

Public Disclosure

June 14, 1999

Community Reinvestment Act Performance Evaluation

**FCC National Bank
Charter Number: 17762**

**300 King Street
Wilmington, Delaware 19801**

**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 FCC National Bank. It does not include information about or is intended to represent a CRA evaluation of First USA. This evaluation was prepared by staff of **The Office of the Comptroller of the Currency (OCC)**. The OCC served as the institution's supervisory agency as of the date this evaluation was completed (**June 14, 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.

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

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.

Tier 1 Capital - The total of common shareholders equity, perpetual preferred shareholders equity with non-cumulative 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 non-interest income.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from May 1, 1995 through March 31, 1999. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the bank's option, we also considered community development activity provided by its affiliates. At the previous examination dated April 30, 1995, FCC National Bank (FCCNB) received a CRA rating of "Outstanding."

Institution's CRA rating:

FCCNB is rated Satisfactory.

The major characteristics that support this rating are:

- FCCNB has extended an adequate level of community development lending, community development services, and qualified investments.
- FCCNB has demonstrated occasional use of innovative qualified investments, and complex community development services.
- FCCNB has demonstrated excellent responsiveness to credit and community development needs in its assessment area.

Description of Institution

FCCNB, based in Wilmington, Delaware, is a direct, wholly-owned subsidiary of Bank One Corporation ("Bank One"), headquartered in Chicago, Illinois. Bank One is the fourth-largest bank holding company in the United States with assets exceeding \$260 billion. Prior to October 2, 1998, FCCNB was a subsidiary of First Chicago NBD Corporation. First Chicago merged with Banc One Corporation to form Bank One on **October 2, 1998**. Some charter consolidation has occurred since the merger of these two large banks. Therefore, **it is important to note that this document does not include information about or represents a CRA evaluation of First USA, which is the new credit card bank for Bank One.**

FCCNB's primary business is to acquire and maintain Visa and Mastercard credit card accounts and unsecured check credit throughout the United States. The Bank ranks among the largest issuers of credit cards in the United States. FCCNB's principal and only office is located in Wilmington, Delaware, with operating centers in Elgin, Illinois and Uniondale, New York. At March 31, 1999, the Bank's assets totaled \$11 billion, and managed assets approximated \$20 billion. FCCNB actively securitizes credit card assets. Since 1996, the

Bank has securitized \$34 billion of its credit card receivables.

FCCNB partly funds its operations through deposits which are solicited nationwide through broker networks. Deposits are primarily in the form of money market deposit accounts and large certificates of deposit. As of March 31, 1999, deposit balances totaled \$995 million.

Major affiliates of FCCNB include First USA Bank, N.A., a leading credit card issuer; The First National Bank of Chicago, a \$74.2 billion full-service financial institution; and various Bank One National Associations in West Virginia, Illinois, Ohio, Colorado, Indiana, Oklahoma, Louisiana, Arizona, Texas, Utah and Kentucky and other bank affiliates in Wisconsin, Michigan and Florida. These full service bank affiliates have combined total assets approximating \$120 billion. Also affiliated with FCCNB, is Banc One Community Development Corporation (“Banc One CDC”) which makes investments and loans to support community development in states where Bank One affiliates or subsidiaries are located. At the bank's request, we considered community development investments made by Banc One CDC. There are no operating subsidiaries under FCCNB.

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

Table 1: Financial Information (000’s)

	Year-end 1996	Year-end 1997	Year-end 1998	Most Recent Quarter-end 3/31/99	Average for Evaluation Period
Tier 1 Capital	\$1,029,630	\$1,194,041	\$1,201,981	\$1,266,768	\$1,173,105
Total Income	\$2,053,558	\$2,061,054	\$2,290,053	\$2,534,704*	\$2,234,842
Net Operating Income	\$257,979	\$258,613	\$568,944	\$655,148*	\$435,171
Total Assets	\$9,650,287	\$10,155,215	\$10,847,599	\$11,280,014	\$10,483,279
Managed Assets	\$18,539,847	\$18,794,501	\$18,411,885	\$19,830,282	\$18,894,129

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

*Annualized Data

There are no known legal or financial factors which have impeded the Bank’s ability to help meet the credit needs of its assessment area. In June 1996, FCCNB’s application for a

waiver from the Financial Center Development Act's (FCDA) restriction on competing for customers in Delaware, was approved by the state bank commissioner. The Bank had been subject to this restriction since 1987. The FCDA continues to restrict FCCNB's ability to open more than one office in Delaware. FCCNB received its Limited Purpose designation for CRA evaluation purposes on August 7, 1997.

Subsequent Event

On July 19, 1999 FCCNB merged with First USA National Bank. FCC National Bank was the surviving entity in the merger, but the name of the bank was changed to First USA National Bank at the same time as the merger. The merger and name change are subsequent events, and therefore do not impact the evaluation. Also subsequent to this evaluation, the Bank significantly expanded the scope of its operation by offering banking services over the internet under the brand name of Wingspan Bank.

Description of Assessment Area

FCCNB designates New Castle County, Delaware ("NCC") as its assessment area, which is in the Wilmington-Newark Metropolitan Statistical Area 9160 ("MSA 9160"). 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 in Delaware with 441,946 or two-thirds of the state'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. 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. 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 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 significant impact on the economy. The largest industrial sector in Delaware is the financial services industry. As of 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.

Table 2: 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

FCCNB extended an adequate level of community development loans, community development services, and qualified investments based on the available opportunities in the AA and the bank's capacity. During the evaluation period, FCCNB and its Banc One CDC affiliate, made qualified investments and grants, and community development loans totaling \$58.4 million. In addition, as of March 31, 1999, the Bank held \$13.8 million in qualified investments and community development loans which it made prior to the evaluation period.

During the evaluation period, FCCNB made binding, up-front commitments for qualified investments and community development loans totaling \$3.0 million, of which \$2.5 million remains unfunded. On prior period binding commitments, \$583 thousand remains to be funded. Advances against the unfunded portions of these binding commitments were not requested during the evaluation period. FCCNB's senior officers and employees have provided their financial expertise to community development organizations through their memberships and active participation in over 15 organizations serving Delaware and/or NCC.

The Bank occasionally used innovative qualified investments and often served in leadership roles in extending community development services. The CRA Officer has been involved in furthering the initiatives of several community development organizations, and was the driving force in initiating a complex community revitalization project

FCCNB exhibited excellent responsiveness to the affordable housing and economic development needs of its NCC assessment area through its community development loans, community development services, and qualified investments. Through its purchase of mortgages, the Bank assisted in meeting the mortgage credit needs of low- and moderate-income individuals. The investment and grant related programs developed or supported by the Bank have often substantially impacted the creation of affordable housing opportunities and have promoted economic development throughout NCC. FCCNB's community development services have helped address the affordable housing needs of rural areas, and the revitalization of a distressed housing community.

Since FCCNB's 1995 CRA examination, aggregate community development investments, grants and loans, on average, have grown commensurate with the average growth in the Bank's managed assets. This growth was led by the Bank's community development lending, which has increased over 30% since 1995.

Qualified Investments and Grants

FCCNB made \$11.6 million in qualified investments, and extended \$2.4 million in qualified grants during the evaluation period. These investments and grants benefit NCC, and/or the surrounding areas within the Mid-Atlantic region. In addition, the Bank made fair share contributions to Consumer Credit Counseling Service organizations across the country totaling \$24 million.

Table 3 provides a breakdown of the Bank's qualified investments and Table 4 shows the bank's investments in relation to its financial capacity to meet community development needs.

Table 3: Qualified Investment Activity

	(000)
Originated Investments	\$35,614
Originated Grants	\$2,400
Prior Period Investments	\$5,312
Total	\$43,326

Current period activities are recorded at the original amount of the investment.

Table 4: Qualified Investment Percentages

	(%)
Total Investments/Average Tier 1 Capital	3.7%
Total Investments/Average Total Income	1.9%

Total Investments/Average Total Assets	.4%
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Described below are the most significant qualified investments.

Non-profit Venture Capital Firm

A private, nonprofit venture capital firm was established in 1995 as a public/private sector initiative to assist in the initial capitalization of pre-seed and seed stage companies in Delaware, as well as providing technical assistance to these companies. The mission of the organization is to provide technical and financial assistance to Delaware’s emerging companies, which have the potential to launch innovative products and processes into national markets, create new jobs, and make a significant contribution to the economic diversity of Delaware’s communities. The organization provides early stage investment funding in the form of long term debt with royalty-based paybacks, and provides technical assistance through business counseling, entrepreneurial seminars and professional resources.

During the evaluation period, FCCNB issued a creative “challenge” pledge in which the Bank invested \$300,000 in permanent equity to the Venture Capital Firm, with additional investments in the form of matching funds in increments of \$50,000 for every \$100,000 of equity capital raised by the organization, up to \$600,000. This “challenge” was met, and FCCNB advanced a total of \$600,000 during the evaluation period.

Low-income Housing Tax Credit Project

This direct low-income housing tax credit investment project assisted in the substantial rehabilitation of two three-story vacant buildings located in the City of Wilmington. The renovated structure consists of ten units of transitional housing for homeless or formerly homeless men and women with serious mental illness and alcohol issues. The single-room occupancy units are provided to very low-income persons. The project was developed by one of the largest social service agencies in Delaware, and empowers the people being served to achieve increasing levels of independence, and to obtain access to quality health care and competitive employment opportunities.

During 1998 FCCNB advanced \$486 thousand in equity to this project. The financing included an innovative combination of Low-Income Housing Tax Credits, HUD Supportive Housing funds, and grants from local governments, corporations and foundations. The Bank took a lead role in providing the final stage financing needed to complete the project.

Delaware State Housing Authority (DSHA) Mortgage Revenue Bonds

The goal of the DSHA is to provide and assist others to provide affordable and decent housing to low- and moderate-income families throughout the state of Delaware. One method that the DSHA utilizes to meet this objective is to provide below market rate mortgages to low- and moderate-income first time homebuyers. DSHA finances these mortgages through the sale of tax-exempt bonds. The DSHA uses the proceeds of these bonds to provide below market interest rate mortgage loans to eligible borrowers that meet low- to moderate-income requirements. The DSHA targets areas that include low income or economically distressed communities. This investment vehicle further expands affordable housing acquisition opportunities for residents of Delaware.

During the evaluation period, FCCNB purchased \$9.4 million in DSHA single family mortgage revenue bonds. FCCNB's total DSHA mortgage revenue bond portfolio investment, less bond maturities and those bonds partially called, is \$14.2 million.

Delaware Community Investment Corporation (DCIC)

DCIC is a multi-bank community development corporation whose purpose is to serve as a vehicle for community revitalization designed to address the needs of low-to-moderate income persons throughout the state of Delaware. DCIC equity funds assist in the acquisition, construction, and rehabilitation, of low-income multi-family housing developments located in the state of Delaware that are eligible for federal low-income housing tax credit programs. The DCIC Equity Fund for Housing II (DEFH II) was established in 1996. DEFH II has assisted in the construction of 9 multi-family housing developments and 434 units of affordable housing throughout the state of Delaware, including New Castle County.

During the evaluation period, FCCNB made a binding, up-front commitment to invest \$1 million in the DCIC Equity Fund for Housing II. FCCNB has advanced \$182 thousand under its binding commitment. Prior to this evaluation period, FCCNB made a \$250 thousand binding commitment to the DCIC Equity Fund for Housing I (DEFH I). During the evaluation period, advances under DEFH I totaled \$118 thousand.

Consumer Credit Counseling Service (CCCS)

CCCS is a nationwide not-for-profit organization established to teach consumers about money management, using credit wisely and how to overcome financial difficulties. Most of the funding for CCCS comes from creditors that participate in debt management plans. The creditor remits a percentage of the borrower's payment (up to 15%) to CCCS. These debt management plans assist borrowers in repaying their debts. During the evaluation period the bank made fair share contributions to CCCS organizations across the country totaling \$24 million.

FCCNB also extended \$2.4 million in qualified grants to more than fifty organizations during the evaluation period. The Bank extended grants totaling \$1.5 million to twenty-one organizations with affordable housing programs, and over \$900 thousand to more than thirty organizations that support economic and community development.

FCCNB often uses its grant funding to develop partnerships and programs that are very responsive to the community development needs of its assessment area. The organizations that received grant support from FCCNB assist the local community through several initiatives including: affordable housing for low- and moderate-income families; transitional housing and services for the homeless; housing acquisition and rehabilitation; housing counseling services for low- and moderate-income individuals; nonprofit capacity building; and support for small business development initiatives. Described below are examples of significant community development grants that FCCNB provided during the evaluation period.

- During the evaluation period, FCCNB extended \$750,000 to six nonprofit housing counseling agencies. In 1998 alone, FCCNB provided over \$175,000 to housing counseling agencies. For four of these agencies, the Bank's funding represented approximately thirty percent of their combined housing counseling budgets, and assisted 295 low- and moderate-income families obtain \$18 million in affordable mortgages.
- FCCNB provided \$25,000 to a non-profit organization that develops and manages multi-family rental housing under the Section 15 Rural Rental Housing Program. The non-profit applied to the Rural Economic and Community Development Service (formerly known as Farmers Home Administration) to construct 12 units of housing to serve the needs of families and individuals with incomes less than 50 percent of the New Castle County median income. However, the organization experienced a \$25,000 funding gap in the construction of the project. If financial support to alleviate this gap could not be obtained, \$623 thousand in federal funding would have been re-allocated to housing projects outside of the state of Delaware. FCCNB proactively responded to this need and provided the necessary project funding. Without FCCNB's leadership role, the 12 units of affordable housing would not have been constructed.
- The Bank provided a total of \$50,000 to a local community development corporation (CDC) that provides community development services to a troubled low-income community, as part of a community revitalization effort. The CDC's primary focus is to stabilize homeownership in this community.
- During the evaluation period, the Bank provided substantial small business development support as evidenced by the following grants. FCCNB provided a total of \$100,000 to support micro loan programs and provided \$115,000 to a non-profit that supports the training and technical assistance needs of both new and existing small businesses.

- FCCNB provided over \$100,000 to a downpayment/settlement assistance program that provides financial assistance to low- and moderate-income first time homebuyers. The funding will assist more than 20 low- and moderate-income families obtain affordable housing.
- The Bank extended a \$40,000 grant to a non-profit housing developer. The grant provided a housing subsidy for the development of single-family homes constructed by the non-profit. This subsidy assisted eight low- and moderate-income families obtain affordable housing.

Community Development Lending

During the evaluation period, FCCNB originated \$20.4 million in community development loans. Table 5 provides a breakdown of the Bank's community development loans and Table 6 shows the Bank's community development loans in relation to its financial capacity to meet community development needs.

Table 5: Community Development Loan Activity (000s)

	Benefits AA
CD Loans Originated	\$20,363
CD Loans Outstanding from Prior Periods	\$8,541
Totals	\$28,904

Table 6: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	2.46%

Total CD Lending/Average Total Income	1.29%
Total CD Lending/ Average Total Assets	.28%

Described below are the Bank’s most significant community development lending programs.

Purchased Mortgages

FCCNB actively pursues the purchase of affordable housing mortgages from full service financial institutions. In 1999, the Bank expanded its mortgage purchase strategy to include mortgages made to Delaware residents living outside of the Bank’s NCC assessment area. The purchase of these loans enables the full service financial institutions to provide additional affordable housing mortgages to qualified residents of Delaware, including NCC.

During the evaluation period, FCCNB purchased a total of \$19.8 million in affordable mortgages. FCCNB purchased more than 200 affordable housing loans totaling \$15.5 million from the PNC Mortgage Corporation of America. The Bank also purchased 62 qualified community development affordable mortgage loans from Artisans’ Bank totaling \$4.3 million. The target market of the affordable mortgage loans purchased are borrowers with incomes less than 80% of the median area income. Of the mortgages purchased, more than 230 of the borrowers resided within New Castle County and 29 of the borrowers resided in either Kent County or Sussex County.

Delaware Community Investment Corporation (DCIC) Lending

DCIC has created several loan pools that support the development of multi-family housing for low-income families. These funds provide permanent construction financing to affordable housing developers. DCIC also provides technical assistance to developers who are typically involved with complex financing situations. FCCNB participates in DCIC’s Housing Loan Fund I and Housing Loan Fund II programs, which finance affordable rental housing development throughout the state of Delaware.

In 1998, FCCNB made a binding, up-front commitment of \$1 million to the DCIC Housing Loan Fund II. Advances against this binding commitment have totaled \$361 thousand. Prior to this evaluation period, FCCNB made a binding commitment of \$500 thousand to the DCIC Housing Loan Fund I. During the evaluation period, advances to Housing Loan Fund I totaled \$354,000.

FCCNB also participates in the DCIC Community Investment Loan Fund (CILF), which was established to provide the long term financing of commercial real estate projects, and to assist in the development of commercial real estate activity that contribute to the revitalization of targeted and distressed communities. This fund assists in filling financing gaps for commercial development projects that are not currently being met by existing financial institution lending programs. In 1998, this loan fund provided financing for a day care center that services 250 inner-city children from low-income families. During the evaluation period, FCCNB made a binding, up-front commitment of \$1 million to this fund, of which \$94 thousand has been advanced.

Community Development Services

FCCNB's community development services are targeted to organizations and programs that address the affordable housing and social services needs of low- and moderate-income individuals. The Bank also provides services to organizations that promote economic development through technical and financial assistance to small businesses, and job training for low- and moderate-income individuals. FCCNB's senior officers and employees have taken active roles through their Board and committee memberships in the organizations described below.

NCALL Research, Inc.

FCCNB's CRA Officer has maintained a leadership role in NCALL through his membership on the Board of Directors since 1981, and serving as the organization's President since 1997. His involvement with NCALL also demonstrates FCCNB's responsiveness to the affordable housing needs of Delaware's rural areas. NCALL's overall mission is to improve housing conditions of low- and moderate-income people primarily in rural areas. The organization's programs and activities include: housing development technical assistance, pre-development funds, and homeownership counseling throughout Delaware. In addition to the CRA Officer's oversight responsibilities and direct involvement in establishing policy and guidelines for NCALL's various activities, he has played a key role in advancing the efforts of the Delaware Rural Housing Consortium. This newly formed Consortium is comprised of seven rural housing organizations including NCALL, which are collaborating to address the affordable housing and related service needs of rural Delaware in creative and effective ways.

YWCA of New Castle County

A Senior Officer of FCCNB serves as President of the YWCA Board of Directors. Her contributions have included providing guidance on organizational policy, and developing positions on public policy issues. The YWCA is known for its aggressive community

service programs which include affordable transitional housing for the homeless; temporary housing for single women and troubled teens; child care for low- and moderate-income families; pre- and post-purchase housing counseling through its Centers for Homeownership; and job-related training for low- and moderate-income women, and assistance to small businesses through its Women's Center for Economic Advancement. The CRA Officer also holds a position on the YWCA's Advisory Committee to Centers for Homeownership.

Wilmington 2000 (now known as The Wilmington Renaissance Corp.)

The President of FCCNB served on the Board of Directors of Wilmington 2000 from its creation until his retirement in 1998. The Bank's Senior Vice President currently holds this Board position. The Bank's President was influential in the establishment of policy, and directing the organization's efforts to revitalize the City of Wilmington. An example of his leadership was organizing and chairing a successful trade fair to link women and minority-owned small businesses with representatives of local corporations. He subsequently chaired a women and minority-owned trade fair sponsored by the City of Wilmington and fully funded by FCCNB. In 1996, FCCNB received an award for its work in recruiting and providing technical assistance to these businesses.

First State Community Action Agency (First State)

FCCNB's CRA Officer is President of First State's Board of Directors. First State is the only federally recognized Community Action Agency in the state of Delaware. Community Action Agencies are nonprofit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's war on poverty. The majority of clients served by these Agencies are extremely poor with incomes below 75% of the federal poverty threshold. The federal government's Community Service Block Grant is a core source of funding for the Agencies. Through his board position, the CRA Officer has worked closely with executive staff in identifying resources and representing the organization at national, regional and state functions.

First State Community Loan Fund (FSCLF)

FCCNB's Community Development Officer is a board member of FSCLF and chairs the Technical Assistance Committee. FSCLF is the only not-for-profit community development financial institution in Delaware. It provides capital and educational services to businesses, and to affordable housing and community development projects throughout Delaware. The Community Development Officer's active involvement with FSCLF has included raising additional financial resources for the various loan pools that are administered.

The Challenge Program

The Challenge Program resulted from the initiatives of the Kalmar Nyckel Foundation. The Challenge Program focuses on building the self-esteem of low-income and troubled youth throughout the City of Wilmington, through various construction-related activities. The Bank's Senior Vice President was a member of the Board of Directors and he had a central role in procuring financial support for the Challenge Program. During 1998, FCCNB's CRA Officer initiated discussions with Challenge Program leadership to encourage creation of a housing construction entity, and also facilitated a meeting with the Inter-Neighborhood Foundation to encourage them to set aside at least one home scheduled for rehabilitation, for the Challenge Program.

In addition to its involvement in Boards and committees of community development organizations, FCCNB has been engaged in responsive and complex community development service initiatives. Several of these initiatives are described below.

Brookmont Farms

FCCNB's CRA Officer took the lead in organizing a task force comprised of bankers, educators, nonprofits and other service providers to work with NCC government on a redevelopment strategy for Brookmont Farms. The goal of the task force is revitalization, and increased homeownership in Brookmont Farms which contains over 540 homes, primarily affordable rental. Local government proposed to demolish the homes due to structural problems and high crime in the community, with no plan to address displaced low-income tenants. The revitalization of Brookmont Farms is a complex initiative due to the very distressed condition of the community, the significant lack of homeownership, and the need for a coordinated response that includes local government. FCCNB's CRA Officer is taking the lead in working with local government to declare Brookmont Farms a redevelopment area, which would ensure continuous availability of public financial support for the community.

First Time Homebuyer & Credit Awareness Workshops

Through the YWCA's Centers for Homeownership, FCCNB conducted two workshops attended by over 50 Bank employees seeking homeownership. The majority of employees attending the workshop were residents of low- and moderate-income areas in the City of Wilmington. The workshops provided these individuals with information and assistance from non-profit housing and credit counselors, realtors and mortgage lenders.

Training for Non-profits

FCCNB's CRA Officer instructs various modules for two courses held at the University of Delaware geared to local non-profit organizations engaged in affordable housing activities.

The CRA Officer lent his time and expertise to help develop the training modules for these courses, which include financial topics related to community development and building the capacity of non-profit organizations.

Cabean Square

FCCNB took a lead role in the formation of a partnership between two additional financial institutions (MBNA America N.A. and the Wilmington Trust Company) and a nonprofit organization that has served the Southbridge community, an economically distressed area of Wilmington. This partnership created a structure to provide flexible construction financing to the nonprofit organization, who will use the funding to rehabilitate nine abandoned properties (Phase I) and construct 18 (Phase II and Phase III) new single-family housing units. Development on this property, known as Cabean Square, began several years ago by a private developer who became financially insolvent and abandoned the project. All Cabean Square townhomes will be marketed to first time homebuyers that will be required to attend 14 hours of housing counseling during the mortgage approval process.

Compliance with Anti-Discrimination Laws and Regulations

A fair lending examination of FCC NB was performed in conjunction with the CRA review. The fair lending examination evaluated the credit scoring system used by the bank in evaluating applications for credit. The development of the scoring model was reviewed, as well as, how the model was validated and the extent that credit scores are overridden. No fair lending concerns were noted with the model or its implementation.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-Scope”).

Time Period Reviewed	May 1, 1995 - March 31, 1999	
Financial Institution		Products Reviewed
FCC National Bank Wilmington, Delaware		Community Development Loans and Services, and Qualified Investments
Affiliate(s)	Affiliate Relationship	Products Reviewed
Banc One Community Development Corporation	Affiliate	CD Loans & Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
New Castle County, Delaware (Within Wilmington-Newark MSA 9160)	Full Scope	MSA 9160 is comprised of two counties: New Castle County, Delaware, and Cecil County, Maryland.