

# Public Disclosure

June 28, 1996

## Community Reinvestment Act Performance Evaluation

Name of Depository Institution  
Beneficial National Bank  
Charter Number 17539

One Christina Centre  
301 North Walnut Street  
Wilmington, Delaware 19801

Office of the Comptroller of the Currency

1114 Avenues of the Americas  
New York, New York 10036

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Beneficial National Bank prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 28, 1996. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated Outstanding.

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

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

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

## Description of Institution

Beneficial National Bank<sup>1</sup> (“BNB”) is a commercial bank based in Wilmington, Delaware. The bank is a \$497 million wholly-owned subsidiary of Beneficial Corporation, a \$15 billion financial services holding company. BNB offers a full range of commercial and consumer banking products. BNB’s business focus includes individuals, small and medium size businesses, government and community organizations. BNB originated 107 HMDA loans totaling approximately \$8.6 million in 1994 and 1995. During 1995, BNB originated 201 small business loans totaling approximately \$18.6 million.

BNB operates eight branches in New Castle County, including two full-service, supermarket branches open seven days and six nights a week. Two of the branches are located in low-income census tracts, one is in a moderate- income tract, three are in middle- income tracts and two are in an upper- income census tract. In 1996, the bank modified its assessment area as a result of the sale of the Dover, Delaware branch. Lending activity in the Dover area was minimal in the last two years.

BNB, consistent with its size and resources, has the ability to help meet the credit needs of their community, including low- and moderate- income neighborhoods and individuals. The market for financial services is very competitive. BNB competes with larger interstate and regional banking companies, local community banks, thrifts and mortgage companies in New Castle County.

## Description of Assessment Area

BNB has designated New Castle County, Delaware (located in MSA 9160) as its assessment area. The assessment area does not arbitrarily exclude low- or moderate- income geographies. New Castle County consists of 119 census tracts. The population of the assessment area is 442 thousand. MSA median family income is \$44,332. Median housing value for the area is \$98 thousand and the median age of the housing stock is 33 years. Owner occupied housing makes up 40% of the total housing while rental occupied housing is 38% of the total. The remaining units are vacant or boarded up structures. Affordable housing was described as a primary need for this area. Table 1 contains additional 1990 Census Bureau data for the assessment area.

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<sup>1</sup> Beneficial National Bank has elected to have its performance assessed under the lending, investment, and service tests under the revised Community Reinvestment Act regulation.

Table 1. Percentage of Families by Income Level of Tract								
	Census Tract		Total Families	Percentage of Families within Each Tract Category				
	#	%		Low	Moderate	Middle	Upper	Total
				%	%	%	%	
Low	9	8%	3%	61%	20 %	13%	6%	100
Moderate	23	19%	16%	31%	26%	25%	18%	%
Middle	61	52%	54%	15%	20%	31%	34%	100
Upper	25	21%	27%	5%	10%	20 %	65%	%
Undesignated	1	n/a	n/a	n/a	n/a	n/a	n/a	100
								%
								100
								%
Total	119	100 %	100%	17%	18%	26%	39%	100%

## Conclusions with Respect to Performance Tests

The evaluation period covers the period from May 1994 through May 1996. For comparative purposes we used year end 1994 and 1995 information. We tested bank prepared reports and found them to be accurate. Our evaluation included an analysis of 1994 and 1995 HMDA activity and 1995 small business lending activity.

### LENDING TEST

A substantial majority of the loans are in the banks assessment area. BNB's lending patterns demonstrate a high degree of responsiveness to the credit needs of its assessment area. The pattern for lending in low- and moderate- income census tracts and to low- and moderate- individuals is excellent when compared with the demographic data of the assessment area. To help meet the needs of the assessment area, BNB participates in several innovative community development programs benefiting low- and moderate- income individuals and geographies. The distribution of small business loans in the assessment area is also excellent.

During 1994 and 1995, 91% of the HMDA loan originations and 86% of the dollars lent were in the assessment area. During 1995, 86% of the small business loans originated and 84% of the dollars lent were in the assessment area.

## Residential Real Estate Lending

BNB originated 98 HMDA loans in the assessment area totaling approximately \$7.4 million. Table 1 shows 3% of the total families live in low- income census tracts and 16% of the families live in moderate- income census tracts. Table 1 shows that 17% of the population is low- income families and 18% of the population are moderate- income families. Table 2 & 3 show a high-level of HMDA originations in low- and moderate- income geographies and to low- and moderate- income individuals. Thirty-one percent and 29% of the originations were to low- and moderate- income borrowers, respectively.

Table 2. HMDA Lending in the Assessment Area			
Tract Designation	Census Tract	Percentage of Lending by Income Level in Census Tract	
		Number of Loans	Amount \$
Low	8%	14%	9%
Moderate	19%	31%	26%
Middle	52%	47%	50%
Upper	21%	18%	15%

Table 3. HMDA Lending by Income Level		
Population	Percentage Lending by Income Level of Borrower	
	Number of Loans	Amount \$
Low	31%	24%
Moderate	29%	27%
Middle	18%	18%
Upper	22%	31%

The Delaware State Housing Authority Second Mortgage Assistance Program is an innovative program designed to provide up to \$5 thousand in down payment and closing cost assistance to qualifying low- and moderate- income individuals. During the evaluation period, BNB funded 18 loans totaling \$70 thousand through this program.

Included in the HMDA activity are seven loans totaling \$560 thousand. These loans are part of the Delaware State Housing Authority Residential Mortgage Revenue Bond Program,

targeting low- and moderate- income individuals.

BNB supports the Community Housing Inc.'s counseling program. This innovative program waives points charged to qualified low- and moderate- income home buyers who successfully complete the counseling program.

### Community Development Lending

BNB has a commitment to extend \$750 thousand in loans through the Delaware Community Investment Corporation (DCIC). DCIC operates as a multibank community development corporation to finance the production of affordable housing in Delaware. During the evaluation period, the bank advanced \$194 thousand to several projects, including West Quaker Hill Apartments and Liberty Knoll Apartments.

### Small Business Lending

Small business loans originated in the assessment area totaled approximately \$16 million. The bank originated 172 small business loans in the assessment area. Eighty percent of the originations were for loans less than \$100 thousand. Our analysis reveals originations in 61% of both low- and moderate- income census tracts. Table 4 shows BNB's small business lending activity by census tract characteristic.

Small Business Activity		Low	Moderate	Middle	Upper
		#	25%	17%	39%
\$	21%	30%	32%	17%	

BNB is an SBA Certified Lender. During the evaluation period the bank made nine SBA loans totaling approximately \$2 million to small businesses in the bank's assessment area.

### INVESTMENT TEST

BNB's qualified investments are significant and innovative, representing a good responsiveness to the credit needs of the assessment area. BNB pursues local community development and redevelopment projects emphasizing projects that benefit low- and moderate- income individuals or geographies. However, limited opportunities exist to invest in Delaware bonds and BNB has to compete with several larger limited purpose and CEBA institutions for these types of projects. In response to the needs of the assessment area, the bank displayed a relatively high level of innovation by donating a branch facility to a not-for-profit agency. BNB's activities are detailed below:

In 1996, BNB announced the donation of a \$350 thousand branch property located in a

moderate- income tract to Westside Health Service. This not-for-profit agency provides health care services to clients living in the westside inner city. Additionally, the bank will not abandon this location. BNB will occupy renovated space within the existing facility and continue to operate a full service branch. Private investors have not provided this type of contribution in the assessment area.

Other qualified investments outstanding were \$137 thousand, including the \$37.5 thousand in DCIC stock that carries Class A membership status. DCIC operates as a multibank community development corporation to finance the production of affordable housing in Delaware. BNB has made 16 qualifying CRA contributions in the banks assessment area totaling \$35 thousand. These contributions cover a wide range of programs and services targeted to low- and moderate- income individuals.

### SERVICE TEST

BNB's branch distribution allows convenient access to low- and moderate- income individuals and geographies. Services and products are readily available to geographies and individuals of different income levels in the assessment area. Three of the eight branches are found in low- and moderate- income census tracts. During the evaluation period, two branches were opened. One of these branches is located in a low- income census tract, increasing the bank's accessibility and their ability to meet low- and moderate- income customer needs. Extended branch hours are tailored to the needs of the assessment area. Four branches, one of which is in a moderate- income census tract, have Saturday hours. Two Supermarket branches have Sunday hours as well. Automated telephone banking is available 24 hours a day, seven days a week. Bank customer service representatives are available, by phone, and have extended evening hours.

Senior management and other members of the BNB staff are active, often in leadership roles, in the local community. They use their financial expertise to assist groups targeting the needs of the low- and moderate- income geographies and individuals in Delaware. For example, BNB has representation on the Wilmington Economic Development Corporation, Wilmington Economic and Financial Advisory Council, Westside Health Service, and Eastside/Southbridge Economic Development and Housing Committee.

### FAIR LENDING

The Community Reinvestment Act examination included a fair lending review. We reviewed internal loan policies, procedures and guidelines. Our review of a sample of decisioned loan files and discussions with management did not uncover any evidence of disparate treatment of applicants.