PUBLIC DISCLOSURE

January 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UBS Bank USA
Certificate Number: 57565

95 S State St
Salt Lake City, Utah 84111

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

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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 (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

UBS Bank USA (BUSA) operated under one FDIC-approved Community Reinvestment Act (CRA) Strategic Plan (Plan) during the three-year evaluation period. The evaluation covers Plan years 2021, 2022, and 2023, from January 1, 2021 to December 31, 2023. Examiners did not identify any evidence of discriminatory or other illegal credit practices. Also, BUSA did not receive any complaints relating to its CRA performance. The following supports the overall CRA rating.

- BUSA exceeded the outstanding threshold for its new community development loans and investments goals in each of the three years evaluated.
- BUSA exceeded the outstanding threshold for its community development service hour goals in each of the three years evaluated.

DESCRIPTION OF INSTITUTION

BUSA is an industrial bank, established in 2003, with a single location in Salt Lake City, Utah. UBS Group AG is the ultimate parent company of BUSA. UBS Group AG is a global banking company headquartered in Zurich, Switzerland. UBS AG is a direct subsidiary of UBS Group AG. UBS AG is the parent company of UBS Americas Holding LLC and UBS Americas Inc. BUSA, UBS Financial Services Inc. (FSI), and UBS Securities LLC are direct subsidiaries of UBS Americas Inc. BUSA is a specialized entity that offers products and services to the client base of its affiliate, FSI, which are both owned by UBS Americas Inc.

In addition, certain operations of the bank are also conducted out of offices located in Weehawken, New Jersey; New York City, New York; Plano, Texas; and Jacksonville, Florida. The bank's customer base is sourced from the affiliate broker-dealer, FSI, which has offices located throughout the country. BUSA does not offer lending products to the general public.

In January 2022, the BUSA's main office location changed from 299 South Main Street, Suite 2275 to 95 State Street, Suite 2200 in Salt Lake City, Utah. This new location is less than one mile away from the previous location.

BUSA received an "Outstanding" CRA Rating based on Interagency Strategic Plan Examination Procedures at the previous FDIC CRA Performance Evaluation dated January 11, 2021.

The bank's primary lending product is securities-backed loans (SBLs), which are typically demand and/or uncommitted lines of credit, secured by the client's equity securities, fixed-income instruments, and other investments. BUSA also offers mortgage loans, credit cards, and commercial real estate loans to FSI's client base. While the bank's primary funding source is sweep accounts in the form of money market deposit accounts, the bank also offers certificates of deposit.

However, these deposits are considered brokered deposits. The bank has not opened or closed any branches and there have been no mergers or acquisitions since the previous CRA evaluation.

As of the September 30, 2023, Consolidated Reports of Condition and Income (Call Report), assets totaled $114.4 billion, with total loans of $85.6 billion, and total deposits of $91.0 billion. Since the previous evaluation, total assets, loans, and deposits increased by 31.0, 43.9, and 14.7 percent respectively.

The table below illustrates BUSA's loan product distribution as of September 30, 2023.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	1,192	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	28,762,674	33.6
Secured by Multi-family (5 or more) Residential Properties	633,621	0.7
Secured by Nonfarm Non-Residential Properties	1,594,460	1.9
Total Real Estate Loans	**30,991,947**	**36.2**
Commercial and Industrial Loans	6,962,781	8.1
Agricultural Production and Other Loans to Farmers	3,431	0.0
Consumer Loans	36,551,895	42.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	11,106,801	13.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**85,616,855**	**100.0**
Source: Reports of Condition and Income. Due to rounding totals may not equal 100.0 percent.		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment area's 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. BUSA designated one assessment area in Utah, which includes the entirety of Salt Lake County, which is part of the larger Salt Lake City, UT MSA #41620. The assessment area has not changed since the previous evaluation.

Economic and Demographic Data

During the previous evaluation, the assessment area was composed of 212 census tracts (CTs) according to 2015 ACS data. Following the demographic changes implemented by the 2020 U.S Census, the assessment area is now composed of 251 CTs. The CTs reflect the following income designations: 5 low-income tracts, 56 moderate-income tracts, 115 middle-income tracts, 71 upper-income tracts, and 4 tracts without an income designation.

The following table illustrates relevant demographic information of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	251	2.0	22.3	45.8	28.3	1.6
Population by Geography	1,185,238	2.0	22.4	46.4	28.6	0.6
Housing Units by Geography	404,550	1.8	24.2	46.3	27.7	0.1
Owner-Occupied Units by Geography	258,905	0.7	17.9	47.6	33.9	0.0
Occupied Rental Units by Geography	124,419	4.0	36.4	44.6	14.7	0.2
Vacant Units by Geography	21,226	3.4	29.1	39.8	27.7	0.0
Businesses by Geography	210,543	2.1	16.2	44.6	36.2	0.9
Farms by Geography	3,231	1.5	18.4	44.0	35.7	0.3
Family Distribution by Income Level	265,385	17.8	19.1	23.4	39.7	0.0
Household Distribution by Income Level	383,324	21.1	17.3	20.4	41.2	0.0
Median Family Income MSA - 41620 Salt Lake City, UT MSA		$90,360	Median Housing Value			$347,355
			Median Gross Rent			$1,178
			Families Below Poverty Level			5.6%

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 demographic data, there are 210,543 non-farm businesses and 3,231 farm businesses in the assessment area. The D&B data reports that 33.6 percent of non-farm businesses are service-related entities, 30.5 percent are non-classifiable establishments, 14.2 percent are involved in finance, insurance, & real estate, and 7.5 percent are retail trade. The demographic data further reports that approximately 95.1 percent of businesses in the assessment area operate from a single location and that 60.0 percent of businesses employ between one to four workers.

Data from Moody's Data Analytics, Precis U.S. Metro (August 2023), details that the Salt Lake City metropolitan area labor market has cooled with net hiring slowing and strong gains only being made in the public sector. Moody's Data Analytics further reports that growth in average hourly earnings is above the national pace and near its all-time high. Moody's notes that the top employers in the area, in terms of number of employees, are the University of Utah, Intermountain Healthcare Inc., Walmart Inc., Zions Bancorp., and Delta Airlines.

The economy in the assessment area has recovered since the recession caused by the COVID-19 pandemic. According to the Bureau of Labor Statistics, the unemployment rate in Salt Lake County has remained generally consistent throughout the evaluation period. As demonstrated in the following table, the unemployment rates in Salt Lake County were generally consistent with the State of Utah and below the national average during the evaluation period.

Unemployment Rates			
Area	**November 2021**	**November 2022**	**November 2023**
	%	**%**	**%**
Salt Lake County	2.0	2.1	2.6
State of Utah	2.0	2.2	2.6
National Average	3.9	3.4	3.5
Source: Bureau of Labor Statistics			

Competition

The assessment area is highly competitive for financial services. Salt Lake County contains several industrial banks and financial institutions. According to the FDIC Deposit Market Share data as of June 30, 2023, there are 47 financial institutions that operate 200 offices in the assessment area. Of these institutions, BUSA ranked 5th with a deposit market share of 10.5 percent. Morgan Stanley Bank, National Association, was the market share leader holding approximately 19.6 percent of the deposits.

Community Contact

As part of the examination process, examiners reviewed a community contact interview with a representative from an economic development organization that serves Salt Lake County. The organization focuses on creating prosperity and economic opportunity for county residents. The contact stated that while the local economy is doing very well, housing costs and the cost of living have both increased significantly. The contact further indicated that there is a housing shortage and particularly a shortage of affordable, multi-family housing units. While the contact indicated that local financial institutions were generally responsive to community credit needs, they also indicated that there are opportunities related to financing multi-family affordable housing projects and to provide technical support for small businesses.

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, economic development, and community services for LMI individuals are the primary needs of the community.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 11, 2021 through the current evaluation dated January 8, 2024. Examiners used Interagency Strategic Plan Examination Procedures to evaluate BUSA’s CRA performance.

BUSA operated under one FDIC-approved strategic Plan during the evaluation period. The Plan was effective January 1, 2021 through December 31, 2023. This evaluation compares the bank's performance in 2021, 2022, and 2023 to the Plan's measurable goals.

Activities Reviewed

This evaluation reflects BUSA's CRA performance from January 1, 2021 through December 31, 2023. The following bank activities were reviewed under the three Plan years:

- New community development loans and investments
- Community development services

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

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

For purposes of evaluating the Plan's measurable goals, management provided data on community development loans, qualified investments, grants and donations, and community development services during the evaluation period.

CONCLUSIONS ON PERFORMANCE CRITERIA

BUSA's performance under the approved Plan reflects outstanding performance in helping meet the credit needs in its assessment area in a manner consistent with the established goals in the Plan. The bank fully met the outstanding threshold for the goals established in the Plan. The following information summarizes the goals delineated in the Plan compared to the bank's actual performance from January 1, 2021, to December 31, 2023.

Community Development Lending and Investments

The bank established measurable goals for satisfactory and outstanding performance for new community development loans and qualified investments to include qualified grant and donations. The measurable goal is for new community development loans and investments divided by the average assets for the four quarters within the current Plan year. The bank's average assets is calculated by using line 9 of Schedule RC-K (Quarterly Averages) for the four quarters in that Plan year. The following table shows BUSA's actual performance compared to each measureable goal.

New Community Development Loans and Investments, Grants and Donations					
Plan Year	**Bank Established Goals**		**Bank Performance**		
	Satisfactory (%)	***Outstanding (%)***	**Loans and Investments Total (000s)**	**Average Assets* (000s)**	**Actual Performance (%)**
2021	0.30	0.40	$571,253	$98,924,593	0.58
2022	0.30	0.40	$503,223	$120,170,895	0.42
2023	0.30	0.40	$512,786	$114,510,618	0.45

Source: Call Reports, Bank Data, and Plan.
**Quarterly Average Assets RC-K for the current Plan year.*

As shown in the table above, BUSA exceeded its outstanding goal for all three years. In addition, BUSA met the community development needs within the assessment area, therefore, the nationwide community development activities were qualified since the bank is a wholesale institution for CRA purposes. The following are notable examples of community development loans and investments during the review period.

- BUSA renewed a $305.0 million line of credit each year during the evaluation period to a non-profit organization that provides financing to LMI first-time homebuyers. This organization focuses on Salt Lake County, but also serves the broader statewide area in Utah.
- BUSA renewed a commitment to a community development organization each year during the evaluation period for $35.0 million. In addition, the commitment was increased in 2021 from $30.0 million to the current $35.0 million. This organization facilitates the development and preservation of affordable housing and communities that serve LMI individuals and families in Salt Lake County and the broader statewide area of Utah.
- BUSA invested $25.0 million in Small Business Investment Companies (SBICs) in 2023. This is a new investment type for BUSA since the previous evaluation.
- BUSA purchased $20.4 million in 2021, $129.5 million in 2022, and $124.8 million in 2023 of mortgage backed securities secured by home purchased by LMI borrowers located in the regional area.
- BUSA also provided grants to community development organizations and initiatives in Salt Lake County totaling $2,257,261 in 2021, $768,699 in 2022, and $2,295,714 in 2023.

Community Development Services

BUSA's approved Plan established measurable goals for satisfactory and outstanding performance during the review period for community development services. The following table shows BUSA's actual performance compared to the Plan's goals.

Community Development Service Hours			
Plan Year	**Bank Established Goals**		**Bank Performance**
	Satisfactory	**Outstanding**	**Service Hours**
2021	310	434	559
2022	455	585	880
2023	585	650	832

Source: Bank Data and Plan.

As shown in the table above, BUSA exceeded its outstanding goal in all three years. Employees participated in a number of activities in order to reach the Plan goals. Notable activities include financial literacy events at schools where the majority of students receive free- or reduced-lunches and board and committee roles for community development organizations operating in the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any discriminatory or other illegal credit practices during the evaluation period.

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.