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Comptroller of the Currency  
Administrator of National Banks

Limited Purpose

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## **Public Disclosure**

July 2, 2001

### **Community Reinvestment Act Performance Evaluation**

**Associates National Bank (Delaware)  
Charter Number: 22277**

**110 Lake Drive  
Newark, Delaware 19702**

**Office of the Comptroller of the Currency  
Large Bank Division  
250 E Street, SW  
Washington, D.C. 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.**

## **Institution's CRA rating:**

**This institution is rated Satisfactory.**

The conclusions for the three rating criteria are:

- The bank demonstrates a high level of community development services and adequate level of qualified investment activity, including some investments that are not routinely provided by private investors.
- The bank demonstrates occasional use of innovative or complex qualified investments, and community development services.
- The bank demonstrates excellent responsiveness to community development needs in its assessment area (AA).

## **Scope of the Examination**

At the prior examination dated May 30, 1997, we rated the bank Needs to Improve. In evaluating the bank's current performance under the CRA, we reviewed community development (CD) activities from May 31, 1997 through July 2, 2001. We reviewed the level and nature of qualified investments and community development services. At the bank's request, we also considered qualified investments provided by its affiliates.

If a bank has adequately addressed its AA needs, the OCC considers CD activities that benefit areas outside of its AA in the evaluation of its performance. The bank has adequately addressed the needs of its AA, and therefore, outside of assessment area qualified investments were considered in evaluating its performance.

The OCC received more than 150 letters from individuals and community-based organizations commenting on Citigroup's acquisition of Associates First Capital Corporation. As part of the transaction Citigroup acquired Associates National Bank (Delaware) (ANB) pursuant to a Notice of Change in Bank Control. In its decision not to disapprove the change of control the OCC stated that it intends to consider the submitted comments where they are relevant to the OCC's evaluation of the CRA performances of Citibank, N.A. and ANB, and when reviewing corporate applications that are subject to CRA involving those banks.

In connection with our CRA examination of ANB we reviewed all of the comments related to Citigroup's acquisition of Associates First Capital and categorized the complaints of those opposed to the acquisition. We also identified which entities were the subject of complaints about abusive lending practices or other related practices to determine if the comments were relevant to ANB's CRA performance. We also reviewed the transcript of the New York State Department of Banking's hearing on the acquisition, conducted on November 17, 2000. An OCC official participated in that hearing. In evaluating the bank's CRA performance we

considered the comments about subprime lending, the CRA rating, and discriminatory lending. The following summarizes the comments and our findings.

Subprime lending. Several commenters alleged in general that subprime lending is predatory in nature and leads to high foreclosure rates, and complained specifically about subprime lending by Associates First Capital. ANB has a substantial subprime loan portfolio, but the credit card rates are uniform for customers of each card product, and are priced to reflect the creditworthiness of the borrowers.

CRA rating. A few commenters stated that the bank's rating of Needs to Improve, as noted above, would preclude Citigroup from making further acquisitions. This issue is now mute because the bank has a "Satisfactory" rating as of the present examination.

Discriminatory lending. Commenters noted that a violation of Regulation B by ANB was referred to the Department of Justice because of a discriminatory act on a prohibited basis. Subsequent to the bank's acquisition the legal suit was settled.

## **Description of Institution**

ANB was chartered in April 1991 as a credit card bank under the Competitive Equality Banking Act (CEBA). The bank was designated as a Limited Purpose Bank by the OCC on January 27, 1996. As a CEBA limited purpose bank, it operates its single office in Newark, Delaware. It is restricted to accepting savings and time deposits in amounts of \$100,000 or greater. ANB offers private label and proprietary credit cards. As of March 31, 2001, the bank had assets of \$365 million.

ANB is a subsidiary of Citicorp, which is a subsidiary of Citigroup. Citigroup acquired ANB's former parent, Associates First Capital Corporation, in November 2000. Citigroup is the largest financial services company in the U.S. with assets of \$805 billion. It has three major lines of business: consumer financial services, including insurance; corporate and investment banking services; and, investment management and private banking services. Citigroup's primary business focus is providing global financial services to businesses, individuals, and governments. The holding company's Global Consumer Bank Division provides retail-banking services in many parts of the world. Various Citigroup subsidiaries and affiliates provide loans and other products for Citigroup's banking customers.

Several affiliate activities were considered in our evaluation of ANB's CRA performance. Citibank FSB purchased targeted security investments, and ANB claims credit for those secured by real estate in its AA. Similarly, Citicorp USA purchased housing tax credits, and ANB receives credit for those that are located adjacent to its AA. Citicorp North America purchased equity funds, which are national or regional in nature, and for which no other bank has received CRA credit.

Ninety-nine percent of ANB's card receivables are securitized. Other than the restrictions imposed by the bank's CEBA charter, there are no legal or financial constraints that impact ANB's ability to help meet its community's credit needs.

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

	Year-end 1997	Year-end 1998	Year-end 1999	Year-end 2000	Most Recent Quarter-end 03/31/2001	Average for Evaluation Period
<b>Tier 1 Capital</b>	45,107	53,273	56,187	74,836	76,486	61,178
<b>Total Income</b>	445,877	169,369	86,147	117,856	** 143,240	192,497
<b>Net Operating Income</b>	9,554	8,064	11,375	46,823	** 21,144	19,392
<b>Total Assets</b>	454,992	482,624	491,380	457,439	365,330	450,353
<b>Pass Through Receivables</b>	7,270,775	7,286,481	7,939,526	10,904,875	10,713,889	8,823,109

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

## Description of Assessment Area

ANB designates New Castle County, Delaware (NCC) as its assessment area, which is in the Wilmington-Newark Metropolitan Statistical Area (MSA). The bank's only office is located in NCC. The AA complies with CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. Based on 2000 U.S. Census Bureau Data, NCC is the most densely populated county in Delaware with 500,265, or two-thirds of the state's population. Wilmington represents the largest city in NCC with a population of 71,529. Newark, containing the University of Delaware, is also a significant urban area in NCC.

The AA contains 120 census tracts, of which 118 are populated. There are nine low-income census tracts, 23 moderate-income census tracts, 61 middle-income census tracts, and 25 upper-income census tracts. All low-income census tracts and nine of the 23 moderate-income census tracts are located in Wilmington. The 2001 HUD adjusted median family income for NCC is \$72,100.

There are a total of 173,560 housing units in NCC of which 95 percent are occupied, and 5 percent are vacant. Seventy-five percent are one-to-four family units, and 20 percent are multi-family units. Sixty-five percent are owner occupied and 30 percent are renter occupied. The average age of housing stock is 35 years. NCC's weighted average median housing value is \$119,531 and its weighted average monthly gross rent is \$426. For Wilmington, the weighted average median housing value is \$87,873 and the weighted average monthly gross rent is \$518. A 1996 Statewide Housing Needs Assessment determined that approximately 2.5 percent of the housing stock in NCC is considered substandard. Wilmington was estimated to have 2,434 substandard units, or 8.4 percent of total City housing stock. In addition, 14 percent of Wilmington's rental units were estimated to be substandard.

The structure of Delaware's economy has undergone significant changes since 1990. Even though the economy is still led by large companies in the chemical and automotive industries,

there has been a marked diversification since 1990. Several high technology and research and development firms have been started in the State and together with the financial services industry are making a significant impact on the economy. The largest industrial sector in the state is the financial services industry followed by healthcare and education. At December 1999 the unemployment rate in NCC was 2.07 percent, below the US unemployment rate of 4.0 percent. The table below presents demographic data for NCC.

**Table 2: Assessment Area Description**

	<b>Number</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Tract</b>	120	7.51%	19.17%	50.83%	20.83%
<b>Families</b>	115,305	16.57%	18.39%	26.46%	38.58%
<b>Businesses</b>	18,134	11.52%	16.67%	46.93%	24.76%

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

Concurrent with this review, we held discussions with two community organizations in order to gain their perspectives on community credit and development needs, related opportunities, and the performance of financial institutions in helping to meet identified needs. We also reviewed records of contacts with local community groups in the past two years. Based on these meetings and other sources, primary needs are affordable housing for low- and moderate-income households; affordable home purchase and rehabilitation financing; homeownership and credit counseling; and affordable financing for small and minority owned businesses.

There are many community development investment and service opportunities throughout Delaware, including NCC. These include low-income housing tax credit programs; mortgage revenue bonds; mortgage-backed securities; venture capital funds; community development corporations; and programs administered by the Federal Home Loan Bank, Delaware State Housing Authority, Delaware Economic Development Office, and numerous non-profit and for-profit community development organizations.

## **Conclusions About Performance**

### **Summary**

- ANB provided a high level of community development services and extended an adequate level of qualified investments. The bank's officers and employees are active participants in over twenty boards or committees of organizations that provide community development services to the bank's AA, including investments and grants that benefited areas outside the bank's AA, ANB and its affiliates' investments totaled \$38.1 million during the evaluation period. Some of the investments are not routinely provided by private investors.
- The bank occasionally used innovative or complex qualified investments and community development services. Some of the investments and services were creative and a few involved complicated structuring.
- The bank's qualified investments and community development services exhibited excellent responsiveness to credit and economic development needs within its AA. ANB investment and grant related programs within the AA have positively impacted the creation of affordable housing, community development, and economic development initiatives throughout the AA. Community development services are provided to organizations involved in housing development and rehabilitation, neighborhood revitalization, home ownership counseling, fair housing advocacy, financial literacy, social services, small business development and affordable lending.

### **Qualified Investments**

During the evaluation period, ANB and its affiliates made a total of \$6.8 million in qualified investments within its AA. Due to its limited purpose designation, and record of adequately meeting the credit needs within its AA, ANB can receive credit for qualified investments that it or one of its affiliates made outside the assessment area. Total qualified investments and grants made by ANB and/or its affiliates during the evaluation period totaled \$38.1 million, of which \$25.9 million were fair share contributions to Consumer Credit Counseling Service organizations across the country. The overall level of total qualified community development investments represented 62.7 percent of the bank's Tier 1 capital and 19.9 percent of the bank's average total income (during the evaluation period). Total qualified investments represented .43 percent of the bank's pass through receivables.

**Table 3a: Qualified Investment Activity (000s)**

	<b>Benefits AA</b>	<b>Outside AA</b>	<b>Totals</b>
<b>Originated Investments</b>	\$6,277	\$5,448	11,725
<b>Originated Grants</b>	\$486	\$25,928	\$26,414
<b>Prior Period Investments that Remain Outstanding</b>	\$100	\$100	\$200
<b>Total Qualified Investments</b>	\$6,863	\$31,476	\$38,339
<b>Unfunded Commitments*</b>	\$162	-	\$162

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

**Table 4a: Qualified Investment Percentages**

	<b>Benefits AA (%)</b>	<b>Outside AA (%)</b>	<b>Total (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	11.2	51.5	62.7
<b>Total Investments/Average Total Income</b>	3.6	16.4	19.9
<b>Total Investments/Average Pass Through Receivables</b>	.08	.35	.43

### Affordable Housing Initiatives

ANB invested \$150,000 in a down payment settlement assistance program sponsored by the New Castle County Department of Community Services. An identified obstacle to low- and moderate-income persons achieving successful homeownership status is obtaining the funds necessary for down payment and settlement costs. The program provides settlement assistance to families earning less than 80 percent of the median county income. ANB’s support represented the first public-private partnership for this specific governmental program, which had become dormant due to a lack of funding. ANB’s investment assisted New Castle County Government in revitalizing its efforts to provide first-time homebuyers with the assistance necessary to obtain affordable housing.

ANB invested \$150,000 into a revolving predevelopment fund that provides a nonprofit housing developer with the convenience and flexibility of short-term, below market financing needed to acquire and rehabilitate properties for affordable resale. The unique investment supports the organization’s housing development initiatives within Wilmington’s Brandywine Gateway, a community in an older part of the city consisting of low- and moderate-income households that has a need for affordable housing. The innovative investment provides the community based organization with a creative financial tool to quickly acquire properties as they become available. The bank also provided grant assistance to the community-based organization’s innovative low-income mortgage buy down program. Through this support, ANB

assists in buying down the cost of homes to qualified buyers, making the housing purchase more affordable for low-income persons who would otherwise be unable to obtain affordable qualified mortgage financing. During this evaluation period, ANB contributed \$30,000 to this program.

ANB deposited \$50,000 into an innovative statewide Rental Assistance Program (RAP) that provides low interest rate loans to low-income borrowers for security deposits, utility deposits, and moving expenses. The program primarily benefits the bank's AA. Though most low-income families can afford monthly rental payments, an identified impediment to low-income families obtaining decent affordable rental housing is the inability to save for security deposits and move related expenses. The RAP program effectively assists in alleviating this barrier.

ANB is also credited with \$2.87 million in mortgage backed securities purchased by Citibank FSB, an affiliate of ANB. The securities are collateralized by 28 loans to low- and moderate-income households located within the bank's AA.

An ANB affiliate, Citicorp USA, purchased \$3.1 million in a Low Income Housing Tax Credit fund that supported the rehabilitation of a multi-family rental unit located in Dover, Delaware, an area adjacent to the bank's AA. The 95 unit rental housing project will provide affordable housing to low-income persons, with 19 units being allocated for rentals to households at or below 60 percent of the Area Median Income (AMI), and 57 units allocated to households with incomes at or below 50 percent of AMI. The remaining 19 rental units are dedicated to very low-income tenants with incomes at or below 40 percent of the AMI.

### Economic Development and Community Development Initiatives

ANB invested \$100,000 in a Community Development Financial Institution (CDFI) loan fund. The fund provides loans and technical assistance to community-based organizations or individuals that develop, preserve, and/or expand affordable housing, business enterprises, or community development initiatives. The loan fund is a statewide program that primarily benefits the bank's AA. ANB received an award under the U.S. Department of the Treasury Bank Enterprise Award Program for its investment with this organization. The award serves to recognize financial institutions for investing in CDFI's, and demonstrates ANB's responsiveness to addressing community development needs. ANB also provided a \$10,000 grant to the organization's small business opportunity loan fund. This innovative program makes below market rate loans to small businesses for the purposes of refinancing the business owner's personal credit card debt that was used to fund the development of the small business. During the establishment of this loan vehicle, many small business owners were identified who needed an affordable alternative to personal debt financing of business related expenses.

Among the investments made outside the AA, the bank was a lead investor in the City First Bank Corporation, a community development bank that serves low- and moderate-income neighborhoods in the District of Columbia. City First is the only community development bank located in Washington D.C., and provides credit, deposit-taking facilities, and financial services to individuals and small businesses located within the community development bank's target

market. During the evaluation period, ANB made an investment of \$350,000 in shares of the City First Bank Corporation.

Citicorp North America, an affiliate of ANB, made equity purchases on behalf of ANB in two economic development initiatives. In June 2001, Citibank North America invested \$2.5 million in a Pennsylvania based Small Business Investment Corporation that targets later stage growth opportunities. The investment will provide benefits throughout the Mid-Atlantic and northeastern regions of the United States, including the bank's AA. The fund will assist in the establishment of small business development initiatives and in the creation of new employment opportunities throughout the region. Citicorp North America also purchased \$2 million in a national equity venture fund that supports the development of minority owned small businesses throughout the United States.

ANB also actively participates in an economic and community development initiative to revitalize the City of Wilmington. This downtown revitalization plan involves the large-scale development of affordable housing and retail space essential to the urban renewal of the city, and primarily benefits low- and moderate-income areas. During the evaluation period, the bank contributed \$61,000 to this initiative. ANB also made an equity investment of \$250,000 in the Delaware Community Investment Corporation's (DCIC) Urban Renewal Loan Fund. DCIC is a Multi-bank Community Development Corporation engaged in the financing of affordable housing and community development projects within low- and moderate-income communities. The Urban Renewal Loan Fund provides short-term financing for property acquisition/site-control purposes, and has primarily targeted the urban renewal and revitalization efforts within Wilmington's center city.

#### Grants Supporting the Community

During the evaluation period, ANB extended grants totaling \$451,000, and provided in-kind donations valued at \$35,000 to more than 50 community development organizations based within its AA. An additional \$25.9 million in grants was contributed to agencies benefiting areas outside of New Castle County. In addition, the bank has committed and approved an additional \$162,000 in grants in 2001 that will be provided to 25 organizations in August 2001. The types of programs supported by ANB's financial contributions include: affordable housing development and housing rehabilitation grants; community stabilization projects; housing and related support services for low- and moderate-income senior citizens and women; transitional housing and housing shelters; day care facilities for children of low- and moderate-income families; educational grants to assist low- and moderate-income students; financial literacy training; the support of a small business resource center; and minority small business development initiatives.

The most substantial qualified grant is the financial support that ANB provides to nonprofit Consumer Credit Counseling Service (CCCS) agencies. This activity benefits individuals throughout the country, including low- and moderate-income persons. The dollars that ANB contributes to CCCS agencies through fair share contributions help to fund consumer education and credit counseling services in communities across the United States. During this evaluation

period, ANB made fair share contributions to CCCS organizations totaling \$25.9 million, which comprises 65% of ANB's total qualified investment portfolio.

Through ongoing grant assistance, ANB has provided support to several Wilmington based Community Development Corporations (CDC) and organizations dedicated to stabilizing neighborhoods in the city. Grants totaling \$19,000 during the evaluation period were provided to one CDC dedicated to the process of stabilizing the Hilltop section of Wilmington. Stabilization efforts include the development of low-income senior housing, the development of scattered site affordable housing projects, programs to increase homeownership rates, and lead abatement programs. ANB also actively supported community stabilization efforts in the West End section of Wilmington, a low- and moderate-income community. ANB contributed \$20,000 to a CDC whose goal is to increase owner-occupied housing through the acquisition, renovation, and affordable resale of 58 homes within the community. The bank is also heavily involved in the stabilization of Wilmington's Quaker Hill section, the city's oldest and most economically diverse residential community, and Wilmington's West Center City neighborhood. These two communities are older sections of the city, which consist primarily of low- and moderate-income households. Funding to organizations that provide stabilization programs and affordable housing opportunities within these two communities totaled \$23,500 during the evaluation period.

During the evaluation period, ANB contributed \$20,000 to a nonprofit organization that has created savings programs to entice disadvantaged families and individuals to escape the cycle of poverty. The organization provides incentives for low-income families to save funds through Individual Development Accounts for the purpose of obtaining housing, small business development, or post-secondary education. ANB funding provides matching contributions for every dollar saved by individuals for the purpose of expanding their educational horizons.

### **Community Development Services**

ANB's CRA management have leadership roles in numerous community development organizations including board memberships in the following: Interfaith Housing Delaware; West End Neighborhood House; Cornerstone West Project; College Resource Center of Wilmington; Delaware Community Reinvestment Action Council; Latin American Community Development Corporation and United Communities Federal Credit Union. The CRA Officer is also Treasurer of the Quaker Hill Neighborhood Association and is Chairman of the Interfaith Housing Delaware's Leadership Council. ANB's President is a member of the boards of the Salvation Army Delaware Region and Wilmington Renaissance. The bank and its senior officers have received awards and special recognition from several community organizations for their services including a Mayoral CRA Leadership Award in 1999.

Through their consistent involvement on the boards and committees of community organizations, bank officers have been very responsive to credit and community development needs by facilitating the creation of programs to make homes affordable to low-income families, advance housing development, and educate the community on homeownership and financial management. The table below lists notable community development services, including those that are complex and/or innovative. The list is followed by program descriptions.

**Table 5: Community Development Service Activities**

CD Service	Benefits AA	Outside AA
CRA Officer developed a community organization’s home purchase buydown program for low-income families.	X	
CRA Officer initiated the creation of a community organization’s short-term funding program to acquire properties in a distressed area.	X	
CRA Manager is co-director and producer of a monthly television program on community development topics such as homeownership, money management and small business development.	X	
Bank employees serve on loan review committees for a non-profit community organization and community development financial institution.	X	
Employees from the bank’s collection area provided guidance to a non-profit community organization to improve its collection of defaulted rental assistance loans.	X	
CRA Officer was the catalyst for a financial literacy component of a college readiness program targeted to students from low- to moderate-income families.	X	

Interfaith Housing Delaware, Inc.

Interfaith Housing supports faith-based groups and other local service providers seeking to provide long-term housing and services for individuals and families who are homeless or at risk of homelessness. Discussions between ANB’s CRA Officer and the organization’s Executive Director lead to the formation of the Brandywine Gateway Collaborative and creation of Interfaith Housing’s Evergreen Fund. The Collaborative involves a number of organizations working together to stabilize and revitalize distressed areas in Wilmington’s North Market Street corridor. The Evergreen Fund provides short-term funding for housing development in Wilmington’s low- and moderate-income Brandywine Gateway community. This fund is innovative in that it provides the organization the ability to quickly acquire properties for rehabilitation when placed for sale versus having to rely on the availability of grant money or more costly traditional financing. ANB’s CRA Officer was also instrumental in the development of Interfaith Housing’s Low Income Buydown program. This unique program will utilize a pool of investment and grant funds to reduce the actual cost of a home to enable low-income homebuyers to qualify for a mortgage loan. The program includes matching funds from the Federal Home Loan Bank of Pittsburgh.

Delaware Community Reinvestment Action Council (DCRAC) Informational Special

DCRAC is a nonprofit citizens advocacy group whose mission is to ensure equal access to credit

and capital for the under-served populations throughout Delaware. In partnership with ANB, the organization airs a monthly program on public access television to provide information on community development topics such as homeownership, personal finances and small business development. This unique program resulted from nonprofit organizations' concerns about the low- and moderate-income communities' access to financial and community services information. The program, which initially aired in the City of Wilmington, can now be viewed statewide. ANB's CRA Manager is Co-Director and Producer of the television program, and together with the CRA Officer has made guest appearances to discuss finances and banking services. The amount of time and effort involved in creating and maintaining the program makes this a complex service.

#### West End Neighborhood House Statewide Security Deposit Loan Program

The West End Neighborhood House Statewide Security Deposit Loan program provides low interest loans to low-income borrowers for security deposits, utility deposits and moving expenses. ANB provides staff to serve on the loan review committee for this program. In addition, in response to high loan default rates ANB officers shared their collection expertise with the organization's staff. The bank's efforts resulted in a lower default rate and helped to ensure the continued viability of this needed loan program.

#### College Resource Center Financial Literacy Workshop

The College Resource Center (CRC) is an academic support (SAT training) and college planning program targeted to under-served students from low-income families. ANB's CRA Officer who is a founding Board member of CRC, recommended the implementation of CRC's Skills for Life, a financial literacy program providing information to students and parents on topics such as budgeting, banking and credit cards. Bank employees have also participated in these workshops.

### **Fair lending Review**

We reviewed the bank's compliance with fair lending laws and regulations during our June 4, 2001 examination. Internal processes, credit score cards and other decisioning tools, solicitation practices, internal audits, and management reviews were examined.

ANB's internal controls ensure ongoing compliance with antidiscrimination laws and regulations. Policies and procedures provide adequate guidance to all employees. The bank has adopted Citigroup's Global Fair Lending Policy, which establishes goals, responsibilities, and guidance for marketing and outreach, and underwriting practices and standards. Compliance management reviews technical compliance with applicable laws and regulations. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

## 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.

**CEBA** - Competitive Equality Banking Act of 1987, which permitted corporations to form limited purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a "bank holding company" under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-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 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. A limited-purpose institution continues to meet the narrow product line requirement if it only infrequently provides other types of loans.

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually 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.

**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.

**Pass Through Receivables** - Outstanding receivables tied to all accounts issued or owned by the bank regardless of the balances of those receivables being carried on the bank's books or sold to another entity.

**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.