

PUBLIC DISCLOSURE

June 18, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**TheBancorp.com Bank
35444**

**405 Silverside Road
Wilmington, Delaware 19809**

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

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

TABLE OF CONTENTS

I. General Information.....1

II. Institution Rating.....2

III. Description of Institution.....2

IV. Description of Assessment Area.....4

V. Conclusions6

GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **TheBancorp.com Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **June 18, 2002**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The rating is supported by the following:

- The average net loan-to-deposit ratio reflects an adequate responsiveness to assessment area credit needs, given the short time the institution has been open.
- A majority of loan originations during the review period are within the bank's assessment area.
- The bank's record of meeting the credit needs of low- and moderate-income borrowers and businesses reporting less than \$1 million in gross annual revenues needs improvement. A high percentage of loans are originated to businesses with gross annual revenues in excess of \$1 million when compared to the percentage of businesses reporting this level of income within the assessment area. Additionally, a substantial majority of residential real estate-related loans were originated to individuals that qualify as upper-income when compared to assessment area demographics and aggregate lending information.
- The bank has achieved a reasonable dispersion of loans within its assessment area among geographies of different income levels, given its performance context.

DESCRIPTION OF INSTITUTION

TheBancorp.com Bank is a state-chartered commercial bank organized under the laws of the State of Delaware. The institution has been in operation just under two years, having been approved for federal insurance on July 28, 2000. The operation center, located in Wilmington, New Castle County, Delaware, is the institution's only office. The bank also operates three loan production offices, one in center city Philadelphia, Philadelphia County, Pennsylvania; one in Willow Grove, Montgomery County, Pennsylvania and one in Crofton, Anne Arundel County, Maryland. Senior management is almost entirely comprised of employees from a Philadelphia-based bank (Jefferson Bank) that was acquired by another financial institution in 1999.

TheBancorp.com Bank is a full-service Internet bank. Management's principal strategy for customer acquisition is through the formation of private label banking relationships with affinity groups such as universities, trade associations, and businesses. Each affinity group is provided with a customized, full-service, transactional web-site where members can conduct financial transactions. Examples of activities customers can conduct at the sites include completing account applications, making account inquiries, bill payments, account transfers, reviewing product listings, and emailing the customer service unit.

The bank currently maintains 26 web-sites categorized into three areas: private banking, retail affinities and wholesale affinities. The private banking segment, Philadelphia Private Bank, has been the primary source of loans and deposits since the bank opened. Specifically, deposits from and loans originated to Philadelphia Private Bank customers account for 95.0 and 99.0 percent of the bank's deposits and loans, respectively. Many of Philadelphia Private Bank's customers are individuals and businesses that were associated with Jefferson Bank.

Based upon the March 31, 2002 Call Report, assets totaled \$174.5 million, loans totaled \$126.9 million and total deposits were \$158.8 million. The institution has been growing rapidly. Total assets have increased 55.8 percent when compared to assets totaling \$112 million as of March 31, 2001. Additionally, there has been a 192.3 percentage change in loans when compared to the \$43.1 million in total loans the prior year. Similarly, deposits have increased from \$100.3 to \$158.8 million, or a 58.3 percentage change.

Commercial real estate loans account for the largest percentage of the dollar volume of loans originated at 41.5 percent; commercial non-real estate loans represent 19.0 percent of the portfolio. These two commercial loan categories combined represent 60.5 percent of total loans. The bank has a commercial vehicle leasing operation, based in Maryland that accounts for 22.3 percent of total loans. The leasing operation was purchased from Jefferson Bank and is part of the bank's overall lending strategy. Residential real estate loans secured by a first and second liens represented 5.7 and 4.0 percent of the loan portfolio, respectively, and home equity line of credit loans represented 2.8 percent. These three loan categories combined represent a 12.5 percent of the loan portfolio. Consumer loans represent less than 1 percent of the total loan portfolio. The following table details the distribution of the bank's loan portfolio.

Table 1 - Loan Distribution as of 03/31/02		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	5,389	4.3
Secured by Farmland	0	0.0
1-4 Family Residential	15,832	12.5
Multi-Family (5 or more) Residential	0	0.0
Commercial	52,834	41.5
Total Real Estate Loans	74,055	58.3
Commercial and Industrial	24,074	19.0
Agricultural	0	0.0
Consumer	334	0.3
Other	52	0.1
Lease Financing Receivables	28,367	22.3
Less: Unearned Income	0	0.0
Total Loans	126,882	100

Source: Report of Condition

The Bancorp.com Bank is a wholly-owned subsidiary of The Bancorp.com, Inc., Wilmington, Delaware. The institution's CRA performance will be evaluated using small bank examination procedures. This is the first evaluation of the bank's CRA performance since it opened. There do not appear to be any financial or legal impediments that would inhibit the bank's CRA performance.

DESCRIPTION OF ASSESSMENT AREA

An assessment area (AA) is one or more geographic areas delineated by an institution and used by the FDIC in evaluating the institution's record of meeting the credit needs of its community. A bank's AA includes the geographies in which the bank has its main office, its branches, and its deposit-taking automated teller machines, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans.

The bank has defined its AA as New Castle County, Delaware, the location of its only office, and Philadelphia County, Pennsylvania. Philadelphia County is included as part of the AA because this is the area in which the bank originates a majority of its loans. The area includes a total of 487 census tracts, 120 census tracts in New Castle County, which is located in the Wilmington-

New Jersey, Metropolitan Statistical Area 9160 (MSA 9160); and 367 census tracts in Philadelphia County, which is located in the Philadelphia, New Jersey Metropolitan Statistical Area (MSA 6160). Based upon 1990 census data, there are 88 low-, 147 moderate-, 175 middle- and 60 upper-income census tracts. The majority of low- and moderate-income census tracts are located in Philadelphia County. Specifically, 79 or 89.8 percent and 124 or 84.4 percent of the AA's low- and moderate-income census tracts respectively are in Philadelphia County. There are no households in 17 census tracts, as these areas are commercial or industrial in nature. Table 2 details AA housing information. As the table indicates, the area's upper-income census tracts contain the lowest percentage of both owner-occupied housing units and AA households. Additionally, the low- and moderate-income census tracts contain the area's oldest housing stock.

Table 2 – Selected Housing Characteristics by Income Category of the Geography									
Geographic Income Category	Percentage						Median		
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age*	Home Value*	Gross Rent**
Low	18.1	15.6	17.1	12.0	21.8	30.6	46	\$26,916	\$329
Moderate	30.2	33.2	33.3	33.9	31.8	35.0	48	\$46,048	\$438
Middle	35.9	40.8	39.2	43.9	35.6	24.4	35	\$101,071	\$522
Upper	12.3	10.4	10.4	10.2	10.8	10.0	34	\$194,753	\$639
\$0/NA Income	3.5								
Total or Median	100	100	100	100	100	100	42	\$77,103	\$467

Source: U.S. Census, * - Owner-Occupied Units, ** - Renter-Occupied Units.

Based upon 1990 U.S. Census data, there are 764,844 households in the AA, of which 260,740 or 34.1 percent are low-income, 138,360 or 18.1 percent are moderate-income, 154,086 or 20.1 percent are middle-income and 211,658 or 27.7 percent are upper-income. The 2000 and 2001 HUD-adjusted median family incomes for MSA 9160 are \$69,000 and \$72,100, respectively, and \$57,800 and \$60,100, respectively for MSA 6160.

Information available from Dun & Bradstreet for 2001 shows that of a total of 65,338 business establishments inside the AA, 55,483 or 84.9 percent report gross annual revenues of \$1 million or less. Additionally, 73.5 percent of these establishments have fewer than ten employees. The services industry accounts for the largest percentage of businesses at 47.0 percent by Standard Industry Code (SIC) followed by retail trade at 22.0 percent and finance, insurance and real estate at 9.1 percent. Of the total establishments, 16.3 percent are in low-, 25.3 percent in moderate-, 38.7 percent in middle-, 18.3 percent in upper-income census tracts, and 1.4 percent are in census tracts in which income is not available.

MSA 9160's top employers include MBNA Corporation, E.I. DuPont de Nemours & Co., Inc; Christiana Care Health Service, and the University of Delaware, according to The Business Ledgers Book of Lists, 2002 and Economy.com, 2002. The MSA's leading industries by SIC include commercial banks at 28.2 percent followed by miscellaneous business services at 13.8 percent and industrial organic chemicals at 8.4 percent.

Philadelphia County's top four employers are The University of Pennsylvania, the United States Postal Service, the United States Navy, and the Albert Einstein Healthcare Network, according to information available from Dun & Bradstreet as of June 2002. Leading industries by SIC include hospitals, the federal government, and private colleges and universities.

Similar to other large metropolitan areas, competition for loans and deposits in the AA is strong. There are at least 30 financial institutions headquartered in New Castle County and 24 in Philadelphia County. Management indicated that the bank's major competitors are larger commercial banks with offices in Philadelphia County, primarily Sovereign Bank, Commerce Bank and Commonwealth Bank. While the institution has several competitors, given its de novo status and non-branch delivery systems, no similarly situated banks were identified. Similarly situated banks are sometimes used for comparison purposes in evaluating an institution's performance.

A community contact conducted with a citizen advocacy group whose primary service area includes New Castle County, Delaware were reviewed during this CRA Performance Evaluation. The contact noted that the structure of Delaware's economy has undergone significant change since 1990. While the area's economy is still led by the large chemical and automotive industries, there has been marked diversification since then. Several high technologies and research and development firms have been established in Delaware and together with the financial services industry are making a significant impact on the area's economy. The contact indicated that there was a need to provide affordable housing for low- and moderate-income households, affordable home purchase and rehabilitation financing, homeownership and credit counseling, and financing for small- and minority-owned businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The scope of the evaluation includes a review of the institution's home mortgage and small business loans originated between July 28, 2000 and May 31, 2002. Small business lending was given more weight when arriving at the bank's overall rating because small business loans represent a larger percentage of the loan portfolio when compared to home mortgage lending.

A small business loan is a loan to a business with an origination amount of \$1 million or less. During the period reviewed the bank originated 171 small business loans totaling \$58.7 million. Specifically, 10 loans totaling \$3.8 million in 2000, 104 loans totaling \$37.8 million in 2001 and 57 loans totaling \$17.1 million for year-to-date 2002. The analysis of the bank's small business lending consisted of all 10 loans originated in 2000, and sample sizes of 31 and 25, respectively for 2001 and 2002. The analysis of home mortgage lending included the universe of home mortgage loans originated during the review period.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable, given that the institution has been opened less than two years. The bank's average net loan-to-deposit ratio based on the six quarters of operation is 55.8 percent. Additionally, the ratio has been on an increasing trend since the bank opened. Specifically, the ratio varies from a low of 38.4 percent based upon the December 30, 2000 Call Report to a high of 79.3 percent for the current quarter.

The loan-to-deposit ratio at 79.3 percent as of March 31, 2002 is similar to that of the institution's peer group ratio at 77.9 percent. The bank's peer group is defined as all insured commercial banks with assets between \$100 million and \$300 million with two or less banking offices and located in an MSA. No similarly situated banks for comparison purposes were identified. In summary, the bank's loan-to-deposit ratio indicates adequate lending levels particularly in light of its de novo status.

Assessment Area Lending

The Bancorp.com Bank originated a majority of loans inside the AA during the review period. Specifically, 55.7 percent of the bank's home mortgage and small business loans combined were originated inside the AA. Table 3 details the bank's lending activity during the review period. No home mortgage loans were originated during 2000.

Table 3 – Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2001	5	38.5	8	61.5	13	\$1,126	38.6	\$1,788	61.4	\$2,914
YTD 2002	5	55.6	4	44.4	9	\$481	83.1	\$98	16.9	\$579
Subtotal	10	45.5	12	54.5	22	\$1,607	46.0	\$1,886	54.0	\$3,493
Small Business										
2000	5	50.0	5	50.0	10	\$1,279	34.7	\$2,400	65.3	\$3,679
2001	20	64.5	11	35.5	31	\$7,648	73.3	\$2,793	26.7	\$10,441
YTD 2002	14	56.0	11	44.0	25	\$3,449	48.3	\$3,697	51.7	\$7,146
Subtotal	39	59.1	27	40.9	66	\$12,376	58.2	\$8,890	41.8	\$21,266
Total	49	55.7	39	44.3	88	\$13,983	56.5	\$10,776	43.5	\$24,759

Source: HMDA Disclosure Statements (2001), HMDA LAR (2002) and Bank Records.

While the bank's business strategy is to use non-branch delivery systems to obtain deposits and to deliver loans, a significant percentage of loans originated by the bank since it opened have been to individuals and businesses (through Philadelphia Private Bank) with whom management had business relationships while at Jefferson Bank. Consequently, a significant percentage of small business loans were originated inside the Philadelphia County portion of the AA.

As the table indicates, the bank did not originate a significant number of home mortgage loans during the review period. Specifically, only 22 home mortgage loans totaling \$3.5 million were originated during the evaluation period. Comparatively, the bank originated 171 small business loans totaling \$58.7 million during the same time period. During the period reviewed, 10 of the 22 home mortgage loans, or 45.5 percent were originated inside the AA. While this is less than a majority, increases in the percentage of the number and dollar volume of home mortgage loans originated inside the AA between 2001 and 2002 is noted. Specifically, the percentage of loans originated inside the AA improved from 38.5 and 38.6 percent by number and dollar volume, respectively in 2001 to 55.6 and 83.1 percent, respectively for year-to-date 2002.

Borrower Profile

The bank's record of meeting the credit needs of low- and moderate-income borrowers and businesses reporting less than \$1 million in gross annual revenues needs improvement. A high percentage of loans are originated to businesses with gross annual revenues in excess of \$1 million when compared to the percentage of businesses reporting this level of income within the assessment area. Additionally, a substantial majority of residential real estate-related loans were originated to individuals that qualify as upper-income when compared to assessment area demographics and aggregate lending information. Table 5 details the distribution of the bank's small business loans by gross annual revenue of the business, 2000 aggregate data and the percentage of businesses in the AA by gross annual revenue of the business are included for comparison purposes.

Table 5 – Distribution of Small Business Loans by Gross Annual Revenues of Business										
Gross Annual Revenues (000s)	Aggregate Data 2000	% Businesses in AA	2000		2001		YTD 2002		Total	
	%	%	#	%	#	%	#	%	#	%
≤ \$1,000	62.8%	84.9%	1	20.0%	9	45.0%	3	21.4%	13	33.4%
> \$1,000 or NA	37.2%	15.1%	4	80.0%	11	55.0%	11	78.6%	26	66.6%
Total*	100	100	5	100	20	100	14	100	39	100

Source: CRA Aggregate Information (2000), Dun & Bradstreet, and Bank Records.

As shown in Table 5, 66.6 percent of small business loans were originated to businesses reporting gross annual revenues of over \$1 million, during the review period. Comparatively, aggregate information for 2000 shows that only 37.2 percent of small business loans were originated to businesses reporting gross annual revenues of over \$1 million. The bank's performance also does not compare well to the percentages of businesses reporting gross annual revenues of \$1 million or less. Specifically, 84.9 percent of AA businesses report gross annual revenues of \$1 million or less, only 33.4 percent of small business loans originated by the bank were to businesses reporting this revenue. A review of small business lending by dollar volume revealed similar results.

Table 6 further details the distribution of small business loans, based upon the sample, of small business loans by gross annual revenues of the business.

Table 6 – Distribution of Small Business Loans by Gross Annual Revenues of Business								
Gross Annual Revenues (000s)	2000		2001		2002 Year to Date		Total	
	#	%	#	%	#	%	#	%
≤ \$100	0	0.0%	1	5.0%	3	21.4%	4	10.2%
\$100 ≤ \$250	0	0.0%	3	15.0%	0	0.0%	3	7.8%
\$250 ≤ \$500	1	20.0%	4	20.0%	0	0.0%	5	12.8%
≥ \$500 ≤ \$1,000	0	0.0%	1	5.0%	0	0.0%	1	2.6%
> \$1,000 or NA	4	80.0%	11	55.0%	11	78.6%	26	66.6%
Total*	5	100	20	100	14	100	39	100

Source: Bank records (2000, 2001, and 2002)

Management indicated that several of the bank's loan officers were once employed at the former Jefferson Bank. Subsequently, many of the loans originated at TheBancorp.com Bank are to previous Jefferson Bank customers. In an effort to meet break even projections, management established loan relationships with larger borrowers first. However, the bank is looking to attract smaller businesses.

A review of the home mortgage loans originated by the bank revealed that a substantial majority of residential real estate-related loans were originated to individuals that qualify as upper-income

when compared to assessment area demographics and aggregate lending information. Specifically, during 2001, one loan or 20 percent was originated to a low-income borrower and four loans or 80 percent were originated to upper-income borrowers. As of May 31, 2002 the bank originated one loan or 20 percent to a moderate-, one loan or 20 percent to a middle- and three loans or 60 percent to upper-income borrowers. For the two periods combined, 10, 10, 10, and 70 percent were originated to low-, moderate-, middle-, and upper-income borrowers, respectively. Comparatively, 2000 aggregate data shows that 23.7, 26.3, 18.1 and 17.0 percent of loans were originated to low-, moderate-, and middle-, and upper-income borrowers, respectively. An additional 14.9 percent of loans were originated to borrowers for which income was not available. A review of the bank's home mortgage lending by dollar amount revealed similar results.

In an effort to improve the level of lending to low- and moderate-income borrowers, the bank entered into a commitment to purchase a portfolio of 39 home mortgage loans originated to low- and moderate-income borrowers from a local housing agency in June 2002. The properties securing the loans are located in New Castle County. While not included as part of this performance evaluation, it demonstrates management's intentions to address the low level of lending to low- and moderate-income borrowers.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the AA, given the institution's performance context. Table 4 details the distribution of small business loans by income category of the census tract.

Table 4 – Distribution of Small Business Loans by Income Category of the Census Tract									
Census Tract Income Level	Aggregate Lending Data (% of #)	2000		2001		2002 Year to Date		Total	
		#	%	#	%	#	%	#	%
Low	11.1	2	40.0%	1	5.0%	3	21.4%	6	15.4%
Moderate	23.9	0	0.0%	2	10.0%	1	7.1%	3	7.7%
Middle	43.8	2	40.0%	8	40.0%	3	21.4%	13	33.3%
Upper	19.9	1	20.0%	7	35.0%	6	43.0%	14	35.9%
\$0/NA Income	1.3	0	0.0%	2	10.0%	1	7.1%	3	7.7%
Total*	100	5	100	20	100	14	100	39	100

Source: Bank Records and CRA Aggregate Data

While lending in low-income census tracts is inconsistent, overall, the percentage of small

business loans originated in these tracts compares favorably to 2000 aggregate lending data. Specifically, 15.4 percent of the bank's small business loans were originated in low-income tracts compared to 11.1 percent by the aggregate. However, performance in moderate-income census tracts at 7.7 percent is well below the aggregate 23.9 percent for 2000. The higher percentage of loans originated in upper-income census tracts primarily reflects the bank's lending in Center City, Philadelphia through Philadelphia Private Bank.

The bank's performance in this category is evaluated in light of its performance context, particularly its de novo status and competition. As indicated previously, there are a total of 54 financial institutions headquartered in the bank's AA. Additionally, there are numerous branches of large regional banks, while not headquartered in the AA, are a source of competition. For example, First Union National Bank, and PNC Bank, N.A. operate branches in both New Castle County and Philadelphia County. These larger banks tend to dominate the market by virtue of their asset size, deposit product mix, and lending capacity. The Bancorp.com Bank, a new entrant in the market, is working toward increasing its market share of small business loans throughout its entire AA. Additionally, The Bancorp.com Bank does not operate any branch offices.

A review of the geographic distribution of home mortgage loans revealed that during 2001, the bank originated one (20.0 percent) and four loans (80.0 percent) in low- and upper-income census tracts, respectively. During 2002, the bank originated one loan (20.0 percent) in a moderate-income census tract, one loan (20.0 percent) in a middle-income census tract and three loans (60.0 percent) in upper-income census tracts. During the two periods combined, the bank originated 10, 10, 10 and 70 percent of its home mortgage loans in low, moderate-, middle-, and upper-income census tracts, respectively. Comparatively, 2000 aggregate data shows that 8.1, 30.1, 48.1, and 13.7 percent of loans were originated in low-, moderate-, and middle- income census tracts, respectively. The bank's performance is similar to the geographic distribution of small business loans, in that lending in the different income level census tracts during 2001 and for year-to-date 2002 is inconsistent. While the overall percentage of loans originated in low-income tracts compares favorably to 2000 aggregate information; the percentage of lending in moderate-income census tracts is well below aggregate. A review of the dollar volume of both small business and home mortgage loans revealed similar results.

In summary, the geographic distribution of loans is adequate, given the level of competition and the bank's de novo status. As indicated previously, the bank's small business lending performance was given more weight at arriving at the overall rating due to the minimal number of home mortgage loans originated.

Response to CRA-related Complaints

No CRA-related complaints were received during the evaluation period.