PUBLIC DISCLOSURE

March 15, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BMW Bank of North America
Certificate Number: 35141

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Salt Lake City, Utah 84109

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

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San Francisco, California 94105

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

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INSTITUTION RATING

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

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

BMW Bank of North America (BMW Bank) has two approved Federal Deposit Insurance Corporation (FDIC) Community Reinvestment Act (CRA) Strategic Plans (Plans) that were in place during the evaluation period. Plan One covers plan year 2018 and Plan Two covers plan years 2019 and 2020. The bank exceeded the satisfactory thresholds for all but one of the goals established in the approved Plans.

PLANS PERFORMANCE

BMW Bank's CRA performance demonstrates a satisfactory record of helping to meet the credit needs of its AA, as required under the Plans, in a manner consistent with its resources and capabilities. The following supports this rating:

- BMW Bank exceeded the outstanding goals for its new community development (CD) investments in 2019 and 2020. The bank exceeded the satisfactory goal in 2018.

- BMW Bank exceeded the satisfactory goals for its cumulative CD investments in the three plan years evaluated.

- BMW Bank exceeded the satisfactory goals for its CD service hours in 2018 and 2019. The bank did not exceed the satisfactory goal for CD service hours in 2020 due to the COVID-19 pandemic.

DESCRIPTION OF INSTITUTION

BMW Bank is a Utah industrial bank that operates from a single office located in Salt Lake City, Utah, and has been in operation since 1999. BMW Bank is wholly-owned by BMW Financial Services NA, LLC, which is wholly-owned by BMW of North America, LLC (BMW NA). BMW NA is a wholly-owned subsidiary of BMW US Holding Corporation. BMW AG is the ultimate parent company and the highest level of BMW Group, (the consolidated entity), headquartered in Munich, Germany. In addition, there have been no branches opened or closed, and no merger or acquisition activity since the previous CRA Performance Evaluation.

The bank received a "Satisfactory" CRA Rating at the previous FDIC CRA Performance Evaluation, dated November 27, 2017, based on Interagency Strategic Plan Examination Procedures.

The bank's primary lending product is automotive loans offered through automotive dealerships nationwide. The bank offered credit cards in 2018 and early 2019, but sold the credit card portfolio in June 28, 2019. Credit cards are no longer offered by BMW Bank. The bank does not offer any traditional retail deposit products to consumers. The institution offers brokered deposits.

The December 31, 2020 Call Report indicates the bank had total assets of $11.5 billion, loans of $8.7 billion, deposits of $7.6 billion, and securities of $2.3 billion. Due to the COVID-19 pandemic, on April 7, 2020, the bank received its first application for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loan. These loans helped small businesses, impacted by the pandemic, keep their employees employed. The bank originated 32 loans for a total of $32.4 million and prevented 2,272 jobs from being lost. The following table indicates the loan portfolio distribution.

Loan Portfolio Distribution as of 12/31/2020		
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	15,091	0.2
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	**15,091**	**0.2**
Commercial and Industrial Loans	51,980	0.6
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	8,730,376	100.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	92,285	1.1
Total Loans	**8,705,162**	**100.0**
Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0 percent.		

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

DESCRIPTION OF ASSESSMENT AREA

BMW Bank has designated Salt Lake County as its AA, which is located within the Salt Lake City, Utah Metropolitan Statistical Area (MSA) #41620. The AA meets regulatory requirements and does not arbitrarily exclude any LMI areas. The AA remains unchanged since the previous evaluation. Examiners relied on bank records, public financial information, demographic data from the 2015 American Community Survey (ACS) Census, business demographics, and other public sources, as well as information obtained from a community contact.

Economic and Demographic Data

Based on 2015 ACS Census data, the AA consists of 212 census tracts CTs: 7 low-, 51 moderate-, 86 middle-, and 65 upper-income CTs. There are 3 CTs with no income designation. There are no distressed or underserved non-metropolitan middle-income census tracts within the AA. The following table shows select demographic data for BMW Bank's AA.

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	118,981	2.8	21.0	39.2	36.1	0.9
Farms by Geography	1,829	2.3	19.7	41.1	36.5	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 2020 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.						

The following table shows unemployment trends in the AA in comparison with the state and national unemployment levels. The Salt Lake County unemployment rate peaked at 11.2 percent in April 2020 as a result of the global pandemic, referred to as COVID-19. Salt Lake County has recuperated most of those job losses since April 2020.

Unemployment Rates				
Area	**January 2018**	**January 2019**	**January 2020**	**November 2020**
	%	**%**	**%**	**%**
Salt Lake County	3.1	2.8	2.6	4.2
State of Utah	3.3	3.1	2.8	3.5
National Average	4.5	4.4	4.0	6.7
Source: Bureau of Labor Statistics				

According to the November 2020 Moody's Analytics, the Salt Lake City MSA had a strong economy, robust job growth and low unemployment during a majority of the evaluation period.

Although Salt Lake County was significantly impacted by COVID-19, it now experiencing a rapid recovery. Retail, leisure, and hospitality jobs in the AA were impacted the most by COVID-19. The AA is experiencing an appreciation of residential real estate values, the technology industry is expanding in Salt Lake County, and the AA has below-average business costs in comparison to national levels. Major employers include the University of Utah, Intermountain Health Care Inc., and Walmart.

Competition

BMW Bank is a nationwide lender and its AA is highly competitive for deposits and other financial products and services. According to the June 30, 2020 FDIC Deposit Market Share report, 41 FDIC-insured institutions operated 209 branches throughout Salt Lake County, Utah. BMW Bank ranked 12th in deposit market share with 1.1 percent of the AA's $684.6 billion in total deposits. Large financial institutions operating branches in the area include the following: Morgan Stanley Bank National Association; Ally Bank; American Express National Bank; UBS Bank USA; and Synchrony Bank. Together, these 5 institutions have a 73.1 percent deposit market share in the AA. Many of these large financial institutions are operating under Plans, as well as being designated limited purpose and wholesale institutions for CRA purposes. These institutions provide a high level of competition for the extension of CD investments and services within the AA.

Community Contact(s)

As part of the evaluation process examiners reviewed a recent community contact with a third party non-profit organization active in the AA. The community contact represents an independent agency of the federal government that provides services to small businesses. The contact stated that there has been a great deal of opportunity for local financial institutions to participate in the SBA PPP and Economic Injury Disaster Loan programs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing and small business loans to help businesses continue to operate during COVID-19 represents the credit needs for the AA. Furthermore, there is a need for financial counseling and financial education services to LMI individuals, families, and school age children within the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers BMW Bank's CRA performance since the previous evaluation, dated November 27, 2017, through the current evaluation dated March 15, 2021. Examiners relied on bank records, public financial information, demographic and economic data, and information obtained from community contacts. This evaluation was performed remotely due to the implications of the COVID-19 pandemic.

Examiners used the Interagency Strategic Plan Examination Procedures to evaluate BMW Bank's CRA performance. BMW Bank operated under two FDIC approved Plans for this current CRA review period. Plan One was effective from the previous evaluation through December 31, 2018. This CRA Evaluation compares the bank's performance in 2018 to the measurable goals during the January 1, 2018, through December 31, 2018 plan year.

Plan Two was approved and effective from February 1, 2019, through January 31, 2022. The bank's performance from February 1, 2019, through January 31, 2020 is referred to as the 2019 plan year. The bank's performance from February 1, 2020, through January 31, 2021 is referred to as the 2020 plan year. There was a slight lapse of one month where the bank did not make any new CD investments or provide any CD services. Given the one month lapse is short and no CD activities occurred, a CRA analysis was not conducted during this limited timeframe. This lapse was not factored into the overall performance review. More weight was assigned to the 2018 and 2019 performance. The CD service hour opportunities in 2020 were impacted by COVID-19.

<u>Activities Reviewed</u>

To evaluate the performance under the Plans, examiners evaluated BMW Bank from January 1, 2018, through December 31, 2020, based on criteria established within the Plans. The Plans sets forth measurable goals in the following areas:

- New CD qualified investments;
- New and cumulative CD qualified investments; and
- CD service hours.

For purposes of evaluating the Plan's measurable goals, management provided data on qualified investments and CD services during the evaluation period from January 1, 2018, through January 31, 2021.

CONCLUSIONS ON PERFORMANCE CRITERIA

BMW Bank's CRA performance under the Plans reflects a "Satisfactory" performance in helping to meet the credit needs of the designated AA in a manner consistent with the measureable established goals in the two Plans that were in place during the evaluation period. The bank exceeded the satisfactory and met some of the outstanding thresholds for all but one of the goals established in the approved Plans. BMW Bank did not meet the satisfactory CD service hour goal in 2020, because several CD service activities were canceled due to COVID-19. The following information relates to the goals established in the Plans compared to the bank's actual performance from January 1, 2018, to January 31, 2021.

<u>CD Investments</u>

BMW Bank exceeded the new CD investments goals for an outstanding performance in 2019 and 2020. The new investment activity performance is satisfactory in 2018. BMW Bank exceeded the cumulative CD investments goals for a satisfactory performance throughout the evaluation period.

New Community Development Investment goals

The bank established measureable goals for new CD qualified investments. The measureable goal for new CD investments in 2018 is based on dollar amount according to Plan One. The measurable goals in 2019 and 2020 is based on new CD investment activity divided by the average assets for the four quarters from the previous year according to Plan Two. The following table shows BMW Bank's actual performance compared to each measurable goal.

New Community Development Investments					
Plan Year	**Bank Established Goals**		**Bank Performance**		
	Satisfactory	***Outstanding***	**Investments Total**	**Average Assets (000s)**	**Actual Performance**
2018	$31,500,000	$46,500,000	$42,143,000	$10,062,436	$42,143,000
2019	0.35%	0.50%	$58,077,000	$10,690,278	0.54%
2020	0.35%	0.50%	$58,898,000	$10,412,194	0.57%
Source: Bank's Records and Plans					

BMW Bank exceeded the satisfactory goal in 2018 and exceeded the outstanding goals in 2019 and 2020. During the evaluation period, BMW Bank committed $20.0 million in 2018, $25.0 million in 2019, and renewed $25.0 million in 2020 to Rocky Mountain Community Reinvestment Corporation. This organization facilitates the development of affordable housing and community facilities that serve LMI individuals, families, and underserved communities in the AA.

BMW Bank also purchased mortgage backed securities (MBS) targeted to LMI borrowers and geographies in Utah through Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. The bank purchased $12.1 million MBS in 2018, $23.1 million in 2019, and $33.9 million in 2020.

Cumulative Community Development Investment goals

The second measurable goal is the cumulative of all new CD investments plus any prior period CD investments that are still outstanding at year-end for the plan year. Both Plans established goals by using the cumulative total of CD investment divided by average assets. Plan One's annual average assets are calculated by using line 12 of Schedule RC of the bank's four Call Reports during the plan year. Plan Two's annual average assets are calculated using line 9 of Schedule RC-K of the bank's four call reports from the prior year. The following table shows BMW Bank's actual performance compared to each measurable goal.

Cumulative Community Development Investments					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory	*Outstanding*	Investments Total (000s)	Average Assets (000s)	Actual Performance
2018	1.25%	1.75%	$143,071	$10,062,436	1.42%
2019	1.25%	1.75%	$148,961	$10,690,278	1.39%
2020	1.25%	1.75%	$133,035	$10,412,194	1.28%
Source: Bank's Records and Plans					

The prior period investments consist of MBS targeted to LMI borrowers and geographies in the state of Utah.

Community Development Services

BMW Bank established measurable goals for "Satisfactory" and "Outstanding" performance during the review period. The following table shows BMW Bank's actual performance compared to the Plan goals.

Community Development Service Hours			
Plan One and Two Year	Bank Established Goals		Bank Performance: Qualified Service Hours
	Satisfactory	*Outstanding*	
2018	450	700	477
2019	500	700	502
2020	500	700	215
Source: Bank Records and Plans			

BMW Bank exceeded its "Satisfactory" goal for CD service hour goals in 2018 and 2019. Although the bank had an action plan in place to meet their service hour goals in 2020, their performance was significantly impacted by COVID-19 as many CD service activities were canceled. BMW Bank did not meet the satisfactory goal in 2020. The following are notable examples of CD services extended in the AA during the review period.

- Bank employees used their financial expertise to teach elementary-aged students how to earn, save, and budget personal funds through in-person financial exercises provided to the children. The majority of the students participate in the National School Lunch Program for free- or reduced-lunch. BMW employees volunteered at schools in their AA for 104 hours in 2018, 143 hours in 2019, and 165 hours in 2020.

- Bank employees used their financial expertise in teaching financial literacy course for LMI high-risk teens; provided technical assistance on financial matters as part of the Board of Directors; and reviewed loan applications received at the organization. The employees volunteered 76 hours in 2018, 79 hours in 2019, and 23 hours in 2020. This non-profit organization improves neighborhoods by promoting pathways to homeownership for LMI families to include upgrading and maintaining rental properties offered to LMI families. In addition, this organization provides additional services to LMI individuals.

- Bank employees provided LMI students with instruction geared towards preparing students with the financial knowledge they will need for a successful future. The digital platform for the courses included lessons for savings plans, setting financial goals, and budgeting. Bank employees spent 254 hours volunteering for this initiative in 2019.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

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.