

## **PUBLIC DISCLOSURE**

August 16, 2005

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**JLB Service Bank  
57306**

**92 Read's Way  
New Castle, Delaware 19720**

**Federal Deposit Insurance Corporation  
20 Exchange Place  
New York, New York 10005**

**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.

**TABLE OF CONTENTS**

I. General Information.....1

II. Institution Rating .....2

III. Description of Institution.....3

IV. Description of Assessment Area .....3

V. Conclusions with Respect to Performance .....4

VI. Other Activities.....5

## 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 **JLB Service Bank** prepared by **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 16, 2005**. 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 345.*

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

JLB Service Bank (JLB) has exhibited a satisfactory record of helping to meet the community development needs of its assessment area in a manner consistent with its resources and capabilities. All CRA-related activities performed since the bank opened in August 2003 were considered during this evaluation. The CRA performance of a limited purpose institution is evaluated pursuant to a Community Development Test which includes the following criteria:

***The number and amount of community development loans, qualified investments, or community development services.***

JLB has an adequate level of qualified investments and community development services given its size, resources, and financial condition. Since August 2003, the bank made qualified investments totaling \$105,000. This activity consisted of a \$100,000 equity investment in a limited partnership that provides affordable housing in Delaware and a \$5,000 membership fee payable to that organization.

In addition, given the limited number of staff and resources, JLB provides an adequate level of community development services within the bank's assessment area.

***The use of innovative or complex qualified investments, community development loans, or community development services and the extent to which the investments are not routinely provided by private investors.***

JLB's community development investment is neither innovative nor complex. However, given the bank's small asset size, limited staff, and highly competitive market for CRA-qualified loans and investments, it is not expected that JLB be a leader in this area.

***The bank's responsiveness to credit and community development needs.***

Through its qualified investments and community development services, JLB exhibited an adequate responsiveness to community development needs within its assessment area.

## **DESCRIPTION OF INSTITUTION**

JLB Service Bank (JLB) began operations as a Delaware state non-member bank in August 2003. The bank is located at 92 Read's Way, in New Castle, Delaware, the bank's only location. The bank is a wholly-owned subsidiary of Blair Credit Services, Warren, Pennsylvania which in turn is wholly-owned by Blair Corporation, a catalog retailer and direct marketer also located in Warren. The bank was established solely to originate credit under the Easy Payment Plan, which allows customers to purchase merchandise from Blair catalogs and outlet stores. All originations are sold to the parent at the end of each day and are fully secured by an earmarked deposit from Blair Corporation until they are sold. JLB has been designated as a "limited purpose" bank for CRA. As such, the bank is subject to a Community Development Test when determining its CRA performance.

JLB is not a conventional bank. The bank does not offer deposit products; there are no branch offices or ATM locations. The bank does not offer residential or commercial mortgage loan products, nor does it engage in other types of consumer lending such as automobile. The bank's sole business is unsecured personal lines of credit.

As of March 31, 2005, the bank reported total assets of \$4.2 million and total brokered deposits of \$500,000. There are no loans outstanding as the bank does not retain any of the loans it originates. This is the bank's first CRA evaluation.

## **DESCRIPTION OF ASSESSMENT AREA**

JLB's assessment area consists of New Castle County, Delaware in its entirety. New Castle County is wholly contained within Wilmington, Delaware Metropolitan Statistical Area (MSA #48864). The bank's assessment area contains 127 census tracts; 10 are low-income, 23 are moderate-income, 61 are middle-income and 32 are upper-income (the income for one tract is unknown). New Castle County is bordered on the west by Maryland, on the north by Pennsylvania, on the east by the Delaware River and New Jersey, and on the south by Kent County, Delaware. There are three counties within the state of Delaware: New Castle, Kent and Sussex. New Castle County is the smallest county in Delaware in terms of square miles, yet the most populated.

Competition within the bank's assessment area is intense as several large financial corporations are located in the state, and more specifically, within the city of Wilmington, the largest municipality in Delaware. A list of institutions operating within the bank's assessment area include: MBNA, Discover Bank, Wilmington Trust Company, Citizens Bank, JPMorgan Chase Bank, Citibank Delaware, Bank of New York Delaware, Bank of America, HSBC Bank, Mellon Bank, Wachovia Bank of Delaware, ING Direct, and PNC Bank, Delaware. Because of its location, CCB is subject to heavy competition for CRA-related investments as all of the institutions listed above, including many others, are vying for the same community development loan and investment opportunities within Delaware.

A review of the FDIC's "community contact" database was conducted in an effort to better understand specific community credit needs within the bank's assessment area. A local community development corporation (CDC) was recently contacted, and according to the CDC, there is an on-going need for funding to support the renovation and revitalization of the downtown Wilmington area. Around 1993, the downtown area of Wilmington began experiencing significant economic distress, with fewer residents, a greatly diminished retail sector, a shabby appearance and increasing crime. The City of Wilmington faced a major financial crisis, and confidence in the downtown area was low. The CDC, which formed in 1994, stated that funds were raised for various site acquisitions; however, monies are still needed for the continued rehabilitation of certain areas of the city. These projects will serve to attract even more businesses to this vital area of Delaware's economy. The contact stated that their organization has little trouble raising monies for their various initiatives given the heavy concentration of financial institutions within Delaware, and particularly in Wilmington. The overwhelming majority of these institutions are eager to contribute to the CDC's affordable housing and revitalization projects.

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

### **Scope of the Evaluation**

As a limited purpose institution, the bank is subject to a Community Development Test. Under this test, the FDIC will evaluate the number and amount of community development loans, qualified investments, or community development services made by the institution; the innovativeness or complexity of that activity; and the bank's responsiveness to credit and community development needs. All community development activity that occurred since the bank opened for business in August 2003 and through the start of the current evaluation, August 16, 2005, was considered.

### **Community Development Investments**

#### Equity Investments

Since the visitation, JLB joined the Delaware Community Investment Corporation (DCIC), a multi-bank community development corporation headquartered in Wilmington, Delaware that provides financing for affordable housing and community revitalization projects across the state. Specifically, JLB committed \$100,000 to DCIC's Housing Loan Pool II in mid-2004. The loan pool was established in 1996, and since that time, it has assisted in the production of approximately 2,400 units of affordable housing within the state of Delaware. New Castle County is the most populated of Delaware's three counties, and it is where the majority of affordable housing projects are located. To date, approximately \$44,805 has been drawn.

### **Community Development Services**

JLB has provided an adequate level of services to qualifying community development organizations within the assessment area, especially in view of the bank's small asset size and limited staff. The bank's compliance officer provides technical assistance by serving on the Board of Directors of two non-profit organizations located in the assessment area. The first is the Delaware Guidance Services. This organization exists to provide quality mental health services for children, youth and their families. The majority of the clients served are low- and moderate-income. The second is Catholic Charities which offers a wide range of human services to strengthen families, care for children, assist the disadvantaged, and build human relationships. It works in concert with other religious, non-profit, and public agencies, and in collaboration with the business and professional communities. Again, the majority of clients served are low- and moderate-income families.

In addition, the bank's compliance officer has participated in meetings with other bankers in the community. This group of bankers meets informally under the general title of the Delaware Community Affairs Group. The objective of the group is to develop a better understanding of community needs on a broad basis and to build a network of bankers knowledgeable in community development needs.

Furthermore, prior to joining the DCIC, the bank's Compliance Officer and President visited three affordable housing development projects that DCIC has underway. They wanted to get a perspective of what the DCIC was doing in the community before becoming a member and present those findings to the bank's board.

### **Community Development Loans**

JLB, because of its small size and lack of direct credit expertise, has not done and does not plan to do any direct community development lending. It is the opinion of the Board and of management that the bank's lack of expertise in direct lending could result in the bank taking undue risk if this activity were to be undertaken.

## **OTHER ACTIVITIES**

JLB was not involved in any other activities which would affect the overall rating of the institution.