

PUBLIC DISCLOSURE

November 8, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Wilmington Trust Company
00680**

**1100 North Market Street, Rodney Square North
Wilmington, Delaware 19890**

**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.

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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 **Wilmington Trust Company** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **November 8, 2004**. 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 RATING

INSTITUTION'S CRA RATING: This institution is rated Outstanding.

Wilmington Trust Company has an outstanding record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The bank's performance under the lending, investment, and service tests is summarized below.

Lending

- Lending levels reflect excellent responsiveness to community credit needs within its assessment areas. The bank originated 90.9 and 87.0 percent by number and dollar volume, respectively, of its home mortgage and small business loans within the assessment areas during the period reviewed.
- The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment area, including low- and moderate-income tracts.
- The distribution of borrowers reflects an excellent penetration among retail customers of different income levels, especially in the home purchase loan category, and to small businesses.
- The bank has demonstrated excellent responsiveness in addressing community development loan needs within its assessment areas. During the evaluation period, the bank originated 17 community development loans totaling \$16.6 million.
- The bank uses flexible lending practices by offering a variety of flexible residential and small business loan programs to better meet the credit needs of low- and moderate-income households and small businesses within its assessment areas.

Investments

- The bank has a significant level of qualified community development investments and grants, including \$9.6 million in new investments and \$10.6 million in outstanding investments.

Services

- The bank's retail services reflect excellent responsiveness to the convenience and needs of community members. Delivery systems are readily accessible to all portions of the assessment areas and are tailored to the convenience and needs of the consumers.
- The institution is a leader in providing community development services.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

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

PERFORMANCE LEVELS	Wilmington Trust Company		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

*Note – Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Wilmington Trust Company (WTC) is Delaware's largest, independent, full-service financial institution. The bank's main office and executive offices are located in Wilmington, New Castle County, Delaware. The bank also operates full-service branches in Kent and Sussex Counties. WTC is wholly owned by Wilmington Trust Corporation (Corporation), a three-bank holding company located in Wilmington, Delaware. Wilmington Trust of Pennsylvania and Wilmington Trust FSB are affiliate banks of WTC. The Corporation is one of the nation's largest personal trust institutions. The Corporation had total assets of \$9.3 billion as of June 30, 2004. WTC and the Corporation have several subsidiaries involved in insurance sales, real estate management, and trust services.

WTC's primary customer base consists of residential borrowers and small- and medium-sized businesses. The bank offers a full line of loan and deposit products. As of June 30, 2004, total assets were \$8.5 billion including \$5.9 billion in total loans and \$1.5 billion in investments (approximately 69.4 percent and 17.6 percent of total assets, respectively). Deposits totaled \$6.3 billion. WTC's loan mix is depicted in Table 1.

Table 1 - Loan Distribution as of 6/30/2004		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	610,279	10.3
Secured by Farmland	33,318	.6
1-4 Family Residential	858,484	14.6
Multi-Family (5 or more) Residential	65,730	1.1
Commercial	867,131	14.7
Total Real Estate Loans	2,434,942	41.3
Commercial and Industrial	2,069,225	35.1
Agricultural	60,616	1.0
Consumer	1,014,166	17.2
Other	328,710	5.5
Less: Unearned Income	(5,777)	(0.1)
Total Loans	5,901,882	100.0

Source: Report of Condition

WTC's financial condition is strong with an 8.0 percent Tier I Leverage Capital ratio as of June 30, 2004, well above the regulatory minimum requirements. The bank's return on assets as of the same date was 1.5 percent, slightly higher than the peer ratio of 1.3 percent. The loan-to-deposit ratio as of June 30, 2004 was 92.1 percent.

The bank is subject to intense competition from numerous commercial banks, mortgage and finance companies, savings and loan associations, credit unions, and other financial institutions operating within the same assessment area. According to bank personnel, the strongest competition comes from PNC Bank, Delaware; Wilmington Savings Fund Society; and Citizens Bank Delaware. These institutions have a strong presence in WTC's assessment area and are competing for similar customers. The dominant mortgage companies include Chase Manhattan Mortgage Corporation, Countrywide Home Loans, and Wells Fargo Home Mortgage.

WTC received a CRA rating of "Outstanding" at the July 2002 FDIC evaluation. The rating was assigned using the Large Bank CRA evaluation procedures. The bank's ability to meet community credit needs is strong based on its financial condition, size, and product offerings. There are no legal or financial impediments that prevent WTC from helping to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define an assessment area within which its CRA performance will be evaluated. WTC has selected three assessment areas, which are the three counties that comprise the State of Delaware. All assessment areas are in conformance with the CRA regulation. The three counties are New Castle, Kent, and Sussex. In general, the north is more urban, industrial, and densely populated while the south is more rural, agricultural, and less populated. Demographic information from the 2000 census for each of the assessment areas is provided in the following sections.

New Castle County

New Castle County is the largest and most metropolitan county in Delaware. It is contained within the Wilmington-Newark, DE-MD Metropolitan Statistical Area (hereafter referred to as the Wilmington MSA). New Castle County is home to the cities of Wilmington, a major financial center, and Newark, the location of the University of Delaware. According to 2000 census data, the population of New Castle County was 500,265, representing 127,997 families. These figures represent a 13.2 percent and 11.0 percent increase in population and families, respectively, since the 1990 census.

There are 126 tracts in New Castle County: 10 low-income, 23 moderate-income, 63 middle-income, 30 upper-income. (One zero income tract contained no families and was excluded from this analysis.) The percentage of low-income families was 18.7 percent and the percentage of moderate-income families was 17.5 percent. Only 1.5 percent and 14.5 percent of owner-occupied housing units were located in low- and moderate-income tracts, respectively.

Kent County

Kent County consists primarily of rural and agricultural areas and is the least densely populated of the three counties in Delaware. Kent County is contained within the Dover MSA. This County is home to the state capital of Dover and the Dover Air Force Base. According to 2000 census data, the population of Kent County was 126,697, representing 33,688 families. These figures represent a 14.1 percent and 14.3 percent increase, respectively, since the 1990 census.

There are 34 census tracts within Kent County: 3 moderate-income, 25 middle-income, and 6 upper-income. The percentage of low-income families was 18.8 percent and the percentage of moderate-income families was 18.7 percent. Only 5.3 percent of owner-occupied housing units were located in moderate-income census tracts.

Sussex County

Sussex County, the non-metropolitan portion of Delaware, is the southernmost county and is largely rural in nature. Sussex County is the largest of Delaware's three counties and is a popular tourist destination because of its beaches. In addition, Sussex County's economy is heavily dependent upon poultry production. According to 2000 census data, the population of Sussex County was 156,638, representing 44,090 families. These figures represent a substantial increase at 38.3 percent and 37.1 percent, respectively, since the 1990 census. Sussex County experienced the greatest growth in population within Delaware since the 1990 census.

There are 36 census tracts within Sussex County: 33 middle-income and 3 upper-income. The percentage of low-income families was 18.1 percent and the percentage of moderate-income families was 19.5 percent. In addition, census data from 2000 indicates that 54.3 percent of Sussex County's total housing units are owner-occupied.

The estimated median family incomes, as adjusted by the Department of Housing and Urban Development (HUD) for the MSA and non-MSA portions of Delaware, are provided in Table 2 below. Table 3 provides demographic information for all of the bank's assessment areas.

<i>Table 2 - HUD-Adjusted Median Family Income</i>		
<i>Area</i>	<i>2002</i>	<i>2003</i>
<i>Wilmington, DE-MD MSA 9160</i>	\$75,900	\$70,000
<i>Dover, DE MSA 2190</i>	\$52,100	\$51,800
<i>Non-metropolitan Portion of Delaware</i>	\$49,700	\$50,900

Source: Department of Housing and Urban Development

Table 3 – Overall Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	197	5.1%	13.2%	61.4%	19.8%	0.5%
Population by Geography	783,600	2.7%	12.7%	64.3%	20.3%	0.0%
Owner-Occupied Housing by Geography	216,046	0.9%	9.7%	66.3%	23.0%	0.0%
Business by Geography	43,085	9.6%	11.4%	56.3%	22.7%	0.0%
Family Distribution by Income Level	205,077	18.6%	18.1%	23.7%	39.6%	0.0%
Distribution of Low- and Moderate-Income Families in Assessment Area Geographies	75,571	4.4%	18.7%	66.4%	10.5%	0.0%
Median Family Income for 2003 (weighted average)		\$63,368				
Median Housing Value		\$135,102				
Median Gross Rent		\$640				

* The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census data

The unemployment rates for New Castle, Kent, and Sussex Counties, as reported by the Bureau of Labor Statistics, were relatively low. As of August 2004, the unemployment rates for New Castle, Kent, and Sussex Counties were 4.3 percent, 3.2 percent, and 2.6 percent, respectively. Overall, these rates compare favorably to the State of Delaware and the United States at 3.9 percent and 5.5 percent for the same period, respectively.

Based upon information available from Dun and Bradstreet for 2003, there are a total of 43,085 non-farm business establishments within the AA. Of the total, 63.4 percent report gross annual revenues (GARs) of less than \$1 million. Additionally, approximately 69.8 percent of the businesses have less than ten employees. The services industry accounts for the largest percentage of businesses at 38.4 percent by Standard Industry Code (SIC) followed by retail trade at 17.6 percent, and construction at 9.7 percent. Of the total establishments, 9.6 percent are in low-, 11.4 percent in moderate-, 56.3 percent in middle-, and 22.7 percent in upper-income census tracts.

The bank is subject to intense competition from numerous commercial banks, large regional banks, mortgage and finance companies, and other financial institutions in the assessment area. During 2002, the number of lenders originating home mortgage loans in the bank's assessment areas, and reporting such loans pursuant to the Home Mortgage Disclosure Act (HMDA), was 481 (of which 49 reported originating more than 200 loans). In 2003, HMDA activity increased in the bank's assessment area. Specifically, 567 lenders originated home mortgage loans in the bank's assessment area. This information is derived from data reported pursuant to the HMDA and includes all home purchase and home improvement loans, and refinancings of both.

Competition for small business loans is also strong within the bank's assessment areas. Data available for 2002 shows 130 financial institutions originating small business loans within the

State of Delaware. Data for 2003 shows 129 financial institutions originating small business loans. It should be noted that 7 of the top 10 small business lenders in the assessment area reported average loan sizes of \$10,000 or less. As many of these loans involve small lines of credit such as overdraft protection or credit cards, this tends to skew the data for more traditional lenders.

As part of this evaluation, information was obtained from seven community contacts to gain a perspective on the community development opportunities and the performance of financial institutions in helping to meet the assessment areas' credit and community development needs. Three of the contacts were new while four were made within the last 18 months. The contacts included statewide housing agencies, local nonprofit affordable housing advocates, economic development organizations, and community based development corporations. The contacts all noted various ways in which financial institutions can participate in the assessment area.

First, affordable housing in both a rental and ownership form was identified among the housing organizations as a credit need. A statewide housing coalition conducted an economic housing analysis based on the 2000 census and determined that there is a large unmet need for affordable housing across a wide range of housing categories and population segments. Across the state, but especially in Southern Delaware, high housing and land costs are causing homes to be less affordable for low- and moderate-income individuals/families despite low-interest rates and special credit bank and government programs. In addition, developers are by-passing low-income housing development projects because a greater profit can be realized in developing larger homes. For example, one community contact noted that the rapidly increasing cost of land in rural Sussex County is displacing many low- and moderate-income families, many of whom live in mobile homes. As a result, the need for programs to finance the development of low- and moderate-income housing, particularly for migrant poultry and farm workers was identified.

Affordable rental projects are also needed in the state, especially in rural Delaware. According to the Delaware Statewide Housing Needs Assessment 2003-2007, nearly 22 percent of all renters in Delaware earn less than \$20,000 annual income and pay more than 30 percent of their income toward housing expenses, and are therefore, "at-risk" of homelessness. Of the total new rental units needed between now and 2007, 81 percent must serve households with incomes below 50 percent of area median income (very low income) and 61 percent must serve households with incomes below 30 percent of area median income (extremely low income). Both income ranges are lower than the typical Low Income Housing Tax Credit projects can serve.

Secondly, several of the contacts noted that monetary donations to fund organization's operations are a way in which financial institutions can participate in community development activities. Operating support via grants is crucial in the viability of non-profit organizations. Also, by showing support for the numerous programs offered by community-based organizations, financial institutions can help attract federal and state funds.

Thirdly, all contacts noted that technical expertise provided by banks in the form of board membership is an invaluable resource. Specifically, one contact noted that the number one

obstacle for the housing clients in securing permanent mortgage financing is poor credit. The contact attributes this to decreasing income rather than a lack of responsibility. Unpaid medical bills and student loans are often the culprits; yet, clients don't understand that this will affect their credit rating. As such, financial literacy training is crucial in helping low- and moderate-income individuals turn the corner and become homeowners. WTC recognizes these limitations as the bank provides technical expertise to various community organizations.

In addition, WTC has recognized the growing need to implement processes, services, and bank products to better serve the Hispanic population in the bank's market. Between 1990 and 2000, the percentage of Hispanics in Delaware has doubled and is expected to double again before the year 2010. During the end of this evaluation period, WTC contracted with a consultant from the Hispanic community who assisted with the facilitation of three focus groups to identify the financial needs of Hispanic individuals and businesses. The findings of these focus groups were used to develop a multi-prong strategic plan that will be implemented over the next several years.

SCOPE OF THE EVALUATION

Evaluation Period/Products Evaluated

All of the community development loans, flexible and/or innovative lending practices, community development investments, and community development services conducted by WTC since the last evaluation were considered. The conclusions for community development loans and investments were based on an evaluation of the number and dollar amount, as well as, the level of innovation, complexity, responsiveness to community needs and the degree to which the loans and investments are not routinely provided by private investors.

The residential real estate loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for 2002 and 2003 were also evaluated. Certain information necessary to complete a 2004 analysis was unavailable as of the evaluation date and therefore, it was not reviewed. However, a cursory review of the first six months of 2004 shows performance consistent with 2002 and 2003 performance. The LARs contain information on loans made by the bank for the purchase, refinance, or improvement of residential real estate.

This evaluation also evaluated small business loans reported on the bank's small business CRA register for the same time period. The CRA register contains information on commercial real estate and commercial/industrial loans originated with original balances of \$1 million or less. WTC does not originate a substantial number of small farm loans or multi-family HMDA loans in any of its assessment areas; therefore, these loans were not considered. Additionally, consumer lending performance was not evaluated since the data was not collected by the institution, nor does it comprise a substantial majority of the bank's lending.

In analyzing WTC's lending performance under the lending test, greater emphasis was placed on home mortgage lending since these loans represented the largest percentage of new originations during the review period. Significant emphasis was also placed on small business lending. Within home mortgage lending, more weight was placed on home purchase lending. The analysis of economic and demographic factors in the assessment areas, as well as feedback from community groups, identified home purchase loans as a credit need. Less weight was given to refinance lending. Competition from other lenders has impacted the bank's ability to make refinance loans to low- and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank's CRA performance was evaluated pursuant to the lending, investment, and service tests. An overview of the bank's performance for the combined assessment areas is presented in the following pages. This analysis is followed by summaries of the bank's performance in metropolitan and non-metropolitan areas.

LENDING TEST

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative and/or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Lending Activity and Assessment Area Concentration

WTC's lending levels reflect excellent responsiveness to assessment area credit needs. WTC originated a substantial majority of its HMDA and small business loans within the assessment area. Overall, 90.9 percent of residential and small business loans were originated inside the assessment area. Similarly, 87.0 percent of the bank's lending, by dollar volume, was originated in the state of Delaware. Table 4 details the bank's lending activity during 2002 and 2003.

<i>Table 4 – Distribution of Loans Inside and Outside of the Assessment Area</i>										
<i>Loan Category or Type</i>	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<i>Home Mortgage</i>										
2002	1,989	91.0	196	9.0	2,185	170,921	86.1	27,596	13.9	198,517
2003	2,331	91.5	217	8.5	2,548	222,655	87.6	31,576	12.4	254,231
Subtotal	4,320	91.3	413	8.7	4,733	393,576	86.9	59,172	13.1	452,748
<i>Small Business</i>										
2002	1,010	89.7	116	10.3	1,126	199,107	85.4	34,017	14.6	233,124
2003	1,126	90.4	119	9.6	1,245	217,532	88.5	28,163	11.5	245,695
Subtotal	2,136	90.1	235	9.9	2,371	416,639	87.0	62,180	13.0	478,819
Total	6,456	90.9	648	9.1	7,104	810,215	87.0	121,352	13.0	931,567

Source: HMDA and CRA Disclosure Statements (2002 and 2003).

Home Mortgage Lending

Home mortgage lending plays a significant role in the bank's lending efforts. In 2002 and 2003, WTC originated 4,733 loans totaling \$453 million. Refinance loans comprised the largest category of mortgage loans at 43.7 percent followed by home improvement at 32.9 percent with home purchase loans representing the remaining 23.4 percent. Mortgage levels rose in 2003 primarily due to heavy refinance activity in the favorable interest rate environment. For example, refinance loans increased to 1,246 loans totaling \$171 million compared to 821 loans totaling \$113 million in 2002. The 2003 refinance volume represents more of an anomaly given the low interest rate environment. Furthermore, the large levels and increasing trends within the refinance market mirror industry practices. Home purchase loans declined to 470 in 2003 compared to 523 in 2002. The decline in home purchase lending in 2003 is largely due to competitive factors. In 2003, the number of HMDA reporters increased by nearly 20 percent compared to 2002, most of which were mortgage companies and other nontraditional vehicles of mortgage financing.

Market rank data provides additional insight into the bank's volume of home mortgage lending. During 2002, WTC's overall market share of HMDA-reportable loan originations was 3.4 percent, ranking the bank 8th among the 481 financial institutions reporting loans in the assessment areas. Market ranks for 2003 show the bank capturing 10th place among 567 lenders with a 2.7 percent market share. In 2002 and 2003, of the top ten market shares, seven belonged to mortgage companies. WTC was one of only three banks rounding out the top ten market shares in both years, another indicator of excellent lending volume.

Small Business Lending

Small business lending also plays an integral role in the bank's lending strategy. WTC reported 2,371 small business loans totaling \$417 million in 2002 and 2003. During 2002, the bank's overall market share of small business loan originations was 4.9 percent, ranking it 8th among the 130 financial institutions reporting loans in the assessment area. In 2003, the bank captured a higher ranking of 5th among 129 lenders with a 5.0 percent market share. The top four market shares belong to credit card issuers and/or finance companies and capture nearly 50 percent of the market.

Geographic Distribution

The geographic distribution of WTC's lending was reviewed to determine the extent to which the bank was able to penetrate geographies of different income levels, particularly low- and moderate-income census tracts. Overall, the bank's geographic distribution of home mortgage and small business loans reflects adequate penetration throughout all geographies within the assessment area. The dollar distribution of the portfolios reflects similar performance.

Home Mortgage Lending

For comparison, the following table includes the distribution of the assessment area's owner-occupied housing units for each census tract income level and aggregate data for 2002 and 2003. Only loans extended inside the assessment area are shown.

<i>Table 5 – Distribution of HMDA Loans by Income Category of the Census Tract</i>									
<i>Census Tract Income Level</i>	<i>% of Total Owner-Occupied Housing Units</i>	<i>Aggregate Lending Data</i>		<i>2002</i>		<i>2003</i>		<i>Total</i>	
		<i>2002</i>	<i>2003</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	.9	.8	.8	7	.4	20	.9	27	.6
<i>Moderate</i>	9.7	6.8	8.1	127	6.4	155	6.6	282	6.5
<i>Middle</i>	66.3	66.6	59.5	1,383	69.5	1,489	63.9	2,872	66.5
<i>Upper</i>	23.1	25.8	31.6	472	23.7	667	28.6	1,139	26.4
<i>Total</i>	100.0	100.0	100.0	1,989	100.0	2,331	100.0	4,320	100.0

Source: U.S. Census, HMDA Disclosure Statements (2002 and 2003), and HMDA Aggregate Data 2002 and 2003.

Although the bank's percentage of mortgage loans originated in 2002 in low- and moderate-income census tracts falls below aggregate and demographics, an improving trend is noted in 2003. The bank's performance in the home purchase market, an identified credit need, is stronger than its performance in the overall mortgage market. For example, in 2002, 0.8 percent of home purchase loans were originated in low-income census tracts compared to aggregate of 0.9 percent. In moderate-income census tracts, 10.3 percent were originated versus aggregate of 8.4 percent. In 2003, home purchase loans rose to 1.3 percent and 10.9 percent, respectively, in low- and moderate-income census tracts which compares favorably with aggregate of 1.2 and 10.3 percent, respectively.

In 2002, WTC had a market share of 1.6 percent among all HMDA reporters in the assessment area and ranked 20th among 197 lenders who originated in low-income census tracts. In 2003, the bank captured even a higher market share of 3.0 percent and ranked 7th among 120 lenders who originated in low-income tracts. Regarding moderate-income census tracts, WTC ranked 7th among 226 lenders originating HMDA loans in moderate-income tracts with a 3.2 percent market share in 2002. In 2003, the bank's market share dipped to 2.3 percent with a ranking of 11th among 275.

Table 5 illustrates the distribution of the bank's origination of small business loans within the assessment area by census tract income level. Only loans extended inside the assessment area

are included. For comparison, the percentage of small businesses within each tract and aggregate lending data is also shown.

Table 6 – Distribution of Small Business Loans By Income Category of the Census Tract

<i>Census Tract Income Level</i>	<i>% of Total Small Businesses</i>	<i>Aggregate Lending Data</i>		<i>2002</i>		<i>2003</i>		<i>Total</i>	
		<i>2002</i>	<i>2003</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	9.6	4.4	6.3	50	5.0	60	5.3	110	5.1
<i>Moderate</i>	11.4	9.8	10.9	139	13.8	170	15.1	309	14.5
<i>Middle</i>	56.3	65.5	57.8	591	58.4	621	55.2	1,212	56.7
<i>Upper</i>	22.7	20.3	25.0	229	22.7	275	24.4	504	23.7
<i>\$0/NA Income</i>	-	-	-	1	0.1	0	0.0	1	-
<i>Total</i>	100.0	100.0	100.0	1,010	100.0	1,126	100.0	2,136	100.0

Source: CRA Disclosure Statements (2002 and 2003), and CRA Aggregate Data 2002 and 2003.

The bank slightly outperformed other lenders in the assessment area in low-income census tracts in 2002; however, in 2003, the performance fell below despite the volume increase. Stronger performance is achieved in the moderate-income census tracts where 13.8 and 15.1 percent were originated in 2002 and 2003, respectively, compared to aggregate of 9.8 and 10.9 percent, respectively, for those same years. In addition, the moderate-income performance compares favorably with the percentage of small businesses.

In terms of market ranking in 2002, WTC achieved 7th place among 127 small business reporters in low-income tracts and 5th among 127 in moderate-income tracts. In 2003, the bank improved its ranking and rose to 4th among 132 in low-income tracts and 4th among 132 in moderate-income tracts.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

WTC's residential and small business loans were analyzed to determine the extent to which the bank is addressing the credit needs of the areas' residents and businesses. Emphasis was placed on residential loans originated to low- and moderate-income borrowers and small business loans to small businesses (annual revenues of \$1 million or less). Overall, the bank's distribution of home mortgage and small business loans reflects excellent penetration among retail customers of different income levels and businesses of different sizes. The dollar distribution reflects similar performance.

Home Mortgage Lending

As the table shows, the percentage of home mortgage loans originated to low-income borrowers in both years compares favorably with aggregate lending data. In both years, WTC has nearly doubled the performance of other lenders in the assessment area. Additionally, the percentage of loans originated to moderate-income borrowers during 2002 and 2003 compares favorably to the percentage of moderate-income households within the assessment area as well as surpasses aggregate performance. As indicated in the performance context, home purchase loans are a viable credit need. To that end, stronger performance is noted in the home purchase loan among low- and moderate-income borrowers. For example, the bank originated 30.0 percent and 15.1 percent to low-income borrowers in 2002 and 2003, respectively, compared to aggregate of 10.3 percent and 7.5 percent, respectively. Performance to moderate-income borrowers represented 24.7 percent and 29.1 percent in 2002 and 2003, respectively. These percentages also compare favorably with aggregate of 21.4 percent and 20.7 percent, respectively, for the same time period.

In terms of market ranking in 2002, WTC achieved 1st place among 215 lenders in originating HMDA loans to low-income borrowers and 3rd place of 242 in 2003, capturing market shares of 7.3 percent and 5.1 percent, respectively. Impressive market ranks to moderate-income borrowers is also noted with the bank capturing 6th place among 300 in 2002 and 5th among 332 in 2003, translating into market shares of 4.1 percent and 3.8 percent, respectively

Table 7 – Distribution of HMDA Loans by Borrower Income Category

<i>Borrower Income Level</i>	<i>% of Total Households</i>	<i>Aggregate Lending Data</i>		<i>2002</i>		<i>2003</i>		<i>Total</i>	
		<i>2002</i>	<i>2003</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	21.8	8.3	6.1	368	18.5	275	11.8	643	14.9
<i>Moderate</i>	16.9	19.3	17.3	468	23.5	570	24.5	1,038	24.0
<i>Middle</i>	20.7	22.7	22.2	493	24.8	597	25.6	1,090	25.2
<i>Upper</i>	40.6	33.5	37.8	652	32.8	845	36.3	1,497	34.7
<i>\$0/NA Income</i>	-	16.2	16.6	8	.4	44	1.8	52	1.2
<i>Total</i>	100.0	100.0	100.0	1,989	100.0	2,331	100.0	4,320	100.0

Source: U.S. Census, HMDA Disclosure Statements (2002 and 2003), and HMDA Aggregate Data 2002 and 2003.

Small Business Lending

A majority of small business loans were originated to businesses reporting gross annual revenues (GAR) of \$1 million or less. The percentage of the number of small business loans originated to businesses reporting GARs of \$1 million or less was 59.5 percent in 2002 and 60.0 percent in

2003. These percentages compare favorably with other small business reporters in the area such as Citizens Bank Delaware who originated 45.3 percent and 56.1 percent, respectively, in 2002 and 2003. In addition, the bank originated 75.9 and 77.5 percent of its small business loans in amounts of \$250,000 or less during 2002 and 2003, respectively. This demonstrates a strong commitment to serving small- and medium-size loan requests.

Community Development Lending

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

WTC extended a relatively high amount of community development loans during the review period. Specifically, WTC originated 17 community development loans totaling \$16.6 million since the last evaluation. The loans described below meet the definition of community development according to the CRA and are not reportable as small business loans.

Multi-family Affordable Housing Loans

- \$3.5 million in acquisition and construction financing for a 116-unit low-income housing project in the City of Wilmington.
- \$5.6 million construction loan to finance the acquisition and renovation of a 78-unit low-income housing project in the City of Wilmington.
- \$580,000 construction loan to a nonprofit engaged in a second phase of low-income housing of 18 town homes in a depressed South Wilmington neighborhood.

Consortium

- WTC has been involved with a Delaware community development corporation (CDC) for several years. Currently, WTC is committed to two housing loan funds and an urban renewal loan fund within the CDC. During the review period, WTC assisted in funding 11 loans totaling \$1.6 million. The projects included funding for low-income and elderly housing, affordable rental housing, and economic development. In addition, the bank committed a total \$2.3 million to two housing funds.

Education Loans

- In response to the growing need to improve public education in the state of Delaware, the bank has made a \$3 million loan to a charter school. The school is a minority founded charter school located in Dover, Delaware and is comprised of approximately 58 percent low-income students and nearly 86 percent are minority. In charter schools, the parents must apply to the school and be selected via lottery if there is more demand than there are spaces in the school. There is no tuition at a charter school. The Charter School Option

is a movement in Delaware that offers great promise for improving public education throughout the state.

Innovative and/or Flexible Lending Practices

The institution’s innovative and/or flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

The bank uses innovative and flexible lending practices to serve assessment area credit needs. The following table details the activity levels for the various programs in which WTC engages.

<i>Table 8 - Innovative or Flexible Lending Practices</i>		
PROGRAM	NUMBER OF LOANS	DOLLAR VOLUME OF LOANS (000s)
<i>Residential Programs:</i>		
<i>In-House Discounted Mortgages</i>	144	13,686
<i>FHLB Home Buyer Equity Program</i>	75	8,067
<i>FNMA –Community Solutions Mortgage</i>	11	1,113
<i>FNMA – Flex 97</i>	3	285
<i>FHA Mortgages</i>	185	19,775
<i>Total Residential Loans</i>	418	42,926
<i>Security Deposit Loan and Job Start Loan Program</i>	228	134
<i>SBA Loans</i>	55	13,003
<i>In-House Small Business Loans</i>	1,582	7,489
<i>Grand Total</i>	2,283	63,552

Source: Bank Records

Following are descriptions of some of the more notable programs:

- Recognizing the need for affordable housing in the assessment area, the bank continues to offer discounted mortgages to applicants whose gross household income meets the “low- to

moderate-income” criteria in which total household income may not exceed 80 percent of the median family income as set by the government. These mortgage loans offer lower down-payments than traditional mortgages for up to one percent below market rate with limited or no points. Debt ratios are relaxed to 33 percent for housing and 41 percent for total debt. Recently, the bank modified the program to not require that the borrower be a first-time home buyer.

- The bank continues to be an active participant in the Federal Home Loan Bank (FHLB) Home Buyer Equity Fund. This program provides \$3,000 in loans to low- and moderate-income home purchase applicants to use for down-payment and closing costs. During the evaluation period, the bank leveraged the ability of families to become first-time homebuyers by providing down-payment assistance related to over \$8 million in residential mortgages.
- The bank continues to participate in the Statewide Security Deposit Loan Program offered in conjunction with a New Castle County nonprofit housing organization. This program provides low-interest rate loans for security deposits, utility deposits, and moving expenses. The loans are considered vital to HUD-eligible clients who, without the ability to overcome the initial barriers of relocation costs, may never be able to take advantage of better housing in safe and secure environments. Clients must have incomes at or below 80 percent of the median family income. Borrowers are also given guidance concerning housing, budgeting, employment, childcare, and education. The nonprofit organization approached the bank to extend this program by originating loans for a new Job Start Loan program in early 2003. The program is to assist low- and moderate-income individuals overcome the financial obstacles to entering or re-entering the workforce by providing critical assistance with the up-front expenses such as childcare, work clothing, and transportation as well as establishing their credit.
- During the end of the evaluation period, Fannie Mae approached WTC to be the lead lender of a new initiative in Delaware, which involves creating a network of lenders, counselors, and faith-based and community organizations. A series of Homeownership Education sessions will be held in the faith-based and community organizations. Individuals interested in pursuing homeownership would register for housing counseling at that time. The counseling agencies use Fannie Mae’s web-based Home Counselor Online. Once the potential homeowner is mortgage ready, their entire file would be transmitted electronically to the lender. Members of WTC’s mortgage staff have participated in some of the Homeownership Education sessions that Fannie Mae has started to hold in churches in Wilmington. In addition, Fannie Mae requested that WTC consider using their “MyCommunityMortgage” product as the bank’s CRA mortgage product. As such, WTC renewed their contract with Fannie Mae to include a mortgage that allows 100% financing with the lesser of 1% or \$500 down payment. To date, no activity has occurred since this is a new program and WTC is in the process of downloading the mortgage software. Again, this initiative will serve as powerful vehicle in bringing about home purchase loans for the low- and moderate-income individual/family, an identified credit need.

- Due to the lack of affordable housing in northern New Castle County, the Brandywine School District (BSD) worked with Fannie Mae, Interfaith Housing, Delaware Money School, State of Delaware, City of Wilmington, New Castle County, the State Chamber of Commerce and WTC to develop an Employer Assisted Housing program that is being used as a recruiting and retention tool for new and current teachers. WTC agreed to be the lending partner, offering a Fannie Mae Community Solutions mortgage designed specifically for this program. To date, no activity has occurred since this is a new program.
- WTC was recognized as the Small Business Administration (SBA) “Top Lender” for originating the most SBA-guaranteed small business loans in Delaware in 2002 and 2003. The award recognizes the bank’s efforts in increasing access to capital for small businesses.
- WTC recently launched a major statewide initiative to attract small business clients. Three distinct loan programs were modified especially for small businesses: an overdraft protection line of credit, a real estate secured line of credit, and a business credit card. Both lines of credit do not require an annual fee or a fee to open an account and offer competitive market rates.

INVESTMENT TEST

The investment test evaluates the institution’s record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution’s assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution’s investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank has a significant level of qualified community development investments and grants, including \$9.6 million in new investments and \$10.6 million in outstanding investments. Investments made since the last evaluation totaled \$9.6 million, including \$2.5 million in equity fund commitments, \$5 million in a CRA Preferred Bond, and \$2.1 million in charitable and in-kind contributions. This represents a decline from the \$19.2 million reported at the previous evaluation despite a growth in resources of nearly 25 percent in total assets. However, the entire \$9.6 million in community development investments and donations directly benefited the bank’s assessment area. In addition, WTC has a significant level of investments still outstanding from the previous evaluation at approximately \$10.6 million. This includes \$10.3 million in Delaware State Housing Authority bonds, \$200,000 in equity investments, and \$100,000 in deposits in the Peoples Settlement Association Federal Credit Union.

The bank made two new commitments since the last evaluation to a local community development corporation. The first represents a \$1 million commitment in the organization’s sixth equity fund. All equity funds were established to encourage equity investment in low-

income housing projects which qualify for the federal low income housing tax credit. Equity fund investment is restricted to Delaware developments only and is available to both for-profit and nonprofit developers. This particular program totals \$120.7 million in commitments, which has provided 2,119 units in 33 developments of housing for families, seniors, the homeless and those with special needs. The second commitment was for \$1.5 million in a new markets tax credit fund. This program was established by Congress in 2000 to increase the flow of private capital to underserved markets by creating a tax credit for investments in community development entities. This organization was one of 66 out of 345 applicants and the only entity in Delaware, to receive an allocation of 2002 New Markets Tax Credits. The proceeds will be used to make available real estate secured permanent loans for community and economic development and revitalization statewide.

The \$5 million CRA Bond represents an investment in CharterMac, a publicly traded, full-service multifamily finance company. CharterMac primarily invests in tax-exempt private activity bonds that are issued by various state and local municipalities which finance the new construction or substantial rehabilitation of multifamily housing properties. The bonds are generally secured by first mortgages on the underlying multifamily properties. The bank's particular investment is allocated to Newark Commons located in New Castle, Delaware. Approximately 56 percent of the 124 units are restricted to families up to 60 percent of median income; of those income restricted units, 24 are set aside for elderly tenants over the age of 55.

In addition to the above qualified investments, WTC made an excellent amount of CRA-qualifying grants, donations, and in-kind contributions during the evaluation period totaling approximately \$2 million, benefiting over 100 community-based and nonprofit organizations. Some of the grants represent on-going support of community development while others were made to support new projects being undertaken by various community development groups. For example, the \$50,000 grant made in 2002 to the Wilmington Housing Partnership (WHP) was the final installment on a 3-year pledge of \$200,000. WHP is a public-private partnership created to collaborate with select private, non-profit and governmental entities to increase the City of Wilmington's housing stock by promoting renovation/rehabilitation of existing homes and limited construction of new homes in strategically selected areas while supporting a diverse income strategy. In addition, the \$25,000 grant to the Delmarva Rural Housing Consortium supported the organization's next 3-year plan (2004-2006). The consortium is a collaborative of seven nonprofit rural housing developers created to address the specific affordable housing needs of central and southern Delaware. The \$20,000 annual contribution to Wilmington Renaissance Corporation is to help support the revitalization of downtown Wilmington.

After numerous conversations with the City of Wilmington and members of Greater Brandywine Village Revitalization, Inc. (GBVR), WTC donated a branch located in a moderate-income census tract to the Delaware Architecture Foundation (DAF). The appraised value of the property was approximately \$100,000. DAF's headquarters is a historic stone home on the same block as this branch office that they bought and rehabbed a few years ago. They are a member of the GBVR which is comprised of a number of nonprofit organizations interested in revitalizing this deteriorating area. DAF was extremely interested in maintaining the historic integrity of the building while fostering the revitalization efforts. WTC had other parties interested in

purchasing the building, but felt that DAF had the best interest of the community at heart and could garner the most resources to complete a full rehabilitation of the building. In addition, WTC contributed \$50,000 toward the renovation of the building.

SERVICE TEST

The service test evaluates the institution’s record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution’s systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution’s retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution’s branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle- and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution’s community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Retail Banking Services

Accessibility of Delivery Systems

WTC’s delivery systems are reasonably accessible to all portions of the assessment areas, including low- and moderate-income households. The following table details the distribution of the bank’s branches by census tract. Household information is based on the 2000 census data.

Census Tract Income Category	Census Tracts in Assessment Area		Households		Bank Offices by Tract Location	
	#	%	#	%	#	%
<i>Low</i>	10	5.1%	6,948	2.3%	3	6.8%
<i>Moderate</i>	26	13.2%	37,912	12.7%	6	13.7%
<i>Middle</i>	121	61.4%	192,865	64.6%	24	54.5%
<i>Upper</i>	39	19.8%	61,030	20.4%	11	25.0%
<i>NA</i>	1	0.5%	0	0		
<i>Total</i>	197	100%	298,755	100%	44	100%

Source: 2000 US Census and Bank Records

The table indicates that the branch distribution is similar to the distribution of census tracts throughout the assessment area and compares favorably with the distribution of households. WTC has no material differences in the hours of operation or services offered at all the branches. With 44 branches throughout Delaware, over 160 Automated Teller Machines (ATM) in the region, and comprehensive telephone and on-line banking services, WTC is accessible to any individual, regardless of income or geography, in the Delaware market. Moreover, the bank continues to have the largest branch network of any bank operating in the State of Delaware.

Alternative Delivery Systems

WTC has an extensive ATM network (over 160 locations in Delaware, Maryland and Southeastern Pennsylvania). WTC continues to offer its Hi!Tech ATMs where clients can cash a check to the penny, make deposits into more than one account, and make a deposit with cash back 24 hours a day, 7 days a week. In addition, clients can make a deposit up until 7:00 p.m. at any WTC owned and operated ATM or Electronic Business Depository and have their deposit posted the same business day. ATM withdrawals and transfers made up until 7:00 p.m. will also be debited from a client's accounts and posted the day they occur. Business clients can use the electronic Coin and Currency machines included in the Hi!Tech Centers.

In addition, most of the bank's services are available by telephone through the Client Services Center, including deposit account opening, telephone transfers, bill paying and a wide variety of financial assistance. These services are available 7:00 a.m. to 10:00 p.m. Monday through Friday and Saturdays from 9:00 a.m. to 1:00 p.m. The Loan By Phone service allows anyone to make a credit card or loan application via telephone Monday through Friday from 8:30 a.m. to 7:00 p.m. and from 9:00 a.m. to 1:00 p.m. Saturdays. Another convenience is the Touch-Tone Banking. By calling 24 hours a day, 7 days a week, one can access information on accounts, transfer money, and pay bills.

During the evaluation period, the telephone service became available in Spanish. There are six Client Services Representatives that speak fluent Spanish. Furthermore, WTC recently advertised its banks and products in a Spanish circulation. Both of these are in direct response to the bank's recent initiative in augmenting its services to the growing Hispanic market in Delaware.

WTC also continues to offer a comprehensive On-Line Banking service, which allows clients direct access to their accounts at any time of the day or night via computer. This includes a robust bill-pay service and loan applications and deposit account openings. The Client Services Center provides electronic support services (via email) from 8:30 a.m. to 11:00 p.m. Monday through Friday and 9:00 a.m. to 1:00 p.m. Saturdays.

Through the bank's recent statewide launch of a business initiative, the bank has customized its package of small business products and services. The Business Edge Checking offers no monthly service charge and no monthly transaction item limits for the first year. A Business Certificate of Deposit (CD) offers preferential CD rates for all maturities which are at least .25 percent higher than standard publicized rates. Currently, WTC has more than 50 small business

specialists reaching out to small business owners across the state, including those with as few as one employee.

Changes in Branch Location

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems. WTC has closed the Brandywine Village branch since the last evaluation. This branch, located in a moderate-income census tract, was in close proximity to another WTC branch (1.2 miles). The bank worked extensively with the City of Wilmington and the Greater Brandywine Village Revitalization, Inc. to determine the best use of the closed branch building. The bank donated building to the Delaware Architecture Foundation which is in the process of renovating the building while maintaining its historic value.

In addition, the Laurel drive-in was closed and the separate Laurel office was renovated to include a drive-in facility. While WTC has not opened any new branches during this evaluation period, one additional Hi!Tech Center was installed that includes two Hi!Tech ATMS, an Electronic Depository, a Coin and Currency Dispenser and a client service phone in the College Square Shopping Center, Newark. In the Brookside Shopping Center, also in Newark near the site of the Chesmar branch that was closed in 2001, WTC installed two advanced function ATMs.

Reasonableness of Business Hours and Services in Meeting the Assessment Area Needs

Services are tailored to the convenience and needs of the assessment area. Beginning March 1, 2004, the bank improved its accessibility by extending weekday hours of operation in all branch offices in Delaware. Hours were extended weekdays until 5:00 p.m. (previously 3 p.m.). Branches with Saturday hours were extended from 9 a.m. – noon (previously 11 a.m.). Branch drive-in hours remain unchanged with the exception of the noon closings on Saturdays. As a result of additional feedback from clients, WTC then extended the 5:00 p.m. closings to 6:00 p.m. beginning in September, 2004.

Community Development Services

WTC is a leader in providing community development services. The bank operates with a full-time CRA Officer who manages the bank's community development efforts. During the evaluation period, the CRA officer along with other bank employees made contact with representatives from local community development corporations, government officials, charitable institutions, and other non-profit organizations to ascertain community development needs.

Since the last evaluation, the bank has sponsored or co-sponsored approximately 17 banking events on topics such as money and banking to at-risk youth, economic development for small businesses, anti-predatory lending campaign, women-owned businesses, budgeting for fixed income senior citizens, and Money Smart. In addition, to those events, the bank has sponsored 11 affordable housing seminars. Furthermore, the bank has participated in numerous community

development service initiatives, examples of which include board of director positions, membership on fundraising and loan review committees, and providing technical assistance to community development organizations. Specifically, the bank has provided technical assistance to approximately 50 community organizations located throughout the state of Delaware.

The following are examples of WTC's leadership role in the various community development services offered by bank employees. All the services meet the definition of "community development" and also relate to the provision of financial services as required by the regulation for consideration under the CRA.

WTC was instrumental in helping Community Housing, Inc. (CHI), a nonprofit affordable housing organization, sell a property that they owned and operated. The property was located in a low-income census tract and housed approximately 300 people.

An Executive Vice President was instrumental in coordinating the efforts of Trinity Housing Ventures to obtain the financing to acquire homes in the Trinity neighborhood to be rehabilitated and sold to low- and moderate-income first-time buyers. A loan pool was created and administered by First State Community Loan Fund (FSCLF). WTC serves as escrow agent for the loan pool funds. In addition, given that FSCLF has done mostly pre-development lending and not much construction lending, WTC has provided FSCLF with technical assistance. Specifically, two construction loan administrators along with the EVP met with FSCLF members to determine their capacity and to assist them in preparing for administering this (and potentially others in the future) loan pool. WTC staff explained how to monitor construction loan funding, and per their request, made suggestions as to how they could improve their procedures. Subsequent to the meeting, WTC forwarded various forms and offered assistance with any future questions.

The City of Wilmington, in conjunction with Banking Commissioner Robert Glen, launched a media campaign to educate the public about predatory lending. WTC was one of several local banks that provided counsel and financial support to run the campaign. The campaign was aimed to be a powerful weapon for citizens. The program was to send a clear message that predatory lenders are not welcome to do business in Wilmington.

An Executive Vice President served on the Delaware Partnership Office Advisory Council of Fannie Mae and a Residential Mortgage Manager currently serves on the Advisory Council, which helps to identify opportunities and challenges for Fannie Mae in serving families in need of affordable housing. A group of WTC employees met several times during 2003 with the Partnership Office to discuss several potential opportunities. As a result, the new programs that WTC initiated are discussed in the innovative and/or flexible loan products.

In keeping with the bank's goal of increasing financial literacy, WTC collaborated with the Delaware Financial Literacy Institute, the Delaware Council on Economic Education and the other sponsors (Citigroup, Deutsche Asset Management, and Household) in the development and presentation of a Money Smart conference held in Dover for 683 children (grades 4-7) and their

parents. The bank's CRA Officer served on the Planning Committee. Children learned about money and saving in fun, interactive sessions.

WTC continues to operate a student-run bank at the Academy of Finance at Dover High School, which is comprised primarily of minority students and students receiving meal subsidies. Several staff members serve on the advisory committee for the Academy of Finance. The bank handles the opening of savings accounts, deposits and small withdrawals from those accounts, and check cashing for students and school employees. The initiative targets students who most likely will not go on to college and helps prepare them for employment in the financial service industry in Delaware.

WTC participated in various small business initiatives within the City of Wilmington. For example, one of the bank's small business developers participated as a workshop facilitator in this first-time event held to provide hands-on information and resources to those interested in franchise business opportunities. In addition, this same employee participated as a member of a financial roundtable at the Wilmington (City of) New Majority Economic Development Summit in 2004. Moreover, a WTC Small Business Developer served on the Planning and Finance Committees for a day long conference sponsored by NAWBO and the U.S. Small Business Administration entitled: Catalyst for Growth: A Conference for Women Business Owners. The mission is to take women businesses to the next level, whether it is small to medium or medium to large.

WTC continues to bring outside resources into the community through its membership and participation in the Federal Home Loan Bank (FHLB) of Pittsburgh Affordable Housing Program (AHP). The commercial mortgage staff routinely works with nonprofit housing developers to make applications for AHP grants which ultimately enable projects to be more affordable to the buyer or renter. Approximately 12 applications were made during this evaluation period, of which four were funded for a total of \$463,000. In addition to the technical assistance provided in the application process, the bank disburses the grant monies and monitors the projects over a ten-year period to ensure adherence to the FHLB affordability guidelines.

During the evaluation period, a great deal of technical assistance and leadership was provided to the Delaware Assistive Technology Initiative (DATI). The CRA Officer attended a session held in May 2002 on "Alternative Financing for the Purchase of Assistive Technology", to which various financial institutions, State agencies, nonprofits and others involved with the disabled community were invited. During the session, the CRA Officer learned that Delaware had an opportunity to apply for Federal funds (3 to 1 match) that would support the creation of a low-interest loan program so that people with mental and developmental disabilities have an affordable option for buying their own assistive equipment or making home or vehicle modifications. The CRA Officer agreed to participate in a working group to explore the various financing models that existed in other States and to help craft the model that would be used in Delaware. Consequently, the CRA Officer and other WTC representatives met a few times to review other programs and talk with the administrators and financial institutions involved in them. After Federal grant funds were approved, DATI approached WTC and several other financial institutions as to what they could offer in the way of loans terms, rates, and underwriting flexibility. WTC met with them in April of 2004 and submitted their proposal. To date, the parameters of the program are still being under review by DATI.

METROPOLITAN AREAS

DESCRIPTION OF OPERATIONS IN WILMINGTON-NEWARK METROPOLITAN STATISTICAL AREA (MSA) 9160:

This MSA contains the largest portion of the assessment area; 126 or 64.0 percent of the assessment area's 197 census tracts are located in MSA 9160. The assessment area represents the bank's presence in New Castle County, Delaware. WTC operates 22 of its 44 offices in MSA 9160.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WILMINGTON-NEWARK MSA 9160:

The majority of WTC's home mortgage and small business loans were originated in MSA 9160. Specifically, of the 4,320 home mortgage loans totaling \$393.5 million originated during the review period, 2,657 totaling 270.2 million were in MSA 9160 (61.5 percent by number and 68.7 percent by dollar). Similarly, WTC originated 1,409 small business loans totaling 297.3 million, representing 66.0 percent by number and 62.1 percent by dollar of the total. The bank's geographic distribution of home mortgage and small business loans reflect an adequate penetration in MSA 9160, consistent with its overall performance. The borrower distribution of home mortgage and small business loans reflect an excellent penetration in MSA 9160, again consistent with overall performance.

The community development loans originated between examinations have primarily addressed affordable housing and economic development needs in MSA 9160. Of the 16.6 million in community development loans originated in Delaware, approximately 50 percent directly benefit the City of Wilmington, with the one-fourth benefiting Newark, Delaware, and one-fourth benefiting the entire state.

Of the bank's qualified community development investments and grants, the \$5 million investment serves Kent County while the \$2.5 equity fund commitment serves the entire state of Delaware. Of the donations given throughout the state, 30 were to organizations serving the entire state, 25 serve New Castle County, 33 serve Wilmington, 12 serve Sussex County, and 9 serve Kent County. Similarly, the vast majority of the institution's retail and community development services benefit MSA 9160.

DESCRIPTION OF OPERATIONS IN DOVER MSA 2190:

WTC operates seven or 15.9 percent of its branch offices in this MSA. This MSA represents the bank's presence in Kent County, Delaware. A small number of census tracts, 34 or 17.3 percent of the assessment area's 197 tracts are located in this MSA. This MSA contains no low-income tracts and only three moderate-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS DOVER MSA 2190:

A small percentage of WTC's home mortgage and small business loans were originated in MSA 2190. Specifically, of the 6,456 home mortgage and small business loans originated during the review period, 803 or 12.4 percent by number were inside MSA 2190. Lending by dollar volume is even less at \$81.4 million or 10.0 percent within this MSA. The bank's geographic distribution of home mortgage and small business loans reflect an adequate penetration in MSA 2190, given the absence of low-income census tracts and the nominal level of moderate-income census tracts. However, the bank's performance to low- and moderate-income borrowers surpasses the overall performance, especially within the home purchase market. For example, in 2002, 15.0 and 25.0 percent, respectively, of home purchase loans were originated to low- and moderate-income borrowers compared to 7.9 and 24.9 percent, respectively, for aggregate. In 2003, 10 and 30 percent, respectively, of the home purchase loans were originated to low- and moderate-income borrowers, compared to aggregate of 4.9 and 22.4 percent, respectively.

One community development loan originated between evaluations addressing affordable housing and economic development needs in MSA 2190 totals \$3 million.

Of the bank's qualified community development investments and grants, the \$5 million bond investment serves the Dover MSA while the remaining \$2.5 million serves the entire state of Delaware. Of the donations given throughout the state, nine donations were to organizations that directly serve Kent County. The vast majority of the institution's retail and community development services benefit MSA 9160.

NON - METROPOLITAN AREAS

DESCRIPTION OF OPERATIONS IN NON-MSA AREA OF DELAWARE:

WTC operates 15 or 33.3 percent of its branch offices in this area. This area represents the bank's presence in Sussex County, Delaware. A small number of census tracts, 24 or 12.6 percent of the assessment area's 190 tracts are located in this area. None of the census tracts are considered low- or moderate-income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA:

Lending in this area outpaced lending in MSA 2190. Specifically, of the 6,456 home mortgage and small business loans originated during the review period, 1,587 or 24.6 percent by number were inside Sussex County. Lending by dollar volume is at \$92.3 million or 11.4 percent within the non-MSA. The bank's geographic distribution of home mortgage and small business loans reflect an adequate penetration in Sussex County, given the absence of low- and moderate-income census tracts. However, the bank's performance to low- and moderate-income borrowers is excellent, especially within the home purchase market. For example, in 2002, 11.1 and 21.2 percent, respectively, of home purchase loans were originated to low- and moderate-income borrowers compared to 3.8 and 12.2 percent, respectively, for aggregate. In 2003, 12.5 and 18.0 percent, respectively, of the home purchase loans were originated to low- and moderate-income borrowers, compared to aggregate of 3.6 and 11.5 percent, respectively.

Although there were no direct community development loans originated between examinations that addressed affordable housing and economic development needs in Sussex County, there was \$3.9 million that benefited the entire state of Delaware.

Of the bank's qualified community development investments and grants, \$2.5 million serves the entire state of Delaware. Of the donations given throughout the state, donations were to 12 organizations that directly serve Sussex County. The vast majority of the institution's retail and community development services benefit MSA 9160.

APPENDIX A – SCOPE OF EXAMINATION

SCOPE OF EXAMINATION:

Wilmington Trust Company
SCOPE OF EXAMINATION: The scope of the examination included a review of the institution’s lending, investment, and service activities.
TIME PERIOD REVIEWED: The bank’s home mortgage and small business lending activities for 2002 and 2003. Community development lending, investment, and service activities for the period 07/15/2002 to 11/08/2004.
PRODUCTS REVIEWED: Home mortgage, small business, and community development loans; investments and grants; retail and community development services.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
MSA 9160	On-site-full scope	1	
MSA 2190	Off-site-limited-scope	0	
Non-metropolitan Area	Off-site-limited scope	0	

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural

classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C - INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.