

PUBLIC DISCLOSURE

October 6, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Comenity Capital Bank
Certificate Number: 57570

12921 South Vista Station Boulevard
Draper, Utah 84020

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.

Comenity Capital Bank operated under an approved Federal Deposit Insurance Corporation (FDIC) Community Reinvestment Act (CRA) Strategic Plan that was in place during the evaluation period. The Plan outlines measurable goals for calendar years 2023, 2024 and 2025. Since the measurable goals outlined in the strategic plan evaluate the bank's performance annually at year-end, 2025 performance was excluded from the scope of this evaluation. The following supports this rating:

- Community development loans and investments exceeded the bank's established goals for outstanding performance in 2023 and 2024.
- Qualified investments exceeded the bank's established goals for outstanding performance in 2023 and 2024.
- Community development service hours exceeded the bank's established goals for outstanding performance in 2023 and 2024.
- The bank has not received any CRA-related complaints.

DESCRIPTION OF INSTITUTION

Comenity Capital Bank is a state-chartered industrial bank headquartered in Draper, Utah (UT) that primarily offers credit cards. Comenity Capital Bank also offers personal installment loans and has a limited commercial credit card portfolio. Comenity Capital Bank's primary focus is on consumer credit card lending, including private label and co-brand partners. The bank operates in all 50 states and offers credit cards through national and regional retailers, manufacturers, distributors, health care providers, dental care providers, and time-shares. Comenity Capital Bank also offers certificates of deposit and savings accounts. Comenity Capital Bank does not operate traditional bank branches or maintain any retail offices. Customers conduct transactions through the bank's website, telephone, mail, email, or other forms of electronic communication.

As of December 31, 2024, the bank's assets totaled \$13.3 billion, including total loans of \$11.5 billion, cash balances due from depository institutions totaling \$2.1 billion, and total securities of \$91.3 million. Bank deposits totaled \$9.9 billion. The bank's parent company, Bread Financial Holdings, Inc. (BFH), is headquartered in Columbus, Ohio. The bank is a wholly owned subsidiary of Bread Financial Payments, Inc. (BFPI), also headquartered in Columbus, OH, which is a subsidiary of BFH. BFH also serves as the parent company of Comenity Bank, a sister institution located in Wilmington, Delaware (DE). Comenity Capital Bank was assigned an "Outstanding"

rating using Limited Purpose Institution Examination Procedures during the prior evaluation dated January 30, 2023.

The table below illustrates Comenity Capital Bank’s loan portfolio distribution as of December 31, 2024.

Loan Portfolio Distribution as of December 31, 2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0
Secured by Farmland	0	0
Secured by 1-4 Family Residential Properties	0	0
Secured by Multifamily (5 or more) Residential Properties	0	0
Secured by Nonfarm Nonresidential Properties	0	0
Total Real Estate Loans	0	0
Commercial and Industrial Loans	4,696	<0.1
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	11,512,643	99.8
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	13,369	0.1
Total Loans	11,530,708	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. Comenity Capital Bank designates a single assessment area consisting of Salt Lake County, UT, located in the Salt Lake City, UT Metropolitan Statistical Area (MSA) #41620. The designated assessment area has not changed from the previous CRA evaluation.

Economic and Demographic Data

There are 251 census tracts within the assessment area. The tracts reflect the following income designations according to the 2020 United States (U.S.) Census:

- 5 low-income census tracts,
- 56 moderate-income census tracts,
- 115 middle-income census tracts,
- 71 upper-income census tracts, and
- 4 census tracts with no income designation.

The following table presents select demographic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % 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	192,013	2.0	16.5	44.6	35.7	1.2
Farms by Geography	1,103	1.0	13.5	38.7	46.0	0.8
Family Distribution by Income Level	265,385	17.9	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-Murray, UT MSA	\$90,360	Median Housing Value		\$ 347,355		
		Median Gross Rent		\$1,180		
		Families Below Poverty Level		5.6%		
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The assessment area contains 404,550 housing units. Of these units, 64.0 percent are owner-occupied, 30.8 percent are occupied rental units, and 5.2 percent are vacant.

Data obtained from the U.S. Bureau of Labor and Statistics as of December 2024 reflected a 3.3 percent statewide unemployment rate, while Salt Lake County exhibited a slightly lower 3.0 percent unemployment rate. The unemployment rate in UT and Salt Lake County was lower than the national unemployment rate of 4.1 percent for this same time period.

Competition

Comenity Capital Bank’s assessment area is highly competitive in the market for financial services. Salt Lake City headquarters a large number of industrial loan and regional banks. Many of these banks operate as limited purpose, wholesale, or strategic plan institutions as defined by the CRA regulation. These institutions provide a high level of competition for the extension of community development loans, investments, and services within the assessment area.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs of the community. This

information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners conducted a community contact with a representative of a community development organization that serves Salt Lake County, UT. The organization focuses on promoting economic growth and prosperity in the region through business development, workforce development, and entrepreneurship. The contact identified opportunities for affordable housing and small business lending in the assessment area. Overall, the contact indicated that financial institutions have been responsive to the credit and community development needs of the assessment area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and small business loan programs represent primary credit and community development needs in the assessment area. In addition, there is a need for grants to supplement small businesses loans. The large number of businesses with gross annual revenues (GARs) of \$1.0 million or less supports the conclusion that there is an opportunity to lend to small businesses in Salt Lake County, UT.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior CRA evaluation dated January 30, 2023 to the current evaluation dated October 6, 2025. Examiners used the Interagency Strategic Plan Examination Procedures to evaluate Comenity Capital Bank's CRA performance. Comenity Capital Bank's approved Strategic Plan covers the calendar years 2023, 2024, and 2025. The Strategic Plan includes measurable goals to achieve Satisfactory and Outstanding performance for community development lending and investments, community development grants, and community development service activities in the bank's assessment area and broader statewide or regional area (BSRA). According to the Strategic Plan, the bank must meet all Satisfactory measurable goals to achieve a Satisfactory rating. Likewise, the bank must meet or exceed all measurable Outstanding goals in order to achieve an Outstanding rating.

Activities Reviewed

To evaluate the performance under the strategic plan, examiners evaluated Comenity Capital Bank from January 1, 2023, through December 31, 2024, based on criteria established within the strategic plan. The strategic plan set forth measurable goals in the following areas:

- New Origination Community Development Loans and Investments
- Cumulative Community Development Loans and Investments
- Community Development Services

For purposes of evaluating the strategic plan’s measurable goals, management provided data on community development loans, qualified investments, grants and donations, and community development services during the evaluation period from January 1, 2023 through December 31, 2024. 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
- Comenity Capital Bank’s products, services, markets, and business strategy;
- Comenity Capital Bank’s financial resources and constraints; and
- Information obtained through community contacts.

CONCLUSIONS ON PERFORMANCE CRITERIA

Comenity Capital Bank’s CRA performance reflects an outstanding record of helping to meet the needs of its assessment area in a manner consistent with its resources and capabilities. In 2023 and 2024, Comenity Capital Bank’s performance exceeded the strategic plan goals for Outstanding performance in the assessment area and BSRA.

New Origination Community Development Loans and Investments

Comenity Capital Bank’s measurable goals for new community development lending and qualified investments are expressed as a percentage of the bank’s average assets for the corresponding calendar year. The calculation includes the sum of the total origination amount of all new community development loans and investments originated or purchased during each plan year as a percentage of the bank’s total average assets for the corresponding year.

In 2023 and 2024, Comenity Capital Bank’s community development loans and qualified investments exceeded the measurable goals for Outstanding performance outlined in the strategic plan. The table below details the bank’s community development loans and qualified investments goals and performance by year.

New Community Development Loans and Investments Performance					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory %	Outstanding %	Actual Annual Community Development Loans and Investments (\$000s)	Average Assets (\$000s)	Actual Performance (%)
2023	0.40%	0.60%	87,553	12,524,591	0.70%
2024	0.40%	0.60%	87,523	12,742,582	0.69%

Below are some notable examples of the community development loans and qualified investments Comenity Capital Bank provided during the evaluation period.

- During the evaluation period, the bank made \$4.3 million in investments in Community Impact Bond Fund. The bank’s investments support affordable housing in the assessment area as each was earmarked in mortgage-backed securities collateralized by loans to low- and moderate-income borrowers.
- During the evaluation period, the bank purchased \$10.0 million in a Small Business Investment Fund (SBIC). The Fund provides early stage capital to new small companies that may otherwise be too unseasoned for traditional financing or venture capital. This investment supports economic development.
- During 2023 and 2024, the bank purchased three single-family mortgage bonds totaling \$11.9 million from the UT Housing Corporation. The bonds provide financing for purchasing affordable housing for low- and moderate-income persons within the state of UT. These investments support affordable housing in the assessment area and BSRA.
- During the evaluation period, the bank invested \$27.6 million in 13 mortgage-backed securities (MBS), consisting of five Federal Home Loan Mortgage Corporation (FHLMC), three Federal National Mortgage Association (FNMA) and five Government National Mortgage Association (GNMA) purchases. These MBS support affordable housing in the assessment area and the BSRA as each is collateralized by loans to low- and moderate-income borrowers.

Cumulative Community Development Loans and Investments

Comenity Capital Bank’s measurable goals for cumulative community development loans and investments are measured annually using the amount of cumulative community development loans as a percentage of the bank’s total average assets for the corresponding plan year. Cumulative community development loans and investments are new community development loans and qualified investments originated or purchased during each plan year plus the amount of prior period qualified investments. Community development loans and investments originated or purchased by its affiliates during the plan year were also considered since the affiliate has not already claimed credit for the loan or investment.

Comenity Capital Bank exceeded the established goals for outstanding performance regarding cumulative community development loans and qualified investments for 2023 and 2024. The following table shows Comenity Capital Bank’s actual performance compared to the established measurable goals.

Cumulative Community Development Loans and Investments Performance					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory %	Outstanding %	Actual Annual Community Development Loans and Investments (\$000s)	Average Assets (\$000s)	Actual Performance (%)
2023	1.25%	1.50%	207,320	12,524,591	1.66%
2024	1.25%	1.50%	221,016	12,742,582	1.73%

Below are examples of Comenity Capital Bank’s cumulative community development loans and qualified investments.

- Comenity Capital Bank maintained various mortgage-backed securities totaling \$72.3 million. These mortgage-backed securities are collateralized by loans to low- and moderate-income borrowers in the assessment area.
- Comenity Capital Bank maintained 15 single-family mortgage bonds totaling \$22.9 million from the Utah Housing Corporation. The mortgage bonds provide financing for purchasing affordable housing for low- and moderate-income persons within the State of UT.

Community Development Services

The bank’s Strategic Plan established community development service goals calculated by averaging the number of employees measured at the end of each quarter for the Strategic Plan year. Over the evaluation period, the bank had an average of 14 employees who provided 485 community development service hours. In 2023 and 2024, Comenity Capital Bank’s community development service hours exceeded the measurable goals for outstanding performance outlined in its strategic plan. The below table details the bank’s community development service hour goals and performance by year.

Community Development Service Hours			
Plan Year	Bank Established Goals per Employee		Bank Performance
	Satisfactory	Outstanding	Qualified Service Hours
2023	10 hours	12 hours	19.7 hours
2024	10 hours	12 hours	14.9 hours

Below are some notable examples of Comenity Capital Bank’s community development services.

- During the evaluation period, a bank officer served on the Board and Investment Committee of a nonprofit organization that offers vision services to low- and moderate-income persons in the Salt Lake City area. The organization provides community services to low- and moderate-income households through seven programs including Home Energy Assistance Target (HEAT) Utility Assistance, Nutrition Case Management and Housing Adult Education, Head Start Preschool, Weatherization for Homes, and Service Hubs.
- During the evaluation period, a bank officer served on the Loan Committee of an affordable housing organization that facilitates the development and preservation of safe and clean affordable housing and community facilities that serve low- and moderate-income individuals, families, and underserved communities.
- During the evaluation period, a bank officer served on the Advisory Board of a non-profit organization that reviews the needs of the county's low- and moderate-income population and provides financial assistance to preserve and increase affordable and special needs housing in Salt Lake County.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed. Examiners did not identify any discriminatory or other illegal credit practices; 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.