



Limited Purpose Bank

Comptroller of the Currency
Administrator of National Banks

Public Disclosure

Evaluation Period:
January 1, 2007 – December 31, 2009

Community Reinvestment Act Performance Evaluation

FIA Card Services, N.A.
Charter Number: 22381

1100 N. King Street
Wilmington, DE 19884

Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Institution's CRA rating:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

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

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from January 1, 2007, through December 31, 2009. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the bank's request, we also considered qualified investments and community development lending provided by its affiliates. At the prior examination, we rated the bank Outstanding.

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

Description of Institution

FIA Card Services, N.A. (FIA), Wilmington, Delaware, is a wholly-owned subsidiary of Bank of America Corporation (BAC) headquartered in Charlotte, North Carolina and was created from a 2006 merger between Bank of America N.A. USA (BANA USA) and MBNA America N.A. (MBNA). FIA is one of the leading issuers of credit cards in the United States. Credit cards for both consumers and small businesses are its primary product. FIA has two foreign subsidiaries that issue credit cards primarily in Canada, the United Kingdom, Ireland, and Spain. The foreign subsidiaries do not have a significant impact on the bank's capacity for community development. As of December 31, 2009, FIA had total assets of \$145.4 billion, comprising approximately 7% of the parent corporation's consolidated assets. Managed loans totaled \$160.8 billion. The bank securitizes over 56% of its loan receivables.

FIA has only one office and is designated as a limited purpose bank for CRA purposes based upon its overall business strategy, primary focus, and product offerings. This is consistent with legacy MBNA and BANA USA, which were designated as limited purpose banks for CRA purposes effective January 1996 and March 1998, respectively. There are no known legal or financial factors that impede FIA's ability to help meet the credit needs in its AA.

Table 1: Financial Information (000s)

	Year-end 2007	Year-end 2008	Year-end 2009	Average for Evaluation Period
Tier 1 Capital	\$21,624,783	\$19,573,091	\$28,830,561	\$23,342,812
Total Income	\$25,440,978	\$25,753,297	\$18,042,906	\$23,079,060
Net Operating Income	\$6,692,572	\$2,456,145	\$(7,032,086)	\$705,544
Total Assets	\$161,691,777	\$159,637,136	\$145,365,918	\$155,564,944
Pass-Through Receivables	\$183,655,485	\$182,219,777	\$160,818,465	\$175,564,576

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

Description of Assessment Area

FIA designates New Castle County (NCC), Delaware as its AA. The county is part of the Wilmington, DE-MD-NJ Metropolitan Division (MD). The AA complies with CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) areas. Based on 2009 U. S. Census Bureau (Census) data estimates, NCC is the most densely populated of three counties in Delaware containing 534,634 or 60% of the state's population. Wilmington represents the largest center of population within NCC.

The AA contains 127 census tracts, of which one is not populated. The populated census tracts consist of 10 low-income, 23 moderate-income, 61 middle-income, and 32 upper-income. All low-income census tracts and eight of the moderate-income are located in Wilmington. The 2009 HUD adjusted median family income for NCC is \$78,900. Based on 2008 Census data, there are a total of 212,308 housing units in the county, of which more than 8% are vacant. Approximately 80% are one-to-four family units and 17% are multi-family units. Seventy-two percent are owner-occupied properties and 28% are renter-occupied. The average age of housing stock is 36 years. According to the National Association of Home Builders the median sales price of a single family home in the Wilmington metro area was \$200 thousand as of 4Q09 and 85% of all homes sold were affordable to households earning the area's median family income.

The time period covered by this evaluation was challenging in terms of circumstances affecting the economy. The first year of the evaluation period saw continuing increases in housing costs which had an impact on affordability, especially for low- and moderate-income people wanting to purchase a home. By late 2007, deterioration in housing prices had begun to occur and the economy began to move towards recession. Home values in NCC reached their peak in April 2007 when the median sales price was estimated at \$258 thousand. As of September 2009, the

median sales prices had dropped to approximately \$206 thousand. The 2009 unemployment rate for NCC is below the 9.7% nationwide average; however, two major automotive plants closed in the county causing the employment rate to rise to 8.3%¹. The Wilmington area is particularly hard hit because of its concentration of activity in financial services (especially credit cards), autos, and chemicals. Wilmington's reliance on just a few industries for growth increases its economic volatility and limits its long-term growth prospects.

Demographic data for NCC is presented in the table below:

Table 2: Assessment Area Description

	Number	Low %	Moderate %	Middle %	Upper %
Tracts	127	7.87	18.11	48.03	25.20
Families	127,997	18.53*	17.33*	23.55*	40.59*
Businesses	43,253	14.60**	14.36**	43.36**	27.57**

Source: Demographic Data - 2000 U.S. Census, 2009 Dun & Bradstreet. One tract – Unknown income level

*Represents families by income level. **Represents businesses by income level of census tract.

OCC Community Affairs Officers updated or completed community contacts in the AA for this evaluation. In addition, we reviewed information about a meeting the bank held with local community organizations in order to gain an understanding of the AA's credit and developmental needs. Based on the results of the contacts and meeting, community needs included the following:

- Affordable and traditional housing for LMI families
- Neighborhood stability
- Responsible lending
- Financial education for youth in public schools
- Foreclosure prevention
- Default counseling

While a number of community development investment, loan, and service opportunities are available in NCC as well as throughout Delaware, the presence of more than 30 financial institutions subject to CRA – including three of the top six national credit card providers – creates significant competition in the area.

Conclusions About Performance

Summary

FIA provides an adequate level of qualified investments, community development loans, and community development services in relation to its capacity and opportunities in the AA. During the three-year evaluation period, \$127.3 million in qualified investments and community

¹ As reported by the Bureau of Labor Statistics.

development loans were provided to the AA. In addition, employees provided services to 19 community development organizations within the AA. An additional \$1.04 billion in community development loans and qualified investments were provided outside the AA.

FIA demonstrates occasional use of complex community development loans and services. Examples include the bank's participation in a project to rehabilitate 56 scattered townhouse units in downtown Wilmington which required complex funding, and its provision of complex, comprehensive financial expertise, such as guidance on tax credit transactions, to community development organizations.

FIA demonstrates excellent responsiveness to the credit and community development needs of the AA. The bank is among the largest participants in a community development loan fund for affordable housing development in Delaware. Through this fund, as well as direct qualified investments and community development loans, the bank provided \$27.9 million to projects creating affordable housing for LMI individuals and families primarily in the AA, which is highly responsive to the needs of the community. In addition, FIA contributed \$8.9 million to over 60 community development organizations in the AA which were responsive to AA needs. These organizations primarily provided a variety of social services to LMI populations.

Finally, FIA's community development services were particularly responsive to the need for financial education in public schools and for neighborhood stability which are critical needs in the AA. Financial literacy was designated as a key focus for the bank's community service efforts. Employees provided financial education to 17 schools with predominantly low- and moderate-income children. In addition, a senior bank officer's participation on a local commission is helping to establish neighborhood stability in a historically low-income area of Wilmington.

Qualified Investments

Qualified investments in the AA or that have the potential to benefit the AA totaled \$248.1 million. Additionally, \$8.4 million in long term unfunded investment commitments remain in place. Because the bank adequately addressed the needs of its AA, we considered an additional \$198.0 million in qualified investments made outside the AA. The following tables show qualified investment activity as well as total qualified investments as a percentage of the bank's average capital, total income and pass-through receivables.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	\$82,315	\$22,566	\$104,881
Originated Grants	\$8,854	\$80,557	\$89,411
Prior-Period Investments that Remain Outstanding	\$156,912	\$94,854	\$251,766
Total Qualified Investments	\$248,081	\$197,977	\$446,058
Unfunded Commitments*	\$8,398		\$8,398

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

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	1.06	0.85	1.91
Total Investments/Average Total Income	1.07	0.86	1.93
Total Investments/Average Pass-Through Receivables	0.14	0.11	0.25

The most significant qualified investments include the following:

- A New Markets Tax Credit investment of \$5.1 million for the development of Christina Crossing, a 123,000 square foot retail center anchored by a supermarket and located in a low-income census tract where 39.81% of the population is below the poverty line. The supermarket is the first new grocery to open in Wilmington in 20 years. The project is consistent with Wilmington's South Walnut Street Urban Renewal Plan's goal to encourage retail and community development along the Christina River. It is also expected to provide employment to LMI individuals who live in the surrounding community. In conjunction with this project, the City of Wilmington is contributing \$1.2 million in grant funds to relocate a gas line and add road signals.
- Increase of \$1.6 million to an Historic Tax Credit and New Markets Tax Credit equity investment originated in 2006 for the rehabilitation of 13 historic buildings called Ships Tavern Row in Wilmington. Two additional buildings are being added to the overall project. The Ships Tavern Row redevelopment project is expected to bring positive change to the Central Business District by adding community shopping, street-level retail, and smaller scale office space for community based professionals. The development of the Ships Tavern District is being led by the Wilmington Renaissance Development Corporation, a non-profit entity created through partnership between the City and Wilmington Renaissance Corporation (WRC). Revitalization and stabilization of the Ships Tavern District is supported by the city and state. Investment will provide revitalization and stabilization by attracting and retaining businesses, jobs, and residents in this low-income census tract.
- Investments totaling \$1 million and contributions of \$80 thousand in a certified community development financial institution (CDFI). The investments will provide capital to support a loan pool to finance single-family and multifamily affordable housing, single room occupancy residences, and office buildings for non-profits throughout the state. The grants will help fund homeownership counseling, financial literacy, foreclosure mitigation services, and IDA development.

- Investments totaling \$71 million were made in mortgage-backed securities providing funding for 406 mortgage loans to LMI borrowers in Delaware. Approximately 80% of mortgages funded were to borrowers in the AA.
- Investments totaling \$21 million were made in tax-exempt mortgage revenue bonds used to finance affordable single family housing units statewide.
- Investments totaling \$5 million were made in low-income housing tax credit funds for rehabilitation of multifamily housing projects in Wilmington. The projects created 460 affordable housing units.
- Financial contributions totaling \$9.5 million were made to more than 90 community development organizations and programs. Over 95% of the dollars contributed were to organizations and programs targeting the AA. Included are organizations providing shelter, transitional, and permanent housing to the homeless, affordable housing development and assistance, food and clothing distribution, tutoring and mentoring to LMI children, school tuition scholarships, job training and placement for the unemployed, tax preparation and legal services, and community and medical care facilities in low-to-moderate income areas.

Community Development Lending

Community development loans in the AA or that have the potential to benefit the AA totaled \$36.2 million during the evaluation period. Because the bank adequately addressed the needs of the AA, we considered an additional \$936.5 million in community development loans made outside the AA that created over 3,300 affordable housing units across 25 states, the District of Columbia, and Puerto Rico. Total community development lending decreased in volume and as a percentage of average capital, total income, and pass-through receivables when compared to the last evaluation period.

The following table shows total community development loans as a percentage of the bank's average capital, total income, and pass-through receivables.

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	0.15	4.01	4.16
Total CD Lending/Average Total Income	0.16	4.06	4.22
Total CD Lending/ Average Pass-Through Receivables	0.02	0.53	0.55

The most significant qualified loans include the following:

- A total of \$25 million in loans for construction financing and to bridge tax credit payments was extended to a limited liability corporation (LLC) for Christina Crossing. (See Qualified Investments for more detail on the project.)
- Renewal of a \$4.2 million construction loan and provision of \$2.1 million in permanent financing to a limited partnership to rehabilitate 56 scattered townhouse units in downtown Wilmington. The units are targeted to LMI individuals and families. All units will receive Section 8 vouchers. The project is considered complex due to the multiple funding sources including federal low-income housing tax credits, Delaware State Housing Authority, and a Community Development Trust formed by a Local Initiatives Support Corporation. The bank's loan is responsive to the affordable housing needs of LMI households.
- An extension of a \$2 million construction loan under a \$6 million participation agreement with a local financial institution. The loan is for the purpose of constructing a 455 space parking garage located in a low-income census tract in downtown Wilmington. The parking garage is a major part of a rehabilitation project involving affordable rental units and retail space that supports the Wilmington Renaissance Plan to increase the economic vitality of the downtown area.
- A \$2 million line of credit to provide funding for a newly developed loan fund created by a multi-bank CDC. The credit facility will be drawn upon to fund permanent loans for low- and moderate-income multifamily projects located throughout the state of Delaware.
- A total of \$4 million in construction loans was advanced to one of the nation's largest housing providers for the development of an affordable 44-unit townhouse complex and rehab of an 80 unit apartment complex in Milford. All units are restricted to residents earning no more than 60% of AMI.
- Loans and lines of credit totaling \$932.5 million were extended to low-income housing tax credit syndicators and projects nationwide. Tax credit loans are responsive to the needs of housing developers relying on federal low income housing tax credits to raise equity for affordable housing projects.

Community Development Services

Employees actively provided their services to 19 community development organizations and programs that benefit LMI individuals, families and communities in the AA and one organization outside the AA. Through their involvement on boards and committees of affordable housing and community service organizations, delivery of financial literacy seminars and credit counseling, and provision of other financial services, bank employee activities are highly responsive to community development needs.

The following are examples of significant community development services:

- A senior bank officer used his tax credit expertise to provide technical assistance to the project developer of Christina Crossing. The employee educated the borrower in the Historic and New Markets Tax Credit programs and property management requirements for tax credits and provided guidance on how to incorporate expanded redevelopment of the area within the tax credit parameters. The employee also performed financial modeling and structuring helping to keep transaction costs to a minimum. (See Qualified Investments for more detail on the project.)
- A senior bank officer served as Chairman of the Board for a local commission established by the City of Wilmington for the purpose of improving living conditions in the Southbridge Community, an historically low-income community within the assessment area. This employee provided financial banking expertise in the operations, budget, and oversight functions of this commission. The goal of the commission is to find ways for community agencies and leaders to better utilize existing resources and seek additional assistance required to meet the needs of its residents. This long-term, complex, and responsive program is a collaboration of several different organizations and volunteers designed to reduce crime, provide social services, and provide employment for at-risk youth.
- Bank officers have served as board and committee members for a multi-bank CDC. The CDC has provided financing for community development in Delaware through loan and investment funds since its formation in 1994. The CDC's goals are to measurably increase affordable housing investment by providing permanent financing for multifamily housing and provide an equity fund for projects that qualify for low-income housing tax credits. The bank officers have provided a significant level of financial services to the CDC, including expertise in tax credit transactions which are considered complex.
- The bank responded to the community's priority needs for homeless, emergency shelter, and transitional housing services by providing financial expertise to a Newark based nonprofit that addresses homelessness. The nonprofit provides shelter, emergency food, transitional housing, and case management and other social services to low-income families in Delaware and the broader Mid-Atlantic Region. One employee utilized his banking and financial experience to oversee the setting of operating policies and fundraising efforts; another employee is a board member. The Board is actively involved in program development, financial accountability and fund raising.
- Employees provided mentoring and financial education within the assessment area to schools with predominantly low- and moderate-income children. The need for financial literacy education is advocated by the Delaware Council on Economic Education. FIA responded by designating financial literacy as a key focus for its community service efforts. During 2007, 2008, and 2009, employees taught the 'Teach Children to Save' curriculum to 17 elementary and middle schools.
- Employees with financial expertise provided income tax assistance to LMI individuals qualified for the Volunteer Income Tax Assistance (VITA) program. The VITA program is a

cooperative effort between the Internal Revenue Service (IRS) and the State of Delaware to provide free tax preparation services to LMI individuals. On behalf of a Wilmington based CDC and several not-for-profit entities, 17 employees participated in more than 50 events during 2007, 2008, and 2009.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Definitions and Common Abbreviations

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

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

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

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

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 for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301)) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or

- b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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 (MD) – 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 (MSA) – 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.

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.

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.