



## **PUBLIC DISCLOSURE**

October 10, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First North American National Bank  
Charter No. 22196  
1800 Parkway Place, Suite 500  
Marietta, Georgia 30067**

**Comptroller of the Currency  
Southeastern District  
Marquis One Tower, Suite 600  
245 Peachtree Center Avenue, N.E.  
Atlanta, Georgia 30303**

**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.

**institution.**

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## 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 Community Reinvestment Act (CRA) performance of **First North American National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 10, 1996**. 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.*

## INSTITUTION

**INSTITUTION'S CRA RATING:** This institution is rated satisfactory.

First North American National Bank (FNANB) has met its responsibilities under the CRA. FNANB's performance has been consistent with its designation as a limited purpose bank, its business plan, institutional capacity and technical expertise. FNANB has invested a total of \$300,000 in three minority owned banks.

### DESCRIPTION OF INSTITUTION:

FNANB, with its office located in Atlanta, Georgia, is a wholly owned subsidiary of Circuit City Stores, Inc, an electronic products retailer with national operations. Circuit City Stores, Inc. is headquartered in Richmond, Virginia. FNANB was chartered as a Competitive Equality Banking Act (CEBA) credit card bank in 1990. While also issuing a significant volume of Visa and MasterCard credit cards, the bank's primary mission is to process, pool, sell and service private label Circuit City credit cards. The private label cards provide credit to Circuit City customers and facilitate retail sale transactions. Both the bankcards and private label cards are issued on a national level with cards issued in the Atlanta area representing 3% of total cards issued in each portfolio and in the aggregate.

On February 8, 1996, FNANB was approved for designation as a limited purpose institution for purposes of CRA. Therefore, its CRA performance was evaluated under the Community Development Test.

CEBA credit card banks are restricted from performing many of the services and functions associated with full service banking. As a condition for obtaining its charter, FNANB must:

- o Engage only in credit card operations;
- o Not accept demand deposits or deposits that the depositor may withdraw by check or similar means of payment to third parties or others;
- o Not accept savings or time deposits of less than \$100,000;
- o Maintain only one office that accepts deposits; and,
- o Not engage in the business of making commercial loans.

The foregoing prohibitions and conditions for operation significantly limit FNANB's ability to participate in community development activities for CRA purposes. The bank may not

engage in community development lending thereby removing this as one of its three options for participating in community development. Additionally, the bank's ability to provide community development services, such as financial expertise to organizations, is currently limited. While the bank employs 200 people, almost all are involved in highly specialized areas such as processing applications, customer service, fraud investigations or other support functions. The expertise to provide credit counseling or other such community development service currently exists only on a limited basis. Because of the foregoing, FNANB chose to meet the community development test through the investment option.

FNANB had total assets of \$238,991,000 as of March 31, 1996. The bank's assets consist primarily of the seller's interest in pools of securitized credit card receivables. The seller's interest is retained as a credit enhancer for the securitized receivables. These assets are funded entirely by inter-company payables due to the parent company. As stated above, FNANB does not accept either retail or wholesale deposits.

FNANB had net income of \$42 million for the fiscal year ending February 29, 1996. Almost all of the income is generated from servicing fees associated with the securitized credit cards. Approximately \$1,274,000 of FNANB's net income can be attributed to credit cards originated in the Atlanta area.

### **DESCRIPTION OF THE ASSESSMENT AREA**

FNANB has designated the Atlanta Metropolitan Statistical Area (MSA) as its assessment area. The MSA consists of twenty counties with a total of 504 census tracts. 12% of the tracts are designated as low income, 23% moderate, 38% middle and 25% upper income. Of the 784,394 families in the MSA, 19% are low income, 18% moderate, 24% middle and 39% upper income. The 1996 U.S. Department of Housing and Urban Development (HUD) estimated median family income for the Atlanta MSA at \$52,100.

We reviewed prior community contacts performed by the OCC and other regulatory agencies. The primary needs within the assessment area are affordable housing for low and moderate income individuals, small business loans, and revitalization of various distressed areas.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE :**

FNANB was evaluated based on its record of providing community development investments. The bank is prohibited from making or purchasing community development loans and the bank has not provided community development services. CRA defines community development as affordable housing for low- and moderate-income individuals, community

services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses and farms, and activities that revitalize or stabilize low or moderate income areas.

FNANB participates in qualified investments at a reasonable level consistent with its resources. The bank has invested \$100,000 in certificates of deposit in each of three minority banks. These banks facilitate lending in low- and moderate-income areas and to low and moderate income individuals. All three banks are located in FNANB's assessment area and the total investment is \$300,000. FNANB has also made contributions totaling \$31,504 over the past year to the Consumer Credit Counseling Service of Greater Atlanta, Inc. (CCCS). CCCS is engaged in credit counseling primarily for low and moderate income borrowers. It is a non-profit organization which relies on contributions to fund operations.

### **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified at this examination.

APPENDIX A  
**SCOPE OF EXAMINATION**

The examination of FNANB's Community Reinvestment Act performance was conducted in accordance with standard procedures for Limited Purpose Institutions.