



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

**Delaware National Bank
Charter Number: 16773**

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Georgetown, DE 19947**

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Northern Pennsylvania Field Office
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Wilkes Barre, Pa 18701**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Outstanding**.

The following table indicates the performance level of **Delaware National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Delaware National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to community credit needs;
- A substantial majority of home mortgage loans and small loans to businesses are originated within the assessment area;
- The borrower distribution of home mortgage loans and small loans to businesses is excellent;
- The bank’s community development (CD) lending had a positive impact on the lending test rating;
- Product flexibility had a positive impact on the lending test rating;
- DNB made an excellent level of qualified community development investments, donations, and grants;
- Service delivery systems are accessible to individuals of different income levels in the assessment area;
- DNB provides a good level of community development services.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts 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.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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 percent and less than 120 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

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

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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.

Description of Institution

Delaware National Bank (DNB) is, as of December 31, 2006, a \$410 million institution founded in 1979 and headquartered in Georgetown, DE. DNB is an intrastate bank offering a standard array of traditional loan and deposit products. DNB is a wholly owned subsidiary of Fulton Financial Corporation (FFC), a \$14.7 billion bank holding company formed in 1982 and headquartered in Lancaster, Pennsylvania. FFC has twelve affiliate banks in Pennsylvania, Maryland, Delaware, Virginia, and New Jersey and one subsidiary, Central Pennsylvania Financial Corporation (CPFC). CPFC was designed to centralize investment activities for all the affiliate banks. Since DNB's qualified investments were funded through CPFC, DNB asked us to consider the investment activity done through CPFC on behalf of and for DNB. There are no operating subsidiaries of Delaware National Bank.

DNB has five full service branches in New Castle County and seven full service branches in Sussex County. All branch locations are equipped with automated teller machines (ATMs) and nine of the branches have drive-through facilities. Eleven of the branches offer extended Friday and Saturday hours. Since our last evaluation period, the bank closed one branch in Stanton, DE, which is located in New Castle County and they opened one branch in Seaford, DE, which is located in Sussex County. The branch opening and closing has not adversely affected the accessibility of its delivery systems.

As of December 31, 2006, DNB had net loans of \$304 million or 74% of total assets and net tier one capital of \$29 million. The composition of the loan portfolio consists of residential real estate loans at 52%, commercial real estate loans at 26%, construction and development loans at 10%, commercial and industrial loans at 5%, consumer loans at 4%, agricultural loans at 2%, and other loans at 1%.

Competition is strong, and comes from branches of large national and regional financial institutions as well as large local community banks. Based on the June 30, 2006 deposit market share report, the bank's major competitors for Sussex County are: Discover Bank, Wilmington Trust Co., Mercantile Peninsula Bank, Citizens Bank, PNC Bank Delaware, and County Bank. The bank's major competitors for New Castle County are: ING Bank FSB, Chase Bank, FIA Card Services, NA, Lehman Brothers Bank, and Wilmington Trust Co.

There are no financial or legal impediments impacting DNB's ability to help meet the community credit needs of its AAs.

DNB's previous CRA examination was conducted as of January 6, 2003 and the bank was assigned an overall rating of "Outstanding".

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of CD loans, is based on two distinct time periods: January 1, 2003 through December 31, 2003 (2003 Evaluation Period) and January 1, 2004 through December 31, 2006 (2004 - 2006 Evaluation Period). Both the 2003 Evaluation Period and the 2004 - 2006 Evaluation Period use the Census 2000 demographic information. However, the 2004 - 2006 Evaluation Period is evaluated using the revised Metropolitan Statistical Areas (MSA) boundaries as defined by the U.S. Office of Management and Budget (OMB). Due to the significant changes in the boundaries and in the demographic information between the two time periods, the loan data was analyzed separately.

Conclusions regarding the bank's lending performance are based on small business and home mortgage reportable loans from January 1, 2003 through December 31, 2006. There were no agricultural loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. Similarly, there were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for both small loans to farms and multifamily loans have been eliminated.

For the CD loans, Investments, and Services, the evaluation period is January 6, 2003 through May 21, 2007. The CD Lending Test included a review of loans made in the bank's AA that meet the definition of community development. The Investment Test included a review of investments, grants and donations made in the bank's AA that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at May 21, 2007 were given appropriate consideration. The Service Test included a review of retail and CD services in the bank's AA.

Data Integrity

DNB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans and small loans to businesses were tested for accuracy. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

CD loans, investments and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's Sussex County AA. The AA includes all of Sussex County, a non-MSA. DNB's main office is located in Sussex County, and a majority of DNB's loans and deposits are generated within the Sussex County AA.

Please refer to Appendix B for further information regarding the market profile of the full-scope AA.

Ratings

The bank's overall rating is based primarily on the full-scope review of the Sussex County AA. The Lending Test was more heavily weighted than the Investment Test or the Service Test. DNB's home mortgage loans received more weight in determining the Lending Test rating than its small loans to businesses. During the evaluation period, approximately 77% of the loans originated in Sussex County were home mortgage loans, with small business loans accounting for the remaining 23%. In regards to home mortgage lending, we placed more weight on home refinance mortgages in our analysis, given 47% of all home mortgage loan originations were home refinance loans. We also placed more emphasis on borrower distribution in evaluating the bank's lending performance given the lack of low- and moderate-income geographies. Additionally, CD lending and flexible loan products received positive consideration in arriving at the Lending Test rating.

Due to the presence of low- and moderate-income geographies in the limited scope AA, New Castle County, an evaluation of the bank's geographic distribution was conducted and incorporated in our overall assessment of the limited scope area.

Other

During the examination, we contacted three (3) community organizations whose primary missions included community action, economic development, and housing development. We determined through our community contacts that opportunities exist for CD lending, investments and services in the AA. The most prevalent community needs expressed were affordable housing and credit counseling for both businesses and individuals. In addition, the contacts stressed the need for more creative lending programs targeted toward low-income and moderate-income individual or family.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "Outstanding." Based on a full-scope review, the bank's performance in Sussex County, a non-MSA, is excellent.

Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity in the AA is excellent. The bank's lending patterns reflect excellent responsiveness to the credit needs of the community when considering the high level of competition from larger, nationwide lenders. During the 2003 Evaluation Period, 70% of the bank's lending was done in this AA. Approximately 83% of reportable loans originated during the evaluation period were home mortgage loans and 17% were small loans to businesses. During the 2004-2006 Evaluation period 71% of the bank's lending was done in this AA. Approximately 74% of reportable loans originated during the evaluation period were home mortgages loans and 26% were small loans to businesses. The amount of multi-family loans and small loans to farms were insignificant in both evaluation periods; therefore, an analysis would not be meaningful.

Sussex County non-MSA – 2003 Evaluation Period

DNB had 6 branches in the AA and 69% of the total deposits were in the AA. As of June 30, 2003, DNB had a 1.26% deposit market share, ranking it 5th among 13 institutions in the market. Major competitors are: Discover Bank (87.75% market share, 1 office), Wilmington Trust Company (3.91% market share, 15 offices), Baltimore Trust Company (1.87% market share, 7 offices), and PNC Bank Delaware (1.67% market share, 5 offices).

Home Mortgage Loans

Among home mortgage originations, approximately 60% were home refinance loans, 22% were home purchase loans, and 18% were home improvement loans.

The 2003 market share data for all mortgage data indicates DNB ranked 13th out of 419 mortgage lenders with a market share of 2.30%. Based on the same 2003 market share data, DNB ranked 16th out of 286 lenders in the AA with a 1.72% market share in home purchase lending, 4th out of 55 lenders in the AA with a 12.23% market share in home improvement lending, and 15th out of 361 lenders in the AA with a 2.04% market share in home refinancing lending. Large nationwide banks and mortgage companies dominate the home refinancing and home purchase market in the AA.

Small Loans to Businesses

Based on the 2003 CRA aggregating data, DNB ranked 13th out of 52 lenders in the AA with a market share of 1.91%. Large nationwide banks dominate the market for this product with the top three lenders having a combined market share of 50%.

Sussex County non-MSA – 2004-2006 Evaluation Period

DNB has 7 branches in the AA and 71% of total deposits are in the AA. As of June 30, 2006, DNB had a 1.16% deposit market share, ranking it 7th among 16 institutions in the market. Major competitors are: Discover Bank (83.32% market share, 1 office), Wilmington Trust Company (5.12% market share, 14 offices), Mercantile Peninsula Bank (2.64% market share, 8 offices), Citizens Bank (2.12% market share, 4 offices), and PNC Bank Delaware (1.87% market share, 5 offices).

Home Mortgage Loans

Among home mortgage originations, approximately 42% were home refinance loans, 31% were home purchase loans, and 27% were home improvement loans.

The 2005 market share data for all mortgage data indicates DNB ranked 12th out of 453 mortgage lenders with a market share of 1.79%. Based on the same 2005 market share data, DNB ranked 22nd out of 343 lenders in the AA with a 1.23% market share in home purchase lending, 3rd out of 119 lenders in the AA with a 7.00% market share in home improvement lending, and 13th out of 332 lenders in the AA with a 1.60% market share in home refinancing lending.

Small Loans to Businesses

Based on the 2005 CRA aggregating data, DNB ranked 13th out of 49 lenders in the AA with a market share of 1.81%. Large nationwide banks dominate the market for this product with the top four lenders having a combined market share of 57%.

Distribution of Loans by Income Level of the Geography

For both the 2003 Evaluation Period and the 2004-2006 Evaluation Period, DNB had 33 middle-income census tracts and 3 upper-income census tracts. There are no low- or moderate-income tracts within the Sussex County assessment area. Therefore, a distribution of loans by income level of the geography would not be meaningful and was not performed.

Refer to Tables 2, 3, 4, and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Lending Gap Analysis

No unexplained gaps were identified based upon the analysis of DNB's home mortgage and small business lending during the evaluation period.

Inside/Outside Ratio

DNB originates a substantial majority of loans in their combined AAs. During the evaluation period, 90% of the number and 88% of the dollar amount of total home mortgage and small loans to businesses were within the bank's AA. For all home mortgage products, 89% of the number and 87% of the dollar amount were within the bank's AA. The number and dollar amount of home mortgage loans originated in the AA during the evaluation period by product type are as follows: 84% of the number and 85% of the dollar amount of home purchase loans, 96% of the number and 93% of the dollar amount of home improvement loans, and 89% of the number and 87% of the dollar amount of home refinance loans. Regarding small loans to businesses, 94% of the number and 91% of the dollar amount of total originations were within the AA.

Distribution of Loans by Income Level of the Borrower

DNB's distribution of loans by borrower income level is excellent, given the strong competition from a large number of institutions competing for business in the AA, and the affordability of home ownership for a low- or moderate-income family.

In our analysis, we considered the lack of affordability for a low-income individual or family to purchase a home. For the 2003 Evaluation Period, the average median housing value for the Sussex County non-MSA was \$127,483 and a low-income individual or family earned less than \$25,450. For the 2004-2006 Evaluation Period, the average median housing median value for the AA was \$127,483 and a low-income individual of family earned less than \$27,150. Additionally, 10% of the families in this AA are below the poverty level. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income individuals or families, therefore, we place more consideration on the moderate-income performance.

Sussex County non-MSA – 2003 Evaluation Period

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Lending

Borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage the percentage of low-income borrowers in the AA. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income borrowers in the AA. DNB's market share to both low- and moderate-income borrowers exceeds its overall market share. DNB ranked 8th out of 47 lenders in lending to low-income borrowers with a total of 8 loans to low-income borrowers. This is excellent when considering the largest lender originated only 33 loans in this category. DNB ranked 10th out of 88 lenders for moderate-income borrowers. In both cases, DNB was the highest ranked community bank in the AA for home purchase lending to low- and moderate-income borrowers.

Home Improvement Lending

Borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income borrowers in the AA. The percentage of home improvement loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income borrowers in the AA. DNB's market share to low-income borrowers exceeds its overall market share, and DNB's market share to moderate-income borrowers is somewhat lower than its overall market share. This performance is excellent when considering DNB ranked 4th out of 16 lenders in lending to low-income borrowers and ranked 4th out of 21 lenders in moderate-income borrowers.

Home Refinance Lending

Borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income borrowers in the AA. The percentage of home refinance loans to moderate-income borrowers is somewhat lower than the percentage of moderate-income borrowers in the AA. DNB's market share to both low- and moderate-income borrowers exceeds its overall market share. DNB's performance is excellent when considering DNB ranked 4th out of 90 lenders in lending to low-income borrowers in the AA, and 10th out of 146 lenders in lending to moderate-income borrowers in the AA. The institutions ranking above DNB were large, nationwide financial institutions.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders that offer small business credit cards. In this AA, three large nationwide lenders dominate the market with a combined market share of 50%.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is near to the percentage of businesses in the AA. DNB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 61% of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

Sussex County non-MSA – 2004-2006 Evaluation Period

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Home Purchase Lending

Borrower distribution for home purchase lending is good. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage the percentage of low-income borrowers in the AA. The percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income borrowers in the AA. DNB's market share to both low- and moderate-income borrowers exceeds its overall market share. DNB

ranked 17th out of 57 lenders in lending to low-income borrowers with a total of 4 loans to low-income borrowers. This performance is good when considering the top lender had a 12.95% market share and generated only 25 loans in this category. DNB ranked 9th out of 118 lenders in lending to moderate-income borrowers.

Home Improvement Lending

Borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income borrowers in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA. DNB's market share to low-income borrowers exceeds its overall market share, and DNB's market share to moderate-income borrowers is near to its overall market share. This performance is excellent when considering DNB ranked 4th out of 30 lenders in lending to low-income borrowers and ranked 7th out of 58 lenders in moderate-income borrowers.

Home Refinance Lending

Borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income borrowers in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA. DNB's market share to both low- and moderate-income borrowers exceeds its overall market share. DNB's performance is excellent when considering DNB ranked 7th out of 94 lenders in lending to low-income borrowers in the AA, and 13th out of 156 lenders in lending to moderate-income borrowers in the AA.

Small Loans to Businesses

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders that offer small business credit cards.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. DNB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 66% of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small business.

CD Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on the Lending Test, and the originated loans were responsive to the needs of the AA. During the evaluation period, DNB originated two qualified community development loans totaling \$2.6 million.

During the evaluation period, DNB extended a \$2.5 million revolving construction line of credit to a local non-profit organization. The funds will be used to construct single family homes for low-income families in the bank's AA under the organization's self-help housing program. This organization works with groups of 5 future homeowners who provide 65% of the labor to build their own homes. The families work together as a group on each other's homes, and are allowed to move in after all five homes are constructed. The program is designed to have 15 homes under construction at all times. DNB is the sole source of construction financing for this organization. As of the evaluation period, DNB funded a total of \$355 thousand under this line of credit.

A \$100 thousand line of credit was extended to a community development corporation (CDC) for the purpose of providing multifamily affordable housing to low- and moderate-income individuals. This CDC has received commitments of over \$100 million, and the funds will be used for 60 developments producing over 4,000 affordable housing units within the bank's AA. As of the evaluation period, DNB funded a total of \$5 thousand under this line of credit.

Product Innovation and Flexibility

Product flexibility had a positive impact on the lending test rating. As noted earlier in this evaluation, affordable housing lending is considered a primary credit need within the bank's assessment area, and DNB has developed flexible lending practices and has originated loans under these programs in order to serve the credit needs of its assessment area.

In September 2002, DNB created a home mortgage program exclusively for low- and moderate-income families or individuals. The program provides qualified borrowers with an option of a 5/1 or 7/1 ARM based on DNB's published rate minus .50%. The ARM rate is locked and capped at application for the length of the sales agreement. The maximum loan-to-value is 100%, the maximum loan amount is \$270 thousand, and lender settlement fees are low. During the Evaluation Period, DNB made 43 loans amounting to approximately \$2 million in this program.

DNB also participates in loan programs that have the potential to benefit low- and moderate-income families and individuals. The Delaware State Housing Authority Homeownership Program is a statewide program that assists first time home buyers in obtaining affordable housing. Potential borrowers have the option of 30 or 40 year fixed rates with no origination or discount fees. Although not specifically designated a low- and moderate-income program, the bank has assisted LMI families and individuals in this program. During the Evaluation Period, DNB made a total of 3 loans totaling approximately \$321 thousand for low- and moderate-income families in this program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the lending test in the New Castle AA is not inconsistent with the bank's overall "Outstanding" performance under the

lending test in Sussex County, a Non MSA. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Outstanding". Based on a full-scope review, the bank's performance in Sussex County, a non-MSA is excellent.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

DNB has an excellent level of qualified CD investments, grants, and donations that are responsive to the identified credit needs of the assessment area. Our community contacts indicated there are investment opportunities available in the AA; however, DNB is competing with several larger regional and multinational institutions for these investment opportunities. All of DNB's qualified investments were directly responsive to the affordable housing needs identified through our community contacts.

During the Evaluation Period, DNB invested in two mortgage-backed securities (MBS) for combined total of \$1.2 million. The mortgages collateralizing these MBS were originated to low- and moderate-income families in Sussex and New Castle Counties. This investment has been designated to the Sussex County AA, and is reflected on the Statewide/Regional line in Table 14.

In 2000, DNB made a \$500 thousand equity investment in the Delaware Community Investment Corporation's (DCIC) Equity Fund for Housing IV. DCIC's equity funds provide equity investment opportunities in low-income housing projects that qualify for federal low-income housing tax credits. DCIC is the premier community investment organization in the state of Delaware and is funded by a consortium of financial institutions. As of June 2006, this equity fund has made investments in five housing projects. During the evaluation period, DNB funded \$319 thousand. There was \$24 thousand funded in the prior evaluation period, and there is \$157 thousand unfunded under this commitment. This investment has been designated to the Sussex County AA, and is reflected on the Statewide/Regional line in Table 14.

In 2001, DNB also made a \$2 million equity investment with DCIC's Equity Fund for Housing V. As of June 2006, the fund has made investments in ten housing projects. During the Evaluation Period, DNB funded \$1.5 million. There was \$9 thousand funded in the prior Evaluation Period, and there is \$465 thousand unfunded under this commitment. This investment has been designated to the Sussex County AA, and is reflected on the Statewide/Regional line in Table 14.

In addition, DNB made 14 qualifying grants and donations for approximately \$8 thousand to 11 organizations that provided economic development, affordable housing, and community services to low- and moderate-income individuals. Five of these for a total of \$3 thousand solely benefited the Sussex County AA. Nine of these for a total of \$5 thousand benefited both

AAs, have been designated to Sussex County AA, and are reflected on the Statewide/Regional line in Table 14.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the New Castle County AA is not inconsistent with the bank's overall "Outstanding" performance under the investment test in Sussex County, a Non MSA. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in Sussex County, a non-MSA is good.

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail services are accessible to essentially all individuals of different income levels in the AA. Since there are no low- or moderate-income geographies, all low- and moderate-income individuals and families reside within middle- and upper-income geographies. All of DNB's Sussex County branches are located in middle-income geographies where approximately 96% of low-income families reside and approximately 95% of moderate-income families reside.

DNB's hours and services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income individuals and families. During the evaluation period, DNB opened one new branch in a middle-income geography. This increased the total number of branches to seven, and improved the accessibility of delivery systems in the AA. This new branch has longer morning and evening hours than the other six branches. The extended branch hours serve to compensate for the inability to offer drive-through facilities at this location. This is the only branch that Saturday hours are not offered. The other six branches offer extended hours on Friday as well as drive-through services with hours extending beyond the regular branch hours. All branch locations are equipped with ATMs. No branches were closed during the Evaluation Period.

A full line of traditional banking products and services are offered at all branches. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. DNB continues to offer two checking accounts and a savings account that would appeal to low- and moderate-income customers. The Simply Free Checking account has no minimum daily balance requirements, no monthly service fees, and no per check charges. It also features free Online Banking and Bill Payment. DNB also offers a Basic checking account for the low cost, budget-minded account holder. This account features free Online Banking and Bill Payment and unlimited check writing. There is an \$8 monthly fee that is waived if \$100 is maintained in the account or if there is a monthly direct deposit into the

account. In addition, DNB offers a Savers Club savings account that has no fees and does not require a minimum balance.

DNB provides alternative systems for delivering retail banking services to its community through full service Internet banking, telephone, and ATMs. Since DNB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

Community Development Services

DNB provides a good level of qualified CD services within its assessment area. Bank management and employees provided financial and technical expertise to nine separate and qualified CD organizations. Their CD services focused on small business and economic development, affordable housing, and community services targeted to low- and moderate-income individuals and families. All of the services provided targeted the identified needs of the AA. The following details the CD services that were provided during the evaluation period:

- The bank's CRA Officer provides financial expertise as a member of the Board of Directors for a multi-bank community development corporation that provides permanent financing and equity investments for affordable housing development throughout the State of Delaware.
- One employee serves on the Executive Committee of the Board of Directors for an organization that provides affordable housing to low- and moderate-income families. As a member of the committee, this person provides oversight and guidance on financial matters and is involved in the budgeting and strategic planning processes.
- One bank officer provides financial expertise by serving on the Community Development Committee of a local hospital program whose primary purpose is to raise funds to provide community services primarily to low-and moderate-income individuals.
- One bank officer served on the Economic Committee of a local organization that focuses on the availability of affordable housing and small business development in Sussex County.
- One bank officer served on the Board of Directors of a local association whose primary purpose is to revitalize housing and businesses in an area where a majority of the residents are low-income individuals. As Treasurer of this organization, the bank officer provided ongoing financial advice, including preparation of budgets.
- One bank officer serves on the finance committee of an organization that provides hospice care to individuals regardless of their ability to pay for the services. A majority of the individuals receiving this community service are low- and moderate-income. This person provides financial expertise by reviewing the organization's investment portfolio, participating in the budget process, and participating in the capital campaign.
- One bank officer serves as an Advisory Board member for an organization that helps low-income pregnant and troubled teens secure financial and housing assistance. As an Advisory Board member, this person is involved with negotiating leases and with obtaining grants for the organization.

- One bank officer serves on the Board of Directors for a foundation whose primary purpose is to raise funds for low- and moderate-income families with handicapped children. The funds are used to assist low- and moderate-income families purchase special equipment such as wheelchairs. This bank officer provides financial expertise by serving on the Financial Committee and the fundraising committee for the organization.
- One bank officer provides financial and technical expertise to an organization whose primary mission is to house those in need. This organization provides free transitional housing to low- and moderate-income individuals and families for 90 days while permanent housing is being secured. As a member of this organization, the bank officer provides budgeting, housing, and banking guidance to the organization and the families the organization serves.

In addition, over 30 DNB employees routinely provided financial expertise to the community by teaching children to save, teaching money management programs to children, and participating in home buying seminars. These employees dedicated well over 500 hours to meeting the community service and affordable housing needs of the low- and moderate-income families in both Sussex and New Castle counties.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the New Castle County, AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test in Sussex County, a Non MSA. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): (1/1/03 to 12/31/06) Investment and Service Tests and CD Loans: (1/6/03 to 5/21/07)	
Financial Institution	Products Reviewed	
Delaware National Bank (DNB) Georgetown, DE	Home Mortgages, Small Loans to Businesses, and Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Central Pennsylvania Financial Corporation (CPFC)	Subsidiary of Fulton Financial Corporation	Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Sussex County, a Non MSA New Castle County: For 2004-2006, this is a portion of the Wilmington, DE-MD-NJ MD 48864, which is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980	Full Scope Limited Scope	2003: 2000 Census demographics 2004-2006: 2000 Census and revised MSA boundaries

Appendix B: Market Profiles for Full-Scope Areas

Sussex County, Non-MSA-2003 Evaluation Period

Demographic Information for Full-Scope Area: 2003 Sussex County, Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	0.00	0.00	91.67	8.33	0.00
Population by Geography	156,638	0.00	0.00	92.26	7.74	0.00
Owner-Occupied Housing by Geography	50,505	0.00	0.00	90.18	9.82	0.00
Businesses by Geography	8,783	0.00	0.00	81.37	18.63	0.00
Farms by Geography	481	0.00	0.00	95.43	4.57	0.00
Family Distribution by Income Level	44,090	18.14	19.53	23.99	38.34	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,611	0.00	0.00	95.53	4.47	0.00
Median Family Income = \$45,190 HUD Adjusted Median Family Income for XXXX = \$50,900 Households Below the Poverty Level = 10%			Median Housing Value = \$127,483 Unemployment Rate = 3.2%			

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, and 2003 HUD updated MFI, Unemployment rate as of December 2003

The above chart reflects demographic information based on the 2000 Census information and the 2003 MSA boundaries. DNB's performance in 2003 is compared to this information.

DNB's assessment area includes all of Sussex County, a Non-Metropolitan Statistical Area, and contains a total of 36 geographies. There are no low-income geographies (0%) and no moderate-income geographies (0%). There are thirty three middle-income geographies (92%) and three upper-income geographies (8%). The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the assessment area at 156,638. Within the AA, there were 44,090 families and 62,582 households. There were 56,526 households in middle-income geographies and 6,056 households in upper-income geographies. There were 93,070 housing units, of which, 54% were owner-occupied housing units, 13% were rental-occupied units, and 33% were vacant housing. The median housing cost was \$127,483.

The 2000 median income was \$45,190, and the 2003 updated non-MSA median family income is \$50,900. Approximately 18% of the families are low-income, 20% are moderate-income, 24% are middle-income, and 38% are upper-income. Approximately 10% of households are below the poverty level.

Based on the housing values and the updated median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$127,483, and a low-income family earns less than \$25,450.

According to the 2003 business demographics, there are a total of 8,783 businesses and 481 farms within the AA. Approximately 67% of businesses reporting have revenues less than \$1 million and 93% of farms reporting have revenues less than \$1 million. Approximately 28% of businesses and 3% of farms did not report their revenues.

Sussex County, Non-MSA-2004-2006 Evaluation Period

Demographic Information for Full-Scope Area: 2004-2006 Sussex County AA, Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	0.00	0.00	91.67	8.33	0.00
Population by Geography	156,638	0.00	0.00	92.26	7.74	0.00
Owner-Occupied Housing by Geography	50,505	0.00	0.00	90.18	9.82	0.00
Businesses by Geography	11,833	0.00	0.00	81.86	18.14	0.00
Farms by Geography	537	0.00	0.00	96.83	3.17	0.00
Family Distribution by Income Level	44,090	18.14	19.53	23.99	38.34	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,611	0.00	0.00	95.53	4.47	0.00
Median Family Income HUD Adjusted Median Family Income for XXXX Households Below the Poverty Level	= \$45,190 = \$54,300 =10%				Median Housing Value = \$127,483 Unemployment Rate = 3.1%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2006 HUD updated MFI, Unemployment rate as of December 2006

The above chart reflects demographic information based on the 2000 Census information, updated to reflect the new OMB MSA definitions and boundaries that became effective for 2004. For the 2004-2006 Evaluation Period, DNB's performance is compared to the above information.

DNB's 2004-2006 AA includes all of Sussex County, a Non MSA, and contains 36 geographies. There are no low-income geographies (0%) and no moderate-income geographies (0%). There are thirty three middle-income geographies (92%) and three upper-income geographies (8%). The AA complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the assessment area at 156,638. Within the assessment area, there were 44,090 families and 62,582 households. There were 56,526 households in middle-income geographies and 6,056 households in upper-income geographies. There were 93,070 housing units, of which, 54% were owner-occupied housing units, 13% were rental-occupied units, and 33% were vacant housing. The median housing cost was \$127,483.

The 2000 median income was \$45,190, and the 2006 updated non-MSA median family income is \$54,300. Approximately 18% of the families are low-income, 20% are moderate-income, 24% are middle-income, and 38% are upper-income. Approximately 10% of households are below the poverty level.

Based on the housing values and the updated median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$127,483, and a low-income family earns less than \$27,150.

According to the 2006 business demographics, there are a total of 11,833 businesses and 537 farms within the AA. Approximately 65% of businesses reporting have revenues less than \$1 million, and 93% of farms reporting have revenues less than \$1 million.

Since our last examination, the bank opened one new branch in Sussex County, located in Seaford, DE. The opening of this branch increased DNB's branch network to a total of seven full service branches in Sussex County. All branches are equipped with ATMs, and six have drive-through facilities. With the exception of the Seaford branch, all branches have extended hours on Friday and Saturday.

Banking competition is very strong for deposits. Competition exists from larger banking institutions. According to the FDIC as of June 30, 2006, DNB had a 1.16% deposit market share, ranking it 7th among 16 institutions in the market. Major competitors are: Discover Bank (83.32% market share, 1 office), Wilmington Trust Company (5.12% market share, 14 offices), Mercantile Peninsula Bank (2.64% market share, 8 offices), Citizens Bank (2.12% market share, 4 offices), and PNC Bank Delaware (1.87% market share, 5 offices).

Tourism and the poultry have been the major industries in the AA. However, because of the increase in housing development along the beaches, the construction industry is also becoming a significant source of employment for the county. The largest employers in the Sussex County AA are Perdue Products, Inc., Discover Bank, Mountaire Farms of DE Inc., Beebe Hospital, and DuPont-Seaford Plant.

According to the Bureau of Labor Statistics, the December 2006 unemployment rate for Sussex County was 3.1%, while the state unemployment rate was 3.3% and the national unemployment rate was 4.5%.

During the examination we contacted three community organizations whose primary mission varied among the needs of the AA. The services provided include community action, economic development, and housing development. We determined through our community contacts and our internal research that opportunities exist for CD lending, investments and services in the AA. The most prevalent community needs expressed were affordable housing and credit counseling for both businesses and individuals. In addition, the contacts stressed the need for more creative lending programs targeted toward low-income and moderate-income individual or family.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: DELAWARE NB						Evaluation Period: January 1, 2003 through December 31, 2006				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Sussex County, 2003	69.88	460	50,287	93	12,639	6	1,154	0	0	559	64,080	69%
Sussex County 2004-2006	70.99	994	118,867	353	47,189	9	1,400	2	2,600	1,358	170,056	71%
Limited Review:												
New Castle County 2003	30.13	205	30,236	36	6,650	0	0	0	0	241	36,886	31%
New Castle County 2004-2006	29.01	380	46,474	174	24,039	0	0	1	100	555	70,613	29%

* Loan Data as of December 31, 2003 and December 31, 2006. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 1/6/03 through 5/21/07.

*** Deposit Data as of June 20, 2003 and June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: DELAWARE NB						Evaluation Period: January 1, 2003 through December 31, 2006							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Sussex County 2003	102	68.00	0.00	0.00	0.00	0.00	90.18	80.39	9.82	19.61	1.72	0.00	0.00	1.82	1.40
Sussex County 2004-2006	311	69.42	0.00	0.00	0.00	0.00	90.18	92.93	9.82	7.07	1.23	0.00	0.00	1.34	0.75
Limited Review:															
New Castle County 2003	48	32.00	1.53	0.00	14.54	18.75	53.11	54.17	30.83	27.08	0.32	0.00	0.38	0.32	0.31
New Castle County 2004-2006	137	30.58	1.53	7.30	14.54	21.90	51.24	43.80	32.69	27.01	0.20	0.87	0.18	0.18	0.18

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: DELAWARE NB					Evaluation Period: January 1, 2003 through December 31, 2006					Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ... Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Sussex County 2003	84	74.34	0.00	0.00	0.00	0.00	90.18	94.05	9.82	5.95	12.23	0.00	0.00	12.32	10.87	
Sussex County 2004-2006	267	77.62	0.00	0.00	0.00	0.00	90.18	92.51	9.82	7.49	7.00	0.00	0.00	6.82	8.70	
Limited Review:																
New Castle County 2003	29	25.66	1.53	0.00	14.54	13.79	53.11	51.72	30.83	34.48	1.25	0.00	1.38	1.13	1.46	
New Castle County 2004-2006	77	22.38	1.53	0.00	14.54	10.39	51.24	49.35	32.69	40.26	1.01	0.00	0.50	0.73	1.93	

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: DELAWARE NB					Evaluation Period: January 1, 2003 through December 31, 2006				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Full Review:																					
Sussex County 2003	274	68.50	0.00	0.00	0.00	0.00	90.18	89.78	9.82	10.22	2.04	0.00	0.00	2.68	0.66						
Sussex County 2004-2006	415	72.43	0.00	0.00	0.00	0.00	90.18	90.36	9.82	9.64	1.60	0.00	0.00	1.81	0.70						
Limited Review:																					
New Castle County 2003	126	31.50	1.53	3.17	14.54	13.49	53.11	47.62	30.83	35.71	0.34	1.19	0.46	0.33	0.30						
New Castle County 2004-2006	158	27.57	1.53	5.70	14.54	18.35	51.24	43.04	32.69	32.91	0.31	0.86	0.27	0.22	0.47						

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: DELAWARE NB						Evaluation Period: January 1, 2003 through December 31, 2006							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
Sussex County 2003	93	72.09	0.00	0.00	0.00	0.00	81.37	66.67	18.63	33.33	1.91	0.00	0.00	1.78	3.48	
Sussex County 2004-2006	353	66.98	0.00	0.00	0.00	0.00	81.86	74.22	18.14	25.78	1.81	0.00	0.00	1.55	3.56	
Limited Review:																
New Castle County 2003	36	27.91	14.91	5.56	15.14	16.67	44.28	33.33	25.59	44.44	0.27	0.15	0.30	0.20	0.42	
New Castle County 2004-2006	174	33.02	15.61	7.47	14.78	19.54	42.90	40.23	26.60	32.76	0.29	0.51	0.47	0.28	0.18	

* Based on 2003 and 2005 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet 2003 and 2006.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: DELAWARE NB						Evaluation Period: January 1, 2003 through December 31, 2006							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Sussex County 2003	102	68.00	18.14	8.33	19.53	18.75	23.99	25.00	38.34	47.92	1.83	3.83	2.78	2.68	1.32
Sussex County 2004-2006	311	69.42	18.14	5.41	19.53	18.92	23.99	23.65	38.34	52.03	1.40	2.07	2.93	1.81	1.07
Limited Review:															
New Castle County 2003	48	32.00	18.73	19.15	17.48	25.53	23.67	19.15	40.12	36.17	0.38	0.60	0.32	0.26	0.45
New Castle County 2004-2006	137	30.58	18.53	12.40	17.33	23.97	23.55	21.49	40.59	42.15	0.23	0.13	0.16	0.18	0.36

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 4.7% and 6.9%, respectively, of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: DELAWARE NB				Evaluation Period: January 1, 2003 through December 31, 2006					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
Full Review:																
Sussex County 2003	84	74.34	18.14	14.46	19.53	16.87	23.99	40.96	38.34	27.71	12.48	12.63	10.07	18.78	9.20	
Sussex County 2004-2006	267	77.62	18.14	10.08	19.53	21.71	23.99	34.88	38.34	33.33	6.97	7.14	6.77	7.14	6.92	
Limited Review:																
New Castle County 2003	29	25.66	18.73	13.79	17.48	34.48	23.67	17.24	40.12	34.48	1.30	1.34	1.68	0.84	1.33	
New Castle County 2004-2006	77	22.38	18.53	16.00	17.33	22.67	23.55	30.67	40.59	30.67	1.05	0.81	0.58	1.37	1.26	

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 0.9% and 3.2%, respectively, of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: DELAWARE NB				Evaluation Period: January 1, 2003 through December 31, 2006									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
Full Review:																
Sussex County 2003	274	68.50	18.14	8.99	19.53	16.85	23.99	31.46	38.34	42.70	2.38	5.35	3.26	3.41	1.65	
Sussex County 2004-2006	415	72.43	18.14	10.43	19.53	22.65	23.99	25.95	38.34	40.97	1.74	3.98	1.85	1.83	1.44	
Limited Review:																
New Castle County 2003	126	31.50	18.73	10.17	17.48	16.95	23.67	22.88	40.12	50.00	0.38	0.52	0.29	0.30	0.45	
New Castle County 2004-2006	158	27.57	18.53	10.00	17.33	21.33	23.55	21.33	40.59	47.33	0.35	0.38	0.25	0.22	0.56	

* Based on 2003 and 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 3.8% and 5.2%, respectively, of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: DELAWARE NB		Evaluation Period: January 1, 2003 through December 31, 2006		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Sussex County 2003	93	72.09	66.72	66.67	61.29	20.43	18.28	1.91	3.59
Sussex County 2004-2006	353	66.98	64.82	67.99	66.29	19.26	14.45	1.81	2.59
Limited Review:									
New Castle County 2003	36	27.91	62.80	86.11	55.56	16.67	27.78	0.27	0.65
New Castle County 2004-2006	174	33.02	63.72	74.14	62.07	22.41	15.52	0.29	0.50

* Based on 2003 and 2005 Peer Small Business Data: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B – 2003 and 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% and 3.98%, respectively, of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: DELAWARE NB				Evaluation Period: January 1, 2003 through December 31, 2006			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Sussex County	0	0	5	3	5	3	0.05	0	0
Limited Review:									
New Castle County	0	0	15	13	15	13	0.22	0	0
STATEWIDE/ REGIONAL	3	191	13	5,555	16	5,746	99.72	2	632

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: DELAWARE NB Evaluation Period: January 1, 2003 through December 31, 2006																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Sussex County	71%	7	58.33%	0	0	100	0	1	0	0	0	+1	0	0.00	0.00	92.26	7.74
Limited Review:																	
New Castle County	29%	5	41.67%	0	20	40	40	0	1	0	0	-1	0	4.17	17.63	50.63	27.58