



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

January 6, 2003

# **Community Reinvestment Act Performance Evaluation**

**Delaware National Bank  
Charter Number: 16773**

**Route 113 And Edward St  
Georgetown, DE 19947**

**Office of the Comptroller of the Currency**

**Eastern Pennsylvania Field Office  
3325 Street Road, Suite 120  
Bensalem, PA 19020**

**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 (DNB)** 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:

- DNB’s lending levels reflect good responsiveness to community credit needs.
- The distribution of home mortgage loans to borrowers of different income levels is excellent.
- Community development lending had a positive impact on the lending test rating.
- The level of lending to small businesses and small farms is good.
- Product innovation 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 geographies and 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 household 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 or a block numbering area 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 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).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 September 30, 2002, a \$319 million institution founded in 1979 and headquartered in Georgetown, Delaware. 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), an \$8.1 billion bank holding company formed in 1982 and headquartered in Lancaster, Pennsylvania. FFC has eleven affiliate banks in Pennsylvania, Maryland, Delaware, and New Jersey. There are no operating subsidiaries of Delaware National Bank. The bank did not request affiliate activity be considered in the evaluation.

DNB has two assessment areas (AA) that include all of Sussex County, DE (a non MSA), and all of New Castle County, DE (MSA 9160). In June 2001 DNB acquired 6 Sovereign Bank branches located in New Castle County, Delaware. These acquisitions resulted in the expansion of the bank's service area to New Castle County and resulted in a new CRA assessment area for the bank. These acquisitions, combined with the opening of one branch in Sussex County during 2002, increased DNB's branch network from 5 to 12. No branches were closed during the evaluation period.

As of September 30, 2002, DNB had net loans approximating \$172 million or 54% of total assets. The composition of the loan portfolio consists of residential real estate loans at 44%, commercial real estate loans at 24%, consumer loans at 12%, construction and land development loans at 9%, commercial loans at 6%, other loans at 3%, and agriculture loans at 2%. Net tier one capital was \$23.3 million as of September 30, 2002.

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

Competition is strong. DNB's primary competitors include Wilmington Trust, Bank of Delmarva, County Bank, and Citizens Bank.

DNB's previous CRA examination was conducted as of April 27, 1998 and the bank was assigned an overall rating of "Satisfactory."

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This evaluation covers home purchase, home improvement, home mortgage refinance, small business, and small farm lending activity for the period of January 1, 2000 through December 31, 2002.

DNB was not required to report Home Mortgage Disclosure Act (HMDA) data prior to January 1, 2002. As a result, we selected a sample from the bank's home purchase, home improvement, and home mortgage refinance loan products originated or purchased since January 1, 2000 to assess the bank's performance.

Our assessment did not include loans originated or purchased prior to January 2000 because the last three years of loan activity are reflective of the bank's lending activity prior to January 1, 2000 and recently originated loan activity was sufficient to draw an appropriate conclusion on the bank's lending activity.

The evaluation period for community development loans and investments was from April 28, 1998 through January 6, 2003. Both community development and retail services were also evaluated during this timeframe.

### **Data Integrity**

During December 2002, DNB's publicly filed information on home mortgage, small business and small farm loans originated or purchased during 2002 was tested for accuracy. Results of this testing indicated that the data for 2002 is reasonably accurate for purposes of this CRA review.

Investments, community development loans and services submitted by management were also verified to ensure that they meet 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 assessment area. The assessment area includes all of Sussex County, a non-MSA. DNB's main office is located in Sussex County and a majority of DNB's business is generated within the Sussex County assessment area.

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



## **Ratings**

The bank's overall rating is based primarily on the full-scope review of the Sussex County assessment area. Residential mortgage loans received more weight in determining the Lending Test rating since this type of lending comprises 44% of net loans. Based on 2002 home mortgage originations only, approximately 45% were home improvement loans, 30% were home purchase loans, and 25% were home mortgage refinance loans. We also placed more weight on borrower distribution in evaluating the bank's lending performance given the lack of any low- or moderate-income geographies.

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

## **Other**

During our examination, we contacted one community group. Our contact was a local non-profit entity responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with informative data regarding the economic conditions and demographics of the assessment area as well as the credit needs of the community. A primary credit need is affordable housing and providing individuals with affordable mortgages. Our contact also stated there are ample opportunities available in terms of community development investments and grants.

## Fair Lending Review

An analysis of the most recent public comments and consumer complaint information, HMDA, small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Our review did not identify any fair lending issues or concerns.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

### Conclusions for Areas Receiving Full-Scope Reviews

#### Lending Activity

DNB's lending activity is excellent, reflecting responsiveness to the credit needs of the assessment area.

Market share information is not available for this analysis because DNB was not required to, and did not report HMDA data prior to January 1, 2002.

Refer to Tables 1 - Lending Volume and 1 - Other Products in appendix C for the facts and data used to evaluate the bank's lending activity.

#### Loan to Deposit Ratio

Since the last CRA evaluation, the bank's average loan-to-deposit ratio was 76.2%. This compares favorably to the national peer group average loan-to-deposit ratio of 76.0%.

#### Home Mortgage Loans

Since HMDA data is not available prior to 2002, we selected a random sample from January 1, 2000 through December 31, 2002 for each of DNB's home mortgage loan products to assess the bank's performance. We selected 25 home purchase loans totaling \$2 million, 25 home improvement loans totaling \$623 thousand, and 25 home mortgage refinance loans totaling approximately \$1 million.

For reference, during 2002 DNB originated or purchased 57 home purchase loans for approximately \$6 million, 86 home improvement loans for approximately \$3 million, and 47 home mortgage refinance loans for approximately \$5 million.

#### Small Loans to Businesses

During the evaluation period, DNB originated 382 small loans to businesses for approximately \$39 million. Of these 382 small loans, 73% had original loan amounts of \$100 thousand or less. Based on the 2001 peer small business data, DNB ranks 7th out of 57 lenders in small loans to business with a market share of 6%.

### **Small Loans to Farms**

During the evaluation period, DNB originated 6 small loans to farms for approximately \$1 million. Of these loans, 50% had original amounts of \$100 thousand or less.

### **Consumer Loans and Multi-Family Loans**

The bank chooses not to track its consumer lending. In turn, consumer lending was not considered for this evaluation. Also, the bank originates a minimal amount of multi-family loans. This type of lending comprises less than 1% of all home mortgage products. In turn, this type of lending was not considered for this evaluation.

### **Distribution of Loans by Income Level of the Geography**

DNB's has 18 middle-income census tracts, 1 upper-income census tract and 5 census tracts with income information not available. There are no low- or moderate-income tracts within the Sussex County assessment area. Therefore, an analysis of this information would not be meaningful.

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.

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

### **Lending Gap Analysis**

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

### **Inside/Outside Ratio**

The inside/outside ratio analysis indicates DNB originates a vast majority of loans in their combined assessment areas.

We calculated the inside/outside ratio for HMDA related products originated from January 1, 2000 through December 31, 2002 by sampling 20 loans for each year for a total of 60 loans or \$2 million across the bank's primary product types (home purchase, home improvement, and home mortgage refinance loans).

Based on our sample, 93% of the number and 97% of the dollar amount of total HMDA originations originated during the evaluation period were within the bank's combined assessment areas. The number and dollar amount of loans originated in the combined assessment area by product types are as follows: 86% of the number and 98% of the dollar amount of home purchase loans, 88% of the number and 88% of the dollar amount of home improvement loans, and 100% of the number and 100% of the dollar amount of home mortgage refinance loans.

During this same timeframe (January 1, 2000 through December 31, 2002), 96% of the number and 95% of the dollar amount of total small loans to business were within the assessment areas. Regarding small loans to farms, 86% of the number and 73% of the dollar amount of total originations were within the assessment area.

## **Distribution of Loans by Income Level of the Borrower**

### ***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.

Our analysis revealed that overall lending to low-income borrowers is excellent when considering the difficulty that a low-income person has in purchasing a home in the assessment area. Approximately 18% of the families in the assessment area are considered low income and 11% of households are below the poverty level. We considered the lack of affordability for a low-income individual or family to purchase a home, which also limits these borrowers' opportunity for home improvement and home refinance loans. The lack of affordability is evident as the median housing value in the assessment area is \$105,598, while a low-income family earns just less than \$25 thousand per year.

DNB's lending levels to moderate-income borrowers is considered excellent. Lending performance exceeds the percentage of moderate-income families within the assessment area for home purchase, home improvement, and home refinance mortgage loans.

Overall, home purchase loan distribution by borrower income level is excellent. The lending level to low-income borrowers is below the percentage of low-income families in the assessment area. However, performance is considered excellent when considering the mitigating factors discussed above. DNB's home purchase lending to moderate-income borrowers exceeds the percentage of moderate-income families within the assessment area.

Overall, home improvement loan distribution by borrower income level is good. The lending level to low-income borrowers is below the percentage of low-income families in the assessment area, while the lending level to moderate-income borrowers exceeds the percentage of moderate-income families in the assessment area. We considered the mitigating factors discussed above in our analysis.

Overall, home mortgage refinance loan distribution by borrower income level is excellent. The lending level to both low-income and moderate-income borrowers exceeds the percentage of low- and moderate-income families in the assessment area. We considered the mitigating factors discussed above in our analysis.

### **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 distribution of small loans to businesses is good. DNB originated 79% of its business loans to small businesses, which substantially meets the 80.15% of businesses considered small businesses within the assessment area. The bank's market share of lending to small businesses exceeds its overall business loan market share. The distribution by size of loan reflects that a majority (73%) of loan originations during January 1, 2000 through December 31, 2002 were less than \$100,000.

### **Small Loans to Farms**

Refer to Table 12 in the 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 distribution of small farm lending is good. DNB made a total of six small loans to farms within the assessment area. All six of these small loans, (100%) were to small farms within the assessment, which exceeds the 93% of farms considered small within the assessment area. The bank's distribution by loan size indicated that half (50%) of originations were less than \$100,000. Market share information was not available for small loans to farms originated and purchased by the bank.

### **Community Development Lending**

Community development lending had a positive impact on the lending test rating. Community development lending levels are considered excellent when taking into account the asset size of the bank and the lack of any low- or moderate-income geographies within the assessment area.

DNB originated one community development loan in the amount of \$1.5 million during the evaluation period. This extension to a local non-profit organization was used to fund the construction of a community center for senior citizens, the majority of whom are low- and moderate-income individuals. This entity also provides housing services, home health care, and transportation for the elderly.

DNB extended three additional loans during the evaluation period totaling \$850 thousand that have community development purposes. Based on loan size and type, these credits are considered small business loans, and are technically not community development loans. One loan totaling \$500 thousand was extended to the same entity noted above for additional

construction financing and working capital needs. Another \$250 thousand credit was provided to a local Hispanic organization for the purpose of constructing a church. This church provides services including daycare and English language classes that primarily benefit low- and moderate-income Hispanic families. Finally, DNB extended a \$100 thousand loan to a local non-profit agency to finance the acquisition of a property used to conduct business operations and for use as a day care center largely for low- and moderate-income individuals. This entity also provides consumer counseling services and assistance in securing affordable housing for low- and moderate-income individuals.

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending.

### **Product Innovation and Flexibility**

Product innovation had a positive impact on the lending test rating as DNB does employ flexible lending practices in order to serve the credit needs of its assessment area. As noted earlier in this evaluation, affordable housing lending is considered a primary credit need within the bank's assessment area. Specifically, DNB has offered a First Time Homebuyers Program for several years that was potentially attractive to low- and moderate-income borrowers given the parameters of the program. The program offered financing up to 95% along with discounted interest rates. During the evaluation period, forty-five loans have been extended for a total of approximately \$3.7 million originated from this program.

During September of 2002 the bank replaced its First Time Homebuyers Program with a Low / Moderate Income Loan Program. A pool of \$5 million has been allocated for this program. In order to qualify, prospective borrowers must be within specified household income limitations. Maximum loan-to-value equates to 100% per program guidelines, while the maximum loan amount is \$175 thousand. Lender settlement fees associated with this program are low. Since its inception, five loans have been originated totaling \$514 thousand.

### **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 MSA is inferior to the bank's overall "Outstanding" performance under the Lending Test. One of the primary reasons why the full scope AA was better rated was that this area was positively impacted by community development loan activity.

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 the Sussex County, 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 community development investments and grants that are responsive to the identified credit needs in the assessment area. Two of the following qualified investments benefited a broader statewide or regional area that includes the assessment area. Qualified investments in the Sussex County assessment area represent 32% of allocated Tier 1 Capital.

During the evaluation period, DNB purchased mortgage-backed securities that primarily benefited low- and moderate-income individuals. These investments benefited a broader statewide or regional area that included the assessment area.

DNB entered into a legally binding equity investment commitment with a nonprofit multi-bank community development corporation. This organization was established to serve as a vehicle for community revitalization through the financing of and investment in housing and related activities designed to address the needs of low- and moderate-income persons and areas. These investments benefited a broader statewide or regional area that included the assessment area.

DNB made one grant totaling \$138 thousand to a non-profit based organization that promotes affordable housing opportunities within the bank's Sussex County assessment area. The proceeds were used to develop 7 buildings and 24 apartments for low- and moderate-income families.

A \$1 thousand donation was given to an organization that promotes affordable housing with the bank's Sussex County assessment area.

DNB had no prior period investments, donations, or grants.

### **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 MSA is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test.



## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

DNB's performance under the Service Test is rated "**High Satisfactory**". Based on this full-scope review, DNB's performance in the assessment area is adequate. The bank's stronger performance within the limited-scope review had a positive impact on the Service Test rating.

### 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.

The bank's branch delivery systems are deemed reasonably accessible to geographies and individuals of different income levels in the assessment area. DNB provides banking services throughout the assessment area with five branch locations in addition to its main office. This includes a new office in Lewes, Delaware that opened in late 2002 during this evaluation period. All office locations are within middle-income geographies. Office hours meet the convenience and needs of the entire community and include extended weekday and Saturday hours. The bank now offers ATMs at all six office locations. No branches were closed during the evaluation period.

Given the lack of any low- or moderate-income geographies, all low- and moderate-income families reside within middle- and upper-income BNAs. Low- and moderate-income families comprise 37% of total families residing within middle-income census tracts, and 25% of total families living in upper-income census tracts. Based on our review, services do not vary in any way that inconvenience low- and moderate-income individuals living within the assessment area.

The bank offers a standard array of products and services that are considered appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. DNB provides alternative systems for delivering retail banking services to its community, including full service Internet banking, bank-by-phone, bank-by-mail, and ATMs. DNB continues to offer a free basic checking account that would certainly appeal to low- and moderate-income customers. This non-interest bearing product does have a \$200 minimum opening balance requirement, but no monthly maintenance fees.

When evaluating DNB's services, significant weight could not be placed on the bank's alternative delivery systems because they do not track how well these systems actually reach and meet the needs of low- and moderate-income individuals.

## Community Development Services

DNB provides a good level of qualified community development services within its assessment area, as bank employees / officers utilize their banking-related skills to assist various area organizations. On eight occasions such services were provided to seven organizations in the assessment area, which is considered good given the size of the bank and the level of opportunity that exists. The following details specific types of participation.

The bank's CRA Officer is a member of the Delaware Housing Coalition, which is an organization that facilitates and promotes the expansion of affordable housing throughout Delaware. Services provided mainly involve enjoining with other members to recommend financial decisions.

An employee acts as treasurer for Habitat for Humanity in Sussex County, and in turn is involved in project financing. Habitat mainly constructs affordable housing for low- and moderate-income individuals.

DNB's President is a board member of Sussex County Senior Services (or "Cheer"), which is an entity that provides housing services, home health care, and transportation for the elderly, the majority of whom are low- and moderate-income individuals. Services provided largely involve ongoing financial advice and recommendations pertaining to financial decisions.

Two bank officers act as board members for the Delaware Community Investment Corporation, which is a multi-bank community development corporation providing permanent financing and equity investment for affordable housing development throughout the state of Delaware. Both individuals assist in various ways, including reviewing financial statements and offering advice regarding business decisions.

An employee serves as a board member and treasurer of the Historic Georgetown Association. This organization works with the Delaware Housing Authority to acquire and rehabilitate affordable housing for low- and moderate-income individuals. Services provided include offering ongoing financial advice, including the preparation of budgets.

A DNB employee is a board member of the Delaware Economic Development Council, which is an entity that provides funding assistance to both start-up minority-owned businesses and small businesses. Services provided include financing small businesses and permanent job creation / retention for low- and moderate-income individuals.

The bank's CRA Officer is a member of the Delaware Bankers Association's Community Relations Committee, which is an entity that provides certain services geared towards low- and moderate-income individuals. The specific service provided is assistance with the development of a financial literacy program targeted towards high school students and even their parents. This program is open to anyone, but primarily serves as a vehicle to improve financial literacy among low- and moderate-income individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on our limited-scope review, the bank's performance under the Service Test in the New Castle County assessment area is stronger than the bank's overall assessment. The performance in the limited-scope AA had a positive impact on the overall Service Test rating.

Regarding branch distribution, two of DNB's six offices in the New Castle County assessment area are located in low- or moderate-income geographies, which significantly exceed the demographics in low-income geographies and equals it in moderate-income geographies. Thus, this is a material benefit in terms of banking services being conveniently accessible to low- and moderate-income individuals residing in these areas.

Three of the community development services described within the full-scope review section of the Service Test also benefit the New Castle County assessment area (Delaware Housing Coalition, Delaware Community Investment Corporation, and Delaware Economic Development Council). Further, the following community development service is offered in the New Castle assessment area. A DNB employee acts as treasurer for the Wilmington Renaissance Corporation. This entity drives economic development initiatives within the city of Wilmington, including low- and moderate-income geographies. Services provided include offering ongoing financial expertise, including the preparation of budgets.

## Appendix A: Scope of Examination

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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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/00 to 12/31/02) Investment and Service Tests and CD Loans: (4/28/98 to 1/6/03)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Delaware National Bank (DNB) Georgetown, DE	Home Mortgages, Small Loans to Businesses and Farms, and CD Loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Sussex County (non-MSA)	Full Scope	None
New Castle County (9160)	Limited Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

(Sussex County, Non-metropolitan Area) .....	B-2
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**Full Scope Area: Sussex County AA, a Non-metropolitan Area**

Demographic Information for Full Scope Area: (Sussex County AA, a Non-metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	0.00	0.00	75.00	4.17	20.83
Population by Geography	113,229	0.00	0.00	98.15	1.85	0.00
Owner-Occupied Housing by Geography	34,386	0.00	0.00	97.82	2.18	0.00
Business by Geography	8,560	0.00	0.00	91.09	8.91	0.00
Farms by Geography	486	0.00	0.00	98.35	1.65	0.00
Family Distribution by Income Level	32,150	17.77	19.38	24.38	38.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,943	0.00	0.00	98.79	1.21	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		31,112 49,700 11.2%	Median Housing Value Unemployment Rate (1990 US Census)		105,598 4.00% **	

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

(\*\*) Unemployment rate as of November 2002.

Source: 1990 US Census and 2002 HUD updated MFI

DNB's assessment area includes all of Sussex County, a non-Metropolitan Statistical Area, and contains a total of 24 contiguous block-numbering areas (BNAs). There are no low-income BNAs (0%) and no moderate-income BNAs (0%). There are eighteen middle-income BNAs (75%), one (4%) upper-income BNA, and five BNAs do not have income information available (21%). DNB's assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 1990 U.S. Census reported the total population of the assessment area at 113,229. Within the assessment area, there are 32,150 families and 43,483 households. There are 42,380 households in the middle-income BNAs and 1,103 households in the upper-income BNAs. Again, there are no low- or moderate-income BNAs in the bank's assessment area.

There are 74,253 housing units in the assessment area of which 65% were one-to-four family units and 28% are mobile homes or trailers. Owner-occupied housing is 46% and rental-occupied housing is 13%. Vacant housing units totaled 41% of the total units. The median housing cost is \$105,598.

The 1990 census non-metropolitan median income was \$31,112 and the updated non-MSA median family income is \$49,700.

According to the 2002 business demographics, there are a total of 8,560 businesses and 486 farms within the assessment area. Eighty percent of the businesses reporting have revenues less than \$1 million and ninety-three percent of the farms reporting have revenues less than \$1 million. Sixty one percent of the businesses and farms reporting have one to four employees.

Tourism and the poultry industry are the major industries and employers in the Sussex County AA. The local economy also depends upon tourist activities. The County's predominant industry types are services, retail trade, and construction.

The November 2002 unemployment rate for Sussex County was 4.0% and the unemployment rate for New Castle County was 3.6%. This compares to 4.1% for the state of Delaware and 6.0% for the United States.

Within its assessment area, the bank is ranked 4<sup>th</sup> out of 15 institutions in deposits with a 9.62% market share in Sussex County.

DNB faces competition from larger banking institution. Major competitors include Wilmington Trust Company ranked 1<sup>st</sup> with a 26.92% deposit market share and 14 branches, Baltimore Trust Company ranked 2<sup>nd</sup> with a 13.46% deposit market share and 7 branches, and County Bank ranked 3<sup>rd</sup> with an 11.54% deposit market share and 6 branches.

We determined through our community contact and our internal research that ample opportunities for community development lending, investments and services exist in the assessment area. During our examination, we contacted one community group. Our contact was a local non-profit entity responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with informative data regarding the economic conditions and demographics of the assessment area as well as the credit needs of the community. A primary credit need is affordable housing and providing individuals with affordable mortgages. Our contact also stated there are opportunities available in terms of community development investments and grants.

## Appendix C: Tables of Performance Data

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### 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: 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. Tables without data are not included in this PE.

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, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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 with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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 01, 2000 to December 31, 2002				
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)	
<b>Full Review:</b>												
Sussex County (Non-MSA)	84.21	75	4,164	382	39,131	6	1,023	1	1,500	464	45,818	68.35
<b>Limited Review:</b>												
New Castle County (9160)	15.79	37	1,412	50	4,511	0	0	0	0	87	5,923	31.65

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 28, 1998 to January 06, 2003.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: DELAWARE NB						Evaluation Period: January 1, 2000 to December 31, 2002						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Sussex County (Non-MSA)	0.00	0	0	0	0	0	0	0	0	0	0	0	0	68.35
<b>Limited Review:</b>														
New Castle County (9160)	0.00	0	0	0	0	0	0	0	0	0	0	0	0	31.65

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 1, 2000 to December 31, 2002.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: DELAWARE NB		Evaluation Period: January 1, 2000 to December 31, 2002	
MA/Assessment Area:	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Sussex County (Non-MSA)	0	0	0	0	0
<b>Limited Review:</b>					
New Castle County (9160)	0	0	0	0	0

(\*)The evaluation period for Optional Product Line(s) is from January 1, 2000 to December 31, 2002.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: DELWARE NB				Evaluation Period: January 1, 2000 to December 31, 2002								
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
<b>Full Review:</b>															
Sussex County (Non-MSA)	25	100.00	0.00	0.00	0.00	0.00	97.82	100.00	2.18	0.00	NA	NA	NA	NA	NA
<b>Limited Review:</b>															
New Castle County (9160)	7	100.00	1.76	0.00	14.19	0.00	55.36	71.40	28.69	28.60	NA	NA	NA	NA	NA

\* Peer Mortgage Data Not Available.

\*\* 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 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: DELAWARE NB				Evaluation Period: January 1, 2000 to December 31, 2002					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						
<b>Full Review:</b>																
Sussex County (Non-MSA)	25	100.00	0.00	0.00	0.00	0.00	97.82	92.00	2.18	8.00	NA	NA	NA	NA	NA	
<b>Limited Review:</b>																
New Castle County (9160)	15	100.00	1.76	0.00	14.19	13.33	55.36	53.33	28.69	33.33	NA	NA	NA	NA	NA	

\* Peer Mortgage Data is Not Available.

\*\* 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 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: DELAWARE NB				Evaluation Period: January 1, 2000 to December 31, 2002				
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					
<b>Full Review:</b>																				
Sussex County (Non-MSA)	25	100.00	0.00	0.00	0.00	0.00	97.82	96.00	2.18	4.00	NA	NA	NA	NA	NA					
<b>Limited Review:</b>																				
New Castle (9160)	15	100.00	1.76	0.00	14.19	13.33	55.36	60.00	28.69	26.67	NA	NA	NA	NA	NA					

\* Peer Mortgage Data Not Available.

\*\* 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 1990 Census information.



**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: DELAWARE NB						Evaluation Period: January 1, 2000 to December 31, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over-all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Sussex County (Non-MSA)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA
<b>Limited Review:</b>															
New Castle County (9160)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NA	NA	NA	NA	NA

\*Peer Mortgage Data Not Available.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: DELAWARE NB				Evaluation Period: January 1, 2000 to December 31, 2002				
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	Overall	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Sussex County (Non-MSA)	382	88.43	0.00	0.00	0.00	0.00	91.09	92.67	8.91	7.33	3.50	0.00	0.00	4.02	3.41					
<b>Limited Review:</b>																				
New Castle County (9160)	50	11.57	12.60	10.00	16.02	22.00	45.93	48.00	25.29	20.00	.19	.13	.19	.29	.07					

\* Based on 2001 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 2002.

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: DELAWARE NB						Evaluation Period: January 1, 2000 to December 31, 2002							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Sussex County (Non-MSA)	6	100.00	0.00	0.00	0.00	0.00	98.35	100.00	1.65	0.00	NA	NA	NA	NA	NA
<b>Limited Review:</b>															
New Castle County (9160)	0	0.00	1.45	0.00	14.29	0.00	55.28	0.00	28.99	0.00	NA	NA	NA	NA	NA

\* Peer Small Business/Farm Data Not Available

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

\*\*\* Source Data - Dun and Bradstreet 2002.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: DELAWARE NB						Evaluation Period: January 1, 2000 to December 31, 2002							
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
<b>Full Review:</b>															
Sussex County (Non-MSA)	25	100.00	17.77	12.00	19.38	24.00	24.38	24.00	38.48	40.00	NA	NA	NA	NA	NA
<b>Limited Review:</b>															
New Castle County (9160)	7	100.00	16.57	28.60	18.39	42.90	26.46	0.00	38.58	28.60	NA	NA	NA	NA	NA

\* Peer Mortgage Data Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 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, 2000 to December 31, 2002							
MA/Assessment Area:	Total Home Improvement 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****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Sussex County (Non-MSA)	25	100.00	17.77	4.00	19.38	24.00	24.38	36.00	38.48	36.00	NA	NA	NA	NA	NA
<b>Limited Review:</b>															
New Castle County (9160)	15	100.00	16.57	6.7	18.39	53.33	26.46	13.33	38.58	26.70	NA	NA	NA	NA	NA

\* Peer Mortgage Data Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 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, 2000 to December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share									
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Over-all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Sussex County (9160)	25	100.00	17.77	20.00	19.38	20.00	24.38	24.00	38.48	36.00	NA	NA	NA	NA	NA					
<b>Limited Review:</b>																				
New Castle County (9160)	15	100.00	16.57	26.70	18.39	26.70	26.46	20.00	38.58	26.70	NA	NA	NA	NA	NA					

\* Peer Mortgage Data Not Available.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 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.

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: DELAWARE NB		Evaluation Period: January 1, 2000 to December 31, 2002			
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
<b>Full Review:</b>									
Sussex County (Non-MSA)	382	88.43	80.15	78.80	72.77	17.80	9.42	3.50	6.04
<b>Limited Review:</b>									
New Castle County (9160)	50	11.57	77.88	90.00	76.00	16.00	8.00	.19	.37

\* Based on 2001 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 - 2002).

\*\*\*\* 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% of small loans to businesses originated and purchased by the Bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: DELAWARE NB		Evaluation Period: January 1, 2000 to December 31, 2002		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Sussex County (Non-MSA)	6	100.00	93.42	100.00	50.00	16.67	33.33	0.00	0.00
<b>Limited Review:</b>									
New Castle County (9160)	0	0.00	89.65	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2001 Peer Small Business Data: US.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by Bank.



**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS																			Geography: DELAWARE NB																			Evaluation Period: January 1, 2000 to December 31, 2002																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																																													
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																																							
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																																						
<b>Full Review:</b>																																																								
Sussex County (Non-MSA)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00																																						
<b>Limited Review:</b>																																																								
New Castle County (9160)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00																																						

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.  
 \*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: DELAWARE NB				Evaluation Period: April 28, 1998 to January 6, 2003			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Sussex County (Non-MSA)	0	0	2	139	2	139	1.91	0	0
<b>Limited Review:</b>									
New Castle County (9160)	0	0	0	0	0	0	0	0	0
<b>Other:</b>									
Statewide/Regional	0	0	8	7,155	8	7,155	98.09	1	2,521

\* '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: April 28, 1998 to January 6, 2003							
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
<b>Full Review:</b>																	
Sussex County (Non-MSA)	68.35	6	50	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.00	0.00	98.15	1.85
<b>Limited Review:</b>																	
New Castle County (9160)	31.65	6	50	16.67	16.67	50.00	16.67	0	0	0	0	0	0	3.86	16.80	53.87	25.47

