12,999	7.9
Middle						
2019	22.5	24.9	64	20.6	15,326	17.7
2020	22.5	26.6	130	22.0	32,665	19.9
Upper						
2019	39.5	39.4	189	60.8	59,654	69.0
2020	39.5	37.4	320	54.2	100,436	61.1
Not Available						
2019	0.0	14.7	16	5.1	4,141	4.8
2020	0.0	13.7	55	9.3	15,399	9.4
Totals						
2019	100.0	100.0	311	100.0	86,408	100.0
2020	100.0	100.0	590	100.0	164,496	100.0
Source: 2015 ACS U.S. Census; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.						

Small Business

CVB's lending to businesses with revenues of \$1.0 million or less in 2019 was almost 100.0 percent and exceeded demographics. Performance declined significantly in 2020, to well below demographics; however, CVB's performance is skewed by the significant number of loans where revenues were 'not available.' The significant majority of loans without revenues are PPP loans, as revenues were not a required element of the PPP application. CVB did not collect gross annual revenue information for these loans. Excluding these loans without revenues, the ratio of loans to businesses with gross annual revenues of \$1.0 million or less to those with gross annual revenues of greater than \$1.0 million is 77.7 percent. As the percentage of businesses with gross annual revenues of \$1.0 million or less includes a large number of very small, non-credit seeking or non-credit worthy businesses, CVB's adjusted ratio of lending to small businesses is good. Overall, the institution's penetration to businesses of different revenues sizes is excellent.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: CVB Logan MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	85.9	172	97.2	22,916	94.0
2020	86.7	178	13.4	18,253	18.7
>\$1,000,000					
2019	4.0	5	2.8	1,457	6.0
2020	3.5	51	3.8	8,961	9.2
Revenue Not Available					
2019	10.1	0	0.0	0	0.0
2020	9.8	1,096	82.7	70,452	72.1
Totals					
2019	100.0	177	100.0	24,373	100.0
2020	100.0	1,325	100.0	97,666	100.0
Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.					

Community Development Loans

The institution has made a relatively high level of CD loans in the AA. The Cache MSA AA accounts for 40.8 percent of CVB's non-regional CD lending over the review period. CD lending increased from the previous evaluation, where the bank originated 8 loans totaling \$9.6 million that targeted the AA. A significant majority of CD lending dollars, approximately \$30.4 million, were SBA 504 loans located in the AA. These loans meet the economic development initiatives, a CD credit need identified by the community contact.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	-	-	1	1,442	5	11,582	-	-	6	13,024
2020	-	-	-	-	8	14,447	3	4,222	11	18,669
2021	-	-	1	2,600	2	2,833	1	1,147	4	6,580
YTD 2022	-	-	-	-	-	-	-	-	-	-
Total	-	-	2	4,042	15	28,862	4	5,369	21	38,273
Source: Bank Data										

The bank originated \$4.2 million in CD loans in LMI areas through the PPP. This was a critical credit need in 2020. Other notable examples of CD loans originated during the review period include:

- In 2021, CVB helped to revitalize and stabilize an LMI area of the AA by originating a \$2.6 million loan to construct a new medical office building.

- In 2019 and 2020, CVB originated two SBA 504 loans, totaling \$5.6 million, to construct car wash facilities. These facilities will promote economic development by providing employment to local LMI individuals.

INVESTMENT TEST

Investment Test performance in the AA is good.

Investment and Grant Activity

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. All investments were in the current period and targeted affordable housing. Performance more than doubled from the prior evaluation, where CVB made or purchased 30 donations and investments totaling \$4.6 million.

Activity Year	Qualified Investments									
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2019	2	8,742	-	-	-	-	-	-	2	8,742
2020	1	4,082	-	-	-	-	-	-	1	4,082
2021	-	-	-	-	-	-	-	-	-	-
YTD 2022	-	-	-	-	-	-	-	-	-	-
Subtotal	3	12,824	-	-	-	-	-	-	3	12,824
Qualified Grants & Donations	1	6	10	18	2	1	-	-	13	25
Total	4	12,830	10	18	2	1	-	-	16	12,849
<i>Source: Bank Data; due to rounding amounts in the table may differ slightly.</i>										

Notable examples of CVB investments and donations benefitting the AA during the review period include:

- In 2019, CVB purchased a \$4.4 million LIHTC bond backed by an 88-unit multifamily structure, where all of the units are set-aside for LMI individuals and families.
- In 2020 and 2021, CVB contributed a combined \$6,000 to the scholarship fund at a local technical college. The scholarship is awarded based on financial need.
- In 2020, CVB donated \$6,000 to a local organization that provides affordable housing to LMI individuals and families in the AA.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. Refer to the overall conclusions for details.

Community Development Initiatives

The institution makes significant use of innovative and/or complex investments to support CD initiatives. Refer to the overall conclusions for details.

SERVICE TEST

Service Test performance within the AA is adequate.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. As discussed, CVB operates seven full-service branches, six ATMs, and one LPO in the AA. Two or 28.6 percent of the bank's branches are located in low-income tracts. This number is above the 16.0 percent average of branches operating in these geographies by all institutions in the AA, and above the percentage of low-income households and families and businesses by geography in the area. Three or 42.9 percent of the bank's branches are located in moderate-income tracts. This number is again above the percentage of moderate-income households and families and businesses by geography in the AA, and the 28.0 percentage of branches operated by all institutions in the AA in these geographies.

Both of the remaining two branches are located in middle-income tracts. The mapping of branch locations did not arbitrarily exclude any LMI areas of the AA. Refer to the bank wide section for a discussion of alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. CVB opened three branches in the AA during the review period; two in moderate-income tracts and one in a low-income tract. These new locations improved the accessibility of delivery systems for LMI geographies and individuals in the AA.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Performance in the AA is consistent with the discussion at the institution level; refer to the overall conclusions for details.

Community Development Services

CVB provides an adequate level of CD services to the AA. Service hour performance is generally in line with the level of service hours provided by similarly-situated institutions and increased slightly from the 505 hours provided in the AA at the previous evaluation. The majority of service hours supported community service initiatives, an identified CD need for the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	-	156	-	-	156
2020	3	196	-	-	199
2021	40	132	-	-	172
YTD 2022	-	-	-	-	-
Total	43	484	-	-	527
<i>Source: Bank Data</i>					

The following are examples of services provided in the AA by CVB's employees.

- In 2020 and 2021, a CVB accounting executive donated 72 hours preparing financial statements and serving on the Board of Directors for a community service organization located in a moderate-income tract.
- In 2019, 2020, and 2021, a CVB IT specialist provided a total of 245 hours of IT support and strategic counseling to an organization that provides various community services to local LMI individuals.
- In 2021, various CVB employees spent 14 hours teaching financial education seminars at a community service organization with a mission promote integration and economic self-sufficiency for immigrants and refugees.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

The following table summarizes performance in the limited-scope AAs for the Lending, Investment, and Service Tests in relation to performance in the full-scope AA. Performance was determined based on review of available facts and data, aggregate lending data comparisons, and demographic information. Conclusions from the limited-scope reviews did not alter the institution's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
SLC-Provo-Orem CSA	Consistent	Consistent	Consistent
St George MSA	Consistent	Consistent	Consistent
Non-MSA	Consistent	Below	Below

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution's operations and activities, followed by geographic distribution and borrower profile tables by loan type. Refer to the Appendix for demographic data and deposit market share information for the limited-scope AAs.

SLC-Provo-Orem CSA

The AA consists of the counties to the north of Salt Lake City and to the south of Orem, generally located in north- and mid-central Utah. Activity in the AA is as follows:

Activity	#	\$
Home Mortgage Loans	273	83.1 million
Small Business Loans	879	83.4 million
Small Farm Loans	-	-
Community Development Loans	13	34.7 million
Investments (New)	1	1.0 million
Investments (Prior Period)	1	2.5 million
Donations	2	600
CD Services	42	
Source: Bank Data		

Branch distribution is not consistent with the institution's overall AA, but is still satisfactory. Alternative delivery systems, service hours, and loan and deposit products do not significantly vary by branch location. Refer to the overall conclusions for details.

St George MSA

The AA is generally located Utah's south-western corner along the borders with Nevada and Arizona. Activity in the AA is as follows:

Activity	#	\$
Home Mortgage Loans	365	103.9 million
Small Business Loans	1,886	122.0 million
Small Farm Loans	-	-
Community Development Loans	11	20.9 million
Investments (New)	3	5.1 million
Investments (Prior Period)	-	-
Donations	5	6,250
CD Services	129	
Source: Bank Data		

Branch distribution for the AA is not consistent with the institution's overall AA, but is still satisfactory. Alternative delivery systems, service hours, and loan and deposit products do not significantly vary by branch location. Refer to the overall conclusions for details.

Non-MSA

The AA is generally located in three non-contiguous counties in south-central Utah. Activity in the AA is as follows:

Activity	#	\$
Home Mortgage Loans	132	29.5 million
Small Business Loans	313	22.7 million
Small Farm Loans	85	47 million
Community Development Loans	-	-
Investments (New)	-	-
Investments (Prior Period)	-	-
Donations	7	24,600
CD Services	-	
Source: Bank Data		

The bank made no CD investments nor did they provided any CD services in this AA, which is not consistent with institution's overall AA. Branch distribution is consistent with the institution overall. Alternative delivery systems, service hours, and loan and deposit products do not significantly vary by branch location. Refer to the overall conclusions for details.

Geographic Distribution and Borrower Profile

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
SLC-Provo-Orem CSA	72	18,898	29.0	0.0	0.0	0.0	9.5	31.9	9.7	48.2	37.5	48.3	42.4	30.6	42.0	0.0	0.0	0.0
St George MSA	122	33,230	49.2	0.0	0.0	0.0	5.5	5.7	4.2	82.1	82.8	85.0	12.4	11.5	10.8	0.0	0.0	0.0
Non-MSA AA	54	10,645	21.8	0.0	0.0	0.0	13.2	33.3	11.8	86.8	66.7	88.2	0.0	0.0	0.0	0.0	0.0	0.0
Total	248	62,773	100.0	0.0	0.0	0.0	8.8	19.4	8.0	61.2	66.1	62.2	30.1	14.5	29.8	0.0	0.0	0.0
Source: 2015 ACS U.S. Census; 1/1/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2020
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
SLC-Provo-Orem CSA	201	64,164	38.5	1.0	1.5	1.1	15.8	10.9	13.7	49.1	43.8	48.7	34.1	43.8	36.4	0.0	0.0	0.0
St George MSA	243	70,648	46.6	0.0	0.0	0.0	5.5	4.5	4.1	82.1	79.8	83.9	12.4	15.6	11.9	0.0	0.0	0.0
Non-MSA AA	78	18,865	14.9	0.0	0.0	0.0	13.2	29.5	10.3	86.8	70.5	89.7	0.0	0.0	0.0	0.0	0.0	0.0
Total	522	153,678	100.0	0.7	0.6	0.8	13.7	10.7	11.5	57.7	64.6	57.9	27.8	24.1	29.8	0.0	0.0	0.0
Source: 2015 ACS U.S. Census; 1/1/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2019
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Non-MSA AA	54	10,645	21.8	22.1	7.4	9.3	20.4	24.1	23.1	24.7	31.5	24.0	32.8	29.6	26.1	0.0	7.4	17.5
SLC-Provo-Orem CSA	72	18,898	29.0	14.6	2.8	4.2	17.4	22.2	20.6	24.4	15.3	27.9	43.6	54.2	32.3	0.0	5.6	15.0
St George MSA	122	33,230	49.2	17.7	2.5	4.0	19.6	10.7	14.3	23.3	19.7	22.5	39.3	60.7	42.9	0.0	6.6	16.4
Total	248	62,773	100.0	16.2	3.6	4.4	18.3	16.9	18.7	24.1	21.0	25.9	41.4	52.0	35.5	0.0	6.5	15.5
Source: 2015 ACS U.S. Census; 1/1/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2020
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Non-MSA AA	78	18,865	14.9	22.1	6.4	10.1	20.4	21.8	22.1	24.7	32.1	24.5	32.8	34.6	27.5	0.0	5.1	15.9
SLC-Provo-Orem CSA	201	64,164	38.5	17.5	2.0	6.0	18.9	21.4	21.5	24.2	18.9	25.8	39.4	51.7	30.3	0.0	6.0	16.4
St George MSA	243	70,648	46.6	17.7	2.9	4.1	19.6	11.5	15.6	23.3	23.0	22.5	39.3	51.4	41.8	0.0	11.1	16.0
Total	522	153,678	100.0	17.8	3.1	5.7	19.1	16.9	20.2	24.1	22.8	25.0	39.0	49.0	32.8	0.0	8.2	16.3
Source: 2015 ACS U.S. Census; 1/1/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2019
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
SLC-Provo-Orem CSA	26	4,965	15.6	0.0	0.0	0.0	13.0	23.1	10.9	43.1	46.2	43.0	43.9	30.8	46.1	0.0	0.0	0.0
St George MSA	95	12,340	56.9	0.0	0.0	0.0	6.7	1.1	5.7	81.6	90.5	84.0	11.7	8.4	10.3	0.0	0.0	0.0
Non-MSA	46	4,216	27.5	0.0	0.0	0.0	19.9	34.8	18.2	80.1	65.2	81.8	0.0	0.0	0.0	0.0	0.0	0.0
Total	167	21,521	100.0	0.0	0.0	0.0	11.2	13.8	9.3	59.1	76.6	60.6	29.7	9.6	30.0	0.0	0.0	0.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2020
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
SLC-Provo-Orem CSA	853	78,440	29.3	4.8	4.7	--	15.5	13.1	--	42.9	49.0	--	36.8	33.2	--	0.0	0.0	--
St George MSA	1,791	109,675	61.5	0.0	0.0	--	6.6	6.8	--	81.8	82.4	--	11.6	10.8	--	0.0	0.0	--
Non-MSA AA	267	18,487	9.2	0.0	0.0	--	19.9	27.0	--	80.1	73.0	--	0.0	0.0	--	0.0	0.0	--
Total	2,911	206,602	100.0	3.3	1.4	--	13.3	10.5	--	55.2	71.8	--	28.2	16.4	--	0.0	0.0	--
Source: 2020 D&B Data; 1/1/2020 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.																		

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
SLC-Provo-Orem CSA	26	4,965	15.6	89.1	100.0	45.5	3.2	0.0	7.6	0.0
St George MSA	95	12,340	56.9	89.5	98.9	47.5	3.0	1.1	7.5	0.0
Non-MSA AA	46	4,216	27.5	80.9	100.0	40.7	5.0	0.0	14.1	0.0
Total	167	21,521	100.0	88.7	99.4	46.0	3.3	0.6	8.0	0.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.										

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2020
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
SLC-Provo-Orem CSA	853	78,440	29.3	88.3	9.7	--	3.3	3.8	8.4	86.5
St George MSA	1,791	109,675	61.5	89.9	16.0	--	2.6	4.9	7.5	79.1
Non-MSA AA	267	18,487	9.2	81.1	16.9	--	4.6	6.7	14.3	76.4
Total	2,911	206,602	100.0	88.4	14.3	--	3.2	4.7	8.5	81.0
Source: 2020 D&B Data; 1/1/2020 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.										

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity, innovativeness, and responsiveness to community development needs; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Cache Valley Bank	
Scope of Examination: Full-scope reviews were performed on the following AAs within the noted rated areas: State of Utah: Logan MSA AA	
Time Period Reviewed:	5/13/19 to 1/14/22
Products Reviewed: Home Mortgage: time period reviewed (1/1/19 – 12/31/20) Small Business: time period reviewed (1/1/19 – 12/31/20) Small Farm (<i>Non-MSA AA only</i>): (1/1/19 – 12/31/20)	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Utah:			
Logan MSA	Full-Scope	None	None
Salt Lake City-Provo-Orem CSA	Limited-scope	None	None
St George MSA	Limited-scope	None	None
Non-MSA	Limited-scope	None	None

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Demographic and Market Share Data

Salt Lake City-Provo-Orem CSA

As discussed under Description of AA, the AA consists of Davis, Juab, and Weber Counties, with Weber County added to the AA as of January 2020. The following tables provide demographic information for the AA in 2019, without Weber County, and in 2020, with Weber County included.

Demographic Information of the Assessment Area						
Assessment Area: CVB SLC-Provo-Orem CSA (2019)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	0.0	17.9	42.9	39.3	0.0
Population by Geography	333,774	0.0	13.1	47.0	39.9	0.0
Housing Units by Geography	105,294	0.0	15.5	47.9	36.6	0.0
Owner-Occupied Units by Geography	78,235	0.0	9.5	48.2	42.4	0.0
Occupied Rental Units by Geography	22,781	0.0	34.5	47.6	17.9	0.0
Vacant Units by Geography	4,278	0.0	24.9	44.1	31.0	0.0
Businesses by Geography	30,127	0.0	12.8	42.9	44.2	0.0
Farms by Geography	638	0.0	9.9	42.9	47.2	0.0
Family Distribution by Income Level	82,088	14.6	17.4	24.4	43.6	0.0
Household Distribution by Income Level	101,016	17.3	15.3	22.2	45.2	0.0
Median Family Income MSA - 36260 Ogden-Clearfield, UT MSA		\$71,742	Median Housing Value			\$223,504
Median Family Income MSA - 39340 Provo-Orem, UT MSA		\$67,248	Median Gross Rent			\$924
			Families Below Poverty Level			6.4%
Source: 2015 ACS U.S. Census and 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

Demographic Information of the Assessment Area						
Assessment Area: CVB SLC-Provo-Orem CSA (2020)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	106	4.7	24.5	42.5	28.3	0.0
Population by Geography	572,456	2.0	19.6	46.3	32.1	0.0
Housing Units by Geography	192,809	2.4	22.5	46.8	28.4	0.0
Owner-Occupied Units by Geography	135,309	1.0	15.8	49.1	34.1	0.0
Occupied Rental Units by Geography	45,844	5.8	40.7	39.9	13.6	0.0
Vacant Units by Geography	11,656	4.9	28.4	47.3	19.4	0.0
Businesses by Geography	48,132	4.8	15.5	42.9	36.8	0.0
Farms by Geography	1,165	3.4	13.7	44.6	38.2	0.0
Family Distribution by Income Level	140,793	17.5	18.9	24.2	39.4	0.0
Household Distribution by Income Level	181,153	20.9	17.0	22.2	40.0	0.0
Median Family Income MSA - 36260 Ogden-Clearfield, UT MSA		\$71,742	Median Housing Value			\$203,717
Median Family Income MSA - 39340 Provo-Orem, UT MSA		\$67,248	Median Gross Rent			\$860
			Families Below Poverty Level			7.6%
Source: 2015 ACS U.S. Census and 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2021 FDIC Deposit Market Share report, CVB ranked 9th out of 15 institutions in the AA, with 3.6 percent of the deposit market share. The same data also indicates CVB operates 4 of 77 branches that are operating within the AA. According to 2020 Peer Mortgage Data, CVB ranked 67th out of 403 total lenders in the AA, with 0.2 percent of the market share by number.

St George MSA

The AA consists of Washington County and has not changed since the prior evaluation. The following tables provide demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: CVB St. George MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	14.3	76.2	9.5	0.0
Population by Geography	148,244	0.0	7.6	81.0	11.3	0.0
Housing Units by Geography	61,026	0.0	7.5	83.4	9.1	0.0
Owner-Occupied Units by Geography	33,647	0.0	5.5	82.1	12.4	0.0
Occupied Rental Units by Geography	15,273	0.0	12.3	82.9	4.9	0.0
Vacant Units by Geography	12,106	0.0	7.3	87.6	5.2	0.0
Businesses by Geography	19,013	0.0	6.6	81.8	11.6	0.0
Farms by Geography	461	0.0	9.5	77.2	13.2	0.0
Family Distribution by Income Level	37,180	17.7	19.6	23.3	39.3	0.0
Household Distribution by Income Level	48,920	20.9	18.0	20.7	40.5	0.0
Median Family Income MSA - 41100 St. George, UT MSA		\$58,145	Median Housing Value			\$211,048
			Median Gross Rent			\$978
			Families Below Poverty Level			10.3%
Source: 2015 ACS U.S. Census and 2020 D&B Data Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2021 FDIC Deposit Market Share report, CVB ranked 3rd out of 8 institutions in the AA, with 17.2 percent of the deposit market share. The same data also indicates CVB operates 4 of 29 branches within the AA. According to 2020 Peer Mortgage Data, CVB ranked 23rd out of 355 total lenders in the AA, with 1.0 percent of the market share by number.

Non-MSA

The AA has not changed since the previous evaluation and consists of Carbon, Sanpete, and Wayne Counties. While these counties are not contiguous, performance in the counties was relatively consistent; therefore, the areas are combined for presentation purposes.

Demographic Information of the Assessment Area						
Assessment Area: CVB Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	18.2	81.8	0.0	0.0
Population by Geography	51,910	0.0	13.7	86.3	0.0	0.0
Housing Units by Geography	21,718	0.0	15.7	84.3	0.0	0.0
Owner-Occupied Units by Geography	12,234	0.0	13.2	86.8	0.0	0.0
Occupied Rental Units by Geography	4,479	0.0	21.2	78.8	0.0	0.0
Vacant Units by Geography	5,005	0.0	16.7	83.3	0.0	0.0
Businesses by Geography	3,508	0.0	19.9	80.1	0.0	0.0
Farms by Geography	197	0.0	16.8	83.2	0.0	0.0
Family Distribution by Income Level	12,116	22.1	20.4	24.7	32.8	0.0
Household Distribution by Income Level	16,713	27.8	18.6	19.2	34.4	0.0
Median Family Income Non-MSAs - UT		\$64,772	Median Housing Value			\$151,182
			Median Gross Rent			\$641
			Families Below Poverty Level			10.2%
Source: 2015 ACS U.S. Census and 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2021, FDIC Deposit Market Share report, CVB ranked 1st out of 5 institutions in the AA, with 37.3 percent of the deposit market share. The same data also indicates CVB operates 5 of 11 branches operating within the AA. According to 2020 Peer Mortgage Data, CVB ranked 14th out of 176 total lenders in the AA, with 2.2 percent of the market share by number.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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