



LIMITED PURPOSE

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 10, 2002

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**InfiBank, National Association
Charter Number 24308**

**3490 Piedmont Road, Suite 900
Atlanta, GA 30305**

**Office of the Comptroller of the Currency
Central District
One Financial Place
440 South LaSalle Street, Suite 2700
Chicago, Illinois 60605-1073**

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:

This institution is rated Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development services and qualified investment activity.
- The bank demonstrates rare use of innovative or complex qualified investments.
- The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from November 26, 2001 through May 10, 2002. We reviewed the level and nature of qualified investments and community development services. At the bank's request, we also considered qualified investments provided by an affiliate. At the prior examination dated July 26, 1999, the FDIC rated the bank Satisfactory.

Description of Institution

InfiBank, N.A. (InfiBank) is headquartered in Atlanta, Georgia. It is a Competitive Equality Banking Act (CEBA) limited purpose credit card institution and does not have any branches. The OCC designated the bank a limited purpose bank for the purpose of CRA effective November 26, 2001. The bank's primary business focus is to purchase credit card accounts from other financial institutions and issue Visa and MasterCard credit cards to new applicants.

As of December 31, 2001, InfiBank had total assets of approximately \$54 million. InfiBank currently operates under the following restrictions based on its CEBA limited purpose charter:

- It does not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties.
- It does not accept any savings or time deposits of less than \$100,000.
- It maintains only one office.
- It does not engage in the business of making commercial loans.

InfiBank is a subsidiary of InfiCorp Holdings, Inc., located in Atlanta, Georgia (InfiCorp). InfiCorp is a credit card portfolio manager offering services to financial institutions. InfiCorp is wholly-owned by First National of Nebraska, Inc., which is headquartered in Omaha, Nebraska (FNNI). FNNI is a multi-bank holding company with interstate operations. As of December 31, 2001, FNNI had total assets of approximately \$10 billion, total equity capital of \$817 million, and net income of \$81 million. InfiBank does not have any subsidiaries.

At the bank’s request, we considered qualified investments made by affiliate InfiStar Corporation (InfiStar). InfiStar, a subsidiary of InfiCorp, is a credit card management company for InfiBank and third party clients.

InfiBank converted from a state to a national bank charter on November 26, 2001. Our evaluation of the bank’s CRA performance covers only the period of time that InfiBank has been a national charter. (See “Scope of the Examination” above.)

InfiBank uses a securitization trust to fund receivables. The bank retains the servicing and management of the accounts.

Table 1 shows financial information for InfiBank. The information helps provide a perspective on the bank’s capacity to help meet the needs of the assessment area.

Table 1: Financial Information (000’s)

	Year-end 2001	Most Recent Quarter-end 03/31/2002	Average for Evaluation Period
Tier 1 Capital	\$ 9,823	\$ 10,327	\$ 10,075
Total Income	\$ 19,958	\$ 32,072 *	\$ 26,015
Net Operating Income	\$ 4,172	\$ 15,484 *	\$ 9,828
Total Assets	\$ 54,018	\$ 54,883	\$ 54,451
Pass-Through Receivables	\$228,278	\$216,443	\$222,361

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

* Annualized data reported.

Description of Assessment Area

InfiBank has designated its assessment area as the Atlanta Metropolitan Statistical Area (MSA). This area is comprised of urban, suburban, and rural areas. The assessment area meets the legal requirements of the CRA.

The Atlanta MSA is a twenty-county area surrounding the city of Atlanta with a total of 504 census tracts. According to 1990 census data, there were 2.9 million persons in the area comprising 784,000 families and 1.1 million households. The 1990 census median family income was \$41,047, while the updated median family income for 2002 was \$71,200. The unemployment rate for the City of Atlanta was 5.2 percent in 2000, while the rate for the state of Georgia was 4.0 percent and the U.S. was 4.2 percent. Homeownership is low in Atlanta at 43 percent while the overall rate in Georgia was 65 percent and the U.S. rate was 64% according to 2000 statistics available from the GA Department of Community Affairs.

Additional demographic data is displayed in Table 2.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts *	504	12%	24%	38%	25%
Families **	784,394	19%	18%	24%	39%
Businesses ***	136,737	4%	16%	44%	36%

Source: Demographic Data - 1990 U.S. Census and Dun & Bradstreet Data.

* Percentages do not add to 100%. Five Census Tracts (1%) are not income categorized.

** Percentages represent families by income level.

*** Percentages represent businesses by income level of census tract.

The Atlanta MSA is internationally recognized as the transportation, communication, industrial, and cultural center of the Southeastern United States. The City of Atlanta has one of the strongest economies of any major urban area. Due to its location and extensive transportation network, Atlanta has developed as a major distribution center for the Southeast. Atlanta has also evolved as a major provider of technological and financial support services.

The Atlanta MSA has a diverse industrial base that includes manufacturing, transportation, distribution, retailing, wholesaling, finance, government, research, education, medicine, and technical support. Ninety percent of the Fortune 500 companies maintain regional offices in the Atlanta area. In addition, 98 of the nation's top industrial firms maintain some type of operational facility in metro Atlanta. Foreign trade has played a significant role in the area's growth over the last two decades. More than 200 foreign firms have established their U.S. headquarters in Atlanta. Of these companies, 31 are foreign-based banks with offices in Atlanta.

U.S. Department of Housing and Urban Development (HUD) studies indicate Atlanta has a need for affordable housing. According to the studies, a majority of Atlanta households have concerns regarding the high cost of housing. For 55 percent of all households in Atlanta, housing costs exceed 30 percent of income. More significantly, for 28 percent of all households, housing costs exceed 50 percent of income.

Several local governmental agencies and quasi-governmental groups are working to address the housing problem. These include the Atlanta Housing Authority, the Atlanta Neighborhood Development Partnership, and the Atlanta Planning Advisory Board. The City of Atlanta and its development community have been pursuing Federal, State and local resources to assist in the production and maintenance of affordable housing. These resources include Federal Low Income Housing Tax Credits and the State Housing Trust Fund (administered by the Georgia Housing Finance Authority). The city encourages eligible nonprofit organizations to request funding directly from the State. The Atlanta Housing Resource Committee lists 425 housing related organizations. These organizations serve the MSA or a wider regional or statewide area that includes the Atlanta MSA. Through the above organizations and activities, there is a significant level of opportunity for CD investments and services in the assessment area.

During the examination, we reviewed seven recent community contacts conducted by the bank regulatory agencies and CRA Performance Evaluations of other banks in the assessment area. These community contacts identified creating additional affordable housing and other support services for low- and moderate-income residents as primary community development needs. Support services mentioned include job training, budgeting, parenting skills training, drug and alcohol rehabilitation, affordable childcare, and basic home maintenance. These identified needs are consistent with the 1995 Atlanta Consolidated Plan. In the plan's Executive Summary, primary goals include increasing the number of affordable low-income housing units and expanding public facilities and services to low-income residents.

Conclusions with Respect to Performance

Summary

InfiBank's community development activities for this six-month evaluation period include three investments and a service. The level of community development activities during this evaluation period was adequate considering the limited period of time that the bank has been operating under a national charter, its size, and resources.

The bank has increased its level of investments as its resources have increased. The bank's responsiveness to community development needs in its assessment area was adequate. The bank's activities helped address the needs for affordable housing and support services for low- and moderate-income families.

Qualified Investments

Outstanding investments originated during this and prior evaluation periods are listed in Table 3.

Table 3: Qualified Investment Activity (000's)

	Benefits AA
Originated Investments	\$100
Originated Grants	\$18
Prior-Period Investments that Remain Outstanding	\$100
Total Qualified Investments	\$218

The following table reflects a comparison of the investments to the bank's financial resources:

Table 4: Qualified Investment Percentages

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	2%
Total Investments/Average Total Income	1%
Total Investments/Average Pass-Through Receivables	<1%

Qualified investments include:

- A deposit of \$100 thousand in a community development financial institution that primarily serves low- and moderate-income households.
- A contribution of \$5 thousand to the United Way Homeownership Individual Development Account Program. The contribution facilitates affordable housing.
- A contribution of \$13 thousand made by an affiliate to Consumer Credit Counseling Services, a non-profit organization that provides credit and financial counseling and negotiates payment agreements for debtors experiencing financial difficulties. Clients served are primarily low- to moderate-income.

The prior period investment is a Georgia Housing and Finance Authority bond that supports a variety of projects that help provide affordable housing for low- and moderate-income individuals in the State of Georgia, including the Atlanta MSA.

Community Development Services

The level of community development services is adequate given the limited resources of the bank. The community development service for this evaluation period is the Georgia Council on Education. This organization is involved in the financial and economic education of children throughout the State, including the Atlanta MSA. They operate a program that primarily benefits children from low- and moderate-income families. An InfiBank director, who is a former employee of the bank, uses his financial expertise in the area of fund raising for this organization.

Fair Lending Review

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on its analysis of the information, the OCC determined that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year. A comprehensive fair lending exam has not been performed at this bank since it converted to a national charter.

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 MAs (using the MA 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.

CEBA – Competitive Equality Banking Act of 1987, which permitted corporations to form limited-purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a “bank holding company” under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans.

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 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 Area (MA) – Area defined by the director of the United States Office of Management and Budget. MAs 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.

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.

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

Tier 1 Capital – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets – Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.