



PUBLIC DISCLOSURE

December 31, 2011

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

Large Bank Supervision
Constitution Center
400 7th Street SW
Washington, DC 20219

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

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development (CD) lending and qualified investment activity, and an excellent level of community development services.
- 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.
- Discriminatory or other illegal credit practices that occurred during this evaluation period were considered in determining the overall rating (see "Fair Lending or Other Illegal Credit Practices Review" section on page 8).

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from January 1, 2010, through December 31, 2011. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the prior examination, we rated the bank Satisfactory.

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 bank subsidiary of NB Holdings Corporation (NBH), a wholly owned subsidiary of Bank of America Corporation (BAC) headquartered in Charlotte, North Carolina. FIA was created from a 2006 merger between Bank of America, N.A. (BANA), and MBNA America, N.A. (MBNA) and 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 a few foreign subsidiaries; however, they do not have an impact on the bank's capacity for community development. As of December 31, 2011, FIA had total assets of \$167 billion, comprising approximately 10 percent of the parent corporation's consolidated assets.

FIA has only one office and is designated as a limited purpose bank for CRA purposes based upon overall business strategy, primary focus, and product offerings. 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 2010	Year-end 2011	Average for Evaluation Period
Tier 1 Capital	\$25,589,076	\$24,659,738	\$25,124,407
Total Income	\$23,182,686	\$20,460,923	\$21,821,805
Net Operating Income	\$3,081,012	\$6,477,588	\$4,779,300
Total Assets	\$196,748,594	\$167,004,786	\$181,876,690
Pass-Through Receivables	\$140,760,074	\$117,666,173	\$129,213,124

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

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 regulations and does not arbitrarily exclude low- and moderate-income (LMI) areas. Based on 2011 U.S. Census Bureau data estimates, NCC is the most densely populated of the three counties in Delaware containing 500,265 or 64 percent 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 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 2011 HUD adjusted median family income for NCC is \$80,800. Based on 2000 Census data, there are 199,521 housing units in the county, of which more than 5 percent are vacant. Approximately 81 percent are one-to-four family units and 19 percent are multi-family units. Sixty-six percent are owner-occupied properties and 28 percent are rental-occupied properties.

The 2011 unemployment rate for NCC was 6.6 percent, which was below the national average of 8 percent according to the Bureau of Labor Statistics. Approximately 8 percent of NCC's households are below poverty level.

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	51,255	11.34**	13.74**	46.27**	28.56**

Source: Demographic Data – 2000 U.S. Census, 2010 Dun & Bradstreet Data. 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 held with local community organizations in order to gain an understanding of the AA's community development 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 financial credit card providers – creates significant competition in the area.

Conclusions about Performance

Summary

FIA provides an adequate level of qualified investments and community development loans, and an excellent level of community development services in relation to its capacity and opportunities in the AA. During the two-year evaluation period, \$75 million in qualified investments and community development loans were provided in the AA. In addition, FIA provided services to 19 community development organizations within the AA.

FIA demonstrates occasional use of complex community development loans and services, such as those requiring multiple layers of funding. Examples include the bank's participation to renovate a historic 50,000 square foot theater that had been vacant for 50 years, through a combination of an investment in a historic tax credit, a loan to the Delaware Community Investment Corporation (DCIC) Urban Renewal Fund, and a grant. FIA also contributed \$961 thousand to spark revitalization of a certified Brownfield site in Wilmington. The theater is located in a low-income census tract. The bank's participation helped to revitalize a low-income census tract by providing 25 permanent full-time jobs and 100 part-time jobs to mostly LMI individuals.

FIA demonstrates excellent responsiveness to the credit and community development needs of the AA. The bank participates in a community development loan fund for affordable housing development in Delaware. Affordable housing is a critical need in the community. Through this fund, the bank provided \$1 million to projects creating affordable housing for LMI individuals and families in the AA during the evaluation period. In addition, FIA contributed \$345 thousand to a community development organization in the AA, which was responsive to the AA needs.

Finally, FIA's community development services were 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 four schools with predominately children from LMI families and seven financial education workshops to homeless individuals at a local shelter.

Qualified Investments

Qualified investments in the AA or that have the potential to benefit the AA totaled \$211 million. Additionally, \$102 thousand in long term unfunded investment commitments remain in place. Because the bank adequately addressed the needs of its AA, we considered an additional \$137 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	\$67,403	\$9,906	\$77,309
Originated Grants	\$6,313	\$45,856	\$52,169
Prior-Period Investments that Remain Outstanding	\$137,176	\$81,709	\$218,885
Total Qualified Investments	\$210,891	\$137,471	\$348,362
Unfunded Commitments*	\$102	\$0	\$102

* "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	0.84	0.55	1.39
Total Investments/Average Total Income	0.97	0.63	1.60
Total Investments/Average Pass-Through Receivables	0.16	0.11	0.27

The most significant qualified investments include the following:

- Historic Tax Credit equity investment of \$3.5 million for the redevelopment of the historic Queen Theater located in a low-income census tract in downtown Wilmington, DE. The restoration and revitalization of the Queen Theater, which has been vacant for 50 years, is the essential catalyst to a comprehensive redevelopment within the city's urban core. The project includes financing through the City of Wilmington and the DCIC.
- Low Income Housing Tax Credit investment of \$231 thousand for the rehabilitation of the Lexington Green Apartments, a 100-unit multi-family affordable housing development located in Newark, DE. All residents of Lexington Green Apartments earn less than 50 percent of area median income. This project was an indirect equity investment through the DCIC fund.
- Investments totaling \$73.6 million were made in mortgage-backed securities providing funding for 562 mortgage loans to LMI borrowers in Delaware. Approximately 88 percent of mortgages funded were to borrowers in the AA.

- Financial contributions totaling \$5.9 million were made to more than 80 community development organizations and programs. Over 90 percent of the dollars contributed were to organizations and programs targeting the AA. These organizations provide shelter, transitional, and permanent housing to the homeless, affordable housing development, food and clothing distribution, tutoring and mentoring to LMI children, job training and placement for the unemployed, tax preparation and legal services, and community and medical care facilities to low- and moderate-income areas.
- Prior-period investments totaled \$219 million. These investments continue to demonstrate the bank’s commitment to providing long-term community benefit and impact.

Community Development Lending

Community development loans in the AA or that have the potential to benefit the AA totaled \$1.3 million during the evaluation period. Because the bank adequately addressed the needs of the AA, we considered an additional \$283 million in community development loans and letters of credit made outside the AA that created over 2,300 affordable housing units across 40 states. 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	0.01	1.12	1.13
Total CD Lending/Average Total Income	0.01	1.30	1.31
Total CD Lending/ Average Pass-Through Receivables	0.00	0.22	0.22

The most significant qualified loans include the following:

- Two loan renewals to Collaborative Lending Initiative, a subsidiary of a certified Community Development Financial Institution (CDFI) and a certified Community Development Entity (CDE) known as The Reinvestment Fund. The two renewals are the bank’s portion of a multi-bank credit facility, which helps build wealth and opportunity for low-income individuals and geographies through the promotion of socially and environmentally responsible development. The two renewals total \$1 million.

Community Development Services

Employees 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 involvement on boards and committees of affordable housing and community service organizations, delivery of financial literacy seminars, taxpayer assistance, and credit counseling, and the provision of other financial services, bank employees are highly responsive to community development needs.

The following are examples of significant community development services:

- A Senior Bank Officer used his financial expertise to assist in a project known as Main Street Wilmington. He developed a marketing plan for financial institutions and foundations to create a pool of funds to be used for matching dollar grants to local retailers for façade improvement. The program seeks to preserve and restore properties, encourage and support economic development, and improve the pedestrian environment in the central business district of Wilmington.
- A bank officer used her financial expertise to assist in financial literacy education efforts through a local reinvestment action council. She conducted several classes for over 175 homeless individuals residing in a homeless shelter. The action council's mission is to ensure equitable treatment and equal access to credit and capital for the under-served populations and communities throughout Delaware. The primary vehicles to accomplish these goals are financial education and workforce development.
- 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, several employees participated in a number of events during 2010 and 2011.
- Various bank officers and employees used their financial expertise to assist in financial literacy education at various schools within the assessment area. These bank employees, in conjunction with National Teach Children to Save Day taught at four different elementary schools. Approximately 150 primarily LMI students participated in these financial literacy efforts.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c), or 12 C.F.R. §195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

The bank entered into a settlement agreement with the OCC based on OCC findings that bank customers, who had requested identity theft protection products provided by the bank's vendors, were charged for services not consistently provided by those vendors. The bank has remediated the deficiencies, including making restitution to adversely affected customers, and no longer offers these products. For further information about this settlement, please see OCC Consent Order #2014-027, dated April 7, 2014.

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) assigns to the Consumer Financial Protection Bureau (CFPB) exclusive examination authority, and primary enforcement authority, to ensure compliance by banks and FSAs with Federal consumer financial laws, if the bank or FSA has more than \$10 billion in assets. In April 2014, the bank agreed to a settlement with the CFPB relating to alleged unfair or deceptive acts or practices in the marketing and servicing of add-on credit products, such as credit protection plans. The practices covered in this settlement occurred during the evaluation period. For further information about the CFPB action, please see CFPB Consent Order 2014-CFPB-0004, dated April 7, 2014.

These material practices were considered in determining the bank's overall CRA rating. The bank's performance remains Satisfactory based on the level of community development activities, performance context, and the bank's remediation efforts associated with the two actions cited above.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

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.