

PUBLIC DISCLOSURE

May 28, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Toyota Financial Savings Bank
Certificate Number: 57542

2485 Village View Drive
Henderson, Nevada 89074

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 COMMUNITY REINVESTMENT ACT (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 (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

The Community Development Test is rated Outstanding.

- Toyota Financial Savings Bank (TFSB) has a high level of community development loans, community development services, or qualified investments, particularly investments that are not routinely provided by private investors.
- TFSB occasionally uses innovative or complex qualified investments, community development loans, or community development services.
- TFSB exhibits excellent responsiveness to credit and community economic development needs in its AA.

DESCRIPTION OF INSTITUTION

TFSB opened for business on August 16, 2004 and is a state-chartered, wholesale bank headquartered in Henderson, Nevada. TFSB is wholly owned by Toyota Financial Services International Corporation located in Plano, Texas. Toyota Financial Services International Corporation is wholly owned by Toyota Financial Services Corporation located in Japan. All of these entities are subsidiaries of Toyota Motor Corporation of Japan. As part of a global organization, TFSB is affiliated with several companies around the world with a Toyota or Lexus name that offer credit or non-credit products or services. Within the Toyota corporate structure, TFSB is a relatively small affiliate and was primarily established to provide banking services in the United States to eligible dealer principals, dealership executives, and qualified family members. The institution received a "Satisfactory" rating at its prior FDIC Performance Evaluation dated May 24, 2021 based on Wholesale Institution Examination Procedures.

TFSB's Henderson main office functions as the bank's administrative and operations headquarters. The bank is not a traditional retail bank serving the general public. It offers lending and deposit products nationwide to a narrow market consisting of Toyota, Lexus, Hino, and Toyota Material Handling USA dealer principals, general managers, and their family members as well as to TFSB employees and employees of affiliates. The institution offers home mortgage loans (jumbo, fixed rate with various term lengths, and standard and interest-only adjustable rate mortgages), home equity loans, relocation mortgages as part of the Toyota Relocation Program, and commercial loans for dealers only. Deposit account offerings include savings accounts, money market accounts, and certificates of deposits. TFSB does not operate any ATMs and has no cash on premises. Alternative delivery systems include online and mobile banking.

Assets totaled approximately \$6.0 billion as of March 30, 2024 and included total loans of \$3.2 billion and total deposits of \$4.6 billion. Since the previous evaluation, TFSB has grown significantly. Specifically, total assets increased by 138.0 percent and total loans increased by 89.9 percent. Total securities experienced the most significant increase, going from \$9.7 million as of March 31, 2021 to \$2.4 billion as of March 31, 2024. TFSB expanded its private banking lending and deposit portfolios by focusing on dealer experience and relationship development. The bank launched its Private Label Growth Consumer Auto and diversified its portfolio through growth in large scale commercial lending. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	39,627	1.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,521,946	47.5
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	764,980	23.9
Total Real Estate Loans	2,326,553	72.6
Commercial and Industrial Loans	877,994	27.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	400	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	3,204,947	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

TSFB designated one AA consisting of the entire Clark County, which makes up the Las Vegas-Henderson-Paradise, NV MSA #29820 in Southern Nevada. The AA remains unchanged from the previous CRA evaluation.

Economic and Demographic Data

According to the March 2024 Moody's Analytics Report, Las Vegas' economy is performing very well. The metropolitan area is leading the West with job growth easily surpassing both the regional and national averages. Employment in the leisure/hospitality industry recently exceeded its pre-pandemic level as a result of the strong performance in tourism. Payrolls are also expanding at a fast pace in secondary industries such as logistics and construction. The strong job market has attracted many new workers to the labor force over the past year. The unemployment rate has held

steady as new workers have quickly found jobs. The prices of single-family homes have bounced back to within range of their previous high after declining through much of 2022 and early 2023. Strengths of the area include an unparalleled gaming and entertainment infrastructure, no personal income tax, strong migration trends, and a high concentration of prime-age workers. Weaknesses of the area include overreliance on consumer spending, high employment volatility, relatively low educational attainment, and overvalued single-family housing. The top major employers in the area include Nellis Air Force Base, Mandalay Bay Resort and Casino, Las Vegas Sands Corporation, Caesars Entertainment Corporation, and MGM Resorts International.

Based on the 2020 U.S. Census data, the AA consists of 535 census tracts, of which 37 are low-, 128 are moderate-, 209 are middle-, 158 are upper-income, and 3 do not have an income designation. The Census Bureau released the updated 2020 U.S. Census data during the evaluation period. The update included changes in the total number of census tracts within the AA as well as income tract designations. From the 2015 ACS Census to the 2020 U.S. Census data, the total number of tracts in the AA increased from 487 to 535. The update resulted in 9 more low-, 28 more middle-, 9 more upper-income tracts, and 2 more tracts with no income designation. There were no changes in the number of moderate-income tracts. The overall percentage of LMI tracts decreased by 1.2 percent with the census updates.

The following table illustrates demographic information of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	535	6.9	23.9	39.1	29.5	0.6
Population by Geography	2,265,461	6.8	23.8	39.7	29.5	0.2
Housing Units by Geography	912,465	6.9	24.4	39.1	29.4	0.2
Owner-Occupied Units by Geography	443,247	2.4	15.7	42.7	39.0	0.2
Occupied Rental Units by Geography	365,779	11.7	33.7	36.8	17.6	0.2
Vacant Units by Geography	103,439	8.7	29.1	31.8	29.9	0.4
Businesses by Geography	281,734	3.6	27.5	32.6	36.0	0.3
Farms by Geography	3,127	3.9	25.3	33.8	36.9	0.1
Family Distribution by Income Level	516,891	20.9	18.0	20.2	40.9	0.0
Household Distribution by Income Level	809,026	23.1	17.1	18.2	41.6	0.0
Median Family Income MSA - 29820 Las Vegas-Henderson-Paradise, NV MSA		\$71,896	Median Housing Value			\$282,327
			Median Gross Rent			\$1,203
			Families Below Poverty Level			9.8%
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 the 2023 D&B data, there were 281,734 businesses in the AA. Of those, 92.6 percent had gross annual revenues of \$1.0 million or less, 2.1 percent had revenues of more than \$1.0 million, and 5.3 percent had unknown revenues. Non-classifiable establishments represent the largest portion of businesses at 33.8 percent, followed by the services industry at 32.2 percent and finance, insurance, and real estate at 11.3 percent. In addition, 55.2 percent of area businesses have 4 or fewer employees with 95.1 percent operating from a single location. According to the U.S. Bureau of Labor Statistics, the unemployment rate for Clark County was 5.1 percent in March 2024.

The FFIEC updates median family incomes annually by MSA. The low-, moderate-, middle-, and upper -income categories are presented in the following table for the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Las Vegas-Henderson-Paradise, NV MSA Median Family Income (29820)				
2021 (\$72,400)	<\$36,200	\$36,200 to <\$57,920	\$57,920 to <\$86,880	≥\$86,880
2022 (\$81,700)	<\$40,850	\$40,850 to <\$65,360	\$65,360 to <\$98,040	≥\$98,040
2023 (\$83,900)	<\$41,950	\$41,950 to <\$67,120	\$67,120 to <\$100,680	≥\$100,680
2024 (\$83,900)	<\$41,950	\$41,950 to <\$67,120	\$67,120 to <\$100,680	≥\$100,680
<i>Source: FFIEC</i>				

Competition

The AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share Report as of June 30, 2023, there were 41 financial institutions that operated 277 branch offices within the AA. Of these institutions, TFSB ranked 9th with a 4.4 percent deposit market share. The top 3 financial institutions account for 49.7 percent of the total deposit market share: Bank of America, National Association at 19.2 percent; Wells Fargo Bank, National Association at 17.0 percent; and Wells Fargo National Bank West at 13.5 percent.

Community Contact

Examiners conducted a new community contact with the county's office of community and economic development. The contact noted that the hospitality and tourism industry is doing well and is at the tail-end of bouncing back from the pandemic. However, the contact noted that small businesses are struggling to gain access to capital, especially in underserved areas such as historic West Las Vegas and East Las Vegas. The contact also noted that there are only two CDFIs serving the county so that further limits small businesses' access to capital. General banking and credit needs include micro-loans and flexible underwriting guidelines for small business loans. The contact explained that more grant programs for small businesses would be beneficial. Lastly, the contact noted another need in the area is providing donations or funds to urban and minority chambers of commerce to help with distributing financial education resources and material to small businesses.

Credit and Community Development Needs and Opportunities

Based on information from the community contact and the bank, the primary needs of the AA include access to capital for small businesses and affordable housing, including inventory. Other community development needs and opportunities in the area include support for the growing unhoused population and non-profit financing and grants.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated May 24, 2021 to the current evaluation dated May 28, 2024. Examiners used the Interagency Examination Procedures for Wholesale Institutions to evaluate TFSB's CRA performance. TFSB has been designated a wholesale institution since May 2017.

The Examination Procedures for Wholesale Institutions include an evaluation of the Community Development Test, which considers the following criteria:

- Level of community development lending, 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.
- Responsiveness to community credit and development needs.

A wholesale institution is not required to engage in all three categories of community development activities (lending, investment, and service) to receive a "Satisfactory" or better rating.

Additionally, the institution requested consideration of qualified grants and donations from the following affiliates during this evaluation: Toyota Financial Services, Toyota Motor North America, Toyota Motor Credit Corporation, Toyota4Good (Toyota's Giving Program), and Toyota Foundation. TFSB also requested consideration of community development services from its affiliate, Toyota Motor Credit Corporation.

Activities Reviewed

This evaluation considered all of TFSB's and its affiliates' community development activities conducted within the AA and the broader regional and statewide area. Management provided community development activities made since the previous evaluation to the current evaluation date. The evaluation of the community development activities is limited to those loans, investments, and services for which management could demonstrate compliance with the CRA eligibility requirements. To assess the bank's performance, examiners relied on bank records, publicly available financial information, demographic and economic data, and other information gathered during the evaluation process.

The bank is not in the business of regularly extending small business or small farm loans to retail customers; therefore, examiners did not review these products. The review of home mortgage loans was limited to those that qualified as affordable housing under the community development lending category.

CONCLUSIONS ON PERFORMANCE CRITERIA

COMMUNITY DEVELOPMENT TEST

Overall, TFSB's community development performance demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, particularly a high level of qualified investments. TFSB demonstrated excellent responsiveness to the identified community development needs of its AA and occasionally uses innovative or complex qualified community development activities.

Community Development Loans

TFSB's dollar volume of community development loans equates to 0.1 percent of average total assets and 0.3 percent of average total loans. The level of community development loans significantly decreased since the previous evaluation where TFSB had approximately \$482.2 million in loans, representing 36.4 percent of average total assets and 44.7 percent of average total loans. However, a significant portion (98.3 percent) of the dollar volume of loans at the previous evaluation attributed to the SBA Paycheck Protection Program lending activity in 2020. The previous evaluation's ratios adjusted without the Paycheck Protection Program loans would equate to 0.6 percent of average total assets and 0.7 percent of average total loans. When comparing the current evaluation's ratios to the adjusted ratios, there is still a decrease but not as significant.

The current community development lending total also includes loans made outside of the AA. Given that the bank has a satisfactory community development record in its AA, primarily driven by its qualified investment activities, examiners considered all community development loans regardless of their location. The bank made a total of 17 loans totaling approximately \$5.2 million outside of its AA. The following table details TFSB's community development lending by year and community development purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	3	664	0	0	2	2,580	0	0	5	3,244
2022	11	3,153	0	0	0	0	0	0	11	3,153
2023	3	517	0	0	0	0	0	0	3	517
YTD 2024	0	0	0	0	0	0	0	0	0	0
Total	17	4,334	0	0	2	2,580	0	0	19	6,914
<i>Source: Bank Data</i>										

The majority of the community development loans exhibits excellent responsiveness to the identified critical affordable housing needs of not only the AA, but also across the United States. The loans also supported economic development efforts with lending to a CDFI and supporting a small business during the second round of the Paycheck Protection Program.

The following are notable examples of community development loans.

- In 2021, the bank provided an unsecured \$1.0 million loan for working capital to a CDFI to promote and support CRA-qualified projects within Clark County. The funds will help support economic development efforts in the area.
- During the evaluation period, TFSB originated a total of 16 home mortgage loans totaling approximately \$3.6 million to LMI borrowers. These loans afforded LMI individuals to become homebuyers and support affordable housing initiatives.

Qualified Investments

TFSB made 35 new equity or debt investments totaling approximately \$106.2 million and continues to hold 3 prior period investments with a total current book value of approximately \$6.2 million. All of the equity or debt investments benefitted the bank's AA.

In addition, TFSB's current review period number and dollar volume of donations and grants increased since the previous evaluation when the bank had a total of 113 grants and donations totaling \$4.5 million

The total dollar amount of qualified investments and donations equates to 2.3 percent of average total assets since the previous evaluation. This ratio significantly increased and more than doubled the previous evaluation's ratio of 1.0 percent. Further, the total dollar amount equates to 5.2 percent of average total securities since the previous evaluation, which represents a decrease compared to the 47.4 percent at the previous evaluation. Although qualified investments as a percentage of average total securities decreased, TFSB's total securities saw a substantial increase since the previous evaluation, thus skewing the comparison of the current and prior evaluation's ratios.

The following table shows the number and dollar volume of qualified investments made or held by year and community development purpose during the evaluation period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	5,161	0	0	0	0	1	1,002	3	6,163
2021	8	36,965	0	0	0	0	0	0	8	36,965
2022	10	38,636	0	0	0	0	0	0	10	38,636
2023	11	20,605	0	0	0	0	3	3,450	14	24,055
YTD 2024	3	6,581	0	0	0	0	0	0	3	6,581
Subtotal	34	107,948	0	0	0	0	4	4,452	38	112,400
Qualified Grants & Donations	17	353	121	1,080	19	243	10	3,978	165	5,654
Total	51	108,301	121	1,080	19	243	14	8,430	203	118,054
<i>Source: Bank Data</i>										

Although most of the equity investments consist of mortgage-backed securities, which is not considered innovative or complex, they do demonstrate the bank's responsiveness to the identified critical affordable housing needs of the AA. Further, the grants and donations demonstrate excellent responsiveness to the needs of the AA, particularly to the LMI population. Examples of innovative or responsive grants and donations include support for the following: a mobile pre-kindergarten learning center that travels to LMI communities to provide early education; Federal Home Loan Bank of San Francisco's Empowering Black Homeownership grant program; transportation program for LMI seniors; scholarships to LMI high school students; and tangible benefits such as books, backpacks, furniture, and meals to LMI individuals. Further, TFSB and its affiliates also provided several grants and donations targeted to disaster relief funds across the nation.

The following are notable examples of qualified investments and donations.

- During the evaluation period, TFSB purchased 32 mortgage-backed securities totaling \$102.8 million to support affordable housing initiatives. The underlying collateral of these securities is composed of a total of 441 home mortgage loans to LMI borrowers residing within Clark County.
- In 2023, TFSB purchased 3 municipal bonds totaling \$3.5 million for the Clark County school district, which has over 80.0 of the students qualifying for the free or reduced meal program. The bond's purpose is to renovate and improve various schools and facilities within the district.
- Annually, the bank and its affiliate donate to a non-profit organization that provides a new pair of shoes and socks to LMI students in Clark County. The funds specifically benefit approximately 400 elementary school students each school year.
- In 2022 and 2023, the bank made a \$30,000 donation to a CDFI with a mission to support individuals and businesses not traditionally served by mainstream financial institutions. The

organization is the only community loan fund headquartered in Las Vegas.

Community Development Services

During the evaluation period, TFSB employees and its affiliate conducted qualified community development services using their financial expertise or technical assistance to various organizations within the AA, as well as outside the AA. Of the total 1,524 service hours, 1,083 of them were conducted within the bank's AA. The total hours equate to 16.2 hours per employee based on an average of 94 full-time employees over the evaluation period. The hours were higher than the previous evaluation's total of 886 hours, which equated to 15.8 hours per average full-time employee. When comparing hours provided per month during the evaluation period, TFSB provided 44.8 hours per month, an increase from the 27.7 hours per month at the previous evaluation.

The following table illustrates the community development service hours by year and community development purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	13	86	4	1	104
2022	49	402	0	3	454
2023	91	511	0	7	609
YTD 2024	36	319	2	0	357
Total	189	1,318	6	11	1,524
<i>Source: Bank Data</i>					

The majority of the community development services consisted of community service activities targeted to LMI individuals and families inside the AA, which are considered responsive to the community development needs of the AA. Additionally, several of the activities demonstrate the institution's commitment to innovative community partnerships and include serving on Boards and Loan Committees for CRA-qualified organizations and providing mentorship and financial education to LMI children and youth.

The following are notable examples of community development services provided during the evaluation period.

- An employee collaborated with several non-profit organizations to assist with the application review and submission for the Federal Home Loan Bank of San Francisco's Access to Housing and Economic Assistance for Development grants. These grants are made to organizations that foster economic opportunity through innovative and targeted initiatives benefiting underserved communities.
- An employee served on the Loan Committee of a non-profit loan fund dedicated to providing economic opportunity throughout the Western United States. The organization is

a designated CDFI that provides financing for affordable housing and community facilities in underserved areas.

- During the evaluation period, several employees supported community service efforts by collaborating with local non-profit organizations to provide over 500 hours of financial education to LMI students and youth.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, 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.