



Office of the
Comptroller of the Currency
Washington, DC 20219

LIMITED PURPOSE BANK

PUBLIC DISCLOSURE

December 31, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Synchrony Bank
Charter Number: 715044

170 Election Road, Suite 125
Draper, UT 84020

Office of the Comptroller of the Currency

Large Bank Supervision
400 7th 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.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

The conclusions supporting this rating are:

- The bank demonstrates a high level of community development services and qualified investments, as well as an adequate level of community development lending.
- The bank demonstrates extensive use of innovative or complex qualified investments, community development loans and community development services.
- The bank demonstrates excellent responsiveness to credit and community economic development needs in its assessment areas.
- While the bank's performance under the Community Development Test would have been an Outstanding rating, the overall CRA rating was lowered from Outstanding to Satisfactory as discussed within the Fair Lending or Other Illegal Credit Practices Review section of this document.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining 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 Synchrony Bank (SYB) issued by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, for the evaluation period starting January 1, 2013 through December 31, 2015. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 195.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed Community Development (CD) activities from January 1, 2013 through December 31, 2015. We reviewed the level and nature of qualified investments, CD lending, and CD services. At the bank's request, we also considered qualified investments, CD lending, and CD services provided by its affiliates.

If a bank has adequately addressed its assessment areas (AAs) needs, the OCC considers CD activities a bank submits that benefit areas outside of its AAs in the evaluation of its performance. SYB has adequately addressed the needs of its AAs, and, therefore, qualified investments, CD loans and/or services outside of the AAs were considered in evaluating its performance. At the prior evaluation dated December 31, 2012, we rated the bank Outstanding.

Description of Institution

SYB has its home office in Draper, Utah and has one retail branch in Bridgewater, NJ, which only offers deposit products and was acquired on January 11, 2013, as part of an assumption of retail deposits from MetLife Bank. Effective May 1, 2009, SYB (formerly GE Capital Retail Bank) was designated as a limited purpose savings association for CRA evaluation purposes. SYB's primary business strategy is to focus on credit cards and financing purchases of consumer goods (although SYB does engage in a limited amount of small-business credit card lending). SYB has three main portfolios; Payment Solutions/Care Credit (PSCC), Retail Card (RC), and Retail Deposits. PSCC is comprised of Private Label Credit Cards (PLCC) and Installment term loans. PLCC products are credit card products that can only be used at the store/provider with which they are branded. RC is comprised of PLCC and Dual Cards (DC). DC products are traditional credit cards that can be used wherever major credit cards are accepted. The Retail Deposits portfolio is made up of a product mix comprised of Certificates of Deposits, High Yield Savings, and Money Market Accounts.

Based on its limited purpose designation, SYB strives to meet performance goals set forth under the CD test, which assesses the bank's record of helping to meet community credit needs through its CD lending, qualified investments or CD services.

SYB is a subsidiary of Synchrony Financial (SYF), which until November 17, 2015 was a subsidiary of General Electric Capital Corporation, which is a subsidiary of General Electric Company (GE). On November 18, 2015, GE completed a stock for stock exchange of SYF shares for GE shares, which transitioned SYF to a wholly independent publicly traded stock company.

As of December 31, 2015, SYB's total assets equaled \$62.9 billion and the total loan portfolio equaled \$47.9 billion.

Table 1: Financial Information (\$000s)

	Year-end 2013	Year-end 2014	Year-end 2015	Average for Evaluation Period*
Tier 1 Capital	5,558,990	6,559,017	7,781,091	6,633,033
Total Income	6,876,575	7,727,678	8,501,422	7,701,892
Net Operating Income	1,534,786	1,802,130	1,533,541	1,623,486
Total Assets	37,806,067	49,672,600	62,858,185	50,112,284

Source: Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only - FFIEC 041

*Average of evaluation period inclusive of only full calendar years.

There are no known legal constraints that may impact the bank's ability to meet the CD needs of its AA.

SYB performs the majority of its CRA eligible activities within the bank itself, but does consider the following activities performed by affiliates as part of its CRA performance:

- Investments in low-income housing tax credit related instruments and other equity partnerships/LLCs are made through Retail Finance International Holding, Inc. (RIH), an affiliate of SYB and a subsidiary of SYF. SYB sources these investments opportunities, works with underwriting stakeholders within SYF, and books certain approved deals in RIH for tax and other purposes. This is a core strategy of SYB's CRA investment program, and is executed under the direction of SYB's CRA Officer.
- CD services performed during the period from January 1, 2013 through November 17, 2015 by employees from various divisions of General Electric Company, including: GE Aviation, GE Capital Americas, GE Capital Real Estate, GE Capital – Staff, GE Corporate, GE Energy Management, GE Healthcare, GE Intelligent Platforms, GE Measurement & Control, GE Oil & Gas, GE Power Generation Services & Digital Energy, GE Power & Water and GE Transportation. None of these CD Services is considered in any other bank's CRA performance.

Description of the Assessment Areas for Review

The overall rating is based on a review of the bank's two AAs, one in the State of Utah and the other in the State of New Jersey. The bank's average income and average capital were attributed to the AAs based on the percentage of bank deposits in the AAs. The bank has designated the Salt Lake City, UT MSA as its Utah AA and a three county subset of the Newark, NJ MD as its New Jersey AA. The Utah AA consists of Salt Lake and Tooele Counties. The New Jersey AA consists of Essex, Somerset and Union Counties. More emphasis was placed on the bank's performance in the Salt Lake City, UT MSA being the bank's home office and accounting for 98.4 percent or \$40 billion in deposits. Salt Lake City, UT MSA is where the significant majority of the bank's lending is originated. Less emphasis was placed on the bank's performance in the New Jersey AA, due to the limited presence in this AA. SYB has one branch/operations office and only 1.6 percent or \$641 million in deposits in the New Jersey AA. The New Jersey office has 112 employees, most of which work in a call center environment and no loans are offered through this location.

State of Utah

CRA Rating for Utah: Outstanding.

The conclusions supporting this rating are:

- The bank demonstrates a high level of community development services and qualified investments, as well as an adequate level of community development lending.
- The bank demonstrates extensive use of innovative or complex qualified investments, community development loans and community development services.
- The bank demonstrates excellent responsiveness to credit and community economic development needs in its assessment area.

Description of Utah Assessment Area

SYB has defined the Salt Lake City, UT MSA (#41620) as its Utah AA. The Salt Lake City (SLC) MSA is comprised of Salt Lake and Tooele Counties. Tooele County is located in northern Utah on the western border and Salt Lake County is adjacent and to the east. Salt Lake City is the largest city in Salt Lake County and the capital of Utah. Counties adjacent to Salt Lake County are comprised of more rural communities. Tooele County experienced significant growth in the last decade due to more affordable housing options.

Utah is one of the fastest growing states in the country and ranks 35th in the nation in population growth. The state's rapid growth is attributed to both the area's high birth rate and to in-migration. Utah's population reached 2.9 million in 2015, a positive increase every year since 1990. The State of California continues to dominate the flow of migration to Utah, while employment-related migration accounts for the majority of population movement to and from Utah. Salt Lake City makes up a very small portion of the Salt Lake Valley. Salt Lake County covers 756 square miles, while Salt Lake City covers only 90.5 square miles. Salt Lake City is the largest city in the state with a population of 181,743, as of December 2015.

Salt Lake County has the largest population of the AA population of 1.2 million, making it the most populous region in Utah. Overall, Utah is expected to continue to have the youngest population in the nation. Utah's median age in 2015 was 27.1 years, well below the national figure of 35.2 years.

Salt Lake City is one of the West's fastest-growing large metro areas. As of December 2015, payroll employment has increased nearly twice as fast as it has nationally over the past year. Private services have been leading the way, with high tech accounting for nearly one-third of the job gains over this period. Growth has been supported by the goods-producing industries, with manufacturing accounting for most of the net new jobs. Exceptional payroll gains have contributed to robust wage growth over the past year. Higher incomes are lifting home sales, which are rising at an above-average rate.

The composition of the Salt Lake City MSA changed in 2014 due to the realignment of metropolitan statistical areas implemented by the Office of Management and Budget (OMB). Summit County was dropped from the Salt Lake City MSA, which went from 236 census tracts to the current 223 census tracts. There was no significant change to the relative percentages of tracts as measured by income classification. The Utah AA consists of 5 percent low-income tracts, 19 percent moderate-income tracts, 48 percent middle-income tracts and 27 upper-income tracts. Per the 2014 - 2015 FFIEC Demographic Data, the Salt Lake MSA consisted of 375,835 housing units; 65 percent of which were owner occupied, 29 percent were occupied rental units, and 6 percent were vacant.

Per the 2010 census data, the Utah AA had 250,518 families. Of the total number of families, 3 percent were low-income, 16 percent were moderate-income, 52 percent were middle-income and 28 percent were upper-income. Median family income has remained relatively stable with a slight annual increase based on FFIEC annual estimates. The 2015 adjusted median family income, as determined by the Federal Financial Institutions Examination Council (FFIEC) is \$72,500. However, while family and household income in the Salt Lake City MSAs is comparable to median family and household income in the rest of the United States, per capita income is relatively low. Department of Labor Statistics indicate that the median household income between 2010 and 2014 was \$53,482. This is due to the relatively large families. Accordingly, purchasing power is constrained, be it for homes or other consumer goods.

Table 2a: Salt Lake City, UT MSA Assessment Area Description 2010 Census Data

	Number	Low (percent)	Moderate (percent)	Middle (percent)	Upper (percent)
Tracts	223	4.93	18.83	47.53	27.35
Families	250,518	3.46	16.37	51.76	28.42
Businesses	91,731	4.60	18.56	44.36	31.97

Source: Demographic Data - 2010 U.S. Census, Dun & Bradstreet Data. Percentages represent families by income level and businesses by income level of census tract. Number of tracts includes 3 census tracts without income data. Number of businesses includes 467 businesses, located in the three census tracts without income information, which are not included in the percentages.

While Salt Lake County's poverty rate is around 12 percent, Salt Lake City's poverty rate is nearly 21 percent, thus this community is carrying a substantial burden for the County and the MSA. Salt Lake City also is the location of the majority of the state's homeless population. Poverty is concentrated in neighborhoods near downtown and in the west side community. Ethnic diversity has increased in recent years in Salt Lake County, with a Hispanic population of 17 percent and an Asian population just about 4 percent. According to the Utah Department of Housing & Community Development's 2010-2015 Consolidated Plan, the major housing needs in Salt Lake City are: reducing the cost burden of housing, improving the condition of the housing stock, addressing homelessness, and increasing special-needs housing.

Per the National Association of Realtors, the median home value in the Salt Lake MSA is \$260,500 as of year-end 2015. The national median existing single-family home price in the fourth quarter was \$222,700, up 6.9 percent from the fourth quarter of 2014 (\$208,400). Rising home prices, despite lower mortgage rates and an increase in the national family

median income of \$68,034 caused affordability to fall in the fourth quarter 2015 compared to the fourth quarter of 2014.

Salt Lake County's major employers include Intermountain Healthcare, the State of Utah, the University of Utah, Salt Lake County, L-3 Communications, Arup Laboratories, Delta Airlines, and JetBlue Airways Corp. Service sector jobs dominate the county economy with office and administrative support being the largest single category. There is also a large health and technology sector as well.

The deposits of SYB's home office in Utah represent 98.4 percent of the bank's total deposits. SYB has accordingly focused a majority of its CD investment and loan activity in this assessment area. The Salt Lake City MSA is home to major insured financial institutions that primarily serve national and regional markets. This creates a great deal of competition for CD lending, investments, and service opportunities in Utah. These financial institutions include federally chartered banks (8), savings and loans (4), state chartered banks (18) and state industrial banks (14). In addition, the AA is also home to 18 federally chartered and 14 state chartered credit unions that also provide financial services to the AA.

Utah's banking community is one where many of the major institutions primarily serve national and regional markets. Also, the twenty largest banking and savings institutions in the Utah AA, which includes SYB, are either subject to the CRA large bank procedures, or the institutions have opted for a different designation (wholesale, limited purpose, or strategic plan), all of which include CD activity as a key CRA component. This situation has created both an intense competition for CD activities, as well as generating pricing pressures that drive negative yields on potential investments.

We determined community needs based on the interagency (OCC, FRB and FDIC) co-sponsored CD Forum that took place on September 24, 2015. The CD Forum was designed to facilitate discussion among financial institutions and community stakeholders to address CD challenges and opportunities within the marketplace. Attendance included four community development financial institutions (CDFIs), and eight community development corporations (CDCs). It was noted that the recession has had a disproportionate impact on LMI populations within the Salt Lake City MSA, as well as the State of Utah overall. Due to the cuts in local, state and federal budgets, the LMI plight was pronounced in the areas of affordable housing, community services, and economic development, including job retention/creation and employment hour cutbacks. Governmental budget cuts have affected LMI individuals and families directly and nonprofit funding has also decreased due to an overall decrease in government funding sources.

According to community leaders who attended the CD Forum, CD areas that need ongoing attention involve several aspects of affordable housing, including homelessness, transitional housing, affordable rentals, and home ownership opportunities. This is especially the case for individuals in non-traditional families, including those exiting foster care, recently released prisoners, those who are victims of domestic violence and the refugee community. In terms of refugee services, Salt Lake City remains a leader in the country for placing newly arrived refugees. However, this effort requires a unique set of skills and resources. Support services for new refugees is very important. In addition, creating or retaining good jobs that pay a livable wage to LMI populations remains a high priority. Moreover, early childhood education

remains a priority. Salt Lake City has had success with *Pay for Success* programs they have launched. Educational efforts, as well as eradicating homelessness, remain a focus for Utah's *Pay for Success* programs. Transportation Oriented Development (TOD) is another highlighted opportunity. TOD, if done well, can uniquely connect LMI individuals to much needed jobs. In addition, small business financing and workforce development/training remain a top priority.

Conclusions about Performance

Summary

- SYB provided a high level of qualified investments and CD services, as well as adequate CD loans in relation to its capacity and opportunities. During the evaluation period, \$716 million in qualified investments and CD loans were provided to the Utah AA and an additional \$86 million in CD loans and qualified investments were made in areas outside of the AA. Employees of the bank and its affiliates provided nearly 2,100 hours of service to CD organizations in the Utah AA. Outside of the assessment area, employees provided close to 8,700 hours of service to organizations. The bank has made CD investments and loans that are responsive to the identified needs of affordable housing, neighborhood stabilization, economic development, and community services in support of financial education.
- SYB demonstrates extensive use of innovative or complex qualified investments, CD loans, and services. The move into the Low-Income Housing Tax Credit (LIHTC) investment type was a complex and innovative process for SYB requiring significant effort to develop the necessary expertise within the bank to make these investments. This involved hiring new staff, developing underwriting procedures and educating various stakeholders within SYB to properly measure and manage potential risks associated with LIHTC. Appropriate booking of these investments required integrating analysis and input from several areas of the bank including CRA, Credit, Risk, Legal, Compliance, Tax and Accounting. SYB's investment provided funding for five syndicated LIHTC funds to further support low-income housing projects in the Utah area, including the AA. In another transaction that was new to SYB and involved an innovative process for SYB, was a new multimillion warehouse line of credit with the Utah Housing Corporation (UHC) to provide much need temporary financing while UHC assembles mortgage loans that will be securitized into GNMA MBS pools. This involved SYB taking mortgage notes as collateral, then releasing said notes through an escrow agent at the time of securitization. This type of flexible funding source is critical for UHC to provide necessary affordable home ownership to LMI and remain responsive to those seeking affordable housing opportunities.
- SYB's qualified investments and grants, and CD loans and services exhibited excellent responsiveness to the credit and community development needs within the Utah AA. SYB responsiveness to CD needs is demonstrated by the leadership role it has taken while engaging in economic development initiatives. SYB has made significant investments in three small business investment corporations (SBIC), by using a mixed loan and equity approach to enhance the growth and job creation opportunities of existing businesses. The

bank has also continued holding SBIC investments made in prior evaluation periods that offered both traditional private equity investing as well as debt based support to companies that could not obtain traditional bank financing. In addition, SYB continued supporting a comprehensive small business educational program, designed to guide women entrepreneurs through an intensive course to develop skills in planning and operating their own businesses. These examples demonstrate SYB’s extensive responsiveness to community needs to create, innovate, be flexible, engage in complex structures and relationships, and to take leadership roles in meeting community needs. These activities are responsive to the identified needs of the assessment area, which include small business development and financial education.

Qualified Investments

SYB provided 198 qualified investments in the Utah AA and broader statewide or regional areas totaling \$410 million during the evaluation period. Because the bank adequately addressed the needs of its AA, we considered an additional \$78 million in qualified investments made outside of its AA when evaluating the bank’s performance.

Table 3a, which follows, shows total qualified investment activity and table 4a presents total qualified investments as a percentage of the bank’s average capital and average total income attributed to the Utah AA.

Table 3a: Qualified Investment Activity (000s) for Utah AA

	Benefits AA	Outside AA	Totals
Originated Investments	323,769	45,122	368,891
Originated Grants	2,036	6,857	8,893
Prior-Period Investments that Remain Outstanding	84,310	25,933	110,243
Total Qualified Investments	410,115	77,912	488,027
Unfunded Commitment*	17,950	41,051	59,001

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

Table 4a: Qualified Investment Percentages for Utah AA

	Benefits AA (percent)	Outside AA (percent)	Total (percent)
Total Investments/Average Tier 1 Capital	6.28	1.19	7.47
Total Investments/Average Total Income	5.41	1.03	6.44

Described below are some of the more significant qualified investments and grants:

- During the evaluation period, SYB embarked on an innovative and complex investment type (Low-Income Housing Tax Credit) in which the Bank had no direct experience underwriting and monitoring. Although a few employees had experience at other financial institutions, the investment of \$78 million in five syndicated LIHTC funds was a complex process for SYB, integrating input from many stakeholders. The Bank supported 801 LIHTC units directly through the CRA allocated projects and many thousands of units beyond that, in the five funds generally. A little over \$15 million of the investment provided direct benefit to the Utah AA.
- SYB has invested \$6 million in three Small Business Investment Corporations (SBIC). Each of these SBICs vary in target activity from traditional private equity funds by using a mixed loan and equity approach to enhance the growth and job creation opportunities of existing businesses. With the combination of debt and equity, the funds create more leverage in its resources while stabilizing and advancing core financial needs of these companies. The bank also continued holding three SBIC investments made in prior evaluation periods that offered both traditional private equity investing as well as debt based support to companies that could not obtain traditional bank financing. The SBICs provide financing to businesses in the bank's AAs as well as in broader regional and national markets.
- SYB has invested \$485,250 in the Utah AA, and \$10,250 outside the AA to assist refugees in adjusting to the U.S. economic realities, such as obtaining jobs and affordable housing, understanding the financial system, accessing healthcare and other services.
- SYB has invested \$122,250 in Youthlinc for its Real Life program offering refugee youth financial literacy, communication, and job/career readiness curriculum through a combination of adult instruction and peer mentors. SYB's funds were critical to the expansion of the program from one site and a couple dozen refugees to a six site 300 refugee program in the 2014-2015 school year. All refugee youth are from LMI households, and in many situations are the translators and facilitators in their families for financial and healthcare communications. A program report from Youthlinc states: "When Real Life received a \$66,250 grant from Synchrony Bank in summer 2014, this funding changed the program's trajectory and impact." The CRA Officer provided technical assistance to the Youthlinc staff to improve impact reporting.

Community Development Lending

During the evaluation period, SYB extended CD loans in or benefiting the Utah AA totaling over \$306 million. Because the bank adequately addressed the needs of the AA, we considered additional loans for \$8 million made outside of the AA.

Table 5a: Community Development Lending Percentages for Utah AA

	Benefits AA (percent)	Outside AA (percent)	Total (percent)
Total CD Lending/Average Tier 1 Capital	4.69	.12	4.81
Total CD Lending/Average Total Income	4.04	.11	4.15

In response to the identified credit needs of the AA, the loans focused on projects for the creation or renovation of affordable housing for low- and moderate-income individuals as well as the creation of a small business loan pool. The following are examples of significant CD lending:

- During this evaluation period SYB has established a new \$75 million warehouse line of credit with Utah Housing Corporation (UHC) that has been renewed once. UHC is the State Housing Finance Agency authorized under U.S. and Utah statutes. This line of credit provides temporary financing for UHC as it assembles mortgage loans that will be securitized into GNMA MBS pools. This type of financing is new to SYB and includes taking mortgage notes as collateral, then releasing said notes through an escrow agent at the time of securitization. This provides a flexible funding source for UHC that is complex in nature and innovative for SYB. SYB has advanced \$283.5 million in revolving draws on this line of credit during the evaluation period.

SYB also initiated a \$30 million line of credit (LOC) with UHC to support long term financing as an alternative to issuing municipal bonds or creating securitizations in the secondary market via mortgage-backed securities. Renewed two times for a total of a \$90 million commitment during the evaluation period, UHC considers this a critical component of its tool box. In the current rate environment UHC has not drawn on this facility, but renews the facility to retain its flexibility of financing sources. The facility includes a lead lender (UBS Bank USA) and initially included another participant bank (GECB). Currently SYB's LOC represents half of the \$60 million facility. SYB holds investment of \$32 million in municipal bonds issued by UHC as mortgage revenue financing bonds for the agency.

- SYB team members participated in a community effort to identify ways to connect affordable housing solutions to existing and future transit lines because the live-work relationship is critical for LMI families that may not have independent transportation. The results of the advisory activities of the Transportation Oriented Development (TOD) task group and the Envision Utah lead committees was a report that laid out the business plan for a transportation oriented development fund (TOD Fund).

Once a nonprofit sponsor of the fund was identified, multiple banks worked with the nonprofit to create a multibank loan fund which SYB participates in with a \$7 million line of credit. The borrower, Utah Equitable TOD Fund, is a public-private pool of funds in a complex and responsive agreement. SYB's CRA officer was instrumental in finalizing the term sheet and worked with the various parties to arrive at the final agreement that governs the fund.

- SYB provides a \$25 million line of credit to the Rocky Mountain/Utah Community Reinvestment Corporation (UCRC) to provide term and other financing to support multi-family affordable housing in the State of Utah and to the surrounding regional area. SYB has increased its commitment under the line of credit twice since 2012. This financing is of complex structure and is responsive to the need for affordable multi-family housing, both new and retention/rehabilitation of units. SYB also purchased \$7 million in outstanding balances of the UCRC loan pool from its then sister institution, GE Capital Bank, as it wound down operations with intent to close. SYB demonstrates leadership with the CRA officer serving on the UCRC board of directors, currently as chair, and another SYB employee that serves on its Loan Committee. This line of credit represents a complex transaction that involves over 20 other lenders, and the activities as a whole constitute a multi-faceted and comprehensive relationship to advance multi-family affordable housing.
- SYB joined with CIT Bank and NeighborWorks Salt Lake to create a \$10 million Affordable Housing and Mission Fund 2 (AHMI 2). SYB's share of the fund is represented by a non-revolving \$5 million line of credit which has been extensively used. SYB employees joined with CIT Bank employees in leadership roles in the negotiation and development of the agreement that governs the loan fund. The fund provides financial resource for NeighborWorks America affiliated nonprofits, and augments operational funding for NeighborWorks Salt Lake. SYB also invested \$10,000 with NeighborWorks Salt Lake to assist with homeowner/buyer counseling and lending programs.

Community Development Services

SYB employees actively provided nearly 2,100 hours of service to community development organizations and programs that benefit LMI individuals, families and communities in the AA and over 8,700 hours to organizations outside the AA. SYB employee activities are highly responsive to community development needs through involvement on boards and committees of affordable housing and community service organizations, often serving in leadership roles, delivering financial literacy seminars and credit counseling, and providing other financial services. The following are examples of community development services:

- *Banking on Women*[™] is a SYB trademarked entrepreneur program offered in the Utah AA. The *Banking on Women*[™] program was initiated in the Salt Lake metropolitan area through the leadership of the SYB & GE Capital Bank CRA officers. Taught by a seasoned business professional, *Banking on Women*[™] is a comprehensive small business educational program guiding women entrepreneurs through a 15-week (45 hours) intensive course to develop skills in planning and operating their own businesses. During the course, each participant has the opportunity to be mentored by a SYB employee. Successful graduates of the program may apply for a loan through the Utah Microenterprise Loan Fund (UMLF), for which SYB provides a loan reserve. The program engages numerous partners, which have included SYB, GE Capital Bank, Westminster College, and the UMLF.

SYB has demonstrated leadership and has invested \$82,760 and 175 volunteer hours during the evaluation period into *Banking on Women*[™] which has provided six classes with 13-15 participants in each class. Since inception of the program in 2010 the program has included more than 130 women entrepreneurs with 123 completing all the course work. To date participants have launched 38 new businesses and expanded 63 businesses, resulting in the creation/retention of more than 170 jobs.

- SYB has been responsive by investing nearly \$1.3 million (\$374,500 in the AAs and \$901,750 outside the AAs) for programs targeting youth and young adults to support financial education, vocational training, GED programs, and other related activities. A few examples are presented below:
 - SYB has invested \$120,000 to sponsor Junior Achievement of Utah (JAUT) programming at schools serving primarily LMI households in Salt Lake County. Several SYB employees have volunteered time to teach JAUT financial education to these young people. SYB has invested an additional \$120,000 to support programming at JA City/JA Finance Park, an experiential JAUT learning facility for 5th and 8th grade students. SYB employees (and affiliates) have volunteered over 1,000 hours during the evaluation period at schools and JA City providing financial education to LMI students.

SYB has also invested \$246,000 with ten other Junior Achievement 501c3s ("JA") in locations outside the AAs for financial education delivered to LMI students; and has provided nearly 5,800 volunteer hours at these plus three additional JAs directly offering financial education to LMI students.

- SYB has demonstrated leadership and responsiveness by investing \$76,500 in the Utah Microenterprise Loan Fund (UMLF) located in Salt Lake City, UT. The UMLF is a CDFI that supports small businesses by providing microbusiness loans to entrepreneurs. SYB's CRA officer currently serves on the UMLF Executive Committee, SYB's senior controller serves as treasurer and as a member of the board of directors, and another senior manager serves on the UMLF credit committee. Combined these employees have offered 206 volunteer hours.

State of New Jersey

CRA Rating for New Jersey: Outstanding

The conclusions supporting this rating are:

- The bank demonstrates a high level of qualified investments, community development lending and community development services.
- The bank demonstrates occasional use of innovative or complex qualified investments, community development loans and community development services.
- The bank demonstrates excellent responsiveness to credit and community economic development needs in its assessment area.

Description of New Jersey Assessment Area

The New Jersey Assessment Area (NJ AA) consists of Essex, Somerset and Union Counties. In January 2013, in addition to the Salt Lake City AA, SYB added a second AA located in NJ, due to the acquisition of a MetLife Bank branch in Bridgewater, NJ. This area included Middlesex, Monmouth, Ocean and Somerset Counties in the Edison – New Brunswick, NJ Metropolitan Division (MD). These four counties include LMI geographies, primarily located outside Somerset County, the location of the Bridgewater Branch, and provided opportunities for SYB to serve LMI geographies and households. In January 2014, due to the impact of 2010 Census realignment of metropolitan statistical areas and metropolitan divisions, Somerset County moved from Edison-New Brunswick, NJ MD to Newark, NJ-PA MD. SYB adjusted the NJ AA by selecting two counties to combine with Somerset County in the Newark, NJ-PA MD (the location of the Bridgewater SYB Branch). The Bank added to Somerset County, Essex and Union Counties, also located in the Newark, NJ-PA MD, as this would provide additional opportunities to impact LMI geographies.

The population of the AA is over 1.6 million, with 57 percent being minority population. The city of Newark and its suburban areas represent a majority of the population base with Newark alone having 280,000 in population with two thirds being of a minority race or Hispanic origin. Other major cities in the three counties include: East Orange, Irvington, Bloomfield and West Orange in Essex County; Elizabeth, Union and Plainfield in Union county; and Franklin and Bridgewater in Somerset County.

Newark's economic recovery has been slow. Most industries have maintained the gains they have made in recent years, but contractions in the important professional, business services and retail trade concentrations have offset strong gains in hospitality, transportation and warehousing. Newark is struggling especially to hold on to tech and scientific positions; other professional services have steadied at recessionary levels. The unemployment rate has fallen to a post-recession low of 5.5 percent, but that is due to significant contraction in the labor force. The housing market is performing poorly. Price appreciation has decelerated and trails

the U.S. pace, reflecting weak demand and the lingering foreclosure crisis. As a result, single-family construction barely exceeds the recessionary low.

Per the 2010 census data, the NJ AA had 386 census tracts and consisted of 23 percent low-income tracts, 28 percent moderate-income tracts, 21 percent middle-income tracts and 27 percent upper-income tracts. The AA had 396,099 families of which 16 percent were low-income, 26 percent moderate-income, 22 percent middle-income and 36 percent upper-income. Per the 2014 - 2015 FFIEC Demographic Data, the NJ AA consisted of 632,650 housing units; 53 percent of which were owner occupied, 38 percent were occupied rental units, and 9 percent were vacant. Of the owner occupied units, 23 percent are in low-income tracts, 28 percent in moderate-income tracts, 21 percent in middle-income tracts, and 28 percent in upper-income tracts.

Table 2b: Newark, NJ-PA MD Assessment Area Description 2010 Census Data

	Number	Low (percent)	Moderate (percent)	Middle (percent)	Upper (percent)
Tracts	386	23.32	27.98	20.73	27.46
Families	396,099	16.44	25.57	21.86	36.12
Businesses	109,587	14.14	19.97	22.79	42.74

Source: Demographic Data - 2010 U.S. Census, Dun & Bradstreet Data. Percentages represent families by income level and businesses by income level of census tract. Number of tracts includes 2 census tracts without income data. Number of businesses includes 403 businesses, located in the two census tracts without income information, which are not included in the percentages.

Median family income has remained relatively stable with a slight annual increase based on FFIEC annual estimates. The 2015 adjusted median family income, as determined by the Federal Financial Institutions Examination Council (FFIEC) is \$97,900. Department of Labor statistics indicate that the median household income between 2010 and 2014 was \$34,012. However, the metro division median family income is much higher than any of these three counties individually, and often there are stark differences in household income in cities and neighborhoods sitting side by side. For instance, Eastern Essex County is much less affluent than Western Essex County, but the area does provide individuals that work in New York City a lower cost housing alternative to New York proper.

The NJ AA top industries include Mining, Lodging and Construction, Manufacturing, Trade, Transportation and Utilities, Financial Services, Education and Health Services, Professional and Business Services, Government, Leisure and Hospitality. Major employers include the corporate headquarters for both national and international companies. Some of the primary employers include Newark Liberty International Airport, Verizon Communications, Prudential Financial, United Airlines, Rutgers School of Biomedical and Health Services, Horizon Blue Cross Blue Shield, PSEG, Merck & Co., New England Motor Freight, Overlook Hospital, Trinitas Hospital, Maher Terminals, AT&T, and MetLife.

There are several large banks in the NJ AA. This results in a great deal of competition for CD lending, investments, and service opportunities in the AA. Due to its size, SYB is a limited participant in this AA. Sixteen banks have a larger deposit share than SYB, representing 90 percent of the deposits, in aggregate. SYB is 17th on the list with 1 percent of the overall deposit share. Most banks in the NJ AA have retail operations with extensive branch and

community networks. SYB is a minor and relatively new entrant to this area and is at a significant disadvantage to its competitor banks relative to presence in the community. SYB has fewer resources dedicated to business development in NJ, as well as a small number of employees available to volunteer on community boards and task forces.

We determined the community needs of the NJ AA based on a CD Forum /Listening Session attended by several community organizations in the AA. The CD needs identified were: access to affordable housing, revitalizing and stabilizing LMI neighborhoods and households, small business development, job retention and growth, financial education as well as credit awareness among LMI populations. Financial literacy continues to be a significant need across income groups, but is more pronounced for the disadvantaged and low- and moderate-income persons and households in the AAs. It should also be noted that middle income households suffered greatly from foreclosure and bankruptcy stress during the recession, and improved financial literacy, credit awareness and counseling are very important for the NJ AA to regain its stabilizing force within the economy. SYB has undertaken CD activities to meet CD credit, investment and services needs in its designated AA.

Conclusions about Performance

Summary

- SYB provided a high level of qualified investments, CD loans, and CD services in relation to its capacity and opportunities. During the evaluation period, \$65 million in qualified investments and CD loans were provided to the NJ AA and an additional \$86 million in CD loans and qualified investments were made in areas outside of the AA. Employees of the bank and its affiliates provided 253 hours of service to community development organizations in the NJ AA. Outside of the AA, employees provided close to 8,700 hours of service to organizations.
- SYB demonstrates an occasional use of innovative or complex qualified investments, CD loans, and services. In one transaction, SYB demonstrated leadership and responsiveness by providing funding to an innovative open-ended fund sponsored by the National Community Reinvestment Coalition to support rehabilitation and stabilization of housing for LMI households and neighborhoods. In another transaction, the bank took a leadership role in providing funding to Grameen America, Inc. to increase innovative micro lending to women in the NJ AA.
- SYB's qualified investments and grants, and CD loans and services exhibited excellent responsiveness to the credit needs within the NJ AA. The bank has made CD loans and investments that are responsive to the identified need of affordable housing. The bank demonstrated responsiveness by supporting a nonprofit organization, specializing in research, training and funding in the field of microfinance, which helps women who live in poverty, build small businesses to create better lives for their families.

Qualified Investments

SYB provided qualified investments in the New Jersey AA and broader statewide or regional areas totaling \$55 million during the evaluation period. Because the bank adequately addressed the needs of its AA, we considered an additional \$78 million in qualified investments made outside of its AA when evaluating the bank's performance.

Table 3b, which follows, shows total qualified investment activity and table 4b presents total qualified investments as a percentage of the bank's average capital and average total income attributed to the New Jersey AA.

Table 3b: Qualified Investment Activity (000s) for New Jersey AA

	Benefits AA	Outside AA	Totals
Originated Investments	54,626	45,122	99,748
Originated Grants	355	6,857	7,212
Prior-Period Investments that Remain Outstanding	0	25,933	25,933
Total Qualified Investments	54,981	77,912	132,893
Unfunded Commitment*	25,250	41,051	66,301

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

Table 4b: Qualified Investment Percentages for New Jersey AA

	Benefits AA (percent)	Outside AA (percent)	Total (percent)
Total Investments/Average Tier 1 Capital	51.81	73.41	125.22
Total Investments/Average Total Income	44.62	63.22	107.84

Described below are some of the more significant qualified investments and grants:

- SYB took a leadership role and invested \$10 million in an innovative open-ended fund sponsored by the National Community Reinvestment Coalition (NCRC). The fund will acquire, lightly rehabilitate, sell and lease 2,000 units of affordable housing in 20 LMI markets across the nation. A target result is the stabilization of neighborhoods that have been significantly impacted by foreclosure and deteriorating housing due to no occupants. The homes will be part of either the rehab/sell program, or the lease to sell program. The focus of the initiative is to provide quality affordable housing units, while creating flexible pathways to home ownership for credit impaired applicants and those impacted by the recent recession. Applicants are provided with resources, including credit, financial and housing counseling services to assist them in re-establishing their credit standing, allowing them to obtain mortgages and be successful homeowners. The fund also engages local and national workforce training providers and creates thousands of construction jobs for locally hired workers, who are involved in the rehabilitation of the acquired homes.

SYB targets \$5 million of this investment to the rehabilitation and stabilization of neighborhoods in New Jersey, with the remainder being used in other areas of the country. SYB demonstrated leadership and was instrumental in introducing the investment opportunity to other financial institutions. SYB also took leadership in helping structure key components of the investment agreement.

SYB also invested \$150,000 in NCRC to support various programs, including its Housing Counseling Network, which provides counseling to homeowners especially in distressed situations; technical assistance to NCRC’s 300 community-based member organizations serving primarily LMI populations; its Minority and Women-Owned Business Development program; its Small Business Administration (SBA) Women’s Business Center; and its Community Development Fund. NCRC is the only non-profit organization in the country to operate two US Department of Commerce-sponsored Minority Business Centers, one in Washington, DC and another in New York.

- SYB’s investment of \$78 million in five syndicated Low-Income Housing Tax Credit (LIHTC) funds was a complex and innovate process for SYB, integrating input from many stakeholders. SYB supported 801 LIHTC units directly through the CRA allocated projects and many thousands of units beyond that in the five funds generally. Nearly \$23 million of the investment provided direct benefit to the New Jersey AA.

Community Development Lending

During the evaluation period, SYB extended community development loans in or benefiting the New Jersey AA totaling \$10 million. Because the bank adequately addressed the needs of the AA, we considered additional loans for \$8 million made outside of the AA.

Table 5b: Community Development Lending Percentages for New Jersey AA

	Benefits AA (percent)	Outside AA (percent)	Total (percent)
Total CD Lending/Average Tier 1 Capital	9.42	7.54	16.96
Total CD Lending/Average Total Income	8.11	6.49	14.60

The following community development loans were made in response to the identified credit needs of affordable housing for low-and moderate-income individuals and economic development in the AA:

- SYB extended a \$5 million loan to Community Loan Fund of New Jersey (aka New Jersey Community Capital). The extension of this loan specifically addressed stabilization efforts of housing for LMI households and neighborhoods adversely affected by Super Storm Sandy. The loan is unsecured, providing flexible financing. In addition, a SYB employee volunteered 47 hours on the credit committee for this nonprofit.

- SYB provided a \$5 million loan to Grameen America, Inc. to increase innovative micro lending to women in the NY/NJ regional area. The loan responds to the community needs by supporting economic development efforts. Grameen America supports entrepreneurial activities for women who have mostly been left out of our economic recovery, and no other microfinance organization in the US reaches women at the scale achieved by Grameen America. Grameen America's group lending model provides critical financial products and direct services to low-income women in eleven U.S. cities. These individuals largely lack access to capital and credit that can help them work their way out of poverty. SYB has demonstrated leadership and responsiveness by extending the credit to Grameen America who seeks to provide opportunities to low-income women through affordable capital, credit building, financial education, savings accounts and a network of peer support.

Community Development Services

SYB employees actively provided 253 hours of service to community development organizations and programs that benefit LMI individuals, families and communities in the AA and over 8,700 hours to organizations outside the AA. SYB employee activities are highly responsive to community development needs through involvement on boards and committees of affordable housing and community service organizations, often serving in leadership roles, delivering financial literacy seminars and credit counseling, and providing other financial services. The following are examples of community development services:

- SYB has demonstrated responsiveness in a multi-faceted CRA relationship by investing \$57,000 in the Central Jersey Housing Resource Center in Raritan, NJ to support affordable housing education and assist clients with delinquency/foreclosure counseling. A SYB employee volunteered 74 hours as a board member of the nonprofit. In addition, a volunteer event including multiple employees resulted in 10 hours of CD service.

SYB has invested \$5,000 to support Junior Achievement programs in New Jersey, and volunteered 102 hours in providing financial education to LMI students. These programs target youth and young adults to support financial education, vocational training, GED programs, and other related activities.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. § 25.28(c) or § 195.28(c), respectively, in determining a national bank's or Federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank'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 identified the following public information regarding non-compliance with the statutes and regulations prohibiting discriminatory or other illegal credit practices with respect to this institution:

- Evidence of deceptive practices. On June 19, 2014, the Consumer Financial Protection Bureau (CFPB) announced a settlement with GE Capital Retail Bank, now SYB, based on deceptive marketing practices used to promote its credit card add-on products in violation of the prohibitions in the Consumer Financial Protection Act of 2010 (CFPA) on deceptive and unfair acts or practices. SYB agreed to refund \$56 million to the approximately 638,000 consumers who were affected by its deceptive marketing. In connection with this CFPB consent order, SYB also was assessed a \$3.5 million civil money penalty. For further information, refer to CFPB consent order 2014-CFPB-0007, June 19, 2014.
- Evidence of noncompliance with the Equal Credit Opportunity Act (ECOA). On June 19, 2014, the U.S. Department of Justice (DOJ) and the CFPB announced related settlements to resolve allegations that GE Capital Retail Bank, now SYB, engaged in a pattern or practice of discrimination in violation of ECOA by excluding Hispanic borrowers from two of its credit card debt-repayment programs. The bank self-identified and reported the discriminatory practices to the CFPB. The settlements provided a total of \$169 million in relief to approximately 108,000 borrowers in the form of monetary payments and the reduction, or complete waiver, of borrowers' credit card balances. For further information, refer to CFPB consent order 2014-CFPB-0007 and DOJ consent order 2:14-CV-00454, both dated June 19, 2014.
- Evidence of deceptive practices. On December 10, 2013, the CFPB announced a settlement with GE Capital Retail Bank, now SYB, and its subsidiary, CareCredit, LLC, based on deceptive credit enrollment practices in violation of the CFPA's prohibitions on deceptive and unfair acts or practices. SYB and CareCredit agreed to refund up to \$34.1 million to potentially more than 1 million consumers. For further information, refer to CFPB consent order 2013-CFPB-0009, December 10, 2013.

As a result of these findings, the CRA Performance Evaluation rating was lowered from Outstanding to Satisfactory.

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, including the CRA tables. 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 the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and

is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

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 1,200 and 8,000 people, with an optimum size of 4,000 people.

Community Development:

- 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 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;
- Activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or
- Loans, investments, and services that support, enable or facilitate projects or activities that meet the "eligible uses" criteria in Section 2301(c) of the Housing and Economic Recovery Act conducted in designated target areas identified in HUD approved plans under the Neighborhood Stabilization Program (NSP), are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees, and benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's 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.

Consumer Loan: A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Distressed Nonmetropolitan Middle-Income Geography: A county that meets one or more of the following triggers: (1) An unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of five percent or more over the five-year period preceding the most recent census.

Family: A group of two or more people (one of whom is the householder) related by birth, marriage, or adoption, residing together. A family household may also include non-relatives living with the family.

Full Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as applicant race, gender, and income, loan amount requested, disposition of the application (e.g., originated, denied, and withdrawn) loan pricing, lien status, requests for preapproval, and type of collateral (e.g. manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Consists of one or more persons, whether related (family) or unrelated (nonfamily), occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income, or a geography with a median family income, that is less than 50 percent of the area median income.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Median Family Income (MFI): The median income for families determined by the U.S. Census Bureau's American Community Survey every five years and used to determine the income level category of geographies. The MFI is updated annually by the Federal Financial Institutions Examination Council (FFIEC) and estimates 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.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget.

Metropolitan Division (MD): A Metropolitan Division is defined by the Office of Management and Budget and consists of one or more counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. MDs represent one or more employment centers, identified as a main county and, as applicable, contiguous counties with strong commuting ties to the main county.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as one or more whole counties having at least one urbanized area that has a population of at least 50,000. An MSA may include adjacent counties that have a high degree of social and economic integration with the urbanized area as measured through commuting ties.

Middle-Income: Individual income, or a geography with a median family income, that is at least 80 percent and less than 120 percent of the area median income.

Moderate-Income: Individual income, or a geography with a median family income, that is at least 50 percent and less than 80 percent of the area median income.

Multifamily: A residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Consumer loans are an example of such activity.

Owner-Occupied Units: Housing units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, or multistate metropolitan area, the state or multistate rating is the institution's CRA rating. If an institution maintains domestic branches in more than one state, the institution will receive a separate rating for each state in which branches are located, unless those branches are within a multistate metropolitan statistical area. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a single rating for the multistate metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One 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.

Underserved Nonmetropolitan Middle-Income Geography: A nonmetropolitan middleincome geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs. The Agencies will use as the basis for these designations the "urban influence codes," numbered "7," "10," "11," and "12," maintained by the Economic Research Service of the United States Department of Agriculture.

Upper-Income: Individual income, or a geography with a median family income, that is at least 120 percent of the area median income.