



PUBLIC DISCLOSURE

December 31, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

American Express Bank, FSB
Charter Number 715648

4315 South 2700 West
Salt Lake City, UT 84184

Office of the Comptroller of the Currency

Large Bank Supervision
400 7th Street, SW
Washington, DC 202194

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 overall CRA rating was downgraded from Outstanding to Satisfactory as a result of the illegal credit practices that occurred during the evaluation period. The illegal credit practices resulted in a downgrade to the otherwise excellent performance in CRA.

The conclusions for the three rating criteria are:

- The bank demonstrates a good level of community development services and qualified investment activity.
- 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 development needs in its assessment area.

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 American Express Bank, FSB (FSB or "the bank") issued by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, for the evaluation period starting October 1, 2012 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, examiners reviewed community development (CD) activities from October 1, 2012 through December 31, 2015. Examiners reviewed the level and nature of qualified investments, community development lending, and community development services. In addition, examiners considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which these instruments are not routinely provided by others. At the bank's request, examiners also considered qualified investments and community

development services provided by FSB affiliates. FSB received a “Satisfactory” rating in the previous evaluation dated September 30, 2012.

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

Description of Institution

American Express Bank, FSB is a federally chartered institution, headquartered in Salt Lake City, Utah. The bank is a wholly-owned subsidiary of American Express Travel Related Services Company, Inc. (TRS), which is a wholly-owned subsidiary of American Express Company (AXP). Both TRS and AXP are headquartered in New York City, New York.

The bank maintains a single office in Salt Lake City, Utah and operates primarily as a nationwide charge and credit card lender, including co-branded and small business cards. The bank has no retail branches and offers limited deposit products exclusively via its internet platform. Due to its narrow product line, the bank was designated a Limited Purpose Bank on October 12, 2006.

FSB’s CRA program is administered through the American Express Center for Community Development (CCD). The CCD is committed to fulfilling the provisions of the CRA for FSB and sister bank, American Express Centurion Bank (AECB). Headquartered in Salt Lake City, the CCD provides CD lending, investment, grant, and service activities through partnerships with community organizations, government agencies, tribal entities and financial institutions. The activities promote and facilitate affordable housing, support small business growth, and meet the needs of LMI individuals and families.

FSB partners with the CCD by engaging in CD activities that meet the needs of LMI individuals, communities and small businesses. The Board of Directors of FSB approved measurable goals and objectives for CD loans, investments, and services in a CRA Plan. The Plan outlines levels and types of CRA loans, investments, grants and services for execution in FSB’s CRA assessment area (AA) and broader region. The CCD is the entity accountable for administering, monitoring and reporting CRA activities according to the FSB’s CRA Plan.

There are no known legal constraints that may impact the bank’s ability to meet the community development needs of its assessment area. The following table details FSB’s financial information.

Table 1: Financial Information (000s)

	Year-end 2013	Year-end 2014	Year-end 2015	Average for Evaluation Period *
Tier 1 Capital	6,744,187	6,722,345	6,926,771	6,797,768
Total Income	9,492,526	10,499,098	11,676,515	10,556,046
Net Operating Income	1,870,829	2,134,824	2,421,781	2,142,478
Total Assets	38,516,497	44,887,004	52,824,609	45,409,370

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.

Description of Assessment Area

FSB has defined the Salt Lake City, UT MSA (#41620) as its 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.

The composition of the SLC MSA changed in 2013 due to the realignment of metropolitan statistical areas implemented by the Office of Management and Budget (OMB). Summit County was removed from the SLC MSA, reducing the number of census tracts from 236 tracts to 223 tracts. There was no significant change to the relative percentages of tracts as measured by income classification. The SLC MSA consists of 4.93 percent low-income tracts, 18.83 percent moderate-income tracts, 47.53 percent middle-income tracts and 27.35 upper-income tracts. Per the 2010 U.S. Census Data the SLC MSA consisted of 375,835 housing units; 64.66 percent of which were owner occupied, 29.21 percent were occupied rental units, and 6.13 percent were vacant.

Per the 2010 census data, the SLC MSA AA had 250,518 families. Of the total number of families, 3.46 percent were low income, 16.37 percent were moderate-income, 51.76 percent were middle-income and 28.42 percent were upper income census tracts. The 2015 adjusted median family income, as determined by the Federal Financial Institutions Examination Council (FFIEC) is \$72,500.

Table 2: Assessment Area Description

	Number	Low (%)	Moderate (%)	Middle (%)	Upper (%)
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.

The SLC MSA has 9.64 percent of households living below the poverty level. A majority of Utah’s homeless population is centered in Salt Lake City. 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.

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’s economy with office and administrative support being the largest single category. There is also a large health and technology sector.

The SLC MSA is considered to be an extremely competitive market. The large concentration of financial entities in the state of Utah creates a challenging CD environment, which results in a great deal of competition for CD lending, investments, and service opportunities in the MSA. According to the Department of Financial Institutions (DFI) as of June 30, 2015, depository institutions include four federal savings associations, nine nationally chartered banks 18 state industrial banks and 26 state chartered banks. In addition, the assessment area is also home to 36 federally chartered and 35 state chartered credit unions that also provide financial services to the AA.

The Federal Reserve Bank (FRB), Federal Deposit Insurance Corporation (FDIC), and OCC co-sponsored a community development forum (CD Forum) on September 24, 2015 to identify the CD needs of the AA. 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).

The CD Forum identified affordable housing, services for new refugees, early childhood education, job creation/retention benefiting LMI individuals, job training and small business financing as CD needs. All aspects of affordable housing from homelessness to transitional housing to affordable rental and home ownership opportunities remain the most significant need in the SLCMSA. Community services for LMI individuals and families such as supporting refugee settlement programs, addressing the needs of the

homeless population, early childhood education, and ongoing outreach to serve the most vulnerable populations such as those aging out of foster care and those formerly incarcerated were identified as CD opportunities. 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. Salt Lake City has had success with *Pay for Success* programs launched, which focus on educational efforts, as well as eradicating homelessness. Transit Oriented Development (TOD) was another highlighted opportunity. TOD, if done well, can uniquely connect LMI individuals to much needed jobs.

Conclusions about Performance

Summary

- FSB provided a good level of qualified investments, CD loans, and CD services in relation to its capacity and opportunities. During the evaluation period, \$373 million in qualified investments and CD loans were provided to the AA and broader statewide or regional area including the AA. An additional \$251 million in qualified investments were made outside the AA. FSB provided community development investments and loans responsive to the identified need of affordable housing. Qualified grants were directed to CD organizations providing essential services to LMI individuals and families within the AA and state of Utah. Employees of the bank and its affiliates provided over 13,000 hours of service to community development organizations in the AA and throughout Utah.
- FSB demonstrates extensive use of innovative or complex qualified investments, CD loans and services. FSB invested in complex qualified investments and CD loans in Low Income Housing Tax Credits (LIHTCs), Community Development Grant (CDBG) funding, Small Business Investment Corporation (SBIC), and TOD projects that generated 2,628 affordable housing units. FSB has approximately 18 percent of the Low Income Housing Tax Credits (LIHTCs) market share in the state of Utah with a number of highly customized projects with associated regulatory, financial and tax reporting issues.
- FSB demonstrated innovativeness by creating a new proprietary equity fund, U.S.A. Institutional Tax Credit Fund CIV, to invest in projects that utilize federal LIHTCs to preserve affordable housing. During the evaluation period, the funds provided the equity needed for three projects to develop housing for LMI renters. In addition, FSB continues to grow and maintain the American Express Utah Equity Fund, which extend loans that provide current period benefits to the bank's AA.
- FSB invested in two new complex TOD transactions that involved working with multiple parties to coordinate infrastructure components. TOD developments are new and critical to Utah, creating walkable communities for low-and-moderate income individuals and families by providing better access to jobs, housing, and

services while reducing greenhouse gas emissions. FSB also invested in three SBIC transactions during the examination period that required additional underwriting and due diligence while expanding economic development support to women owned small businesses populations, not previously focused on.

- FSB's qualified investments and grants, CD loans and services exhibited excellent responsiveness to the credit and community development needs within the AA. FSB has taken a leadership role in promoting, supporting, and/or providing credit education opportunities for CD organizations. Grants and services have supported affordable housing, economic development, and financial literacy and services targeted to LMI individuals. FSB has been responsive to the needs of local Native American Communities, the homeless population, and refugees.

Qualified Investments

FSB originated 544 qualified investments totaling \$297 million in the AA and broader statewide area or regional area including the AA during the evaluation period. Because the bank at least adequately addressed the needs of its AA, examiners considered an additional \$251 million in 166 qualified investments made outside of its AA when evaluating the bank's performance.

FSB provided 455 qualified grants totaling \$5 million to non-profit organizations and programs within the AA. These grants supported affordable housing organizations that provide rental housing, homeownership, and homebuyer's education and counseling to LMI individuals. Additionally, grants supported essential community services targeted to LMI individuals and families such as financial literacy, job training and placement, health care and childcare.

FSB has 94 outstanding investments totaling \$210 million from the prior evaluation period. Investments include \$125 million in LIHTCs, \$47.7 million in mortgage-backed security pools, \$20.5 million in CRA mutual funds, \$9.7 million in housing bonds, \$5.1 million in venture capital investments, and \$1.7 million in Small Business Administration (SBA) investment pools.

FSB's affiliates allocated 14 qualifying investments and 106 grants totaling \$13.3 million for CRA purposes during the evaluation period¹. These investments included \$455 thousand in deposits of minority-owned institutions, qualifying investments totaling \$8.7 million in Low-Income Housing Tax Credits across the United States and qualifying grants totaling \$4.2 million.

The following tables quantify the level of investments in terms of average tier 1 capital and average total income over the evaluation period:

1. The investments made by FSB affiliates are not captured or reported by any other financial institution for CRA purposes.

Table 3: Qualified Investment Activity (000s)

	Benefits AA	Benefits State or Region including AA	Outside AA	Totals
Originated Investments	116,229	22,196	190,398	328,823
Originated Grants	3,926	180	5,029	9,135
Prior-Period Investments that Remain Outstanding	5,030	149,292	55,605	209,927
Total Qualified Investments	125,185	171,668	251,032	547,885
Unfunded Commitments*	16,170	4,268	81,169	101,607

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

Table 4: Qualified Investment Percentages

	Benefits AA (%)	Benefits State or Region including AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	1.84	2.53	3.69	8.06
Total Investments/Average Total Income	1.19	1.63	2.38	5.19

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

- During the evaluation period, FSB’s proprietary American Express Utah Equity Fund, committed \$177 million in seventeen LIHTC projects to finance the development of 1,288 units of affordable multifamily housing. The Station at Midvale, a new \$11 million TOD investment, is an example of an innovative and complex LIHTC projects benefiting the AA. The TOD LIHTC transition involved complexities pertaining to FSB underwriting, due diligence, and partnership with the city of Midvale as one of the first brownfield revitalization projects in the area. This investment led to other mixed use housing developments and greater employment opportunities with large employers. The project meets Enterprise Green Certification, reducing monthly utility costs for cost burdened LMI individuals. FSB also invested \$10 million in a complex LIHTC, The Bowman Senior Residence (conversion of a rural hotel to accommodate affordable senior housing). The property was originally built in the early 1900’s and is on the National Historic Register. The project required extra due diligence, underwriting, community planning meetings with developers, and community members working to protect the historic downtown corridor and to meet requirements associated with the National Historic Register.
- FSB created a new private LIHTC fund, U.S.A. Institutional Tax Credit Fund CIV through the Richman Group to preserve affordable housing. During the evaluation

period, FSB invested \$12.8 million in three tax credit investments which provided 184 units of affordable housing units in three LIHTC developments to LMI seniors.

- FSB purchased \$81 million in affordable housing bonds from Utah Housing Corporation. These bonds provide subsidized financing for the housing purchases by low-and moderate-income borrowers.
- FSB committed \$10 million in three investment funds to the SBIC. FSB's SBIC investments represent a mixed loan and equity approach to support growth and job creation opportunities in small businesses in Utah. During the evaluation period, the CCD expanded support of SBIC with LFE Growth Fund to better reach and support women owned small businesses as a new area of focus.
- FSB invested a total of \$1.25 million in two Low-Income Credit Unions (LICUs). The deposits provide capital to the financial institutions to leverage, lend and to meet the credit needs of the communities, especially LMI individuals in the area.
- FSB invested a total of \$1 million in the Enterprise Multifamily Opportunity Fund, a real estate fund designed to purchase affordable rental properties and preserve rents that are affordable to working families. The fund was FSB's first LIHTC preservation transaction. The CCD team worked to become proficient with understanding of Section 8 housing vouchers and the restrictions associated with maintaining them in a preservation structure. The fund's underwriting required an intense review of the current operating budget and understanding of rent subsidies. Each transaction also required a thorough review and understanding of Land Use Restrictions Agreements (LURA) for each state as properties are underwritten.
- FSB provided The Community Foundation of Utah a \$15 thousand grant to support *Pay for Success* (PFS) programs in response to community needs as noted in the CD Forum. PFS is an innovative new tool to measurably improve communities in need.
- FSB provided \$55 thousand in grants to Enterprise Community Partners (ECP). ECP provides trainings to affordable housing developers and their project teams in SLC, as well as technical assistance to developers seeking Green Communities certification. ECP's goal is to reach 60 affordable housing organizations through its training and technical assistance.

Community Development Lending

During the evaluation period, FSB extended seven CD loans in the AA totaling approximately \$76 million.

Table 5: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	1.11	.00	1.11
Total CD Lending/Average Total Income	0.72	.00	0.72

In response to the identified credit needs of the AA, the loans are focused on the creation or renovation of affordable housing for LMI individuals and line of credits that finance small businesses within the AA. The following are examples of significant community development lending:

- FSB continued its partnership with Utah Housing Corporation (UHC) to provide financing for LMI first-time homebuyers by purchasing 100 percent of mortgage participation pools from the UHC Single Family Mortgage Program. The financing provided allows UHC to fund low- and moderate-income (LMI) individuals for acquisition or refinancing of homes through this program. UHC is located within the bank’s immediate AA and helps address the need for affordable housing in the local community. FSB committed a total of \$70 million to the Single Family Mortgage Program during the evaluation period.
- FSB provided a \$1 million line of credit commitment to the Salt Lake County Economic Development Revolving Loan Fund. In April of 2015, FSB increased its commitment by \$500 thousand after purchasing GE Capital Bank’s participation. FSB purchased the participation in an effort to avoid disruption in providing economic development within the AA. The loan is a partnership with Salt Lake County to leverage CDBG funds to promote economic development by financing small business borrowers within the AA. The fund supports Small Businesses not eligible for traditional bank loans and required new underwriting skills focused on the risk of the loan as well as capacity of the organization to reach growth goals. The program requires one new LMI job created for every \$35 thousand loaned to the business. FSB disbursed \$269.6 thousand in loans to seven small businesses in Salt Lake County which contributed to the creation of 79 jobs.
- FSB provided a \$1.2 million TOD loan to Utah Community Reinvestment Corporation to help fund the historic restoration and adaptive reuse of the Tribune Building in SLC . This loan leveraged New Market Tax Credits (NMTC), Historic Tax Credits, State Tax credits, and Energy Tax Credits in addition to being a TOD development. The intricacies of each of the tax credit structures and the number of partners and participants added complexity to FSB underwriting and due diligence than previously underwritten loans. The SLC government was heavily involved in this transaction as this was one of the first major rehabilitations in the area designed to spur future development revitalizing the downtown area. The Tribune Building was left vacant for over a five year period after the departure of the newspaper. The loan helped revitalize the low income census tract. The building is now leased by Neumont University, an accredited college offering Bachelors of Science degrees in

computer technology fields. The building is listed on the National Register of Historic Places.

- FSB funded a loan to Utah Community Reinvestment Corporation (UCRC) to help fund the Guadalupe Charter School, a newly constructed school and community facility in Salt Lake City, UT. The Guadalupe school will serve low-income families and be used for non-school specific social service and community activities directed to low-income families. Guadalupe School serves educationally-disadvantaged children from low-income families and non-English speaking adult immigrants and refugees on Salt Lake City's west side, offering US Citizenship classes to students in the program.

Community Development Services

FSB's employees actively provided 6,866 hours of service to over 200 CD organizations and programs that benefit LMI individuals, families, and communities. FSB's employees are required to complete 12 hours of community service or participate in two events annually. A majority of the services provided to organizations benefited the AA. Activities of FSB's employees are highly responsive to CD needs through involvement on the boards and committees of affordable housing and community service organizations, often serving in leadership roles, delivering financial literacy seminars, credit counseling, technical support during fundraising events, and providing other financial services. A significant portion of service hours were spent on financial literacy. FSB conducted 32 financial literacy classes at Title I schools during the evaluation period. A large number of service activities are also provided in conjunction with grant and/or CD loans.

FSB and its affiliates have developed and maintained strong relationships with community organizations to meet CD needs and support small businesses. FSB affiliates provided 6,438 hours of qualified services, which included employees serving on boards and/or committees and non-board employee service. In addition, AXP initiated and supported several programs that benefit small businesses nationally during the evaluation period. For example, Small Business Saturday (a registered trademark of American Express) encourages holiday shoppers to local small businesses. American Express enlists the help of volunteers and non-profits to educate small businesses and communities about the benefits of shopping small. In addition American Express assisted small business merchants in fraud prevention under its Small Merchant EMV Assistance Program by providing educational resources about EMV to small merchants. The following are examples of CD services:

- FSB has demonstrated leadership and responsiveness by providing basic financial literacy classes and programs to LMI youths in the AA. FSB is the only bank in Utah that collaborated with Fair Credit and EverFi to provide an innovative computer-based financial literacy and critical life skills training to Title 1 Schools. Programs increased financial literacy among LMI youths in Title 1 Schools and LMI Utah students on Native American reservation. In addition, programs incorporated

financial literacy into after-school programs at the Boys and Girls Clubs in Utah and replaced state run summer school programs at the Juvenile Detention Center with financial literacy programs. Bank employees provided over 2,000 hours directly offering financial education to LMI students and over 200 hours of board services for organizations focused on financial education for LMI youths.

- FSB has demonstrated leadership and responsiveness by designing and implementing new adult financial literacy programs and publishing numerous resource materials free of charge to the underserved. The programs provides financial literacy program for newly arrived refugees into the State of Utah and returning veterans.
- FSB has demonstrated leadership and responsiveness by participating in the Coalition for Veteran Owned Business to increase employment and access to capital for veteran and military families.
- FSB employees completed 1,330 hours of CD services by serving on the Board of Directors of local nonprofit organizations that support community development. For example, a vice president served on the Board of Directors of a non-profit organization that provides financing and management support to entrepreneurs in start-ups and existing businesses that do not have access to traditional funding sources.
- A vice president and analyst of the bank served on the Board of Directors of a non-profit organization for a combined 93 hours. The organization provides affordable housing to homeless individuals recovering from substance abuse.
- An analyst of the bank served on the Board of Directors of a non-profit organization located in the AA that provides management assistance and loans to new and existing businesses that are not able to qualify for traditional small business loans. The organization's loans help individuals with LMI incomes supplement their earnings.
- FSB employees provide technical assistance and training to patrons of the Utah Food Bank who work at the facilities on how to account for donated items and/or financial contributions ensuring items are receipted and logged accurately for accounting purposes.
- An analyst of the bank served on the Board of Directors of a clinic that helps the homeless in Utah improve their health and quality of life by providing high quality health care and support services.

Discriminatory 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 marketing practices, in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. § 45(a)), in connection with a debt cancellation product (Account Protector) between October 2009 and July 2012. The bank entered into a Consent Order with the OCC and paid \$3 million in civil money penalties (CMP). The bank ceased offering Account Protector and remediated 72,484 harmed customers a total of \$20.7 million. For further information on the bank's settlement with the OCC, see OCC enforcement actions #2013-189 and #2013-190, dated December 19, 2013. (These OCC enforcement actions also address unfair billing practices related to an identity theft protection product sold to credit card customers; the OCC previously considered those unfair billing practices in the bank's CRA performance evaluation dated September 30, 2012.)
- In a related matter, the CFPB also found evidence of unfair billing practices in connection with an identity protection product and deceptive marketing practices with respect to Account Protector in violation of the Consumer Financial Protection Act (12 U.S.C. §§ 5531 and 5536), as well as violations of Regulation V, 12 CFR 1022.138(b)(7) for failing to inform consumers about their right to a free credit report. The CFPB required the bank to cease its unfair, deceptive, and unlawful practices; reimburse approximately 99,287 harmed consumers approximately \$24.3 million; and pay an additional \$2 million in CMPs. For further information on the CFPB's action, see CFPB Consent Order #2013-CFPB-0012, dated December 24, 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 in this performance evaluation.

Definitions and Common Abbreviations

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

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

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

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

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. [*This definition is not needed for non-CEBA Limited Purchase or Wholesale Institutions.*]

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

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan

middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

Geography: A census tract 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. [*This definition is not needed if bank is designated a wholesale institution.*]

Median Family Income (MFI): The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

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

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. [*Schedule RI - Income Statement, line 8 or UBPR, page 2, "PreTax Operating Income (TE)"*]

Pass-Through Receivables: Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8. [*If not already reported to the OCC, the bank provides this information. If not applicable to institution being examined, definition is not required.*]

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. [*Schedule RC-R - Regulatory Capital, line 3a(1) or UBPR, page 11A, "Net Tier One"*]

Total Assets: Total bank assets as listed in the Consolidated Report of Condition and Income. [*Schedule RC - Balance Sheet, line 12 or UBPR, page 4, "Total Assets"*]

Total Income: From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income. [*Schedule RI - Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for banks with domestic offices only and total assets less than \$100 million, line 5c or UBPR, page 2, "Total Interest Income" and "Noninterest Income"*]

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