



Comptroller of the Currency
Administrator of National Banks
Washington, D.C.

Wholesale

Public Disclosure

June 30, 2006

Community Reinvestment Act Performance Evaluation

**Wells Fargo HSBC Trade Bank, N.A.
Charter Number: 22897**

**1 Front Street – 21st Floor
San Francisco, CA 94111**

**Office of the Comptroller of the Currency
Large Bank Supervision
250 E Street SW
Washington, D.C. 20219-0001**

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.

Institution's CRA rating:

This institution is rated “**Outstanding.**”

The major characteristics that support this rating are:

- Wells Fargo HSBC Trade Bank (Trade Bank) demonstrates a high level of qualified investments and, community development loans in its assessment areas.
- Trade Bank rarely uses innovative or complex qualified investments or community development loans; in its assessments areas.
- Trade Bank demonstrates an excellent level of responsiveness to credit and community economic development needs in its assessment areas.

Scope of the Examination

In evaluating the bank's performance under the Community Reinvestment Act (CRA), we reviewed community development (CD) activities from November 18, 2003 through June 30, 2006. We evaluated the level and nature of qualified investments, CD lending, and CD services.

For this CRA evaluation, the Trade Bank submitted a number of qualified investments and CD loans for consideration, all of which benefited the bank's assessment areas (AAs), or a greater regional area that includes the AAs. Within the bank's designated AAs, Trade Bank originates most of its CD activities through its affiliate, Wells Fargo Bank, N.A. (WFB). Trade Bank's CRA performance was last evaluated through November 17, 2003, at which time it was rated “Satisfactory”.

Our evaluation of CRA performance in financial institutions designated as wholesale banks typically involves the analysis of a family of financial measures or ratios. Typically these ratios are calculated based on an allocation of capital to individual AAs based on its pro rata share of retail banking deposits. However, as more fully described later, Trade Bank does not accept traditional retail or commercial deposits, rendering the deposit allocation approach as not meaningful. Instead, the calculations for qualified investments and CD loans in each AA of this evaluation reflect the full amount of Trade Bank's Tier 1 capital and net operating income. The effect of not allocating capital to each AA is that the performance measures by AA appear low. Therefore, after considering the ratios by AA, we viewed the bank's qualified investments and CD loans on a cumulative basis to arrive at our assigned outstanding CRA rating for Trade Bank.

Description of Institution

Trade Bank was established in 1995 as a joint venture between Wells Fargo & Company (WFC) and Hong Kong Shanghai Banking Corporation Group (HSBC). WFC owns 60% of the Trade Bank and HSBC owns the remaining 40%. WFC and HSBC rank among the largest institutions in their respective areas. WFC, headquartered in San Francisco, CA is the fifth largest bank holding company in the U.S., with consolidated total assets of nearly \$492 billion as of March 31, 2006. In turn, HSBC, headquartered in London, England, is one of the world's largest international banking and financial service institutions.

On January 1, 1996, Trade Bank received approval from the Office of the Comptroller of the Currency (OCC) for designation as a wholesale bank under the CRA. Trade Bank is headquartered in San Francisco, CA, with branch offices in the Los Angeles-Long Beach-Glendale and San Francisco-San Mateo-Redwood City Metropolitan Divisions (MDs). It also has loan production offices in Phoenix, AZ; El Monte, Orange, and Palo Alto, CA; Denver, CO; Chicago, IL; Minneapolis, MN; Portland, OR; Dallas, Ft. Worth, Houston, and San Antonio, TX; and Seattle, WA.

Trade Bank's business strategy and primary focus is trade finance and international banking services, and financial solutions for customers. Trade Bank is the only nationally chartered FDIC-insured bank exclusively dedicated to international trade. The bank offers letters of credit, collection services, and various loan products, including loans against imports, and other commercial loan products that facilitate international trade. Trade Bank does not accept retail or commercial deposits from either of its AAs. WFC provides Trade Bank's funding sources in the form of deposits and borrowings.

As of June 30, 2006, Trade Bank had total assets of \$1.4 billion and Tier 1 Capital of \$128.6 million. As a wholesale bank, Trade Bank does not develop or maintain in-house expertise in community development activities. Instead, its affiliates, WFB and others within WFC, originate most CD loans and qualified investments that management then allocates to Trade Bank. In fact, WFB operates in the same AAs as Trade Bank.

There is strong competition among financial institutions to provide financial services in both of Trade Bank's AAs. Further, several local and regional institutions and credit unions vie for a part of each area's available CD opportunities. Bank of America, N.A., Citibank Nevada, N.A., Washington Mutual Bank, and Union Bank of California, N.A, as well as Trade Bank's affiliate, WFB are the dominant banking companies in the AAs. There are no known legal or financial factors that impede Trade Bank's ability to help meet the credit and CD needs of its AAs.

Table 1: Financial Information for Wells Fargo HSBC Trade Bank (000s)

	Year-end 2003	Year-end 2004	Year-end 2005	Quarter-end 06/30/2006	Average for Evaluation Period
Tier 1 Capital	\$90,249	\$101,463	\$115,003	\$128,618	\$108,833
Total Income	\$66,188	\$78,657	\$104,849	\$133,398*	\$95,773
Net Operating Income	\$24,800	\$31,196	\$37,605	\$45,482*	\$34,770
Total Assets	\$788,096	\$980,528	\$1,111,933	\$1,406,098	\$1,071,664

Source: Consolidated Report of Condition and Income and bank reported data.
 (*) Annualized data reported.

Description of Assessment Areas

Trade Bank has delineated its AAs as the Los Angeles-Long Beach-Glendale Metropolitan Division (LAMMD) and the San Francisco-San Mateo-Redwood City Metropolitan Division (SFMD). Both AAs meet the requirements of the CRA regulation and do not arbitrarily exclude low- or moderate-income (LMI) census tracts. The following discussion and tables present general demographic and economic information on the LAMMD and SFMD.

Los Angeles-Long Beach-Glendale Metropolitan Division

	Number	Low	Moderate	Middle	Upper
Tracts	2054	8.71%***	28.29%***	27.99%***	34.23%***
Families	2,154,311	23.87%*	16.49%*	17.40%*	42.24%*
Businesses	769,909	7.76%**	20.54%**	26.26%**	44.69%**

Source: Demographic Data – 2000 U.S. Census, Dun & Bradstreet Data.
 (*) Represents families by income level of census tract.
 (**) Represents businesses by income level of census tract- Does not add to 100% as 5,600 businesses or .75% are not categorized.
 (***) Represents census tracts by population- Does not add to 100% due to non-categorized tracts-16 Census Tracts or .78% are not income categorized.

The LAMMD is a large and growing coastal urban area located in southern California, which includes the City of Los Angeles. This Metropolitan Division (MD) is the largest MD in California and the second largest in the U.S.

The LAMMD is a complex, highly diverse, urban area that includes 88 cities and a number of unincorporated areas. Approximately 35% of California’s residents live in the LAMMD which has an approximate population of 10 million people. The diversity of the LAMMD’s economy and its location creates a major port of entry for new arrivals from Latin America and Asia. As of June 30, 2006, the adjusted median family income for the LAMMD is \$53,036 and it has a 4.4% rate of unemployment. The average sales price for existing single family homes in the LAMMD is \$529,010 which is an 18% price increase over the 2004 average sales price. The LAMMD contains one of the nation’s busiest airports and a leading seaport.

Significant geo-demographic changes occurred in the LAMD between the 1990 and 2000 U.S. Census. The number of census tracts increased by 421, resulting in a 45% increase in those tracts designated as moderate-income and a 20% increase in tracts designated low-income. Over the decade, the MD population increased by over 1 million, while the percentage of households below the poverty level rose from 12% to its current level of 15%.

The LAMD is a major trade, manufacturing, and distribution center for the U.S., the Pacific Rim, and the world. Its leading economic sectors include shipping, manufacturing, communications, finance, fashion and aerospace. Its ports in Los Angeles and Long Beach are among the busiest in the U.S., handling \$113.9 billion in cargo value. Major employers in the LAMD include Kaiser Permanente and the Boeing Company.

The most serious problems facing the LAMD are a lack of affordable quality housing for LMI families, senior citizens, and for people who are homeless. Housing affordability in the LAMD is above crisis levels and remains an ongoing and worsening problem.

Rents in the LAMD have increased by almost 22% over the past four years putting a strain on LMI households. In order to afford a two-bedroom apartment at the fair market rent of \$1,189 a month, a family would need \$47,560 in annual income-nearly twice the median earnings of residents that reside in the LAMD. Almost 3.9 million people or 39% of the residents in the LAMD are poor enough to qualify for government anti-poverty assistance; the vast majority are LMI households. An additional crisis facing the LAMD is the large population of people who are homeless. More than 91,000 individuals and families with children are homeless, of which nearly 90% are unsheltered.

Additionally, the housing affordability index has deteriorated to its worst since the early 1980s. Soaring prices of real estate in the AA have left more than 86% of families unable to buy a median-priced home. The percentage of households in the LAMD able to afford a home stood at 14% in December 2005, a 5% change from July 2004 when the housing affordability index stood at 19%.

During the examination we reviewed OCC community contact information on file and consulted with OCC Community Development Affairs Officers regarding the community development needs in the LAMD. These sources indicate that there are ample credit opportunities and needs within the LAMD. The predominant credit needs are affordable housing for LMI families and senior citizens. There are also lending opportunities in the form of micro-loans and other types of credit facilities for small businesses, community development investments, and services in the LAMD.

San Francisco-San Mateo-Redwood City Metropolitan Division

	Number	Low	Moderate	Middle	Upper
Tracts	382	7.33%***	21.47%***	39.01%***	31.68%***
Families	381,072	21.33%*	17.59%*	19.98%*	41.11%*
Businesses	172,164	15.20%**	17.66%**	34.79%**	32.24%**

Source: Demographic Data – 1990 or 2000 U.S. Census, Dun & Bradstreet Data.

(*) Represents families by income level of census tract.

(**) Represents businesses by income level of census tract- Does not add to 100% as 178 businesses or .11% are not categorized.

(***) Represents census tracts by population and does not add to 100% as 2 Census Tracts or .52% are not income categorized

The SFMD consists of three contiguous counties in northern California, which are Marin, San Francisco, and San Mateo. The SFMD is among the most expensive places to live and do business in the U.S.

Significant geo-demographic changes occurred in the SFMD between the 1990 and 2000 U.S. Census. The number of total census tracts increased by 21, which includes a 12% increase in those tracts designated as LMI. Over the decade the population increased by 128,000 while the percentage of households below the poverty level remained constant at 8%.

The adjusted median family income for the SFMD is \$81,946 and as of June 30, 2006, it has an unemployment rate of 4.5%. The sale price of a single family dwelling in the SFMD is \$715,730 a 12% price increase over 2004 sale prices. While median incomes in the SFMD are higher than many other areas in the state, they are insufficient to keep pace with rising housing costs. Both the cost of living and the cost of doing business are above the national average.

The SFMD residential real estate prices have continued to climb, making the SFMD one of the least affordable housing markets in the entire country. In December 2005, the percentage of households in the SFMD able to afford a home stood at 12%, a 3% decline in affordability from a year earlier when the affordability index stood at 15%. The housing affordability crisis is having a significant impact on the SFMD's economic security as well as on its quality of life as workers are traveling increasingly longer distances to get to work, adding to the already high cost of living. Housing affordability is consistently ranked as one of the top issues facing the SFMD.

A major factor contributing to the housing crisis in the SFMD is that housing production has not kept pace with job growth and demand. Further exacerbating this supply-demand imbalance is a lack of strong local governmental and other initiatives to produce affordable housing. Many developers would like to build more affordable housing in the SFMD, but say that changes, such as streamlined approval processes, increased density, and in some cases, reduced parking requirements, are needed to make affordable housing projects financially feasible.

The predominant CD needs in the SFMD include affordable housing for LMI families and individuals, and seniors. There are approximately 6,000 families living below the poverty level in the SFMD (2000 Census). Of these, 2,325 are single-parent households, comprising 40% percent of all families below the poverty level in the SFMD. The number of single-parent households with children has increased substantially since 1990, and such families continue to make up a significant proportion of families below the poverty level. Additional shared or

supportive affordable housing opportunities are needed to meet the special housing needs of LMI households and families.

During the examination, we reviewed OCC community contact information on file and consulted with OCC District Community Affairs Officers regarding the community development needs in the SFMD. These sources indicate that there are ample credit opportunities and needs within the SFMD. The predominant credit needs are affordable housing financing for LMI families and senior citizens. There are also lending opportunities in the form of micro-loans, other types of credit facilities for small businesses, and economic development investments in the SFMD. There is also a need for CD services.

CONCLUSIONS ABOUT PERFORMANCE

During the evaluation period, Trade Bank made a high-level of qualified investments and CD loans in its AAs. The bank has limited customer activity in relation to its size, and its employees specialize in banking operations that meet the needs of its narrow customer focus. While Trade Bank does hold qualified investments and CD loans on its books, most are originated through affiliate entities such as WFC and WFB. Due to its narrow business focus and relatively small size, Trade Bank's performance under the CRA was limited to qualified investments and CD lending activities. During this evaluation period, Trade Bank did not disclose any CD services in its AAs.

Trade Bank's total level of qualified investments and CD loans originated during the evaluation period approximates \$24 million or 17.83% of the bank's average Tier 1 Capital, 20.27% of average total income and 12.50% of net operating income. This excellent level is commensurate with the capacity of the bank in light of the credit needs and opportunities in the LAMD and SFMD.

The use of innovative or complex investments is rare. However, qualified investments and CD loans represent excellent responsiveness to serving the credit needs of highly economically disadvantaged areas in its AAs by providing funding that helped create or support 980 units of affordable housing and other economic development.

Trade Bank funded qualified investments approximating \$12 million during the evaluation period. In addition, eleven investments totaling nearly \$8 million remain outstanding from the prior CRA evaluation period, further influencing the bank's excellent responsiveness to credit and community economic development needs in the LAMD and SFMD.

Trade Bank also funded a high-level of CD loans approximating \$12 million during the evaluation period in its AAs. This represents an excellent level of responsiveness to serving the credit needs in its AAs with more than 75% of the bank's qualified investments and loans benefiting affordable housing projects for LMI families and individuals. A significant need in both of the bank's AAs.

Qualified Investments

Los Angeles-Long Beach-Glendale MD

During the evaluation period, Trade Bank and its affiliate WFB, originated a high-level of qualified investments in the LAMD. Trade Bank provided six qualified investments approximating \$6.1 million in the LAMD. In addition, Trade Bank has five qualified investments totaling \$4 million that remain outstanding from the prior CRA evaluation period. In aggregate, the combined investment activity reflects an excellent level of responsiveness to the credit and community development needs in the LAMD. Table 3a shows the amount of the bank's qualified investment activity that benefited the LAMD.

Of Trade Bank's eleven investments, four investments, totaling \$4.2 million, are investments in equity funds that help to finance affordable housing through the use of low-income housing tax credits (LIHTCs) creating 549 affordable housing units, a significant need in the AA. One of the investments for \$1.5 million funded a Community Development Financial Institution (CDFI) whose purpose is to provide mortgage loans to LMI families and financing for small businesses in the LAMD. In addition, Trade Bank funded a Community Reinvestment Fund (CRF) resulting in a \$407 thousand Mortgage-Backed Security bond, supported by a pool of over 100 community development loans.

Prior period investments continue to address a number of identified needs in the LAMD. A mortgage backed security and a LIHTC equity fund are financing affordable housing initiatives in the LAMD. Trade Bank also promotes economic development with an investment in an equity fund that provides venture capital for minority owned small businesses. All of the investments benefited the area and also helped create 168 affordable housing units, a significant need in the LAMD.

Table 3a: Qualified Investment Activity (000s) -LAMD

	Benefits AA
Originated Investments	\$6,132
Originated Grants	\$0
Prior-Period Investments that Remain Outstanding	\$4,092
Total Qualified Investments	\$10,224
Unfunded Commitments*	\$187

*"Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 4a: Qualified Investment Percentages -LAMD

	Benefits AA (%)
Total Investments/Average Tier 1 Capital	9.39%
Total Investments/Average Total Income	10.68%

San Francisco-San Mateo-Redwood City MD

During the evaluation period Trade Bank and its affiliate WFB originated a high-level of qualified investments in the SFMD. Trade Bank made three qualified investments approximating nearly \$6 million to the community and economic development needs in the SFMD. In addition, Trade Bank has five qualified investments totaling \$4.3 million that remain outstanding from the prior CRA evaluation period. The combined investments reflect an excellent level of responsiveness to the credit and community development needs in the SFMD. Table 3a shows the amount of the bank’s qualified investment activity that benefited the SFMD.

Trade Bank and its affiliate WFB provided funding in the amount of \$1.25 million in a corporation whose purpose is the preservation of affordable housing for extremely low-income families earning 30% of area median income (AMI) or less. This investment created 27-units of affordable housing for LMI families and is an investment that is not routinely provided by private investors. Additionally, the bank invested \$3.7 million in a taxable municipal bond issued by the San Mateo-Redevelopment Agency. The proceeds of the bonds were used to fund a LMI housing fund to increase the supply of affordable housing units in the AA. One investment, in the amount of \$750 thousand was made to a CDFI which provides loans, technical assistance and grants to non-profit organizations revitalizing low-income communities located within the bank’s AA.

Although the use of innovative or complex investments is rare, the investments are highly responsive to identified needs, because they fund organizations that target affordable housing, housing rehabilitation, and economic development to revitalize and stabilize LMI neighborhoods. In addition, Trade Bank’s outstanding prior period investments continue to address a number of identified needs in the AA and created 236 affordable housing units for LMI families.

Table 3a: Qualified Investment Activity (000s) -SFMD

	Benefits AA
Originated Investments	\$5,865
Originated Grants	-0-
Prior-Period Investments that Remain Outstanding	\$3,323
Total Qualified Investments	\$9,188
Unfunded Commitments*	\$1,189

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

Table 4a: Qualified Investment Percentages- SFMD

	Benefits AA (%)
Total Investments/Average Tier 1 Capital	8.44%
Total Investments/Average Total Income	9.59%

Community Development Lending

Los Angeles-Long Beach-Glendale MD

During the evaluation period, Trade Bank and its affiliate WFB originated a high-level of community development loans within the LAMD. Trade Bank funded eight CD loans totaling \$6 million. This activity represents 5.55% of the bank’s average net Tier 1 capital and 6.26% of its average total income. Trade Bank’s lending activity reflects an excellent level of responsiveness to the credit and community economic development needs in the LAMD.

Trade Bank provided funding for four loans with a CD purpose of community service, three loans had a CD purpose of affordable housing, resulting in 102 affordable housing units in the LAMD, and one loan had a purpose of economic development.

Examples of Trade Bank’s notable CD loans follow.

- Trade Bank in conjunction with its affiliate WFB extended financing for \$2.3 million to support construction for an affordable housing low-income housing tax credit project. This affordable housing project will provide 35 one-bedroom units for seniors. The building is located in a low-income census tract in Los Angeles. Trade Bank’s loan was necessary for completion of the project due to significant delays caused by on-site environmental issues and bankruptcy of the contractor.
- Trade Bank funded a \$1.7 million loan to support construction of a 37-unit apartment complex in south Los Angeles. The development targets individuals who are homeless, including those with mental disabilities. Once again, WFB provided necessary funding for completion of the project due to the bankruptcy of the contractor.
- Trade Bank funded a construction loan for \$787,700 to a non-profit organization for a 30-unit apartment complex which will provide housing for mentally disabled adults earning between 30% and 40% of the area median income. This loan was necessary for the completion of the project due to significant delays caused by the bankruptcy of the contractor. WFB has previously supported this organization with both loans and investments.

Table 5a: Community Development Lending Percentages -LAMD

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	5.55%
Total CD Lending/Average Total Income	6.26%

San Francisco-San Mateo-Redwood City, MD

During the evaluation period, Trade Bank and its affiliate WFB originated a high-level of CD loans. Trade Bank funded five CD loans approximating \$6 million in the SFMD. This activity represents 5.51% of the bank's average Tier 1 capital and 6.26% of its average total income.

Trade Bank's lending activity reflects an excellent level of responsiveness to the credit and community economic development needs of the SFMD. The bank focused its CD lending activities on affordable housing, a significant identified credit need in the SFMD. Trade Bank made three loans with a CD purpose of community service, and two loans had a CD purpose of affordable housing, resulting in 104 affordable housing units in the SFMD.

Examples of Trade Banks notable CD loans follow.

- Trade Bank funded a \$2 million working capital line of credit for a non-profit affordable housing developer in the SFMD. Funds were needed to secure completed affordable housing units, completed projects, and for predevelopment costs. The borrower is the leading affordable housing developer in California and creates high-quality, affordable homes for working families and seniors in the AA. The ranges of housing provided serves a core purpose to not only provide affordable housing to LMI families and individuals, but as the catalyst for revitalizing and strengthening LMI neighborhoods.
- Trade Bank also funded a \$2 million loan to an organization which provides affordable senior housing in the SFMD. The loan was a third lien that allowed the borrower to purchase a tax credit, as this project had passed the 15 year tax credit investor compliance period. The housing development consists of 104 units of senior affordable housing, including 56 units with project-based Section 8 subsidies. Regulatory restrictions require that 50% of the units be restricted to tenants earning 60% or less of AMI.

Table 5a: Community Development Lending Percentages- SFMD

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	5.51%
Total CD Lending/Average Total Income	6.26%

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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 has the potential to benefit the assessment area and is located in the 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.

Census Tract (CT) – Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – Affordable 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 the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

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 delineated by the U.S. Bureau of the Census in the most recent decennial census.

Individual Development Accounts (IDA) - Matched savings accounts that enable low-income American households to save, build assets, and enter the financial mainstream. IDAs reward the

monthly saving of working-poor families who are trying to buy their first home, pay for secondary education, or start a small business. Matching funds typically come from public and private sources.

Low-Income Housing Tax Credit (LIHTC) - A program through which investors receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing for low income households.

Median Family Income (MFI) – The median income determined by the U.S. Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. 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 Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

Pass-Through Receivables – Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

Small Business Administration (SBA) – A federal agency created to provide management and financial assistance to small businesses. The SBA guarantees loans through financial institutions that may be used for working capital, machinery and equipment, acquisition of real estate, and expansion

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative 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 Non-interest 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.