



## **PUBLIC DISCLOSURE**

**December 31, 2014**

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

**E\*TRADE Bank**

**Charter Number: 705848  
Ballston Tower  
671 North Glebe Road  
Arlington, VA 22203**

**Office of the Comptroller of the Currency**

**Large Bank Supervision  
400 7<sup>th</sup> Street SW  
Washington, DC 20219**

**NOTE:** 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.

## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when evaluating financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of E\*TRADE Bank issued by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, for the evaluation period January 1, 2012 through December 31, 2014. The OCC rates the CRA performance of a national bank or a Federal savings association consistent with the provisions set forth in appendix A to 12 CFR 25, or 12 CFR 195, respectively.

## **Institution's CRA Rating**

### **Institution's CRA Rating: This institution is rated Outstanding.**

The conclusions for the three rating criteria are:

- The bank has an overall high level of qualified investments and community development services. The level of current and prior period investments totals \$432.1 million among its two assessment areas. This represents 10 percent of average Tier 1 Capital, and 23 percent of average total income. The amount includes \$4.8 million grants to organizations providing community development services. Many bank employees were involved in providing numerous community development services.
- Community development activities are rarely innovative or complex. A very few community development services were complex regarding their planning and execution.
- The bank demonstrates excellent responsiveness to credit and community development needs. Qualified investments, grants and services address identified needs within each assessment area. A substantial portion of investments and grants, or 89%, originated during the evaluation period.

## **Scope of the Examination**

The Office of the Comptroller of the Currency (OCC) assessed E\*TRADE Bank ("ETB") and reviewed the level and nature of qualified investments, and community development services. At the bank's request, the OCC considered qualified investments and community development services provided by its affiliates, and community development activities outside of its assessment areas. The bank was responsive to the needs of its assessment areas, and therefore, we considered outside of assessment area qualified investments, and community development services in evaluating the bank's performance. At the prior examination dated October 15, 2012, the OCC rated the bank "Satisfactory" when they were subject to the Large Bank CRA procedures.

The OCC reviewed community development activities starting January 1, 2012 through December 31, 2014 (evaluation period). During the evaluation period of January 1, 2012 through December 31, 2012, ETB was evaluated under a "wholesale" designation for CRA purposes. Beginning January 1, 2013 through the end of the evaluation period of December 31, 2104, ETB was evaluated under a "limited purpose" designation. On October 17, 2012, the OCC approved the change effective January 1, 2013, due to the bank's very limited retail lending through its legacy loan portfolio.

Previously, the OCC tested the appropriateness of activities presented for consideration in the evaluation to determine if they qualify as community development as defined under the CRA. Examiners determined the data provided is accurate.

## Description of Institution

ETB is a federally chartered savings bank headquartered in Arlington, Virginia. ETB is a second tier subsidiary of E\*TRADE Financial Corporation (“ETFC”), a financial services company providing online brokerage products and services primarily to individual retail investors. ETB operates under a “branchless” strategy with a limited-service main office housing two “teller stations” and no traditional retail branches. The main office is located in Arlington, Virginia. As of December 31, 2014, ETB had \$44.7 billion in Total Assets and Tier One Capital of \$4.6 billion.

The bank delineated two assessment areas. These assessment areas consist of two metropolitan divisions within the greater Washington-Arlington-Alexandria DC-VA-MD-WV metropolitan statistical area (#47900). The analysis and conclusions are stated separately for each evaluation factor but the ratings are based on the combined performance from the two metropolitan divisions. A full-scope review was conducted on both metropolitan divisions.

ETFC is a financial services company offering a full suite of online brokerage, investing, and related banking solutions headquartered in New York City, NY. ETFC operates ETB and E\*TRADE Savings Bank (“ETSB”) with the primary purpose of maximizing the value of deposits generated through its brokerage business and the amount of federal deposit insurance coverage for those deposits. ETSB is a subsidiary of ETB. There was no merger and acquisition activity affecting the scope of the bank’s operations during the evaluation period.

During the evaluation period, ETFC built its capital base and improved its profitability after the effects of the 2008 financial crisis. At year-end 2014, the company showed its strongest financial performance in eight years. This was positive news that allowed increased community development-related activities to help meet the needs in its assessment areas.

During the evaluation period, ETB had four operating subsidiaries: E\*TRADE Securities LLC, a registered broker-dealer; E\*TRADE Clearing LLC, a registered broker-dealer engaged primarily in clearings and settlement; E\*TRADE Community Development Corporation, organized to conduct CRA investment activities for ETB and ETSB. Both ETB and ETSB are federally chartered financial institutions that provide investor-focused banking products to retail customers nationwide and deposit accounts insured by the Federal Deposit Insurance Corporation. ETB and its affiliate, ETSB, share assessment areas including the Washington-Arlington-Alexandria DC-VA-MD-WV and the Silver Spring-Frederick-Rockville MD metropolitan divisions. ETSB’s branch offices do not offer direct retail services to its customers.

The bank’s business strategy is not one of a traditional bank. ETB does not originate loans. Lending activity is limited to loan modifications within its purchased legacy loan portfolios. ETB offers retail products in the form of checking accounts. The bank primarily markets and delivers its products via telephone or the Internet while obtaining deposits nationally.

During the evaluation period, ETB faced no legal, financial or other factors impeding its

ability to help meet the community development needs in its assessment areas. The following table provides a perspective about ETB's capacity to help meet community development needs of its assessment areas:

**Table 1: Financial Information (000s)**

	Calendar Year-End 2012	Calendar Year-End 2013	Calendar Year-End 2014	Average for Evaluation Period
<b>Tier 1 Capital</b>	\$3,762,242	\$4,104,631	\$4,548,340	\$4,138,404
<b>Total Income</b>	\$1,865,414	\$1,788,499	\$1,900,985	\$1,851,633
<b>Net Operating Income</b>	\$189,309	\$342,761	\$433,616	\$321,895
<b>Total Assets</b>	\$45,711,578	\$45,084,873	\$44,672,387	\$45,156,279

Source: Consolidated Report of Condition and Income and bank reported data. The Average for Evaluation Period is the average of the numbers in the three Calendar Year-End columns.

## Description of Assessment Areas

### Silver Spring-Frederick-Rockville MD Metropolitan Division

The bank's assessment area includes the urban, suburban and rural areas of the Silver Spring-Frederick-Rockville MD metropolitan division (#43524). While this metropolitan division is part of the greater Washington-Arlington-Alexandria DC-VA-MD-WV metropolitan statistical area (#47900), there are no bank offices therein. The assessment area includes the counties of Frederick and Montgomery, located in central Maryland. Principal cities within the counties are Frederick, Rockville, and Silver Spring. The bank's assessment area meets the regulatory requirements and does not arbitrarily exclude low- and moderate-income census tracts

The table below shows the distribution of the assessment area's 276 census tracts for families and businesses by income level:

**Table 2: Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	276	6%	29%	36%	28%
<b>Families</b>	303,467	21%*	17%*	22%*	40%*
<b>Businesses</b>	106,931	4%**	28%**	59%**	4%**

Source: Demographic Data-2010 U.S. Census, Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. Do not add to 100% due to rounding. All census tracts are income categorized.

The assessment area has a population of 1,205,162 according to 2010 census data. The HUD adjusted median family income for 2013 is \$111,300, and households living below the poverty level stand at 5 percent. As of December 31, 2013, the unemployment rate is 4 percent.

Montgomery County contains many major U.S. government offices and research facilities. It ranks among the largest biotechnology centers in the mid-Atlantic region. Its median family income also ranks among the highest in the country.

While financial institutions continue to recover from the financial crisis, some neighborhoods continue to experience depressed housing values. In Frederick County, the effects of the housing crisis continue as home foreclosures are still noticeably occurring. Although many home prices fell and have not recovered, it is still difficult to find affordable housing. The creation of affordable housing has been difficult, and the negative perception of public housing has hindered future development. Many multi-generational families seek affordable housing in Frederick County.

Major employers include Fort Detrick, Frederick County Public Schools, Montgomery County, Frederick Memorial Healthcare System, Lockheed Martin Information Systems, Westat, Leidos Biomedical Research, and Wells Fargo Home Mortgage.

Outreach meetings conducted by the OCC during the evaluation period identified the following ongoing community development needs: affordable housing; public housing; rental housing; financial education to help homeowners understand the loan modification process and to prevent foreclosure; financial education for students; activities to stabilize certain neighborhoods; more outreach by housing counseling agencies; job creation; and, job training and workforce development. Other needs include traditional financial products and services for the unbanked or underbanked population; micro loans to small businesses; financial intermediaries to assist small businesses; board membership and technical assistance; and, increased funds for agencies not sufficiently funded. Additional needs include funding to support growing demand for affordable housing; housing counseling services; down payment assistance for low- or moderate-income homebuyers; funding to rehabilitate public housing; and, equity partners for multifamily housing development.

There are many community development related and nonprofit organizations with a presence in the assessment area with whom a financial institution can partner to help meet identified needs.

#### Washington-Arlington-Alexandria DC-VA-MD-WV Metropolitan Division

The bank's assessment area includes the urban, suburban and rural areas of the Washington-Arlington-Alexandria DC-VA-MD-WV metropolitan division (#47894). This metropolitan division is part of the greater Washington-Arlington-Alexandria DC-VA-MD-WV metropolitan statistical area (#47900). The assessment area includes the Virginia counties of Arlington, Clarke, Culpeper, Fairfax, Fauquier, Loudoun, Prince William, Rappahannock, Spotsylvania, Stafford, and Warren located in northeast Virginia, Calvert County, Charles County and Prince George's County in Maryland, and Jefferson County in West Virginia. Principal cities are Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park. The assessment area also includes Washington D.C. The bank's main office is located in Arlington, VA. There are no branch offices in the assessment area. The bank's

assessment area meets the regulatory requirements and does not arbitrarily exclude low- and moderate-income census tracts.

The table below shows the distribution of the assessment area’s 1,082 census tracts for families and businesses by income level:

**Table 3: Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	1,082	10%	24%	35%	30%
<b>Families</b>	1,020,547	21%*	18%*	19%*	42%*
<b>Businesses</b>	402,981	4%**	18%**	36%**	40%**

Source: Demographic Data-2010 U.S. Census, Dun & Bradstreet Data. \*Represents families by income level.

\*\*Represents businesses by income level of census tract. Do not add to 100% due to rounding. Twelve census tracts are not income categorized.

The assessment area has a population of 4,431,070 according to 2010 census data. The HUD adjusted median family income for 2013 is \$107,100 and households living below the poverty level stood at 7 percent. As of December 31, 2013, the unemployment rate was 4 percent. While financial institutions continue to recover from the financial crisis, some neighborhoods continue to experience depressed housing values.

The greater Washington D.C. area has a high per capita income and a highly educated workforce. It is a major center for information technology, and a popular tourist destination. In addition, there is strong population growth. The area’s cost of living including housing costs are high. While home prices are beginning to rise, affordability remains an issue for low- and moderate-income individuals and families. Business costs are high and there is strong exposure to the federal government directly and from companies dependent on government contracts. The local banking environment is competitive. A number of credit unions as well as non-depository financial entities that provide services such as check cashing, payday lending, and bill pay services serve the greater Washington D.C. area.

Prince George’s County, MD was hit especially hard by foreclosure activity. Many home values are severely underwater which is affecting almost half of all homeowners.

According to the Jefferson County Development Authority in West Virginia, the county has ready access to major transportation routes, and ideally situated for business, manufacturing, and industry. As one of the fastest growing counties in West Virginia, Jefferson County is a major economic driver in a state that boasts the nation’s fourth lowest cost of doing business, low utility rates and a highly skilled and loyal workforce. The average home price in the county is \$191,000.

The top three employment sectors are professional scientific and technical services, government, and retail trade. Major employers include Naval Support Activity Washington, Department of Defense, Northrop Grumman, SAIC, INOVA Health System, Booz, Allen &

Hamilton, MedStar Health, Federal Home Loan Mortgage Corporation, General Dynamics, George Mason University, and Lockheed Martin Corporation. Major employers in Jefferson County, WV include PNGI Charles Town Gaming Ltd, Shepherd College, Royal Vendors, Inc., and Jefferson Memorial Hospital.

Outreach meetings conducted by the OCC during the evaluation period identified the following ongoing community needs: affordable homes; rental housing across all income levels, and senior housing; micro loans for small businesses; funding support both debt and equity for nonprofit community development organizations that serve low- and moderate-income communities and households; job readiness assistance; operational support for housing-related organizations; financial education including but not limited to entrepreneur classes for small business owners; and, financing of four-to-eight multifamily housing units.

There are many opportunities available for financial institutions to help address lending, investment and service needs. Many community development financial institutions, nonprofit organizations, and community and economic development entities that provide potential opportunities serve the area. Local governments, foundations and other organizations can also provide opportunities.

## **Conclusions About Performance**

### **Summary**

- The bank overall has a high level of combined qualified investments and community development services. The level was significantly higher in the Washington-Alexandria-Arlington DC-VA-MD-WV metropolitan division. Bank officers and employees provided numerous community development services that addressed identified needs in the assessment areas.
- The bank's community development activities are rarely innovative or complex.
- The bank's qualified investments, grants and services exhibit excellent responsiveness to the community development needs. Stronger performance was noted in the Washington-Arlington-Alexandria DC-VA-MD-WV metropolitan division. In the Silver Spring-Frederick-Rockville assessment area, current period investments represent 99%, while in the Washington-Arlington-Alexandria assessment area current period investments represent 86% of total qualified investment in those areas, respectively. These volumes support excellent responsiveness.

## Qualified Investments

The bank overall has a high level of total qualified investments. The level was high in the Washington-Arlington-Alexandria DC-VA-MD-WV assessment area and adequate in the Silver Spring-Frederick-Rockville assessment area. Qualified investments support affordable housing and economic development. The bank made numerous grants to organizations that provide community development services to low- and moderate-income persons or in low- and moderate-income areas, and promote economic development. The bank’s investments are responsive as they address identified needs within each assessment area. The investments are neither innovative nor complex.

### Silver Spring-Frederick-Rockville MD

The bank has an adequate level of qualified investments that benefit the assessment area. Investments support affordable housing and economic development and include nine mortgage-backed securities totaling \$67.7 million, five Small Business Investment Companies totaling \$2.6 million, one Community Development Financial Institutions totaling \$407.6 thousand, two Low Income Housing Tax Credits (LIHTC) totaling \$3.6 million, and two CRA-related loan funds totaling \$7.4 million. Two prior period investments are considered and qualified in these amounts; as result of, their ongoing positive impact in the assessment area.

While the qualified investments are not innovative or complex, all are responsive to the community development needs in the assessment area including affordable housing, multifamily housing, financial support to small businesses, and other economic development that supports job creation and retention in low- and moderate-income areas and for low- and moderate-income persons employed by small businesses.

Grants provided to community development and nonprofit organizations support identified needs such as affordable housing, job training and workforce development, financial and other education programs for low- and moderate-income individuals, small business training and development, and funding for nonprofit organizations that provide community development services to low- and moderate-income individuals and families. All the grants support community development needs in the assessment area.

**Table 4a: Qualified Investment Activity (000s)**

	Benefits AA	Outside AA	Totals
<b>Originated Investments</b>	\$81,321	\$0	\$81,321
<b>Originated Grants</b>	\$895	\$0	\$895
<b>Prior-Period Investments that Remain Outstanding</b>	\$435	\$0	\$435
<b>Total Qualified Investments</b>	\$82,651	\$0	\$82,651
<b>Unfunded Commitments*</b>	\$14,505	\$0	\$14,505

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

**Table 4b: Qualified Investment Percentages**

	<b>Benefits AA (%)</b>	<b>Outside AA (%)</b>	<b>Total (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	2%	0	2%
<b>Total Investments/Average Total Income</b>	4%	0	4%

Washington-Alexandria-Arlington DC-VA-MD-WV

The bank has a high level of investments that benefit the assessment area. Investments support affordable housing and economic development and include 19 mortgage-backed securities totaling \$266.8 million, five Small Business Investment Companies totaling \$2.6 million, one Community Development Financial Institutions totaling \$2.3 million, three LIHTC totaling \$29.7 million, two qualified housing bonds totaling \$13.1 million and two CRA-related loan funds totaling \$30.9 million. Seven prior period investments are considered and qualified in these amounts; as result of, their ongoing positive impact in the assessment area.

While the qualified investments are not innovative or complex, all are responsive to the community development needs in the assessment area including affordable housing, multifamily housing, financial support to small businesses, and other economic development that supports job creation and retention in low- and moderate-income areas and for low- and moderate-income persons employed by small businesses.

Grants provided to community development and nonprofit organizations support identified needs such as affordable housing, job training and workforce development, financial and other education programs for low- and moderate-income individuals, small business training and development, and funding for nonprofit organizations that provide community development services to low- and moderate-income individuals and families. All the grants support community development needs in the assessment area.

**Table 5a: Qualified Investment Activity (000s)**

	<b>Benefits AA</b>	<b>Outside AA</b>	<b>Totals</b>
<b>Originated Investments</b>	\$296,885	\$0	\$296,885
<b>Originated Grants</b>	\$3,997	\$0	\$3,997
<b>Prior-Period Investments that Remaining Outstanding</b>	\$48,132	\$426	\$48,558
<b>Total Qualified Investments</b>	\$349,014	\$426	\$349,440
<b>Unfunded Commitments*</b>	\$21,601	\$0	\$21,601

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

**Table 5b: Qualified Investment Percentages**

	<b>Benefits AA (%)</b>	<b>Outside AA (%)</b>	<b>Total (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	8%	.01%	8%
<b>Total Investments/Average Total Income</b>	19%	.13%	19%

## **Community Development Services**

The bank has a high level of community development services in each of its assessment areas. Community development services support a wide range of activities addressing identified needs including homeless services, affordable rental housing, homeownership counseling, financial literacy to the unbanked and underbanked, workforce development and employment, and financial education to youth of low- and moderate-income households. A few services were complex regarding their planning and execution.

### Silver Spring-Frederick-Rockville MD

Community development services are conducted in partnership with three community development organizations. The services focused on financial literacy and education. One employee facilitated three financial literacy workshops for low- and moderate-income participants in conjunction with Home Free USA, which is a HUD certified housing counseling organization. The topics discussed were savings, credit score building, and debt management. Two employees taught financial education over an eight-week period to youth from low- and moderate-income families at a Boys and Girls Club in Montgomery County, which included an introduction to the checking and saving accounts, developing a business budget, using credit wisely, budgeting, and creating a business plan. The Boys & Girls Clubs of Greater Washington operates facilities that provide community services to boys and girls in the assessment area. Twenty-six employees provided 156 hours of community development services to assist Junior Achievement in teaching six financial literacy sessions at a middle school in Silver Spring, MD of which the majority of students are of low- and moderate-income. These services are responsive and meet the financial literacy and financial education needs in the assessment area.

### Washington-Arlington-Alexandria DC-VA-MD-WV

Employees provided thirty community development services during the evaluation period, which encompassed 1,805 hours in participation with seventeen organizations. These community development services are responsive to community needs for financial literacy, affordable housing, and job readiness. The planning and execution of community development services provided in conjunction with school programs were somewhat complex. The three most impactful community development services are as follows:

- In 2014, 166 employees provided 909 hours of community development services in conjunction with Junior Achievement of Greater Washington, a nonprofit organization that works with grade schools to provide financial literacy education experiences to students from kindergarten through twelfth grade. Bank employees also taught financial literacy sessions at schools in the assessment area. For both types of activity, bank employees worked with students from schools where the majority of students are from low- and moderate-income families.
- Throughout the evaluation period, 59 employees provided 321 hours of community development services in conjunction with the Goodwill of Greater Washington, a nonprofit organization whose services include assisting low- and moderate-income persons with job training, career education, and finding employment. Employees facilitated practice interview sessions for individuals seeking employment and provided assistance in resume writing.
- Throughout the evaluation period, 58 employees provided 162 hours of community development services in conjunction with the Network for Teaching Entrepreneurship, a national nonprofit organization focused on keeping low-income students in school and planning for successful futures. Several employees served as business plan coaches and judges in one of the organization's business education programs. Bank employees also hosted a field trip to their offices for students to observe financial and general business operations, and two employees each served a year on the organization's board of directors in 2012 and 2014.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## DEFINITIONS AND COMMON ABBREVIATIONS

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** – Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Assessment Area (AA)** – A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

**Benefit to Assessment Area** – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank’s assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

**Block Numbering Area (BNA)** – Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** – Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau’s Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people with an optimum size of 4,000 people.

**Community Development (CD)** – Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank’s assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA)** – The statute that requires the OCC to evaluate a bank’s record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Geography** – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Limited Purpose Institution** – An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

**Median Family Income (MFI)** – The median income derived from the United States Census Bureau’s American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

**Metropolitan Statistical Area (MSA)** – Area defined by the director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Net Operating Income** – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

**Tier 1 Capital** – The total of common shareholders’ equity, perpetual preferred shareholders’ equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Total Assets** – Total bank assets as listed in the Consolidated Report of Condition and Income.

**Total Income** – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

**Wholesale Institution** – An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.