

PUBLIC DISCLOSURE

November 2, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**AIG Federal Savings Bank
One Alico Plaza, 600 King Street
Wilmington, DE 19801
Docket #: 14939**

**Office of Thrift Supervision
Northeast Region
Harborside Financial Center Plaza Five, Suite 1600
Jersey City, New Jersey 07311**

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.



Office of Thrift Supervision

Department of the Treasury

Northeast Region

Northeast Regional Office • Phone Number: (201) 413-1000 • Fax: (201) 413-7543
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December 3, 2009

Board of Directors
AIG Federal Savings Bank
One Alico Plaza, 600 King Street
Wilmington, DE 19801

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of November 2, 2009. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Patricia A. Cecconi
Assistant Director Compliance

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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 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 AIG Federal Savings Bank. The Office of Thrift Supervision (OTS) prepared the evaluation as of November 2, 2009. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Satisfactory

Lending levels revealed a satisfactory response to community credit needs within the assessment area. The majority of AIG Federal Savings Bank's ("AIG") Home Mortgage Disclosure Act (HMDA) reportable lending was located in the assessment area. Despite an overall decline in HMDA reportable lending, the bank's market share in lending in the overall assessment area, in low- and moderate- income ("LMI") geographies, and to LMI borrowers improved since the prior evaluation.

The bank originated an adequate level of community development loans during the review period through a relationship with an organization that provides affordable multi-family housing in the broader statewide area that includes the assessment area. AIG demonstrated a reasonable participation level in innovative and flexible lending programs.

The institution and its affiliates provided a strong level of qualified community development investments in the assessment area and the broader statewide/regional area. These investments supported affordable housing, economic development and stabilization, and financial literacy programs.

AIG provided a reasonable level of retail and community development services within the assessment area and the broader statewide and regional area. Bank officers, directors, and employees assumed a leadership role by participating in numerous community-based organizations that promote affordable housing, financial services, and economic development throughout the assessment area.

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified during the most recent comprehensive examination where we evaluated compliance with the consumer laws and regulations.

Institution

Lending, Investment, Service Test Table

The following table indicates the performance level of AIG with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	AIG Federal Savings Bank 11/2/2009		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* Notes: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Institution

AIG is a federally chartered, stock institution headquartered in Wilmington, Delaware. The bank operates a single full service banking office at its headquarters location. AIG is a wholly owned subsidiary of American International Group, Inc., a holding company engaged in insurance underwriting, consumer financial services, asset management, and numerous other related activities worldwide.

AIG provides its retail banking products to both local and national markets through non-bank delivery channels. The institution offers various deposit products including certificate of deposits, savings accounts, and money market accounts, while loan products include home mortgage loans, home equity loans, and lines of credits. The bank’s deposits are primarily investment oriented retirement accounts rather than traditional retail deposits. The bank also offers a transactional Internet website and on-line banking services. Table 1 shows the distribution of loans by lending category.

Institution (continued)

Table 1-AIG Bank Investment in Loans (6/30/09 Thrift Financial Report)			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$110,050	56.7%	9.6%
Non-Residential Mortgage	\$0	0.0%	0.0%
Commercial Non-Mortgage	\$2,788	1.4%	0.2%
Consumer Loans	\$81,279	41.9%	7.1%
Total	\$194,117	100.0%	16.9%

Total assets decreased from \$1.33 billion, reported as of December 31, 2007, to \$1.15 billion as of June 30, 2009, a decline of 14 percent. The shrinkage of the asset base resulted primarily from a decline in cash and cash equivalents, mortgage backed securities, and other assets. AIG utilized the cash and the proceeds from the sale of mortgage backed securities to fund loan growth. Despite the decrease in total assets, the loan portfolio grew by \$55.7 million (40 percent). The residential loan portfolio increased by \$47.3 million (76 percent), commercial non-mortgage loans by \$1.2 million (77 percent), and consumer loans by \$7.2 million (10 percent). Total deposits decreased by \$53.4 million (five percent). The bank does not have any borrowings.

AIG changed operating strategies as a result of the precarious financial condition of the bank's parent, AIG Group. Specifically, the bank is maintaining higher liquidity and borrowing capacity levels, as well as addressing the risks and impact that AIG Group restructuring activities will have on the bank. As a result, the bank deferred planned portfolio purchases and discontinued mortgage volume channels from prior years in order to improve the bank's liquidity position.

The bank received a "Needs to Improve" rating at the preceding CRA evaluation dated February 25, 2008.

Scope of Examination

AIG was evaluated under the large bank CRA evaluation performance standards using an 18-month review period extending from January 1, 2008 through June 30, 2009. The review analyzed AIG's residential loans. For purposes of this evaluation, residential loans are those whose purpose is home purchase, home refinance, or home improvement loans reported pursuant to the Home Mortgage Disclosure Act.

The OTS considered activities by AIG's affiliate, SunAmerica Affordable Housing Partners Program (SunAmerica), under the Investment Test. In addition, the OTS considered the activities by the bank's affiliate, AIG Investments (AIGI), and charitable contributions made by the AIG Group, under the Investment Test.

Institution (continued)

Description of Assessment Area

AIG’s assessment area consists of 167 geographies in the Wilmington, Delaware Metropolitan Division (MD). The bank has designated New Castle County, Delaware, Cecil County, Maryland, and Salem County, New Jersey as its assessment area. Table 2 presents the assessment area demographic data, which the U.S. Department of Commerce compiled based on 2000 census data.

Demographic Data	2000 Census
Population	650,501
Total Families	168,841
1-4 Family Units	208,911
Multi-Family Units	42,038
% Owner-Occupied Units	67%
% Rental-Occupied Units	27%
% Vacant Housing Units	6%

Table 3 shows the number of geographies in each income level and compares it to the distribution of families living in those geographies and to one-to-four-family dwellings located within those geographies. There are 12 low-income geographies and 30 moderate-income geographies in the assessment area.

Geography Income Level	Geographies		Total Area Families		1-4 Family Dwellings	
	#	%	#	%	#	%
2004 Revision:						
Low	12	7.2%	5,551	3.3%	7,648	3.7%
Moderate	30	18.0%	26,655	15.8%	35,836	17.2%
Middle	92	55.1%	98,409	58.3%	119,551	57.1%
Upper	32	19.2%	38,226	22.6%	45,876	22.0%
Income NA	1	0.5%	0	0.0%	0	0.0%
Total	167	100.0%	168,841	100.0%	208,911	100.0%

While LMI geographies represent 25.2 percent of total geographies in the assessment area based on the 2004 OMB revision, Table 4(a) shows that 37.3 percent of the families are LMI. Based on the same census data, 5.7 percent of the families have income below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 census data to revise current estimated income levels. Table 4(b) shows the median family income ranges of each income category based on the 2009 HUD adjustments. The Lending to Borrowers of Different Income section of this CRA evaluation utilizes the adjusted figures seen in Table 4(c).

Institution (continued)

Table 4(a)-Distribution of Families in Assessment Area		
Family Income Category (As a % of MSA Median)	2004 OMB Revision	
	Number	Percent
Low (< 50%)	32,191	19.1%
Moderate (50% - 79%)	30,776	18.2%
Middle (80% - 119%)	40,715	24.1%
Upper (>= 120%)	65,159	38.6%
Total	168,841	100.0%

Table 4(b)-Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$39,449
Moderate (50% - 79%)	\$39,450	\$63,119
Middle (80% - 119%)	\$63,120	\$94,679
Upper (>= 120%)	\$94,680	+

Table 4(c)-Annual HUD Median Family Income	
Year	Amount
2006	NA
2007	NA
2008	\$73,900
2009	\$78,900

* Based on HUD 2009 Median Family Income of the MSA

During the 18-month review period, unemployment rates fluctuated. The unemployment rate for the Wilmington, DE MD reached 9.3 percent as of June 30, 2009. The three counties in the bank’s assessment area also had peak unemployment as of June 30, 2009, with New Castle County, Delaware recording 9.0 percent, Cecil County, Maryland 9.8 percent, and Salem County, New Jersey 11.4 percent.

AIG experienced intense competition from other financial institutions during the review period. Due to the state’s favorable tax environment, the City of Wilmington is known for having one of the largest banking headquarters concentrations in the country. In 2008, AIG ranked 41st by originations in the assessment area and held a market share of 0.5 percent by loan volume. The majority of the higher volume performers were multi-billion dollar nationwide and regional commercial banks. During 2008, the top 10 percent of the 450 aggregate reporters originated 80.4 percent of the HMDA reportable loans. The bank’s 2008 ranking and market share improved since 2007, when AIG ranked 67th in the assessment area by volume of originations, with a market share of 0.3 percent. In 2007, the top 10 percent of 521 aggregate reporters originating loans in the assessment area held 80.2 percent of the market share.

During the evaluation, we met with an economic development organization headquartered in Delaware. The contact indicated that his organization had received outstanding support from local banks since beginning operations in 1994, but during 2009, the banks had been slower in providing

Institution (continued)

additional resources. The contact attributes this to the current financial services crisis and economic conditions. The contact stated that one area where there is further opportunity for bank involvement is providing longer-term financing for affordable housing projects that have a longer development period.

Conclusions With Respect To Performance Tests

As part of the CRA review, an analysis of the institution’s performance under the lending test, investment test, and service test was conducted. In consideration of each test, various reviews were performed to assess the institution’s level of performance.

Lending Test

The areas reviewed under the lending test consisted of the institution’s lending activity within its assessment area, the geographic distribution of loans, borrowers’ profiles, and evidence that all income groups received loans. Additional areas reviewed included the institution’s responsiveness to the credit needs of highly economically disadvantaged geographies and individuals, community development activities, and the use of innovative and flexible loan products designed to serve assessment area credit needs.

Lending in the Assessment Area

AIG originated and purchased residential loans during the review period. Table 5 illustrates the institution’s residential lending activity in its assessment area during the 18-month review period ended June 30, 2009.

Table 5 – Concentration of HMDA-Reportable Loans*					
1/1/2008 – 6/30/09					
Period By Year	In Assessment Area		Outside Assessment Area		Total HMDA Loans
	#	%	#	%	#
2008	134	53.6%	116	46.4%	250
1/1/09-6/30/09	42	68.9%	19	31.1%	61
Total	176	56.6%	135	43.4%	311
	\$ Amt	%	\$ Amt	%	\$ Amt
2008	\$23,494	35.0%	\$43,709	65.0%	\$67,203
1/1/09-6/30/09	\$7,112	56.0%	\$11,985	44.0%	\$12,697
Total	\$30,606	38.3%	\$55,694	61.7%	\$79,900

* Percents are based on total loans originated during applicable year

Institution (continued)

As Table 5 shows, the bank originated the majority of its HMDA-related loans within the assessment area. This is an improvement over the 0.8 percent reported during the prior evaluation period. This sharp increase in lending in the assessment area resulted from a change in business strategy resulting from the termination of the Wilmington Finance, Inc. relationship in 2006 that lead to a significant decrease in mortgage originations outside the assessment area. The overall annualized average loan volume declined from 327 loans to 117 loans, a 64.1 percent decrease since the prior evaluation. On an annualized dollar amount basis, originations declined by 62.2 percent. Of the 176 loans totaling \$30.6 million originated in the assessment area during the review period, AIG purchased 174, totaling \$30.4 million. Aggregate lending data showed that residential mortgage lending by the aggregate reporters declined 54.4 percent by volume and 51.5 percent by dollar amount between the calendars years 2007 and 2008.

In consideration of the level of competition and operating impediments, AIG’s lending in the assessment area was satisfactory.

Distribution by Geographic Income Level

A review of lending within the assessment area, based on geographic distribution of income, disclosed that AIG’s lending among different geographies was excellent. Table 6 shows the distribution of residential mortgage loans by geographic income level for the institution and compares this activity to the 2008 aggregate lenders.

Table 6 - Distribution of AIG HMDA-Reportable Loans By Geography Income Level in the Assessment Area (Dollars in thousands)							
Geography Income Level	2008		1/1/09-6/30/09		Review Period 1/1/08-6/30/09		Aggregate 2008
	#	%	#	%	#	%	% by #
Low	1	0.7%	0	0.0%	1	0.6%	1.7%
Moderate	35	26.1%	11	26.2%	46	26.1%	14.5%
Middle	80	59.8%	25	59.5%	105	59.7%	60.2%
Upper	18	13.4%	6	14.3%	24	13.6%	23.6%
NA	0	0.0%	0	0.0%	0	0.0%	0.0%
Total	134	100.0%	42	100.0%	176	100.0%	100.0%
	\$	%	\$	%	\$	%	% by \$
Low	\$417	1.8%	\$0	0.0%	\$417	1.4%	1.2%
Moderate	\$6,122	26.1%	\$2,060	29.0%	\$8,182	26.7%	12.0%
Middle	\$13,503	57.4%	\$3,994	56.1%	\$17,497	57.2%	56.7%
Upper	\$3,452	14.7%	\$1,058	14.9%	\$4,510	14.7%	30.1%
NA	\$0	0.0%	\$0	0.0%	\$0	0.0%	0.0%
Total	\$23,494	100.0%	\$7,112	100.0%	\$30,606	100.0%	100.0%

Institution (continued)

Table 6 shows that AIG’s percentage distribution of the number of HMDA-reportable loans in LMI geographies stood at 26.7 percent during the review period. This represents an increase from the 18.5 percent LMI penetration reported during the prior CRA evaluation. In 2008, the bank originated 26.8 percent of the number, and 27.9 percent of the dollar amount, of HMDA loans in LMI geographies. In comparison, 2008 aggregate HMDA reporters recorded 16.2 percent by volume, and 13.2 percent by dollar amount, of loans in LMI geographies.

Based on the institution’s operating constraints and competitive factors, the distribution of residential mortgage loans in geographies of different incomes exceeded the standard for satisfactory performance.

Borrower Characteristics

A review of lending within the assessment area, based on the income level of the borrower, disclosed that AIG’s distribution of lending was excellent. Table 7 shows the distribution of residential mortgage loans by borrower income level for the institution, and the aggregate 2008 HMDA lenders, during the evaluation period. HUD bases income categories on annual estimated incomes, with low-income defined as income below 50 percent of the HUD adjusted median family income. HUD defines moderate-income as between 50 and 79 percent of the median family income, middle-income as between 80 and 119 percent of the median family income, and upper-income as equal to or greater than 120 percent of the median family income.

Borrower Income Level	2008		1/1/09-6/30/09		Review Period 1/1/08-6/30/09		Aggregate 2008
	#	%	#	%	#	%	% by #
Low	24	17.9%	9	21.4%	33	18.8%	8.1%
Moderate	95	70.9%	30	71.5%	125	71.0%	24.2%
Middle	10	7.5%	3	7.1%	13	7.4%	27.4%
Upper	5	3.7%	0	0.0%	5	2.8%	35.4%
NA	0	0.0%	0	0.0%	0	0.0%	4.9%
Total	134	100.0%	42	100.0%	176	100.0%	100.0%
	\$	%	\$	%	\$	%	% by \$
Low	\$3,297	14.0%	\$1,033	14.5%	\$4,330	14.1%	4.3%
Moderate	\$16,857	71.8%	\$5,474	77.0%	\$22,331	73.0%	18.6%
Middle	\$1,991	8.5%	\$605	8.5%	\$2,596	8.5%	26.1%
Upper	\$1,349	5.7%	\$0	0.0%	\$1,349	4.4%	42.2%
NA	\$0	0.0%	\$0	0.0%	\$0	0.0%	8.8%
Total	\$23,494	100.0%	\$7,112	100.0%	\$30,606	100.0%	100.0%

Institution (continued)

Table 7 shows that the percentage distribution of the number of HMDA-reportable loans to LMI borrowers stood at 89.8 percent. This represents an increase from the 54.2 percent LMI penetration reported during the prior CRA evaluation. In 2008, the bank originated 88.8 percent of the number, and 85.8 percent of the dollar amount, of loans to LMI borrowers. In comparison, 2008 aggregate reporters originated 32.3 percent by volume, and 22.9 percent of the dollar amount, of loans to LMI borrowers.

Based on the institution's operating constraints and competitive factors, the distribution of residential mortgage loans in geographies of different incomes exceeded the standard for satisfactory performance.

Community Development Lending

AIG demonstrated a satisfactory response to community credit needs through its lending to an organization that provides affordable multi-family housing in the broader statewide area, which includes the assessment area. The organization's mission is to serve as a vehicle for community revitalization by the financing and investment in housing and related activities that are designed to address the needs of low- and moderate-income persons and areas throughout Delaware. All programs are funded by member banks, which include AIG.

The entity funds the projects in two manners: a housing loan fund ("HLF") and through equity investments. The HLF program provides long term permanent financing to non-profit and for-profit developers for the development of affordable housing for individuals and families, the disabled, and the elderly. The equity investment is considered under the Investment Test, later in this report. AIG has a total commitment of \$5.0 in the HLF. During the review period, the bank advanced \$1.3 million for 11 projects funded through HLF.

Innovative and Flexible Lending Practices

AIG demonstrated strong participation in innovative and flexible lending programs through its Discounted Home Loan Program ("DHLP"). The DHLP features reduced interest rates and loan-to-value ratios of up to 95 percent for qualified first-time home buyers. Under an agreement with a local mortgage broker, as well two other banks, AIG purchased 38 loans totaling \$65 million, which were originated in the assessment area pursuant to the borrowers' DHLP eligibility as LMI households or as a result of the secured properties being located in LMI geographies.

Institution (continued)

AIG participated in an arrangement with a large multi-national bank to offer, for subsequent purchase by the bank, the heavily discounted Dream Maker loan product, which provides reduced fixed rates and up to 100 percent financing in New Castle and Cecil counties. The program, primarily aimed at LMI borrowers, includes a housing counseling component. Dream Maker loan volume during the review period totaled 38 loans worth \$6.3 million.

During the review period, the bank entered into a new arrangement to purchase loans primarily aimed at LMI borrowers, originated by another Wilmington area bank. This program includes home ownership counseling. Ninety-eight loans, totaling \$17.7 million, were granted during the review period under this program.

Investment Test

The areas reviewed under the investment test were the institution's investment and grant activity, the innovativeness or complexity of such activity and its responsiveness to credit and community development needs.

The bank and its affiliates provided a significant response to community development needs through investments that supported affordable housing, small business development, homeless shelters, and financial literacy for LMI persons.

During the review period, the bank purchased \$2.0 million of Delaware State Housing Authority ("DSHA") bond issuances to fund loans to first-time home buyers in a broader state wide area that included the assessment area. An affiliate, AIGI, purchased \$11.6 million of DSHA bond issuances and \$18.0 million in Maryland affordable housing bonds, which serve the Maryland portion of the assessment area and the larger statewide area.

AIG invested \$500 thousand in the CRA Qualified Investment Fund. The fund allocated two mortgage loans granted to moderate-income borrowers totaling \$340 thousand, as well as an additional \$152 thousand toward the purchase of a GNMA Housing Bond.

AIG continued its participation in Innovation Ventures, L.P., a Small Business Investment Company ("SBIC") venture capital fund organized in 2004 to make private equity investments in early state and emerging growth businesses on the East Coast, with a primary focus in Pennsylvania, Delaware, and New Jersey. This investment serves the broader regional area, which includes the assessment area. During the review period, the bank made its final payment of \$188 thousand towards its \$500 thousand commitment.

Institution (continued)

AIG also invested in the Delaware Community Investment Corporation (“DCIC”) equity fund. DCIC established the equity fund to encourage equity investment in low-income housing projects which qualify for the federal low income housing tax credit. Equity fund investors receive benefits in the form of tax credits, and developers of low-income housing are provided with a predictable equity raising process when accessing the fund. During the review period, AIG advanced \$467 thousand of a \$2.0 million commitment to the DCIC Equity Fund in Housing Limited Partnership V, which invests in affordable housing initiatives.

AIG contributed \$23 thousand to organizations supporting a broad range of community development initiatives in the assessment area and the broader statewide or regional area. These included the following:

- Delaware Community Foundation
- Wilmington Renaissance Corporation
- First State Community Action Agency, Inc.
- Interfaith Housing Task Force

AIG Group made a \$15.0 million commitment for the period of 2007 through 2010 to a variety of financial literacy programs nationwide. These programs provide services such as business education for entrepreneurs and credit counseling for low-income individuals. In 2008 and 2009, the holding company will have disbursed \$1.7 million to organizations providing on-line or toll-free services nationwide, while also contributing \$1.5 million to organizations having offices in the assessment area and \$350 thousand to organizations in the larger regional area, including New Jersey and Maryland. Some of the organizations receiving these contributions include:

- Consumer Credit Counseling of Delaware Valley-Provides consumer credit education, counseling, and debt reduction services;
- Delaware Bankers Association-sponsors radio announcements that provide credit and financial literacy information to LMI adults and children;
- Delaware Financial Literacy Institute-supports statewide financial literacy programs in Delaware;
- Junior Achievement (“JA”) of Delaware-provides financial education for up to 10 thousand middle and high school students in the JA Finance Park program; and,
- West End Neighborhood House-supports the Worker’s Loan Program that provides low cost, short term loans and financial literacy programs as an alternative for payday loan clients.

Institution (continued)

AIG Group, through its subsidiary, SunAmerica, is a leading investor in low-income housing tax credits provided under Section 42 of the Internal Revenue Code. The investments in low-income housing tax credit transactions provide financing for inner city and rural properties.

Service Test

Under the service test, the areas reviewed consisted of the accessibility of delivery systems, changes in branch locations, reasonableness of business hours, and the extent of community development services. AIG provided a reasonable level of retail and community development services that addressed the needs of LMI populations in the assessment area and the broader statewide or regional area.

Retail Services

AIG does not operate a traditional branch network. The bank's single branch is located in a low-income geography in the downtown area of Wilmington, Delaware. The branch offers a variety of mortgage and deposit products, as well as offering alternative methods of delivery to increase accessibility. These other delivery channels include online, telephone, and mail account opening. Automated teller machine transactions can be conducted through the STAR network with no fees assessed by the bank.

Community Development Services

AIG officers and directors have been active in various community development organizations serving the assessment area and a broader statewide or regional area. Senior management and officers serve on the boards of the Wilmington Renaissance Corporation, the Delaware Financial Literacy Institute, and the Finance Committee of the Delaware Community Foundation. A senior officer serves as a member of the board of DCIC, is chairman of the DCIC nominating committee, and also a member of the DCIC audit and planning committees.

The former CRA Officer is on the loan committees of First State Community Loan Fund, which provides businesses, developers of affordable housing, and community organizations with creative opportunities to access capital in Delaware, and of the Nehemiah Gateway Community Development Corporation, which implements programs that support self-sufficiency among low-income individuals and foster business opportunities in LMI communities in Delaware.

Institution (continued)

In addition to the bank's community development service efforts, United Guaranty Corporation, the bank's mortgage insurance affiliate, sponsors "The Road to Home Ownership," a comprehensive home-buyer education package designed to help borrowers understand the home-buying process and keep their homes. This education program presents home-buying in four phases: preparation, money management, purchase, and home ownership. The program is available in English, Spanish, and Chinese. During the review period, Road to Homeownership counseling certificates were issued to 40 participant in Delaware, 296 in Maryland, and 110 in New Jersey.

Fair Lending or Other Illegal Credit Practices Review

During the prior evaluation, the OTS observed evidence of discriminatory or other illegal credit practices that was considered when assigning the bank's overall CRA performance rating. Our review of the remediation plan during this evaluation showed that the bank terminated its agreement with WFI, where the prohibited credit practices existed. Furthermore, fair lending examinations conducted since the prior evaluation revealed no evidence of violations of the substantive provisions of anti-discrimination laws and regulations. Should the OTS become aware of violations of the anti-discrimination laws and regulations, we will conduct a new evaluation taking into consideration the evidence of discriminatory or other illegal practices and assign a new rating accordingly.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Full Scope		
TIME PERIOD REVIEWED:	January 1, 2008-June 30, 2009	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
AIG Federal Savings Bank		Residential Mortgages
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
NA		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ⁱ	OTHER INFORMATION
Wilmington, DE-MD-NJ	Full scope	NA	
Metropolitan Division #48864			

ⁱ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Wilmington, DE-MD-NJ, Metropolitan Division #48864	High Satisfactory	Outstanding	High Satisfactory	Satisfactory

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.