PUBLIC DISCLOSURE

April 13, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Transportation Alliance Bank, Inc., d/b/a TAB Bank

Certificate Number: 34781

4185 Harrison Boulevard, Suite 200
Ogden, Utah 84403

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 **Needs to Improve.**

An institution in this group needs to improve its overall 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.

Transportation Alliance Bank, Inc., d/b/a TAB Bank (TAB) operates under a FDIC-approved Community Reinvestment Act (CRA) Strategic Plan (Plan) during the three-year evaluation period. The Plan covers from April 1, 2019, to March 31, 2022. TAB has not received any complaints related to its CRA performance. The following Plan for 2019, 2020, and 2021, supports the overall rating.

- TAB did not meet its minimum established goals for satisfactory performance under assessment (AA) concentration.
- The geographic distribution of small business loans did not meet the minimum established goals for satisfactory performance.
- New community development (CD) loans, qualified investments, and CD grants exceed the established goals for outstanding performance.
- Cumulative CD loans, qualified investments, and CD grants exceed the established goals for outstanding performance.
- CD service hours met the established goals for satisfactory performance.

Discriminatory or Other Illegal Credit Practices

Violations of Section 5 of the Federal Trade Commission Act, Unfair or Deceptive Acts or Practices (UDAP), resulted in the bank's overall rating being downgraded from a "Satisfactory" to a "Needs to Improve."

DESCRIPTION OF INSTITUTION

TAB is an industrial bank headquartered in a single location in Ogden, Utah. TAB is non-member bank; wholly owned subsidiary of TAB Bank Holdings, Inc. TAB has one subsidiary, TAB Insurance Corporation, which operates entirely online. There have been no branches opened or closed, and no merger or acquisition activity since the previous CRA Performance Evaluation (PE). TAB received an "Outstanding" rating at its previous FDIC CRA PE, dated July 8, 2019, based on Interagency Strategic Plan Examination Procedures.

TAB is a nationwide lender, marketing its products and services to the transportation industry. The primary business focus is to provide nationwide niche financing to small- and medium-sized businesses including commercial, account receivable (factoring), commercial equipment, working capital, and truck and trailer purchase loan programs. TAB has expanded its market presence to include other commercial industries and provides similar loan programs. TAB also offers consumer term loans and a consumer credit card product through its strategic partners. TAB does not offer small farm or home mortgage loans. TAB has six strategic partners to offer consumer loans and credit cards; two are new since the previous FDIC CRA PE, FlexLending and Integra.

- EasyPay Finance: EasyPay offers unsecured, closed-end, subprime consumer loans. Loans are originated through a network of merchants, primarily for retail products and services, such as automotive services, furniture, and pets.
- Mission Lane: Mission Lane offers subprime credit card program for borrowers working to rebuild credit.
- Snap Finance: Snap offers point-of-sale (POS), unsecured consumer loans through a network of merchants. Snap offers three types of loans including regular Snap loans, Credit+ loans, and Preferred Merchant loans
- Sunbit: Sunbit offers POS, closed-end loans to consumers through a merchant network, primarily for automotive services, veterinary care, jewelry, and motorsports. Sunbit also offers a credit card, which is new since the previous CRA PE. The credit card is only available to existing or previous Sunbit loan customers.
- FlexLending (new): FlexLending offers POS, closed-end loans to consumers purchasing tires. FlexLending also recently began offering a new direct-to-consumer loan program.
- Integra (new): Integra offers unsecured, closed-end, subprime consumer loans. Loans originated through the Integra relationship are funded directly to the consumer's bank account.

TAB deposit products include checking, high yield savings, money market, certificates of deposit accounts, and treasury management services. In addition, TAB offers an unlimited cash back rewards checking account jointly with a third-party. Alternative bank services include internet banking, bill payments, wire transfer services, direct deposit, and automated clearinghouse services. TAB does not operate a traditional lobby, solicit walk-in business, or maintain traditional branches with tellers

The March 31, 2022, Consolidated Report of Condition and Income (Call Report) indicates TAB had total assets of $1.19 billion, total loans of $978.82 million, total deposits of $956.84 million, and total equity capital of $126.99 million. The following table details the loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	15,785	1.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	103	0.0
Secured by Multifamily (5 or more) Residential Properties	32,428	3.4
Secured by Nonfarm Nonresidential Properties	43,346	4.4
Total Real Estate Loans	91,662	9.4
Commercial and Industrial Loans	756,669	77.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	40,616	4.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	82,357	8.4
Lease Financing Receivable (net of unearned income)	7,524	0.8
Less: Unearned Income	0	0.0
Total Loans	**978,828**	**100.0**
Source: Reports of Condition and Income. Due to rounding totals may not equal 100.0 percent.		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. TAB has defined its AA as the Ogden-Clearfield Metropolitan Statistical Area (MSA) and Salt Lake City MSA. These MSAs are contiguous, have similar economies, and are two of five MSAs which are within the Salt Lake City-Provo-Orem Combined Statistical Area. Ogden-Clearfield MSA includes four counties: Box Elder; Weber; Morgan; and Davis. Salt Lake City MSA includes Salt Lake and Tooele Counties. The AA remains unchanged since the previous evaluation. The AAs meets the technical requirements of the CRA regulation and does not arbitrary exclude low- and moderate-income (LMI) areas or reflect any illegal discrimination.

To establish the performance context, examiners relied on bank records, public financial information, demographic data from the 2015 American Community Survey (ACS) Census, D&B Data, and other public sources, as well as information obtained from a community contact.

Economic and Demographic Data

The AA consists of 340 census tracts (CT): 13 low-, 83 moderate-, 143 middle-, 97 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 details select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	340	3.8	24.4	42.1	28.5	1.2
Population by Geography	1,763,174	2.7	22.1	45.1	29.6	0.6
Housing Units by Geography	603,519	2.9	24.1	44.7	27.8	0.4
Owner-Occupied Units by Geography	395,421	1.3	17.7	47.3	33.5	0.3
Occupied Rental Units by Geography	172,577	6.3	38.0	39.9	15.1	0.8
Vacant Units by Geography	35,521	4.3	28.5	40.3	26.8	0.1
Businesses by Geography	189,632	3.2	19.4	40.7	36.0	0.6
Farms by Geography	3,838	2.6	17.0	46.3	33.9	0.2
Family Distribution by Income Level	416,622	18.9	18.4	22.9	39.8	0.0
Household Distribution by Income Level	567,998	21.7	16.9	21.2	40.2	0.0
Median Family Income MSA - #36260 Ogden-Clearfield, UT MSA		$71,742	Median Housing Value			$229,713
Median Family Income MSA – #41620 Salt Lake City, UT MSA		$71,849	Median Gross Rent			$928
			Families Below Poverty Level			8.5%
Source: 2015 ACS and 2021 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 details unemployment trends in the AA in comparison with the state and national unemployment levels.

Unemployment Rates				
Area	**January 2019**	**January 2020**	**January 2021**	**January 2022**
	%	**%**	**%**	**%**
Ogden-Clearfield MSA	3.8	2.7	3.4	2.3
Salt Lake City MSA	2.8	2.7	3.6	2.4
State of Utah	3.1	2.8	3.6	2.4
National Average	4.4	4.0	6.8	4.4
Source: Bureau of Labor Statistics				

Ogden-Clearfield MSA

According to Moody's Analytics dated January 10, 2022, The Ogden-Clearfield MSA employment recovery has slowed, but will outperform the nation in terms of job and income growth in the next year. The unemployment rate is at an all-time low and continues to be below the national average and the State of Utah's unemployment rate. Ogden-Clearfield's defense industry continues to be a key driver of the economy and provides mid- to high-paying jobs. The strengths include large defense sector, small tourism base, a favorable migration pattern, high median household income, and low business costs. However, housing affordability and worker shortages are impeding job gains in high-wage industries, and further COVID-19 outbreaks are weaken the area's economy.

The top employers in the area continue to be Hill Air Force Base, Department of Treasury, McKay-Dee Hospital, and Weber State University.

Salt Lake City MSA

According to the January 5, 2022 Moody's Analytics, the Salt Lake City MSA economy is strong, with job growth at three percent above the pre-pandemic high, and continues to out-pace the nation in terms of job and income growth. The unemployment rate is the same as the State of Utah at 2.1 percent and is slightly lower that the national average. The strengths are the expansion of high-wage jobs in technology and knowledge-based industries, low business costs, and population increases. Despite the robust labor force, the challenges for Salt Lake City MSA are relatively low housing vacancies, appreciating value of housing, and limited office space for new businesses. The top employers continue to be University of Utah, Intermountain Health Care Inc., Wal-Mart Stores Inc., Zions Bancorporation, and Delta Airlines.

Competition

TAB is a nationwide lender, and the AA is a highly competitive market that includes several industrial banks, and large national and regional financial institutions. According to the June 30, 2021 FDIC Deposit Market Share Report, 49 institutions operate 292 full-service branches and market financial services. Of these institutions, TAB ranks 24th, with 0.1 percent deposit market share. Large financial institutions operating branches in the area include the following: Morgan Stanley Bank National Association; Ally Bank; UBS Bank USA; American Express National Bank; Goldman Sachs Bank USA; and Synchrony Bank. These six most prominent institutions have 81.3 percent of the deposit market share in the AA.

Community Contact(s)

As part of the evaluation process, examiners conducted one third-party community contact with an organization serving the AA to assist in identifying the credit and CD needs. This information helps determine whether the local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

This organization provides programs for the benefit of disadvantage LMI individuals and families, to help empower these individuals and families to be self-sufficient and breaking the cycle of generational poverty through innovative services and case management efforts. The contact stated that the economic condition of the area has generally been strong and better than the national averages. The contact stated there is a need for education and employment programs that help these LMI individuals with educational opportunities to improve their skills and obtain better employment. The contact identified small business loans, especially those to start-up businesses, as the primary credit need in the community. Additionally, the contact indicated the greatest credit need in the area is affordable housing to support LMI individuals and capital to improve to their facilities. Overall, the contacts indicated that financial institutions have been responsive to the credit needs in the past, but have not provided any funding to the organization recently.

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, financial counseling, and education services to LMI individuals, families, and school age children within the AA are the CD needs.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 8, 2019, through the current evaluation dated April 13, 2022. Examiners relied on bank records, public financial information, demographic data from the 2015 ACS Census and economic data sources, D&B data, and information obtained from community contacts. Examiners used the Interagency Strategic Plan Examination Procedures to evaluate TAB's CRA performance. This evaluation was performed remotely due to the implications of the COVID-19 pandemic.

Activities Reviewed

To evaluate TAB's performance under the Plan, examiners evaluated activities from April 1, 2019, through March 31, 2022, based on criteria established within the Plan. The Plan sets forth measurable goals in the following areas:

- AA concentration of small business loans;
- Geographic distribution of small business loans;
- New CD loans, qualified investments, and grants;
- New and cumulative CD loans, qualified investments, and grants; and
- CD service hours.

For purposes of evaluating the Plan's minimum goals for satisfactory and outstanding performance, management provided data on their small business loans, CD loans, CD qualified investments and CD grants, and CD services during the evaluation period. Examiners did not review small farm loans or home mortgages, as TAB does not offer those products.

When determining the overall rating for the CRA PE, greater weight was given to the bank's CD lending, dollar volume of qualified investments and CD grants, and the responsiveness of the bank's investment and grant activity to CD credit needs in the AA. Greater emphasis was placed on these rating factors due to the dollar volume of qualified investments and because the investments and grants directly respond to affordable housing, CD services, revitalizing/stabilizing efforts, and small business needs within the AA. This evaluation compares each year's performance to the established minimum goals for satisfactory and/or outstanding.

TAB operated under its FDIC approved Plan for this current CRA evaluation period. The Plan was effective from the previous evaluation through March 31, 2022. The performance from April 1, 2019, through March 31, 2020, is referred to as Plan year 2019. From April 1, 2020, through March

31, 2021, referred to as Plan year 2020, and last from April 1, 2021, through March 31, 2022, referred to as Plan year 2021.

CONCLUSIONS ON PERFORMANCE CRITERIA

TAB's CRA performance under the Plan reflects a satisfactory performance in helping to meet the credit needs of its designated AA in a manner consistent with the established minimum measurable goals in the Plan during the evaluation period. The following information details the performance under Plan.

Retail Lending

The Plan only has satisfactory goals for their small business loans, as TAB's business strategy is focused on nationwide lending which has limited the percentage of loans originated or purchased inside the AA. The following information relates to the evaluation of TAB's performance of its small business lending goals for small business loans originated or purchased inside the AA, and geographic distribution of small business loans within the AA's LMI CTs.

TAB's primary business focus is to provide nationwide niche financing to small- and medium-sized businesses in the transportation industry. TAB does not offer traditional small business lending and they do not compete for these loans with large banks and credit unions. Additionally, there is a limited number of LMI CTs in the AA, and the competition for small business lending is dominated by large banks and credit unions.

Assessment Area Concentration

Overall, TAB did not meet its minimum established goals for satisfactory performance in AA concentration. However, TAB exceeded its goals by both number and dollar amount for Plan year 2019.

TAB did not meet its minimum established goal by number, but exceeded its goal by dollar amount for Plan year 2020. TAB originated or purchased 221 small business loans inside the AA for Plan year 2020. TAB originated or purchased 18,603 small business loans outside the AA for Plan year 2020.

TAB did not meet its minimum established goals by both number and dollar amount for Plan year 2021. TAB originated or purchased 141 small business loans inside the AA for Plan year 2021. TAB originated or purchased 12,088 small business loans outside the AA for Plan year 2021. Furthermore, TAB originated or purchased $10.4 million in small business loans inside the AA for Plan year 2021. TAB originated or purchased $661.7 million small business loans outside the AA for Plan year 2021.

The minimum measurable goals for AA concentration consist of small business loans for each Plan year inside the AA, presented as a percentage of total loans originated or purchased by number and dollar amount. The following table below details the AA concentration goals and TAB's performance for each Plan year.

Assessment Area Concentration for Small Business Loans				
Plan Year	Bank Established Goals - Satisfactory		Bank Performance	
	(% by #)	(% by $)	(% by #)	(% by $)
2019	1.37	1.83	**1.39**	**1.91**
2020	1.44	1.92	**1.17**	**2.24**
2021	1.51	2.01	**1.15**	**1.55**
Source: Bank Records and Plan				

Geographic Distribution

TAB did not meet its minimum established goals for satisfactory performance in geographic distribution for each Plan year. The minimum measurable goals for geographic distribution consist of originated or purchased small business loans for each Plan year in the AA's LMI CTs by number. The following table below details the geographic distribution goals and TAB's performance for each Plan year.

Geographic Distribution for Small Business Loans		
Plan Year	Bank Established Goals –Satisfactory (#)	Bank Performance (#)
2019	85	76
2020	90	75
2021	95	58
Source: Bank Data and Plan		

Community Development Loans, Investments, and Grants

TAB exceeded its established goals for outstanding performance in new and cumulative CD loans, qualified investments, and CD grants for each Plan year. These goals are calculated as a percentage of the bank's average total assets for any plan year using the bank's total assets reported from line 9 of Schedule RC-K of the bank's quarterly Call Reports for each plan year. The following tables below detail the new and cumulative CD loans, qualified investments, and CD grants goals and TAB's performance for each Plan year.

New Community Development Loans, Investments, and Grants

New Community Development Loans, Investments and Grants					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory (%)	*Outstanding (%)*	Loans and Investments Total (000s)	Average Assets* (000s)	Actual Performance (%)
2019	1.35	1.85	16,357	776,936	**2.11**
2020	1.35	1.85	18,689	958,698	**1.95**
2021	1.35	1.85	25,328	1,256,829	**2.02**
*Source: Bank Data and Plan; * Bank's average assets for Plan year is from line 9 of Schedule RC-K of the Bank's four Call Reports for plan year.*					

Cumulative Community Development Loans, Investments, and Grants

TAB exceeded its established goals for outstanding performance in cumulative CD loans, qualified investments, and CD grants for each Plan year. In addition, TAB continued to have 5 prior period investments with a book value of $7.1 million for Plan year 2019, $7.8 million for Plan year 2020, and $7.4 million for Plan year 2021. These prior period investments benefit affordable housing for LMI individuals in the AA and consist of two CRA investment funds, two collateralized mortgage obligation, and multiple mortgage backed securities.

The amount of cumulative CD loans, qualified investments, and CD grants for each Plan year includes the amount of new CD loans and qualified investments, the amount of prior period investments as of each Plan year, and CD grants made during each Plan year. The following tables below detail the cumulative CD loans, qualified investments, and CD grants goals and TAB's performance for each Plan year.

Cumulative Community Development Loans, Investments, and Grants					
Plan Year	**Bank Established Goals**		**Bank Performance**		
	Satisfactory (%)	***Outstanding (%)***	**Loans and Investments Total (000s)**	**Average Assets* (000s)**	**Actual Performance (%)**
2019	1.95	2.45	23,411	776,936	**3.01**
2020	1.95	2.45	26,292	958,698	**2.74**
2021	1.95	2.45	32,771	1,256,829	**2.61**
*Source: Bank Data and Plan; * Bank's average assets for Plan year is from line 9 of Schedule RC-K of the Bank's four Call Reports for plan year.*					

The following notable examples of new and cumulative CD lending, qualified investment, and CD Grant activities.

- ***Affordable Housing***
  The bank purchased five new Federal Agency Mortgage Backed Securities for a total of $11.3 million, and two new Federal Agency Collateralized Mortgage Obligations for a total of $3.7 million with underlying collateral in the AA. These securities consist of residential real estate loans made to LMI individuals based on FFIEC median family income levels.

  TAB committed funding to a community reinvestment corporation that extends credit to LMI communities by securing capital funding through Utah's banking community. In 2019, 2020, and 2021, the bank committed $15.0 million for each year in the AA.

- ***Revitalize or Stabilize***
  The bank made three donations totaling $30,000 that directly benefits LMI individuals and families living in LMI CTs. The funds were used to provide child abuse and crisis treatment and care. The organization is dedicated to strengthening families through providing financial education, resources, and support to alleviate stress and diffuse the possibility of domestic violence and abuse. They offer free emergency care for children, free in-home parenting support, community classes on parenting and stepfamilies, and low-cost individual and family counseling.

- ***Community Services***
  The bank made three donations totaling $30,000 that directly benefits the needs of homeless men, women, and children of Ogden with needed food, shelter, medical, and dental care. TAB's service hours included fundraising and teaching Financial Literacy and budgeting skills to individuals and families.

<u>Community Development Services goals</u>

TAB met its minimum established goals for satisfactory performance in CD services. TAB met its CD service goal for a satisfactory performance in Plan year 2019. TAB exceeded its CD service goal for outstanding performance in Plan year 2020. TAB did not meet its CD service goal for satisfactory performance in Plan year 2021. Under the Plan, CD service hour goals are expressed in terms of the number of qualified service hours compared to the average number of full-time equivalent (FTE) at the end of each quarter on a four-quarter rolling average basis per Schedule RI – Income Statement line 14.M.5 of the Call Report for each Plan Year.

In March 2020, the Governor of Utah issued a "Stay Safe, Stay Home" directive, which negatively impacted the bank's outreach program opportunities for CD service hours. As the original service goals for Plan years 2020 and 2021 were impacted by COVID-19, the bank filed an amended Plan with the FDIC to reflect fewer hours per FTE. The FDIC approved the amended Plan on October 15, 2020, for purposes of evaluation under the CRA Plan.

The following table details the bank's performance compared to established service hour goals.

Community Development Service Hours					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory (hours per FTE)	Outstanding (hours per FTE)	Service Hours	Average FTEs	Actual Performance (hours per FTE)
2019	5.75	6.25	1,539	254	**6.08**
2020	2.25	2.75	766	278	**2.76**
2021	4.75	5.25	1,321	299	**4.42**
Source: Bank Data and Plan					

The following are notable examples of the bank's CD services during for the evaluation period:

- ***Community Services***
  TAB employees used their financial expertise to teach elementary- and middle-aged students how to earn, save, and budget personal funds to eight Title 1 schools. A majority of the students participate in the National School Lunch Program for free or reduced lunch. TAB employees volunteered 892 hours in 2019, and 484 hours in 2021 during the review period.

- ***Affordable Housing***
  Six bank employees serve on the Board or financial committees for five non-profit organizations that support affordable housing, and community services that benefit LMI

individuals and/or families. These employees provided a total of 1,745 hours during the review period.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The FDIC lowered the CRA rating from "Satisfactory" to "Needs to Improve" due to an illegal credit practice present during the review period for this CRA evaluation. Examiners identified a violation of Section 5 of the Federal Trade Commission Act, Unfair or Deceptive Acts or Practices. The violation was limited to a single strategic partner; however, it impacted a large number of consumers over an extended period of time. When brought to management's attention they began the process of correcting the root cause of the error. Although the institution has policies, procedures, training programs, internal assessment efforts, or other practices in place to prevent discriminatory or other illegal credit practices, this practice has occurred. In addition, management has taken, or committed to take, corrective action including restitution for the purpose of providing redress to the affected consumers.

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.