



# First Electronic Bank

## Community Reinvestment Act

### Public File

v.04.01.25

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## COMMUNITY REINVESTMENT ACT NOTICE

Under the federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of this community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

You are entitled to certain information about our operations and our performance under the CRA, including, for example, information about our branches, such as their location and services provided at them; the public section of our most recent CRA Performance Evaluation, prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.

At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Director, Division of Supervision and Consumer Protection (DSC), FDIC San Francisco Regional Office, 25 Jessie Street at Ecker Square, Suite 2300, San Francisco, CA 94105. You may send written comments about our performance in helping to meet community credit needs to CRA Officer, First Electronic Bank, 2150 South 1300 East, Suite 400, Salt Lake City, UT 84106 and the FDIC Regional Director. You may also submit comments electronically through the FDIC's Web site at [www.fdic.gov/regulations/cra](http://www.fdic.gov/regulations/cra). Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.

You may ask to look at any comments received by the FDIC Regional Director. You may also request from the FDIC Regional Director an announcement of our applications covered by the CRA filed with the FDIC. We are a subsidiary of The TAW, LP. You may request from the Manager, Applications, Federal Reserve Bank of San Francisco, 101 Market Street, Mail Stop 615, San Francisco, CA 94105 an announcement of applications covered by the CRA filed by bank holding companies.

## **CRA Public Comments**

As of April 1<sup>st</sup>, FEB has not received any CRA public comments for the prior calendar year and the preceding two years that specifically relate to the bank's performance in helping to meet community credit needs, and any response to the comments by the bank.

# Branches

FEB does not have public branch offices through which to provide traditional banking services to low- and moderate-income individuals in its defined AA.

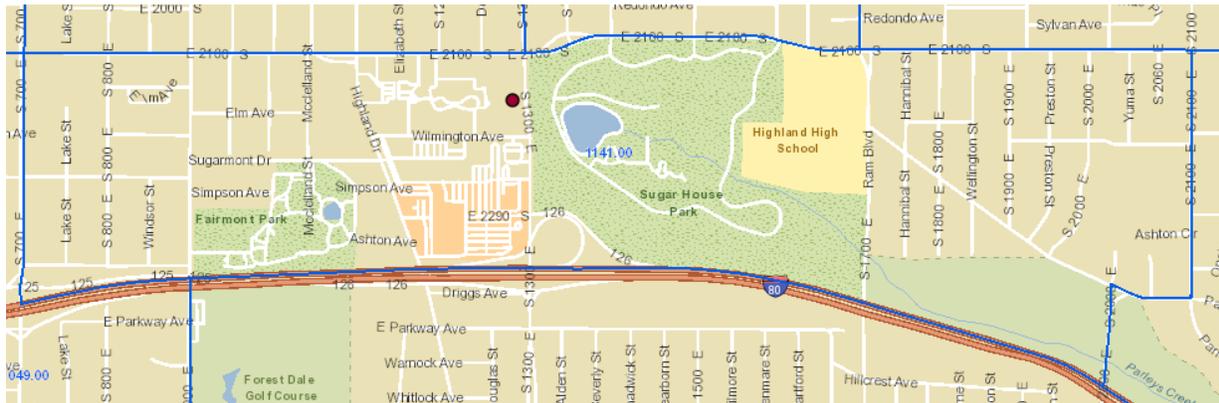
FEB's corporate office is located at:

2150 S. 1300 E #400

Salt Lake City, UT 84106

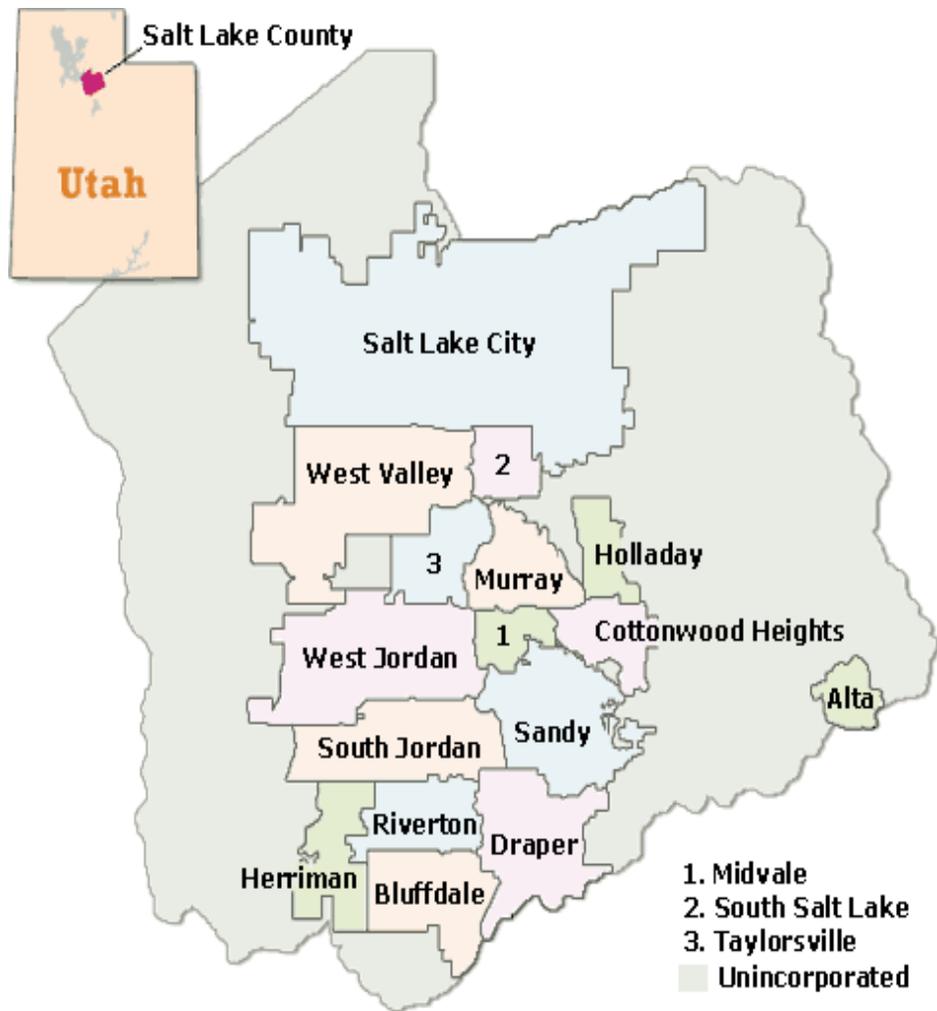
The corporate office is located in **Salt Lake County**, which is part of the *Salt Lake City, UT Metropolitan Statistical Area*.

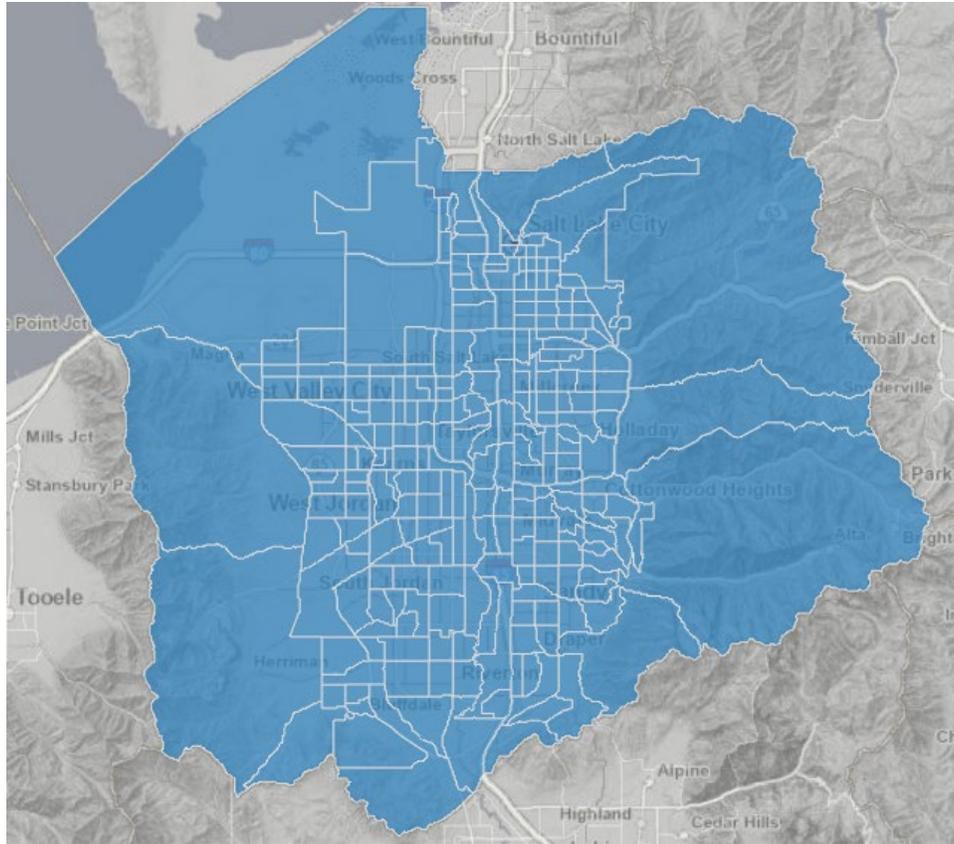
Address	2150 S 1300 E, SALT LAKE CITY, UT, 84106
MSA/MD Code	41620
State Code	49
County Code	035
Tract Code	1141.00
MSA/MD Name	SALT LAKE CITY, UT
State Name	UTAH
County Name	SALT LAKE COUNTY



## Assessment Area

FEB has designated Salt Lake County as its primary assessment area for qualified CRA activity. Due to a high concentration of similarly situated industrial banks in Salt Lake County, there is significant competition for limited CD opportunities within the AA. Nonetheless, FEB will pursue CD grants, service and investment opportunities within its AA. However, the annual goals outlined herein may necessitate expansion into surrounding areas within the State of Utah. The boundaries of the AA are the county borders and include all whole census tracts within the county. FEB's AA is Utah's most populous county and is comprised of 251 contiguous census tracts (2020 U.S. Census Data). Additional demographic information is included later in the Strategic Plan. Please see the map below which depicts the location of FEB's AA within the state of Utah.





State	County	Geo ID	Name	Type	Population (100)	Housing Units (100)
49	35	49035980000	9800.00	Census Tract	16	8
49	35	49035113906	1139.06	Census Tract	4888	1807
49	35	49035100308	1003.08	Census Tract	4025	1313
49	35	49035111702	1117.02	Census Tract	4407	1862
49	35	49035112505	1125.05	Census Tract	3972	1776
49	35	49035111601	1116.01	Census Tract	4449	2014
49	35	49035113540	1135.4	Census Tract	5367	1426
49	35	49035114303	1143.03	Census Tract	10724	2996
49	35	49035113109	1131.09	Census Tract	4823	1274
49	35	49035114602	1146.02	Census Tract	2083	676
49	35	49035113312	1133.12	Census Tract	3859	1256

49	35	49035113112	1131.12	Census Tract	3726	941
49	35	49035112504	1125.04	Census Tract	2995	1616
49	35	49035112829	1128.29	Census Tract	3181	1175
49	35	49035113113	1131.13	Census Tract	11122	3476
49	35	49035113023	1130.23	Census Tract	6756	1908
49	35	49035113114	1131.14	Census Tract	9861	3584
49	35	49035113111	1131.11	Census Tract	5210	1511
49	35	49035113110	1131.1	Census Tract	4399	1064
49	35	49035112828	1128.28	Census Tract	5063	1288
49	35	49035111104	1111.04	Census Tract	2982	1257
49	35	49035113314	1133.14	Census Tract	2821	1081
49	35	49035113541	1135.41	Census Tract	2545	615
49	35	49035113536	1135.36	Census Tract	4201	1241
49	35	49035113701	1137.01	Census Tract	4160	1211
49	35	49035113538	1135.38	Census Tract	3105	844
49	35	49035110401	1104.01	Census Tract	3401	1608
49	35	49035114000	1140	Census Tract	4344	2929
49	35	49035114100	1141	Census Tract	3582	1820
49	35	49035112818	1128.18	Census Tract	3159	2
49	35	49035113905	1139.05	Census Tract	7667	2088
49	35	49035104800	1048	Census Tract	5263	2323
49	35	49035111400	1114	Census Tract	6976	3521
49	35	49035112916	1129.16	Census Tract	4736	1499
49	35	49035112918	1129.18	Census Tract	5362	1706
49	35	49035113007	1130.07	Census Tract	4947	1402
49	35	49035113008	1130.08	Census Tract	6285	1733
49	35	49035113406	1134.06	Census Tract	6787	2016

49	35	49035113408	1134.08	Census Tract	7119	1939
49	35	49035113409	1134.09	Census Tract	5049	1402
49	35	49035113410	1134.1	Census Tract	6805	1957
49	35	49035113411	1134.11	Census Tract	2808	798
49	35	49035113010	1130.1	Census Tract	7371	2620
49	35	49035113412	1134.12	Census Tract	3018	773
49	35	49035113413	1134.13	Census Tract	5980	1761
49	35	49035113505	1135.05	Census Tract	6558	2044
49	35	49035113509	1135.09	Census Tract	7826	2541
49	35	49035113510	1135.1	Census Tract	3357	1116
49	35	49035113511	1135.11	Census Tract	3900	1277
49	35	49035110105	1101.05	Census Tract	2011	835
49	35	49035104000	1040	Census Tract	3302	1258
49	35	49035111906	1119.06	Census Tract	4524	1983
49	35	49035115107	1151.07	Census Tract	6431	1548
49	35	49035112831	1128.31	Census Tract	3398	1214
49	35	49035113544	1135.44	Census Tract	4050	1043
49	35	49035113025	1130.25	Census Tract	5320	1949
49	35	49035113024	1130.24	Census Tract	5388	1488
49	35	49035113311	1133.11	Census Tract	4900	1658
49	35	49035110106	1101.06	Census Tract	2519	1770
49	35	49035114601	1146.01	Census Tract	5315	1627
49	35	49035112826	1128.26	Census Tract	5253	1345
49	35	49035113313	1133.13	Census Tract	3993	1838
49	35	49035113415	1134.15	Census Tract	5951	1659
49	35	49035113414	1134.14	Census Tract	6530	1789
49	35	49035111108	1111.08	Census Tract	3332	1333

49	35	49035101401	1014.01	Census Tract	2171	1119
49	35	49035114301	1143.01	Census Tract	5511	2034
49	35	49035112621	1126.21	Census Tract	5540	2934
49	35	49035102502	1025.02	Census Tract	2062	1308
49	35	49035102501	1025.01	Census Tract	3134	2102
49	35	49035113908	1139.08	Census Tract	5272	1559
49	35	49035115210	1152.1	Census Tract	8274	2867
49	35	49035115211	1152.11	Census Tract	7033	2196
49	35	49035113021	1130.21	Census Tract	5887	1605
49	35	49035113022	1130.22	Census Tract	7589	2303
49	35	49035101402	1014.02	Census Tract	4339	567
49	35	49035113909	1139.09	Census Tract	4119	1057
49	35	49035111106	1111.06	Census Tract	3118	1500
49	35	49035111107	1111.07	Census Tract	3090	1459
49	35	49035111109	1111.09	Census Tract	3233	1571
49	35	49035112405	1124.05	Census Tract	6241	2628
49	35	49035112406	1124.06	Census Tract	3394	1765
49	35	49035112102	1121.02	Census Tract	5041	1871
49	35	49035114302	1143.02	Census Tract	2833	981
49	35	49035111105	1111.05	Census Tract	3847	1679
49	35	49035113805	1138.05	Census Tract	4178	1189
49	35	49035980100	9801	Census Tract	10	5
49	35	49035114500	1145	Census Tract	7487	2237
49	35	49035113804	1138.04	Census Tract	4809	1238
49	35	49035114304	1143.04	Census Tract	5801	1883
49	35	49035112824	1128.24	Census Tract	5722	2377
49	35	49035112620	1126.2	Census Tract	3206	1047

49	35	49035112825	1128.25	Census Tract	4874	1646
49	35	49035112101	1121.01	Census Tract	5058	2754
49	35	49035111602	1116.02	Census Tract	6762	2248
49	35	49035112827	1128.27	Census Tract	10862	3386
49	35	49035113101	1131.01	Census Tract	7013	1950
49	35	49035113102	1131.02	Census Tract	3766	1015
49	35	49035113528	1135.28	Census Tract	4976	1420
49	35	49035113532	1135.32	Census Tract	3259	1027
49	35	49035113533	1135.33	Census Tract	4918	1587
49	35	49035114700	1147	Census Tract	4620	1498
49	35	49035112619	1126.19	Census Tract	3111	1035
49	35	49035112821	1128.21	Census Tract	7038	2034
49	35	49035112907	1129.07	Census Tract	4705	1515
49	35	49035113105	1131.05	Census Tract	7886	2062
49	35	49035113702	1137.02	Census Tract	2619	820
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49	35	49035112816	1128.16	Census Tract	5906	2003
49	35	49035112618	1126.18	Census Tract	3911	1505
49	35	49035114200	1142	Census Tract	5161	1936
49	35	49035113307	1133.07	Census Tract	7413	2075
49	35	49035113308	1133.08	Census Tract	5196	1601
49	35	49035113600	1136	Census Tract	5498	1647
49	35	49035113801	1138.01	Census Tract	5939	1531
49	35	49035113802	1138.02	Census Tract	4371	1365
49	35	49035112912	1129.12	Census Tract	2648	722
49	35	49035112913	1129.13	Census Tract	5158	1539
49	35	49035112914	1129.14	Census Tract	6548	2406

49	35	49035113904	1139.04	Census Tract	6039	1815
49	35	49035104100	1041	Census Tract	2941	1137
49	35	49035104300	1043	Census Tract	2901	1359
49	35	49035104400	1044	Census Tract	2067	699
49	35	49035104900	1049	Census Tract	3135	1568
49	35	49035110200	1102	Census Tract	5070	1876
49	35	49035110500	1105	Census Tract	6425	2195
49	35	49035110600	1106	Census Tract	5825	2033
49	35	49035112402	1124.02	Census Tract	7498	2636
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49	35	49035112503	1125.03	Census Tract	4832	1847
49	35	49035110701	1107.01	Census Tract	3798	1567
49	35	49035110702	1107.02	Census Tract	5199	1888
49	35	49035110900	1109	Census Tract	4923	1726
49	35	49035111201	1112.01	Census Tract	2632	1125
49	35	49035111202	1112.02	Census Tract	4664	1917
49	35	49035111302	1113.02	Census Tract	5878	2258
49	35	49035111305	1113.05	Census Tract	3872	1413
49	35	49035112201	1122.01	Census Tract	5018	1790
49	35	49035102801	1028.01	Census Tract	5919	1816
49	35	49035102900	1029	Census Tract	5768	2867
49	35	49035103000	1030	Census Tract	2756	1303
49	35	49035103100	1031	Census Tract	4144	1894
49	35	49035103200	1032	Census Tract	4433	2296
49	35	49035103300	1033	Census Tract	4256	2226
49	35	49035103400	1034	Census Tract	4167	1939
49	35	49035103600	1036	Census Tract	2671	1055

49	35	49035103700	1037	Census Tract	2631	1135
49	35	49035103800	1038	Census Tract	2325	1056
49	35	49035103900	1039	Census Tract	3605	1519
49	35	49035112202	1122.02	Census Tract	4005	1645
49	35	49035112301	1123.01	Census Tract	3815	1525
49	35	49035112302	1123.02	Census Tract	3623	1452
49	35	49035101500	1015	Census Tract	3288	1790
49	35	49035101600	1016	Census Tract	3742	2005
49	35	49035101700	1017	Census Tract	3582	2237
49	35	49035101800	1018	Census Tract	3347	2054
49	35	49035101900	1019	Census Tract	3103	2182
49	35	49035102000	1020	Census Tract	2837	1700
49	35	49035102300	1023	Census Tract	3153	1812
49	35	49035102600	1026	Census Tract	4391	1519
49	35	49035104700	1047	Census Tract	4818	2168
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49	35	49035112604	1126.04	Census Tract	4767	1584
49	35	49035112815	1128.15	Census Tract	5126	1587
49	35	49035110800	1108	Census Tract	5813	2466
49	35	49035112812	1128.12	Census Tract	5774	1918
49	35	49035112616	1126.16	Census Tract	4239	1486
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49	35	49035112917	1129.17	Census Tract	4168	1296
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49	35	49035112609	1126.09	Census Tract	5402	1764
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49	35	49035113545	1135.45	Census Tract	3791	916
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49	35	49035112830	1128.3	Census Tract	5027	1742
49	35	49035115109	1151.09	Census Tract	7272	2583
49	35	49035113903	1139.03	Census Tract	5403	1560
49	35	49035110104	1101.04	Census Tract	5557	2092
49	35	49035112611	1126.11	Census Tract	6681	2416
49	35	49035111304	1113.04	Census Tract	3692	1399
49	35	49035113014	1130.14	Census Tract	5273	1655
49	35	49035110300	1103	Census Tract	5802	2326
49	35	49035101200	1012	Census Tract	3972	2269
49	35	49035103500	1035	Census Tract	4031	1883
49	35	49035112617	1126.17	Census Tract	3354	1052
49	35	49035112813	1128.13	Census Tract	5410	1736
49	35	49035100100	1001	Census Tract	2987	2014
49	35	49035100306	1003.06	Census Tract	6043	2509

49	35	49035100500	1005	Census Tract	5893	2283
49	35	49035100600	1006	Census Tract	6699	2479
49	35	49035100700	1007	Census Tract	2683	1640
49	35	49035100800	1008	Census Tract	2562	1806
49	35	49035101000	1010	Census Tract	3127	1516
49	35	49035112608	1126.08	Census Tract	5165	1687
49	35	49035113011	1130.11	Census Tract	6567	2091
49	35	49035113512	1135.12	Census Tract	3417	1847
49	35	49035113513	1135.13	Census Tract	6186	2185
49	35	49035113514	1135.14	Census Tract	6757	2641
49	35	49035113515	1135.15	Census Tract	6168	2335
49	35	49035112002	1120.02	Census Tract	4871	2366
49	35	49035113013	1130.13	Census Tract	6130	1559
49	35	49035113520	1135.2	Census Tract	4101	1454
49	35	49035112805	1128.05	Census Tract	5319	1604
49	35	49035112804	1128.04	Census Tract	5429	1774
49	35	49035112610	1126.1	Census Tract	6292	2673
49	35	49035113521	1135.21	Census Tract	6493	1996
49	35	49035113522	1135.22	Census Tract	3281	1070
49	35	49035113523	1135.23	Census Tract	6102	2031
49	35	49035112612	1126.12	Census Tract	5440	2248
49	35	49035112613	1126.13	Census Tract	5264	1867
49	35	49035112615	1126.15	Census Tract	2340	756
49	35	49035113017	1130.17	Census Tract	7279	2330
49	35	49035112905	1129.05	Census Tract	5295	1688
49	35	49035112904	1129.04	Census Tract	6352	1965
49	35	49035113108	1131.08	Census Tract	4035	1147

49	35	49035114800	1148	Census Tract	3654	1350
49	35	49035102702	1027.02	Census Tract	3704	1171
49	35	49035101102	1011.02	Census Tract	3431	2355
49	35	49035111801	1118.01	Census Tract	5762	2564
49	35	49035113526	1135.26	Census Tract	5793	1524
49	35	49035113527	1135.27	Census Tract	4241	1231
49	35	49035101101	1011.01	Census Tract	1973	1172
49	35	49035111802	1118.02	Census Tract	2777	1471
49	35	49035110402	1104.02	Census Tract	3873	1410
49	35	49035111904	1119.04	Census Tract	3624	1815
49	35	49035112404	1124.04	Census Tract	4578	2165
49	35	49035100307	1003.07	Census Tract	4968	1220
49	35	49035112920	1129.2	Census Tract	5155	2075
49	35	49035112823	1128.23	Census Tract	6165	2321
49	35	49035102701	1027.01	Census Tract	4752	1707
49	35	49035112921	1129.21	Census Tract	4280	1514
49	35	49035113310	1133.1	Census Tract	3143	1225
49	35	49035113537	1135.37	Census Tract	3699	1071
49	35	49035112822	1128.22	Census Tract	5269	2010
49	35	49035113539	1135.39	Census Tract	4883	1296
49	35	49035111701	1117.01	Census Tract	5452	2244
49	35	49035111903	1119.03	Census Tract	4113	1876
49	35	49035111905	1119.05	Census Tract	3806	1871
49	35	49035113309	1133.09	Census Tract	5111	1588

2020 US Census

# Loan-to-Deposit Ratios

## 2024

Q1 – 3/31/24	Q2 – 6/30/24	Q3 – 9/30/24	Q4 – 12/31/24
67.52	52.84	85.15	66.47

\*Information taken from the Uniform Bank Performance Report – Liquidity & Funding Page 10: Net Loans & Leases to Deposits

# **First Electronic Bank**



**Community Reinvestment Act**

**Strategic Plan**

**January 1, 2025 – December 31, 2029**

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## SECTION I. Introduction

### A. First Electronic Bank Profile

Fulfilling the objectives of the federal Community Reinvestment Act (CRA) is of paramount importance to First Electronic Bank (FEB). The Board of Directors has elected to have FEB's performance record assessed pursuant to a CRA strategic plan, thereby leveraging the strengths of its business model to achieve meaningful impact.

First Electronic Bank is an industrial bank established in 2000 and headquartered in Salt Lake City, Utah. The State of Utah charters FEB with deposits insured by the Federal Deposit Insurance Corporation (FDIC). The Utah Department of Financial Institutions (UDFI) and the FDIC jointly regulate FEB, with the FDIC being FEB's primary federal regulator.

FEB is governed by an independent Board of Directors (Board) and supported by an on-site management team. In compliance with the Community Reinvestment Act (CRA: 12 USC §§ 2901-2908), FEB is required to identify and address the credit needs of its Assessment Area (AA), with a particular focus on serving low- to moderate-income (LMI) individuals.

The bank is wholly owned by The TAW, LP. FEB was originally founded to support retail operations for affiliate Fry's Electronics, Inc. (Fry's), and at the prior evaluation, FEB was wholly owned by Fry's. However, ownership of FEB was transferred to Fry's parent company, The TAW, LP, in 2019. Subsequently, Fry's ceased all business operations in February 2021.

### B. Operations

At its inception FEB originated credit cards to Fry's customers. Over time, the Bank developed relationships with third parties, referred to as Strategic Partners (SPs), which act as service providers to market products to customers and service loans on behalf of the Bank. The bank originates multiple types of loan products through its Strategic Partner relationships, including installment loans and lines of credit to consumers and small businesses nationwide. FEB generally originates the loans and sells the receivables within one to five business days. The bank has 10 Strategic Partnership relationships as of September 30, 2024.

The Bank does not operate in a traditional branch location, has not opened or closed any branches since the previous examination, and does not have deposit-taking abilities through bank tellers or automatic teller machines.

## **SECTION II. The Bank's Commitment to CRA**

### **A. CRA Governance**

The Bank's CRA Program is under the direction of the Bank's Board of Directors with the support of a bank-wide CRA Advisory Council that is comprised of volunteer Bank employees, the Chief Executive Officer (CEO)/President, the Chief Financial Officer (CFO), Chief Compliance Officer (CCO), and the CRA Officer. The CRA Advisory Council meets on an as-needed basis to evaluate compliance with the Bank's CRA Strategy, evaluate opportunities to support the CRA Program, and assess the level of participation of the bank's staff in the Bank's community development activities. The CRA Officer leads the CRA Advisory Council and provides a quarterly report of CRA activities, Strategic Plan objectives, and progress in reaching program goals to FEB's Risk and Compliance Committee of the Board. The CRA Officer is responsible for ensuring compliance with the CRA, execution of the CRA Strategic Plan and coordination of FEB's activities in relation to overall CRA Strategic Plan objectives. The CRA Officer is engaged in the local community and is responsible for managing relationships with community development organizations throughout the Bank's AA to identify and act on opportunities to provide CRA-qualified investments and services. The CRA Officer is also responsible for staying current on developing needs among the LMI community in the AA and educating Bank staff about CRA opportunities and their role in implementing the Bank's CRA strategic plan.

FEB's executive management team members are also involved in CRA efforts including service on Boards and Committees for various local non-profit organizations focused on Community Development. These types of direct interaction have brought valuable first-hand experience and awareness of community needs to the Bank's CRA Program. In addition, FEB employees participate in CRA service activities, such as teaching financial literacy to children and vulnerable adults, providing scam and fraud education to individuals at risk of homelessness, and providing technical assistance to low- to moderate-income individuals entering the workforce or purchasing a new home.

## **SECTION III. The Bank's Assessment Area**

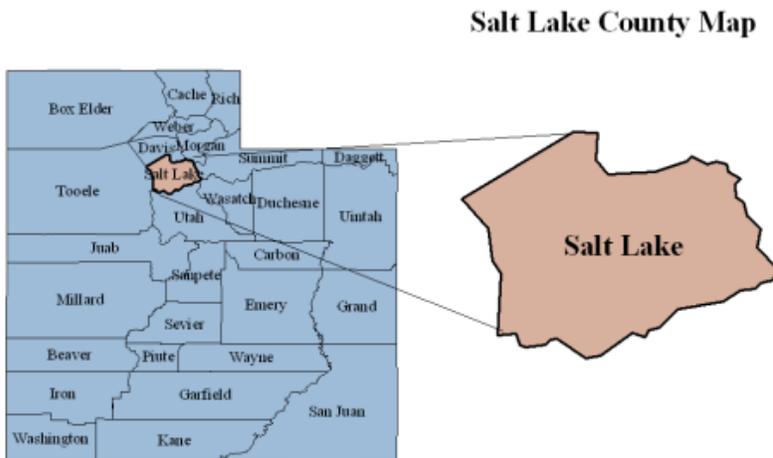
### **A. Description of Assessment Area**

The Bank's primary assessment area (AA) is defined as Salt Lake County, which is part of the Salt Lake City, UT Metropolitan Statistical Area (MSA), which meets the definition of Reg BB in that the geographic location of assessment areas must generally consist of one or more contiguous political subdivisions, such as counties, cities, or towns that includes the Bank's main office, its branches, and its deposit-taking ATMs and does not arbitrarily exclude any low- and moderate-income areas. There are 251 Census Tracts in Salt Lake County; 5 are low-income, 56 are moderate-income, 115 are middle-income, 71 are upper-income, and 4 are unknown census tracts. The Bank has only one location at 2150 South 1300 East, Suite 400, Salt Lake City, UT 84106.

FEB notes that due to several much larger financial institutions in Salt Lake County, there is significant competition for limited community development (CD) opportunities within the AA. Nonetheless, FEB will pursue CD Investments, grants, and service opportunities within its AA. However, the annual goals outlined herein may necessitate expansion into surrounding areas within Utah.

First Electronic Bank will earnestly strive to fulfill its CRA responsibilities in its assessment area.

## B. Assessment Area Map



## SECTION IV: Needs Assessment and Public Participation

The Bank has researched and conducted informal outreach to various community organizations to assess community needs and sought public participation in developing this 2025 – 2029 CRA Strategic Plan. The FDIC regulations governing public participation fall into two categories: (A) the informal seeking of public participation in developing the proposed strategic plan and (B) the formal solicitation of public comment by publication in a newspaper of general circulation in the assessment area. The Bank has complied fully with both sets of requirements.

### A. Public Participation and Informal Suggestions

The Bank conducted its own needs assessment and sent surveys to 22 community organizations representing a broad cross-section of community development interests across the Bank's assessment area to identify needs within the community and the assessment area.

#### First Electronic Bank Community Survey

This cross-section of organizations focused on three primary areas:

- Affordable Housing
- Economic Development
- Essential Community Services

Of the 22 organizations invited to participate in the survey, 17 organizations returned the survey and provided information regarding:

- Organization mission
- Client demographics
- Greatest challenges
- Priority of needs and opportunities in the primary service area
- Priority of critical areas observed
- Priority of products and services needed from the banking industry

Survey respondents were asked about the greatest challenges they face as an organization in fulfilling their mission. The top three areas in order of priority are:

- Capital Development—Fundraising
- Capacity building—High staff turnover, staff development, experienced staff, training for staff
- Access to credit—Loans to fund operational needs and capital improvements

The top five areas of community needs identified by participating organizations (in order of priority) are (numbers four and five were tied in scoring):

1. Affordable housing
2. Physical and Mental health resources - health insurance programs, maternal health resources, suicide prevention, crisis intervention, drug and alcohol intervention, and rehabilitation
3. Basic human needs resources - food and clothing banks, shelters, rent and utility assistance.
4. Children, youth, and family support - child care, after-school programs, education programs for low-income families, family resource centers, summer camps, mentoring, tutoring, and protective services
5. Consumer financial education

Survey respondents also commented on the types of support banks may provide to meet the above needs. The top four methods include, in order of priority:

1. Grants—charitable contributions
2. Community development loans
3. Financial-related services - teach financial education and serve on non-profit boards of directors/committees
4. Investments through bonds, tax credits, equity investments, etc.

Survey respondents were asked about the four areas of the community development definition in CRA regulations and which area is the highest concern related to their organization. In order of priority are the following responses:

1. Affordable housing for low- or moderate-income individuals
2. Community services to low- and moderate-income individuals
3. Economic development by financing small businesses or farms

Survey respondents were asked to choose and rank the top five banking lending products relative to their organization. In order of priority, the top five banking products were:

1. Community development loans (loans to nonprofit organizations or to third-party intermediaries)

2. Community development loans (multi-family rental financing)
3. Single-family mortgages (1-4 units)
4. Small business lending
5. Consumer loans (credit extended to individuals for household, family, and other personal expenditures)

A complete list of organizations that provided permission to include their name as participating in the survey is listed in Appendix D.

### **Summary of Informal Public Needs Assessment:**

The top need is affordable housing based on the methods used to assess community needs. With the increased costs for housing in the Utah market, there is a need to finance both multifamily and single-family affordable housing. Secondary needs include the need for grants to support nonprofit organizations. Nonprofit organizations cite the difficulty in fundraising, especially after the pandemic. Nonprofits have also cited the challenge of capacity building and the need for qualified individuals to volunteer within organizations to serve community-focused missions, including financial education. One of the most valuable banking needs cited was access to community development loans to nonprofit organizations or third-party intermediaries.

### **B. Formal Public Comment Process**

The Bank solicited formal public comment on its Strategic Plan by publishing a notice in at least one newspaper of general circulation in the Bank's assessment area, as required by 12 C.F.R. §345.27(d)(2). This Strategic Plan includes proof of publication of the request for Public Comment, which is listed in Appendix B.

## **SECTION V. CRA Performance Context**

The FDIC applies the various CRA tests and standards in the context of seven factors collectively called a bank's CRA "performance context." These seven factors are:

- A. Demographic and economic data
- B. Product Offerings and Business Strategy
- C. Lending, Investment, and Service Opportunities
- D. Institutional Capacity and Constraints
- E. Performance of Bank and Similarly Situated Lenders
- F. Public File and Written Comments
- G. Any information deemed relevant by the FDIC

The FDIC also considers whether to approve a proposed strategic plan within those same "performance context" factors (12 C.F.R. §345.21(b)). The elements of the Bank's CRA performance context is discussed throughout this document. A summary of the factors outlined in 12 C.F.R. §345.21(b)(1) – (7) follows.

## A. Demographic Data and other Relevant Data (12 C.F.R. §345.21(b)(1))

Demographic Data on Median Income Levels, Distribution of Household Income, Nature of Housing Stock, Housing Costs, and Other Relevant Data (12 C.F.R. §345.21(b)(1))

(1) Median income levels and distribution of income. The 2023 US Census QuickFacts Report, the latest data from the US Census (2023 data updated in June 2024), shows the median household income for Salt Lake County from 2018-2022 as \$90,011.<sup>1</sup> The 2024 FFIEC Estimated Area Median Income for Salt Lake County is \$115,400.<sup>2</sup>

Table 1a reflects the distribution of family income for Salt Lake County as determined by the 2024 FFIEC Estimated Area Median Income.

Table 1a – Median Family Income (MFI)—Salt Lake City, UT MSA

Income Category	MFI Criteria	Income Threshold
Low	< 50%	Up to \$57,699
Moderate	50% up to < 80%	\$57,700 to \$92,319
Middle	80% up to < 120%	\$92,320 to \$134,479
Upper	120% +	\$138,480 +

Table 2a reflects the census tract income and population breakdown of the Salt Lake County Assessment Area census tracts as determined by the 2024 FFIEC Median Income Estimates.

Table 2a –Assessment Area Census Tract Characteristics

Census Tract Income Level	# of Tracts	% of Tracts	Population	% of Population
Low	5	2%	23,302	2%
Moderate	56	22%	265,494	22%
Middle	115	46%	549,727	46%
Upper	71	28%	339,191	29%
Unknown	4	2%	7,524	1%
<b>Total</b>	<b>251</b>	<b>100.00%</b>	<b>1,185,238</b>	<b>100.00%</b>

Source: ffiec.gov

### Demographics

Salt Lake County, in northern Utah, is bordered by Davis, Morgan, Summit, Wasatch, Utah, and Tooele counties. At 742 square miles, it is Utah's fifth smallest county geographically but most densely populated, with 1,597 people per square mile in 2020. It includes 15 cities, with Salt Lake City (population 204,657 in 2022) as the largest and the state capital. With a population of 1,185,813 in 2024, it is Utah's most

<sup>1</sup> <https://www.census.gov/quickfacts/fact/table/saltlakecountyutah,US/PST045223>

<sup>2</sup> <https://www.ffiec.gov/census/report.aspx?year=2024&county=035&state=49&report=demographic>

populous county. The county is part of the Salt Lake City-Murray Metropolitan Statistical Area and the Salt Lake City-Provo-Orem, UT-ID Combined Statistical Area (CSA).<sup>3</sup>

From 2018 to 2022, Salt Lake County had 407,673 households with an average size of 2.86 people. The population was 31.3% under 18 and 12.1% over 65. In 21.1% of households, a language other than English was spoken.

Racially, 86.4% were White, 2.4% Black or African American, 1.4% American Indian and Alaska Native, 4.8% Asian, 1.9% Native Hawaiian and Other Pacific Islander, and 3.1% reported multiple races. Hispanics made up 19.7% of the population, and 68.9% were White non-Hispanic.<sup>4</sup>

Utah's population is projected to grow by 1.8% annually from 2021 to 2031. Due to this aging population, the median age will rise to 35.3, and the average household size will decrease to 2.85.<sup>5</sup> Utah's minority share of the population is expected to increase to one in three Utahns by 2060.<sup>6</sup>

## (2) Nature of housing stock and housing costs.

Salt Lake County has 439,791 housing units, a 2.69% increase from 2020 to 2024 compared to the State of Utah with a 5.94% increase.<sup>7</sup> The average home costs \$540,700, 59.9% higher than the national average and 5.9% higher than the Utah average. Renting a two-bedroom unit averages \$1,500 monthly, 4.9% above the national average and 14.7% above the state average.<sup>8</sup> Using 2024 demographics, owner-occupied units have a median residence length of 11.8 years; renter-occupied units average 5.3 years in Salt Lake County. About 5% of households have no vehicle, with the average number of vehicles per housing unit at two vehicles.<sup>9</sup>

Utah faces a severe affordable housing shortage worsened by the COVID-19 pandemic.<sup>10</sup> Rising housing costs, high interest rates, and population growth are key factors.<sup>11</sup> Utah has 62,625 extremely low-income renter households, with only 31 affordable rentals per 100 such households. Seventy-five percent of these households are severely cost-burdened.<sup>12</sup>

The Utah Economic Council's 2024 report highlights the affordability crisis: The median multiple, a price-to-income ratio, rose from under 4.0 (moderately unaffordable) from 2000 to 2018 to 6.26 (severely unaffordable) by 2022. This wage-to-housing-cost mismatch threatens economic growth.<sup>13</sup>

## (3) Other relevant data, including the assessment area's economic outlook.

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<sup>3</sup><https://www.whitehouse.gov/wp-content/uploads/2023/07/OMB-Bulletin-23-01.pdf>

<sup>4</sup> <https://www.census.gov/quickfacts/fact/table/saltlakecountyutah,US/PST045223>

<sup>5</sup> <https://gardner.utah.edu/utah-demographics/population-projections/state-and-county-projections-tableau/>

<sup>6</sup> <https://d36oiwf74r1rap.cloudfront.net/wp-content/uploads/DiversityDataBook-May2021.pdf>

<sup>7</sup> <https://www.healthysaltlake.org/demographicdata?id=2846&sectionId=937>

<sup>8</sup> [https://www.bestplaces.net/cost\\_of\\_living/county/utah/salt\\_lake](https://www.bestplaces.net/cost_of_living/county/utah/salt_lake)

<sup>9</sup> <https://www.healthysaltlake.org/demographicdata?id=2846&sectionId=937>

<sup>10</sup>

[https://www.utahhousing.org/uploads/2/6/4/4/26444747/state\\_of\\_rental\\_housing\\_in\\_salt\\_lake\\_county\\_during\\_covid\\_19.pdf](https://www.utahhousing.org/uploads/2/6/4/4/26444747/state_of_rental_housing_in_salt_lake_county_during_covid_19.pdf)

<sup>11</sup> <https://www.ksl.com/article/51019578/utah-leads-nation-in-housing-unit-growth-so-why-did-privately-owned-units-drop>

<sup>12</sup> <https://nlihc.org/gap/state/ut>

<sup>13</sup> <https://d36oiwf74r1rap.cloudfront.net/wp-content/uploads/2024/02/ERG2024.pdf>

## Economy

Despite its midsized economy, Utah's industrial composition is more diverse than the largest state economies,<sup>14</sup> targeting five key industries: Advanced Manufacturing, Aerospace and Defense, Financial Services, Life Sciences and Healthcare, and Software and Information Technology. These sectors drive job growth and economic robustness.<sup>15</sup>

Agriculture and mining spurred Utah's early growth, while tourism, manufacturing, and technology now shape its future. Key attractions include conference venues, a vibrant arts scene, world-class skiing, state and national parks, and a new international airport. Travel and tourism support 9% of Utah jobs, with visitors spending nearly \$12 billion in 2022.<sup>16</sup> Manufacturing provides 8.85% of Utah's jobs and 11.4% of its GDP, and it continues to grow despite a national slowdown.<sup>17</sup> Utah ranks highly in tech industry concentration and growth.<sup>18</sup>

Utah's decade-long economic expansion ended with the COVID-19 pandemic, but its diversified economy mitigated the impact. The state had one of the smallest employment declines and saw some sectors, like construction, grow to 18.1% from January 2020 to a forecasted 2024.<sup>19</sup>

Utah's economy has shown resilience post-pandemic, performing strongly in 2023 despite recession fears. Economists predict "unsettled normalcy" for 2024, with a deceleration in growth and concerns about inflation, interest rates, labor markets, and geopolitical issues. Expected trends include slowing inflation, moderate growth in job markets, personal income, consumer spending, and home prices per a January 2024 Kem C. Gardner Policy Brief.<sup>20</sup>

## Employment

Utah's unemployment rate hit a record low of 2.0% in May 2022 and remains low due to a strong labor market despite setbacks from the pandemic. In July 2024, Utah's non-farm employment grew by 2.8%, with significant gains in education, health services, and construction. Although Utah's job market outperformed most states in 2023, job growth grew in 2024, partly due to an increase in construction.<sup>21</sup>

Salt Lake County Top 10 Employment Sectors by Industry: 2024 <sup>22</sup>		
Industry	# of Employees	Percent
Retail Trade	74,112	11.40%
Health Care	72,319	11.13%

<sup>14</sup> <https://d36oiwf74r1rap.cloudfront.net/wp-content/uploads/ERG2023.pdf>

<sup>15</sup> <https://business.utah.gov/targeted-industries/>

<sup>16</sup> <https://d36oiwf74r1rap.cloudfront.net/wp-content/uploads/2024/02/TT-Report-Feb2024.pdf>

<sup>17</sup> <https://gopb.utah.gov/wp-content/uploads/2024/02/ERG2024.pdf>

<sup>18</sup> <https://www.utahbusiness.com/economies-utah/>

<sup>19</sup> <https://gopb.utah.gov/wp-content/uploads/2024/02/ERG2024.pdf>

<sup>20</sup> <https://d36oiwf74r1rap.cloudfront.net/wp-content/uploads/2024/01/ERG2024-Overview-PB-Jan2024.pdf>

<sup>21</sup> <https://slchamber.com/resources/roadmap-dashboard/>

<sup>22</sup> <https://www.healthysaltlake.org/demographicdata?id=2846&sectionId=939>

Manufacturing	64,974	10.00%
Financial/Insurance/Real Estate	63,717	9.80%
Education Services	62,079	9.55%
Professional/Business Services	57,710	8.88%
Construction	50,971	7.84%
Transportation	36,505	5.62%
Other Services	29,415	4.53%
Admin/Support Services	28,101	4.32%

Salt Lake County's Largest Employers: 2022 <sup>23</sup>		
Company Name	Industry	Annual Average Employment
University of Utah	Higher Education	20,000+
Intermountain Health Care	Health Care	15,000-19,999
State of Utah	State Government	15,000-19,999
Wal-Mart Associates	Warehouse Clubs/Supercenters	10,000-14,999
Granite School District	Public Education	10,000-14,999
Zions Bancorporation N A	Financial Services	7,000-9,999
Smith's Food and Drug Centers	Grocery Stores	7,000-9,999
Jordan School District	Public Education	7,000-9,999
United Parcel Service	Postal Service	5,000-6,999
Salt Lake County	Local Government	5,000-6,999

### B. Product Offering and Business Strategy (12 C.F.R. §345.21(b)(3))

Bank's Product Offering and Business Strategy as Determined from Data Provided by the Bank (12 C.F.R. §345.21(b)(3))

<sup>23</sup> <https://jobs.utah.gov/wi/data/library/firm/majoremployers.html>

**Unsecured Consumer Lending Products include:**

- Installment loans
- Retail lending
- Lines of credit
- Credit cards

**Unsecured Business Lending Products include:**

- Installment loans
- Lines of credit

Loan Types as of 6/30/2024	(\$000)	Percentage
Commercial & Industrial Loans	5,520	3.40%
Commercial Real Estate	-	0.00%
Construction & Land Development	-	0.00%
1 - 4 Family	-	0.00%
Consumer	158,275	96.60%
<b>Total</b>	<b>163,795</b>	<b>100.00%</b>

**Services**

Business Strategy

FEB believes that banks have an obligation to provide innovative financial services that serve communities in a safe, sound, and accessible way. Historically, banks have been slow to adapt to a changing world. Sponsor banking—combining banking with innovation and technology focused Strategic Partners—has fueled a massive wave of innovation and progress in banking for the benefit of consumers and businesses nationwide. FEB recognizes that it is increasingly a consequential participant in this evolution and intends to continue to drive innovation. FEB also recognizes that certain segments of the U.S. population are more challenging to bank, and therefore have a greater need for innovation and competition to make banking more accessible and effective for them. Accordingly, FEB has adopted the following Mission, Vision, and Purpose:

**Mission:** First Electronic Bank combines responsible banking with innovation to provide financial services that benefit society.

**Vision:** Be innovative, dynamic, and responsible while expanding financial products and services to underserved and emerging markets. Thoughtfully consider our employees, partners, consumers, and community in everything we

**Purpose:** We are inspired by the purpose to make credit accessible to everyday Americans and their businesses.

### C. Lending, Investment and Service Opportunities (12 C.F.R. §345.21(b)(2))

Information regarding lending, investment, and service opportunities in the Bank's assessment area (12 C.F.R. §345.21(b)(2))

In reviewing the credit needs of the Assessment Area and the limited commercial exposure of the Bank's overall lending strategy, the Bank has determined that a community development lending, investment, and service approach is appropriate with a focus on affordable housing, financial literacy, and assisting organizations providing needed community services:

The Bank has identified community development needs from various sources to formulate its assessment of needs and corresponding analyses of lending, investment, and service opportunities. The Bank anticipates that it may consider participating in the following types of Community Development activities:

- Bank employees volunteer to teach financial literacy to LMI individuals
- Provide grants to non-profit organizations that meet the community development definition
- Make investments in Community Development Financial Institutions (CDFI) and/or Minority Depository Institutions (MDI)
- Bank employees volunteer to provide technical assistance to an MDI and/or CDFI to establish a loan program targeted to LMI individuals and families
- Encourage Bank Executive Management to serve on Non-Profit Boards or Committees that provide community development services
- Investments in state housing bonds specifically supporting affordable housing or other community development areas.

### D. Institutional Capacity and Constraints (12 C.F.R. §345.21(b)(4))

Institutional capacity and constraints, including the size and financial condition of the Bank, economic climate, safety and soundness limitations, and any other factors that significantly affect the Bank's ability to provide lending, investments, or services in its assessment area(s) (12 C.F.E. 345.21(b)(4))

Bank assets totaled approximately \$428.9 million as of June 30, 2024, including \$163.8 million in loans and \$2.5 million in securities. The largest categories of loans by dollar volume include consumer loans (96.6%) and commercial and industrial loans (3.4%).

The Bank's assessment area is heavily competitive in the market for financial services. Per the FDIC Deposit Market Share data as of June 30, 2024, there were 51 financial institutions that operated 201 offices within Salt Lake County, UT, with \$942.7 billion in deposits. The market also includes other financial institutions including credit unions. First Electronic Bank held \$310 million in deposits for a 0.03% market share.

The FDIC recognizes the level of competition in Salt Lake County. In First Electronic Bank's recent CRA Performance Evaluation dated October 31, 2022, the FDIC noted "The assessment area is highly competitive for financial services. Salt Lake County contains several industrial banks and financial institutions. Although opportunities are present for community development loans, qualified investments, and community development services, the number of large financial institutions in the area that compete for community development opportunities limits FEB's ability to secure these opportunities."

With high competition for community development activities in the Assessment Area, the Bank will first attempt to make CD loans and qualified investments in the Bank's assessment area, but if opportunities are limited, the Bank will seek to identify opportunities on a statewide and/or regional basis. The regional area would be identified as the entire state of Utah and states bordering the State of Utah including Arizona, Colorado, Idaho, Nevada, New Mexico and Wyoming.

The Bank also recognizes additional business constraints. This plan is based on FEB's health and the current banking environment. In the event of changes, the Bank may have difficulty in maintaining the levels of commitment outlined herein. Some of the unforeseen changes that would affect the ability of the Bank to administer the plan as presented are:

1. Deterioration in the Bank's Ability to Lend. This could occur through abruptly rising interest rates, economic slowdown (both regionally and nationally), an increase in regulatory underwriting requirements, or an unfavorable business climate. In addition, the Bank may experience a constraint on capital that limits the ability to expand or maintain the lending function.
2. Deterioration in the Regional or National Economy. Any deterioration in the economy would result in a decrease in demand for the Bank's primary lending products.
3. Decreased Supply of Community Development Loans and/or Qualified CRA Investments. In the event there is a significant reduction in the supply of community development loans and/or qualified CRA investments, the Bank would inherently have a difficult time in attaining the CD levels of the plan.
4. Staff Reduction. If the Bank experiences a downturn in lending, there is a possibility of a reduction in staff. This would impede the ability to produce the service hours required under this plan.
5. Pandemic or Public Health Crisis. In the event of a pandemic or other public health crisis, First Electronic Bank employees may not be able to perform in-person service in the community. Community organizations may also not be able to offer regular programming. This would impede the Bank's ability to produce the service hours required under its strategic plan. The Bank may also experience temporary growth in assets due to participation in emergency response lending programs. This growth may make it exceptionally difficult to achieve the Community Development Loan & Investment goals in our strategic plan that are based on the Bank's average total assets.

#### **E. Performance (12 C.F.R. §345.21(b)(5))**

The Bank's past performance and the performance of similarly situated lenders (12 C.F.R. §345.21(b)(5))

##### ***First Electronic Bank's Past CRA Performance.***

First Electronic Bank is operating under a current CRA Strategic Plan effective January 1, 2020 through December 31, 2024. Prior to this plan, the Bank operated under a CRA Strategic Plan dated January 1, 2017 through December 31, 2019.

## **Community Development Activities**

### **Community Development Loans & Qualified Investments**

Note that the Bank’s strategy was that as long as Community Development (CD) Loans were available, this CD Lending and Investment goal would primarily be met by originating CD Loans and new investments. Also, note that the Bank’s Average Assets for a plan year were calculated by subtracting Paycheck Protection Program (PPP) loan balances from Average Assets in each quarter of the plan year and then averaging the four resulting amounts. PPP loans are not part of the Bank’s planned goals for community development loans and qualified investments.

<b>Goal 1: New Community Development Loans &amp; Qualified Investments</b>						
<b>Plan Year</b>	<b>Bank Established Goals</b>		<b>Bank Performance</b>			
	<b>Satisfactory %</b>	<b>Outstanding %</b>	<b>CD Lending (000s)</b>	<b>CD Investments (000s)</b>	<b>Average Total Assets (000s)<sup>24</sup></b>	<b>Actual Performance</b>
2019	1.25	1.75	0	500	12,780	3.91
2020	0.4	0.6	0	500	46627	1.07
2021	0.4	0.6	0	500	42669	1.17
2022	0.4	0.6	0	850	59,695	1.42
2023	0.4	0.6	0	1,900	132,867	1.43

*Source: FDIC Performance Evaluation, First Electronic Bank records and FEB’s Strategic Plan*

### **Community Development Services**

The Bank is responsive to the local community by providing services, support, and financial expertise where the needs arise.

The COVID-19 pandemic, its restrictions, and its aftermath significantly impacted CRA service in Salt Lake County. While the Bank worked creatively with its community partners to serve and meet community needs virtually, the scale of service opportunities was smaller, and the scope of employees who could participate was reduced. Hour requirements were reduced in the planned years prior to 2023 to account for these changes. Despite these challenges, the Bank is very proud of its “out-of-the-box” CRA service efforts to lift our community’s historically underserved/LMI portions during the past few years when traditional service has been difficult. A few examples are noted below:

- Provided financial literacy education and courses through local non-profit organizations virtually.

<sup>24</sup> Average Total Assets are obtained from line 9 of the schedule RC-K of First Electronic Bank’s quarterly Call Reports for the four quarters of the prior calendar year.

- Provided scam and fraud education to at-risk individuals at local non-profit organizations, virtually and on-site.
- Participated in developing culturally significant financial literacy courses for minority groups.

Goal 2: Community Development: Services					
Plan Year	Bank Established Goals		Bank Performance		
	Satisfactory	Outstanding	Total Hours	Hours Per FTE	Total FTE*
2019	4	6	203	6.5	31
2020	4.5	6.5	193	2.9	67
2021	4.5	6.5	287	5.5	52
2022	4.5	6.5	341	6.6	52
2023	4.5	6.5	738	11.4	65

Source: FDIC Performance Evaluation, FEB records and FEB Strategic Plan

\*Note: Full-time employee (FTE) totals are based on the number of full-time employees as of January 1 of the plan year.

### Community Development Donations & Grants

First Electronic Bank’s grants and donations are to organizations within the assessment area that qualify under the community development definition. The funds were used for affordable housing, economic development, and community services. This goal was not a past goal in previous plans; grants and donations were included as qualified investments.

Community Development: Donations & Grants	
Plan Year	Bank Performance
2019	\$30,000
2020	\$30,000
2021	\$30,000
2022	\$65,000
2023	\$120,000

Source: FDIC Performance Evaluation, FEB records and FEB Strategic Plan

## **Performance of Similarly Situated Lenders**

The Bank extensively analyzed similarly situated lenders in Utah and identified six CRA peers, three that primarily offered consumer loans and three that primarily offered commercial loans. The FDIC regulates these three Utah industrial banks and three state-chartered banks, all which operate under CRA strategic plans which measure performance by new CD loans and investments, grants and services, and share Salt Lake County as their assessment area. Plan goals from each peer were annualized for 2024 comparison using the latest common year among all peers which was 2023. Additional information regarding this analysis is listed below, and a chart of this analysis is contained in Appendix C.

## **Combined Community Development Loans and Qualified Investments**

All peers have combined Community Development Loan and Investment goals as a percentage of Average Total Assets that exclude Community Development Donations with the exception of two peers: five peers measure performance at 0.4% Satisfactory (0.6% outstanding) and one peer is at 0.5% Satisfactory (0.75% outstanding). Two peers have a combined Community Development Loan and Investment goal as a percentage of Average Total Assets, including Community Development Donations: 0.4% satisfactory (0.6% outstanding). Average total assets is determined by taking the average assets from Schedule RC-K, line 9, from the bank's four call reports for the year and determining an overall average.

## **Community Development Donations**

As noted above, two peers have a Community Development Loan and Investment goal that includes Community Development Donations (without a separate Donation goal). Four peers have separate Community Development Donation goals: \$65,000 satisfactory (\$75,000 outstanding), \$300,000 satisfactory (\$400,000 outstanding), \$14,000 satisfactory (\$18,500 outstanding), and \$13,000 satisfactory (\$16,000 outstanding). The median amount is \$39,500 satisfactory and \$46,750 outstanding. The peer with a significantly larger budget goal is over two times as large in total assets as the other peer.

## **Community Development Services**

All six peers have Community Development Services goals that are measured by the number of hours per full-time employee (FTE) in the Assessment Area each year: 3.5 satisfactory (4.5 outstanding), 4.0 satisfactory (5.0 outstanding), 5.0 satisfactory (6.0 outstanding), 4.0 satisfactory (5.0 outstanding), 4.0 satisfactory (5.0 outstanding), and 3.7 satisfactory (4.4 outstanding). The median number is 4.0 satisfactory and 5.0 outstanding.

The data from the peer analysis confirmed that the bank's measurable goals under this CRA strategic plan align with similarly situated lender activity in the Bank's assessment area.

## **F. Public File and Written Comments (12 C.F.R. §345.21(b)(6))**

The Bank's Public File and any Written Comments (12 C.F.R. §345.21(b)(6))

The Bank's public file complies with 12 C.F.R. §345.43 requirements. The Bank's CRA Notice is prominently displayed in the Bank's lobby of its main office, as required by 12 C.F.R. § 345.44. To date, the Bank's Public file contains no comments from the public regarding the Bank's CRA performance.

## **SECTION VI. The Bank's CRA Strategic Plan and Measurable Goals**

### **A. Proposed Effective Date**

The proposed effective date of this CRA Strategic Plan is January 1, 2025.

### **B. Plan Term**

The term of the Bank's CRA Strategic Plan covers the five-year period from January 1, 2025, to December 31, 2029. The Plan sets annual measurable goals under which the FDIC can evaluate the Bank's performance, as required by 12 C.F.R. §345.27(c)(1).

### **C. Measurable Goals**

The FDIC's strategic plan regulations provide flexibility regarding a bank's measurable goals, both in how the goals are expressed and regarding the three performance categories.

12 C.F.R. §345.27(f)(ii). The Bank believes that the appropriate emphasis for its measurable goals fall into the three categories discussed below.

Measurable goals for community development activity include a combined community development loan and qualified investment goal, a qualified donations goal, and a community development services goal.

A detailed listing of measurable goals is outlined in Appendix A.

### **Election if Satisfactory Goals Not Substantially Met**

Statements about the expected future activity of the Bank and all other statements in this Plan other than historical facts constitute forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may change at any time, and therefore, actual results may differ materially from expectations by the Bank. Additionally, the Bank has identified business constraints that may affect performance under this plan. However, if the Bank fails to substantially meet the goals of satisfactory under the CRA strategic plan test, it desires not to be evaluated under an alternative test, but to remain evaluated under the strategic plan option.

## **SECTION VII. Request for Approval of Strategic Plan**

### **A. Regulatory Criteria for Approval**

The Bank respectfully submits that it has fulfilled all the regulatory requirements for strategic plans, including those governing the plan's development, public participation in the plan, and its measurable goals. As established herein, the Bank's CRA performance context thoroughly supports the Bank's measurable goals. The Bank believes that FDIC approval of the Bank's Strategic Plan and its measurable goals as set forth in Appendix A is appropriate under the FDIC's criteria for evaluation of a strategic plan outlined in 12 C.F.R. § 345.27(g)(3)(i) – (iii):

(3) Criteria for evaluating plan. The FDIC evaluates a plan's measurable goals using the following criteria, as appropriate:

- (i) The extent and breadth of lending or lending-related activities, including, as appropriate, the distribution of loans among different geographies, businesses, and farms of different sizes, and individuals of different income levels, the extent of community development lending, and the use of innovative or flexible lending practices to address credit needs;
- (ii) The amount and innovativeness, complexity, and responsiveness of the bank's qualified investments; and
- (iii) The availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of the bank's community development services.

Based on the process of developing a strategic plan by analyzing the Bank's history, an analysis of similarly situated lenders, public input, and data from the performance context, the Bank feels that its suggested goals meet the credit needs of the Bank's assessment area.

### **B. Request for Approval**

For the reasons set forth above, the Bank respectfully requests FDIC approval of this CRA Strategic Plan.

## **SECTION VIII. Contact Information**

Any questions or comments regarding this Strategic Plan may be addressed to the following:

Erica Baumbach  
CRA Officer  
2150 South 1300 East, Suite 400  
Salt Lake City, Utah 84106  
[cra@firstelectronic.com](mailto:cra@firstelectronic.com)  
Phone: 801-572-4004

## APPENDICES

- A. Measurable Goals
- B. Proof of Publication of Request for Public Comment
- C. Analysis of Similarly Situated Lenders
- D. Organizations participating in Needs Assessment Survey

**APPENDIX A: Measurable Goals**

**First Electronic Bank proposes the following for its annual measurable goals for its assessment area:**

**1. Combined Community Development Loans and Qualified Investments**

Combined community development lending and investment target to obtain a Satisfactory rating is summarized below:

*Total new loans and investments annually in the Assessment Area: 0.65% of Average Total Assets*

Combined community development lending and investment target to obtain an Outstanding rating is summarized below:

*Total new loans and investments annually in the Assessment Area: 0.85% of Average Total Assets*

<b>Goal 1: Combined Community Development Loans &amp; Qualified Investments (Grants excluded)</b>		
<b>Plan Year</b>	<b>Bank Established Goals</b>	
	<b>Satisfactory %</b>	<b>Outstanding %</b>
2025	0.65%	0.85%
2026	0.65%	0.85%
2027	0.65%	0.85%
2028	0.65%	0.85%
2029	0.65%	0.85%

The Bank’s CRA performance for combined Community Development (CD) Loans and Investments will include loan originations, commitments, purchases, and renewal or refinancing of such loans during the plan year and any new qualified investments excluding grants, divided by the average assets noted in section RC-K line 9 in the four quarterly call reports for the prior year.

The Bank realizes that its past performance against prior strategic plan goals was significantly higher. It was striving for an outstanding rating and significantly performing higher than an outstanding rating metric noted in the prior plan. Taking this into consideration along with the average of similarly situated lenders, the Bank has opted to increase its goal for the percent of combined CD loans and investments from 0.4% to 0.65% for a satisfactory rating and from 0.60% to 0.85% for an outstanding rating. This change reflects an average of similarly situated lender performance along with the average of the Bank’s past performance for this category.

Unfortunately, as noted in the performance context, competition for CD Loans in Salt Lake County is very high. Due to the limited availability of CD lending and qualified investment opportunities in the Bank’s assessment area, CD goals will first be identified and attempted to be made in the Bank’s assessment area.

If the needs of the assessment area have been satisfactorily met, and additional opportunities are not available, CD Loans and Investments may originate in a statewide area and/or regional area. The defined regional area includes all states bordering the State of Utah, including Arizona, Colorado, Idaho, Nevada, New Mexico, and Wyoming.

## 2. Qualified Grants and Donations

Qualified grants and donations target to obtain a Satisfactory rating is summarized below:

*Total grants and donations in the Assessment Area for 2025 is \$90,000, increasing by \$5,000 annually thereafter.*

Qualified grants and donations target to obtain an Outstanding rating is summarized below:

*Total grants and donations in the Assessment Area for 2025 is \$125,000, increasing by \$7,000 annually thereafter.*

The following represents the target grant and donation levels to obtain both satisfactory and outstanding ratings:

Goal 2: Qualified Grants and Donations		
Plan Year	Bank Established Goals	
	Satisfactory	Outstanding
2025	\$90,000	\$125,000
2026	\$95,000	\$132,000
2027	\$100,000	\$139,000
2028	\$105,000	\$146,000
2028	\$110,000	\$153,000

## 3. Community Development Services

Community development services target to obtain a Satisfactory rating is summarized below:

*Community development services annually in the Assessment Area: 188 hours in 2025, increasing 5% annually thereafter*

Community development services target to obtain an Outstanding rating is summarized below:

*Community development services annually in the Assessment Area: 235 hours in 2025, increasing 5% annually thereafter*

<b>Goal 3: Community Development Services</b>		
<b>Plan Year</b>	<b>Satisfactory Hours</b>	<b>Outstanding Hours</b>
2025	188	235
2026	196	247
2027	206	260
2028	216	273
2029	227	287

Full-Time Employee (FTE) totals are calculated by subtracting employees that do not live near or within the Bank’s AA from the total number of full-time employees. As of the CRA Strategic Plan drafting, the number of FTE who live near or within the Bank’s AA is 47. The employees who live “near or within the Bank’s AA” is defined as all employees who reside in the state of Utah. The total number of employees as of the draft of the strategic plan is 80. In an effort to factor in some growth, the Bank will assume 47 FTE who live near or within the Bank’s AA, with a 5% increase of local FTE annually. The service hours are then calculated by taking 47 multiplied by 4 hours per FTE for a Satisfactory goal and 5 hours for an Outstanding. These service hour goals are expressed in the terms of number of hours spent performing qualified community development services, and were adjusted from the previous CRA Strategic Plan to be in line with the Bank’s current peers and are realistic considering the Bank’s performance context. Personnel available for community development service hours do not necessarily grow proportionately with asset size. Because of this constraint, the Bank has set goals that can be realistically performed by the Bank’s limited financially qualified staff.

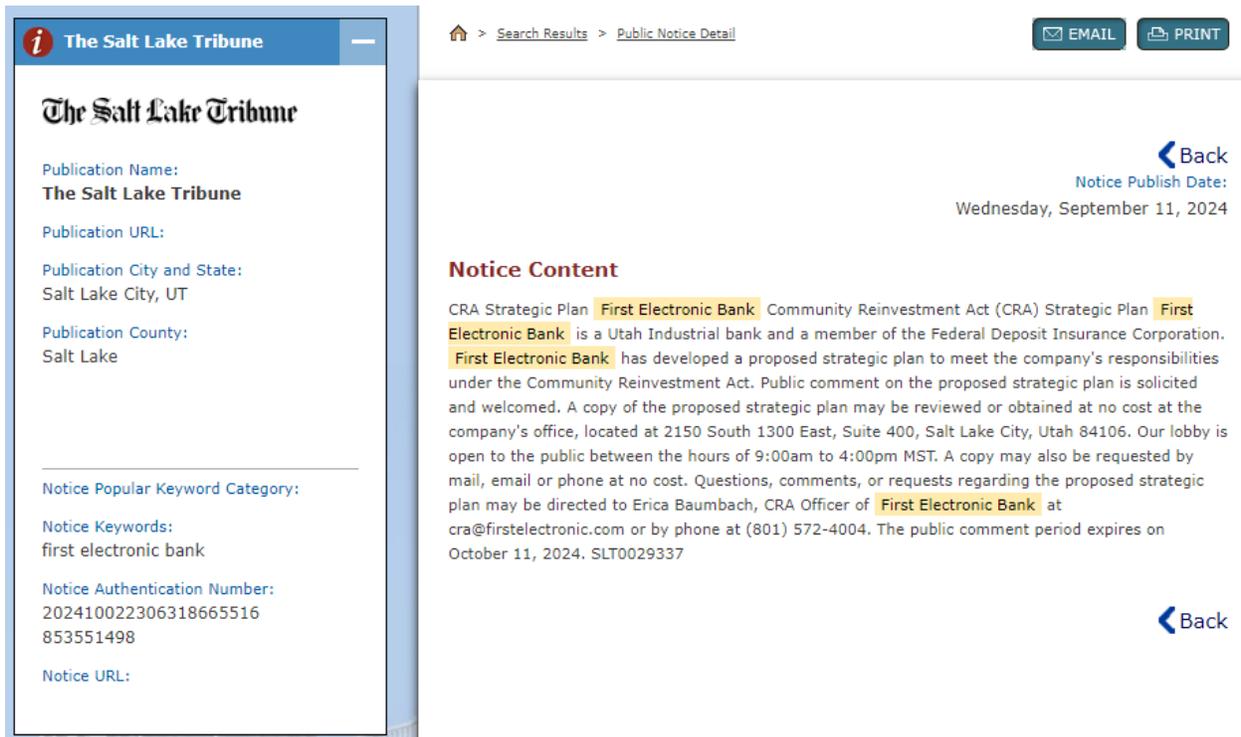
## APPENDIX B: Proof of Publication of Request for Formal Public Comment

### Public Notice

First Electronic Bank is a Utah Industrial bank and a member of the Federal Deposit Insurance Corporation. First Electronic Bank has developed a proposed strategic plan to meet the company's responsibilities under the Community Reinvestment Act. Public comment on the proposed strategic plan is solicited and welcomed.

A copy of the proposed strategic plan may be reviewed or obtained at no cost at the company's office, located at 2150 South 1300 East, Suite 400, Salt Lake City, Utah 84106. Our lobby is open to the public between the hours of 9:00am to 4:00pm MST. A copy may also be requested by mail, email or phone at no cost. Questions, comments, or requests regarding the proposed strategic plan may be directed to Erica Baumbach, CRA Officer of First Electronic Bank at e-mail [cra@firstelectronic.com](mailto:cra@firstelectronic.com) or ph. 801-572-4004. Public comment period expires on October 11, 2024.

*Notice of Formal Public Comment was posted in the Salt Lake Tribune and Deseret News on September 11, 2024, and expired on October 11, 2024.*



The screenshot shows a web page for a public notice. The header includes the Salt Lake Tribune logo and navigation links. The main content area is titled 'Public Notice Detail' and includes a 'Notice Content' section. The notice content is highlighted in yellow and reads: 'CRA Strategic Plan First Electronic Bank Community Reinvestment Act (CRA) Strategic Plan First Electronic Bank is a Utah Industrial bank and a member of the Federal Deposit Insurance Corporation. First Electronic Bank has developed a proposed strategic plan to meet the company's responsibilities under the Community Reinvestment Act. Public comment on the proposed strategic plan is solicited and welcomed. A copy of the proposed strategic plan may be reviewed or obtained at no cost at the company's office, located at 2150 South 1300 East, Suite 400, Salt Lake City, Utah 84106. Our lobby is open to the public between the hours of 9:00am to 4:00pm MST. A copy may also be requested by mail, email or phone at no cost. Questions, comments, or requests regarding the proposed strategic plan may be directed to Erica Baumbach, CRA Officer of First Electronic Bank at cra@firstelectronic.com or by phone at (801) 572-4004. The public comment period expires on October 11, 2024. SLT0029337'. The page also includes a 'Notice Content' section and a 'Back' button.

**Publication Name:**  
The Salt Lake Tribune

**Publication URL:**

**Publication City and State:**  
Salt Lake City, UT

**Publication County:**  
Salt Lake

**Notice Popular Keyword Category:**

**Notice Keywords:**  
first electronic bank

**Notice Authentication Number:**  
202410022306318665516  
853551498

**Notice URL:**

**Notice Content**

CRA Strategic Plan **First Electronic Bank** Community Reinvestment Act (CRA) Strategic Plan **First Electronic Bank** is a Utah Industrial bank and a member of the Federal Deposit Insurance Corporation. **First Electronic Bank** has developed a proposed strategic plan to meet the company's responsibilities under the Community Reinvestment Act. Public comment on the proposed strategic plan is solicited and welcomed. A copy of the proposed strategic plan may be reviewed or obtained at no cost at the company's office, located at 2150 South 1300 East, Suite 400, Salt Lake City, Utah 84106. Our lobby is open to the public between the hours of 9:00am to 4:00pm MST. A copy may also be requested by mail, email or phone at no cost. Questions, comments, or requests regarding the proposed strategic plan may be directed to Erica Baumbach, CRA Officer of **First Electronic Bank** at [cra@firstelectronic.com](mailto:cra@firstelectronic.com) or by phone at (801) 572-4004. The public comment period expires on October 11, 2024. SLT0029337

**Deseret News**



Publication Name:  
**Deseret News**

Publication URL:

Publication City and State:  
Salt Lake City, UT

Publication County:  
Salt Lake

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Notice Popular Keyword Category:

Notice Keywords:  
first electronic bank

Notice Authentication Number:  
202410022307530419793  
853551498

Notice URL:

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Notice Publish Date:

Wednesday, September 11, 2024

**Notice Content**

**First Electronic Bank** Community Reinvestment Act (CRA) Strategic Plan **First Electronic Bank** is a Utah Industrial bank and a member of the Federal Deposit Insurance Corporation. **First Electronic Bank** has developed a proposed strategic plan to meet the company's responsibilities under the Community Reinvestment Act. Public comment on the proposed strategic plan is solicited and welcomed. A copy of the proposed strategic plan may be reviewed or obtained at no cost at the company's office, located at 2150 South 1300 East, Suite 400, Salt Lake City, Utah 84106. Our lobby is open to the public between the hours of 9:00am to 4:00pm MST. A copy may also be requested by mail, email or phone at no cost. Questions, comments, or requests regarding the proposed strategic plan may be directed to Erica Baumbach, CRA Officer of **First Electronic Bank** at cra@firstelectronic.com or by phone at (801) 572-4004. The public comment period expires on October 11, 2024. DN0025749

[Back](#)

**Public Comment Received:**

None.

## APPENDIX C: Similarly Situated Lender Analysis

### First Electronic Bank Peers (2023 Goals)

Bank	Type	Total Assets 12/31/2023 (thousands)	Primary Product Offering	Estimated FTE in Primary AA	Assessment Area	Community Development		
						Combined New CD Loans and Qualified Investments	Donations	Service Hours per AA FTE
<b>First Electronic (2025 Plan Goals)</b>	State Industrial	\$269,502	Consumer	47	Salt Lake County	0.65% of ATA <b>0.85% of ATA</b>	\$90,000 <b>\$125,000</b>	4.0 <b>5.0</b>
Merrick	State Industrial	\$6,060,773	Consumer	261	Salt Lake County	0.50% of ATA <b>0.75% of ATA</b>	\$300,000 <b>\$400,000</b>	3.5 <b>4.5</b>
WebBank	State Industrial	\$2,571,578	Consumer	90	Salt Lake County	0.40% of ATA <b>0.60% of ATA</b>	\$65,000 <b>\$75,000</b>	4.0 <b>5.0</b>
Medallion	State Industrial	\$2,226,576	Consumer	63	Salt Lake County	0.40% of ATA <b>0.60% of ATA</b>		5.0 <b>6.0</b>
Prime Alliance	State Bank	\$744,443	Commercial	31	Davis, Salt Lake, Weber Counties	0.40% of ATA <b>0.60% of ATA</b>	\$14,000 <b>\$18,500</b>	4.0 <b>5.0</b>
Finwise	State Bank	\$566,611	Commercial	162	Salt Lake County	0.40% of ATA <b>0.60% of ATA</b>		4.0 <b>5.0</b>
Continental	State Bank	\$188,198	Commercial	34	Davis, Salt Lake, Tooele, Utah, Weber Counties	0.40% of ATA <b>0.60% of ATA</b>	\$13,000 <b>\$16,000</b>	3.7 <b>4.4</b>
Median						0.40% of ATA <b>0.60% of ATA</b>	\$39,500 <b>\$46,750</b>	4.0 <b>5.0</b>
Average						0.42% of ATA <b>0.63% of ATA</b>	\$98,000 <b>\$127,375</b>	4.0 <b>5.0</b>

#### Peer Selection Criteria

State of Utah FDIC Banks  
Similar product offering  
Asset size of bank  
CRA assessed by strategic plan option

#### Key:

Satisfactory Goal  
Outstanding Goal

ATA = Average Total Assets (Determined by quarterly call reports)

The Bank extensively analyzed similarly situated lenders in Utah and identified six CRA peers, three which primarily offered consumer loans and three which primarily offered commercial loans. The FDIC regulates these three Utah industrial banks and three state-chartered banks, all that operate under CRA strategic plans which measure performance by new CD loans and investments, grants and services, and share Salt Lake County as their assessment area. Plan goals from each peer were annualized for 2024 comparison using the latest common year among all peers which was 2023. Additional information regarding this analysis is listed below, and a chart of this analysis is contained in Appendix C.

### Combined Community Development Loans and Qualified Investments

All peers have combined Community Development Loan and Investment goals as a percentage of Average Total Assets that exclude Community Development Donations with the exception of two peers: five peers measure performance at 0.4% Satisfactory (0.6% outstanding) and one peer is at 0.5% Satisfactory (0.75% outstanding). Two peers have a combined Community Development Loan and Investment goal as a percentage of Average Total Assets, including Community Development Donations: 0.4% satisfactory (0.6% outstanding). Average total assets is determined by taking the average assets from Schedule RC-K, line 9, from the bank's four call reports for the year and determining an overall average.

### Community Development Donations

As noted above, two peers have a Community Development Loan and Investment goal that includes Community Development Donations (without a separate Donation goal). Four peers have separate Community Development Donation goals: \$65,000 satisfactory (\$75,000 outstanding), \$300,000 satisfactory (\$400,000 outstanding), \$14,000 satisfactory (\$18,500 outstanding), and \$13,000 satisfactory

(\$16,000 outstanding). The median amount is \$39,500 satisfactory and \$46,750 outstanding. The peer with a significantly larger budget goal is over two times as large in total assets as the other peer.

### **Community Development Services**

All six peers have Community Development Services goals that are measured by the number of hours per full-time employee (FTE) in the Assessment Area each year: 3.5 satisfactory (4.5 outstanding), 4.0 satisfactory (5.0 outstanding), 5.0 satisfactory (6.0 outstanding), 4.0 satisfactory (5.0 outstanding), 4.0 satisfactory (5.0 outstanding), and 3.7 satisfactory (4.4 outstanding). The median number is 4.0 satisfactory and 5.0 outstanding.

The data from the peer analysis confirmed that the bank's measurable goals under this CRA strategic plan align with similarly situated lender activity in the Bank's assessment area.

## APPENDIX D: Organizations Participating in Community Needs Assessment Survey

Organization Name	Type of Organization	Community Development Focus	Geographic Service Area	Primary Contact Name
Alliance House	Not for Profit	Community Services	Salt Lake County	Paige Huff Executive Director
Family Promise Salt Lake	Not for Profit	Community Services	Salt Lake County	Brian Diggs, Executive Director
Friends for Sight	Not for Profit	Community Services	State of Utah	Jamie Justice, Executive Director
Housing Connect	Housing Authority	Affordable Housing	Salt Lake County	Janice Kimball, CEO
Salt Lake Neighborhood Housing Services,	CDC/CDF	Affordable Housing	Salt Lake County	Maria Garcia, CEO
First Step House	Not for Profit	Affordable Housing	Salt Lake County	Mary T. Calhoon, Development Director
Asian Association of Utah	Not for Profit	Community Services	State of Utah	Scott Cougill, Executive Director
NeighborWorks Mountain Country Home s	Not for Profit	Affordable Housing	State of Utah	Sharlene Wilde, Executive Director
Utah Housing Coalition	Not for Profit	Community Services	State of Utah	Tara Rollins, Executive Director
The INN Between	Not for Profit	Community Services	Salt Lake County	Jillian Olmsted, Executive Director
HomeAid Utah	Not for Profit	Community Services	State of Utah	Isabelle Ashcraft, Development Manager
Utah Housing Preservation Fund	Not for Profit	Affordable Housing	State of Utah	Lukas Ridd, Executive Director
Utah Microloan Fund	CDC/CDFI	Economic Development	State of Utah	Sara Day, Program Manager
Community Development Finance Alliance	CDC/CDFI	Revitalization/Stabilization	State of Utah	Amy Rowland - President
International Rescue Committee	Not for Profit	Community Services	Salt Lake County	Mohamed Diallo, Executive Director
Junior Achievement of Utah, Inc.	Not for Profit	Community Services	Utah and Idaho	Julie Hoth, Grant Writer

## **PUBLIC DISCLOSURE**

October 31, 2022

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Electronic Bank  
Certificate Number: 35533

2150 South 1300 East, Suite 400  
Salt Lake City, UT 84106

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

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory 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.

First Electronic Bank (FEB) developed a strategic plan, which was approved by the FDIC, covering July 1, 2015, through December 31, 2019 (Plan One). FEB also developed a strategic plan approved by the FDIC that covers calendar year 2020 through 2024 (Plan Two). Due to the evaluation period including time periods from both strategic plans, both plans were used to evaluate the bank's performance. Specifically, FEB's performance from January 1, 2017 through December 31, 2019 was considered outstanding when analyzed in accordance with the Plan One goals, while the performance from January 1, 2020 through December 31, 2021 was considered satisfactory when analyzed in accordance with the Plan Two goals. Furthermore, FEB substantially met the satisfactory threshold for all, but one of the goals established in the plans and exceeded the majority of its outstanding goals. FEB did not receive any CRA-related complaints during the evaluation period. The following supports the overall CRA rating.

### PLAN ONE PERFORMANCE

The following summarizes FEB's performance under Plan One.

- New community development investments and grants met or exceeded the outstanding goal for all three plan years.
- Cumulative community development investments and grants significantly exceeded the outstanding goal for all three plan years.
- Community development service hours exceeded the outstanding goal in 2019. In 2017 and 2018, bank staff significantly exceeded the satisfactory goal.

### PLAN TWO PERFORMANCE

The following summarizes FEB's performance under Plan Two.

- New community development loans, investments, and grants significantly exceeded the outstanding goal for both plan years.
- Cumulative community development loans, investments, and grants exceeded the satisfactory goal for both plan years.
- Community development service hours exceeded the satisfactory goal in 2021. In 2020, bank staff did not meet the satisfactory goal; however, performance was impacted by the COVID-19 pandemic.

### Discriminatory or Other Illegal Credit Practices

Violations of the Equal Credit Opportunity Act and Section 5 of the Federal Trade Commission Act (Unfair or Deceptive Acts or Practices), identified during the CRA evaluation period resulted in the bank's overall rating being downgraded from "Outstanding" to "Satisfactory."

## DESCRIPTION OF INSTITUTION

### **Background**

FEB is a state-chartered industrial bank headquartered in Salt Lake City, Utah. The bank is wholly-owned by TAW, LP. FEB was originally founded to support retail operations for affiliate Fry's Electronics, Inc. (Fry's), and at the prior evaluation FEB was wholly-owned by Fry's. However, ownership of FEB was transferred to Fry's parent company, TAW, LP, in 2019. Subsequently, Fry's ceased all business operations in February 2021.

FEB received a "Satisfactory" rating at its prior FDIC Performance Evaluation, dated November 28, 2016, based on Interagency Small Institution and Strategic Plan CRA Examination Procedures.

### **Operations**

FEB's business strategy has shifted since the prior evaluation. FEB previously originated credit cards to Fry's customers. However, since Fry's has ceased operations, the bank no longer offers this product line. The bank continues to originate installment loans and lines of credit to consumers and small businesses nationwide through relationships with third parties referred to as strategic partners. FEB generally originates the loans and sells the receivables to the respective strategic partners within one to five business days. However, in some cases, FEB holds the receivables on a longer-term basis. Currently, the bank has 13 strategic partnership relationships.

FEB continues to operate without a brick-and-mortar branch and has not opened or closed any branches since the previous evaluation.

### **Ability and Capacity**

As of September 30, 2022, assets totaled \$164.8 million, with total loans of \$66.3 million and total securities of \$12,000. Total deposits equaled \$107.1 million. Since the previous evaluation, the bank has experienced significant growth in total assets, total loans, and total deposits. Total assets have increased by \$146.0 million, total loans have increased by \$62.7 million, and total deposits have increased by \$99.6 million. Total securities have decreased by \$320,000. The loan portfolio distribution has also undergone some changes since the prior evaluation. Of note, the bank's commercial and industrial loans have increased and now account for 19.5 percent of the total loan portfolio. Credit card loans have decreased, while other revolving credit plans have increased. Overall, consumer loans have declined as a total percentage of the portfolio, but still account for approximately 80.0 percent of the bank's total loans, and remain the bank's primary loan product.

The following table illustrates FEB's loan portfolio distribution.

## CONTROLLED//FDIC BUSINESS

<b>Loan Portfolio Distribution as of 9/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	0	0.0
Secured by Multifamily (5 or more) Residential Properties	327	0.5
Secured by Nonfarm Nonresidential Properties	0	0.0
<b>Total Real Estate Loans</b>	<b>327</b>	<b>0.5</b>
Commercial and Industrial Loans	12,891	19.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	53,041	80.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>66,259</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income (Call Report)</i>		

Examiners did not identify any financial, legal, or other impediments that affect 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 in which its CRA performance will be evaluated. FEB designated one assessment area in Utah, which includes the entirety of Salt Lake County.

#### Economic and Demographic Data

The assessment area includes all 212 tracts in Salt Lake County, Utah, including Salt Lake City, which is the state capital and most populous city in Utah. According to the U.S. Census 2015 American Community Survey (ACS), the assessment area includes 7 low-, 51 moderate-, 86 middle-, and 65 upper-income census tracts, and 3 tracts with no income designation (NA-income tracts). The following table shows select demographic information for the assessment area.

**CONTROLLED//FDIC BUSINESS**

<b>Demographic Information of the Assessment Area</b>						
<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)	212	3.3	24.1	40.6	30.7	1.4
Population by Geography	1,078,958	3.2	22.8	43.1	30.0	0.9
Housing Units by Geography	372,990	3.1	24.3	42.6	29.2	0.7
Owner-Occupied Units by Geography	233,092	1.5	17.5	44.9	35.6	0.5
Occupied Rental Units by Geography	118,800	6.4	36.9	39.4	16.1	1.2
Vacant Units by Geography	21,098	2.3	28.9	35.3	33.3	0.2
Businesses by Geography	128,724	2.8	20.8	38.9	36.6	0.9
Farms by Geography	1,995	2.6	19.4	40.6	37.0	0.4
Family Distribution by Income Level	247,693	19.9	17.6	22.0	40.5	0.0
Household Distribution by Income Level	351,892	22.3	16.6	20.4	40.6	0.0
Median Family Income MSA - 41620 Salt Lake City, UT MSA		\$71,849	Median Housing Value			\$247,942
			Median Gross Rent			\$966
			Families Below Poverty Level			9.2%
<i>Source: 2015 ACS and 2021 Dun &amp; Bradstreet (D&amp;B Data). Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Data available from Moody’s Analytics as of July 2022 indicates that the economic outlook in the assessment area is positive, despite recent slowing growth. While net hiring for the area is below the national average, Salt Lake City has experienced job gains, especially in manufacturing. Due to the tight labor market, average hourly earnings have been rising faster than the national average. Rising rates have impacted the finance industry, which is a main driver for growth in the assessment area. However, Utah has a strong fiscal position that could provide the area with a buffer in the event of an economic downturn. According to the U.S. Bureau of Labor Statistics, the unemployment rate for Salt Lake County was 2.0 percent as of August 2022. The top five employers in Salt Lake City include the University of Utah; Intermountain Healthcare, Inc.; Walmart Inc.; Zions Bancorp.; and Delta Airlines.

**Competition**

The assessment area is highly competitive for financial services. Salt Lake County contains several industrial banks and financial institutions. Although opportunities are present for community development loans, qualified investments, and community development services, the number of large financial institutions in the area that compete for community development opportunities limits FEB’s ability to secure these opportunities.

According to the June 30, 2022 FDIC Deposit Market Share report, 46 financial institutions operated 202 offices within the assessment area. Of these institutions, FEB ranked 36<sup>th</sup> with a less than 0.1 percent deposit market share. The five most prominent institutions with the highest deposit market shares accounted for 75.8 percent of total market share.

### **Community Contact**

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

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

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing loans and small business technical assistance represent the assessment area's greatest needs. In particular, a need exists for affordable multi-family rental properties. Additionally, the area needs community services for low- and moderate-income individuals given the poverty rate of 9.2 percent in the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated November 28, 2016 through the current evaluation dated October 31, 2022. Examiners used Interagency Strategic Plan Examination Procedures to evaluate FEB's CRA performance.

FEB operated under two FDIC-approved strategic plans during the evaluation period. Plan One was effective from the previous evaluation through December 31, 2019. The goals for each year were evaluated on an annual basis beginning January 1, 2017.

Plan Two is effective January 1, 2020 through December 31, 2024. Examiners evaluated the first two years of the current strategic plan. The goals for each year were evaluated on an annual basis beginning January 1, 2020.

Examiners used full-scope procedures to analyze the bank's performance in its single assessment area in Utah.

### **Activities Reviewed**

This evaluation reflects FEB's CRA performance from January 1, 2017 through December 31, 2021. The following bank activities were reviewed under Plan One:

- New community development investments and grants
- Cumulative community development investments and grants

- Community development services

The following bank activities were reviewed under Plan Two:

- New community development loans, investments, and grants
- Cumulative community development loans, investments, and grants
- Community development services

Examiners relied upon records provided by FEB. 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,
- FEB's products, services, markets, and business strategy
- FEB's financial resources and constraints

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

## **CONCLUSIONS ON PERFORMANCE CRITERIA STRATEGIC PLAN ONE**

FEB's performance under Plan One reflects outstanding performance in helping to meet the credit needs in its assessment area in a manner consistent with the established goals in the plan. The bank substantially met the outstanding threshold for the goals established in Plan One. While the bank did not meet the outstanding threshold for service hours in 2017 or 2018, bank staff significantly exceeded the satisfactory goal in both years. The following information summarizes the goals delineated in Plan One compared to the bank's actual performance from January 1, 2017 to December 31, 2019.

### **Community Development Investments & Grants**

The bank established two measureable goals for qualified community investments and grants. The first measurable goal is new qualified investments and grants divided by the total equity capital (line 28 of Schedule RC in the Call Report) as of December 31 of the prior calendar year. The following table shows FEB's actual performance compared to the measurable goal in Plan One.

**CONTROLLED//FDIC BUSINESS**

<b>Annual Community Development Investments &amp; Grants</b>					
	<b>Bank Established Goals</b>		<b>Bank Performance</b>		
<b>Year</b>	<b>Satisfactory (%)</b>	<b>Outstanding (%)</b>	<b>Annual Investments and Grants (\$000)</b>	<b>*Total Equity Capital (\$000)</b>	<b>Actual Performance (%)</b>
<b>2017</b>	1.25	1.75	171	9,739	1.76
<b>2018</b>	1.25	1.75	197	11,243	1.75
<b>2019</b>	1.25	1.75	530	12,780	4.15

*Source: Call Reports and Bank Data.  
\*Line 28 of Schedule RC as of December 31 of the prior calendar year.*

As shown in the table above, FEB met or exceeded its outstanding goal for all three years. The bank made substantial investments in the Community Capital Trust CRA Fund (CRA Fund) in 2017 and 2018. These funds were primarily used for affordable housing initiatives in Utah. In 2019, FEB made a significant commitment to the Rocky Mountain Community Reinvestment Corporation (RMCRC). The RMCRC facilitates the development and preservation of affordable housing and communities that serve low- and moderate-income individuals and families. In addition to the qualified investments, the bank also provided grants to community development organizations and initiatives in Salt Lake County totaling \$27,000 in 2017 and \$30,000 in 2018 and 2019.

The second measurable goal is the total of all new investments and grants plus any prior period investments outstanding at year-end for the current plan year. The following table shows FEB’s performance compared to the measurable goal.

<b>Cumulative Community Development Investments &amp; Grants</b>					
	<b>Bank Established Goals</b>		<b>Bank Performance</b>		
<b>Year</b>	<b>Satisfactory (%)</b>	<b>Outstanding (%)</b>	<b>Overall Investments and Grants (\$000)</b>	<b>*Total Equity Capital (\$000)</b>	<b>Actual Performance (%)</b>
<b>2017</b>	1.75	2.25	416	9,739	4.27
<b>2018</b>	1.75	2.25	562	11,243	5.00
<b>2019</b>	1.75	2.25	586	12,780	4.59

*Source: Call Reports and Bank Data.  
\*Line 28 of Schedule RC as of December 31 of the prior calendar year.*

FEB significantly exceeded its outstanding goal for all three plan years. Prior year investments included two Utah Housing bonds and outstanding investments in the CRA Fund.

**Community Development Services**

FEB established a satisfactory goal of 4 hours a year for each Full-Time Equivalent (FTE) salaried employee and an outstanding goal of 6 hours a year per FTE. The number of FTEs as of January 1 of the current plan year was used to determine performance. The following table shows FEB’s actual performance compared to the goals established in Plan One.

Community Development Services					
	Bank Established Goals		Bank Performance		
Year	Satisfactory	Outstanding	Total Service Hours	*FTE	Actual Performance
2017	4	6	184.0	31	5.9
2018	4	6	162.5	33	4.9
2019	4	6	203.0	31	6.5

Source: Bank Data.  
\*Full-time equivalent salaried employees on January 1 of the current calendar year.

FEB exceeded its satisfactory goal in 2017 and 2018. In 2019, FEB also exceeded its outstanding goal. Employees participated in a number of activities in order to reach the plan goals. Activities included financial literacy events directed at low- and moderate-income individuals and board and committee roles for community development organizations operating in the assessment area.

### CONCLUSIONS ON PERFORMANCE CRITERIA STRATEGIC PLAN TWO

FEB’s performance under Plan Two reflects satisfactory performance in helping to meet the credit needs in its assessment area in a manner consistent with the established goals in the plan. The bank substantially met the satisfactory threshold for all but one goal established in Plan Two. Although the bank did not meet its satisfactory goal for service hours in 2020, this was primarily due to the COVID-19 pandemic, which limited opportunities for community development services. The following information summarizes the goals delineated in Plan Two compared to the bank’s actual performance from January 1, 2020 to December 31, 2021.

#### Community Development Loans, Investments, & Grants

The bank established two measureable goals for community development loans and qualified investments and grants. The first measurable goal is new community development loans and qualified investments and grants divided by average assets. Average assets for each plan year are based on line 9 of Schedule RC-K in the Call Reports for the four quarters of the prior calendar year. The following table shows FEB’s actual performance compared to the measurable goal in Plan Two.

Annual Community Development Loans, Investments, & Grants					
	Bank Established Goals		Bank Performance		
Year	Satisfactory (%)	Outstanding (%)	Annual Investments and Grants (\$000)	*Average Assets (\$000)	Actual Performance (%)
2020	0.4	0.6	530	46,627	1.14
2021	0.4	0.6	530	42,669	1.24

Source: Call Reports and Bank Data.  
\* Average of Line 9 of Schedule RC-K in the Call Reports for the four quarters of the prior calendar year.

As shown in the table above, FEB exceeded its outstanding goal in both years. The bank renewed its commitment to RMCRC in 2020 and 2021. As previously noted, RMCRC facilitates affordable housing in the assessment area. In addition to the qualified investments, the bank also provided \$30,000 in grants to community development organizations and initiatives in Salt Lake County in 2020 and 2021. The bank did not originate any community development loans in either plan year.

The second measurable goal is the total of all new community development loans and qualified investments and grants, plus any prior period loans and investments outstanding at year-end for the current plan year. The following table shows FEB’s performance compared to the measurable goal.

<b>Cumulative Community Development Loans, Investments, &amp; Grants</b>					
	<b>Bank Established Goals</b>		<b>Bank Performance</b>		
<b>Year</b>	<b><i>Satisfactory (%)</i></b>	<b><i>Outstanding (%)</i></b>	<b>Overall Investments and Grants (\$000)</b>	<b>*Average Assets (\$000)</b>	<b>Actual Performance (%)</b>
<b>2020</b>	1.15	1.50	569	46,627	1.22
<b>2021</b>	1.15	1.50	551	42,669	1.29

*Source: Call Reports and Bank Data.  
\*Average of Line 9 of Schedule RC-K in the Call Reports for the four quarters of the prior calendar year.*

FEB significantly exceeded its satisfactory goal for both plan years. Prior year investments included two Utah Housing bonds.

**Community Development Services**

FEB established a satisfactory goal of 4.5 hours a year per FTE and an outstanding goal of 6.5 hours a year per FTE. The number of FTEs as of January 1 of the current plan year were used to determine performance. The following table shows FEB’s actual performance compared to the goals established in Plan Two.

<b>Community Development Services</b>					
	<b>Bank Established Goals</b>		<b>Bank Performance</b>		
<b>Year</b>	<b><i>Satisfactory</i></b>	<b><i>Outstanding</i></b>	<b>Total Service Hours</b>	<b>*FTE</b>	<b>Actual Performance</b>
<b>2020</b>	4.5	6.5	193	67	2.9
<b>2021</b>	4.5	6.5	287	52	5.5

*Source: Bank Data.  
\*Full-time equivalent salaried employees on January 1 of the current calendar year.*

FEB did not meet its satisfactory goal in 2020. However, the COVID-19 pandemic limited the number of service opportunities for bank staff. Therefore, this performance is considered adequate. In 2021, the bank exceeded its satisfactory goal. As a result, the bank’s overall performance for both years was deemed to have substantially met the bank’s satisfactory goal. Employees participated in a number of activities in order to reach the plan goals. Activities included financial literacy events directed at low- and moderate-income individuals and board and committee memberships for community development organizations operating in the assessment area.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The FDIC identified discriminatory and illegal credit practices during the evaluation period. Specifically, examiners cited violations of the Equal Credit Opportunity Act and Section 5 of the Federal Trade Commission Act. The Equal Credit Opportunity Act violation was limited to one strategic partner relationship and affected commercial borrowers only. The Section 5 of the Federal Trade Commission Act violation was also limited to one strategic partner and resulted in a limited amount of harm to consumers. In addition, bank management completed prompt corrective action to address both violations, including providing restitution to affected customers, as applicable. While the institution has policies, procedures, training programs, internal assessment efforts, and other practices in place to prevent discriminatory or other illegal credit practices, these practices nonetheless existed. As a result, the bank's overall CRA rating was downgraded from "Outstanding" to "Satisfactory."

## 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.