

PUBLIC DISCLOSURE

November 27, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Hapoalim B.M. – New York Branch
Certificate Number: 33686

1120 Avenue of the Americas
New York, New York 10036

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.

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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.

Bank of Hapoalim B.M.'s (Bank Hapoalim) outstanding performance under the Community Development Test supports the overall rating. The following points summarize the bank's performance.

Community Development Test

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

DESCRIPTION OF INSTITUTION

Background

Bank Hapoalim is an insured foreign branch of Bank Hapoalim, B.M., which is a foreign banking organization headquartered in Tel Aviv, Israel. Bank Hapoalim has one affiliate, Hapoalim Securities USA, which offers investment products to business customers.

The bank received a “Satisfactory” rating at its previous FDIC Performance Evaluation dated October 12, 2021, based on Interagency Wholesale and Limited Purpose Institution CRA Examination Procedures.

Operations

Bank Hapoalim operates one full-service branch in New York, New York. The bank also operates four non-deposit offices located in Los Angeles, California; Woodcliff Lake, New Jersey; Miami, Florida; and Aventura, Florida. The institution has not opened or closed any insured branches since the previous evaluation and was not involved in any merger or acquisition activity.

The bank primarily provides wholesale banking and financial services to the commercial middle-market business segment. The institution’s credit products include corporate lines of credit, term loans, and letters of credit. The bank offers limited commercial deposit products, including checking and savings accounts and certificates of deposit. The institution also offers online banking, which enables users to administer accounts, review account information, download statements, make bill payments, and transfer funds between accounts. As a wholesale institution, the bank generally does not offer any loan products to retail customers; however, it will do so as an accommodation to existing business customers.

Ability and Capacity

As of September 30, 2024, Bank Hapoalim reported total assets of \$9.5 billion, including total loans of \$7.2 billion and total securities of \$979.8 million. Since the prior evaluation, total assets increased 6.7 percent, total loans increased 63.6 percent, and total securities increased 19.8 percent. The increase in loans and securities was primarily due to a decrease in cash and balances due from depository institutions. Total deposits increased by \$3.3 billion primarily due to a decline in the net deposits due from depository institutions.

The following is the bank's loan portfolio distribution as of September 30, 2024.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,458,912	20.3
Secured by 1-4 Family Residential Properties	32,237	0.5
Secured by Multifamily (5 or more) Residential Properties	787,154	11.0
Secured by Nonfarm Nonresidential Properties	1,779,219	24.8
Total Real Estate Loans	4,057,522	56.6
Commercial and Industrial Loans	3,078,810	42.9
Other Loans	38,716	0.5
Total Loans	7,175,048	100.0
<i>Source: Reports of Condition and Income 09/30/2024</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas in which its CRA performance will be evaluated. The bank designated one assessment area (AA) in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD) #35614, which is part of the larger New York-Newark-Jersey City, NY-NJ Metropolitan Statistical Area (MSA) #35620. The assessment area is comprised of Bronx, Kings, New York, and Queens counties in New York State.

Bank Hapoalim's AA changed during the evaluation period due to the nationally revised metropolitan area delineations published by the United States Office of Management and Budget (OMB), effective February 2023. The OMB published revised demographic data based on the 2020 U.S. Census, which resulted in an increase of 144 census tracts in the AA, as well as some changes to existing geographic income classifications. As a result, the revised delineation reflects an increase of 90 middle-, 76 upper-, and 79 NA-income tracts; and a decrease of 61 low- and 40 moderate-income tracts.

Economic and Demographic Data

According to the 2020 U.S. Census Data, the assessment area has 2,201 census tracts with the following income designations:

- 282 low-income census tracts,
- 557 moderate-income census tracts,
- 685 middle-income census tracts,
- 535 upper-income census tracts,
- 142 census tracts with no income designations (NA tracts).

There are no distressed or underserved middle-income geographies within this AA.

The following table illustrates select demographic characteristics of the assessment area using 2020 U.S. Census and 2023 D&B Data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,201	12.8	25.3	31.1	24.3	6.5
Population by Geography	8,308,443	16.3	28.1	28.9	25.4	1.3
Housing Units by Geography	3,338,712	15.2	25.2	27.3	31.0	1.3
Owner-Occupied Units by Geography	933,287	4.0	18.5	36.9	39.8	0.8
Occupied Rental Units by Geography	2,091,244	21.1	28.9	23.7	24.8	1.5
Vacant Units by Geography	314,181	9.1	20.2	23.1	46.0	1.6
Businesses by Geography	1,360,086	10.2	20.8	22.9	41.1	5.0
Farms by Geography	5,233	7.3	17.4	22.8	47.9	4.5
Family Distribution by Income Level	1,779,604	30.6	16.1	16.2	37.1	0.0
Household Distribution by Income Level	3,024,531	31.5	14.2	14.7	39.6	0.0
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483	Median Housing Value Median Gross Rent Families Below Poverty Level			\$684,398 \$1,597 14.3%
Source: 2020 U.S. Census and 2023 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 2023 D&B data, there were 1.4 million non-farm businesses operating in the AA. The gross annual revenues (GARs) for these businesses are as follows:

- 93.8 percent have GARs of \$1 million or less;
- 2.5 percent have GARs more than \$1 million; and
- 3.7 percent have unknown revenues.

Non-classifiable establishments represented the greatest percentage of businesses in the AA at 35.3 percent, followed by service industries at 31.1 percent and retail trade at 10.7 percent. The majority of businesses in the AA are small businesses, with 96.2 percent of the businesses operating out of a single location and 54.5 percent of the businesses having four or fewer employees. The top employers in the AA include Montefiore Health System, Mount Sinai Health System, JPMorgan Chase, Bank of America, and New York-Presbyterian Healthcare System.

According to Moody's Analytics, financial market volatility remains a major economic vulnerability. The Federal Reserve raised interest rates eleven times since the prior evaluation, making borrowing more expensive for businesses and individuals, which adversely affected loan demand in general. Higher interest rates have halted consumer loan growth, but have had little effect on the traditionally high housing prices in the area. Higher interest rates have also held back volume, resulting in industry wide layoffs and reduced bonuses. Remote work has impacted the commercial real estate market, with office usage less than half of pre-pandemic levels.

Unemployment in the AA is consistent with national levels. According to data published by the United States Bureau of Labor Statistics, as of October 31, 2024, the unemployment rate in the New York-Newark-Jersey City, NY-NJ-PA MSA was 4.4 percent, which is equal to the overall New York State unemployment rate of 4.4 percent (as of November 30, 2024), and slightly higher than the national rate of 4.2 percent (as of November 30, 2024).

The table below shows the Federal Financial Institutions Examination Council's (FFIEC) median family income ranges for the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
New York-Jersey City-White Plains, NY-NJ MD 35614				
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
2023 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<i>Source: FFIEC</i>				

Competition

The bank operates in a highly competitive market for financial services. According to the June 30, 2024 FDIC Deposit Market Share Report, there were 106 financial institutions operating 1,342 branches within the AA. Bank Hapoalim ranked 21st with a 0.38 percent market share. The deposit market in the Multistate AA is dominated by large national banks, including JPMorgan Chase Bank, N.A., Goldman Sachs Bank USA, and The Bank of New York Mellon, which have a combined market share of 66.4 percent. These institutions are multi-billion-dollar depository institutions serving much larger multi-regional or multi-state areas in addition to the bank's AA.

Community Contact

To identify the area's community development needs, examiners reviewed a recent community contact with a representative from an economic development organization active in Queens County, New York. The contact indicated that there is a continued need for small business loans, particularly small dollar loans for local businesses. The contact stated that many individual business owners do not have the expertise or credit history to qualify for bank loans, and thereby face difficulties obtaining traditional financing. The contact also noted a need for credit counseling and education, particularly for sole proprietorships that are unfamiliar with available credit products and the credit application process.

Credit Needs

Based on information from the community contact, bank management, and the demographic and economic data, ongoing credit needs in the assessment area include small business lending and affordable housing. The community contact also indicated that there is demand for credit and financial education programs for small business owners.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from October 12, 2021, through November 27, 2024. Examiners used the Interagency Wholesale Institution CRA Examination Procedures to evaluate the bank's performance. These procedures include a Community Development Test that analyzes performance according to the following criteria:

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

Examiners utilized full-scope procedures to analyze the institution's performance in its single assessment area in New York.

Activities Reviewed

This evaluation assessed the institution's performance in meeting the community development needs of its assessment area through community development lending, qualified investments (including grants and donations), and community development services. A wholesale bank is not required to engage in all three types of community development activities to receive a "Satisfactory" or better rating.

This examination considered all of the bank's community development activities conducted within its assessment area and the broader regional and statewide area that includes the bank's assessment area. To assess Bank Hapoalim's performance, examiners relied on bank records, publicly available financial information, demographic and economic information, and other information gathered during the evaluation process.

As a wholesale institution, the bank generally does not extend any loans to retail customers, although it may do so as an accommodation to business customers. Since the bank operates as a wholesale bank primarily focused on commercial lending, examiners did not review or analyze home mortgage, small business, or small farm loan products. The bank's commercial loans were considered under the community development lending criterion, as applicable. This evaluation does not consider any affiliate activities.

CONCLUSIONS ON PERFORMANCE CRITERIA

Investment, Loan, and Service Activity

Bank Hapoalim has a high level of community development loans, qualified investments, and community development services. Examiners reached this conclusion primarily based on the bank's community development lending and investment performance. Examiners reviewed the institution's community development activities and determined they were responsive to the community development needs of the assessment area.

Bank Hapoalim's level of community development lending, investments, and services increased significantly since the prior evaluation. Further, the bank's performance compared favorably to similarly situated wholesale banks operating inside the bank's assessment area. Additionally, the bank originated a high volume of community development loans in the nationwide area.

Community Development Loans

The bank originated 28 community development loans totaling \$249 million during the evaluation period. These community development loans focused on revitalizing and stabilizing primarily low- and moderate-income areas and supporting affordable housing.

This level of community development lending activity represents 2.6 percent of total assets (\$9.5 billion) and 3.5 percent of total loans (\$7.2 billion), as of September 30, 2024. Of the total community development loans, the bank originated 18 loans totaling \$92.1 million within the AA and 10 loans totaling \$156.9 million outside the AA. In terms of dollar distribution, 37.0 percent of the bank's total community development lending was in the AA, and 63.0 percent benefitted the nationwide area.

The bank's total number of community development loans increased by 19 loans and \$169.8 million, or 214.0 percent, compared to the prior evaluation. Although the majority of the bank's community development lending by dollar amount was outside its assessment area, examiners considered these loans because the bank was responsive to the community development needs within its assessment area.

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

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	1	18,500	1	18,500
2022	2	14,450	4	40,664	1	4,000	2	27,500	9	86,614
2023	9	29,220	2	5,700	1	4,000	2	27,500	14	66,420
2024 (Year to date)	1	29,988	0	0	0	0	3	47,500	4	77,488
Total	12	73,658	6	46,364	2	8,000	8	121,000	28	249,022
Source: Bank Data Due to rounding, totals may not equal 100.0%.										

The following are notable examples of the bank's community development loans within its AA:

- In 2022, 2023, and 2024, the bank originated and subsequently renewed a \$9 million working capital loan to a food manufacturing facility located in a moderate-income census tract in Bronx, New York. The proceeds helped to revitalize and stabilize the area by maintaining existing operations of the facility and retaining jobs in the area.
- In 2023, the bank refinanced an existing \$4.7 million mortgage loan on a rehabilitation and nursing facility in Queens, New York. Over 50.0 percent of the facility's revenues are derived from Medicaid, indicating that the patients are primarily low- and moderate-income individuals.
- In 2022, the bank made a \$7.5 million working capital loan to a non-profit community service organization. The organization provides temporary housing and other social services for low-income and homeless individuals in New York City.
- During the evaluation period, the bank originated 12 loans secured by multifamily properties totaling \$73.7 million within the AA, as well as the broader statewide or regional area. These loans support affordable housing, as the housing developments have units specifically designated for low- or moderate-income families.

Qualified Investments

The bank's qualified investments, donations, and grants totaled \$38.2 million during the evaluation period. This represents 0.40 percent of total assets (\$9.5 billion) and 3.9 percent of total securities (\$979.8 million), as of September 30, 2024. The bank's total dollar volume of investments and grants increased by 11.0 percent compared to the previous evaluation. The qualified investments, donations, and grants supported community service, economic development, and affordable housing needs within its AA.

The table below details the bank's qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	5,259	0	0	1	5,585	0	0	3	10,844
2021 (Partial)	0	0	6	12,370	0	0	0	0	6	12,370
2022	0	0	6	6,701	0	0	0	0	6	6,701
2023	0	0	6	6,756	2	883	0	0	8	7,639
2024 (Year to date)	0	0	0	0	1	195	0	0	1	195
Subtotal	2	5,259	18	25,827	4	6,663	0	0	24	37,749
Qualified Grants & Donations	4	18	71	394	4	17	0	0	79	429
Total	6	5,277	89	26,221	8	6,680	0	0	103	38,178
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

The following are notable examples of the bank's qualified investments:

- The bank maintained an investment in a Small Business Administration (SBA) Loan Fund with a book value of \$5.6 million. The fund's mission is to promote economic development in low- and moderate-income areas and create jobs for low- and moderate-income individuals in New York.
- During the evaluation period, the bank made three donations totaling \$23,000 to a non-profit community organization that provides free legal services to low-income individuals in the New York City area.
- During the evaluation period, the bank purchased \$25.8 million in certificates of deposits from five community development financial institution (CDFI) and minority depository institutions that serve the bank's assessment area.

Community Development Services

During the evaluation period, bank employees and officers engaged in 44 instances of community development services in the AA. This represents a significant increase in the number of services compared to the previous evaluation. The bank's activities supported various community services primarily benefitting low- and moderate-income individuals.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	4	0	0	4
2022	0	8	0	0	8
2023	0	24	0	0	24
2024 (Year to date)	0	8	0	0	8
Total	0	44	0	0	44
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community developments services:

- During the evaluation period, the bank partnered with a community service organization that prepares low-income women in New York City for careers in the construction, maintenance, and trade fields to achieve economic independence. The bank also presented financial education seminars to the organization's participants, which included providing information regarding banking and financial literacy.
- In 2024, the bank provided support to two students from a high school located in Harlem through an internship program at Bank Hapoalim. This community service provided educational and employment experience to the students who are primarily from low- and moderate-income families.

Investment, Loan, and Service Initiatives

The bank rarely uses innovative or complex qualified investments, community development loans, or community development services. Although the bank's community development activities are responsive to the assessment area's community development needs, examiners did not consider these activities to be innovative or complex.

Responsiveness to Community Development Needs

The institution exhibits excellent responsiveness to credit and community economic development needs in its assessment areas. In particular, community development activities are responsive to the identified affordable housing and economic development needs in the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners identified no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs; therefore, this consideration did not affect the institution's overall CRA rating.

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.