

PUBLIC DISCLOSURE

August 7, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Sallie Mae Bank
Certificate Number: 58177

175 South West Temple
Salt Lake City, Utah 84101

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

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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

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INSTITUTION RATING

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

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

During the review period, Sallie Mae Bank (SMB) operated under two Federal Deposit Insurance Corporation (FDIC) approved Community Reinvestment Act (CRA) Strategic Plans (Plans). The Plans create a predetermined number of points based on SMB's annual performance under each goal of the Plan year. The maximum number of points SMB may receive is 24. The overall rating is based on the annual point total as shown in the following table:

Composite Rating Based on Points	
Composite Rating	Points Required
Outstanding	20 or more
Satisfactory	11-19
Less than Satisfactory	10 or fewer
<i>Source: Plans One and Two</i>	

PLAN ONE PERFORMANCE

The following summarizes SMB's performance under Plan One, which was effective from the previous evaluation dated August 3, 2020, through June 30, 2022. The Plan goals were evaluated on an annual basis beginning July 1, 2020.

- SMB exceeded its outstanding Plan goals for new and cumulative community development loans and investments in the assessment area (AA) for both Plan years.
- SMB met or exceeded its outstanding Plan goals for new and cumulative community development loans and investments in the regional area (RA) for both Plan years.
- SMB exceeded its outstanding Plan goals for grants and scholarships for both Plan years.
- SMB exceeded its outstanding Plan goal for community development services in 2020-2021 and exceeded its satisfactory Plan goal for community development services in 2021-2022.
- SMB exceeded its outstanding Plan goals for consumer loan originations in the AA for both Plan years.
- SMB did not meet its satisfactory Plan goals for consumer loan originations in low- and moderate-income (LMI) census tracts in either Plan year.
- SMB exceeded its outstanding Plan goals for consumer loan originations to LMI individuals in both Plan years.

PLAN TWO PERFORMANCE

The following summarizes SMB's performance under Plan Two, which is effective July 1, 2022, through December 31, 2026:

- SMB exceeded its outstanding Plan goal for new community development loans and investments in the AA.
- SMB exceeded its outstanding Plan goal for new community development loans and investments in the RA.
- SMB exceeded its outstanding Plan goal for grants and scholarships.
- SMB exceeded its outstanding Plan goal for community development services.
- SMB exceeded its outstanding Plan goal for consumer loan originations in the AA.
- SMB exceeded its satisfactory Plan goal for consumer loan originations in LMI census tracts.

DESCRIPTION OF INSTITUTION

SMB is a Utah-chartered industrial bank headquartered in Salt Lake City, Utah. The bank is a wholly-owned subsidiary of SLM Corporation, the nation's largest originator of private education loans. SLM Corporation also owns the Sallie Mae Foundation, which is a non-lending affiliate of the bank through common ownership. Since the previous evaluation, the bank has not had any merger or acquisition activities. The FDIC assigned SMB a rating of "Outstanding" at the prior FDIC CRA evaluation dated August 3, 2020, based on Interagency Strategic Plan CRA Examination Procedures.

SMB currently offers only private student loans. During the review period, SMB offered credit card loans but discontinued this product in November 2022. SMB markets private student loans nationwide to fund college tuition for two-year, four-year, and graduate schools; and cover room and board expenses. The bank also offers private student loans to fund non-degree secondary education including community college, part-time, technical and trade school programs.

SMB provides select banking products and services including savings and money market accounts and certificates of deposit. The bank does not have a traditional branch network and operates from a single branch location, which is not open to the public. SMB does offer banking services online, by phone, and mail. Since the previous evaluation, the bank has not opened or closed any branches.

As of the June 30, 2023 Consolidated Reports of Condition and Income (Call Report), SMB reported total assets of \$27.7 billion, total deposits of \$20.5 billion, and total securities of \$2.4 billion. Loans represent the bank's primary asset, with total loans equaling \$20.6 billion. The following table illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as of 06/30/2023		
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	60	<0.1
Secured by Multifamily (5 or more) Residential Properties	12,533	0.1
Secured by Nonfarm Nonresidential Properties	0	0.0
Total Real Estate Loans	12,593	0.1
Commercial and Industrial Loans	0	0.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	20,592,450	99.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	8,476	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	20,613,519	100.0
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. SMB has designated one AA in the state of Utah (UT), which includes the following counties and respective Metropolitan Statistical Areas (MSAs): Salt Lake and Tooele Counties within the Salt Lake City, UT MSA (#41620); Davis and Weber Counties within the Ogden-Clearfield, UT MSA (#36260); and Utah County within the Provo-Orem, UT MSA (#39340). These three MSAs are part of the Salt Lake City-Provo-Orem, UT-ID Combined Statistical Area (CSA). The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies.

While there have been no changes to the bank's AA since the prior evaluation, the Census Bureau released the 2020 United States Census (U.S. Census) in April 2020. There were changes in the total number of census tracts (CT) within the AA as well as income tract designations. From the 2015 American Consumer Survey (ACS) to the 2020 U.S. Census, the total number of CTs in the AA increased from 455 to 548. Based on the 2015 ACS, SMB's AA consisted of 23 low-, 96 moderate-, 195 middle-, and 136 upper-income CTs. There were 5 CTs without income designation.

Examiners relied on bank records, public financial information, demographic data from the 2020 U.S. Census, 2022 Dun & Bradstreet (D&B) Data, and information obtained from one community contact.

Economic and Demographic Data

The AA contains 17 low-, 109 moderate-, 266 middle-, and 147 upper-upper income tracts and 9 tracts without income designation. The table below provides select demographic characteristics of the AA using 2020 U.S. Census and 2022 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	548	3.1	19.9	48.5	26.8	1.6
Population by Geography	2,542,237	2.6	18.5	49.9	28.5	0.5
Housing Units by Geography	811,010	2.7	21.4	49.4	26.4	0.1
Owner-Occupied Units by Geography	539,574	0.7	15.4	52.0	31.9	0.0
Occupied Rental Units by Geography	229,105	7.2	34.9	44.7	13.0	0.2
Vacant Units by Geography	42,331	4.6	25.0	42.3	28.0	0.1
Businesses by Geography	349,086	2.3	14.6	48.9	33.7	0.5
Farms by Geography	6,011	1.1	14.5	52.2	32.0	0.1
Family Distribution by Income Level	570,138	17.4	19.3	24.1	39.3	0.0
Household Distribution by Income Level	768,679	20.5	17.6	21.2	40.8	0.0
Median Family Income MSA - 36260 Ogden-Clearfield, UT MSA		\$88,021	Median Housing Value			\$325,405
Median Family Income MSA - 39340 Provo-Orem, UT MSA		\$83,669	Median Gross Rent			\$1,145
Median Family Income MSA - 41620 Salt Lake City, UT MSA		\$90,360	Families Below Poverty Level			5.7%

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.*

According to Moody's Analytics as of September 2023, job growth in the AA has slowed in recent months, although Salt Lake City has added jobs in the manufacturing and leisure/hospitality sectors, which are more than offsetting weaknesses in the finance and information sector. The AA has also experienced the effects of higher interest rates, which have lowered housing demand, negatively affected new-home construction, and resulted in rapidly falling single-family home prices. Wages are also on the decline. The top employers in the AA are Hill Air Force Base, the Department of Treasury, Brigham Young University, Utah Valley University, the University of Utah, and Intermountain Health.

Competition

The AA is highly competitive for financial services, which includes several industrial banks and financial institutions. Opportunities are present for community development loans, qualified investments, and community development services. However, the number of large financial institutions in the area compete for community development opportunities and limits SMB's ability to secure those opportunities.

According to the June 30, 2022 FDIC Deposit Market Share report, 53 financial institutions operated 364 offices within the AA. Of these institutions, SMB ranked 8th with 2.4 percent of total market share. The five most prominent institutions with the highest deposit market shares accounted for 73.1 percent of total market share.

Community Contact

Examiners reviewed a recent community contact interview with a representative from an organization that serves communities across UT, including communities in SMB's AA. The organization provides support and resources to local municipalities. The contact indicated that due to the COVID-19 Pandemic, there are more struggling businesses and individuals in the AA. Prior to COVID-19, the economy's performance drove job and wage growth. However, the economic growth (among other factors) pushed up housing prices significantly and affordable housing remains an ongoing issue. In the near term, small business support is also a credit need.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing loans and small business technical assistance represent the AA's greatest needs and opportunities. In particular, a need exists for multi-family rental properties with affordable housing units. Additionally, there is a need for community services for LMI individuals in the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 3, 2020, through the current evaluation date of August 7, 2023. Examiners relied on bank records, public financial information, demographic and economic data, and information obtained from the community contact. Examiners used Interagency Strategic Plan CRA Examination Procedures.

As stated previously, SMB operated under two FDIC-approved Plans during the evaluation period. Plan One was effective from the previous evaluation through June 30, 2022, with the goals for each year evaluated on an annual basis beginning July 1, 2020. For the purposes of this review, Plan One years are referenced as 2020-2021 and 2021-2022. Plan Two is effective July 1, 2022, through December 31, 2026. Examiners evaluated the goals for July 1, 2022, through December 31, 2022, but did not review 2023 performance since it did not represent a full plan cycle under Plan Two. Plan Two is referenced as third quarter (3Q) and fourth quarter (4Q) 2022. Thus, this evaluation compares the bank's performance in two full years and one partial year to the measurable goals contained in Plans One and Two, respectively.

Activities Reviewed

For the purposes of evaluating the Plans' measurable goals, management provided data on community development loans and services; qualified investments, grants, and donations; and consumer loans during the review period. The following tables present the performance criteria that examiners considered for each Plan and the points possible under each criterion. SMB does not receive any points for less than satisfactory performance under any criterion.

Plan One Performance Methodology		
Strategic Plan Goals	Annual Points for Goal Performance	
	<i>Outstanding</i>	<i>Satisfactory</i>
AA Community Development Loans and Investments		
Cumulative Total	4.5	3
New Activity	3	2
RA Community Development Loans and Investments		
Cumulative Total	3	2
New Activity	3	2
Grants and Scholarships	3	2
Community Development Services	3	2
Consumer Lending		
AA Concentration	1.5	1
Geographic Distribution	1.5	1
Borrower Profile	1.5	1
<i>Source: Plan One</i>		

Plan Two Performance Methodology		
Strategic Plan Goals	Annual Points for Goal Performance	
	<i>Outstanding</i>	<i>Satisfactory</i>
AA Community Development Loans and Investments, New Activity	7.5	5
RA Community Development Loans and Investments, New Activity	6	4
Grants and Scholarships	3	2
Community Development Services	3	2
Consumer Lending		
AA Concentration	2.25	1.5
Geographic Distribution	2.25	1.5
<i>Source: Plan Two</i>		

Examiners relied upon records provided by SMB and evaluated the bank's performance with consideration of the following factors:

- o Current economic environment
- o Demographic characteristics of the AA
- o Community development needs and opportunities for lending, investments, and services
- o SMB's products, services, markets, and business strategy
- o SMB's financial resources and constraints

CONCLUSIONS ON PERFORMANCE CRITERIA

SMB's CRA performance under the Plans reflects "Outstanding" performance in helping to meet the credit needs of its AA and RA in a manner consistent with the Plans' measurable goals during the evaluation period. The following details SMB's performance under the Plans for the AA and RA.

Community Development Lending and Investments

AA Community Development Loans and Investments

SMB exceeded the outstanding Plan One goals in the 2020-2021 and 2021-2022 years for cumulative community development loans (CDLs) and community development investments (CDIs) in the AA. This criterion was not included in Plan Two; therefore, examiners did not consider cumulative CDLs and CDIs for Q3 and Q4 2022. The following table shows SMB's actual performance compared to the established Plan goals.

AA Cumulative Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	Total Loans and Investments (\$000)	*Average Assets (\$000)	Actual Performance (%)
2020-2021	0.90	1.13	421,900	31,397,496	1.34
2021-2022	0.90	1.13	454,292	30,461,007	1.49
<i>Source: Call Reports, Bank Data, Plan One. *Average of Line 9 of Schedule RC-K for the four quarters of the prior Plan year.</i>					

SMB also exceeded the outstanding Plan goal in each Plan Year for new CDLs and CDIs in the AA. The following table shows SMB's actual performance compared to the established Plan goals.

AA New Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	New Loans and Investments (\$000)	*Average Assets (\$000)	Actual Performance (%)
2020-2021	0.31	0.38	235,759	31,397,496	0.75
2021-2022	0.31	0.38	160,723	30,461,007	0.53
Q3 and Q4 2022	0.11	0.14	50,000	28,919,244	0.17
<i>Source: Call Reports, Bank Data, Plans One and Two. *Average of Line 9 of Schedule RC-K for the four quarters of the prior Plan year.</i>					

The following highlights SMB's activities under each Plan:

- In 2020-2021, the bank purchased \$190.8 million and held \$186.1 million in outstanding mortgage backed securities (MBS) that provided affordable housing to LMI families and individuals within the bank's AA. SMB also renewed a \$45.0 million line of credit to an affordable housing organization operating in the AA.
- In 2021-2022, the bank purchased \$115.7 million and held \$293.6 million in outstanding MBS that provided affordable housing to LMI families and individuals within the bank's AA. SMB also renewed a \$45.0 million line of credit to an affordable housing organization operating in the AA.
- In Q3 and Q4 2022, the bank increased and renewed a \$50.0 million line of credit to an affordable housing organization operating in the AA.

RA Community Development Loans and Investments

SMB exceeded the outstanding Plan One goals in the 2020-2021 and 2021-2022 years for cumulative CDLs and CDIs in the AA and broader RA. This criterion was not included in Plan Two; therefore, examiners did not consider cumulative CDLs and CDIs for Q3 and Q4 2022. The following table shows SMB's actual performance compared to the established Plan goals.

RA Cumulative Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	Total Loans and Investments (\$000)	*Average Assets (\$000)	Actual Performance (%)
2020-2021	1.25	1.56	511,194	31,397,496	1.63
2021-2022	1.25	1.56	528,168	30,461,007	1.73

*Source: Call Reports, Bank Data, Plan One. *Average of Line 9 of Schedule RC-K for the four quarters of the prior Plan year.*

SMB met or exceeded the outstanding Plan goal in each Plan Year for new CDLs and CDIs in the AA and broader RA. The following table shows SMB's actual performance compared to the established Plan goals.

RA New Community Development Loans and Investments					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	New Loans and Investments (\$000)	*Average Assets (\$000)	Actual Performance (%)
2020-2021	0.43	0.53	265,758	31,397,496	0.85
2021-2022	0.43	0.53	160,723	30,461,007	0.53
Q3 and Q4 2022	0.15	0.19	70,000	28,919,244	0.24

*Source: Call Reports, Bank Data, Plans One and Two. *Average of Line 9 of Schedule RC-K for the four quarters of the prior Plan year.*

The following highlights SMB's activities under each Plan:

- In 2020-2021, the bank had \$8.4 million in outstanding MBS that provided affordable housing to LMI families and individuals within the bank's RA. SMB purchased \$20.0 million and held \$50.9 in outstanding low-income housing tax credits (LIHTC) that support affordable housing for LMI families and individuals in the RA. In addition, SMB invested \$10.0 million in a fund that supports economic development by providing funding to small businesses and creating jobs for LMI individuals.
- In 2021-2022, the bank held \$4.9 million in MBS and \$64.1 million in LIHTCs, which provide housing to LMI families and individuals in the bank's RA. The bank also held \$4.8 million in an economic development fund that supports small businesses, and creates and retains jobs for LMI individuals.
- In Q3 and Q4 2022, the bank purchased \$20.0 million in LIHTCs that support affordable housing for LMI families and individuals in the RA.

Grants and Scholarships

SMB exceeded the outstanding goal in all Plan years. The following table shows SMB's actual performance compared to the established Plan goals.

Community Development Grants and Scholarships			
Plan Year	Bank Established Goal		Bank Performance (\$)
	<i>Satisfactory (\$)</i>	<i>Outstanding (\$)</i>	
2020-2021	275,000	330,000	349,834
2021-2022	300,000	360,000	365,500
Q3 and Q4 2022	41,000	51,000	56,000

Source: Bank Data, Plans One and Two.

The following highlights SMB's activities under each Plan:

- In 2020-2021, the bank provided \$238,224 in scholarships to LMI students in the AA and \$111,500 in grants to community development organization providing community service, affordable housing, and economic development activities in the AA.
- In 2021-2022, the bank provided \$210,000 in scholarships to LMI students in the AA and \$155,500 in grants to community development organization providing community service, affordable housing, and economic development activities in the AA.
- In Q3 and Q4 2022, the bank provided \$56,000 in scholarships to LMI students in the AA.

Community Development Services

SMB established Plan goals based on the full-time equivalent of Utah-based employees at the beginning of each Plan year. The following table shows SMB's actual performance compared to the established Plan goals.

Community Development Services					
Plan Year	Bank Established Goals		Bank Performance		
	<i>Satisfactory</i>	<i>Outstanding</i>	Total Service Hours	*FTE	Actual Performance
2020-2021	2	2.5	148	47	3.1
2021-2022	10	12	499	46	10.8
Q3 and Q4 2022	1.2	1.6	119	59	2.0

*Source: Bank Data, Plans One and Two. *Full-time equivalent Utah-based employees on July 1 of the current Plan year.*

SMB exceeded the satisfactory goal in Plans One and Two; as well as, exceeded the outstanding goal for both Plan years. Employees participated in a number of activities in order to reach the Plan goals. Community development services included financial literacy events directed at LMI individuals and board and committee memberships for community development organizations operating in the AA.

Consumer Lending***Assessment Area Concentration***

SMB's consumer lending in the AA exceeded the outstanding Plan goals for Plans One and Two. The following table shows SMB's actual performance compared to the respective Plan goals for new consumer loan originations by dollar volume in the AA.

Assessment Area Concentration of Consumer Loans			
Plan Year	Bank Established Goal		Bank Performance (%)
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	
2020-2021	0.25	0.30	0.52
2021-2022	0.25	0.30	0.68
Q3 and Q4 2022	0.34	0.43	0.79
<i>Source: Bank Data, Plans One and Two.</i>			

The following highlights SMB's activities under each Plan:

- In 2020-2021, consumer loan originations totaled \$26.5 million in the AA and \$5.1 billion nationwide.
- In 2021-2022, consumer loan originations totaled \$38.0 million in the AA and \$5.6 billion nationwide.
- In Q3 and Q4 2022, consumer loan originations totaled \$25.0 million in the AA and \$3.2 billion nationwide.

Geographic Distribution

SMB's consumer lending in LMI tracts did not meet its established Plan One goals in either year. However, in Q3 and Q4 2022, the bank's consumer lending in LMI tracts exceeded its satisfactory Plan goal. The following table shows SMB's actual performance compared to the Plan goals for the distribution of consumer loan originations by number in the AA.

Geographic Distribution of Consumer Loans			
Plan Year	Bank Established Goal		Bank Performance (%)
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	
2020-2021	21.0	25.0	20.1
2021-2022	21.0	25.0	19.8
Q3 and Q4 2022	17.0	21.0	18.9
<i>Source: Bank Data, Plans One and Two.</i>			

The following highlights SMB's activities under each Plan:

- In 2020-2021, consumer loan originations in LMI tracts equaled 357 loans out of 1,778 total

loans in the AA.

- In 2021-2022, consumer loan originations in LMI tracts equaled 454 loans out of 2,290 total loans in the AA.
- In Q3 and Q4 2022, consumer loan originations in LMI tracts equaled 278 loans out of 1,473 total loans in the AA.

Borrower Profile

SMB's distribution of consumer lending among individuals of different income levels exceeded its established Plan One goals for both years. This criterion was not included in Plan Two; therefore, examiners did not analyze or present the penetration of consumer loans among individuals of different income levels for Q3 and Q4 2022. The following table shows SMB's actual performance compared to the Plan One goals for the distribution of consumer loan originations by number in the AA.

Distribution of Consumer Loans by Borrower Income Level			
Plan Year	Bank Established Goal		Bank Performance (%)
	<i>Satisfactory (%)</i>	<i>Outstanding (%)</i>	
2020-2021	38.0	46.0	47.8
2021-2022	38.0	46.0	51.9
Source: Bank Data, Plan One.			

The following highlights SMB's activities under Plan One:

- In 2020-2021, consumer loan originations to LMI borrowers equaled 850 loans out of 1,778 total loans in the AA.
- In 2021-2022, consumer loan originations to LMI borrowers equaled 1,188 loans out of 2,290 total loans in the AA.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.