

PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Pitney Bowes Bank, Inc.
Certificate Number: 34599

215 South State Street, Suite 320
Salt Lake City, Utah 84111

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 **Outstanding**.

An institution in this group has an outstanding 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.

This evaluation covers the period from the previous CRA evaluation dated February 7, 2022, to the current evaluation dated March 3, 2025. Examiners evaluated the institution's CRA performance using two sets of examination procedures, as the bank received approval for a Strategic Plan during the evaluation period. Examiners used the Interagency Wholesale Institution Examination Procedures to evaluate the bank's performance from February 7, 2022 to March 31, 2023. Examiners then used the Interagency Examination Procedures for Institutions with Strategic Plans (Plan) to evaluate the performance from April 1, 2023 through December 31, 2023 (Plan Year 2023) and Plan Year 2024.

The bank's performance under the Interagency Wholesale Evaluation Procedures period is as follows.

- The institution demonstrates a high level of community development (CD) loans, CD services, and qualified investments, particularly investments that are not routinely provided by private investors.
- The institution rarely use of innovative or complex qualified investments, CD loans, and CD services.
- The institution exhibits excellent responsiveness to credit and CD needs in its AA.

During the period when the bank operated under an FDIC-approved Strategic Plan, the institution's performance is as follows.

- New CD lending and qualified investments exceeded the minimum established goals for outstanding performance for Plan Year 2023 and Plan Year 2024.
- New CD grants and donations exceeded the minimum established goals for outstanding performance for Plan Year 2023 and Plan Year 2024.
- CD qualified services exceeded the minimum established goals for outstanding performance in Plan Year 2024, and exceeded the minimum established goals for satisfactory performance in Plan Year 2023.

DESCRIPTION OF INSTITUTION

The Pitney Bowes Bank, Inc. (PBB) is a \$851.7 million state-chartered industrial bank, headquartered in Salt Lake City, Utah. PBB is a wholly owned subsidiary of Pitney Bowes Global Financial Services, LLC, which is wholly owned by Pitney Bowes, Inc. (PBI). PBI is a non-bank holding company that provides global shipping and mailing technology, logistics, and financial services to businesses of various sizes across the United States and internationally. PBB was rated “Outstanding” at the previous FDIC CRA Performance Evaluation dated February 7, 2022, based on Interagency Wholesale CRA Examination Procedures.

PBB’s single office is located in a middle-income census tract in Salt Lake City, Utah. PBB does not operate a traditional bank lobby, solicit walk-in business, or maintain traditional branches with tellers or ATMs. Furthermore, the bank does not offer traditional retail banking products, and does not offer any lending or deposit products or services to consumers. PBB primarily offers postal financing to PBI customers. The bank also offers specialized savings accounts which are used to pay for postage. All withdrawals are accessed through the PBI postage meter, and can be provided only as postage, no cash is exchanged. Through the bank’s subsidiary Wheeler Financial, the bank offers commercial financing, including equipment leases and loans, working capital lines of credit, and business cash flow loans for businesses across the United States to pay for their operations, mailing, and shipping. There have been no branches opened or closed, and no merger or acquisition activities since the previous evaluation.

As of December 31, 2024, the Consolidated Report of Condition and Income (Call Report) indicates PBB had total assets of \$851.7 million, total loans of \$370.1 million, and total deposits of \$731.8 million. Since the previous evaluation, total assets increased by \$84.6 million (11.0 percent), total loans increased by \$146.7 million (65.7 percent), and total deposits increased by \$73.9 million (11.2 percent). Total securities decreased by \$112.7 million (40.9 percent). The increase in assets and in loans was primarily due to the activities of Wheeler Financial. The loan portfolio distribution is reflected in the following table.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	0	0.0
Secured by Multifamily (5 or more) Residential Properties	1,970	0.5
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	1,970	0.5
Commercial and Industrial Loans	288,582	78.0
Agricultural Production and Other Loans to Farmers	161	0.1
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,407	0.6
Lease Financing Receivable (net of unearned income)	76,939	20.8
Less: Unearned Income	0	0.0
Total Loans	370,059	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect PBB’s ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

PBB designated Salt Lake County as its AA which is located in the Salt Lake City-Murray MSA. The AA remains unchanged since the previous evaluation. The AA meets the technical requirements of the CRA regulation and does not arbitrarily exclude LMI areas or reflect any illegal discrimination.

Economic and Demographic Data

According to 2020 U.S. Census data, the AA consists of 251 census tracts (CTs): 5 low-, 56 moderate-, 115 middle-, 71 upper-income, and 4 CTs where income information was not available. There are no distressed or underserved non-metropolitan middle-income CTs within the AA. The following table reflects select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	251	2.0	22.3	45.8	28.3	1.6
Population by Geography	1,185,238	2.0	22.4	46.4	28.6	0.6
Housing Units by Geography	404,550	1.8	24.2	46.3	27.7	0.1
Owner-Occupied Units by Geography	258,905	0.7	17.9	47.6	33.9	0.0
Occupied Rental Units by Geography	124,419	4.0	36.4	44.6	14.7	0.2
Vacant Units by Geography	21,226	3.4	29.1	39.8	27.7	0.0
Businesses by Geography	212,769	2.1	16.1	44.7	36.0	1.1
Farms by Geography	3,296	1.6	18.2	43.9	36.0	0.3
Family Distribution by Income Level	265,385	17.8	19.1	23.4	39.7	0.0
Household Distribution by Income Level	383,324	21.1	17.3	20.4	41.2	0.0
Median Family Income MSA - 41620 Salt Lake City-Murray, UT MSA		\$90,360	Median Housing Value			\$347,355
			Median Gross Rent			\$1,178
			Families Below Poverty Level			5.6%
<i>Source: 2020 U.S. Census and 2024 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(* The NA category consists of geographies that have not been assigned an income classification</i>						

As shown in the following table, data obtained from the U.S. Bureau of Labor and Statistics indicates that unemployment rates in the AA were typically lower than the State of Utah and below the national average by at least 1.1 percentage points during the review period.

Unemployment Rates			
Area	January 2023	January 2024	January 2025
	%	%	%
Salt Lake County	2.6	3.0	2.9
State of Utah	2.7	2.9	3.2
National Average	3.9	4.1	4.4
<i>Source: Bureau of Labor Statistics</i>			

According to the November 2024 Moody’s Analytics, Salt Lake County’s economy is healthy despite recent slowing. The county’s job growth rate of 0.6 percent created 4,709 new jobs but was below the state’s growth rate of 1.1 percent. The largest employment increases were seen in financial activities, education, state government, and health and social services. Over the past year, the county has seen slower average monthly wage growth compared to the rest of the state. The county experienced job loss in higher paying industries like information jobs but, there were job increases for lower paying industries like leisure and hospitality. The top employers continue to be the University of Utah, Intermountain Health Care Inc., Wal-Mart Stores Inc., Amazon Fulfillment

Services Inc., Delta Airlines, and ARUP Laboratories. The county's economy strengths are strong job markets, robust growth in the life sciences industry, and relatively low crime rate, but faces challenges like higher cost of living, housing shortages, and potential air quality issues.

Over the last decade, well-paying finance and professional service jobs, coupled with low living costs, has attracted newcomers at a robust pace. However, the cost-of-living advantage has deteriorated as house prices have soared enough to make other Utah metro areas more appealing, including Provo, Ogden, and St. George.

Competition

The AA is a highly competitive market that includes several industrial banks, and large national and regional financial institutions. According to the June 30, 2024 FDIC Deposit Market Share Report, 51 institutions operate 204 full-service branches and market financial services, and manages \$943 billion in deposits in the AA. The top large financial institutions operating branches in the area include the following: Morgan Stanley Bank National Association, Ally Bank, American Express National Bank, Goldman Sachs Bank USA, UBS Bank USA, and Synchrony Bank. These six most prominent institutions combinedly have 84.5 percent of the deposit market share, while PBB ranks 24th, with 0.1 percent in the AA.

Community Contact

As part of the evaluation process, examiners contact community organizations in the AA to identify credit and CD needs, as well as economic trends. This information helps determine whether local financial institutions are responsive to these needs, along with available credit and CD opportunities.

Examiners reviewed a community contact completed in October 2024 with a senior manager of a local economic development agency in the AA. The contact noted that Salt Lake City population tends to be younger, better resourced, and more educated than the average population. However, there are also large subsets of minorities who are not college educated and struggle financially. Salt Lake County and the State of Utah are recognized nationally as one of the strongest economies in the country. Yet, cost of living rose dramatically in the past three to four years. Significant in-migration during COVID-19 led to dramatic increases in housing costs, with Utah ranked as the eighth most expensive state. Cost of goods have been average and labor costs are increasing due to housing costs increasing. Primary credit needs for residential lending include counterbalancing high costs of living. Commercial credit opportunities include providing access to capital for businesses to take advantage of positive economic conditions. Additionally, local businesses struggle for access to financing for large commercial real estate projects. Small businesses need funding for staffing and real estate, which has been difficult to access.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic and economic information, examiners determined that the primary credit and CD needs of the AA include affordable housing, small business lending, and community services for LMI individuals.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous CRA evaluation dated February 7, 2022, to the current evaluation dated March 3, 2025. Examiners evaluated PBB's CRA performance using two sets of examination procedures because the bank received approval for a Strategic Plan during the evaluation period. Examiners used the Interagency Wholesale Institution Examination Procedures to evaluate the bank's performance from February 7, 2022 to March 31, 2023. Examiners used the Interagency Examination Procedures for Institutions with Strategic Plans to evaluate the bank's performance from April 1, 2023 through December 31, 2023 (Plan Year 2023), and full Plan Year 2024 to evaluate the Strategic Plan's measurable goals.

Examiners utilized full-scope procedures to analyze the institution's performance in its single AA in Utah. As performance under Interagency Examination Procedures for Institutions with Strategic Plans is more recent, PBB's performance under Wholesale Institution Examination Procedures contributed lessor weight to overall conclusions. The following sections discuss the activities reviewed by examiners for the Wholesale Institution and Strategic Plan evaluation.

Wholesale Activities Reviewed

This evaluation assessed the institution's performance in meeting the CD needs of its AA through CD lending, qualified investments (including grants and donations), and CD services. A wholesale bank is not required to engage in all three types of CD activities to receive a satisfactory or better rating. The Wholesale Procedures include a CD Test that analyzes performance according to the following criteria:

- Number and dollar amount of CD loans, qualified investments, or CD services;
- Use of innovative or complex qualified investments, CD loans, or CD services, and the extent to which investments are not routinely provided by private investors; and
- Responsiveness to community credit and development needs.

Examiners utilized full-scope procedures to analyze the institution's performance in its single AA in Utah.

Strategic Plan Activities Reviewed

This evaluation assesses the institution's performance in meeting the CD needs of its AA through CD lending, qualified investments, grants and donations, and CD services. The following activities were reviewed under Plan Year 2023 for three quarters of 2023 and full Plan Year 2024.

- New CD loans and qualified investments;
- Grants and donations; and

- CD services.

Examiners relied on bank records, publicly available financial information, demographic and economic information, performance context of the institution, and community contact information. Examiners evaluated PBB's CRA performance while considering the following context factors:

- Current economic environment;
- Demographic characteristics of the AA;
- Community development needs and opportunities for lending, investments, and services;
- PBB business strategies including products, services, and markets;
- The financial resources and constraints of PBB; and
- Information obtained through community contact.

CONCLUSIONS ON PERFORMANCE CRITERIA UNDER WHOLESALE PROCEDURES

PBB’s CD performance demonstrates excellent responsiveness to CD needs of its AA through CD loans, qualified investments, and CD services given the institution’s performance context. Although the bank rarely uses innovative or complex CD loans, investments, or services, it has nonetheless been responsive to the credit and CD needs in its AA, considering its competition, capacity, constraints, and the need and availability of such opportunities in the AA.

Community Development Lending

During the evaluation period, the bank renewed one CD loan totaling \$3.5 million, which represents 0.4 percent of total assets and 0.9 percent of total loans as of December 31, 2024. This level of CD lending represents a slight decline in performance since the previous evaluation. The CD loan created affordable housing in the AA, which demonstrates the bank’s responsiveness to this CD need identified by the community contact. The following table reflects the bank's CD loan by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 and Qtr.1 2023	1	3,500	0	0	0	0	0	0	1	3,500
Total	1	3,500	0	0	0	0	0	0	1	3,500
<i>Source: Bank Data</i>										

The following is a description of the bank’s CD loan.

- The bank funded a CD line of credit to a non-profit organization, with a primary purpose of funding the construction and rehabilitation of affordable housing projects to serve LMI communities. All the units financed provided housing for low-income individuals and families. Specifically, the line of credit helped fund 1,253 affordable housing units (373 low-income, 825 very low-income, and 55 extremely low-income) housing units.

Qualified Investments

During the evaluation period, the bank had one prior period qualified investment totaling \$1.6 million and eight donations totaling \$43,000. The dollar amount of the qualified investment and donations represents 0.2 percent of total assets and 1.0 percent of total securities since the previous evaluation. This level of the qualified investment and donations represents a similar performance since the previous evaluation. All of the securities supported affordable housing for LMI families, while the donations primarily supported community services for LMI individuals within the AA. These investments and donations demonstrate the bank’s responsiveness to the CD needs and opportunities in the AA. The following table reflects the bank’s qualified investments, grants and donations by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,600	0	0	0	0	0	0	1	1,600
2022 and Qtr.1 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,600	0	0	0	0	0	0	1	1,600
Qualified Grants & Donations	0	0	8	43	0	0	0	0	8	43
Total	1	1,600	8	43	0	0	0	0	9	1,643

Source: Bank Data

The following is a description of the prior period qualified investment and notable donation activities.

- PBB had an outstanding investment of \$1.6 million in a development and acquisition of affordable housing for moderate-income individuals and families, near job opportunities.
- Donations totaling \$5,000 benefitted a non-profit organization that provides financial education programs to educate LMI individuals about the value of free enterprise, business, and economics to improve the quality of their lives.
- Donations totaling \$10,000 to a non-profit organization to provide financing and management support to entrepreneurs in start-up and existing firms that do not have access to traditional funding sources, particularly those who are socially and economically disadvantaged. This non-profit organization specializes in providing financial services to minority-owned businesses and low-income communities in the AA.

Community Development Services

During the evaluation period, bank employees provided 106 hours of financial expertise or technical assistance to four different community development-related organizations. The organizations support community services targeted to LMI individuals and families within the AA. This figure represent a similar activity since the previous evaluation, which identified six CD services in the AA for all three years of the evaluation period. The following table reflects the bank’s CD services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 and Qtr.1 2023	0	106	0	0	106
Total	0	106	0	0	106

Source: Bank Data; “#” represents hours

The following are notable examples of the bank’s CD service activities.

- Bank employees served as Board members for a non-profit organization dedicated to providing housing where homeless men and women can receive medical respite, hospice care, meals, clothing, and supportive services.
- An employee served on the Board and financial committees for a non-profit organization that promotes childcare, education, health and social services, family counseling, and parent education targeted to LMI persons.

CONCLUSIONS ON PERFORMANCE CRITERIA UNDER STRATEGIC PLAN PROCEDURES

PBB’s CRA performance under the Strategic Plan reflects an outstanding performance in helping to meet the credit needs of the designated AA in a manner consistent with the minimum measurable goals in the Strategic Plan that was in place during the evaluation period. The following information reflects the minimum goals established in the Strategic Plan compared to the bank’s actual performance.

Community Development Lending and Investments

The bank exceeded the minimum established goals for outstanding performance for new CD loans and qualified investments for each Plan year. The measurable goal for new CD activities was based on the total dollar amount as a percentage of the bank's total average assets from line 9 of Schedule RC-K of the bank's Call Reports for the prior Plan year. The following table reflects the bank's performance compared to the minimum established goals for each Plan year.

New Community Development Loans and Investments							
Plan Year	Bank Established Goals				Bank Performance		
	Satisfactory (%)		Outstanding (%)		New Community Development Loans and Investments Total \$(000s)	Average Assets \$(000s)	Actual Performance (%)
Qtr. 2, 3, and 4 2023	0.40	3,113	0.60	4,669	5,236	778,134	0.67
2024	0.40	3,271	0.60	4,906	5,241	817,689	0.64

Source: Bank's Records and Plans

The following are notable examples of the bank’s new CD loans and investments.

- In 2023, the bank funded a line of credit to a non-profit organization, with a primary purpose of funding the construction and rehabilitation of affordable housing projects which increase the access to credit to serve LMI communities. The line of credit helped fund 1,161 affordable housing units (343 low-income, 739 very low-income, and 79 extremely low-income) housing units. All the units financed provided housing for low-income individuals

and families. In 2024, the line of credit helped fund 1,217 affordable housing units, (285 low-income, 787 very low-income, and 145 extremely low-income) housing units.

- The bank purchased five new of mortgage-backed securities for a total of \$1.7 million with underlying collateral in the AA. These securities consist of residential real estate loans made to LMI individuals and families.

Community Development Grants and Donations

PBB exceeded the minimum established goals for outstanding performance for CD grants and donations for each Plan year. The measurable goal for CD grants and donations the bank used was a percentage of assets in its past performance expressed by dollar amount for each Plan year. The following table reflects the bank's performance compared to the minimum established goals for each Plan year.

Community Development Grants and Donations							
Plan Year	Bank Established Goals				Bank Performance		
	Satisfactory (%)	Satisfactory \$(000s)	Outstanding (%)	Outstanding \$(000s)	New Community Development Grants and Donations Total \$(000s)	Average Assets \$(000s)	Actual Performance (%)
Qtr. 2, 3, and 4 2023	0.0044	34	0.0055	42	45	778,134	0.0058
2024	0.0044	36	0.0055	45	50	817,689	0.0061

Source: Bank's Records and Plans

The following are notable examples of the bank’s CD grants and donations.

- PBB donated a total of \$5,000 to a non-profit organization that provide services that focus on financial education, including in-school and after-school programs for students from LMI families.
- Two donations totaling \$10,000 benefitted a non-profit organization dedicated to providing housing to the homeless that are terminally ill. The organization ensures they pass away housed, not homeless or alone on the streets. The organization also enables homeless people who need to undergo life-saving medical treatment such as stabilizing in preparation for surgery and recuperating from serious illnesses.

Community Development Services

The bank met the minimum established goals for satisfactory performance for CD services for Plan Year 2023 and in Plan Year 2024 exceeded the minimum established goals for outstanding performance. The measurable goal for CD services was based on the total number of qualified services to the number of full-time employees (FTE) located in Utah for each Plan year. The following table reflects the bank's performance compared to the minimum established goals for each Plan year.

Community Development Service Hours					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory (hours per FTE)	Outstanding (hours per FTE)	Service Hours	FTEs	Actual Performance (hours per FTE)
Qtr. 2, 3, and 4 2023	4.5	6.0	88	17	5.18
2024	4.5	6.0	146	17	8.59

Source: Bank Data and Plan

The following are notable examples of the bank’s CD service hours.

- PBB’s employee participates on the Board and Executive Committee for a non-profit organization that provide services and support to individuals with intellectual and developmental disabilities to live in and be a part of their community. These services include participating in community activities, residential living services, counseling clients, and supported employment opportunities. Approximately 83.6 percent of the organization’s beneficiaries are LMI.
- The bank’s employee provided 65.5 service hours as a Board member, Executive Committee member, and interviewed Executive Director candidates for a non-profit organization that is dedicated to strengthening families. The organization provides financial education, resources, and support to alleviate stress and diffuse the possibility of domestic violence and abuse. They also offer free emergency care for children, free in-home parenting support, community classes on parenting, and low-cost individual and family counseling. The organization targets LMI individuals and families that live in LMI CTs.
- PBB’s employee provided 21 service hours as a Board member for a non-profit organization. The organization provides after school programming at 14 locations around Salt Lake County. They focus on homework help, financial literacy, language and communication, job and college readiness, and community engagement. All of the participating students are LMI and 85 percent of the students have limited English proficiency.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any discriminatory or other illegal credit practices during the evaluation period.

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.