

Public Disclosure

April 4, 2005

Community Reinvestment Act Performance Evaluation

**MBNA America Bank, NA
Charter Number: 22381**

**1100 N. King Street
Wilmington, Delaware 19884**

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

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

Institution's CRA rating:

MBNA America Bank, NA is rated Outstanding.

The conclusions for the three rating criteria are:

- MBNA has a high level of qualified investments, community development loans and community development services.
- MBNA demonstrates excellent responsiveness to credit and community development needs in its assessment area.
- MBNA makes occasional use of innovative or complex qualified investments and community development loans, and extensively uses complex community development services.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from January 1, 2002 through December 31, 2004. We reviewed the level and nature of qualified investments, community development lending and community development services. At the bank's request, we also considered qualified investments made by its affiliates, MBNA Community Development Corporation and MBNA Foundation. At the prior examination dated March 18, 2002, we rated the bank Outstanding.

If a bank has adequately addressed its assessment area needs, the OCC considers community development activities the bank submits that benefit areas outside of its assessment area in the evaluation of its performance. The bank has adequately addressed the needs of its assessment area, and therefore, outside of assessment area qualified investments, community development loans and community development services were considered in evaluating its performance.

Description of Institution

MBNA America Bank, NA ("MBNA") headquartered in Wilmington, Delaware, is the principal subsidiary of MBNA Corporation. As of December 31, 2004, the bank had total assets of \$58.3 billion, comprising over 90% of the Corporation's consolidated assets. MBNA managed loans totaled \$94.6 billion, of which 85% are credit card loans. The bank securitizes approximately 72% of its consumer loan receivables. MBNA is the third largest bankcard issuer in the U.S., and the largest independent credit card issuer in the world. The bank is a recognized industry leader in affinity marketing, with endorsements from over 5,000 endorsing organizations and financial institutions. MBNA also offers a limited range of deposit products, as well as consumer loan, insurance and travel products. The bank operates two public branches in New Castle County, primarily for the use of employees as well as local customers of bank deposit products.

MBNA has two principal foreign subsidiary banks that primarily issue credit cards in the United Kingdom, Ireland, Spain and Canada. Other bank subsidiaries include: MBNA Insurance Agency, an insurance services company; MBNA Marketing Systems, a telephone sales and support company; and, MBNA Technology which provides information technology and support to MBNA affiliate companies. These subsidiaries do not have a significant impact on the bank's capacity for community reinvestment. MBNA affiliates include MBNA America Bank, Delaware ("MBNA Delaware"), MBNA Community Development Corporation ("MBNA CDC"), and MBNA Foundation. MBNA Delaware extends mortgage loans, small business loans in the form of business credit cards, and other secured consumer loan products nationwide. MBNA CDC was formed in June 1995 to support MBNA's community development activities. MBNA Foundation is a non-profit charitable entity. MBNA CDC investment activities and MBNA Foundation grant activities were considered in evaluating MBNA's CRA performance.

MBNA was designated a limited purpose bank for CRA purposes effective January 5, 1996 based upon its overall business strategy, primary focus and specific product offerings. There are no known legal or financial factors that impede MBNA's ability to help meet the credit and community development needs of its New Castle County assessment area.

Table 1: Financial Information (\$000s)

	Year-end 2002	Year-end 2003	Year-end 2004	Average for Evaluation Period
Tier 1 Capital	\$7,596,885	\$10,286,026	\$12,643,465	\$10,175,459
Total Income	\$10,169,890	\$11,382,566	\$11,885,411	\$11,145,956
Net Operating Income	\$2,655,041	\$3,513,459	\$3,970,630	\$3,379,710
Total Assets	\$50,342,433	\$56,495,866	\$58,268,872	\$55,035,724
Pass-Through Receivables	\$89,957,321	\$95,133,367	\$94,608,627	\$93,233,105

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. The designated geography is part of the Wilmington, DE-MD-NJ Metropolitan Division. The assessment area complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. Based on 2000 U.S. Census Bureau Data, NCC is the most densely populated county in Delaware containing 500,265 or 64% of the state's population. The cities of Wilmington (72,664) and Newark (28,547) represent the largest centers of population within NCC.

The assessment area contains 127 census tracts, of which one is not populated. There are ten low-income, 23 moderate-income, 61 middle-income, and 32 upper-income census tracts in the assessment area. All low-income census tracts and eight of the moderate-income census tracts are located in Wilmington. The 2004 HUD adjusted median family income for NCC is \$69,700.

There are a total of 199,521 housing units in NCC of which 95% are occupied and 5% are vacant. Seventy-nine percent are one-to-four family units and 19% are multi-family units. Sixty-six percent are owner-occupied and 28% are renter occupied. The average age of housing stock is 38 years. NCC's weighted average median housing value is \$138,361 and its weighted average monthly gross rent is \$682.

The economies of NCC and Delaware continue to transition to financial, professional and business services; and, education and health activities, replacing the large chemical companies who were historically the major private employers in the State. Delaware's business-friendly environment enhances the trend for additional job growth offsetting job losses from downsizing manufacturing and chemical concerns. The 2004 unemployment rates for NCC and Delaware were 4.1% and 4.3%, respectively, compared to 5.5% for the United States. Demographic data for NCC is presented in the table below.

Table 2: Assessment Area Description

	Number	Low %	Moderate %	Middle %	Upper %
Tract	127	7.87	18.11	48.03	25.20
Families	127,997	18.53*	17.33*	23.55*	40.59*
Businesses	28,755	14.77**	14.87**	42.18**	28.17**

Source: Demographic Data – 2000 U.S. Census, 2004 Dun & Bradstreet Data.

*Represents families by income level

**Represents income level of the census tract

Concurrent with this review, we held discussions with three community organizations to acquire their perspectives on community credit and development needs, related opportunities and the performance of financial institutions in helping to meet identified needs. We also reviewed records of contacts with local community groups completed during the past two years. Based on the results of these meetings and other sources, community development needs include the following: affordable housing and mortgage financing for low- and moderate-income households; special needs housing for elderly, disabled and homeless; homeownership and rental assistance programs for low- and moderate-income borrowers; financing programs to facilitate affordable housing and community revitalization; small business financing programs; and, education and counseling services on homeownership, credit and personal finance.

There are many community development investment, loan and service opportunities throughout Delaware and NCC. Numerous vehicles exist to support community development initiatives including low-income housing tax credits, mortgage revenue bonds, mortgage-backed securities, venture capital funds and community development corporations. There are also a variety of public and private programs in place to address the community development needs of low- and moderate-income individuals or families. Due to the presence of over 30 financial institutions in Delaware subject to CRA, including several large credit card banks, there is considerable competition for these community development vehicles.

Conclusions about Performance

Summary

- MBNA provides a high level of qualified investments, community development loans and community development services commensurate with its size and financial capacity, and available opportunities. Qualified investments and community development loans total \$873.0 million, a 20% increase that is above the rate of increase for average pass-through receivables (average managed assets) compared to the prior evaluation period.

In the evaluation period, MBNA made financial commitments totaling \$454.6 million for qualified investments and community development loans. The bank funded \$376.5 million under these and prior years' commitments. In addition, the bank contributed \$48.9 million to community development organizations and programs. Of total dollars extended in the evaluation period, \$217.7 million or 51% benefited MBNA's assessment area. An additional \$58.3 million in contributions were made to non-profit Consumer Credit Counseling Service (CCCS) Agencies throughout the United States.

- MBNA demonstrates excellent responsiveness to credit and community development needs of its assessment area. The bank substantially meets affordable housing needs through both qualified investments and community development loans. MBNA is among the largest financial institutions participating in investment and loan funds for affordable housing development in Delaware. Through fund participations, as well as direct qualified investments and community development loans, the bank extended \$22.3 million to 24 projects creating over 2,000 units of affordable housing for low- and moderate-income individuals and families, primarily in NCC. In addition, MBNA contributed \$1.9 million to many affordable housing programs for low- and moderate-income individuals and families. MBNA also supports affordable housing development nationally investing \$159.3 million in numerous affordable housing limited partnerships, many of which target states where MBNA has banking operations.

MBNA is also very responsive to home purchase and small business financing needs. Through qualified investments the bank funded 1,162 mortgage loans to low- and moderate-income borrowers predominantly in NCC. Also, MBNA made investments in 36 small business investment companies (SBICs), many of which target small businesses located in the assessment area.

MBNA is highly responsive to the needs of low- and moderate-income individuals and communities. The bank is strongly committed to enhancing educational opportunities for disadvantaged students as the only bank investor in State bonds to finance elementary schools attended primarily by students of low- and moderate-income families. In addition, through MBNA education programs, qualified grants were given to 269 elementary schools and more than 1,000 students, primarily low- and moderate-income. Over 100 community development organizations benefit from the bank's financial contributions, many of which provide housing and a variety of social services to low- and moderate-income populations.

MBNA employees provided community development services to over 30 organizations and programs, and more than 1,700 individuals received financial or home mortgage counseling through the bank's programs.

- MBNA makes occasional use of innovative or complex qualified investments and community development loans. The bank made initial investments in small business investment companies (SBICs) that were complex due to the extensive due diligence required for such investments. Additionally, the bank demonstrated leadership as one of the first institutions to commit to an innovative SBIC targeting Hispanic-owned small businesses, and to a multi-state venture capital fund focused on small businesses that provide employment opportunities to low-income individuals. The bank demonstrates extensive use of complex community development services through the leadership positions held by its officers and employees in community development organizations, the extensive financial expertise provided to these organizations, and employees' involvement in numerous financial education and home ownership counseling activities.

Qualified Investments

From 2002 to 2004, MBNA made qualified investment commitments totaling \$443.7 million and advanced \$361.4 million under these and prior years' commitments. Of total dollars invested, \$113.6 million or 31% were to community development projects and programs in NCC. An additional \$74.3 million or 21% of qualified investments were to community development projects and programs that focus on Delaware or the broader surrounding region. Because the bank adequately addressed the needs of its assessment area, credit is given for qualified investments to community development projects and programs that benefit areas outside of its assessment area totaling \$173.5 million. MBNA also provided \$48.9 million qualified grants that benefited more than 360 community development organizations and programs. An additional \$58.3 million in contributions were made to non-profit Consumer Credit Counseling Service agencies located throughout the U.S. The following tables exhibit total dollars of qualified investment and corresponding percentages.

Table 3a: Qualified Investment Activity (\$000s)

	Benefits AA	Outside AA	Totals
Originated Investments	187,953	173,472	361,425
Originated Grants	15,630	91,544	107,174
Prior-Period Investments that Remain Outstanding	231,404	157,859	389,263
Total Qualified Investments	434,987	422,875	857,862
Unfunded Commitments*	63,441	80,006	143,447

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

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	4.27	4.16	8.43
Total Investments/Average Total Income	3.90	3.80	7.70
Total Investments/Average Pass-Through Receivables	.47	.45	.92

Described below are the most significant qualified investments and grants made during the evaluation period based on dollars committed and advanced, responsiveness to community development needs, or features that are innovative and complex.

Affordable Housing

MBNA provided funding for mortgage loans to low- and moderate-income first time homebuyers in Delaware through purchases of mortgage backed securities from two financial institutions. Borrowers are required to complete a homebuyer's counseling program offered by MBNA jointly with the financial institutions or a HUD recognized counseling provider. From 2002 to 2004, the bank purchased GNMA securities totaling \$140.9 million, funding 1,162 mortgage loans. Over 70% of these loans are to low- and moderate-income homebuyers in NCC. For 2002 and 2003 combined, MBNA-funded mortgage loans represent 4% of the total number of home purchase mortgage loans originated to low- and moderate-income homebuyers in Delaware. If ranked individually, MBNA would place among the top ten lenders for the combined years. Aggregate mortgage lending data for 2004 is not yet available for comparison.

MBNA advanced \$4.8 million under its investment commitments totaling \$18.8 million to a multi-bank CDC. The CDC finances affordable rental housing developments in Delaware through equity funds and low income housing tax credit funds. MBNA is among the largest financial institution investors in the CDC's funds. In 2004, MBNA made a \$4.0 million commitment to a new fund for investments in "Section 42" low-income housing tax credit limited partnerships throughout Delaware. MBNA's investments with the CDC have helped finance nine affordable housing projects during the evaluation period, of which five are located in NCC.

MBNA advanced a \$4.6 million commitment to purchase Historic Tax Credits allocated by the State of Delaware to a building rehabilitation project in Wilmington. The building, located in a low-income census tract, includes 277 rental units and a parking garage. As part of the purchase, MBNA obtained the developer's commitment to maintain at least 51% of the units at rents affordable to low- and moderate-income individuals and/or families. In addition to providing needed affordable housing, the project is expected to contribute to the revitalization of the low-income geography in which it is located.

MBNA invested \$3.0 million in a tax-exempt mortgage revenue bond fund, the proceeds of which are used to finance affordable multifamily housing development throughout the United

States. MBNA's investment is allocated to a revenue bond that financed a multi-family property in NCC. The property consists of 220 rental units of which 124 or 56% are restricted to tenants earning less than 60% of the NCC median income, including 24 units set aside for seniors. The construction of the property was also financed with a low-income housing tax credit equity investment. The project has helped fill a void in NCC for affordable rental housing.

MBNA also supports affordable housing development on a national basis. From 2002 to 2004, MBNA CDC made investment commitments totaling \$162.6 million in 18 affordable housing limited partnerships ("Section 42" Low Income Housing Tax Credit Limited Partnerships). The bank invested \$159.3 million under these and prior years' commitments during the time period. In making these investments MBNA has targeted several projects in areas where it has operations, such as California and Texas.

Economic Development

MBNA and MBNA CDC provide equity capital to small businesses through investments in SBIC's targeting businesses in the Mid-Atlantic States, or throughout the United States. From 2002 to 2004, investment commitments totaling \$62.0 million were made to 22 SBICs. Actual investments totaled \$33.6 million on these and prior years' commitments to SBICs. These investments are complex due to the extensive due diligence required for initial investments in SBICs. In addition, MBNA demonstrated leadership as one of the first institutions to commit funds to a SBIC sponsored by the United States Hispanic Chamber of Commerce that targets Hispanic-owned small businesses. The bank's commitment spurred additional investors to the fund.

MBNA CDC was one of the first and largest institutional investors in a locally based New Markets Venture Capital Fund that invests in new, early stage and mature small businesses located in parts of Delaware, Pennsylvania and New Jersey. Businesses targeted for investments provide job opportunities, profit sharing and employee ownership to low-income individuals. Over 60 percent of invested businesses to date are located, or have been re-located to low-income geographies. The bank advanced \$750 thousand under a \$1.0 million commitment to the fund made in 2003.

MBNA purchased Qualified Zone Academy Bonds (QZAB's) issued in 2002, 2003 and 2004 totaling \$1.9 million by the State of Delaware. Bond proceeds are used to finance facilities and programs at Delaware elementary schools that primarily serve students from low- and moderate-income families. MBNA is the only Delaware bank that has purchased QZAB's, reflecting the bank's expertise in tax-advantaged transactions, as well as a commitment to educational programs for disadvantaged students.

Grants

During the evaluation period, MBNA extended qualified grants totaling \$48.9 million to over 380 organizations and programs, and to over 1,000 students. Contributions of \$47.0 million supported economic and community development such as grants to enhance educational

programs in 269 elementary schools located in low- and moderate-income areas and/or primarily serving students of low- and moderate-income families; scholarships, after-school and summer programs for low- and moderate-income students attending targeted schools in Wilmington; college scholarships of up to \$30,000 awarded to economically disadvantaged students in Delaware, Maine and Ohio; aid to numerous organizations providing support services to low- and moderate-income individuals, families, children, seniors and the disabled; assistance to neighborhood stabilization initiatives; and, support to recovery efforts in communities affected by the September 11 terrorist attacks. Contributions of \$1.9 million supported affordable housing and related programs that benefit low- and moderate-income individuals and families, including housing rehabilitation and neighborhood redevelopment programs, group homes, housing shelters and counseling services.

MBNA also provides substantial financial support to nonprofit consumer credit counseling service (CCCS) agencies located throughout the U.S. The dollars contributed to CCCS agencies help to fund consumer education and credit counseling services. During this evaluation period, MBNA made fair share contributions to nonprofit CCCS agencies totaling \$68.1 million. Based on statistical data, 85.6% of counseled individuals' have low- or moderate-incomes which equates to \$58.3 million of the bank's contributions providing benefits to low- and moderate-income borrowers.

Community Development Lending

MBNA committed to lend \$10.9 million to community development organizations and projects and funded \$15.1 million in the evaluation period under these and prior years' loan commitments. Community development initiatives in NCC, were supported by \$1.9 million or 13% of loan funding. An additional \$12.2 million or 81% of loan funding went to community development activities primarily in Delaware. In addition, the bank has \$8.4 million in unfunded loan commitments to community development activities primarily in Delaware. Because the bank adequately addressed the needs of its assessment area, it received credit for providing \$1.0 million for community development lending outside the assessment area. The following table exhibits percentages for total dollars of community development loans.

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	.15	.08	.23
Total CD Lending/Average Total Income	.14	.07	.21
Total CD Lending/ Average Pass-Through Receivables	.02	.01	.03

The following describes the most significant community development loans extended during the evaluation period based on dollars committed and advanced, responsiveness to community development needs or features that are innovative and complex.

MBNA advanced \$6.8 million under its lending commitments totaling \$12.3 million to a multi-bank CDC. The CDC provides financing for community development in Delaware through loan pools for affordable housing and commercial development. Several of the projects funded are described below.

- The bank is the largest participant in a \$6.5 million fund providing long-term real estate development financing to economically distressed communities throughout Delaware. Under a \$1.5 million lending commitment, the bank advanced \$646.2 thousand during the evaluation period towards four development projects in Wilmington. Financed projects, which benefit low- and moderate-income geographies and individuals, include a community center, full service medical facility, head-start program and charter school.
- The bank is among the largest participants in loan funds providing mortgage financing for low-income housing tax credit properties in Delaware. The bank committed \$3.0 million to a \$23.6 million fund established during the evaluation period. Advances to this fund, and under prior period funding commitments totaled \$3.2 million during the evaluation period. The bank's advances helped fund 14 affordable multi-family developments, producing 941 units of housing. Half of the housing developments which contain a total of 565 units, are located in Wilmington.
- The bank is the largest participant in two loan funds providing short-term financing to non-profit organizations with development projects in areas of Delaware targeted for revitalization. Advances during the evaluation period under prior commitments totaled \$2.8 million or 31% of funded loans. These advances helped finance three projects, including an 83-unit affordable housing project in Wilmington.

MBNA advanced a \$1.9 million below market rate (3%) bridge loan for construction of a community center in a low-income area of Wilmington. The community center, which is adjacent to a 78-unit affordable apartment complex, will include classrooms for educational programs, and a dining hall capable of serving 240 people. The center provides needed services to residents of a predominantly low-income community, as well as helps in the stabilization and improvement of the community.

MBNA provided a \$1.6 million mortgage loan at a below market rate for the first 20 years, to permanently fund an apartment complex housing low- and moderate-income seniors. The apartment complex, which consists of 70 units of affordable rental units, is located in Elkton, Maryland and draws residents from Cecil County, Maryland and NCC.

MBNA extended a \$1.0 million loan on favorable terms (i.e., 2% interest, 20-year term) to a 501(c)(3) tax-exempt nonprofit insurance company that provides reasonably priced liability insurance solely to 501(c)(3) non-profit organizations nationwide. The company has issued insurance policies to over 1,000 nonprofits in 18 states and Washington, DC. In Delaware, the company provides liability insurance to 28 nonprofits. MBNA's loan is used as surplus to write additional insurance policies. The bank's loan is instrumental to the company's growth since every \$1 million in added surplus enables it to write insurance for approximately 250 nonprofits.

Over 70% of all nonprofits insured service low- and moderate-income populations. Access to reasonably priced liability insurance helps these organizations fulfill their missions. MBNA has an outstanding commitment to lend an additional \$1.0 million to the company under the same favorable terms.

MBNA made a \$1.8 million loan on favorable terms (i.e., 0% interest, 20-year term) to a Delaware-based 501(c)(3) corporation that assists in identifying and/or developing financing options to acquire or build facilities for charter schools in Delaware. Delaware has one of the highest per capita private school participation rates in the nation, and many of the private schools are not affordable to low- and moderate-income families who are seeking alternatives to public schools. It is expected that the majority of charter schools assisted will primarily serve children from low- and moderate-income families. The proceeds of the bank's loan, along with other funding sources, established a guaranty mechanism that encourages banks or other lenders to provide needed financing assistance to such schools in the state of Delaware. MBNA was one of the first participants to commit to the corporation, and worked extensively on the loan structure that was subsequently employed by several other lenders to the organization.

Community Development Services

MBNA officers and employees actively provide their services to over 30 community development organizations and programs that serve low- and moderate-income individuals, families and communities. Through their involvement on the boards and committees of community development organizations, bank management and employees have been very responsive to credit and community development needs. Their services have supported a variety of community development initiatives covering affordable housing development and ownership, small business assistance, community revitalization, social services and financial counseling services. In addition, MBNA has maintained an arrangement with a mortgage company to conduct homebuyers counseling seminars. Bank employees are also utilized to teach financial management principles to adults and students through community based partnerships.

The following represents the most significant community development services provided during the evaluation period based on the number of low- and moderate-income individuals impacted, responsiveness to community development needs, or innovative/complex features.

Since 2002, the CRA Officer served as Chairman of the Delaware Community Investment Corporation (DCIC), a multi-bank CDC. The CRA Officer has led the organization's efforts to increase bank membership and financial commitments, and the development of new loan and equity funding programs. In addition, as Chairman of DCIC's Equity Investment Committee, he shares extensive experience in low-income housing tax credit transactions. For example, during 2004, DCIC formed its sixth equity fund in the amount of \$30 million dollars and closed 11 investors into the \$10 million New Markets Tax credit fund. The CRA Officer led the effort to structure the new equity fund offering to meet investor needs and expedite funding of the underlying affordable housing project. DCIC continues to expand beyond affordable housing to other areas of community development including the financing of a charter school, child-care centers, a medical center and a community center primarily serving low- and moderate-income

individuals. DCIC also has provided bridge loans, site acquisition loans, and loans for other enterprises that provide service to underserved and low- and moderate-income communities.

The CRA Officer serves on the Board of Community Housing Inc. (CHI) and since 2001 has continued as Chairman of the Board. CHI is a Wilmington based non-profit dedicated to providing decent affordable housing to low-income individuals and families in NCC. The CRA Officer also serves on the executive, property development, finance and fund raising committees providing expertise in housing finance related matters.

A bank employee serves on the Board of the First State Community Loan Fund (FSCLF) and another serves as a loan committee member. FSCLF is a not-for-profit community development financial institution specializing in small business, micro-enterprise and affordable housing development in the State of Delaware. FSCLF also administers the Delawareans Save Individual Development Account (IDA) Program, which assist low-income individual by matching their savings and offers business loan information sessions for business owners interested in ascertaining financing options.

Two bank employees serve on the Board of West End Neighborhood House (WENH), a multi-purpose community development organization. WENH provides housing services to low-income individual and families including security deposits for apartment rental, utility deposits and moving expenses. WENH also distributes food and clothing, and provides tutoring and before- and after-school care services.

An executive officer serves on the Board and Finance committee of the Ministry of Caring (MOC), an organization providing housing and social services to low-income individuals and families throughout Delaware. This employee is also Chairman of the Board of Sacred Heart Village, an affiliate of MOC that has developed an affordable housing complex in Wilmington for low-income elderly.

A bank employee serves on the Board of Sojourners Place, and chairs the Personnel committee. Sojourners place is an organization that provides substance abuse programs to low- and moderate-income people, most of whom have been homeless.

Employees from the bank's Financial Advisory Services (FAS) department provide counseling on financial matters to clients of many community development organizations that serve low- and moderate-income individuals and families. These services are targeted to provide financial insight to school age through adult attendees. Counseling sessions are held at the sites of various community organizations as well as elementary and high school locations. During the review period, approximately 1,461 participants have attended these sessions covering topics such as managing credit and money management, principles of financial success, teach children to save and economics.

MBNA continues to partner with a mortgage company to conduct free first-time homebuyer's seminars. The seminars are targeted to low- and moderate-income first time homebuyers. During the review period, 260 people attended these seminars.

Fair Lending Review

We found no evidence of illegal discrimination or other illegal credit practices.

Definitions and Common Abbreviations

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

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

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

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

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

Census Tract (CT) – Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD) – Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) – The statute that requires the OCC to evaluate a bank’s record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Geography – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Limited Purpose Institution – An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

Median Family Income (MFI) – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

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

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

Net Operating Income – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. [*Schedule RI - Income Statement, line 8 or UBPR, page 2, “PreTax Operating Income (TE)”*]

Pass-Through Receivables – Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8. [*If not already reported to the OCC, 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. [*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”*]