



Comptroller of the Currency
Administrator of National Banks

250 E Street SW
Washington, D.C. 20219

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

June 30, 1997

First National Bank of Atlanta
d/b/a Wachovia Bank Card Services, Inc.
Charter Number 21197

Four Piedmont Center
3565 Piedmont Road
Atlanta, Georgia 30305

Office of the Comptroller of the Currency
250 E. Street, S.W.
Washington, D.C. 0219

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

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 neighborhoods, consistent with 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 **First National Bank of Atlanta d/b/a Wachovia Bank Card Services, Inc.**, prepared by **Office of the Comptroller of the Currency**, the institution's supervisory agency. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25. This evaluation covers the period from March 1995 through June 1997.

Description of Institution

The First National Bank of Atlanta, operating as Wachovia Bank Card Services, Inc. (WBCS), is a national banking association located in and serving New Castle County, Delaware. WBCS is the credit card issuer of Wachovia Corporation, a multi-bank holding company with retail banking offices operating in Georgia, North Carolina, and South Carolina. At year-end 1996, WBCS had total assets of \$315 million, and serviced a credit card portfolio of approximately \$5 billion. Of the eighteen limited purpose credit card banks in Delaware, WBCS is 15th in total assets and 12th largest in net income and number of employees. Consistent with its size and resources, WBCS has the ability to meet various credit needs of its community.

WBCS was formed in 1986 as a newly chartered national bank in New Castle, Delaware, and was acquired by First Atlanta Corporation pursuant to Delaware's Financial Center Development Act (FCDA). According to the FCDA, the bank must operate in a manner and from a location that is not likely to attract customers from the general public, to the substantial detriment of existing Delaware banks. Management has interpreted the FCDA to preclude direct lending and general solicitation of business from residents of the state. The bank is authorized to purchase loans and to make investments to meet community development needs.

WBCS offers personal credit card products to a national market. These credit card products have varied fee and interest rate structures. Products are marketed through the media, direct mail, and through Wachovia's retail branch network in Georgia, North Carolina and South Carolina. WBCS also offers a line of business credit card accounts to existing customers in Georgia and the Carolinas. WBCS operates from a non-retail business office park and does not market its products to residents of Delaware. WBCS does not operate a branch network.

WBCS received an Outstanding rating in its CRA Performance Evaluation dated March 20, 1995. In June 1996, WBCS received designation as a limited purpose bank for CRA purposes. The bank received a fair lending examination during the fourth quarter of 1996. We did not identify any violations of antidiscrimination laws and regulations.

Description of Assessment Area

WBCS has designated its assessment area as New Castle County. New Castle County is part of the Wilmington MSA. The assessment area is reasonable, does not exclude any low- or moderate-income areas, and consists of 118 census tracts with the following distribution: 8% low-, 19% moderate-, 52% middle-, and 21% upper- income. Demographic data for New Castle County, as reported in the 1990 Census, includes a population of 441,946 persons representing 115,305 families with a median family income of \$41,923. The distribution of families in the county by income characteristic includes 17% low-, 18% moderate-, 26% middle-, and 39% upper- income families. Updated median family income for 1997 is \$57,600 per the U.S. Department of Housing and Urban Development. Housing stock distribution as of the 1990 Census includes 65% owner occupied, 30% rental occupied units, and 5% vacant or boarded up dwellings. The median housing value was \$98,300 with the median year of housing built in 1957.

WBCS has determined the county's primary community development needs to include: affordable housing, small business development and training, increased access to personal credit for low- and moderate-income people, housing counseling and credit education, and social services benefitting low- and moderate-income persons.

Institution's CRA Rating: This institution is rated **"Satisfactory."**

The satisfactory rating is primarily based on WBCS's very good level of complex community development loans, investments and services, which are very responsive to the needs of New Castle County's low- and moderate-income families. In particular, numerous units of low-income housing will be developed because of WBCS's loans and investments. WBCS also provides leadership to its assessment area through its very good level of community development services, and management's very active involvement in several community development organizations.

Conclusions with Respect to Performance

- WBCS provides a very good level of complex community development loans and investments to its community. During the evaluation period, the bank committed to make community development loans or investments of \$3,094,000, of which \$1,859,000 has been funded. In view of the bank's relatively small size (i.e., assets, net income, and employees), this level of performance is considered very good. The commitments represent a significant 33% of WBCS's total net income of \$9,371,000 for 1995 and 1996.
- The level of community development services and leadership provided to community development initiatives is very good.
- Management targets all community development activities to the bank's assessment area based on comprehensive needs assessments. As a result the bank supports programs that promote affordable housing, economic development, and small business initiatives.

Delaware Community Investment Corporation (DCIC)

The bank's community development activities are facilitated in part through the Delaware Community Investment Corporation (DCIC). The DCIC is a multi-bank community development corporation that initiates many complex affordable housing initiatives within the assessment area. The DCIC finances activities in low- and moderate-income communities through loan pools for affordable housing and commercial development, low-income housing tax credit equity funds, and a tax-exempt bond placement program. WBCS's \$1,800,000 in total commitments to DCIC (see the discussion below for community development loans and investments) is equivalent to 50% of WBCS's 1996 net income of \$3,614,000. On a comparative basis (investment dollars compared to net income), WBCS has the largest investment of the twelve limited purpose banks in Delaware participating with the DCIC. WBCS is also the smallest in asset size of these twelve banks. Its commitment of \$1,800,000 is also the fourth largest of all twelve limited purpose banks involved in the DCIC. Wachovia management representatives serve on committees that guide the activities of the DCIC.

Community Development Loans

Community development loans total a very good level of \$1,350,000. These loans have resulted in the creation of numerous low-income housing units.

WBCS is committed to lend \$1,000,000 through DCIC's loan pool for the development of affordable multi-family rental housing. Since March 1995, WBCS has funded \$432,000, representing its portion of eleven loans totaling \$10,000,000 for the development of 716 units of affordable multi-family rental housing. In addition, WBCS will be advancing \$197,000 to fund its portion of 6 additional loans in process totaling \$5,000,000, for the development of 312 units of additional low-income rental housing.

In 1996, WBCS committed \$350,000 to DCIC's Community Investment Loan Fund. This loan pool will make permanent commercial real estate loans to rehabilitate commercial properties in economically distressed areas targeted for revitalization.

Community Development Investments

Community development investments total a very high level of \$1,744,000. These investments have resulted in numerous low-income housing units and loans to first-time home buyers.

In 1995, WBCS committed to invest \$450,000 in DCIC's first low-income housing tax credit equity fund. The fund closed at \$11,000,000 with 17 investors and is fully invested in 5 initiatives that will create 289 units of affordable housing. WBCS has funded \$133,000 of its commitment.

The bank maintains a \$100,000 deposit in the People's Settlement Association Federal Credit Union, a community development credit union in Wilmington's East Side that primarily serves low- and moderate-income minority consumers. The deposit, which was accompanied by a \$5,000 grant, was made to increase the credit union's lending capacity to its members.

The bank purchased \$935,000 in Delaware State Housing Authority mortgage revenue bonds. These bonds were issued to fund 400 mortgages for low- and moderate-income first time home buyers.

The bank provides support to various community development organizations through financial contributions. During the evaluation period, the bank provided \$259,000 to many organizations whose primary purpose is community development. These organizations support a wide range of community development needs and include: affordable housing; small-business development and training; economic development; increased access to personal credit for low- and moderate-income people; housing counseling and credit education; affordable day care; and other community services.

In 1996, the bank contributed 12 personal computers with monitors and software and printers to a homeless shelter. The equipment is used to help residents create resumes and develop job skills.

Community Development Services

WBCS has a full-time CRA Officer to work on community development services and initiatives. This officer conducts needs assessments through contact with numerous organizations. Bank employees and officers are also involved in leadership roles on several committees and boards of directors of organizations which provide needed community development loans, investments, and services. Examples of these leadership roles include membership on:

- DCIC's Internal Investment, Planning, and Investment Loan Fund Committees - these three committees are responsible for investing funds in a way that minimizes risk and ensures a reasonable return (investment committee), developing new programs to address community development needs (planning committee), and making policy and lending decisions for DCIC's commercial redevelopment loan fund (loan fund committee).
- First State Community Loan Fund Board of Directors and Marketing Committee- this fund provides financing for affordable housing and small business development initiatives which benefit economically distressed communities and low- and moderate-income people. WBCS sought the directorship on this loan fund and is one of only three limited purpose banks represented on the Board.
- Small Business Resource and Information Center Advisory Committee- this center is based on the U.S. Small Business Administration's One-Stop Capital Shop and provides a single location for small business technical assistance and financial service providers.
- Housing Capacity Building Program Grant Review and Advisory committees - a joint venture of the Delaware State Housing Authority, the Center for Community Development, and the Delaware Community Investment Corporation that provides grants, technical assistance, and other programs to increase the capacity of the state's affordable housing producers and financial service providers. WBCS was the first limited purpose bank involved with the building program. Only eight of these eighteen banks have representation on the advisory committee.
- Community Affairs Group of Delaware Program Committee - an association of professional CRA personnel from various banks that provides a forum for local organizations to discuss community development needs and initiatives. The committee also provides information to community members about how to get or use credit and credit services.

In addition to the leadership roles on Boards and committees as highlighted above, bank employees participate in other community development services. Examples of these services include:

- WBCS was the founder of the New Castle County Chamber of Commerce Membership Mentoring Program. This program offers free chamber memberships and related financial services (i.e., marketing and technical assistance) for small businesses and nonprofit organizations.
- The bank was a founding funder of the University of Delaware's Community Development Certificate program. This training program provides a 16-week class on aspects of community development, including technical assistance, for those individuals involved in community development.

- WBCS is the sole bank involved with the InterNeighborhood Foundation to develop prototype housing rehabilitation plans for homes in Wilmington. The bank has provided funding and technical assistance to this project, including coordination of a meeting of community leaders, and maintaining the reserve for the foundation.
- The bank's CRA Officer conducted two training sessions for Delaware nonprofit organizations, covering topics about fundraising and volunteer recruitment strategies.

Appendix A – Scope of Examination

The CRA examination of First National Bank of Atlanta d/b/a Wachovia Bank Card Services, Inc. was performed using standard examination procedures for limited purpose banks. Accordingly, the analysis focuses on the bank's community development loans, investments, and services which benefit its assessment area or a broader statewide or regional area which includes its assessment area. The bank has designated New Castle County, Delaware, located within Metropolitan Statistical Area 9160, as its single assessment area.