

# **PUBLIC DISCLOSURE**

February 7, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Pitney Bowes Bank, Inc.  
Certificate Number: 34599

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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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following factors support the overall conclusion and rating:

- The institution has a high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors
- The institution rarely uses innovative or complex qualified investments, community development loans, or community development services.
- The institution exhibits excellent responsiveness to credit and community economic development needs in its assessment area.

## DESCRIPTION OF INSTITUTION

### **Background**

The Pitney Bowes Bank, Inc. (PBB) is a state-chartered industrial bank headquartered in Salt Lake City, Utah. The bank is a wholly-owned subsidiary of Pitney Bowes Global Financial Services, which is a wholly-owned subsidiary of 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 received an "Outstanding" rating at its prior FDIC Performance Evaluation, dated October 7, 2019, based on Interagency Wholesale Institution CRA Examination Procedures.

### **Operations**

PBB continues to operate out of a single location in Salt Lake City, Utah. In June 2020, the bank relocated from a moderate-income census tract to a middle-income census tract. Of note, neither the current nor the previous branch was open to PBI customers or the general public. The bank has not been party to any merger or acquisition activity since the prior evaluation. PBB primarily offers postal financing to PBI customers. The bank's subsidiary, Wheeler Financial, offers equipment financing and leasing. Deposit accounts are specialized savings accounts used only to pay for postage. All demand withdrawals are accessed through the PBI postage meter, and can be provided only as postage, not as cash. The bank does not offer traditional retail banking products, and does not offer any lending or deposit products or services to consumers. PBB offers limited online banking services to its customers.

## **Ability and Capacity**

As of December 31, 2021, assets totaled \$767.1 million, with total loans and leases of \$226.6 million and total securities of \$275.6 million. Total deposits equaled \$657.9 million. Since the previous evaluation, total assets have increased by \$42.2 million (5.8 percent) and total deposits increased by \$63.8 million (10.7 percent). Total securities have decreased significantly, by \$159.3 million, or 36.6 percent. Total loans remain approximately unchanged since the prior evaluation. Further, the loan portfolio distribution remains relatively consistent when compared to the prior evaluation. Of note, the percentage of commercial and industrial loans has decreased slightly and there has been a corresponding increase in the percentage of lease financing, related to the Wheeler Financial activity.

The following table illustrates PBB's loan portfolio distribution.

<b>Loan Portfolio Distribution as of 12/31/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
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	2,057	0.9
Secured by Nonfarm Nonresidential Properties	0	0.0
<b>Total Real Estate Loans</b>	<b>2,057</b>	<b>0.9</b>
Commercial and Industrial Loans	204,131	90.1
Agricultural Production and Other Loans to Farmers	155	0.1
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,619	1.2
Lease Financing Receivable (net of unearned income)	17,625	7.8
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>226,587</b>	<b>100.0</b>
<i>Source: FDIC Call Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. PBB designated one assessment area in Utah, which includes the entirety of Salt Lake County.

## **Economic and Demographic Data**

The assessment area includes all 212 census tracts in Salt Lake County, including Salt Lake City, which is the state capital and most populous city in Utah. According to the U.S. Census 2015

American Community Survey (ACS), the assessment area includes 7 low-, 51 moderate-, 86 middle-, and 65 upper-income census tracts, and 3 tracts with no income designation (NA-income tracts). The following table shows select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	212	3.3	24.1	40.6	30.7	1.4
Population by Geography	1,078,958	3.2	22.8	43.1	30.0	0.9
Housing Units by Geography	372,990	3.1	24.3	42.6	29.2	0.7
Owner-Occupied Units by Geography	233,092	1.5	17.5	44.9	35.6	0.5
Occupied Rental Units by Geography	118,800	6.4	36.9	39.4	16.1	1.2
Vacant Units by Geography	21,098	2.3	28.9	35.3	33.3	0.2
Businesses by Geography	128,724	2.8	20.8	38.9	36.6	0.9
Farms by Geography	1,995	2.6	19.4	40.6	37.0	0.4
Family Distribution by Income Level	247,693	19.9	17.6	22.0	40.5	0.0
Household Distribution by Income Level	351,892	22.3	16.6	20.4	40.6	0.0
Median Family Income MSA – # 41620 Salt Lake City, UT MSA		\$71,849	Median Housing Value			\$247,942
			Median Gross Rent			\$966
			Families Below Poverty Level			9.2%

*Source: 2015 ACS and 2021 Dun & Bradstreet (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.*

Data available from Moody’s Analytics as of November 2021 indicates that the economic outlook in the assessment area is positive, particularly in the technology and finance sectors. Employment was above its pre-pandemic peak. Although the breadth of job creation of the last three months is broad-based, services are leading the way while government is finally making headway. The unemployment rate plunged to a historical low in October despite robust labor force additions. House prices are appreciating due to robust demand and population gains. According to the U.S. Bureau of Labor Statistics, the unemployment rate for Salt Lake County was 1.4 percent as of November 2021. The top five employers in Salt Lake City include the University of Utah, Intermountain Healthcare Inc., Walmart Inc., Zions Bancorp, and Delta Airlines.

### **Competition**

The assessment area is a highly competitive for financial services. Salt Lake County contains several industrial banks and financial institutions. Although opportunities are present for community development loans, qualified investments, and community development services, the number of large financial institutions in the area that compete for community development opportunities limits PBB’s ability to secure these opportunities.

According to the June 30, 2021 FDIC Deposit Market Share report, 44 financial institutions operated 202 offices within the assessment area. Of these institutions, PBB ranked 24<sup>th</sup> with a 0.1 percent market share. The five most prominent institutions with the highest deposit market shares accounted for 73.6 percent of total market share.

### **Community Contact**

As part of the examination process, examiners conducted a community contact interview with a representative from an economic development organization that serves Salt Lake County. The organization focuses on creating prosperity and economic opportunity for county residents. The contact stated that while the local economy is doing very well, housing costs and cost of living have both increased significantly. The contact further indicated that there is a housing shortage, and particularly a shortage of affordable, multi-family housing units. While the contact indicated that local financial institutions were generally responsive to community credit needs, they also indicated that there are opportunities related to financing multi-family affordable housing projects and to providing technical support for small businesses.

### **Credit and Community Development Needs and Opportunities**

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing loans and small business technical assistance represent the assessment area's greatest needs. In particular, a need exists for multi-family rental properties with affordable housing units. Additionally, the area needs additional community services for low- and moderate-income individuals, given the poverty rate of 9.2 percent in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from October 7, 2019 through February 7, 2022. Examiners used the Interagency Wholesale Institution Examination Procedures to evaluate the bank's performance. These procedures include a Community Development Test that analyzes performance according to the following criteria:

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

Examiners used full-scope procedures to analyze the bank's performance in its single assessment area in Utah.

## **Activities Reviewed**

This evaluation assesses the bank's performance in meeting the community development needs of its assessment area through community development lending, qualified investments (including grants and donations), and community development services.

This evaluation considered all of PBB's community development activities conducted within the assessment area and the broader statewide area during the review period. To assess the bank's performance, examiners relied on bank records, publicly available financial information, demographic and economic information, and other information gathered during the evaluation process.

As a wholesale institution, PBB primarily engages in postal financing. The bank is not in the business of regularly extending home mortgage, small business, or small farm loans to retail customers. Therefore, examiners did not review these products.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

Overall, PBB has demonstrated excellent responsiveness to identified credit and community development needs in its assessment area, considering the bank's capacity and the need and availability of opportunities for community development in the assessment area. Although there has been a decrease in total activities, the bank continues to have a high level of community development loans, community development services, and qualified investments. The bank rarely uses innovative or complex qualified investments, community development loans, or community development services.

### **Community Development Loans**

During the evaluation period, PBB originated three community development loans for \$8.5 million. The bank's community development lending represents 1.1 percent of total assets and 3.8 percent of total loans as of December 31, 2021. This level of community development lending represents a slight decline in performance since the prior evaluation, when PBB extended four community development loans for \$11.4 million, representing 1.6 percent of total assets and 5.0 percent of total loans.

The following table summarizes the bank's qualified community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	2	5,000	0	0	0	0	0	0	2	5,000
2021	1	3,500	0	0	0	0	0	0	1	3,500
YTD 2022	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>8,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>8,500</b>
<i>Source: Bank Data</i>										

The bank’s community development loans are listed below:

- In 2020, the bank extended a \$1.5 million line of credit to an affordable housing organization in Salt Lake County. This non-profit organization supports affordable housing for low- and moderate-income residents through initiatives including a community land trust, an affordable housing investment fund, and real estate development projects.
- In 2020 and 2021, the bank extended a \$3.5 million line of credit to a local non-profit organization. The organization works to increase access to credit to serve low- and moderate-income communities, with programs focusing on preserving and creating affordable housing.

**Qualified Investments**

During the review period, the bank made 26 qualified investments and donations totaling approximately \$5.0 million. This total includes \$1.3 million in new investments, \$3.6 million in outstanding prior period investments, and approximately \$79,000 in qualified grants or donations. The bank’s community development investments represent 0.6 percent of total assets and 1.8 percent of total securities as of December 31, 2021. This level of community development investment represents a slight increase in performance since the prior evaluation, when PBB had \$4.7 million in qualified investments and grants, also representing 0.6 percent of total assets.

The following table summarizes the bank’s qualified community development investments and grants 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	9	3,636	0	0	0	0	0	0	9	3,636
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	2	1,265	0	0	0	0	0	0	2	1,265
YTD 2022	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>11</b>	<b>4,901</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>4,901</b>
Qualified Grants & Donations	2	6	12	68	1	5	0	0	15	79
<b>Total</b>	<b>13</b>	<b>4,907</b>	<b>12</b>	<b>68</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>4,980</b>

*Source: Bank Data. Table reflects rounding.*

Notable examples of the bank’s community development investments and grants are listed below:

- In 2021, PBB purchased two bonds totaling a \$1.3 million that supported affordable single family housing for low- and moderate-income individuals in Utah.
- In 2020 and 2021, the bank donated a total of \$20,000 to a non-profit organization in Salt Lake County that provides services to individuals experiencing homelessness, including safe housing and critical healthcare services.
- In 2020 and 2021, PBB donated a total of \$10,000 to a non-profit organization that provides financial literacy programs. The donation was directed to programs for two schools in Salt Lake County that have a majority of students that are eligible for free or reduced price lunch.

### **Community Development Services**

During the review period, PBB provided 217.5 hours of financial expertise or technical assistance to six community development-related organizations. This level of service activity represents a significant decline in performance since the prior evaluation, when PBB provided 621.5 hours of community development services. Of note, the COVID-19 pandemic covers the majority of the evaluation period and impacted the number of opportunities for the bank to safely provide community development services. Further, as a result of the pandemic, many of the bank’s employee now work remotely outside of the assessment area, which further limits opportunities to provide community development services.

The following table summarizes the bank’s qualified community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	2	19	0	0	<b>21</b>
2020	9.5	97.5	0	0	<b>107</b>
2021	12	76.5	0	0	<b>88.5</b>
YTD 2022	0	1	0	0	<b>1</b>
<b>Total</b>	<b>23.5</b>	<b>194</b>	<b>0</b>	<b>0</b>	<b>217.5</b>
<i>Source: Bank Data</i>					

Notable examples of the bank’s community development services are listed below:

- Throughout the evaluation period, the bank’s CRA officer served as a board and committee member for a non-profit organization. This organization provides resources and support to victims of domestic violence, including programs that provide housing for homeless or near homeless single parents and their children.
- During the evaluation period, two bank employees served on the loan committee for a non-profit affordable housing organization located in Salt Lake County.
- In 2019 and 2020, one bank employee served on the board and the finance committee for a Salt Lake City organization that provides childcare and mentoring services. The organization primarily provides services to low- and moderate-income children.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## 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.