



LIMITED PURPOSE

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

June 30, 2001

Community Reinvestment Act Performance Evaluation

First National Bank of Atlanta
Charter Number: 21197

Four Piedmont Center
3565 Piedmont Road
Atlanta, Georgia 30305

Office of the Comptroller of the Currency
Large Bank Division
250 E Street, SW
Washington, D.C. 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:

First National Bank of Atlanta is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of loans and qualified investments, including some that are not routinely provided by private investors.
- The bank's community development services reflect a good level of assistance to community organizations.
- The bank demonstrates occasional use of innovative or complex qualified investments, and community development services.
- The bank demonstrates adequate responsiveness to community development needs in its assessment area (AA).

Scope of the Examination

In evaluating the bank's current performance under the CRA, we reviewed community development (CD) activities from July 1997 through June 2001. We reviewed the level and nature of CD loans, qualified investments, and CD services. All of the bank's CD activities benefit its AA. At the prior examination dated June 30, 1997, we rated the bank Satisfactory.

Description of Institution

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 (Wachovia), a multi-bank holding company with retail banking offices operating in Georgia, North Carolina, South Carolina, Virginia, and Florida. As of December 31, 2000, Wachovia had consolidated assets of approximately \$74 billion. First National Bank of Atlanta was designated a Limited Purpose Bank by the OCC in June of 1996. As of March 31, 2001, the bank had assets of \$344 million. On June 14, 2001, the OCC approved the application of Wachovia to consummate a sale of substantially all of the WBCS assets to a subsidiary of Bank One Corporation. The transaction was completed on July 27, 2001. The sale does not impact the bank's performance in this analysis but materially impacts the ability of WBCS to meet community credit needs going forward.

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 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. Other than the restrictions imposed by the FCDA, there are no legal or financial constraints that impact the ability of WBCS to help meet its community credit 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 the retail branch network of an affiliate (Wachovia Bank, N.A.). 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.

Table 1: Financial Information (\$000s)

	Year-end 1998	Year-end 1999	Year-end 2000	Most Recent Quarter-end 03/31/2001	Average for Evaluation Period
Tier 1 Capital	44,133	52,250	56,492	58,203	52,770
Total Income	287,840	264,415	320,779	**261,444	283,620
Net Operating Income	6,675	8,117	4,242	**11,272	7,577
Total Assets	412,970	346,492	401,153	344,023	376,160
Pass Through Receivables	6,179,118	6,514,394	7,833,964	7,411,872	6,984,837

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

Description of Assessment Area

WBCS designates New Castle County, Delaware, as its AA, which is in the Wilmington-Newark Metropolitan Statistical Area (MSA). The bank's only office is located in New Castle County. The AA complies with CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. Based on 2000 U.S. Census Bureau Data, New Castle County is the most densely populated county in Delaware with 500,265 individuals, or two-thirds of the state's population. Wilmington is the largest city in New Castle County and has a population of 71,529. Newark is also a significant urban area in New Castle County and is the home of the University of Delaware.

The AA contains 120 census tracts, of which 118 are populated. There are nine low-income census tracts, 23 moderate-income census tracts, 61 middle-income census tracts, and 25 upper-income census tracts. All low-income census tracts and nine of the 23 moderate-income census tracts are located in Wilmington. The 2001 Department of Housing and Urban Development (HUD) adjusted median family income for New Castle County is \$72 thousand.

There are a total of 173,560 housing units in New Castle County, of which 95 percent are occupied and 5 percent are vacant. Seventy-five percent are one-to-four family units and 20 percent are multi-family units. Sixty-five percent are owner occupied and 30 percent are renter occupied. The average age of housing stock is 35 years. New Castle County's weighted average median housing value is just under \$120 thousand and its weighted average monthly gross rent is \$426. For Wilmington, the weighted average median housing value is \$87,873 and the weighted average monthly gross rent is \$518. A 1996 Statewide Housing Needs Assessment determined that approximately 2.5 percent of the housing stock in New Castle County is considered substandard. Wilmington was estimated to have 2,434 substandard units, or 8.4 percent of total City housing stock. In addition, 14 percent of Wilmington's rental units were estimated to be substandard.

The structure of Delaware's economy has undergone significant changes since 1990. Even though the economy is still led by large companies in the chemical and automotive industries, there has been a marked diversification since 1990. Several high technology and research and development firms have been started in the State, and together with the financial services industry, are making a significant impact on the economy. The largest industrial sector in the state is the financial services industry followed by healthcare and education. At December 1999, the unemployment rate in New Castle County was 2.1 percent, significantly below the US unemployment rate of 4.0 percent. The table below presents demographic data for New Castle County.

Table 2: Assessment Area Description

New Castle County	Number	Low-Income	Moderate-Income	Middle-Income	Upper-Income
Tract	120	7.51%	19.17%	50.83%	20.83%
Families	115,305	16.57%	18.39%	26.46%	38.58%
Businesses	18,134	11.52%	16.67%	46.93%	24.76%

Source: Demographic Data - 1990 U.S. Census, 2000 Dun & Bradstreet Data.

During this review, we held discussions with two community organizations in order to gain their perspectives on community credit and development needs, related opportunities, and the performance of financial institutions in helping to meet identified needs. We also reviewed records of contacts with local community groups in the past two years. Based on these meetings and other sources, primary needs are affordable housing for low- and moderate-income households; affordable home purchase and rehabilitation financing; homeownership and credit counseling; and affordable financing for small and minority owned businesses.

There are many CD lending, investment and service opportunities throughout Delaware, including New Castle County. These include low-income housing tax credit programs; mortgage revenue bonds; mortgage-backed securities; venture capital funds; community development corporations; and programs administered by the Federal Home Loan Bank, Delaware State Housing Authority, Delaware Economic Development Office, and numerous non-profit and for-profit community development organizations.

Conclusions About Performance

Summary

WBCS provided an adequate level of loans and qualified investments within its AA based on its financial capacity, resources, and the available opportunities within the AA. The bank provided a good level of assistance for community development services.

- WBCS provided investments, grants, and loans totaling \$2.5 million during the evaluation period that directly benefited the AA. Private investors do not routinely provide some of the loans and investments made by WBCS.
- The bank occasionally used innovative or complex lending and investment programs to meet critical CD needs. This was most often displayed in activities related to the Delaware Community Investment Corporation.
- The bank's qualified investments and community development services exhibited adequate responsiveness to credit and economic development needs within its AA. The WBCS lending, investment, and grant related programs have positively impacted the creation of affordable housing, community development, and economic development initiatives throughout the AA. Community development services are provided to organizations involved in housing development, and rehabilitation, neighborhood revitalization, home ownership counseling, fair housing advocacy, financial literacy, social services, small business development and affordable lending. The bank's CRA Officer serves in prominent roles for several organizations that provide community development services to the bank's AA.

Qualified Investments

During the evaluation period, WBCS made a total of \$1.6 million in qualified investments within its AA. These community development investments represented 3.1 percent of the bank's Tier 1 Capital; .6 percent of the bank's average total income; and .02 percent of the bank's average pass through receivables. The bank's investments target entities that provide affordable housing for low- and moderate-income individuals, financial services and products primarily serving low- and moderate-income individuals, and economic development of distressed areas.

Table 3: Qualified Investment Activity

	Benefits AA (\$000's)
Originated Investments	1,278
Originated Grants	361
Prior Period Investments that Remain Outstanding	0
Total Qualified Investments	1,639
Unfunded Commitments*	0

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

Table 4: Qualified Investment Percentages

	Benefits AA (%)
Total Investments/Average Tier 1 Capital*	3.11%
Total Investments/Average Total Income*	.58%
Total Investments/Average Pass Through Receivables*	.02%

Affordable Housing, Economic Development and Financial Services Initiatives

The bank invested \$50 thousand in the Delaware Community Investment Corporation (DCIC), a multi-bank community development corporation whose purpose is to serve as a vehicle for community revitalization through the financing of, and the investment in, housing and related activities designed to address the needs of low- and moderate-income individuals in Delaware. WBCS also purchased \$795 thousand in Delaware State Housing Authority mortgage revenue bonds. The bonds were issued to fund 400 mortgages for low- and moderate-income first time homebuyers.

WBCS invested \$80 thousand in the Delaware Small Business Opportunity Fund, which focuses on economic development of distressed areas. WBCS maintains a \$100 thousand deposit in the PSA Federal Credit Union, a community development credit union in Wilmington's East Side that primarily serves the needs of low- and moderate-income individuals.

Grants Supporting the Community

During the evaluation period, WBCS extended grants totaling \$361 thousand to 68 community development organizations based within its AA. The types of programs supported by WBCS financial contributions include: providers of affordable housing, economic revitalization, small business development, and community services targeted to low- and moderate-income individuals. Examples of significant community development grants are described below.

- Shipley Village CDC - provided \$30 thousand to defray operating costs for this organization that is developing affordable housing for low- and moderate-income individuals in the City of Wilmington. The proposed development plan includes renovating an existing five story building into 24 units and providing 76 units through new construction.
- First State Community Loan Fund - provided \$15 thousand to this organization that provides loans and technical assistance to individuals and organizations to preserve, develop, and expand small businesses, affordable housing, and other community development initiatives, especially in underserved communities.
- Cornerstone West CDC - provided a \$10 thousand grant to support the CDC's mission to increase owner-occupied housing on Wilmington's West Side, a low- and moderate-income area, through the renovation and sale of approximately 60 homes.
- Housing Capacity Building Program - provided a \$27 thousand grant to the organization's funding pool. The program is a joint effort of the Delaware State Housing Authority, the University of Delaware's Center for Community Development, and the Delaware Community Investment Corporation. Its mission is to increase the capacity of Delaware's providers of affordable housing and housing-related services.
- Independent Living of Delaware - provided \$26 thousand to help the organization fulfill its mission of assisting those with disabilities to live independent productive lives in the community. Through a holistic approach, the organization works to address the fundamental need of the individuals they serve. The services they provide focus on the need for housing, education, employment, living skills training, transportation, crisis intervention, and personal healthcare management.

- Interfaith Housing Delaware, Inc. - provided \$14 thousand to be used for the North Claymont Revitalization program. Interfaith develops, builds, rehabilitates, and manages affordable housing for low-income individuals. Founded in 1985, Interfaith is a federally designated Community Housing Development Company.

Community Development Lending

WBCS provides an adequate level of community development loans in the AA. These loans have helped create numerous low- and moderate-income housing units. During this evaluation period, WBCS had funded \$880 thousand in affordable mortgage loans, and at year-end 2000 unfunded affordable housing loan commitments totaled \$2 million. The funded community development loans represent 1.67 percent of the bank’s Tier 1 Capital; .31 percent of the bank's average total income; and .01 percent of the bank’s average pass through receivables.

Table 5: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	1.67%
Total CD Lending/Average Total Income	.31%
Total CD Lending/Average Pass Through Receivables	.01%

The bank’s community development lending activities are facilitated through the Delaware Community Investment Corporation (DCIC), a multi-bank community development corporation that initiates many complex affordable housing initiatives in the AA. 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. A description of the bank’s participation in DCIC loan programs follows:

DCIC Housing Loan Fund I and II

DCIC provides permanent financing for completed multi-family developments. The bank participated in the financing of 11 projects for a total of \$389 thousand dollars. The bank was one of multiple participants in the projects, which provided 515 units of affordable housing for low- and moderate-income families. In addition, WBCS participated in the financing to create 16 multi-family affordable rental units in the amount of \$150 thousand.

DCIC Community Investment Loan Fund (CILF)

The CILF program provides long-term financing of commercial real estate projects located in areas targeted for revitalization. Loans made under the program are structured to fill financing gaps not met by other financing sources. Priority is given to projects that offer clear public benefits that primarily accrue to the residents of the area in which the development is located. The bank participates in three loans in the fund: Small's Stepping Stone Daycare Center for \$34 thousand, Edison Charter School for \$124 thousand, and Downtown Visions Headquarters for \$26 thousand.

The Small's Stepping Stone Daycare Center is a 25,000 square foot inner-city day care center in Wilmington, DE. The building was previously a vacant poorly maintained industrial structure. The building now houses a state-of-the-art childcare center that serves 250 children, 95 percent of which are from low-income families in the inner city.

The Thomas A. Edison Charter School of Wilmington is operated by Edison Schools, the nation's largest private manager of public schools and will eventually serve up to 1,300 students in grades K-12. The school will be located in the historic George Gray School Building, which recently underwent a \$7.5 million renovation.

DCIC Urban Renewal Loan Fund

The Urban Renewal Fund provides short-term financing for property acquisition/site control for projects located in areas targeted for urban renewal and revitalization. The bank participates in three lending relationships in the fund: Wilmington Renaissance Development Corporation (three loans) for \$147 thousand, Delaware City for \$5 thousand, and Milton Development Corporation for \$5 thousand.

Three loans were made to Wilmington Renaissance Development Corporation for site control and acquisition of several properties that will make large-scale development of housing and retail space possible in the City of Wilmington.

The loan to Milton Development Corporation helped acquire 82 undeveloped lots in Milford, DE. This non-profit organization plans to provide self-help housing and modular homes to low- and moderate-income families in the area.

Community Development Services

The WBCS CRA Officer serves in prominent roles with several community development organizations including: Shipley Village Community Development Corporation; First State Community Loan Fund; Housing Capacity Building Program; Independent Living, Inc.; and Christmas in April, Wilmington. Each of these organizations target the bank's AA.

Shipley Village Community Development Corporation

The CRA Officer performed a leadership role in forming this housing development corporation, which responds to a need for affordable housing for low- and moderate-income rental units in the City of Wilmington. The CRA Officer helped the organization gain nonprofit status along with establishing the mission and vision of the CDC. In November 1999, the CRA Officer was elected the first President of the board and has since led the fundraising committee in raising over \$350 thousand in grants to assist with the project. The proposed development plan includes renovating an existing five story historic building into 24 units, with the remaining 76 units resulting from new construction.

First State Community Loan Fund

The mission of the fund is to provide loans and technical assistance to individuals and organizations to preserve, develop, and expand small business, affordable housing and other community development initiatives, especially in underserved communities. As a federally certified Community Development Financial Institution, the organization combines the social responsibility of community development with the financial responsibility of a lending institution. The CRA Officer serves on the Board of Directors and the loan review committee of the institution.

Housing Capacity Building Program

The goal of the program is to foster a stronger affordable housing delivery system throughout the entire state of Delaware. The program focuses on strengthening the organizational capacity of nonprofit housing developers and related housing service providers who build, manage, or rehabilitate affordable housing or provide services that enhance the ability of lower-income individuals to find and sustain themselves in decent and affordable housing. The organization has four districts with overlapping program components: Financial Assistance, Training, Technical Assistance, and Information/Awareness services. The program received a "Best Practices" award in 2000 from HUD. The CRA Officer serves on the advisory board and the Grant Review Committee.

Independent Living, Inc.

This private nonprofit organization's mission is to help individuals with disabilities live independent productive lives in the community. The CRA Officer helped respond to the needs of the individuals served by the organization. The Officer participated in the due diligence review of the merger of this organization with Community Support Services of Delaware.

Christmas in April, Wilmington

The mission of this organization is to preserve and revitalize houses and communities, assuring that low-income homeowners, particularly those who are elderly and disabled and families with children, live in warmth, safety, and independence. Their goal is to make a sustainable impact in partnership with communities. The services provided by this organization are not charged to the homeowners. The CRA Officer serves on the Board of Directors, chaired the Volunteer Committee, and assisted with the House Selection Committee.

Fair Lending Review

An analysis of two years public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year. The bank's most recent comprehensive fair lending exam was conducted during the fourth quarter of 1996 and did not disclose any violations of anti-discrimination laws and regulations.

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.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

CEBA - Competitive Equality Banking Act of 1987, which permitted corporations to form limited purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a "bank holding company" under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-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.

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 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 or a block numbering area 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. A limited-purpose institution continues to meet the narrow product line requirement if it only infrequently provides other types of loans.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually 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.

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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

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 regardless of the balances of those receivables being carried on the bank's books or sold to another entity.

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.