PUBLIC DISCLOSURE

April 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of Southern Utah
Certificate Number: 17964

377 North Main Street
Cedar City, Utah 84721

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.

TABLE OF CONTENTS

INSTITUTION RATING

INSTITUTION'S COMMUNITY INVESTMENT (CRA) RATING: State Bank of Southern Utah (SBSU) is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

SBSU's performance under the Lending Test and Community Development (CD) Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and CD Test performance.

The Lending Test is rated Satisfactory.

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

The CD Test is rated Satisfactory.

SBSU demonstrated adequate responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 29, 2016, to the current evaluation dated April 8, 2019. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate SBSU's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the CD Test.

The Lending Test considered the institution's performance according to the following criteria. Of these criteria, geographic distribution and borrower profile are given the most weight, as these are accurate reflections of SBSU's efforts to meet the credit needs of all income levels and areas in each designated AA.

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The CD Test considered the following factors.

- Number and dollar amount of CD loans, qualified investments, and CD services
- The responsiveness of such activities to the CD needs of the AA

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

SBSU's AAs includes two AAs in the State of Utah: the St. George Metropolitan Statistical Area (MSA) AA and the Non-Metropolitan Statistical Area (Non-MSA) AA. Examiners used full-scope evaluation procedures for the Non-MSA AA due to it having more branches, deposits, and loan activity by number and dollar volume. Limited-scope procedures were used in the St. George MSA AA. The bank's performance in the St. George MSA AA was consistent with the bank-wide AA performance. The description of AAs is described in more detail later in this evaluation.

Loan Products Reviewed

Examiners determined that the bank's major product lines are small business, home mortgage, and small farm loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating small business loans contributed more weight to the overall conclusions due to the larger loan volume compared to home mortgage lending and small farm loans. More weight was placed on home mortgages compared to small farm loans. The following table shows the bank's originations and purchases over the most recent calendar year by loan type.

Loans Originated or Purchased 2018				
Loan Category	**$(000s)**	**%**	**#**	**%**
Construction and Land Development	92,054	22.9	174	6.7
Secured by Farmland	10,679	2.6	42	1.6
Secured by 1-4 Family Residential Properties	40,144	10.0	429	16.6
Multi-Family (5 or more) Residential Properties	12,783	3.2	13	0.5
Commercial Real Estate Loans	130,333	32.4	160	6.2
Commercial and Industrial Loans	77,888	19.4	593	22.9
Agricultural Loans	23,484	5.8	199	7.7
Consumer Loans	15,086	3.7	976	37.8
Other Loans	0	0.0	0	0.0
Total Loans	**402,451**	**100.0**	**2,586**	**100.0**

Source: Bank Records 1/1/2018 through 12/31/2018

Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. SBSU is not required to report small business and small farm loans data; however, the bank collects this information. Examiners reviewed and analyzed the entire universe of small business and small farm loans in 2017 and 2018, but only presented loans originated in the period January 1, 2018, through December 31, 2018, in this evaluation. To be considered a small business loan, the loan amount must be less than or equal to $1.0 million at origination. The bank originated 706 small business loans totaling $81.9 million in 2018. To be considered a small farm loan, the loan amount must be less than or equal to $500,000. The bank also originated 222 small farm loans totaling $18.5 million in 2018. D&B data for 2018 provided a standard of comparison for the universe of small business and small farm loans. Examiners did not identify any trends that were inconsistent in the 2017 loan data that would materially affect the conclusions in this evaluation.

In addition, this evaluation considered all home mortgage loans originated for 2017 and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2017, the bank reported 493 loans totaling $95.2 million and 437 loans totaling $95.4 million in 2018. Demographic information and 2017 aggregate data provided a standard of comparison for home mortgage loans in 2017.

For the Lending Test, examiners reviewed the number and dollar volume of small business, home mortgage, and small farm loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

For the CD Test, bank management provided data on CD loans, qualified investments and donations, and CD services since the prior CRA Evaluation dated August 29, 2016.

DESCRIPTION OF INSTITUTION

Background

SBSU is headquartered in Cedar City, Utah, and operates in Iron, Washington, Sevier, Piute, Garfield, Kane, and Millard Counties. SBSU is a wholly-owned subsidiary of Southern Utah Bancorporation, a one-bank holding company located in Cedar City, Utah. The institution received an outstanding rating at its previous FDIC Performance Evaluation dated August 29, 2016, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

SBSU operates 14 full-service branches in its AAs in the southern and central parts of Utah. SBSU offers loan products including commercial, agricultural, home mortgage, and consumer loans. The institution provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and 14 automated teller machines (ATMs). Six ATMs located in Cedar City, St. George, and Fillmore accepts deposits. The bank closed one branch in Cedar City, Utah, on September 20, 2016. SBSU operates two branches and three deposit taking ATMs in Cedar City, Utah; therefore, the branch closing did not impact the community, including LMI areas. One branch opened in Fillmore, Utah, on November 13, 2018, which expanded the bank's AA to include Millard County. Millard County added three underserved nonmetropolitan middle-income CTs to the bank's Non-MSA AA. SBSU acquired Gunnison Valley Bank on February 8, 2019. The Board added Sanpete County to the bank's CRA AA effective February 12, 2019, due to the acquisition of Gunnison Valley Bank. Sanpete County was not included in the bank's AA during this evaluation given the acquisition occurred in 2019.

Ability and Capacity

Assets totaled approximately $1.1 billion as of December 31, 2018, and included total loans of $718.0 million and securities totaling $282.0 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2018		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	129,671	18.1
Secured by Farmland	26,236	3.7
Secured by 1-4 Family Residential Properties	83,148	11.6
Secured by Multi-Family (5 or more) Residential Properties	22,708	3.1
Secured by Non-farm Non-residential Properties	318,154	44.3
Agricultural Production and Other Loans to Farmers	28,830	4.0
Commercial and Industrial Loans	80,259	11.2
Consumer	25,139	3.5
Obligations of States and Political Subdivisions in the United States	2,729	0.4
Other Loans	897	0.1
Lease Financing Receivables (net of unearned income)	0	0.0
Gross Loans	**717,771**	**100.0**
Less: Unearned Income	(0)	(0.0)
Total Loans and Leases	**717,771**	**100.0**

Source: 12/31/2018 Consolidated Report of Condition and Income (Call Report). Due to Rounding, totals may not equal 100.0 percent

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

DESCRIPTION OF ASSESSMENT AREA

CRA requires each financial institution to define one or more AAs within which CRA performance will be evaluated. For this purpose, SBSU designated two AAs in Utah. The first AA includes Washington County, which constitutes the entire St. George, Utah, MSA #41100. The second AA includes six separate contiguous Non-MSA counties in Utah that includes Garfield, Iron, Kane, Piute, Sevier, and Millard Counties. Millard County was added to the AA on November 13, 2018. The following table shows the AAs in this report, along with the number of CTs and the number of branches in each AA.

Description of AAs			
AA	**Counties in AA**	**# of Census Tracts**	**# of Branches**
St. George MSA AA	Washington	21	4
Non-MSA AA	Garfield, Iron, Kane, Piute, Sevier, Millard	21	10

Source: Bank Records

The bank's AAs contain whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude any LMI areas.

Economic and Demographic Data

The bank's AAs include 42 census tracts (CTs). These tracts reflect the following income designations according to the 2015 American Community Survey (ACS) U.S. Census:

- No low-income tracts,
- 9 moderate-income tracts,
- 31 middle-income tracts, and
- 2 upper-income tracts.

Demographic Information of the Bank-Wide AAs Assessment Area: Bank-Wide AAs						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	42	0.0	21.4	73.8	4.8	0.0
Population by Geography	242,972	0.0	16.2	76.9	6.9	0.0
Housing Units by Geography	105,012	0.0	16.9	77.8	5.3	0.0
Owner-Occupied Units by Geography	56,041	0.0	13.7	78.8	7.5	0.0
Occupied Rental Units by Geography	24,281	0.0	22.1	74.8	3.1	0.0
Vacant Units by Geography	24,690	0.0	19.2	78.3	2.5	0.0
Businesses by Geography	20,430	0.0	15.0	77.6	7.4	0.0
Farms by Geography	778	0.0	15.7	78.0	6.3	0.0
Family Distribution by Income Level	59,755	20.8	19.7	23.7	35.8	0.0
Household Distribution by Income Level	80,322	24.6	18.0	20.2	37.2	0.0
Median Family Income MSAs – 41100 St. George, UT MSA		$58,145	Median Housing Value			$190,033
Median Family Income Non-MSAs – UT		$64,772	Median Gross Rent			$861
			Families Below Poverty Level			11.3%

Source: 2015 ACS Census and 2018 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 2018 D&B data, there were 20,430 businesses in the bank's AAs. Gross annual revenues (GARs) for these businesses are below.

- 86.1 percent have $1.0 million or less.
- 3.7 percent have more than $1.0 million.
- 10.2 percent have unknown revenues.

According to 2018 D&B data, there are 778 farms in the bank's AAs. GARs for these farms are below:

- 97.8 percent have $1.0 million or less.
- 1.6 percent has more than $1.0 million.
- 0.6 percent have unknown revenues.

The analysis of small business and farm loans under the borrower profile criterion compares the distribution of businesses and farms by GAR level. Service industries represent the largest portion of businesses (38.2 percent); followed by non-classifiable establishments (16.3 percent); retail trade (10.9 percent); and finance, insurance, and real estate (10.5 percent). In addition, 66.0 percent of area businesses have 4 or fewer employees, and 91.2 percent operate from a single location.

The 2018 Federal Financial Institutions Examination Council (FFIEC)-updated median family income level is used to analyze home mortgage loans under the borrower profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Income	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥$120%**
St. George, UT MSA Median Family Income (41100)				
2018 ($64,600)	<$32,300	$32,300 to <$51,680	$51,680 to <$77,520	≥$77.520
UT NA Median Family Income (99999)				
2018 ($71,100)	<$35,550	$35,550 to <$56,880	$56,880 to <$85,320	≥$85,320

Source: 2018 FFIEC-Estimated Median Family Income data

There are 105,012 housing units in the AA. Of these, 53.4 percent are owner-occupied, 23.1 percent are occupied rental units, and 23.5 percent are vacant. The geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the CT without an income designation.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that the 2018 year-end unemployment rate was 3.3 percent statewide. However, the rate varied from 3.2 percent in Iron and Millard Counties to 12.9 percent in Garfield County. Piute County also has a relatively high unemployment rate of 7.3 percent. Kane, Sevier, and Washington Counties have unemployment rates under 4.0 percent. Unemployment rates remained constant throughout the evaluation period.

Washington County is the largest county in the AA with a population of 148,244 individuals. St. George is the largest city. According to Moody's Analytics, the St. George MSA AA's economy is booming due to rapid population growth and Zion National Park being a popular vacation destination. The economy is expected to outperform Utah and the nation in the short term. The top three employers are Intermountain Health Care, Wal-Mart, and Dixie State University.

The Non-MSA AA is discussed in the full-scope section of this evaluation.

Competition

The bank's AAs are moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2018, there were 9 financial institutions that operated 57 full-service branches within the bank's AAs. Of these institutions, SBSU ranked 2nd with a 24.3 percent deposit market share.

The bank is not required to collect or report its small business and farm loan data; however, the bank decided to collect this information. Nevertheless, the analysis of small business and farm loans under the Lending Test does not include comparisons against aggregate data. There is a moderate degree of competition for small business and small farm lending within the AAs. In

2017, large institutions reported aggregate data showing 68 institutions reported 6,180 small business loans and 265 small farm loans in the AAs.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. Aggregate data for 2017 shows that 271 lenders reported a total of 13,241 residential mortgage loans originated or purchased in the bank's AAs. SBSU ranked 7th out of this group of lenders, with a market share of 3.5 percent. The 3 most prominent home mortgage lenders accounted for 19.4 percent of total market share.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AAs to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners reviewed two existing community contacts from community representatives that are knowledgeable about local conditions in the bank's AAs. The first community contact works for an economic development organization in the Non-MSA AA. The contact stated that there is a positive economic trend in Sevier County, which will provide opportunities for local financial institutions to offer financing to small businesses. Lending to small businesses within Sevier County could boost the local economy and create more jobs. Additionally, an underserved middle-income area exists within Sevier County that could use credit and CD needs.

Examiners also reviewed a second community contact that works for an affordable housing organization that serves the St. George MSA AA. This community contact stated that housing prices are rising at a fast pace and affordable housing is starting to become a concern. Opportunities for local financial institutions to participate in affordable housing are available. Current projects include building student housing and the revitalization of downtown St. George, Utah.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that economic development and small business loans represent a primary credit need for the AAs. Affordable housing opportunities are starting to arise in the St. George MSA AA, but these opportunities are currently not targeted to LMI students. In addition, there are seven underserved nonmetropolitan middle-income CTs in Sevier and Millard Counties. The CD investment opportunities in the AAs during the evaluation period were minimal; therefore, SBSU identified statewide opportunities in southern and central Utah targeting nonmetropolitan communities. The bank adequately met the needs in their AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and AAs credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 75.2 percent over the past 10 calendar quarters from September 30, 2016, to December 31, 2018. The ratio ranged from a low of 69.2 percent as of September 30, 2016, to a high of 79.1 percent as of December 31, 2018. Since the previous evaluation, the bank's average LTD ratio slightly improved throughout the evaluation period and SBSU maintained a reasonable ratio. There are no similar institutions within the bank's AAs for comparison.

LTD Ratio Comparison		
Institution	**Total Assets $(000s)**	**Average LTD Ratio (%)**
SBSU	1,080,838	75.2

Source: Call Report data 9/30/16 through 12/31/18

Assessment Area Concentration

The bank made a substantial majority of small business, home mortgage, and small farm loans, by number and dollar volume, within its AAs. Specifically, the bank originated 90.5 percent of total loans by number and dollar volume within the AAs. Refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans $(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	$	%	$	%	$(000s)
Small Business										
2017	527	93.6	36	6.4	563	60,871	91.9	5,335	8.1	66,206
2018	640	90.7	66	9.3	706	73,785	90.1	8,145	9.9	81,930
Subtotal	**1,167**	**92.0**	**102**	**8.0**	**1,269**	**134,656**	**90.9**	**13,480**	**9.1**	**148,136**
Home Mortgage										
2017	460	93.3	33	6.7	493	88,563	93.0	6,678	7.0	95,241
2018	407	93.1	30	6.9	437	89,553	93.9	5,797	6.1	95,350
Subtotal	**867**	**93.2**	**63**	**6.8**	**930**	**178,116**	**93.5**	**12,475**	**6.5**	**190,591**
Small Farm										
2017	143	82.7	30	17.3	173	9,549	71.5	3,799	28.5	13,348
2018	170	76.6	52	23.4	222	13,183	71.4	5,290	28.6	18,473
Subtotal	**313**	**79.2**	**82**	**20.8**	**395**	**22,732**	**71.4**	**9,089**	**28.6**	**31,821**
Total	**2,347**	**90.5**	**247**	**9.5**	**2,594**	**335,504**	**90.5**	**35,044**	**9.5**	**370,548**

Source: Evaluation Period: 1/1/2017 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent

Geographic Distribution

SBSU's overall geographic distribution of loans reflects reasonable dispersion throughout the AAs. The bank's record of small business and home mortgage lending is reasonable and supports this conclusion. The bank's record of small farm lending is excellent. To evaluate the geographic distribution, examiners focused on the percentage by number of loans in LMI CTs. Please refer to each respective AA analysis for further details.

Borrower Profile

Overall, SBSU's distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels in the AA. The bank's reasonable performance of small business and home mortgage lending supports this conclusion. The bank's record of small farm lending is excellent. Examiners focused on the percentage by number of small business loans to businesses and small farm loans to farms with GARs of $1.0 million or less. They also focused on the percentage by number of home mortgage loans to LMI borrowers. Please refer to each respective AA analysis for further details.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

SBSU demonstrated adequate responsiveness to the CD needs of its AAs through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

SBSU originated 12 CD loans totaling approximately $26.2 million during the evaluation period. This level of activity represents 2.6 percent of average total assets and 4.1 percent of average total loans since the prior CRA Evaluation. The 12 CD loans were used towards economic development in the AAs. The bank originated $38.7 million CD loans at the previous CRA Evaluation. The decrease occurred due to one Small Business Administration (SBA) 504 loan totaling $18.0 million which did not renew during this evaluation period. The opportunities to make CD loans declined within the bank's AAs. These loans demonstrate the bank's responsiveness to this CD need identified by a community contact.

Community Development Lending												
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Neighborhood Stabilization**		**Totals**	
	#	$(000s	#	$(000s	#	$(000s)	#	$(000s	#	$(000s)	#	$(000s
2016												
St. George MSA	-	-	-	-	1	5,788	-	-	-	-	1	5,788
Non-MSA	-	-	-	-	1	2,974	-	-	-	-	1	2,974
Subtotal 2016	-	-	-	-	**2**	**8,762**	-	-	-	-	**2**	**8,762**
2017												
St. George MSA	-	-	-	-	2	2,460	-	-	-	-	2	2,460
Non-MSA	-	-	-	-	4	8,599	-	-	-	-	4	8,599
Subtotal 2017	-	-	-	-	**6**	**11,059**	-	-	-	-	**6**	**11,059**
2018												
St. George MSA	-	-	-	-	1	1,188	-	-	-	-	1	1,188
Non-MSA	-	-	-	-	3	5,210	-	-	-	-	3	5,210
Subtotal 2018	-	-	-	-	**4**	**6,398**	-	-	-	-	**4**	**6,398**
Grand Total**	-	-	-	-	**12**	**26,219**	-	-	-	-	**1**	**26,219**

*Source: Bank Record: **No CD loans have been made in 2019*

The following are notable examples of CD loans extended during the review period:

- In 2016, SBSU made a $2.9 million SBA 504 loan to construct a 28 unit hotel in Garfield County. The hotel provided new jobs in a moderate-income CT experiencing high unemployment throughout the review period.

- In 2017, SBSU originated a $3.2 million SBA 504 loan for a new office and warehouse for an existing business in a moderate-income CT.

- In 2018, SBSU originated a $1.4 million SBA 504 loan to expand an existing collision repair business that created five new jobs in an underserved middle-income nonmetropolitan area.

Qualified Investments

SBSU made 77 new qualified investments totaling approximately $4.5 million during the evaluation period. The bank also holds 52 qualified investments totaling $19.3 million from the prior period that remain on the bank's balance sheet. The new qualified investments equate to 0.4 percent of average total assets and 1.7 percent of average securities since the last evaluation. The prior period and new qualified investments of $23.8 million equates to 2.4 percent of average total assets and 9.0 percent of average securities since the last evaluation. The bank purchased $34.8 million in CD investments at the previous CRA Evaluation. The decrease in investments occurred due to one $26.0 million CD investment for an elementary school in a moderate-income tract that is no longer on the bank's balance sheet or included as a prior period investment. The CD investment opportunities are limited and have declined since the previous evaluation. Because the bank adequately met the needs within the AAs, examiners included statewide opportunities in this evaluation.

Of the total dollar amount, 46.8 percent benefited efforts to revitalize and stabilize LMI geographies in the bank's AAs or broader statewide area. These investments demonstrate the bank's responsiveness to the revitalization or stabilization of certain geographies, which is an identified CD need. The bank also focused efforts on community services during the evaluation period. The following table illustrates the bank's CD investments by year, AA and purpose.

Community Development Investments												
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	$(000)	#	$(000)	#	$(000)	#	$(000)	#	$(000)	#	$(000)
Prior Period	-	-	5	7,604	8	1,320	39	10,406	-	-	52	19,330
2016												
St. George MSA	-	-	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	12	429	-	-	12	429
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2016	-	-	-	-	-	-	12	429	-	-	12	429
2017												
St. George MSA	-	-	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-	-	-
Statewide Activities	-	-	-	-	5	3,695	-	-	-	-	5	3,695
Subtotal 2017	-	-	-	-	5	3,695	-	-	-	-	5	3,695
2018												
St. George MSA	-	-	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-	-	-
Statewide Activities	-	-	-	-	-	-	15	323	-	-	15	323
Subtotal 2018	-	-	-	-	-	-	15	323	-	-	15	323
2019 YTD												
St. George MSA	-	-	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	-	-	-	-	-	-	-	-	-	-
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2019 YTD*	-	-	-	-	-	-	-	-	-	-	-	-
Qualified Donations	-	-	45	40	-	-	-	-	-	-	45	40
Total	-	-	50	7,644	13	5,015	66	11,158	-	-	129	23,817

*Source: Bank Records: *No investments have been recorded for year-to-date (YTD) April 8, 2019.*

Below are notable examples of the bank's qualified investment activities:

- In 2016, the bank purchased 12 bonds totaling $429,000 associated with developing water and sewer systems in underserved nonmetropolitan middle-income CTs in Sevier County. These bonds help create jobs and develop a sewer line that serves LMI families in the bank's AAs.

- In 2018, the bank purchased 15 bonds totaling $323,000 associated with paying for the construction of a storm water system in a distressed nonmetropolitan middle-income CT in the broader-statewide area. This bond helped create jobs and develop a sewer line that serves the community residents including LMI families.

- In 2017, SBSU purchased five bonds totaling $3.7 million to build one Title 1 elementary school in a rural county in the broader-statewide area. This elementary school is located in a moderate-income CT and helped create jobs.

Community Development Services

SBSU employees, officers, and Directors provided 50 instances of financial expertise or technical assistance to 22 different CD organizations in the AAs. The majority of the total qualified hours are targeted to community services to LMI individuals. The following table illustrates the bank's CD services by AA, year, and purpose. The CD service hours declined from 1,275 hours at the previous CRA Evaluation to 874 hours.

CD Services												
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	Hrs.	#	Hrs.	#	Hrs.	#	Hrs.	#	Hrs.	#	Hrs.
2016												
St. George MSA	-	-	-	-	-	-	-	-	-	-	-	-
Non-MSA	-	-	3	46	-	-	-	-	-	-	3	46
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2016	-	-	**3**	**46**	-	-	-	-	-	-	**3**	**46**
2017												
St. George MSA	-	-	1	3	-	-	-	-	-	-	1	3
Non-MSA	-	-	10	251	-	-	-	-	-	-	10	251
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2017	-	-	**11**	**254**	-	-	-	-	-	-	**11**	**254**
2018												
St. George MSA	-	-	15	259	2	2	-	-	-	-	17	261
Non-MSA	-	-	12	95	1	50	-	-	-	-	13	145
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2018	-	-	**27**	**354**	**3**	**52**	-	-	-	-	**30**	**406**
2019 YTD												
St. George MSA	-	-	3	62	-	-	-	-	-	-	3	62
Non-MSA	-	-	3	106	-	-	-	-	-	-	3	106
Statewide Activities	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal 2019	-	-	**6**	**168**	-	-	-	-	-	-	**6**	**168**
Total	-	-	**47**	**822**	**3**	**52**	-	-	-	-	**50**	**874**

Source: Bank Records.

Notable examples of SBSU's qualified CD services include the following:

- Employees provided 238 hours during the evaluation period to provide free tax preparation services to LMI individuals in the AAs.
- An employee serves on the Board and performs administrative duties for a food pantry that feeds low-income individuals in the St George MSA AA. This employee provided 208 hours during the evaluation period to this non-profit food pantry.

- An employee provided 120 hours to a non-profit organization that runs a homeless shelter and food pantry in the Non-MSA AA located in Iron County. This employee serves on the Board for this organization that provides a significant amount of resources to low-income individuals.

In addition to services provided, SBSU operates three branches and three ATMs in moderate-income CTs in the AAs. SBSU also operates two branches in middle-income CTs that are designated as underserved areas. These branches and ATMs demonstrate the availability of banking services to LMI individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA Rating.

NON-MSA AA FULL-SCOPE EVALUATION

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-MSA AA

SBSU operates 10 full-service branches, including the main office, in the Non-MSA AA. While only considering loans originated within the bank's two AAs, SBSU originated 70.9 percent of small business, 75.2 percent of home mortgage, and 96.8 percent of small farm loans within the non-MSA AA. Deposits in the Non-MSA AA represent 67.4 percent and 71.4 percent of total deposits. Please refer to the Description of Institution for a full description of the bank's operations. The following sections provide details regarding economic and demographic conditions for the AA, and information obtained from community contacts.

Economic and Demographic Data

The AA includes all 21 CTs in Iron, Kane, Garfield, Piute, Sevier, and Millard Counties. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- No low-income tracts,
- 6 moderate-income tracts,
- 15 middle-income tracts, and
- No upper-income tracts.

In addition, Sevier County has four underserved nonmetropolitan middle-income CTs and Millard County has three underserved nonmetropolitan middle-income CTs. The table below illustrates select demographic characteristics of the Non-MSA AA.

Demographic Information of the Assessment Area Assessment Area: Non-MSA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	21	0.0	28.6	71.4	0.0	0.0
Population by Geography	94,728	0.0	29.6	70.4	0.0	0.0
Housing Units by Geography	43,986	0.0	30.0	70.0	0.0	0.0
Owner-Occupied Units by Geography	22,394	0.0	26.0	74.0	0.0	0.0
Occupied Rental Units by Geography	9,008	0.0	38.9	61.1	0.0	0.0
Vacant Units by Geography	12,584	0.0	30.7	69.3	0.0	0.0
Businesses by Geography	6,671	0.0	31.3	68.7	0.0	0.0
Farms by Geography	408	0.0	21.8	78.2	0.0	0.0
Family Distribution by Income Level	22,575	25.9	19.8	24.3	30.0	0.0
Household Distribution by Income Level	31,402	30.3	18.0	19.6	32.1	0.0
Median Family Income Non-MSAs – MT		$64,772	Median Housing Value			$160,877
			Median Gross Rent			$675
			Families Below Poverty Level			13.1%

Source: 2015 ACS Census and 2017 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 2018 D&B data, there were 6,671 businesses. GARs for these businesses are below.

- 82.3 percent have $1.0 million or less.
- 4.1 percent have more than $1.0 million.
- 13.6 percent have unknown revenues.

According to the 2018 D&B data, there were 408 farms in the Non-MSA AA. GARs for these farms are below.

- 98.0 percent have $1.0 million or less.
- 1.7 percent have more than $1.0 million
- 0.3 percent have unknown revenues.

Major employers in the Non-MSA AA include Southern State University and Intermountain Healthcare. The following table contains unemployment information for the AA by county in comparison to Utah's unemployment rate.

Unemployment Rates: Non-MSA AA		
Area	2017	2018
	%	%
Utah State	3.1	3.2
Iron County	3.3	3.2
Garfield County	12.9	12.9
Kane County	3.8	4.0
Piute County	5.3	7.3
Sevier County	3.4	3.6
Millard County	3.0	3.2

Source: Bureau of Labor Statistics

The unemployment rates in Garfield and Piute Counties were relatively high during the evaluation period compared to the other counties. Three moderate-income CTs are located in Garfield and Piute Counties representing 50.0 percent of the LMI geographies in the bank's Non-MSA AA. The population of Garfield County is 5,069 and the population of Piute County is 1,865. Both counties are agricultural communities.

The largest county in the bank's Non-MSA AA is Iron County with a population of 47,139. Two moderate-income CTs are located in Iron County. Sevier County is the second largest county in the bank's AA with a population of 20,871. Sevier County consists of one moderate-income tract and four underserved nonmetropolitan middle-income tracts. Millard County has a population of 12,582 and includes three underserved nonmetropolitan middle-income tracts. Kane County has a population of 7,202.

Competition

The Non-MSA AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2018, there were 5 financial institutions that operated 24 full-service branches within the Non-MSA AA. SBSU ranked 1st out of this group of institutions, with a 45.6 deposit market share.

The bank is not required to collect or report its small business loan data; however, the bank decided to collect that information. Nevertheless, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. In 2017, large institutions reported aggregate data showing 51 institutions reported 2,017 small business loans and 222 small farm loans in the Non-MSA AA, indicating a moderate degree of competition for this product.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. Aggregate data for 2017 shows that 214 lenders reported a total of 4,048 residential mortgage loans originated or purchased in the Non-MSA AA. SBSU ranked 4th out of this group of lenders, with a market share of 7.9 percent. The three most prominent home mortgage lenders accounted for 25.0 percent of total market share.

Community Contact

As part of the evaluation process, examiners reviewed one community contact that focused on the Non-MSA AA and applicable products analyzed under the Lending Test. The community contact works for an economic development organization in the Non-MSA AA. The contact stated that currently there is a positive economic trend in Sevier County, which has given an opportunity for local financial institutions to provide financing to small businesses. Lending to small businesses within Sevier County could boost the local economy and create more jobs. Additionally, CD opportunities are available to help revitalize four underserved nonmetropolitan middle-income CTs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that economic development and small business loans represent a primary credit need for the Non-MSA AA. Additionally, underserved nonmetropolitan areas within Sevier and Millard Counties have credit and CD needs. The CD investment opportunities within the bank's Non-MSA AA are limited.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA AA

LENDING TEST

SBSU demonstrated reasonable performance under the Lending Test in the Non-MSA AA. The geographic distribution and borrower profile performance primarily support this conclusion.

Geographic Distribution

SBSU's overall geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA AA. The bank's record of small business and home mortgage lending is reasonable and supports this conclusion. To evaluate geographic distribution, examiners focused on the percentage by number of loans in LMI CTs compared to demographic information which provides additional context regarding loan demand.

Small Business Loans

The geographic distribution of small business loans in the Non-MSA AA reflects reasonable dispersion. The following table shows the bank's geographic distribution of small business loans by CT income level for 2018.

Geographic Distribution of Small Business Loans Assessment Area: Non-MSA AA					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2018	0.0	0	0.0	0	0.0
Moderate					
2018	31.3	148	32.2	18,178	37.6
Middle					
2018	68.7	311	67.8	30,114	62.4
Upper					
2018	0.0	0	0.0	0	0.0
Not Available					
2018	0.0	0	0.0	0	0.0
Totals					
2018	**100.0**	**459**	**100.0**	**48,292**	**100.0**

Source: 2018 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

The bank's penetration rate in moderate-income CTs at 32.2 percent is comparable to the D&B's percentage of businesses at 31.3 percent and reflects reasonable performance. The bank's 2017 geographic distribution performance is comparable. In 2017, SBSU originated 31.8 percent of its small business loans in moderate-income CTs.

Home Mortgage Loans

The geographic distribution of home mortgage loans in the Non-MSA AA reflects reasonable dispersion. The following table shows the bank's geographic distribution of home mortgage loans by CT income level for 2017 and 2018.

Geographic Distribution of Home Mortgage Loans Assessment Area: Non-MSA AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Moderate						
2017	26.0	25.2	92	27.4	15,366	23.8
2018	26.0	--	91	28.8	17,428	27.1
Middle						
2017	74.0	74.8	244	72.6	49,082	76.2
2018	74.0	--	225	71.2	46,841	72.9
Upper						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Totals						
2017	**100.0**	**100.0**	**336**	**100.0**	**64,448**	**100.0**
2018	**100.0**	--	**316**	**100.0**	**64,270**	**100.0**

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data; 2018 HMDA data not available.
Due to rounding, totals may not equal 100.0 percent.

The bank's 2017 penetration rate in moderate-income CTs at 27.4 percent is slightly above the percentage of owner-occupied housing units at 26.0 percent and aggregate data at 25.2 percent. The bank's 2018 penetration rate in moderate-income CTs of 28.8 percent is comparable to demographic data. The Non-MSA AA does not have any low-income CTs. Overall, the bank's performance is reasonable.

Small Farm Loans

The geographic distribution of small farm loans in the Non-MSA AA reflects excellent dispersion. The following table shows the bank's geographic distribution of small farm loans by CT income level for 2018.

Geographic Distribution of Small Farm Loans Assessment Area: Non-MSA AA					
Tract Income Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
Low					
2018	0.0	0	0.0	0	0.0
Moderate					
2018	21.8	50	30.5	3,154	24.9
Middle					
2018	78.2	114	69.5	9,515	75.1
Upper					
2018	0.0	0	0.0	0	0.0
Not Available					
2018	0.0	0	0.0	0	0.0
Totals					
2018	**100.0**	**164**	**100.0**	**12,669**	**100.0**

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent

The bank's penetration rate in moderate-income CTs at 30.5 percent exceeds D&B's percentage of businesses at 21.8 percent and reflects excellent performance. The bank's 2017 geographic distribution performance is comparable. In 2017, SBSU originated 33.8 percent of its small farm loans in moderate-income CTs.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses and farms of different revenue sizes and individuals of different income levels in the Non-MSA AA. The bank's reasonable performance of small business and home mortgage lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses and small farm loans to farms with GARs of $1.0 million or less. Examiners also focused on the percentage by number of home mortgage loans to LMI borrowers.

Small Business Loans

The distribution of small business loans within the Non-MSA AA reflects reasonable penetration of loans to businesses of different revenue sizes. The following table shows the bank's distribution of small business loans by GARs for 2018.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Non-MSA AA					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2018	82.3	372	81.0	37,433	77.5
>$1,000,000					
2018	4.1	87	19.0	10,859	22.5
Revenue Not Available					
2018	13.7	0	0.0	0	0.0
Totals					
2018	**100.0**	**459**	**100.0**	**48,292**	**100.0**

Source: 2018 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

SBSU originated 81.0 percent of small business loans to businesses with GARs of $1.0 million or less. This number is comparable to the percent of businesses in this revenue category. In 2017, the bank's performance is similar with an 80.7 penetration rate to businesses with GARS of $1.0 million or less. This level of lending reflects reasonable performance.

Home Mortgage Loans

The distribution of home mortgage loans in the Non-MSA AA reflects reasonable dispersion to LMI borrowers. Examiners focused on the comparison to aggregate data. The following table shows the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Non-MSA AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2017	25.9	9.5	21	6.3	2,129	3.3
2018	25.9	--	34	10.8	4,271	6.6
Moderate						
2017	19.8	24.3	91	27.1	12,803	19.9
2018	19.8	--	58	18.4	9,100	14.2
Middle						
2017	24.4	23.4	84	25.0	14,588	22.6
2018	24.4	--	73	23.1	13,269	20.6
Upper						
2017	30.0	26.9	117	34.8	25,960	40.3
2018	30.0	--	113	35.8	25,806	40.2
Not Available						
2017	0.0	15.9	23	6.8	8,968	13.9
2018	0.0	--	38	12.0	11,824	18.4
Totals						
2017	**100.0**	**100.0**	**336**	**100.0**	**64,448**	**100.0**
2018	**100.0**	--	**316**	**100.0**	**64,270**	**100.0**

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data; 2018 HMDA data not available.
Due to rounding, totals may not equal 100.0 percent.

In 2017, SBSU originated 6.3 percent of its home mortgage loans to low-income borrowers. The bank's performance lags the aggregate data of 9.5 percent. Demographics show that 13.1 percent of families are below the poverty level, which makes it difficult for low-income borrowers to purchase a home. SBSU originated 27.1 percent of its home mortgage loans to moderate-income borrowers. The penetration rated to moderate-income borrowers exceeds aggregate data of 24.3 percent. Overall, the bank's performance in 2017 is reasonable.

In 2018, the bank originated 10.8 percent of its home mortgage loans to low-income borrowers and 18.8 percent to moderate-income borrowers. The penetration rate to low-income borrowers improved in 2018 and the penetration rate to moderate-income borrowers declined. The moderate-income penetration rate compares reasonably to demographic data. Overall, the performance is reasonable.

Small Farm Loans

The distribution of small farm loans within the Non-MSA AA reflects excellent penetration of loans to farms of different revenue sizes. The following table shows the bank's distribution of small farm loans by GARs for 2018.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Non-MSA AA					
Gross Revenue Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2018	98.0	159	97.0	12,015	94.8
>$1,000,000					
2018	1.7	5	3.0	654	5.2
Revenue Not Available					
2018	0.2	0	0.0	0	0.0
Totals					
2018	**100.0**	**164**	**100.0**	**12,669**	**100.0**

Source: 2018 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; Due to rounding, totals may not equal 100.0 percent

SBSU originated 97.0 percent of its small farm loans to farms with GARs of $1.0 million or less. This number is comparable to the percent of businesses in this revenue category. The bank's performance in 2017 is similar with a 97.8 penetration rate to businesses with GARs of $1.0 million or less. This level of lending reflects excellent performance due to the high penetration rate to farms with GARs of $1.0 million or less.

COMMUNITY DEVELOPMENT TEST

SBSU demonstrated adequate responsiveness to the CD needs in the Non-MSA AA through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

SBSU originated 8 CD loans totaling $16.8 million in the AA during the evaluation period. This represents 64.0 percent of the CD loans made by the institution during this timeframe. Refer to the bank-wide AAs CD lending section of this evaluation for more detailed information about the bank's CD lending.

Qualified Investments and Donations

SBSU purchased 12 bonds totaling $429,000 to construct a sewer line in an underserved nonmetropolitan middle-income area during the evaluation period. The bank made 30 qualified donations totaling $33,000 in the Non-MSA AA during the evaluation period. This represents 82.5 percent of the total qualified donations. Refer to the bank-wide AAs CD investment section of this evaluation for more detailed information.

Community Development Services

During the evaluation period, bank employees, officers, and Directors volunteered 548 hours toward 29 CD activities in the Non-MSA AA. The bank has 10 offices in the AA. Three branches are located in moderate-income tracts and two branches are located in underserved nonmetropolitan middle-income tracts. Refer to the bank-wide AAs CD services section for additional information.

ST. GEORGE MSA AA LIMITED-SCOPE EVALUATION

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-MSA AA

SBSU operates four full-service branches in the St. George MSA AA. While only considering loans originated within the bank's two AAs, SBSU originated 29.1 percent of its small business, 24.8 percent of its home mortgage, and 3.2 percent of its small farm loans within the St. George MSA AA.

Economic and Demographic Data

The table below illustrates select demographic characteristics of the Non-MSA AA.

Demographic Information of the Assessment Area
Assessment Area: St. George MSA AA

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	11.4	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	4.8	0.0
Vacant Units by Geography	12,106	0.0	7.3	87.6	5.1	0.0
Businesses by Geography	13,759	0.0	7.0	81.9	11.1	0.0
Farms by Geography	370	0.0	8.9	77.8	13.2	0.0
Family Distribution by Income Level	37,180	17.7	19.6	23.3	39.4	0.0
Household Distribution by Income Level	48,920	20.9	18.0	20.7	40.4	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 Census and 2017 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.

The AA includes all 21 CTs in Washington County. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- No low-income tracts,
- 3 moderate-income tracts,
- 16 middle-income tracts, and
- 2 upper-income tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE ST. GEORGE MSA AA

LENDING TEST

In 2017, SBSU originated 124 home mortgage loans totaling $24.1 million. In 2018, the bank originated 91 home mortgage loans totaling $25.3 million, 181 small business loans totaling $25.5 million, and 6 small farm loans totaling $514,000. Overall, the bank's geographic distribution and borrower profile performance is consistent with the bank-wide AA performance. Also, the bank's performance in the St. George MSA AA is comparable to D&B data, demographics, and aggregate data, and it supports the bank-wide rating. Refer to the following tables.

Geographic Distribution of Small Business Loans
Assessment Area: St. George MSA AA

Tract Income Level	% of Businesses	#	%	$(000s)	%
Low					
2018	0.0	0	0.0	0	0.0
Moderate					
2018	7.0	13	7.2	2,189	8.6
Middle					
2018	81.9	159	87.8	21,992	86.3
Upper					
2018	11.1	9	5.0	1,312	5.1
Not Available					
2018	0.0	0	0.0	0	0.0
Totals					
2018	**100.0**	**181**	**100.0**	**25,493**	**100.0**

Source: 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.

Geographic Distribution of Home Mortgage Loans Assessment Area: St. George MSA AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Moderate						
2017	5.5	4.1	13	10.5	2,361	9.8
2018	5.5	--	5	5.5	2,069	8.2
Middle						
2017	82.1	84.2	98	79.0	19,644	81.5
2018	82.1	--	80	87.9	21,941	86.8
Upper						
2017	12.4	11.7	13	10.5	2,110	8.8
2018	12.4	--	6	6.6	1,274	5.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
2018	0.0	--	0	0.0	0	0.0
Totals						
2017	**100.0**	**100.0**	**124**	**100.0**	**24,115**	**100.0**
2018	**100.0**	--	**91**	**100.0**	**25,283**	**100.0**

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data; 2018 HMDA data not available.
Due to rounding, totals may not equal 100.0 percent.

Geographic Distribution of Small Farm Loans Assessment Area: St. George MSA AA					
Tract Income Level	**% of Farms**	**#**	**%**	**$(000s)**	**%**
Low					
2018	0.0	0	0.0	0	0.0
Moderate					
2018	8.9	0	0.0	0	0
Middle					
2018	77.8	5	83.3	404	78.6
Upper					
2018	13.2	1	16.7	110	21.4
Not Available					
2018	0.0	0	0.0	0	0.0
Totals					
2018	**100.0**	**6**	**100.0**	**514**	**100.0**

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: St. George MSA AA					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2018	87.9	162	89.5	21,317	83.6
>$1,000,000					
2018	3.6	19	10.5	4,176	16.4
Revenue Not Available					
2018	8.5	0	0.0	0	0.0
Totals					
2018	**100.0**	**181**	**100.0**	**25,493**	**100.0**

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: St. George MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	$(000s)	%
Low						
2017	17.7	2.9	4	3.2	524	2.2
2018	17.7	--	3	3.3	279	1.1
Moderate						
2017	19.6	14.3	25	20.2	3,545	14.7
2018	19.6	--	15	16.5	2,737	10.8
Middle						
2017	23.3	22.5	32	25.8	6,140	25.5
2018	23.3	--	27	29.7	5,622	22.2
Upper						
2017	39.3	42.8	52	41.9	12,331	51.1
2018	39.3	--	36	39.6	10,410	41.2
Not Available						
2017	0.0	17.5	11	8.9	1,575	6.5
2018	0.0	--	10	11.0	6,236	24.7
Totals						
2017	**100.0**	**100.0**	**124**	**100.0**	**24,115**	**100.0**
2018	**100.0**	**--**	**91**	**100.0**	**25,283**	**100.0**

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data; 2018 HMDA data not available. Due to rounding, totals may not equal 100.0 percent.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: St. George MSA AA					
Gross Revenue Level	% of Farms	#	%	$(000s)	%
<=$1,000,000					
2018	97.5	6	100.0	514	100.0
>$1,000,000					
2018	1.4	0	0.0	0	0.0
Revenue Not Available					
2018	1.1	0	0.0	0	0.0
Totals					
2018	**100.0**	**6**	**100.0**	**514**	**100.0**

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.

COMMUNITY DEVELOPMENT TEST

SBSU's CD performance in the St. George AA is consistent with the bank's bank-wide AA performance. During the review period the bank originated 4 CD Loans totaling $9.4 million, made $6,900 in qualified donations, and provided 326 in CD service hours. Refer to the CD tables in the bank-wide analysis for additional details.

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (MSA): 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 non-metropolitan middle-income geographies; or
(5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan 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: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase 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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan 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.

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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan 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 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.

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.