

PUBLIC DISCLOSURE

January 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Comenity Bank
Certificate Number: 27499

One Righter Parkway
Wilmington, Delaware 19803

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
DESCRIPTION OF ASSESSMENT AREA.....	2
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	8
GLOSSARY	9

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.

- Comenity Bank has a high level of qualified investments and community development services.
- Comenity Bank occasionally uses innovative or complex qualified investments, or community development services.
- Comenity Bank exhibits excellent responsiveness to the credit and community development needs in its assessment area and the broader statewide and regional area (BSRA) that includes the assessment area.

DESCRIPTION OF INSTITUTION

Comenity Bank is a state-chartered bank headquartered in Wilmington, Delaware (DE). The bank operates under Competitive Equality Banking Act (CEBA) exemptions granted through exceptions in the Bank Holding Company Act (BHC Act). Pursuant to Section 2(c)(2)(F) of the BHC Act, Comenity Bank does not meet the definition of a bank for the purposes of the act. CEBA exemptions invoke certain restrictions limiting the institution's participation in most activities common to full-service retail banks. CEBA charter requirements stipulate that the bank accept only savings or time deposits in amounts of \$100,000 or greater. In addition, Comenity Bank may not engage in commercial lending activities other than offering credit cards to small businesses, as stipulated by Title V, Section 628 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Comenity Bank operates in all 50 states and offers credit cards through national and regional retailers, manufacturers and distributors. Since the bank does not operate traditional bank branches or maintain any retail offices, customers may only conduct transactions through the bank's website, telephone, mail, e-mail, or other forms of electronic communication.

As of December 31, 2022, assets totaled \$9.1 billion, including total loans of \$8.1 billion, cash and balances due from depository institutions totaling nearly \$1.4 billion, and total securities of \$103.3 million. The bank does not engage in any lending activity outside of issuing credit cards. Deposits total \$4.6 billion and consist almost entirely of brokered deposits. The bank's parent company, Bread Financial Holdings, Inc. (BFH), headquartered in Columbus, Ohio (OH), restructured since the previous evaluation. As of October 2022, the bank is a wholly owned subsidiary of Bread Financial Payments, Inc. (BFPI), also headquartered in Columbus, OH, which is a subsidiary of BFH. BFH also serves as the parent company of Comenity Capital Bank, a sister institution located in Draper, Utah.

Comenity Bank received an "Outstanding" rating at its previous FDIC Performance Evaluation, dated May 11, 2020, based on Interagency Limited Purpose Institution Examination Procedures.

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

DESCRIPTION OF ASSESSMENT AREA

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate CRA performance. Comenity Bank designates a single assessment area consisting of New Castle County, Delaware (DE), located in the Wilmington, DE-Maryland-New Jersey (NJ) Metropolitan Division (MD) #48864. This MD is located in the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) #37980. The designated assessment area has not changed from the previous CRA evaluation.

Economic and Demographic Data

There are 145 census tracts within the assessment area. The tracts reflect the following income designations according to the 2020 United States (U.S.) Census:

- 11 low-income census tracts,
- 31 moderate-income census tracts,
- 61 middle-income census tracts,
- 37 upper-income census tracts, and
- 5 census tracts with no income designation.

The following table presents select demographic data 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)	145	7.6	21.4	42.1	25.5	3.4
Population by Geography	570,719	5.1	22.3	42.9	28.4	1.3
Housing Units by Geography	224,242	5.6	23.5	42.4	26.7	1.8
Owner-Occupied Units by Geography	142,188	2.3	20.4	43.3	33.3	0.7
Occupied Rental Units by Geography	67,243	11.1	29.1	41.5	14.8	3.5
Vacant Units by Geography	14,811	12.1	26.9	37.8	18.2	5.0
Businesses by Geography	51,252	4.2	23.7	36.0	26.3	9.7
Farms by Geography	1,055	1.6	21.3	43.7	31.5	1.9
Family Distribution by Income Level	133,007	20.6	17.4	21.0	41.0	0.0
Household Distribution by Income Level	209,431	24.6	15.4	18.2	41.9	0.0
Median Family Income - 48864 Wilmington, DE-MD-NJ MD		\$93,347	Median Housing Value			\$266,454
Families Below Poverty Level		6.8%	Median Gross Rent			\$1,187
Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The assessment area contains 224,242 housing units. Of these units, 63.4 percent are owner-occupied, 30.0 percent are occupied rental units, and 6.6 percent are vacant.

Data obtained from the U.S. Bureau of Labor and Statistics as of November 2022 reflected a 4.1 percent DE statewide unemployment rate, while New Castle County exhibited a slightly lower 3.9 percent unemployment rate. The unemployment rate in DE and New Castle County was slightly higher than the national unemployment rate of 3.6 percent for the same period.

Competition

A high level of competition exists in the market for financial services in the assessment area. This level of competition is primarily due to the high concentration of banking entities headquartered in the Wilmington area occurring in part due to the Financial Center Development Act of Delaware, which state government signed into law in 1981. The Act permits out-of-state bank holding companies to establish special purpose banking subsidiaries within the state. Many of these banks operate as limited purpose institutions as defined by the CRA. These institutions provide for a great deal of competition for the extension of community development investments and services in the assessment area.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. Information obtained reflects the responsiveness of local financial institutions to credit and community development needs, and opportunities for participation in related activities.

For this evaluation, examiners contacted a representative of an organization that provides programs geared to low- and moderate-income persons in the city of Wilmington, DE. These programs include the areas of education, employment, youth and families, financial services, and housing. The contact identified affordable rental housing as a significant need. Furthermore, the contact stated that the COVID-19 pandemic resulted in additional hardship to low-income communities. Overall, the contact indicated that local financial institutions have been responsive to the credit and community development needs within Wilmington, as well as within New Castle County, DE.

Credit and Community Development Needs and Opportunities

Considering information from demographic and economic data, the community contact, and bank management, examiners determined that affordable housing programs, programs designed to assist first-time homebuyers with closing costs, and home improvement loans are significant community development needs. Investment securities that support affordable housing is also an identified community development need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated May 11, 2020, through January 30, 2023. Examiners used Interagency Limited Purpose Institution Examination Procedures to evaluate Comenity Bank's CRA performance. These procedures include a Community Development Test.

The Community Development Test considered the bank's performance according to the following criteria:

- Number and dollar amount of qualified community development investments and participation in community development services;
- Use of innovative or complex qualified investments or community development services; and
- Responsiveness to community credit and development needs.

Activities Reviewed

For the Community Development Test, bank management provided data on qualified investments and community development services since the prior CRA evaluation. This evaluation also considered qualified investments and community development services made by bank affiliates. According to the CRA, a bank may include qualified investments and community development services made by an affiliate if another bank does not receive CRA credit for the same activity. Therefore, certain investment and community development service activities were considered on a pro rata basis between Comenity Bank and its sister institution Comenity Capital Bank. Since the average asset size during the evaluation period for the two banks were similar, bank management

elected to divide the affiliates' qualified investments and community development services equally between both banks.

During the evaluation period, Comenity Bank was responsive to the community development needs of its assessment area. Therefore, examiners also considered qualified community development activities that benefited the BSRA and/or nationwide area.

CONCLUSIONS ON PERFORMANCE CRITERIA

Comenity Bank demonstrated excellent responsiveness to the community development needs of its assessment area through qualified investments and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities, particularly in light of the COVID-19 pandemic.

Qualified Investments

The bank has a high level of qualified investments and donations, and exhibits excellent responsiveness to the community economic development needs in the assessment area. In addition, the bank made occasional use of innovative or complex qualified investments and donations.

Comenity Bank and its affiliates have 198 qualified investments totaling nearly \$138.6 million. This volume includes 30 new qualified investments for \$77.3 million, 94 prior period investments still outstanding totaling \$57.3 million, 46 donations totaling \$1.4 million, as well as 28 donations totaling \$2.6 million representing a pro rata share of affiliate donations and grants. Qualified investments equate to 1.4 percent of average total assets and 137.7 percent of average total securities since the prior evaluation. Although Comenity Bank's dollar volume of qualified investments slightly declined since the prior evaluation, the percentages of qualified investments to average total assets and to average total securities exceeded the percentages reported at the prior evaluation. In addition, the new investments made during this evaluation were particularly responsive to the affordable housing needs of the assessment area, which was one of the significant needs of the assessment area. At the prior evaluation, the bank had qualified investments totaling \$149.3 million. This amount equated to 1.1 percent of average total assets and 91.5 percent of average total securities. The following table presents the bank's qualified investment activity by year and purpose.

Qualified Investments										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Prior Period	93	54,767	0	0	1	2,500	0	0	94	57,267
5/12/2020 – 12/31/2020	1	1,000	0	0	3	1,376	0	0	4	2,376
2021	10	27,978	0	0	3	10,373	0	0	13	38,351
2022	11	36,210	0	0	2	374	0	0	13	36,584
Subtotal	115	119,955	0	0	9	14,623	0	0	124	134,578
Bank Donations & Grants	18	495	15	448	13	443	0	0	46	1,386
Affiliate Donations & Grants	3	265	25	2,367	0	0	0	0	28	2,632
Subtotal	21	760	40	2,815	13	443	0	0	74	4,018
Total	136	120,715	40	2,815	22	15,066	0	0	198	138,596
<i>Source: Bank Records</i>										

Below are notable examples of Comenity Bank's qualified investments and donations:

- During the evaluation period, the bank made \$14.7 million in investments in a CRA Qualified Investment Fund. Community Capital Management, who manages the fund, earmarked these investments through nine mortgage-backed securities (MBSs) collateralized by multifamily properties for affordable housing and single-family properties to low- and moderate-income borrowers. Of the nine properties, eight are in New Castle County and one is in Sussex County, DE. These investments support affordable housing in the assessment area and the BSRA.
- In 2021, the bank invested \$10.0 million in a SBIC fund. The fund tailors financing solutions to specific needs of underserved and under supported businesses. Although it is a nationwide fund, the bank earmarks this investment to serve businesses in the assessment area. This investment supports economic development in the assessment area and the BSRA.
- In 2020, the bank purchased a certificate of deposit for \$124,000 from Carver Federal Savings Bank, a Minority Deposit Institution headquartered in Harlem, New York. The bank, whose branches are mostly in low- and moderate-income neighborhoods, provides access to reasonably priced loan capital and no-cost financial literacy training to minority- and women-owned businesses.
- During the evaluation period, the bank invested \$44.5 million in 19 MBSs, consisting of 17 Federal Home Loan Mortgage Corporation (FHLMC) and 2 Federal National Mortgage Association (FNMA) purchases. The MBSs support affordable housing in the assessment area and the BSRA.
- During the evaluation period, the bank donated \$200,000 to a community development corporation (CDC) headquartered in Wilmington, DE. The CDC used the funds to support

small businesses harmed by the COVID-19 pandemic through grants to cover expenses such as rent, mortgage, utility, and supplier payments. This donation enhances economic development in the assessment area.

- During the evaluation period, the bank donated over \$127,000 to a nonprofit organization that specializes in serving low-income persons in the Wilmington, DE area. In particular, the organization used the funds to support its job placement center and training programs that are available to low-income individuals. This donation supports the bank's community development service efforts within the assessment area.

Community Development Services

During the evaluation period, Comenity Bank staff and its affiliates provided 239 hours of community development services to 19 nonprofit organizations. While the volume of community development service hours declined significantly when compared to the prior evaluation, the COVID-19 pandemic severely limited the opportunity for bank staff to conduct in-person services that were previously conducted in the assessment area. For example, the bank often conducted financial literacy activities in local schools where a majority of the students qualified for the national free or reduced-price lunch program. In addition, the decline in the bank's community develop service hours was impacted by the number of bank personnel available to perform community development services. Specifically, the number of associates was reduced from ten or more associates to four or fewer during the evaluation period.

The following table presents the bank's community development services by activity year and purpose.

Community Development Services by Number of Hours					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
5/12/2020 – 12/31/2020	0	0	0	0	0
2021	8	0	0	0	8
2022	6	120	0	0	126
Subtotal	14	120	0	0	134
Activity by Affiliates	0	105	0	0	105
Total	14	225	0	0	239
<i>Source: Bank Data</i>					

Below are notable examples of Comenity Bank's community development services:

- During the review period, a bank officer served as a Board member of a nonprofit organization that promotes community engagement and development in the assessment area. The organization provides support to low- and moderate-income persons in the areas of finance, housing, education, employment, and family services. The bank's participation in this organization promotes community development services in the assessment area.

- During the review period, several bank officers participated as a Board member, committee member, or a financial educator at a statewide youth organization. The organization enables young people to realize their full potential as productive, responsible, and caring citizens, while providing them a safe place to learn, grow, and interact with their peers. Nearly 70 percent and 30 percent of the youth served are from low- and moderate-income families, respectively.
- In 2021 and 2022, a bank officer served as a Board member of a nonprofit organization that serves southern Wilmington and Middletown, DE. The organization promotes community engagement and development by offering programs that educate, enlighten, and empower persons of low- and moderate-income. The bank's participation in this organization enhances community development service in the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The CRA requires the regulatory agency to consider any evidence of discriminatory violations or other illegal credit practices by a bank when assigning its overall CRA rating. In determining the effect of evidence of practices on the bank's assigned rating, the FDIC considers the nature, extent, and strength of evidence of the practices; the policies and procedures in place to prevent the practices; any corrective action the bank has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

The FDIC identified violations of Section 5 of the Federal Trade Commission Act (UDAP) that were related to credit products not evaluated for the purposes of determining the bank's CRA performance. Although bank customers were affected by the practices that caused the violations, these practices occurred during a limited period of time as they were tied to a one-time event. Bank management was able to take corrective action to prevent further consumer harm and did not delay the process of remediating impacted customers. While the bank has policies, procedures, and internal assessments in place to prevent UDAP violations, they were not appropriately applied to the one-time event that led to the violations.

The bank's overall CRA rating was not lowered based on the short duration the violations occurred relative to the full CRA evaluation period and the corrective actions management took to remediate impacted customers.

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.