

Washington, DC 20219

Public Disclosure

March 29, 1999

Community Reinvestment Act Performance Evaluation

**MBNA America Bank, N.A.
Charter Number: 22381**

**1100 King Street
Wilmington, Delaware 19884**

**Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20019**

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 **MBNA America Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 29, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

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 by 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) - Must consist 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 - An activity benefits the assessment area if (i) the activity benefits areas within the assessment area, (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area, or (iii) the bank has received prior supervisory office approval that the activity may be considered as benefiting the assessment area.

Note: With regard to subsection (iii), the supervisory office may grant approval if the following four criteria are present: (a) the bank has a more than negligible amount of CD activity that directly benefits the assessment area, or is to a program or organization that benefits a statewide or regional area that includes the assessment area, (b) there are relatively few unmet needs within the bank's assessment area that are within the capabilities of the bank (due to such factors as the income level and distribution among the assessment area population; the limited capacity of the assessment area to absorb additional CD activity by the bank; the legal restrictions on the bank's activities; and the activities of other institutions in the assessment area), (c) the investment responds to a clear need in the area that it would benefit, and (d) the area benefited by the investment is either within the same state as the bank's assessment area, or is within a region nearby or adjacent to the bank's assessment area.

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

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.

Managed Assets - The total assets managed or serviced by the bank, including any off-balance sheet assets. Off-balance sheet assets generally consist of loans the bank originates, or purchases, and subsequently removes from financial statements through an asset securitization and sale to a trust. In some instances, the loans are sold directly to a third party through a participation agreement with the originating bank retaining servicing rights.

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 that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Low-Income Family or Geography - Income levels that are less than 50% of the median family income.

Moderate-Income Family or Geography - Income levels that are at least 50% and less than 80% of the MFI.

Middle-Income Family or Geography - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income Family or Geography - Income levels that are 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 defined by the Consolidated Report of Condition and Income, income before adjusting for extraordinary items.

Pass Through Receivables - Receivables originated or purchased by the bank which are participated or sold. The bank provides this information.

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 defined by the Consolidated Report of Condition and Income.

Total Operating Income - As defined by the Consolidated Report of Condition and Income, interest income plus noninterest income.

Scope of the Examination

This CRA Performance Evaluation covers the period January 1, 1996 through December 31, 1998 (“evaluation period”). MBNA America Bank, N.A. (MBNA) is designated a Limited Purpose Bank for purposes of evaluation under the CRA. As a Limited Purpose Bank, MBNA’s CRA performance is reviewed pursuant to the Community Development Test which evaluates the level and nature of investments, loans and services which have a purpose of community development as defined in the CRA regulation. At the bank’s option, we also considered community development investments made by an affiliate, MBNA Community Development Corporation. At the prior examination dated November 3, 1995, MBNA received a rating of “Outstanding.”

Institution’s CRA Rating

MBNA America Bank, N.A. is rated **Outstanding**.

The major characteristics that support this rating are:

- MBNA has made a high level of community development loans and qualified investments, and has provided a high level of community development services.
- MBNA has demonstrated excellent responsiveness to credit and community development needs in its assessment area.
- MBNA has occasionally used innovative and/or complex qualified investments, and community development loans and services.

Description of Institution

MBNA is a wholly owned subsidiary of MBNA Corporation, Wilmington, Delaware. It is the largest independent credit card issuer in the world and the third-largest bank card issuer in the U.S. with over \$59 billion in managed loans. MBNA is a recognized industry leader in affinity marketing, with endorsements from over 4,500 membership organizations and financial institutions. In addition to credit card activities, MBNA offers other types of open-end, unsecured consumer credit, insurance products, and a limited range of deposit products directly or through its wholly owned subsidiaries. The bank operates two public branches in Wilmington, Delaware. These branches are primarily for the use of employees and local customers of MBNA’s limited range of deposit products.

MBNA was designated a Limited Purpose Bank effective January 5, 1996, based upon its overall business strategy, primary focus, and specific product offerings. There are no known legal or financial factors which impede the bank’s ability to help meet the credit needs in its assessment area.

Primary subsidiaries include two wholly owned foreign subsidiaries: MBNA International Bank, Ltd., Chester, England (IBL) and MBNA Canada Bank, Ottawa, Ontario (MBNAC). IBL issues credit cards in the United Kingdom and the Republic of Ireland through offices in Chester, England; Edinburgh, Scotland; and Dublin, Ireland. MBNAC issues credit cards in Canada through offices in Ottawa, Canada. Other bank subsidiaries include: MBNA Insurance Services, an insurance services company; MBNA Marketing Systems, Inc., a telephone sales and support company; and MBNA Hallmark Information Services, Inc., which provides information technology and support to MBNA affiliate companies. MBNA's subsidiaries do not provide a significant contribution to the overall profitability of the bank. Bank affiliates include MBNA Consumer Services, Inc. which provides home equity lending services; and MBNA Delaware, a state chartered bank engaged in home equity lending and travel services.

In June 1995, MBNA Community Development Corporation (MBNA CDC) was incorporated to support MBNA's community development program. The objective of MBNA CDC is to support the achievement of the bank's CRA goals through an active investment and lending program, with primary emphasis on New Castle County, Delaware, as well as the communities where affiliates of MBNA are located.

The following table is intended to provide a perspective on MBNA's capacity to help meet the needs of the assessment area.

Table 1: Financial Information (\$ 000's)

	1996	1997	1998
Tier 1 Capital	1,366,092	2,034,966	2,625,832
Total Income	3,207,647	4,478,498	5,111,648
Net Operating Income	435,805	638,375	812,138
Total Assets	15,574,852	19,326,112	23,602,352
Managed Assets	44,281,000	57,539,000	69,769,000

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

Description of Assessment Area

MBNA designates New Castle County, Delaware (NCC) as its assessment area, which is in the Wilmington-Newark Metropolitan Statistical Area (MSA). The assessment area complies with CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. Based on 1990 U.S. Bureau Census Data, NCC is the most densely populated county with 441,946 or two-thirds of Delaware's population. Wilmington represents the largest city in NCC with a population of 71,529.

Newark, containing the University of Delaware, is also a significant urban area in NCC.

The assessment area 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 1998 HUD adjusted median family income for NCC is \$60,000. A total of 115,305 families reside in NCC of which 17% are low-income, 18% are moderate-income, 26% are middle-income and 39% are upper-income. There are a total of 173,560 housing units in NCC of which 95% are occupied, and 5% are vacant. Seventy-seven percent are one-to-four family units, and 20% are multifamily units. Sixty-five percent are owner occupied and 30% are renter occupied. NCC's weighted average median housing value is \$119,531 and its weighted average monthly gross rent is \$518. For Wilmington, the weighted average median housing value is \$87,873, and the weighted average monthly gross rent is \$426. A 1996 Statewide Housing Needs Assessment determined that approximately 2.5% of the housing stock in NCC was considered substandard. Wilmington was estimated to have 2,434 substandard units, or 8.4% of total City housing stock. In addition, 14% 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 diversity 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 significant impact on the economy. The largest industrial sector in Delaware is the financial services industry. At June 1998, the labor force in NCC was 253,858 persons and the unemployment rate was 4.1%, slightly below the U.S. unemployment rate of 4.5%. The table below presents demographic data on NCC.

Assessment Area Description					
	Total Number	Low Income	Moderate Income	Middle Income	Upper Income
Census Tracts	120	8%	19%	51%	21%
Families	115,305	17%	18%	26%	39%
Small Businesses & Farms*	11,049	9%	18%	48%	25%

Source: 1990 U.S. Census

* Businesses and farms reporting annual sales of \$1 million or less located in low, moderate, middle and upper income census tracts.

Meetings were held with ten community organizations in order to gain their perspectives on community development opportunities, and the performance of financial institutions in helping to meet credit and community development needs of Delaware. Based on these meetings and other sources, there are many qualified community development loan, investment and service opportunities throughout Delaware including NCC. These include low-income housing tax credit programs; mortgage revenue bonds; mortgage-backed securities; venture capital funds; loan consortia; 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.

The 1995 consolidated plan for NCC identifies affordable housing as a primary need of low- and moderate-income households, especially those residing in Wilmington. Community organizations have also identified affordable home purchase and rehabilitation financing as pressing needs, as well as financing for small and minority owned businesses in distressed areas of the State.

Conclusions about Performance

Summary

MBNA has demonstrated excellent responsiveness to the affordable housing and economic development needs of its NCC assessment area, as well as parts of Delaware through its substantial qualified community development investments, grants and loans; and active participation in community development services. The bank has proactively met the mortgage lending needs of low- and moderate-income individuals and, often in a leadership role, has readily invested in housing development projects which benefit low- and moderate-income areas, and individuals throughout Delaware. In addition, MBNA has helped fulfill the lending and technical assistance needs of small businesses in NCC. The bank is also responsive to affordable housing and small business needs beyond Delaware through its numerous limited partnership and venture capital investments.

During the evaluation period, MBNA and its affiliate, MBNA CDC made commitments totaling \$207.9 million for qualified community development investments and loans which benefit the NCC assessment area, or have a broader benefit within the State of Delaware or the Mid-Atlantic region. Outside of the Mid-Atlantic region, MBNA committed to invest \$150.4 million, primarily in low-income housing tax credit limited partnerships.

Actual qualified community development investment and loans during the evaluation period totaled \$246.4 million, of which \$140.5 million is directly attributed to the NCC assessment area, and \$37.2 million to the broader statewide and regional area surrounding NCC. An additional \$13.0 million in grants were extended to community development organizations and programs, including \$8.5 million for NCC.

Since 1996, MBNA's managed assets have grown an average 30% per year. In comparison, aggregate qualified community development investments and loans have had an average growth rate of approximately 90% per year. Also, in relation to the bank's capital, total qualified community development loans and investments are considered high and have increased on an annual basis. At December 31, 1998, the bank and its affiliate CDC held qualified community development investments totaling \$252.7 million, and community development loans of \$4.8 million.

Community Development Investments and Grants

MBNA and MBNA CDC purchased qualified community development investments totaling \$172.8 million, and extended \$9.6 million in grants during the evaluation period which benefit NCC, and/or the surrounding areas within the Mid-Atlantic region. Outside of the Mid-Atlantic region, qualified community development investments and grants totaled \$72.1 million. The tables below show annual investments and grants since 1996.

Assessment Area* (\$000's)

	1996	1997	1998
Investments	24,254	55,058	93,533
Grants	1,617	2,785	5,183
Total	25,871	57,843	98,716

* Includes NCC, and the broader surrounding areas within the Mid-Atlantic Region.

Outside Assessment Area (\$000's)

	1996	1997	1998
Investments	8,520	19,619	40,513
Grants	696	1,234	1,476
Total	9,216	20,853	41,989

Described below are the most significant qualified community development investments, including innovative and/or complex investments.

Affordable Housing Investments

MBNA Residential Mortgage Programs

MBNA has agreements with both MNC Mortgage Corporation (MNC) and Chase Manhattan Mortgage Corporation (Chase) through which MBNA provides funding for below market rate mortgage loans to first time homebuyers in Delaware. MBNA funding is provided through its purchases of GNMA mortgage backed securities from MNC and Chase. Mortgage loans are FHA insured or VA guaranteed, and borrowers are required to complete a homebuyer's counseling program offered by MBNA jointly with MNC and Chase, or counseling provided by a HUD recognized housing counseling provider. From 1996 to 1998, MBNA purchased GNMA securities totaling \$143.2 million. During this time period, MNC and Chase originated 1,661 mortgage loans in Delaware, including 1,397 loans in NCC under their programs with MBNA. Through these investments, MBNA has taken a leadership role in funding affordable mortgages in its assessment area. For 1997, MBNA funded mortgage loans represented 4% of the total number of home purchase loans originated in Delaware, and 5% of the total

number of home purchase loans in NCC. Bank provided data through June 1998 shows MBNA funded mortgage loans representing 10% of the total number of mortgages originated in NCC.

As of December 31, 1998, MBNA held \$167.5 million in GNMA securities backed by affordable mortgages originated under its programs with MNC and Chase.

Delaware State Housing Authority (DSHA) Bond Programs

DSHA offers below market rate mortgage loans, and settlement cost assistance to low- and moderate-income first time homebuyers in Delaware through the sale of tax-exempt bonds. During the evaluation period, MBNA invested \$2.0 million in DSHA's Second Mortgage Assistance Loan (SMAL) Mortgage Revenue Bond Program. The SMAL program provides soft second mortgages up to \$5,000 to low-income homebuyers in NCC to cover closing costs. The bank's investment will assist at least 400 low-income borrowers obtain affordable housing. MBNA also invested \$138 thousand in DSHA's Family Assisted Interest Rate (FAIR) Bonds which subsidize below market rate mortgages to low-income, first time homebuyers in Delaware.

As of December 31, 1998, MBNA held \$2.7 million in DSHA bonds. MBNA is the lead financial institution investor with respect to the purchase of DSHA SMAL and FAIR bonds.

Delaware Community Investment Corporation (DCIC)

DCIC is a multi-bank Community Development Corporation engaged in the financing of affordable housing developments primarily for low- and moderate-income persons throughout Delaware.

MBNA is among the top investors in DCIC's Delaware Equity Fund for Housing II (DEFH II). DEFH II, which totals \$14.5 million, represents DCIC's second equity fund and is used in conjunction with private and public financing for the development of affordable housing throughout Delaware. DEFH II will invest as the limited partner in multifamily rental housing developments that qualify for Federal Low-Income Housing Tax Credits. Fourteen financial institutions participate in DEFH II, with MBNA committed to invest \$3.0 million representing 21% of the Fund. From 1996 to 1998, MBNA was requested to advance \$941.4 thousand under its commitment. In addition, MBNA advanced \$614.3 thousand under its prior \$1.3 million commitment to the first Delaware Equity Fund for Housing (DEFH I). This \$10.6 million fund has been used to invest in five separate projects providing 290 new affordable housing units located in Dover, Milford, Rehoboth Beach and Christiana.

MBNA committed \$250.0 thousand to the DCIC's \$1.5 million Tax-Exempt Bond Fund. The fund will purchase tax-exempt bonds issued to develop affordable rental housing in Delaware. DCIC had not purchased any bonds during the evaluation period; therefore, no advances have been requested from MBNA.

Low Income Housing Tax Credit Limited Partnerships

MBNA also supports affordable housing development on a national basis. From 1996 to 1998,

MBNA CDC invested \$66.8 million in over 20 affordable housing limited partnerships (Section 42 Low-Income Housing Tax-Credit partnerships). In making these investments, MBNA has targeted several projects in areas where it has a significant presence, such as Texas and Maine.

Grants Supporting Affordable Housing

During the evaluation period, MBNA extended grants totaling \$4.3 million to 13 organizations with affordable housing programs in NCC. An additional \$203 thousand was given to eight (8) organizations engaged in affordable housing in other parts of Delaware. The types of programs supported by MBNA's financial contributions include housing for low- and moderate-income senior citizens; shelters and outreach services for the homeless; housing rehabilitation and counseling services for low- and moderate-income individuals; and housing and related support services for pregnant low- and moderate-income women.

Economic Development Investments

First Union Small Business Loan Program

MBNA maintains a \$2.0 million, reduced rate certificate of deposit with First Union targeted for below market rate loans to businesses in New Castle County. The deposit was first placed with CoreStates Bank in 1994, with a commitment in 1995 to place an additional \$3.0 million when loan demand warrants. The loan fund is revolving; so as loans are repaid, funds become available for new loans. Eligible businesses must be located in designated Business Development areas, and meet restrictions on gross sales and total employees. Since 1996, loans totaling \$942.6 thousand were made to eight businesses. Since the fund's inception, 46 loans totaling \$3.4 million have been originated.

Small Business Investment Company (SBIC) Investments

MBNA and its CDC provide venture capital to small businesses through equity investments in SBICs targeting businesses in the Mid-Atlantic States, including NCC. Since 1996, investment commitments totaling \$12.5 million were made to five SBICs in addition to other small business and community development venture capital funds whose activities encompass MBNA's assessment area. Actual investments have totaled \$7.5 million on these and prior commitments.

During the evaluation period, MBNA invested in the Intrust USA venture capital fund. Intrust USA has historically focused on establishing state specific affordable housing equity funds. The Bank's innovative investment enabled Intrust to establish and manage community-development venture capital funds in Delaware and Texas. Also during the evaluation period, MBNA CDC made an innovative investment in Zero Stage Capital, an SBIC that targets small businesses from the Mid-Atlantic states through northern New England. As a result of the CDC's lead investment, Zero Stage Capital committed to placing an SBIC investment professional in the State of Maine and the investment amount was able to be leveraged with up to \$10 million of SBA funding.

Shorebank Corporation

Shorebank Corporation is a bank holding company located in Chicago, Illinois. Its principal operating subsidiary is South Shore Bank of Chicago. The primary purpose of the Corporation is, through its affiliates and subsidiaries, community and neighborhood development and renewal. The primary beneficiaries have been low- and moderate-income families residing in neighborhoods in Chicago, Cleveland, Detroit, and rural communities located in the upper peninsula of Michigan and along the coast of the Pacific Northwest. In 1996, MBNA invested \$1.03 million in a private stock offering (non-voting common stock) by Shorebank Corporation. Proceeds of the offering financed the acquisition of Indecorp, Inc., a minority-owned bank holding company also located in Chicago. The acquisition is considered to be well suited to Shorebank Corporation's community development expansion objectives in Chicago. MBNA also placed a \$500,000 deposit with Shorebank & Trust Company (now Shorebank, Cleveland), a community development bank located in the city of Cleveland. The certificate of deposit has been renewed each year since 1996, with 3% of the interest earned on the deposit (\$15,000 annually) paid to a "Model Block Program" which creates homeowners associations/block clubs within targeted areas to enhance the effectiveness of real estate development initiatives.

Grants Supporting Economic and Community Development

During the evaluation period, MBNA extended grants totaling \$4.2 million to support economic and community development in NCC. An additional \$883 thousand was given to organizations engaged in economic and community development in other parts of Delaware. The types of programs supported by MBNA's financial contributions include: day care facilities and subsidies for children of low- and moderate-income families; educational grants to low- and moderate-income disadvantaged students; job training for low- and moderate-income individuals including the disabled; and support for a small business resource center.

Through its grant program, MBNA partnered with a non-profit organization interested in constructing a day care center in the City of Wilmington for children of low- and moderate-income parents returning to the work force. Rather than committing funds to assist the non-profit's capital campaign to acquire property and develop the site, as is the typical operating practice for financial institutions, MBNA constructed the entire facility and then leased the building to the non-profit at a subsidized rent. This innovative partnership also enabled the non-profit to focus on its organizational goals of assisting low- and moderate-income families during the construction of the day care facility.

Community Development Lending

MBNA advanced \$4.9 million under its lending commitments to community development programs, including five programs in the State of Delaware. Community development loans are described below, including several with innovative and/or complex features.

Affordable Housing Lending

Delaware Community Investment Corporation (DCIC)

MBNA participates in DCIC's loan pools to finance affordable rental housing development in the state of Delaware. In 1998, the bank made a substantial commitment of \$3.0 million to DCIC's second loan pool (DCIC Housing Loan Fund II). MBNA is among 26 financial institutions participating in this loan fund, and its commitment represents 10.5% of the fund which totals \$28.6 million. MBNA's advances to this loan pool, and to DCIC's first loan fund (DCIC Housing Loan Fund I) totaled \$273 thousand during the evaluation period.

MBNA also participates in DCIC's Community Investment Loan Fund (CILF). The CILF was established to assist in the development of commercial real estate activity which contribute to the revitalization of distressed communities throughout Delaware. MBNA has committed \$250.0 thousand to the CILF, advancing \$24.1 thousand during the evaluation period.

Economic Development Lending

Delaware Innovation Fund (DIF)

DIF is a state-sponsored, non-profit venture capital fund established as a public-private sector initiative to provide financing and technical assistance to pre-seed and early stage businesses in the State of Delaware. The DIF encourages its portfolio companies to target employment and operations to low- and moderate-income communities. In 1997, MBNA committed to loan \$3.0 million to DIF at a below market rate over a three year period. The bank was innovative and flexible in setting the terms of its lending agreement with DIF. Because of the perpetual nature of DIF, and the funding terms it provides to its portfolio companies, MBNA had to devise a loan structure that would reflect DIF's cash flow pattern while providing reasonable assurance of repayment. The term of the loan is 15 years (from each draw date), and interest is at 2% which is deferred for two years after each draw down in order to match the cash flows to DIF from its portfolio companies. DIF has drawn down \$500.0 thousand under its note through December 31, 1998.

National Community Investment Loan Fund (NCIF)

NCIF is a non-profit charitable trust that invests in smaller financial institutions that have been certified as Community Development Financial Institutions in areas where MBNA has a presence, primarily the region of the United States extending from Chicago, through Delaware, to Northern New England. In 1998, MBNA loaned NCIF \$4.0 million at a below market rate of 1% to fund its investments in CDFIs. MBNA is one of two banks participating in this fund.

First State Community Loan Fund (FSCLF)

FSCLF is a certified Community Development Financial Institution that provides loans and technical assistance to small businesses and affordable housing developers in Delaware. In 1998, MBNA loaned FSCLF \$100.0 thousand at a below market rate of 3%, to fund loans and provide technical assistance to small business owners in distressed or underserved communities throughout Delaware.

MBNA was awarded \$451.0 thousand in 1998 under the U.S. Department of the Treasury Bank Enterprise Award Program for its innovative loans to NCIF and FSCLF. The award serves to recognize financial institutions for investing in CDFIs, and increasing their lending and other services in distressed communities. This award further demonstrates MBNA's responsiveness to community development needs through flexible and affordable loans.

Community Development Services

MBNA has a high level of community development services, which adequately respond to the credit, community, and economic development needs in their assessment area. MBNA management are active participants in over twenty community development related services which benefit the assessment area.

MBNA's community development services are targeted to low- and moderate-income individuals and focus on promoting affordable housing, or serve to revitalize or stabilize low- and moderate-income geographies in their assessment area. MBNA's participation includes: lending employees to community service groups, providing financial-related expertise to community groups, participation on the Board of Directors of community groups, and programs developed in house. Some of the more complex and innovative community development services include the Center for Career Excellence, the Ministry of Caring and affiliation with Community Housing Inc. The following is a discussion of these services and other notable community development services.

The Center for Career excellence is a program developed by MBNA. Through this program, low- and moderate-income individuals can receive career counseling and possibly take advantage of financial service employment opportunities at MBNA. Community groups refer participants to MBNA for this program. Since its inception in 1996, 82 individuals, referred by community groups, have participated in this program. The complexity of the program stems from the amount of resources MBNA has brought to bear in the development and on-going maintenance of this program. We are unaware of a similar service available in the assessment area.

MBNA together with a mortgage company conducts ongoing homebuyers counseling seminars. The seminars are geared to first time homebuyers and they are open to the community including low- and moderate-income individuals. During the period of September 1995 to December 1998 over 700 individuals participated in these seminars.

MBNA is an active participant in the Cornerstone West Project. The goal of the project is to increase owner occupied housing in Wilmington's West End, a low- and moderate-income area, through the renovation and sale of approximately 60 homes. MBNA's participation has included the development of a marketing plan to obtain subsidies and grants for the project, and assisting with renovation plans.

MBNA is actively involved with the Ministry of Caring. This group provides housing and social services to low-income individuals. In addition to Board participation and providing advice on financial matters, MBNA personnel have provided their expertise to facilitate a HUD grant application for affordable housing, and the building of a day care center. The service is complex given the level of participation and ongoing support MBNA has provided.

Another responsive community development service stems from MBNA's affiliation with Community Housing Inc (CHI). This community group focuses on providing decent, affordable housing and housing services to low-income individuals and families in NCC. In addition to sitting on the Board and providing advice on finance and housing matters, MBNA management has provided computer and software guidance to CHI.

Compliance with Anti-Discrimination Laws and Regulations

No violations of the substantive provisions of anti-discrimination laws and regulations were identified as a result of a concurrent fair lending examination. This review included a comparison of approved and denied credit card applicants for evidence of disparate treatment on a prohibited basis. MBNA maintains sound policies, training programs and control systems to prevent illegal lending discrimination in the conduct of its credit card lending.

Scope of Examination

Time period reviewed	1/1/96 to 12/31/98		
Financial Institution MBNA America Bank, N.A.			Products Reviewed Community Development Investments, Loans and Services
Affiliate(s)	Affiliate Relationship		Products Reviewed
MBNA Community Development Corporation	Affiliate		Community Development Investments
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
New Castle County, Delaware MSA 9160	On-site	None	None