



LIMITED PURPOSE

Comptroller of the Currency
Administrator of National Banks

Public Disclosure

Evaluation Period:
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Community Reinvestment Act Performance Evaluation

Bank of America, National Association (USA)
Charter Number: 22106
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Large Bank Supervision
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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, and should not 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.

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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 AA if (i) the activity benefits areas within the AA, or (ii) the activity benefits a broader statewide or regional area that includes the bank's AA. If a bank has adequately addressed the needs of its AA, then the OCC also considers activities submitted by the bank that benefit areas outside of its AA.

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 13 CFR 121.802(a)(2) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Financial Institution (CDFI) – Specialized financial institutions that work in market niches that have not been adequately served by traditional financial institutions. CDFIs provide a wide range of financial products and

services, including mortgage financing for first-time home-buyers, financing for needed community facilities, commercial loans and investments to start or expand small businesses, loans to rehabilitate rental housing, and financial services needed by low-income households and local businesses. In addition, these institutions provide services that help ensure that credit is used effectively, such as technical assistance to small businesses and credit counseling to consumers. CDFIs include community development banks, credit unions, loan funds, venture capital funds, and microenterprise loan funds, among others.

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 is in effect.

Low-Income - Income levels that are less than 50% of the MFI.

Low-Income Housing Tax Credit (LIHTC) - A program through which investors receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing for low income households.

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.

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.

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

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

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

Pass-Through Receivables – Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include “receivables attributable” and “receivables retained on balance sheet” as those terms are used 12 CFR 8.

Qualified Investment – A qualified investment is defined as any lawful investment, deposit, membership share, or contribution that has as its primary purpose community development.

Small Business/Small Farm - A business or farm that has \$1 million or less in gross annual revenues.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier I Capital – The total of common shareholders’ equity, perpetual preferred shareholders’ equity with noncumulative dividends, retained earnings and minority interests in the equity account of consolidated subsidiaries. [*Schedule RC-R – Regulatory Capital, line 3a(1) or UBPR, page 11A, “Net Tier One”*]

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income. [*Schedule RC – Balance Sheet, line 12 or UBPR, page 4, “Total Assets”*]

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income. [*Schedule RI – Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for banks with domestic offices only and total assets less than \$100 million, line 5c or UBPR, page 2, “Total Interest Income” and “Noninterest Income”*]

Upper-Income - Income levels that are 120% or more of the MFI.

Description of the Institution

Bank of America, National Association (USA) (Bank of America, USA), Phoenix, Arizona, is a wholly-owned subsidiary of Bank of America Corporation, Charlotte, North Carolina. At year-end 2001, the parent corporation had total assets of approximately \$587.9 billion and was the second largest financial services company in the United States. Its primary subsidiary, Bank of America, National Association, is the largest commercial bank in the country.

Bank of America, USA was designated a limited purpose institution in March 1998 and has only one office. The primary function of the bank is the issuance of consumer and small business credit cards under the Visa and MasterCard labels.

Through a process known as securitization, approximately 20% of credit card receivables have been used to create securities issued by trusts established by Bank of America Corporation.

At year-end 2001, the bank had total assets of almost \$22 billion. Aside from its chosen designation as a limited purpose institution, there exist no legal, financial, or other factors impeding the bank's ability to help meet the credit and other needs in its assessment area (AA).

At the request of the bank, and in accordance with provisions of the Community Reinvestment Act (CRA), this evaluation gives consideration to activities of other subsidiaries of Bank of America Corporation. These activities have been allocated to Bank of America, USA and are not attributed to other subsidiaries for the purpose of CRA evaluation.

Table 1: Financial Information (000s)

	Year-end 1999	Year-end 2000	Year-end 2001	Average for Evaluation Period
Tier 1 Capital	821,411	1,310,368	1,687,535	1,273,105
Total Income	2,619,450	2,798,763	3,549,073	2,989,095
Net Operating Income	1,160,219	1,058,234	603,086	940,513
Total Assets	11,333,461	16,143,557	21,858,206	16,445,075
Pass-Through Receivables	19,728,705	22,064,389	26,382,109	22,725,068

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

Bank of America, USA is located in Phoenix, Arizona, where its defined AA is the Phoenix-Mesa MSA. This AA meets the regulatory requirement for designation. The

median family income for the Phoenix-Mesa MSA is approximately \$53,000 per year, up from \$35,000 in 1990. Approximately 20% of the families in the Phoenix-Mesa MSA are low-income and another 18% are moderate-income. Approximately 11% of the population has income below the poverty threshold.

The economy of the Phoenix-Mesa MSA is supported by various light and/or high-tech industries, transportation, state government, and tourism, with many of the working poor employed in the hospitality industry.

The Phoenix-Mesa MSA has characteristics similar to many other large metropolitan areas. There is a mix of income levels, covering a wide range. The area has attracted many retirees and upscale vacationers, due primarily to its mild winter climate and interesting scenery.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	490	6.33%	24.90%	37.55%	30.41%
Families	582,829	19.86%*	18.36%*	23.15%*	38.64%*
Businesses	99,563	5.51%**	23.96%**	36.08%**	33.84%**

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data. *Represents families by income level. **Represents businesses by income level of census tract.

Critical credit needs in the Phoenix-Mesa MSA are reported by community contacts and others to lie in the areas of affordable housing and small business financing, with improved consumer knowledge and understanding being associated needs. This is like many other communities.

Description of the Evaluation Process

Evaluation Period/Products Evaluated

Unless otherwise noted, conclusions drawn throughout this evaluation are based upon bank performance during fiscal years 2000 and 2001. Consideration was given to loans, investments, and services that meet defined community development needs. At the bank's request, investment activity of bank affiliates was also considered in accordance with the CRA.

If a bank has adequately addressed its AA needs, the OCC considers community development (CD) activities the bank submits that benefit areas outside of its AA in the evaluation of its performance. The bank has adequately addressed the needs of the Phoenix-Mesa MSA, and therefore, outside-of-MSA qualified investments and CD loans were considered in evaluating its performance.

Ratings

The bank's rating is based upon an evaluation of its level and the complexity of CD loans, investments, and services within the Phoenix-Mesa MSA and of certain qualified loans and investments made in areas outside of the MSA.

Data Integrity

Community development loans, investments, and services submitted by bank management were verified to ensure that they met the regulatory definition for community development. This verification occurred in conjunction with a simultaneous review at Bank of America, N.A. as community development data integrity for both institutions is managed on a consolidated basis. Numerous items submitted for this combined review were excluded from this evaluation because they did not meet the definition or purpose of community development.

Community Contacts

This evaluation considers input received from community members as well as those obtained through other regulatory sources. In total, as part of the evaluation of this bank and its affiliate, Bank of America, N. A., we conducted or reviewed 134 contacts in 34 MSAs across the United States. As noted above, primary identified credit needs in the Phoenix-Mesa MSA are for affordable housing and small business financing.

Fair Lending Review

We reviewed Bank of America, USA's Fair Lending compliance as part of our ongoing supervision activities. These activities are performed in view of OCC's risk based supervision approach.

As part of our ongoing supervision activities, we request and evaluate information from the bank quarterly. The request includes information that is available about the bank's Fair Lending program including policy and organizational changes, training initiatives, and bank complaint statistics. We also analyze information annually, such as the bank's complaint data, for the appropriateness of lending patterns, potential problems with redlining or marketing, and issues with loan terms or conditions. A review of any Fair Lending complaints received by the OCC's Customer Assistance Group is included in our process.

During the evaluation period, we sampled credit card loan files, including credit card loan applications from 2000 and 2001. Our review did not identify any fair lending issues or concerns.

General Information and Overall CRA Rating

General Information

The 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 (LMI) 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 Bank of America, USA issued by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of December 31, 2001. The agency evaluates performance in AA(s), as they are delineated by the institution. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates a good level of community development lending, community development services, and qualified investment activity.
- The bank demonstrates occasional use of innovative or complex qualified investments, community development loans, or community development services.
- The bank demonstrates good responsiveness to credit and community development needs in the Phoenix-Mesa MSA.

Conclusions About Performance

Summary

- BofA ,USA has provided a good level of community development activities, consistent with its resources and the various opportunities available. Within the Phoenix-Mesa MSA, Bank of America, USA or its affiliates have provided qualified investments and services that have promoted and supported the provision of affordable housing, certain other credit needs, and education and counseling in the field of financial services for LMI consumers. Investments provided within the Phoenix-Mesa MSA have supported the addition of over 650

units of affordable housing for the community. Further, Bank of America, USA has made investments facilitating the development of over 400 additional units of affordable housing in areas outside the Phoenix-Mesa MSA. In addition to those investments, Bank of America, USA or its affiliates have made community development loans totaling approximately \$58 million in areas outside the Phoenix-Mesa MSA.

- The investments and community development loans and services provided by Bank of America, USA have occasionally demonstrated originality or creativity not ordinarily expected of a bank of its resource level. For the most part the investments, loans, and services are of types and structure generally accepted and utilized in the industry. In some cases Bank of America, USA has taken an important leadership position in accomplishing these community development activities.
- Bank of America, USA demonstrates a good level of responsiveness in providing investments and services to the Phoenix-Mesa MSA. The mix of activities is consistent with identified needs. The activities of Bank of America, USA have made a significant contribution to meeting identified needs in the community, and especially those of LMI persons and geographies. The provision of new affordable housing opportunities is especially responsive and directly beneficial to these persons and areas of the Phoenix-Mesa MSA.

Qualified Investments

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	23,140	590	23,730
Originated Contributions	267	14	281
Prior-Period Investments that Remain Outstanding	3,758	3,115	6,873
Total Qualified Investments	27,165	3,719	30,884

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	2.13	0.29	2.42
Total Investments/Average Total Income	0.91	0.12	1.03
Total Investments/Average Pass-Through Receivables	0.12	0.02	0.14

During the current period, the great majority of the bank's investments have supported affordable housing, directly meeting an established need in the Phoenix-Mesa MSA. These investments have included \$18.0 million investment in multi-family projects and a \$5.0 million investment in bonds to finance affordable single-family housing. In addition, a prior period investment that Bank of America, USA continues to hold provides financing for single-family affordable homes in an amount of almost \$2.0 million. Various other grants and contributions in varying amounts are primarily in support of programs that provide financial services education or other qualified services to LMI persons.

Qualified investments made outside of the Phoenix-Mesa MSA are in the state of Delaware. These investments are largely Low Income Housing Tax Credit investments. These investments provided significant incentive for the development of over 400 affordable housing units. Certain other investments provide qualified services for LMI persons.

Community Development Lending

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	0.00	7.10	7.10
Total CD Lending/Average Total Income	0.00	3.02	3.02
Total CD Lending/Average Pass-Through Receivables	0.00	0.40	0.40

[Note: Total CD lending equals the current period CD lending activity; average capital, income, and receivables are found in Table 1

Bank of America, USA has addressed significant lending needs outside of the Phoenix-Mesa MSA. Within the Phoenix-Mesa MSA, lending needs are addressed by a commercial banking operation of its affiliate, Bank of America, NA. Bank of America, USA has adequately met needs within the Phoenix-Mesa MSA through the provision of qualified investments and services. In accordance with provisions of the CRA for limited

purpose banks, Bank of America, USA has requested and received consideration in this evaluation of lending performed by its affiliate in areas outside of the AAs of both institutions.

The CD lending conducted on behalf of Bank of America, USA totals approximately \$90.0 million. This consists of approximately \$32.0 million in small business loans that, under the provisions of CRA, are meeting qualified CD purposes. In addition, some \$58.0 million in loans are for purposes of providing affordable housing, revitalization of LMI areas, or the provision of qualified services to LMI persons. These CD loans have been made in the states of Colorado, Hawaii, Louisiana, Michigan, and Montana.

Community Development Services

Bank of America, USA has established a good record of providing CD services within the Phoenix-Mesa MSA. Consistent with needs identified there, these services have been largely to provide financial counseling and education and to support affordable housing initiatives primarily directed toward LMI persons. These efforts have been conducted in conjunction with quasi-governmental agencies, private not-for-profit groups, and occasionally in conjunction with religious organizations. Bank of America, USA associates have applied their banking and financial services skills in providing all of these services totaling approximately 250 occurrences with 16 functions or organizations. Also, in accordance with an OCC policy this evaluation acknowledges participation of Bank of America, USA staff in local fundraising efforts for the benefit of victims of the attacks on September 11, 2001.