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Comptroller of the Currency  
Administrator of National Banks

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Multinational Banking Department  
Washington, DC 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE  
EVALUATION

July 30, 1996

Fleet Bank, National Association  
10 Exchange Place Center  
Jersey City, New Jersey 07302

Charter Number: 374

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Fleet Bank, National Association prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of July 30, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

### Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

## ASSIGNMENT OF RATING

### Identification of Ratings:

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

#### Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

## ABBREVIATIONS

Below are the common abbreviations used in this Public Evaluation:

ACORN	Association for Community Reform Now
BRLOC	Business Revolving Line of Credit
Central Jersey	Central Jersey Bank
Citizens	Citizens First National Bank
CDD	Community Development Division
CPC	Community Preservation Corporation
FHA	Federal Housing Administration
Fleet	Fleet Bank, National Association, New Jersey
FFG	Fleet Financial Group
FMG-NJ	Fleet Mortgage Group, New Jersey
FNMA	Federal National Mortgage Association
HIOL	Home Improvement Opportunity Loan
HMOL	Home Mortgage Opportunity Loan
LISC	Local Initiatives Support Corporation
LMI	Low- and moderate-income
NatWest	NatWest Bank, National Association
NWHMC	NatWest Home Mortgage Corporation
NHS	Neighborhood Housing Services
NJEDA	New Jersey Economic Development Authority
NJHOF	New Jersey Housing Opportunity Fund
NJHMFA	New Jersey Home Mortgage Finance Agency
NYEF	New York Equity Fund
SOBRO	South Bronx Overall Economic Development Corporation
SONYMA	State of New York Mortgage Agency
VA	Veterans Administration

### NOTES:

Low-and moderate-income (LMI) census tracts are those in which the median family income is less than 80% of the median family income of their respective Metropolitan Statistical Area (MSA).

The source of the population statistics and income information used in this Public Evaluation is the 1990 Census and the United States Department of Housing and Urban Development.

## BANK PROFILE

To understand the CRA performance of Fleet, it is necessary to understand its recent history. At the time of the last CRA performance evaluation there were two banks: National Westminster Bank-USA, New York, and National Westminster Bank - New Jersey. Since then there have been a number of significant corporate activities, which have resulted in Fleet, as it currently exists. Chronologically, these activities are as follows:

October 1994 - Purchased Citizens First National Bank (Citizens). Citizens was a \$2.6 billion bank with 50 branches, mostly in northern New Jersey, and a limited presence in and around Ocean County.

January 1995 - National Westminster Bank-USA (New York) was merged into National Westminster Bank-New Jersey, and the bank was renamed NatWest Bank, National Association.

January 1995 - Purchased Central Jersey Bank. Central Jersey was a \$1.8 billion, state chartered bank with 33 branches, mostly in Monmouth and Ocean counties.

February 1995 - NatWest Holdings, the bank's previous holding company, established a consumer bank in Delaware where all consumer loans are extended.

May 1, 1996 - NatWest Bank, National Association was purchased by Fleet Financial Group (FFG). NatWest's name was changed to Fleet Bank, National Association, and 72 branches located in lower New York State and belonging to a new affiliate--Fleet Bank, Albany, New York--were transferred to Fleet.

Fleet Bank, National Association, New Jersey (Fleet) is a full service bank currently serving the New Jersey and downstate New York markets for FFG. Other affiliated banks serve markets in upstate New York and New England. As of June 30, 1996, Fleet's assets totaled \$23 billion; deposits, \$19 billion; and total loans, \$16 billion. The bank has 370 branches serving its delineated communities, which are composed of 11 Metropolitan Statistical Areas (MSAs). The ratio of total domestic loans to total stable domestic deposits is strong at 95%. From February 1995 until May 1996, consumer lending was reported through the affiliated state chartered Delaware bank.

## COMMUNITY PROFILE

Fleet has three delineated communities consisting of the entire state of New Jersey and the eight southernmost counties of New York. This area encompasses 11 MSAs--nine in New Jersey and two in New York--and it is the most densely populated area in the United States. A significant number of residents of New Jersey work in New York, and both economies are intertwined. However, the economies have distinct characteristics.

New York City is the most populous city in the United States, and it is the center of the largest metropolitan area. It is culturally and ethnically diverse and includes many LMI communities. A diverse economy insulates the area from manufacturing swings. A huge consumer base and tourism market keep the retail and personal services industries strong. However, the city faces major economic and social issues including: high unemployment; increased dependence on public assistance; increased demand for affordable housing; and reduced government funding at the federal, state, and local levels. High operating costs continue to erode the manufacturing base. Cutbacks in the defense industry have affected Long Island. However, the New York metropolitan area has a large service sector because it is the headquarters of many Fortune 500 companies, and it is the financial capital of the country. The New York-Long Island area has recovered more slowly from the 1990-92 recession than the rest of the nation; however, recent indications are that the financial services and real estate industries are expanding.

New Jersey has a well-educated work force, and its proximity to major markets is attractive to businesses. The state is home to many major pharmaceutical, chemical, and telecommunications companies, which provide support for a strong service sector. Many workers commute to jobs in New York and Philadelphia. New Jersey is one of the most densely-populated states, and this strains the transportation system and other infrastructures. These facts, and high operating costs, will affect future economic growth in the state. Among the Middle Atlantic states, New Jersey has had the strongest economy and has favorable prospects for job growth in the service industries.

Fleet has three delineated communities for CRA purposes -- New York, New Jersey-North and New Jersey-South. Their MSAs and counties are listed below. See the Appendix for additional demographic information.

NEW YORK COMMUNITY

MSA Name and #	Counties	MSA Name and #	Counties
Nassau-Suffolk #5380	Nassau Suffolk	New York City #5600	The Bronx Kings (Brooklyn) New York (Manhattan) Queens Richmond (State Island) Westchester

Note: The bank's delineated community does not include Rockland and Putnam Counties, which are in the New York City MSA.

NEW JERSEY-NORTH COMMUNITY

MSA Name and #	Counties	MSA Name and #	Counties
Bergen-Passaic #0875	Bergen Passaic	Newark # 5640	Essex Morris Sussex
Jersey City #3640	Hudson		Union Warren
Trenton #8480	Mercer	Middlesex- Somerset- Hunterdon #5015	Hunterdon Middlesex Somerset
Monmouth-Ocean #5190	Monmouth Ocean		

NEW JERSEY-SOUTH COMMUNITY

MSA Name and #	Counties	MSA Name and #	Counties
Atlantic-Cape May #0560	Atlantic Cape May	Philadelphia #6160	Burlington Camden Gloucester Salem
Vineland-Millville #8760	Cumberland		

Note: The bank's delineated community only includes the New Jersey portion of the Philadelphia MSA. It does not include the Pennsylvania portion.

## DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated:

“Outstanding Record of Meeting Community Credit Needs.”

Evaluation Period - The bank’s previous Public Disclosure is dated June 23, 1994. This Public Disclosure assessed the bank’s performance from June 24, 1994, through July 30, 1996.

Important Note: Because a CRA examination is based on an assessment of a bank’s performance since the last examination, this evaluation is primarily based on the performance of the bank under its previous ownership. For additional information, we refer the reader to Fleet’s 1996 CRA Statement that identifies the community delineations, lists the types of credit services offered, highlights the actions taken to identify credit needs and market services, and summarizes the community development activities and other programs.

### PERFORMANCE HIGHLIGHTS

- ▶ In 1994, Fleet was the sixth largest bank HMDA lender, and it was the third largest bank lender to LMI applicants. In 1995, HMDA reportable loans increased 60%, and the dollar volume increased 147%.
- ▶ During this evaluation period, \$2.3 billion of HMDA reported loans were originated; 31% of the loans were made to LMI individuals.
- ▶ In response to community credit needs, management developed and revised loan products, especially products designed for LMI applicants, including two below-market rate mortgage products and two micro loan products for small businesses.
- ▶ During this evaluation period, Fleet granted more than \$647 million in small business loans.
- ▶ A significant percentage of Fleet’s lending is within its delineated communities. For most product lines, the percentage exceeds 90%.
- ▶ Fleet was the first bank in over 25 years to open a full service branch in the South Bronx.

- ▶ The bank invested \$47 million in a shopping mall in the South Bronx. This provides a stabilizing commercial and retail presence in an otherwise depressed area. For these activity, Fleet received the American Bankers Association award for outstanding community development.
- ▶ Fleet has invested more than \$65 million in low-income housing tax credits.
- ▶ The bank provided an enhancement for the New Jersey Economic Development Authority with a \$31 million letter of credit for a bond program designed to aid small businesses.
- ▶ Fleet has annually provided an executive on a full-time basis to different community development organizations. The bank continues to pay the salary and benefits of the selected individual.

## I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services it provides.

- Fleet ascertains the credit needs of its communities through on-going and effective contacts with individuals, community groups, and government leaders. These contacts resulted in the development of several credit products and counseling services.
- Management accurately identified the communities' most pressing needs: credit counseling, affordable housing, small business lending, and consumer loans.

Fleet has a comprehensive ascertainment program to determine the credit needs of its delineated communities. On-going communications are maintained with:

- community leaders
- community advocacy groups
- civic and religious organizations
- real estate brokers
- a consultant with special knowledge of the inner cities
- community development organizations
- small business owners

Fleet's Community Development Division (CDD) had a staff of six to manage these external and customer relationships. They were primarily relationship managers and new business developers for the bank. In conjunction with other business units, CDD also sponsored new product development within the bank. The staff held seats on 14 non-profit community development boards, 18 advisory boards, five loan fund committees, and six trade associations. Other officers in the bank are directors or members of local development corporations and community boards. Because of the Fleet Financial Group (FFG) acquisition, most of the CDD function has been reorganized, and it is now reporting to the holding company CRA Officer. The sponsorship of new product development is now the responsibility of the corporation's community development corporation.

The Community Advisory Board of the bank explored community reinvestment issues and reviewed whether the bank's products and services were responsive to local demand. Board members discussed new products suitable for community reinvestment projects. Presently, the FFG Advisory Board is performing these functions.

Ascertained credit needs of LMI consumers are housing related credit and small business loans. In addition, the bank has responded to previously un-met needs among LMI individuals for used car loans and credit cards. The following are examples of products specifically developed with flexible underwriting criteria to make credit more accessible:

- Home Mortgage Opportunity Loan (HMOL)- This is a home purchase product established in 1994. In consultation with the Association for Community Reform Now (ACORN), this product was modified in 1995 by establishing more flexible underwriting terms and lowering the interest rate. It was further modified in 1995 to include co-op loans. Home Mortgage Disclosure Act (HMDA) data analysis done by management revealed that the bank denied many applications for this product from single, female heads of household. As a result of this analysis, management provided a grant for a one year program to provide credit counseling to women, who in many instances are single heads of household. This program is administered through the New Jersey Citizen Action, a community organization. Effective May 1, 1996, Fleet replaced the HMOL product with another LMI product that has flexible underwriting standards with market rate terms.
- Home Improvement Opportunity Loan (HIOL)- This product has not generated many loans. Although it has attractive underwriting criteria, the bank's home equity loans are more popular. To make the HIOL more attractive, the bank targeted LMI single females, heads of household in a direct mailing campaign and lowered the interest rate.
- Small business loans - Until May 1996, Fleet offered a commercial mortgage loan program for small businesses--Business Revolving Line of Credit (BRLOC)-and

business installment loans. Not only did these products have flexible underwriting criteria, but the bank required no minimum loan amount.

Management enhanced the commercial mortgage loan program in 1995 to include mixed use properties for the first time. The small commercial mortgage loan expanded its customer base to include small non-profit developers and inner city churches.

In response to requests from very small business owners, the bank added a “low doc” version to the BRLOC product. It featured a one page application form; 24-hour credit decision; and required no financial information on the company; instead, the bank relied on the business owner’s personal financial information.

The bank created the Character Small Business Loan Program at branches in LMI areas. This program enabled branch officers to make quick credit decisions for customers who were well known to them, but who did not meet regular commercial loan underwriting criteria.

After May 1, 1996, the business loan programs were replaced with the bank’s INCITY package of loan products. This is a specialized product line developed to meet the needs of LMI and small business applicants. The INCITY package offers an easy business credit product, similar to the former low-doc BRLOC product. Like the BRLOC for start-up businesses, credit decisions are based on the business owner’s credit history. But, unlike the BRLOC, the loan will be in the name of the business owner, not the business. Also, character loans are referred to the community development corporation for review on an individual basis.

- Used car loans - Through focus groups, Fleet identified a need for financing used automobiles for LMI individuals who needed an alternative to public transportation in order to get to work. Relatively few banks provide financing for used automobiles. Fleet responded by developing a program to provide financing through used car dealers.
- Secured credit cards - For several years, the bank attempted to create a secured credit card program for those individuals who could not qualify for regular credit cards. Management finally inaugurated the program in late 1995, and they offer the card, secured by deposits, to LMI households.

Other initiatives management has taken in response to community development organizations’ credit needs include:

- Low-income housing tax credits on specific projects (see Assessment Factor H).

- A Predevelopment Loan Fund to provide interest-free loans for non-profit developers. These loans cover their up-front costs.
- Co-op loans on underlying properties in LMI areas in cooperation with the National Co-op Bank.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

- The Board of Directors actively supervises the bank's CRA activities through Board and management committees.

The commitment to CRA is embedded throughout the organization. The Board of Directors' Committee on Public Responsibility meets regularly and reviews the bank's performance. The Directors approve the membership on the Management CRA Committee. Both committees review the bank's CRA Plan. It has measurable goals and objectives that the committees review in relation to performance. Besides these reviews, the Committee on Public Responsibility reviews information on the bank's fair lending performance.

Management is proactive in its review of loan portfolios. For several years, the bank has been collecting information on the location of all loans by census tract. This year, the bank has taken another step by starting to collect income information on consumer loan applicants. While Fleet has first quarter statistics, the information is still too new to adequately analyze.

Fleet meets the technical requirements for CRA. It has provided appropriate CRA training for applicable personnel. It has an expanded CRA Statement which details the products, services, and branch locations, and it makes it available to the public.

## II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

- Fleet has sound marketing and advertising programs in place.

- The bank's marketing program informs all segments of the community of its credit services, including those products and services which were developed in response to identified credit needs.

The marketing and advertising programs were approved by senior management and reviewed by the Board of Directors' Committee on Public Responsibility. The bank's advertising department annually develops CRA Media Plans. These plans include advertising schedules specifically for products that will help meet the needs of LMI applicants. Management reviews demographic data to identify the most effective method for reaching all segments of their community. Media effectiveness was also measured by tracking the response rates and conversion to actual loans from selected advertising sources. Management uses this information to formulate the CRA Media Plans.

Fleet uses mass media advertising to market its products and services throughout its delineated communities. The bank advertises in general circulation newspapers. It also advertises in ethnic and non-English language newspapers that reach specialized audiences. Print advertising in 1994 and 1995 focused on the affordable mortgage and home improvement products and on small business lending. Television commercials were also used to promote the bank's name and image, including its community development efforts. Management significantly reduced advertising in 1996 because of the planned change of the bank's name. To promote its credit products, Fleet used other media; such as, community outreach forums, branch signage, teller handouts, statement stuffers, and Automated Teller Machines (ATMs) screens.

Special efforts made by the bank to inform LMI neighborhoods of the types of credit products and services available included: a call program to realtors operating in LMI areas, sponsoring various mortgage and credit counseling programs, and participating in mortgage fairs sponsored by government agencies or community groups.

Management implemented innovative alternatives for educating first-time home buyers and selling the bank's mortgage products. The mortgage company used two vans for the purpose of taking the mortgage sales representatives out of the office and into the community to obtain mortgage applications.

"NatWest Personal TV," an interactive television project, was piloted last year in two New Jersey counties. This technology permits consumers interested in obtaining a mortgage to interact with a video salesperson via cable television and a telephone from either their homes, a realtor's office, or one of the bank's branches.

Fleet also makes available educational material, such as the "Glossary of Banking Terms," which is printed in six different languages, and "Managing Your Own Money." In addition, bilingual tellers and other branch personnel are employed in neighborhoods where languages other than English are dominant.

The bank routinely makes its personnel available to advise individuals and community groups on credit and to promote the bank's products. Fleet's Speakers Program is available in several languages and includes topics such as small business financing, mortgages for LMI individuals, and student loans. These efforts are directed at LMI communities and small and minority-owned businesses. During the evaluation period, the speakers conducted 283 sessions with various community organizations and schools.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

- Fleet's high lending levels demonstrate a strong response to the identified credit needs of its delineated communities.

#### Residential Mortgage Lending

Fleet continues to aggressively offer and extend an array of loan products designed to address the credit needs of its delineated communities. Home purchase and refinancing of home purchase loans are originated by the bank's subsidiary, Fleet Mortgage Group, New Jersey (FMG-NJ).

On a quarterly basis, management analyzes lending within the bank's delineated communities. As noted in the following charts, the level of lending within Fleet's communities continues to be high. HMDA reported loans increased significantly in 1995, with total HMDA loans increasing 60%, and the total dollars lent increasing 147%. There was a decline in the volume of lending during the first six months of 1996. This is attributed to the normal cyclical nature of the home mortgage business, the harsh winter in 1996, the reduction of advertising, and the systems integration process resulting from Fleet's recent acquisition of the former NatWest. Before the acquisition by FFG, NatWest's mortgage originators started to refer all applicants for conventional mortgage to FFG's mortgage subsidiary. Therefore, a substantial portion of the bank's conventional mortgage lending for the first four months of 1996 is not included in the levels of lending.

The percentage of lending within the delineated community has been declining. This was the result of the bank's purchase of a mortgage company in Maryland that makes loans outside the delineated community. This percentage decline is not significant because the bank continues to serve the credit needs of its communities with a large volume of lending within the communities.

HMDA Reported Originations Within Fleet's Delineated Communities - No. of Loans

Loan Type	1994		1995		June 1996	
	#	%	#	%	#	%
Home Purchase	2,117	94%	5,769	87%	1,634	83%
Refinance	1,597	98%	1,559	70%	877	66%
Home Improvement	1,315	99%	661	97%	97	92%
Multi-Family	2	100%	50	85%	4	100%
Totals	5,031	96%	8,039	83%	2,612	77%

Note: In 1995, Fleet purchased 7,185 home purchase loans and 2,685 refinance loans.

HMDA Reported Originations Within Fleet's Delineated Communities - Dollar Amount  
(000's)

Loan Type	1994		1995		June 1996	
	\$	%	\$	%	\$	%
Home Purchase	307,856	94%	931,795	84%	233,898	84%
Refinance	212,017	97%	311,265	65%	151,226	56%
Home Improvement	25,156	99%	15,191	96%	1,486	88%
Multi-Family	1,900	100%	92,729	54%	34,280	100%
Totals	546,929	95%	1,350,980	76%	420,890	72%

Fleet has a strong record of residential lending to its delineated communities, particularly to LMI borrowers. The most currently available, public information on aggregate lending is from 1994. In 1994, Fleet was the thirteenth largest residential real estate lender and was only superseded by larger financial institutions and mortgage companies. Among banks, Fleet was the sixth largest lender. The level of HMDA reported lending to LMI borrowers is especially noteworthy, as the bank was the third leading bank lender. Although aggregate data for 1995 and 1996 is not publicly available, Fleet's position compared with other lenders is expected to improve due to its 1995 increased lending.

#### Special Mortgage Products

In response to identified needs of LMI individuals for more flexible terms, management offered the HMOL and HIOL products. HMOLs were offered at below market rates, required no points or private mortgage insurance, and permitted up to 95% financing, presuming an acceptable credit record. HIOLs were available to home owners and renters, also at below market rates, and in amounts of up to \$5,000.

HMOL accounted for approximately 21%, 13%, and 38% of the dollar amount of all mortgage originations in 1994, 1995, and the first half of 1996, respectively. These figures show that the bank had effectively developed and marketed an affordable product that met an identified need within its communities. The significant volume of mortgage lending that the HMOL represents is also indicative of Fleet's commitment to help meet the credit needs associated with affordable housing.

HIOL was created with the assistance of a community group. However, this product has not met with the same degree of success as the home purchase product. In 1994, \$1.6 million in loans were originated, and in 1995, this activity dropped slightly to \$1.5 million. As noted above, management has attempted to increase usage of this product through targeted marketing efforts.

The following table reflects the significant growth the HMOL product has experienced since 1994. Annualized first half 1996 outcomes indicate that full year results will exceed 1995 levels. The average home purchase loan over this period amounted to \$91 thousand, while the average home improvement credit was \$3,900. This compares favorably to the average dollar amount for all HMDA reporters. This indicates that management is responsive to the credit requirements of LMI areas and requests from individuals for loans in smaller amounts.

Affordable Mortgage Products - No. of Loans

Loan Type	Applications			Originations		
	1994 1996	1995	June	1994 1996	1995	June
HMOL	621	2,064	848	491	1,621	*926
HIOL	1,220	904	578	441	362	157
Totals	1,841	2,968	1,426	932	1,983	1,083

\* Originations exceed applications because of applications received in 1995, but not approved until 1996.

Affordable Mortgage Products -Dollar Amount (000's)

Loan Type	Applications			Originations		
	1994 1996	1995	June	1994 1996	1995	June
HMOL	\$54,620	\$192,727	\$81,836	\$42,330	\$147,104	*\$89,377
HIOL	5,208	4,434	2,614	1,597	1,457	638
Totals	\$59,828	\$197,161	\$84,450	\$43,927	\$148,561	\$90,015

\* Originations exceed applications because of applications received in 1995, but not approved until 1996.

## Consumer Products

Fleet offers a wide range of consumer loan products designed to help meet the needs of its communities. Such products include: home equity lines of credit, new and used automobile loans (offered on a direct and indirect basis), personal loans, and credit cards. All of these products have been well received in the market, but there has been a decline in the number and amount of consumer loans. Some of these products, such as home equity lines of credit, are highly dependent upon advertising. Management decided not to advertise these products at various time during 1995 and 1996. In 1995 when loan operations were transferred to the Delaware consumer bank, marketing was interrupted for a time; and in 1996, management decided not to advertise because of the planned name change of the bank.

Though Fleet was not expanding its consumer products, it should be noted that it recently introduced a secured credit card. This introduction was done in response to an identified credit need from those who have had problems in establishing credit. Three months after introduction, 278 applications were received, and 178 (64%) were approved.

Except for credit cards, a very high percentage of Fleet's consumer loans were made within the bank's delineated communities. The percentages of originated loans for this evaluation period are as follows:

- automobile loans 97%
- home equity loans 93%
- credit cards 78%
- other secured and unsecured credit 99%

The volume of consumer products lending was:

Year	# of Loans	\$ (000's)
1994	126,314	\$ 1, 100
1995	119,383	1,100
June, 1996	48,584	455

## Business Loans

In an effort to expand business lending, management increased the number of officers calling on small businesses. Fleet offers various small business credit products which have evolved during the evaluation period. Between January 1, 1994 and June 30, 1996, Fleet extended \$647 million on small business loans.

In late 1992, Fleet introduced a micro loan -- the Business Revolving Line of Credit (BRLOC). This product has steadily grown to current outstandings, which exceed \$54 million, with more than 10 thousand loans.

In early 1995, a low-doc BRLOC was introduced for loans of up to \$25 thousand. The bank intends these loans to help meet the needs of small, cash based and start-up concerns. Since its introduction, approximately 5,600 applications have been received and nearly one-half of them have been approved.

A Character Loan Program was launched in April 1995. It permitted branch managers direct authority to grant business loans of up to \$50 thousand to long-standing customers. During the year this program had been in effect, they have made 39 loans totaling \$1.2 million.

When Fleet acquired NatWest on May 1, 1996, it revised or replaced all business products with those offered under its INCITY program.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

- Fleet continues to adequately participate in governmentally-guaranteed loan programs that assist in helping to meet the credit needs of its community.

#### Small Business Loan Programs

Fleet's participation in government-guaranteed loan programs, offered through the Small Business Administration (SBA) and the New Jersey Economic Development Authority (NJEDA), helps it to provide alternative products. Fleet originated 64 SBA loans amounting to \$11 million during 1995, compared to 47 loans totaling \$6 million in 1994. Fleet has earned recognition as a Preferred Lender in New Jersey and New York. As a result of its activities, Fleet ranked as the tenth most active lender within the SBA's New York District during the period of November 1994 to September 1995. From October 1995 to May 31, 1996, the bank is ranked thirteenth among area lenders.

The NJEDA guarantees loans to companies that assist in enhancing the economy of the State of New Jersey through business expansion and employment opportunities. Fleet has extended NJEDA-guaranteed loans totaling \$24 million to 35 businesses.

#### Housing Programs

Fleet continues to offer New Jersey Home Mortgage Finance Agency (NJHMFA), State of New York Mortgage Agency (SONYMA), and Federal National Mortgage Association (FNMA) loans to its delineated communities. Though offered, no Federal Housing

Administration (FHA) and Veteran Administration (VA) loans have been made. This is because the bank's own affordable mortgage programs have more favorable terms.

The overall low volume of government loan originations is attributed to the fact that the proprietary product--HMOL--provides more flexible lending criteria and permits a lower down payment than the government programs. The HMOL product is directed primarily to LMI applicants.

Government Mortgage Loan Program Originations (\$ 000's)

Loan Product	1994		1995		June 1996	
	#	\$	#	\$	#	\$
NJHMFA	3	224	1	115	0	0
SONYMA	16	1,535	8	779	1	130
FNMA	28	3,234	26	2,850	3	299
Totals	47	4,993	35	3,744	4	429

### III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

#### Reasonableness of Delineated Community

- Fleet's community delineations are reasonable and do not arbitrarily exclude LMI census tracts.

The current delineated community consists of three assessment areas as detailed in the Community Profile section of this Public Disclosure.

The delineations changed several times since the last evaluation of June 1994 because of the corporate activities (see Bank Profile). When the holding company merged the two former National Westminster Banks in New York and New Jersey, management decided to consolidate several community delineations into two--the eight counties of downstate New York and the entire State of New Jersey. Subsequently, in anticipation of the revisions to the CRA Regulation, New Jersey was divided into two assessment areas, coinciding with the

Philadelphia and New York Consolidated MSAs. Because of all the changes since 1994, the bank added to its delineations counties and portions of counties in New Jersey, in northern Manhattan, South Bronx, and eastern Suffolk County in New York.

Management continually reviews its community delineations, and the Board approves them at least annually. As part of the process, they analyze the location of the bank's branches and market penetration of its deposit and loan products. The bank uses census tract information to determine whether it identifies and serves all LMI neighborhoods.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

- The distribution of HMDA-reported loans throughout the delineated communities, including LMI areas, is excellent.
- Fleet is responsive to the consumer credit needs throughout its communities.
- Lending to small businesses is effectively distributed throughout the bank's communities.

#### HMDA-Reported Lending

On a quarterly basis, management reviews the distribution of HMDA-reportable applications and loans. The analysis of HMDA data shows a significant increase in lending from 1994 to 1995, especially in home purchase loans. This increase is attributable to an acquisition of a mortgage company and management's increased emphasis on real estate lending. The pattern of lending in LMI census tracts and to LMI individuals continues to be very good. During the review period, 31% of the total number of loans were to LMI individuals. In addition, our analysis shows the distribution of lending in LMI census tracts is commensurate with the percentage of owner-occupied households.

A review of aggregate HMDA data for 1994 shows that the bank was a leading lender in its communities (see Assessment Factor I). As a consequence of its increased lending in 1995, subsequent aggregate data should reflect that Fleet has enhanced its competitive position. The 1994 data for home purchase and home improvement loans reveals that the bank usually had a higher percentage of its loans in LMI census tracts than the percentage for all lenders. The same pattern also occurred among LMI applicants.

The percentage of owner-occupied households in census tracts is relevant in showing the potential market for home loans. HMDA data shows that the bank's lending to applicants

with LMI incomes exceeds its level of lending to applicants residing in LMI census tracts. However, the percentage of home loans made in LMI census tracts is consistent with the percentage of owner-occupied households.

From 1994 to 1995, lending increased in LMI census tracts as well as to applicants with LMI incomes. In 1994, 10% of total HMDA-reported loans were made in LMI census tracts, while 23% of the borrowers were LMI individuals.

### Consumer Loans

Management has developed a comprehensive system to analyze the distribution of consumer loans within its lending area. Home equity, automobile, credit card, and other consumer loans are geocoded by census tract. This has been done since 1988. Since the first quarter of 1996, the bank is collecting information according to the income level of applicants. The latter data collection is an experiment and was not used in this evaluation.

The bank categorizes consumer loan products in accordance with the revised CRA Regulation-- motor vehicles, home equity, secured and unsecured credit, and credit cards. Our review of the data shows that the bank effectively serves the consumer credit needs of its delineated communities. Analysis of lending for this evaluation period shows that the loan distribution is consistent throughout census tracts in the three delineated communities for all consumer loan categories.

In 1995, a notable decrease in credit card originations occurred in all three delineated communities. In addition, the first half of 1996 shows additional declines. Within a highly consolidated industry, the bank has been a small issuer of credit cards, and management decided not to attempt to expand this business.

In the New York community, the number of automobile loans declined during this evaluation period. However, in both New Jersey delineated communities, the volume of automobile loans remained steady, and loans in the first half of 1996, on an annualized basis, are ahead of the 1995 volume.

Other consumer loan originations increased in 1995; however, the first half 1996 is currently lagging 1995. Declines in volumes in most areas occurred during this evaluation period as the bank began the integration of NatWest and Fleet. Some sector declines in 1995 were attributable to reduced marketing efforts during the transfer of the bank's consumer loan production offices to Delaware.

### Business Loans

Quarterly, management analyzes the volume and distribution of small business lending. The bank generally conducts small business lending through two products, the Business

Revolving Line of Credit and the Business Installment Loan. These loans are geocoded by census tract; i.e., the location of the business. The original amount of credit extended is collected for each reporting period, and some loans are reported again in subsequent years if the bank extends additional credit through available lines of credit.

From January 1, 1994 until June 30, 1996, Fleet extended \$647 million of small business loans. Of these, \$401 million were in the New York community, \$213 million in the New Jersey-North community, and \$33 million in the New Jersey-South community. The following table shows the level of business lending by income level of census tracts.

Business Revolving Lines of Credit and Business Installment Loans

Income Level	New York Community			New Jersey-North Community			New Jersey-South Community		
	# of Census Tracts	% of Loans	% of Census Tracts	# of Loans	% of Loans	% of Census Tracts	# of Census Tracts	% of Loans	% of Census Tracts
Low	303	3%	11%	211	4%	7%	14	2%	5%
Moderate	1,211	11%	17%	763	16%	20%	133	15%	13%
Middle	4,655	44%	41%	2,158	43%	48%	505	56%	59%
Upper	4,398	42%	31%	1,852	37%	25%	248	27%	23%

Our review of the bank's analysis shows that there has been continual growth in business installment loans and business revolving lines of credit in all census tract categories during this evaluation period. In 1995, loan volume increased significantly in all three assessment areas. Business loan extensions for the first half of 1996 have continued to show growth.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

- Fleet's offices are readily accessible to all segments of its delineated communities.
- The bank an excellent record of opening and closing offices.

## Branching

Fleet's branch network is readily accessible to all segments of its delineated communities. Since the last evaluation, the branch network has increased significantly, mostly through acquisitions of other financial institutions. During the evaluation period, Fleet acquired 155 branches from Citizens, Central Jersey, and Fleet Bank, New York. The acquisitions expanded the bank's branch network to all but four counties in New Jersey.

The bank is able to provide credit to all counties, even where it does not have physical branch locations. For instance, management has made significant multi-family housing development loans in areas where it does not have branch or deposit concentrations.

The bank has an adequate Board approved policy on branch closings. During this period of evaluation, Fleet closed or consolidated 41 branches and sold another five. Of these 46 branches, one branch located in an LMI census tract was sold to a minority financial institution, another branch located in an LMI census tract was consolidated, and the remaining 44 branches were in middle- and upper-income census tracts. The closed and consolidated branches are primarily the result of recent acquisitions which caused overlapping branches.

Fleet opened six branches in middle- and upper-income census tracts. One of the branches opened, South Bronx, services an adjacent low-income community. Fleet was the first bank to open a branch in the South Bronx in over 20 years.

## Services

Fleet's branch hours are appropriately determined by customer usage and need. Besides the branches, the bank provides services in a number of ways. It accepts credit applications over the telephone and loan officers meet applicants outside the bank to take applications. The mortgage company uses two vans for the purpose of taking the mortgage sales representatives out of the office and into the community to obtain applications.

As noted earlier, "NatWest Personal TV," an interactive television project, was piloted last year in two New Jersey counties. This technology permits consumers interested in obtaining a mortgage to interact with a video salesperson via cable television and a telephone from either their homes, a realtor's office, or one of the bank's branches.

## IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

- A recent fair lending examination did not reveal any practices that would discourage applications.

The OCC's fair lending compliance examination, conducted shortly before this evaluation, did not reveal any practices that would discourage applicants from applying for credit. The bank solicits loan applications from all segments of its delineated communities by advertising products widely and through officers' solicitations. Management used specialized marketing to target special communities, and they offer credit seminars to promote creditworthiness. They make special efforts to conduct business with, and to train, minority contractors and vendors.

In 1992, senior management and the Board reviewed all anti-discrimination policies and procedures in the bank. The Board approved the Compliance Policy Statement that articulates the bank's intent to comply with all anti-discrimination laws. In 1993, the bank's Chief Executive Officer formed the Fair Lending Task Force, which he chairs. The task force identified and developed measures to ensure that the bank is vigilant in guarding against loan bias and discrimination. The Board also approved a Fair Lending Policy Statement. Management reviewed the bank's Credit Policy Manual for policies or language that anyone might potentially construe as illegal discrimination.

Mortgage and home improvement applications are subject to a "second review" process for all declined applications. This process ensures that loan officers follow underwriting guidelines, that they treat each applicant fairly, and it helps to determine whether the applicant would be eligible for an alternative product or program. Management trains employees in complying with fair lending laws and regulations. Training videos also increase employee sensitivity to issues of gender, race, and ethnicity.

In 1995, management hired a consulting firm to conduct "mystery shops." This is a process that involves equally qualified paired teams of applicants who inquire about loans. Then, they make an assessment whether there was bias toward applicants of different races. Mystery shops were conducted of mortgage sales representatives, mortgage referrals at branches, and home equity loans offered at branches. A second test of home equity loans is currently underway. Our review of the test results did not reveal evidence of illegal discrimination.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

- A recent OCC fair lending examination revealed no instances of prohibited discriminatory or other illegal credit practices.
- Management has successfully ensured compliance with anti-discrimination laws and regulations.

We conducted a fair lending examination earlier this year to evaluate Fleet's efforts to comply with various provisions of anti-discrimination laws and regulations. The examination included a comparative file analysis of home purchase, refinance, and home improvement loans. We compared loans made to whites with denied applications received from minorities. We reviewed a total of 449 files to determine if there existed any evidence of illegal discrimination. We discovered no violations of fair lending laws and regulations during the examination.

In addition, the bank conducts its own comparative file analysis using methodology similar to the OCC's. All departments use an internal compliance manual to help employees understand, and comply with, anti-discrimination laws. Each lending area of the bank conducts annual fair lending compliance reviews.

## V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

- Fleet has been very aware of, and responsive to, community economic development needs.
- The bank has extensively participated in community development and redevelopment projects and programs through direct and indirect lending, and investments.

Management has made extensive project-based investments in low-income housing tax credits through its former NatWest Advisory Services Department. These tax credits provide financing for various real estate developments. Investments made over the last two years in the delineated communities total more than \$65 million.

In 1995, the bank provided a six-year \$31 million letter of credit as a credit enhancement for a bond issue of the NJEDA. This bond issue will provide funds under the Title IX program, which makes loans with below market pricing to small businesses. NJEDA is an independent entity of the State of New Jersey created to promote enterprise and assist in providing additional employment opportunities.

As part of its \$47 million investment in the Concourse Plaza Shopping Mall project in the South Bronx, Fleet recently constructed an office building, through a subsidiary development company. This investment helped to provide jobs for local residents and opportunities for

small businesses. The bank also is providing office space within the project for a non-profit corporation--Neighborhood Housing Services (NHS) of New York City, Inc. The project won the American Bankers Association's 1995 Outstanding Community Development Initiative Award.

A number of the bank's community development initiatives have been through investments and indirect lending activities to organizations involved in the development of affordable housing. Examples of these activities include:

- New York Equity Fund (NYEF)- Invested \$24.5 million, including \$10 million during the last two years, in NYEF limited partnerships. These partnerships provide equity financing through Low-Income Housing Tax Credits for the development of affordable housing in the New York City area.
- Community Preservation Corp. (CPC)- Made a \$1.7 million revolving line of credit to this organization to fund the construction of new and rehabilitated housing. Also made a \$1.8 million combination revolving and term loan to fund permanent mortgages originated by CPC. This independent non-profit mortgage lender, formed in 1974 by a consortium of local banks, specializes in the financing of LMI housing.
- NHS of New York City, Inc. - Recently made a \$500 thousand revolving loan to this organization to fund owners of multi-unit, low-income housing for rehabilitation and acquisition. Fleet also approved a \$500 thousand participation in a syndicated loan of \$6 million. NHS is a non-profit organization that offers low-interest rate home improvement loans to LMI persons.

Recently, the bank has also provided permanent financing for many of the buyers of a previously financed construction project of 54 units of LMI housing in Brooklyn, Queens, and Staten Island (HOPE program). In May 1996, the bank, in conjunction with NHS, received the Outstanding Community Investment Award from The Social Compact. (The Social Compact is a coalition of leaders from diverse sectors of the financial industry who have joined to increase investment in America's at-risk neighborhoods.)

- New Jersey Housing Opportunity Fund (NJHOF)- Invested \$2 million in 1995 in this limited liability corporation, which provides tax credit investments for low-income housing projects sponsored by non-profit organizations within New Jersey.

Fleet has been involved in numerous direct lending endeavors for housing in LMI communities. Since 1994, the bank has committed \$142 million in construction or permanent financing for these projects. Examples of these loans include:

- Lutheran Social Ministries (Circle F)- A \$4.6 million construction loan and a \$470 thousand permanent loan to rehab a 70-unit low-income, senior citizen housing project in Trenton, NJ. The bank also provided \$4.8 million for low-income housing tax credits.
- Siena Village at Wayne - A \$13 million loan for construction of a 250-unit senior citizen rental project in Wayne, NJ, of which 50 % of the unites are for LMI residents. Fleet also provided a portion of the permanent financing. In addition, it provided \$6.8 million for low-income housing tax credits.
- Weequahic Park IV Urban Renewal Corp.- A \$2.1 million loan for renovation of a 72-unit apartment building in Newark, NJ. The bank also provided \$3.2 million for low-income housing tax credits.
- La Casa de Don Pedro - A \$400 thousand loan for construction of six two-family homes in Newark, NJ, that are deed-restricted to moderate-income purchasers and low-income tenants. The bank also provided \$600 thousand in permanent loans for buyers.

Fleet provided loans for refinancing affordable cooperative housing. In conjunction with the National Cooperative Bank, Fleet provided \$42 million for permanent financing of a 2,904 unit co-op in Queens.

The bank has also made loans to small businesses for economic development ventures, both direct and with government insurance. Small business loan pools have been established in New Brunswick, Trenton, and Mercer County, NJ. The bank committed \$100 thousand to each, and to date, \$50 thousand has been extended through these pools.

Community development efforts also include loans to social service agencies, religious groups, and educational institutions. Examples include:

- La Guardia Community College- A \$4 million loan for improvements to an educational facility in Long Island City, NY.
- The New World Center of NY - A \$235 thousand loan for a day care center in Springfield Gardens, NY.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

- Consistent with its size and financial condition, Fleet takes a leadership role in developing projects that promote economic revitalization and participates in loans and investments to help meet its communities' credit needs.

The bank is financially capable of helping to meet the credit needs in its delineated communities.

Fleet is presently going through a period of systems and product integration that may temporarily impede the delivery of products. The Bank and Community Profiles section of this Evaluation contain more detailed information concerning the environment in which Fleet operates, and its deposit and loan structure.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

- Management is making other significant contributions to help meet the credit needs of the bank's communities and supplement its direct lending efforts.

### Grants and Contributions

The Community Development Division had administered a community development contributions program for several years. This was supplemental to the bank's overall charitable efforts. The grants were directed to non-profit organizations whose mission was the development of affordable housing or economic revitalization. In 1995, these awards totaled \$588 thousand; and for the first half of 1996, \$413 thousand. Various organizations received 75 different grants. Some of the most significant contributions were made to the following organizations:

- ACORN
- Greater Jamaica Development Corporation
- Inner City Press
- Local Initiatives Support Corporation (LISC)-Newark
- LISC-New York
- NHS of New York City
- New Jersey Citizen Action
- New York City Partnership Housing Development Fund Corp.
- South Bronx Overall Economic Development Corporation (SOBRO)

Employees are encouraged to participate in voluntary charitable and community activities. The bank contributes \$300 to those organizations that bank employees actively support. It

also makes grants to grass roots non-profits to recognize them for outstanding local service, and it donates bank furniture and equipment to various groups.

In March 1996, Fleet sold one of its branches to City National Bank, a minority commercial bank in Newark. The sale included deposits and assets, including the real estate where the branch is located.

#### Loaned Executive Program

Since 1993, Fleet has provided to a non-profit organization the services of a bank officer on a full time, pro bono basis. In previous years, the bank provided an officer to NHS of New York City. Currently, a bank officer is assigned to the recently organized New York Community Investment Company. The New York Clearing House banks established and funded this investment corporation, and the loaned officer is especially helpful as it commences operations.

APPENDIX

DEMOGRAPHIC INFORMATION  
(1990 Census Data and 1994 HUD Median Family Income)

Delineated Communities

	New York	New Jersey - North	New Jersey - South
Population	10,806,642	6,079,453	1,650,735
Median Family Income	\$41,146	\$49,263	\$40,800
Low Income Census Tracts	11%	7%	5%
Moderate Income Census Tracts	17%	20%	13%
Middle Income Census Tracts	41%	48%	59%
Upper Income Census Tracts	31%	25%	23%
Owner-Occupied Housing Units	41%	58%	61%
Vacant Housing Units	6%	7%	14%
Unemployment Rate	6.30%	5.91%	5.71%
Fleet Branches	196	149	25

New York MSAs

	New York	Nassau/Suffolk
Population	8,197,430	2,609,212
Median Family Income	\$37,515	\$56,726
Low Income Census Tracts	13%	1%
Moderate Income Census Tracts	18%	14%
Middle Income Census Tracts	34%	67%
Upper Income Census Tracts	35%	18%
Owner-Occupied Housing Units	31%	74%
Vacant Housing Units	5%	7%
Unemployment Rate	6.91%	4.55%
Fleet Branches	77	119

New Jersey - North MSAs

	Bergen/ Passaic	Jersey City	Trenton	Middlesex / Hunterdon /Somerset	Monmouth /Ocean	Newark
Population	1,278,440	553,099	325,824	1,109,835	986,327	1,915,928
Median Family Income	\$52,659	\$35,250	\$48,490	\$55,147	\$46,615	\$50,047
Low Income Census Tracts	8%	2%	11%	2%	4%	13%
Moderate Income Census Tracts	17%	19%	20%	15%	20%	23%
Middle Income Census Tracts	49%	60%	44%	62%	46%	38%
Upper Income Census Tracts	26%	19%	25%	21%	30%	26%
Owner-Occupied Housing Units	60%	29%	62%	67%	64%	56%
Vacant Housing Units	4%	9%	5%	4%	16%	5%
Unemployment Rate	6.29%	8.45%	5.03%	4.53%	5.48%	6.11%
Fleet Branches	35	10	8	32	37	27

New Jersey - South MSAs

	Atlantic/ Cape May	Philadelphia	Vineland/ Millville
Population	319,416	1,193,266	138,053
Median Family Income	\$39,034	\$41,908	\$34,571
Low Income Census Tracts	4%	5%	3%
Moderate Income Census Tracts	20%	10%	21%
Middle Income Census Tracts	58%	59%	62%
Upper Income Census Tracts	18%	26%	14%
Owner-Occupied Housing Units	42%	69%	64%
Vacant Housing Units	36%	5%	6%
Unemployment Rate	10.01%	3.33%	9.32%

Fleet Branches	16	9	0
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