

# **PUBLIC DISCLOSURE**

February 21, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Barclays Bank Delaware  
Certificate Number: 57203

125 South West Street  
Wilmington, Delaware 19801

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.

## **TABLE OF CONTENTS**

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	3
DESCRIPTION OF ASSESSMENT AREA .....	4
SCOPE OF EVALUATION .....	9
CONCLUSIONS ON PERFORMANCE CRITERIA.....	11
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	18
GLOSSARY .....	19

# 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.

This rating is based on the bank’s Community Reinvestment Act (CRA) performance from the evaluation period spanning January 1, 2020 through December 31, 2022. In determining the overall performance rating, examiners considered performance context factors and the bank’s performance under its stated strategic plan goals, along with the volume and qualitative impact of the bank’s CRA activities. During the evaluation period, Barclays Bank Delaware (BBDE) operated under two different FDIC-approved CRA strategic plans: the 2018-2020 CRA Strategic Plan (effective April 10, 2018, through December 31, 2020) and the 2021-2022 CRA Strategic Plan (effective January 1, 2021, through December 31, 2022). This evaluation considers the bank’s performance for 2020 consistent with its 2018-2020 CRA Strategic Plan goals, and for 2021 and 2022 consistent with its 2021-2022 CRA Strategic Plan goals.

A summary of BBDE’s performance under each of its strategic goals is presented below:

Summary of Bank Performance Under Strategic Plan Goals			
Strategic Plan Goal	2020	2021	2022
Goal 1	Outstanding	Satisfactory	Outstanding
Goal 2	Satisfactory	Satisfactory	Outstanding
Goal 3	Outstanding	Outstanding	Outstanding
Goal 4	Outstanding	Outstanding	Outstanding
Goal 5	Not Met	N/A	N/A

*Source: CRA Strategic Plans and bank records*

The following comments summarize the bank’s performance under the 2018-2020 CRA Strategic Plan and 2021-2022 CRA Strategic Plan, given the established goals:

- *Strategic Plan Goal 1:* Across all three years of the evaluation period, Goal 1 focused on the level of qualified new community development loans and investments, including actual plus commitments for funding, as a percentage of average assets per calendar year. BBDE originated, purchased, or committed to 79 new qualified community development loans or investments totaling \$147.7 million during the evaluation period.
  - In 2020, the bank provided 28 new loans and investments totaling \$58.2 million, representing 0.17 percent of average assets. This performance exceeded the annual goal for an Outstanding rating.
  - In 2021, the bank provided 26 new loans and investments totaling \$45.2 million, representing 0.14 percent of average assets. This performance met the annual goal for a Satisfactory rating.
  - In 2022, the bank provided 25 new loans and investments totaling \$44.3 million,

representing 0.15 percent of average assets. This performance met the annual goal for an Outstanding rating.

- *Strategic Plan Goal 2:* This goal differs slightly between the two CRA Strategic Plans in place during the evaluation period. In 2020, Goal 2 focused on the number of unique loans and investment transactions made between a \$200,000 to \$5.0 million dollar threshold. Qualified unique transactions did not include participations in a pooled loan fund or the purchase of mortgage backed securities (MBSs). For 2021-2022, Goal 2 focused on maintaining the existing loan and investment volume, as a percentage of average assets per calendar year.
  - In 2020, the bank made three unique transactions within the transaction size threshold. This performance met the annual goal for a Satisfactory rating.
  - In 2021, the bank's community development loans and investments portfolio represented 0.56 percent of average assets. This performance met the annual goal for a Satisfactory rating.
  - In 2022, the bank's community development loans and investments portfolio represented 0.67 percent of average assets. This performance exceeded the annual goal for an Outstanding rating.
- *Strategic Plan Goal 3:* Across all three years of the evaluation period, Goal 3 focused on the dollar volume of community development grants. BBDE made 121 qualified community development grants totaling \$11.6 million to 49 organizations during the evaluation period. This included grants totaling \$3.6 million in 2020, \$5.4 million in 2021, and \$2.6 million in 2022. The bank's performance exceeded the respective annual goals for an Outstanding rating each year.
- *Strategic Plan Goal 4:* This goal focused on community development services, as measured by a point scale outlined within the CRA Strategic Plans. The bank's community service points exceeded the respective annual goals for an Outstanding rating each year.
- *Strategic Plan Goal 5:* Goal 5 is specific to the 2018-2020 CRA Strategic Plan and focused on the percentage of consumer loans issued to residents within the assessment area who resided in low- and moderate-income census tracts. BBDE discontinued its consumer loan product in 2019; therefore, this goal was not met. Examiners assigned less weight to Goal 5 when forming the overall conclusions, given the bank's strategic decision.

Please refer to the "Conclusions on Performance Criteria" section for more details as to the bank's performance under each of its strategic goals.

## DESCRIPTION OF INSTITUTION

### Background

BBDE is a Delaware (DE) chartered commercial bank headquartered in Wilmington, DE in New Castle County. BBDE is a wholly owned subsidiary of Barclays Group US (BGUS), which operates the Barclays US Consumer Bank (USCB). BGUS is a direct, wholly owned subsidiary of the US Intermediate Holding Company (Barclays US LLC), with the ultimate parent being Barclays PLC (BPLC), a public limited company incorporated in the United Kingdom.

BBDE is primarily a credit card lender, offering customized, co-branded cards for travel, entertainment, retail, and affinity institutions to consumers and small business customers. In addition, BBDE offers its own branded online savings accounts, certificates of deposits, and installment loans within the United States. The bank discontinued offering its Barclays-branded credit cards and consumer loan products in June 2019.

### Operations

BBDE does not operate traditional bank or branch offices and does not maintain cash on its premises. All customer interactions occur primarily over the phone or via mail, e-mail, the bank's website, or its mobile banking platform. BBDE markets its co-branded credit card products throughout the United States.

### Ability and Capacity

Bank assets totaled approximately \$37.5 billion as of December 31, 2022. This includes total loans of \$29.2 billion and total securities of \$133.0 million. Deposits totaled \$28.4 billion.

The CRA Strategic Plans' Goals 1 and 2 focus on measuring the bank's performance as a percentage of average assets. Average assets is calculated by taking the average of the quarterly total assets as reported on the bank's Call Report for the prior calendar year. BBDE's average assets totaled \$34.5 billion in 2019, \$31.8 billion in 2020, and \$29.1 billion in 2021.

The following table details the bank's loan portfolio as of December 31, 2022:

<b>Loan Portfolio Distribution as of 12/31/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Loans Secured by Real Estate	2,000	<0.1
Commercial and Industrial Loans	234,000	0.8
Credit Cards	28,882,000	98.9
Other Consumer Loans	88,000	0.3
<b>Total Loans</b>	<b>29,206,000</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance is evaluated. BBDE designates all 145 census tracts within New Castle County, DE as the assessment area. New Castle County is part of the Wilmington, DE-Maryland (MD)-New Jersey (NJ) Metropolitan Division (Wilmington MD) #48864, which is also part of the broader Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) #37980. The bank's designated assessment area remains unchanged from the previous evaluation and meets the technical requirements of the regulation.

In addition to its designated assessment area, BBDE also makes qualified loans and investments that benefit the greater statewide and regional area. The bank's CRA Strategic Plans define the greater statewide and regional area as the entire state of DE, as well as the contiguous counties of MD, NJ, and PA within a 50-mile radius of BBDE's headquarters in Wilmington, DE.

### **Economic and Demographic Data**

There are 145 census tracts within New Castle County. These tracts reflect the following income designations according to the 2020 U.S. Census data:

- 11 low-income (7.6 percent),
- 31 moderate-income (21.4 percent),
- 61 middle-income (42.1 percent),
- 37 upper-income (25.5 percent), and
- 5 with no income designation (3.4 percent).

The 2020 U.S. Census updated census tract boundaries and demographic data, resulting in changes to the assessment area, when compared to the demographic data using the updated 2015 ACS and 2010 U.S. Census boundary data. With the updated census data, there was an increase in the number of census tracts from 131 to 145 in New Castle County. The breakdown by income-level within the assessment area remains relatively similar, with slight changes to the proportions of low-, moderate-, middle-, and upper-income tracts, given the increase in tract number.

Within New Castle County, 15 census tracts have been designated as Opportunity Zones. Opportunity Zones are an economic development tool designed as revitalization programs in economically-distressed communities by providing tax benefits to investors. New Castle County also encompasses the City of Wilmington, which is a part of the Downtown Development Districts (DDD) program designed to leverage state and local incentives to encourage private investments in DE's towns and cities. In December 2019, the Wilmington Department of Land Use and Planning also put forth its "Wilmington 2028: A Comprehensive Plan for Our City and Communities," which describes policies and actions related to a municipality's land use, neighborhoods, transportation, infrastructure, the economy, the environment, and quality of life. Additionally, there are a number of revitalization plans and impact reports put forth by Wilmington's local community development corporations (CDCs) and non-profit organizations detailing these community groups' neighborhood revitalization and community development efforts.

The following table shows the demographic information for the assessment area using 2020 U.S. Census and 2022 D&B data:

<b>Demographic Information of the Assessment Area</b> <i>New Castle County, DE</i>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	145	7.6	21.4	42.1	25.5	3.4
Population by Geography	570,719	5.1	22.3	42.9	28.4	1.3
Housing Units by Geography	224,242	5.6	23.5	42.4	26.7	1.8
Owner-Occupied Units by Geography	142,188	2.3	20.4	43.3	33.3	0.7
Occupied Rental Units by Geography	67,243	11.1	29.1	41.5	14.8	3.5
Vacant Units by Geography	14,811	12.1	26.9	37.8	18.2	5.0
Businesses by Geography	51,252	4.2	23.7	36.0	26.3	9.7
Farms by Geography	1,055	1.6	21.3	43.7	31.5	1.9
Family Distribution by Income Level	133,007	20.6	17.4	21.0	41.0	0.0
Household Distribution by Income Level	209,431	24.6	15.4	18.2	41.9	0.0
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ		\$93,347	Median Housing Value			\$266,454
			Median Gross Rent			\$1,187
			Families Below Poverty Level			6.8%
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 133,007 families within the assessment area (please refer to the Glossary for the definition of “family”). As shown in the table above, 38.0 percent of families in the assessment area are consider low- and moderate-income; 20.6 percent are considered low-income and 17.4 percent are considered moderate-income. The median family income in the Wilmington MD is \$93,347, with 6.8 percent of families reported as earning incomes below poverty level. According to 2020 U.S. Census data, 10.5 percent of households within the assessment area are reported as below poverty level. (The Census Bureau defines “household” as consisting of all the people who occupy a housing unit; this includes the related family members and all the unrelated people who share the housing unit.) The 2020 U.S. Census data also reflects that 2.3 percent of households within the assessment area receive public assistance.

From a race and ethnicity perspective, the population demographics of the assessment area, based on the 2020 U.S. Census data, are as follows: White – 53.1 percent, Black – 25.7 percent, Other – 12.7 percent, Hispanic – 11.1 percent, Asian/Pacific Islander – 6.2 percent, and American Indian/Alaskan Native – 0.4 percent (Of note, these percentages add up to over 100.0 percent due to the improvements in the 2020 Census’s collection of race and ethnicity data allowing for reporting of two or more races.) Additionally, the 2020 U.S. Census data reflects that 4.9 percent of households within the assessment area are non-English speaking. While examiners focus on CRA community development performance through activities supporting low- and moderate-income

individuals, this demographic context is important, as the bank’s CRA Strategic Plan and CRA activities highlight minority economic inclusion, equality, and diversity.

According to 2022 D&B Data, there were 52,307 businesses operating within the assessment area. This includes 51,252 non-farm businesses and 1,055 farm businesses. As shown in the table above, 4.2 percent of the non-farm businesses are located in low-income census tracts and 23.7 percent are located in moderate-income census tracts. The gross annual revenues (GARs) of these non-farm businesses are as follows:

- 85.5 percent have revenues of \$1.0 million or less,
- 5.3 percent have revenues of over \$1.0 million, and
- 9.2 percent have unreported GARs.

Within the assessment area, service industries represent the largest percent of businesses (46.3 percent), followed by retail trade (12.1 percent), non-classified establishments (10.5 percent), and finance, insurance, and real estate (10.1 percent). About 69.5 percent of businesses have four or less employees, and 88.8 percent operate from a single location.

According to Moody’s Analytics, the top five employers in Wilmington are Christiana Care Health System, JPMorgan Chase & Co., Bank of America Corp., AstraZeneca, and University of Delaware.

The following table summarizes the average annual unemployment rate from the Bureau of Labor Statistics at the county, statewide, and national levels during the evaluation period:

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
New Castle County	7.5	5.3	4.3
State of DE	7.5	5.5	4.5
National Average	8.1	5.4	3.6

*Source: Bureau of Labor Statistics. Data for New Castle County not seasonally adjusted.*

**Competition**

The assessment area is highly competitive for financial services. There are a relatively large number of large financial institutions, particularly credit card banks, operating within Wilmington and New Castle County, DE. Many of the large financial institutions compete for community development loans and qualified investments, as community development activities are a significant criterion for banks evaluated under the CRA Strategic Plan, Limited Purpose, and Large Bank evaluation procedures.



## **Community Contact**

As part of the evaluation process examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. Information obtained reflects the responsiveness of local financial institutions to credit and community development needs, and opportunities for participation in related activities.

Examiners contacted a representative from a local CDC based in Wilmington, DE. This non-profit's work is centered on revitalization of the local community, particularly the West Side area, by focusing on economic development, affordable housing, and community service initiatives from within the community rather than bringing in outside investments and subsidy. This CDC also supports local small businesses and entrepreneurs, including working towards economic inclusion and equality. The contact noted that the local community is largely low- and moderate-income, racially and ethnically diverse, and tends to be debt-adverse. The contact highlighted how the COVID-19 pandemic was particularly hard on the local retail businesses, especially those that operated personal care (i.e. hair salons, barbers, nail salons) or food service businesses, as they faced greater restrictions and closures. However, the contact opined that a positive effect of the pandemic was the refocusing on the local community and, given current events, a focus on black- and brown- small businesses and communities. The contact also highlighted the success of grant-based funding like the Wilmington Strong Fund.

The contact identified and emphasized the need for more grant-based and hybrid funding resources (mix of grant-based and traditional loans) for small businesses and entrepreneurs. The contact also identified and emphasized the need for more partnerships between financial institutions and local community organizations to create incubator or launcher programs to help small business and entrepreneurs take the next steps in scaling their business. In addition, the contact emphasized community-based programming and services tailored to the local community, highlighting the importance of partnering with local non-profits and organizations who serve those local communities to do the work together. From an affordable housing perspective, the contact noted there is a need for homeownership and affordable housing programs directed towards seniors aging in place.

## **Credit and Community Development Needs and Opportunities**

In its CRA Strategic Plans, BBDE identified the following credit and community development needs within the assessment area:

- *Affordable Housing:* There is a need for affordable, accessible, quality housing in New Castle County, and especially in the City of Wilmington, and assistance in locating affordable housing for low- and moderate-income individuals and families. There is also a need to provide loans to housing owners to make needed repairs.
- *Financing for Community Development/Small Business/Economic Development:* In distressed areas of New Castle County, there is a need to provide for the economic development of these areas and to provide employment opportunities for individuals. This is especially true in the City of Wilmington, particularly in the Downtown Development District, West Center City, and East Side areas.

- *Workforce Development:* In New Castle County, there is a need for job training, social services, community support, and education (lower and higher education) that helps prepare people for success in the workforce.
- *Healthy Food Access:* In certain areas of New Castle County, there is a need for improved access to healthier food options. Many sections of New Castle County have been defined as “food deserts.” A food desert is an area that has limited access to affordable and nutritious food. Most citizens are forced to travel more than one to two miles for the closest grocery store.
- *Financial Education and Money Management:* In New Castle County, there is a need for a variety of financial educational programs, including life skills training, basic budgeting and finance, fundamentals of credit, homeownership, job skills training, and life insurance uses.
- *Diversity and Equality:* There is a need in New Castle County to foster economic equality for minority households and minority-owned businesses.
- *Management Assistance:* There is a need in New Castle County to foster economic equality for minority households and minority-owned businesses.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from January 1, 2020, through December 31, 2022. Examiners conducted a full-scope review of the bank's CRA performance using the Examination Procedures for Institutions with Strategic Plans. Under the strategic plan option, banks are required to specify measurable goals for helping to meet the credit and community development needs of the assessment area or broader statewide or regional area covered by the plan. Goals should include lending, investments, and services conducted within low- and moderate-income geographies and targeted to low- and moderate-income individuals, as appropriate. The FDIC reviews and approves strategic plans.

This evaluation considers the bank's performance for 2020 consistent with its 2018-2020 CRA Strategic Plan goals, and for 2021 and 2022 consistent with its 2021-2022 CRA Strategic Plan goals. During the prior evaluation, examiners evaluated the bank's performance for 2018 and 2019 under the 2018-2020 CRA Strategic Plan, which was rated Outstanding.

The 2018-2020 CRA Strategic Plan outlines the following five goals to measure the bank's performance in 2020.

- *Goal 1: New Community Development Loans and Investments* – This includes both actual community development loans and investments, plus commitments to fund. The plan outlines a Satisfactory rating for achieving new loans and investments representing 0.10 percent of average assets per calendar year (pro rata, if not a full year), and an Outstanding rating representing 0.15 percent of average assets per calendar year (pro rata, if not a full year).
- *Goal 2: Unique Loans and Investments* – This includes loans and investment transactions, excluding those that are participations in a pooled loan fund or the purchase of MBSs. Transactions must be \$200,000 to \$5.0 million in dollar volume. The plan outlines a Satisfactory rating for achieving three unique transactions per year, and an Outstanding rating for four unique transactions per year.
- *Goal 3: Community Development Grants* – The plan outlines a specific dollar volume goal. To achieve a Satisfactory rating, the bank must provide \$1.0 million per year in community development grants, and for an Outstanding rating, the bank must provide \$1.3 million per year in community development grants.
- *Goal 4: Community Development Services* – The plan outlines specific service goals based on points. The point structure is further outlined within the plan's Appendix and referenced below within the "Conclusions on Performance Criteria" section. To achieve a Satisfactory rating, the bank must earn between 90-109 points per year, and for an Outstanding rating, the bank must earn over 110 points per year.

- *Goal 5: Percentage of Consumer Loans Issued to Residents in the Assessment Area, Who Reside in Low- and Moderate-Income Census Tracts* – This goal measures the geographic distribution of consumer loan lending within low- and moderate-income census tracts. For a Satisfactory rating, the bank must originate at least 4.0 percent of consumer loans to borrowers residing in low-income census tracts and at least 16.0 percent to those in moderate-income census tracts. For an Outstanding rating, the bank must originate at least 5.0 percent of consumer loans to borrowers residing in low-income census tracts and at least 20.0 percent to those in moderate-income census tracts. As previously noted, BBDE discontinued its consumer loan product in 2019.

The 2021-2022 CRA Strategic Plan outlines the following four goals to measure the bank’s performance. With the exception of Goal 2 and the discontinuance of Goal 5, the 2021-2022 CRA Strategic Plan goals are the same.

- *Goal 1: New Community Development Loans and Investments* – This includes both actual community development loans and investments, plus commitments to fund. The plan outlines a Satisfactory rating for achieving new loans and investments representing 0.10 percent of average assets per calendar year (pro rata, if not a full year), and an Outstanding rating representing 0.15 percent of average assets per calendar year (pro rata, if not a full year).
- *Goal 2: Maintain Existing Loan and Investment Volume* – This goal focuses on maintaining the bank’s community development loan and investment portfolio, represented as a percentage of average assets per calendar year. To achieve a Satisfactory rating, community development loans and investments should represent 0.55 percent of average assets per calendar year, and for an Outstanding rating, they should represent 0.60 percent of average assets per calendar year.
- *Goal 3: Community Development Grants* – The plan outlines a specific dollar volume goal. To achieve a Satisfactory rating, the bank must provide \$1.0 million per year in community development grants, and for an Outstanding rating, the bank must provide \$1.3 million per year in community development grants.
- *Goal 4: Community Development Services* – The plan outlines specific goals based on points. The point structure is further outlined within the plan’s Appendix and referenced below within the “Conclusions on Performance Criteria” section. To achieve a Satisfactory rating, the bank must earn between 90-109 points per year, and for an Outstanding rating the bank must earn over 110 points per year.

Examiners reviewed the bank’s performance under each goal, evaluating whether BBDE met its annual goals for each of the years during the evaluation period.

### **Activities Reviewed**

Bank management provided information on community development loans and investments, grants and donations, and services. Examiners reviewed records and reports provided by bank

management, publicly available economic and demographic information, as well as other information gathered as part of the evaluation process, including information obtained during meetings with bank management and the community contact.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### Goal 1: New Community Development Loans and Investments (All Years)

During the evaluation period, BBDE originated, purchased, or committed to 79 new qualified community development loans or investments totaling \$147.7 million. Qualified community development loans or investments must be within the assessment area and broader statewide or regional area. Goal 1 measures the bank’s performance by considering the new community development loans and investments made each year as a percentage of average assets per calendar year (pro rata if not a full year). The average assets per calendar year is calculated using the prior year’s average assets based on quarterly Call Report data.

The following table shows the bank’s annual performance in comparison to established goals.

<b>New Community Development Loans and Investments</b>			
<b>Strategic Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b>
	<b>Satisfactory</b> <i>% of average assets</i>	<b>Outstanding</b> <i>% of average assets</i>	
2020	0.10%	0.15%	<b>0.17%</b>
2021	0.10%	0.15%	<b>0.14%</b>
2022	0.10%	0.15%	<b>0.15%</b>
<i>Source: CRA Strategic Plans and bank records</i>			

The bank made new community development loans and investments totaling \$58.2 million in 2020, \$45.2 million in 2021, and \$44.3 million in 2022. In addition to unique community development loans and investments, BBDE also actively invests in MBSs backed by properties located in low- and moderate-income census tracts within the assessment area and participates in pooled loan funds providing financing for affordable housing, economic development, and small business lending opportunities.

Below are some notable examples of BBDE’s community development loans and investments made during the evaluation period:

- *Capital Good Fund:* In 2020, BBDE made a \$50,000 investment to Capital Good Fund, a Community Development Financial Institution (CDFI) that provides low-interest rate microloans to low- and moderate-income families to provide short-term financial support as an alternative to pay day loans.
- *Code Differently:* The bank made a \$100,000 investment in 2020 towards Code Differently to help the program shift online versus in-person due to COVID-19. In 2022, BBDE contributed \$300,000 towards Code Differently in continued support of their workforce

development programs. Code Differently is an experiential software development and coding program designed to introduce its students to careers in technology.

- *United Way of Delaware, Inc.:* In 2021, BBDE invested \$986,125 with the United Way of Delaware in partnership to create the Minority Small Business Program, an economic development initiative. The bank also provided \$600,000 of funding towards this program in 2022. The Minority Small Business Program aids minority business owners in improving their operations and strengthening their financial performance through financial coaching, business training and certifications, and networking. The businesses nurtured through this program serve the low- and moderate-income communities of Wilmington, DE and the surrounding markets.
- *The NERDiT Foundation:* The bank provided \$250,000 in funding in 2021 towards building an expansion to NERDiT Now, assisting the organization in growing and expanding in order to better fulfill its mission. NERDiT Now trains, donates, repairs, and recycles IT to close the digital divide and inspire the next generation of technologists and community-driven entrepreneurs. The organization is based in Wilmington, DE and is particularly focused on providing services to the underserved local communities. Through the organization’s NERDiT CARES, it provides a free workforce development program and donates devices to the community.
- *Ministry of Caring:* In 2021, the bank gave \$100,000 to Ministry of Caring in support of the organization’s affordable housing development projects for low- and moderate-income seniors. Ministry of Caring sponsors the development of several affordable long-term housing solutions that provide low- and moderate-income seniors clean, safe, and affordable housing along with amenities and services to help them live independently.

**Goal 2: Unique Loans and Investments (2020)**

Goal 2 for the plan year covering 2020 focused on the number of unique loans and investment transactions made between a \$200,000 and \$5.0 million dollar threshold. Qualified unique transactions did not include participations in a pooled loan fund or the purchase of MBSs. The following table shows the bank’s annual performance in comparison to the established goals:

<b>Unique Loans and Investments Transactions</b>			
<b>Strategic Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b>
	<b>Satisfactory</b> <i>transactions/year</i>	<b>Outstanding</b> <i>transactions/year</i>	
2020	3	4	<b>3</b>
<i>Source: CRA Strategic Plan and bank records</i>			

Detailed below are the three unique transactions the bank made in 2020 that meet Goal 2’s performance qualifications

- *REACH Riverside:* The bank made a \$200,000 investment towards REACH Riverside’s affordable housing project as part of the ongoing redevelopment of Wilmington, DE’s

Riverside neighborhood. REACH Riverside has committed to developing roughly 600 units of mixed-income housing.

- *True Access Capital:* The bank originated a \$750,000 direct loan to True Access Capital, a local CDFI that empowers small business owners and entrepreneurs in DE and Southeastern PA with technical expertise and access to capital. The proceeds of this loan will be used for small business lending, directly supporting the CDFI’s economic development mission.
- *Stepping Stones Federal Credit Union:* The bank invested \$250,000 into a Certificate of Deposit with local credit union Stepping Stones. Stepping Stones is a federal credit union dedicated to serving the limited income communities of Wilmington, DE through affordable savings and loans products for both consumers and small businesses.

BBDE made several other unique transactions during the year, particularly in response to COVID-19 community aid. However, these transactions were outside the dollar volume threshold specified for Goal 2.

**Goal 2: Maintain Existing Loan and Investment Volume (2021-2022)**

Goal 2 for the plan years 2021 and 2022 focused on maintaining the bank’s community development loan and investment portfolio, represented as a percentage of average assets per calendar year. The average assets per calendar year is calculated using the prior year’s average assets, based on quarterly Call Report data. The following table shows the bank’s annual performance in comparison to established goals.

<b>Maintain Existing Loan and Investment Volume</b>			
<b>Strategic Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b> <i>% of average assets</i>
	<b>Satisfactory</b> <i>% of average assets</i>	<b>Outstanding</b> <i>% of average assets</i>	
2021	0.55%	0.60%	<b>0.56%</b>
2022	0.55%	0.60%	<b>0.67%</b>

*Source: CRA Strategic Plan and bank records*

**Goal 3: Community Development Grants (All Years)**

During the evaluation period, BBDE made 121 qualified community development grants totaling \$11.6 million to 49 organizations. Qualified community development grants must be to non-profits and organizations within the assessment area and broader statewide or regional area. The following table shows the bank’s annual performance in comparison to established goals.

<b>Community Development Grants</b>			
<b>Strategic Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b>
	<b>Satisfactory</b>	<b>Outstanding</b>	
2020	\$1.0 million/year	\$1.3 million/year	<b>\$3.6 million</b>
2021	\$1.0 million/year	\$1.3 million/year	<b>\$5.4 million</b>
2022	\$1.0 million/year	\$1.3 million/year	<b>\$2.6 million</b>
<i>Source: CRA Strategic Plans and bank records</i>			

Below are some notable examples of the community development grants BBDE provided during the evaluation period.

- *Challenge Program:* During the evaluation period, BBDE provided \$410,000 in funding to the Challenge Program, a community organization that provides vocational training for DE’s at-risk youth to empower them with the confidence, skills, and purpose to become productive members of society. In addition to its construction training programming, the Challenge Program assists students with earning their high school diploma or GED and provides job placement services. The organization also provides case management services, assisting students with legal issues, housing, life skills, referrals to community resources, and obtaining a driver’s license.
- *Christiana Care Health System, Inc.:* In 2021, the bank provided a \$1.0 million grant to the Christiana Care Health System to help build and launch innovative mobile health vans to bring health services and COVID vaccines and testing to the underserved and low- and moderate-income communities within Wilmington, DE.
- *Delaware Community Foundation, Inc.:* BBDE provided \$2.4 million in funding across 2020 and 2021 to the Delaware Community Foundation in support of the organization’s COVID-19 relief funds.
  - In 2020, BBDE provided \$1.4 million to the COVID-19 Strategic Response Fund, becoming the largest corporate donor to this fund. The Strategic Response Fund supported the evolving needs of the state’s most impacted, vulnerable, and underserved communities. BBDE’s grant helped 15,000 families with housing needs and 6,500 with healthcare needs. Additionally, a portion of this funding was used to launch innovative initiatives, such as the Seaford District Library Telehealth Pods (building out telehealth kiosks at the public library), the Wilmington Strong Small Business Fund (providing micro-grants for small businesses impacted by the pandemic), Wilmington is Working Tech Fund (providing laptops and technology so workforce training programs could continue their programming virtually), REACH Riverside’s emergency fund, and the Pete du Pont Freedom Foundation Equitable Entrepreneurial Ecosystem (a small business launcher program supporting entrepreneurs of color).
  - In 2021, BBDE provided \$1.0 million to the Vision Grant Fund and the Leadership in Community grants. The Vision Grant Fund focused on the long-term chronic



impacts of COVID-19, seeking innovative and collaborative solutions to the emerging and evolving needs arising from or exacerbated by the pandemic. The Leadership in Community grants supported non-profits with ethnically diverse leadership focused on addressing the systemic and structural challenges exacerbated by the pandemic.

- *Food Bank of Delaware:* The bank provided \$425,000 to the Food Bank of Delaware during the evaluation period, supporting the organization's Delaware Food Works program. The Food Bank of Delaware is a state-wide organization that provides emergency food assistance to those in need, in addition to providing community-based programs that provide pathways to self-sufficiency for low-income individuals. The Delaware Food Works program provides workforce development programs in the culinary, warehousing, and agricultural fields.
- *Kalmar Nyckel Foundation:* BBDE provided \$20,000 to the Kalmar Nyckel Foundation during the evaluation period to support the hiring of one of the Challenge Program trainees as a deck hand to learn carpentry, ship maintenance skills, and soft skills. The Kalmar Nyckel Foundation is a non-profit educational organization based in an economic development zone. The Foundation operates the Tall Ship of Delaware, Kalmar Nyckel.
- *Project New Start:* The bank provided \$145,000 to Project New Start during the evaluation period. Project New Start is a comprehensive, results-oriented cognitive behavioral change and job readiness program in Wilmington, DE for individuals transitioning out of state and federal prisons.
- *Tech Impact:* BBDE provided \$135,000 in 2020 and \$600,000 in 2021 to Tech Impact, a non-profit organization that provides technology managed services and workforce development training to underrepresented and economically disadvantaged populations. In 2021, the bank's funding helped to launch the Tech Impact Opportunity Center, a permanent training facility for the organization's Delaware ITWorks tech training program. BBDE's grant funding also helped pilot the CXWorks customer service training program at the Baylor Women's Correctional Institution in DE for incarcerated women who will be reentering the workforce.

#### **Goal 4: Community Development Services (All Years)**

Goal 4 focused on community development service, as measured by a point scale outlined within the CRA Strategic Plans. Qualified community development services must be within the assessment area and broader statewide or regional area. The point structure to measure Goal 4 is as follows:

- *Innovative and Substantive Assistance – 7 points for each project year:* Community development service where the bank originates an idea for assistance to be provided to the community through an identified community partner. The bank takes a leadership role in planning and initiating the roll-out of the initiative with the community partner.

- *Long Term Service – 5 points for each project year:* Community development service where the bank takes a lead role in the development of an initiative that has the potential to have lasting impact in the community or in the construction and improvement of programs currently in place. Long term service is a continual interaction with community partners over a wide expanse of time to help the project come to fruition.
- *Board Membership – 2 points per membership year (4 points if serving as Chair of the Board):* Membership on the Board of Directors of an organization whose purpose is to provide community development, financial education, job training, or other services to low- and moderate-income communities, small businesses, or individuals.
- *Committee or Project Membership – 2 points per membership year:* Membership on a committee for an organization or a specific ad hoc project whose purpose is to provide community development, financial education, job training, or other services to low- and moderate-income communities, small businesses, or individuals.
- *Community Development Financial Education and Services – 1 point per service:* Community development services where bank personnel provide support on a singular basis to meet a specific financial education or services need of a non-profit or community group. The non-profit or community group must serve the needs of low- and moderate-income communities, small businesses, and individuals.

During the evaluation period, BBDE provided community development services to 46 non-profits and community organizations serving the assessment area. The following table shows the bank’s annual performance in comparison to established goals.

<b>Community Development Services</b>			
<b>Strategic Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b> <i>points/year</i>
	<b>Satisfactory</b> <i>points/year</i>	<b>Outstanding</b> <i>points/year</i>	
2020	90-109	>110	<b>166</b>
2021	90-109	>110	<b>159</b>
2022	90-109	>110	<b>154</b>

*Source: CRA Strategic Plans and bank records*

Below are some notable examples of BBDE’s community development services provided during the evaluation period.

- *Delaware Technical Community College (DTCC):* BBDE supports the DTCC’s Workforce Development and Community Education programs, which provide training opportunities for individuals seeking to increase their job skills and gain knowledge to become gainfully employed or transition to new employment opportunities. In 2017, BBDE helped launch DTCC’s Hemodialysis Program, a 600-hour comprehensive healthcare job training program for unemployed and underemployed individuals that have their high school diploma or GED. In 2020, the bank assisted in enhancing this program, allowing for full funding for two cohorts of students, earning the bank seven points for this year. BBDE continues to

support the DTCC's workforce development programs, working with DTCC to fund several other workforce tracks in high demand sectors. The bank earned five points for long-term service in both 2021 and 2022. In addition, BBDE colleagues volunteer to participate in mock interview sessions with DTCC students, earning an additional one point per year during the evaluation period.

- *Nehemiah Gateway Community Development Corporation:* The bank has partnered with Nehemiah Gateway CDC since 2011, earning the bank five points for long-term service each year of the evaluation period. BBDE supports Nehemiah's Delaware Tax and Financial Service Campaign, which operates the IRA VITA/Earned Income Tax Prep program. Through this program, individuals and small businesses can obtain free tax preparation. BBDE colleagues volunteer to assist in processing returns for low- and moderate-income individuals and families annually, earning an additional one point per year of the evaluation period.
- *REACH Riverside:* BBDE has been continually involved with REACH Riverside since its launch in 2018. The bank continues to support the organization's workforce development strategy, earning BBDE five points for long-term service in 2020. In 2021 and 2022, BBDE took a lead role in helping expand the Teen Warehouse RISE workforce program, earning the bank seven points for each of these years. Additionally, BBDE executives have served on REACH Riverside's Workforce Development Committee (2020) and Advisory Board (2021-2022), earning the bank an additional two points.
- *Taproot Foundation:* The bank has been involved with Taproot Foundation since 2016, earning five points for long-term service each year of the evaluation period. Taproot Foundation is a national organization that connects non-profits and other social change organizations with skilled volunteers and professionals through pro bono service. BBDE colleagues volunteer both virtually and in-person with over 30 DE and PA area non-profits using their skills and expertise to advise non-profits on specific challenges and providing pro bono services.
- *West End Neighborhood House:* BBDE continues to support the West End Neighborhood House's Launcher program, a DE statewide small business and entrepreneurship program, earning the bank five points for long-term service each year of the evaluation period. As part of the bank's continued partnership in the Launcher program, Launcher entrepreneurs participate in a small business fair at BBDE's office and a pitch competition. Each year, BBDE colleagues volunteer their time to advise and support the Launcher program, in addition to assisting with the pitch competition. For colleagues' continued volunteer service, the bank earned an additional one point per year. Lastly, a BBDE senior executive serves on the West End Neighborhood House's Board, earning the bank another two points per year.
- *Wilmington Alliance:* In 2020 and 2021, BBDE took a lead role in helping the Wilmington Alliance launch the Wilmington is Working technology fund, earning the bank seven points for innovative and substantive service for both years. Through the Wilmington is Working fund, workforce training programs can apply for grant funding to purchase tech equipment, a

need that was highlighted by the COVID-19 pandemic. Additionally, a BBDE senior leader has served on the Wilmington Alliance's Board of Investors since 2016, earning the bank an additional two points for each year during the evaluation period.

**Goal 5: Percentage of Consumer Loans Issued to Residents in the Assessment Area, Who Reside in Low- and Moderate-Income Census Tracts (2020)**

Goal 5 is specific to the 2018-2020 CRA Strategic Plan and focused on the percentage of consumer loans issued to residents within the assessment area who resided in low- and moderate-income census tracts. BBDE discontinued its consumer loan product in 2019; therefore, this goal was not met.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of 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.