

PUBLIC DISCLOSURE

October 17, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Deutsche Bank Trust Company Delaware
26392**

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New York, New York 10005**

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

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GENERAL INFORMATION

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

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Deutsche Bank Trust Company Delaware** prepared by **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 17, 2005**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION

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

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. During the evaluation period, management has explored many community development opportunities and found a variety of ways to meet the community development needs of its assessment area and broader statewide area. The following highlights the institution's outstanding performance.

- Deutsche Bank Trust Company Delaware (“DBTCD”) has a high level of qualified community development loans, investment and grants, covering a wide variety of community development initiatives, but primarily focused on addressing the increasing need for affordable housing in New Castle County and the State of Delaware. Through partnerships with local Community Development Financial Institutions (“CDFIs”), non-profit housing agencies and participations with local financial institutions, DBTCD has provided an excellent responsiveness to community economic development needs via innovative and sometimes complex lending and investment vehicles. During the evaluation period, DBTCD originated four community development loans totaling \$1.1 million and 99 investments and grants totaling \$2.3 million which meet the community development purpose definition. Current evaluation period community development loans and investments coupled with those loans and investments that remain on the bank's books or that represent a firm commitment but have not yet been funded, comprise a \$25.0 million commitment to community development initiatives. As of June 30, 2005, DBTCDs total commitment to community development initiatives (\$25.0 million) represented 3.3 percent of total assets and 14.2 percent of Tier 1 Capital.
- DBTCD provides an excellent level of qualified community development services, often serving in a leadership role. Working with local CDFIs and other non-profit organizations, bank personnel routinely provide technical expertise and guidance to a host of community development initiatives.

DESCRIPTION OF INSTITUTION:

Deutsche Bank Trust Company Delaware (“DBTCD”) was established in 1985 and initially chartered as Bankers Trust (Delaware), a subsidiary of Bankers Trust Corporation. In 1999, Deutsche Bank Aktiengesellschaft (“Deutsche Bank, A.G.”) acquired Bankers Trust Corporation and its numerous subsidiaries. In 2002, the bank changed its name to its current chartered name, Deutsche Bank Trust Company Delaware. DBTCD is headquartered in Wilmington, Delaware. The institution’s only branch office, in the Cayman Islands, was closed on November 30, 2004.

DBTCD is a wholesale commercial bank and trust company chartered in Delaware under the Financial Center Development Act. Under the Financial Center Development Act, the bank is mandated to “operate in a manner and at a location that is not likely to attract customers from the general public in Delaware to the substantial detriment of existing banking institutions in Delaware.” Due to the wholesale nature of operations and state prohibitions on retail deposit solicitations, the bank’s business strategy is to concentrate on cash management services and wholesale banking serving a national clientele of large corporations and their subsidiaries, financial institutions, governments and governmental entities, and high net worth individuals. The bank maintains no retail banking systems, offers no retail banking products, and has no retail customers. The bank offers corporate finance products, primarily in the form of loan participations, investment products designed for large corporate thrift plans, and corporate trust products. The bank’s minimum size loan facility is \$5.0 million and minimum deposit size is \$1.0 million.

DBTCD is a wholly-owned subsidiary of Deutsche Bank Trust Corporation, which is a direct subsidiary of Taunus Corporation. Deutsche Bank Trust Corporation and Taunus Corporation are multi-bank holding companies wholly-owned by Deutsche Bank, A.G. Deutsche Bank, A.G., headquartered in Frankfurt, Germany, is a financial holding company that is considered one of the leading international financial service providers in the world. As of December 31, 2004, the consolidated financial statements of Deutsche Bank, A.G. show total assets of \$1.1 trillion. Deutsche Bank Trust Company Delaware wholly-owns 15 non-bank subsidiaries which include BT Alex Brown Insurance Agency Incorporated, a domestic insurance broker. The remaining subsidiaries own equity interests in real estate and other investment partnerships.

As of June 30, 2005, DBTCD had total assets of \$758.9 million, total loans of \$640.1 million, and total deposits of \$84.7 million. The bank’s loan mix is depicted in the table below.

Wholesale and Limited Purpose Performance Evaluation

<i>Loan Distribution as of 06/30/05</i>		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	\$0	0.0%
Secured by Farmland	\$0	0.0%
1-4 Family Residential	\$0	0.0%
Multi-Family (5 or more) Residential	\$3,918	0.6%
Commercial	\$19,684	3.1%
Total Real Estate Loans	\$23,602	3.7%
Commercial and Industrial	\$97,700	15.3%
Agricultural	\$0	0.0%
Consumer	\$7,775	1.2%
Other	\$511,056	79.8%
Less: Unearned Income	(\$35)	(0.0%)
Total Loans	\$640,098	100.0%

Source: Call Report of Condition

The bank received its “wholesale bank” CRA designation as Banker’s Trust Delaware on June 17, 1996. A wholesale bank is an institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers. However, for community development purposes, the bank originates and/or participates in loans to nonprofit organizations within its assessment area and/or broader statewide area that includes its assessment area. As a wholesale bank, a minimal amount of retail lending is permitted without losing the designation. It is important to consider that DBTCD is a small wholesale bank relative to the large limited purpose institutions operating in New Castle County. Competition for community development loans and investments remains fierce among local institutions. There are no legal, financial, or other impediments which could hamper the bank’s ability to help meet the community development needs of its defined assessment area.

DBTCD received a CRA rating of “Outstanding” at the March 4, 2003, FDIC Performance Evaluation. The previous rating was assigned using the Community Development Test of the wholesale bank CRA evaluation procedures. This evaluation will utilize the same CRA evaluation procedures.

DESCRIPTION OF THE ASSESSMENT AREA:

DBTCD has selected one assessment area in Delaware that is in conformance with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. The assessment area is comprised of New Castle County, which is located within the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (“MSA”) #37980. Beginning on June 6, 2003, the Office of Management and Budget (“OMB”) announced that 11 MSAs with a core population of 2.5 million or more were subdivided into Metropolitan Divisions (“MDs”). New Castle County is now part of MD #48864, which also includes Cecil County, Maryland, and Salem County, New Jersey. The assessment area contains 127 census tracts, of which 1 reported no income. The remaining 126 census tracts are distributed accordingly: 10 (7.9 percent) low-income, 23 (18.3 percent) moderate-income, 61 (48.4 percent) middle-income, 32 (25.4 percent) upper-income. The assessment area population is based on 2000 census data. Given the bank’s unique structure and its focus on community development needs, DBTCD considers its expanded assessment area and community development focus to be the entire State of Delaware.

U.S. Department of Housing and Urban Development (“HUD”) - Adjusted Incomes

The U.S. Department of Housing and Urban Development (“HUD”) updates individual incomes annually. Borrower incomes are compared to HUD-adjusted median family income figures for the year in which the loan is granted. Borrowers are then categorized as low-, moderate-, middle-, or upper-income. The parameters for each income category are identical to those percentages used in categorizing census tracts. A low-income borrower earns less than 50 percent of the adjusted median family income of the MD in which he/she resides; a moderate-income borrower earns at least 50 percent, but less than 80 percent; a middle-income borrower earns at least 80 percent, but less than 120 percent; and an upper-income borrower earns 120 percent or more of the adjusted median family income.

The table below contains the 2000 Median Family Income (“MFI”) and the 2003, 2004 and 2005 HUD- adjusted median family incomes for MD 48864.

<i>HUD Adjusted MD Income by Year</i>					
MD	Name	2000*	2003**	2004	2005
48864	Wilmington	\$60,622	\$70,000	\$69,700	\$73,800

* Denotes the MD median family income according to the 2000 U.S. census data.

** HUD-adjusted median family income for 2003 used the 2000 MFI of \$61,249 for MSA 9160. Prior to being reclassified as part of MSA 37980, New Castle County was included in MSA 9160.

Wholesale and Limited Purpose Performance Evaluation

The tables below display selected housing characteristics of the assessment area based on geographical income categories and certain demographic information, which can help in identifying community development needs within the assessment area. Of particular note is the median age of the housing stock in low- and moderate-income geographies. The demographics suggest that much of the older housing stock in these geographies may be in need of rehabilitation. Or, that there may be a need for new affordable housing.

<i>Selected Housing Characteristics by Income Category of the Geography</i>									
Geographic Income Category	Percentage						Median		
	Census Tracts	House- holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Age*	Home Value*	Gross Rent **
Low	7.9%	21.7%	4.1%	1.5%	8.6%	11.5%	51 Yrs	\$67,056	\$447
Moderate	18.3%	16.9%	18.6%	14.6%	26.0%	30.1%	44 Yrs	\$90,978	\$635
Middle	48.4%	20.5%	50.3%	51.2%	49.5%	43.1%	31 Yrs	\$124,503	\$697
Upper	25.4%	40.9%	27.0%	32.7%	15.9%	15.3%	26 Yrs	\$207,409	\$849
Total or Median ***	100	100	100	100	100	100	31 Yrs	\$146,121	\$682

*Source: 2000 U.S. Census, * - Owner-Occupied Units, ** - Renter-Occupied Units, *** - Total Percentage may not add to 100 due to rounding.*

Wholesale and Limited Purpose Performance Evaluation

<i>Demographic & Economic Characteristics of the Assessment Area</i>	
<i>Assessment Area Population</i>	500,265
<u><i>Population in Areas:</i></u>	
<i>MD 48864</i>	650,501
<i>MSA:</i>	NA
<i>Non-MSA</i>	NA
<u><i>% of Households by Income Level of Household:</i></u>	
<i>Low-Income</i>	18.5%
<i>Moderate-Income</i>	17.3%
<i>Middle-Income</i>	23.6%
<i>Upper-Income</i>	40.6%
<u><i>Number of Total Housing Units:</i></u>	
<i>1-4 Family Residential</i>	157,509
<i>Multi-Family</i>	36,933
<i>Mobile Homes or Trailer</i>	5,072
<i>Other</i>	7
<i>Owner-Occupied Housing Units</i>	132,493
<i>Rental Housing Units</i>	56,442
<i>Vacant Housing Units</i>	10,586
<u><i>% of Total Housing Units:</i></u>	
<i>1-4 Family Residential</i>	79.0%
<i>Multi-Family</i>	18.5%
<i>Mobile Homes or Trailer</i>	2.5%
<i>Other</i>	0.0%
<i>Owner-Occupied Housing Units</i>	66.4%
<i>Rental Housing Units</i>	28.3%
<i>Vacant Housing Units</i>	5.3%

Source: 2000 U.S. Census

Economic strengths in New Castle County include a high concentration of finance, insurance, and real estate industries, particularly banking, due in part to low business costs and the state's favorable tax structure. Unemployment in Delaware has been consistently low. According to the Bureau of Labor and Statistics unemployment was 4.1 percent in September 2005, compared to 5.1 percent for the nation. Despite low unemployment rates, the states largest employer, MBNA, was recently purchased by Bank of America and plans on moving its operations outside of the state. The impact on employment and the local economy remain to be seen.

The Delaware banking sector has undergone significant changes since the last evaluation. While there are still over 30 banks located in a state with a population of just over 800,000, there has been some consolidation in the number of banks. Two major credit card banks operating in Delaware merged, and a regional bank that was acquired by another a major credit card bank has

increased its asset size considerably over the past two years. In spite of this consolidation, the size of several of the largest banks has grown even larger. The result of the changing banking landscape has created even greater competitive pressure for the larger banks to make more sizeable qualified investments to satisfy their community development targets and CRA responsibilities.

Several years ago DBTC decided to focus its community development activities almost exclusively towards affordable housing. However, low interest rates and economic stability has fueled an exponential increase in home values, particularly rentals and lower cost housing, making affordable housing projects even more costly and difficult to assemble.

Opportunities within the Assessment Area

There were two community contacts performed in conjunction with this CRA evaluation while seven other community contacts were reviewed. All of the community groups expressed an urgent need for affordable housing and housing related services. The need for additional infrastructure to support home ownership counseling was specifically mentioned by one of the contacts performed in conjunction with the current evaluation. According to the contact, most federal and local affordable housing programs require home ownership counseling be completed in order to qualify for the prospective program; however, the federal and local programs provide no funds to pay for the counseling services. The effect is an unfunded mandate created by the housing program. Non-profit organizations providing home ownership counseling services are left with an expanding number of enrollees without any financial support from the government agencies which mandated the home ownership counseling to qualify for the respective programs. Most contacts mentioned that the consolidation in the Delaware banking sector has had a substantial impact on the level of funding received from financial institutions. One contact mentioned that technical assistance and the marketing of the FDIC's Money Smart Program has replaced financial support.

The Delaware State Housing Authority ("DSHA") prepared a State-Wide Housing Needs Assessment ("HNA") to better understand the needs for housing and housing-related services in Delaware, particularly the needs of low- income households. The HNA, which is a five year planning tool, identified a myriad of potential problems which could have a negative impact on housing, particularly in New Castle County and the City of Wilmington. The HNA projects that the State's population will continue to increase, but at a slower pace. Persons age 34 to 64 will lead the increase in population by rising 34 percent, while persons age 35 to 44 are projected to decrease by six percent. These demographic shifts will translate into a weaker demand for starter homes and apartments and a stronger demand for larger homes and assisted living facilities.

The State's housing policies have also identified a need for affordable housing and help define opportunities for private investment in conjunction with state funded community development initiatives. In urban centers such as Wilmington, the State will promote a mixture of housing types and prices. Investments in housing, in combination with community revitalization and

public services, will be used to restore and improve existing neighborhoods, promote viable downtowns, and reuse older residential, industrial and commercial zones.

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

A wholesale bank is evaluated based on its record of helping to meet the credit needs of its assessment area(s) under the community development test through its community development lending, qualified investments, and community development services. A wholesale institution may perform well under the community development test by engaging in one or more of these activities. This evaluation focused on the bank's progress towards meeting affordable housing needs of its assessment area through community development loans, investments, grants, affiliate grants, and community development services. The following performance criteria are considered:

- The number and amount of community development loans (including originations and purchases of loans and other community development loan data provided by the bank, such as data on loans outstanding, commitments and letters of credit), qualified investments, or community development services.
- The use of innovative or complex qualified investments, community development loans, or community development services, and the extent to which the investments are not provided by private investors.
- The institution's responsiveness to community development needs.

Community development is defined in Part 345.12 (g) of the FDIC's Rules and Regulations as:

- 1) Affordable housing for low- or moderate-income individuals,
- 2) Community services targeted to low- or moderate-income individuals,
- 3) Activities that promote economic development by financing businesses or farms, or
- 4) Activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Lending

During the evaluation period, the DBTCD originated a high level of community development loans to nonprofit organizations and financial intermediaries dedicated to providing affordable housing to the low- and moderate-income residents of Delaware. Since the last CRA evaluation, the bank originated four (4) community development loans totaling \$1,095,000. This amount represents the bank's portion of a larger credit facility as explained below. Three (3) of the four (4) loans are participations with other lending institutions. As of December 31, 2004, the outstanding balance of these 4 loans totaled \$598,377. Although the bank originated only four new loans during the evaluation period, as of September 30, 2005, there were 18 qualifying

community development loans on the bank's books with an outstanding commitment of \$7,095,000. The bank's total commitment to community development lending represents 0.9 percent of total assets and 4.0 percent of Tier 1 Capital. It is important to note that community development loans often require extended maturities to enable borrowers to meet debt service requirements and some loans are linked to projects involving tax credits which can take many years to fully fund.

Given the limited resources imposed by its financial size, product offerings, and operations, the bank responds with non-traditional approaches to provide financing for community development initiatives in its assessment area and the greater statewide area. Since DBTCD does not have the staff or resources to service construction and predevelopment loans, the bank uses an approved Community Development Financial Institution ("CDFI") to service its community development loans. This innovative approach to lending helps a relatively small wholesale bank like DBTCD make community development loans, while providing the CDFI with a funding source enabling the organization to meet its mission.

Below is a brief description of the four (4) community development loans originated during the evaluation period.

DBTCD granted \$375,000 of a \$1.2 million revolving, unsecured line of credit at a below market rate to a non-profit organization to acquire and rehabilitate properties in New Castle County. The properties will be used as supervised apartments and group homes for low-income people with mental illness and addictions. DBTCD's Chief Credit Officer took the lead in developing and negotiating the terms of the loan and in developing the legal documentation.

DBTCD granted \$375,000 of a \$750,000 unsecured line of credit at a below market rate for the acquisition and pre-development costs of a non-profit housing developer. The non-profit organization is rehabilitating vacant and deteriorated housing in Wilmington's West Center City to be sold to low- and moderate-income people.

DBTCD provided \$200,000 of a \$1.1 million innovative loan at below market rate to fund non-profit housing developers seeking to rehabilitate deteriorated housing in the West Center City area of Wilmington. The improved homes will be sold to low- and moderate-income first time home buyers. This is a collaborative effort between three financial institutions, a private corporation, a non-profit housing organization, and a local church, which makes this loan particularly complex. The local church is also providing a grant to the buyer for down payment and settlement costs that is matched by funding from the Delaware State Housing Authority.

DBTCD provided a \$145,000 unsecured revolving line of credit for working capital to a non-profit housing developer. An innovative design element to this loan is the requirement that the borrower pay the entire outstanding loan balance for a period of 30 days prior to maturity in order to insure that the organization is not relying on proceeds for real estate purposes. In return, the bank has agreed not to seek security for the loan. Unsecured community development

lending is particularly rare and highlights the DBTCD's commitment to taking the necessary risks to foster community development initiatives in the community.

In addition, DBTCD renewed existing loans to four (4) non-profits during the evaluation period, some having been renewed twice.

Investment Activities

DBTCD has a high level of qualified community development investment and grants, and is considered a leader in community development initiatives in New Castle County among banks its size. Through unique and innovative partnerships with state and local government, as well as, non-profit housing organizations and CDFIs, DBTCD has made a substantial contribution to providing much needed affordable housing to low- and moderate-income individuals in New Castle County and the State of Delaware.

During the evaluation period, DBTCD and its affiliate Deutsche Bank Foundation purchased three (3) qualified investments and provided 96 qualifying grants and donations totaling \$2.3 million. This activity is in addition to the 13 qualified investments totaling \$10.3 million which remain outstanding. Considering prior period, current period, and unfunded firm commitments for qualified investments, DBTCD has committed over \$18.0 million toward investments which meet the community development purpose definition. The bank's total commitment to qualified investments represents 2.4 percent of total assets and 10.2 percent of Tier 1 Capital.

The table below summarizes the bank's investment and grant activity, which meet the community development purpose definition. A more detailed description of the more notable investments and grants follows.

Wholesale and Limited Purpose Performance Evaluation

<i>Qualified Investments (\$ in 000's)</i>							
	Prior Period		Current Period		Total		Unfunded
DESCRIPTION	#	\$	#	\$	#	\$	\$
Mortgage Backed Securities	5	\$5,438	1	\$1,244	6	\$6,682	\$2,756
Affordable Housing Tax Credits	4	\$2,592	2	\$3	6	\$2,595	\$2,656
Equity Investment in CDFI	2	\$275	0	0	2	\$275	\$0
Affordable Housing Revenue Bonds	2	\$1,979	0	0	2	\$1,979	\$0
Total Debt or Equity Investments	13	\$10,284	3	\$1,247	16	\$11,531	\$5,412
Qualified Grants and Donations	0	\$0	95	\$981	95	\$981	\$0
In-Kind Contributions	0	\$0	1	\$97	1	\$97	\$0
Grand Total	13	\$10,284	99	\$2,325	112	\$12,609	\$5,412

Source: Bank Records

Qualified Investments

- DBTCD made a \$4 million commitment to Chase Mortgage to purchase GNMA securities backed by mortgages to low- and moderate-income individuals (defined by HUD income criteria) originated by Chase in Delaware. To date, Chase has closed 22 loans totaling \$3.3 million and has an additional 4 loans pending totaling close to \$600,000. The average borrower income is \$40,932. The underlying loans are made without origination/discount fees, average \$149,200, and have an average interest rate of 4.62 percent over a 30-year term.
- Delaware Community Investment Corporation (“DCIC”) received an allocation of \$15 million in New Markets Tax Credits, (“NMTC”) in the first round allocation of this new economic development tool. DBTCD committed \$750,000 to the fund formed by DCIC to sell these credits. DCIC was the only Delaware entity to receive NMTC allocation and due to the uncertainty of the new investment vehicle, attracting sufficient investors proved difficult. DBTCD participation proved instrumental in closing the subscription and allowing DCIC to proceed with funding. DCIC intends to use the fund to make loans for commercial real estate projects in low-income communities in Delaware.
- DCIC formed its sixth equity fund for the purchase of Low Income Housing Tax Credits, (“LIHTC”) and DBTCD committed \$500,000 to this fund. Overall, DBTCD has invested in five (5) of the six (6) LIHTC Funds formed by DCIC.

Grants/Donations

- *Housing Trust Fund Project/Economic Impact Study (c/o Delaware Housing Coalition)* – the \$8,500 donation facilitated the retention of consultants to produce a housing Economic Impact Study for the State of Delaware and to present its finding in a public forum.
- *Delaware Housing Coalition* - a \$45,000 donation was made over three years to support research and advocacy work to identify and promote innovative methods for providing affordable housing for the lowest income citizens, e.g. Manufactured Housing initiative, Community Land Trusts, Inclusionary Zoning.
- *Community Legal Aid Society* – a \$10,000 donation was made to support a project to prevent the occurrence of additional vacant properties in distressed neighborhoods in Wilmington, particularly the Hilltop area.
- *Friendship House* – a \$35,000 donation was made over three years to support the Prison Outreach Program designed to provide transitional housing and support to men and women coming out of prison who are homeless and without identification, repairs to women’s shelters, and operations for men’s transitional shelters.
- *Milford Housing Development Corp.* – a \$20,000 grant was made over two years to provide rent subsidies for the Blair Apartments, which house low-income residents without public subsidies, and also to support housing operations.
- *Rural Housing Consortium* – a \$30,000 grant was made over two years to support a capital campaign raising Gap Funding for non-profit housing development initiatives undertaken by its seven (7) members that are developing housing for the low-income residents of rural Kent and Sussex Counties.
- *Delawareans’ Save! (c/o First State Community Loan Fund)* – a \$15,000 donation was made to match funding in support of an application for Federal Matching Funds for the 2004 Assets for Independence Act (“AFIA”) Individual Development Account (“IDA”) program.
- *First State Community Loan Fund* – a \$60,000 grant was made over three years to support the CDFI’s operations, and Delawareans’ Save! IDA program operations.
- *Metropolitan Wilmington Urban League* – a \$10,000 donation was made to support economic empowerment initiatives, especially promoting Self-Sufficiency Standard as means of measuring the adequacy of income and affordability of housing.

Wholesale and Limited Purpose Performance Evaluation

- *Ingleside Homes* – a \$25,000 grant was made over two years to support the development of the first Delaware affordable Assisted Living Facility for seniors, and the first affordable Home Health Care service for seniors.
- *Social Venture Partners Delaware* – a \$30,000 grant was made over two years as seed operating support for this fledgling, venture philanthropic, non-profit organization designed to attract charitable contributions from high net worth individuals, and to re-grant funds to non-profit organizations providing child development services to pre-school children of low-income families. This organization tapped and organized a previously untapped philanthropic resource in Delaware and focused on an unmet need in the community.
- *In-Kind Contributions* - \$96,750 in computers and computer related equipment was donated to the Food Bank of Delaware, which will provide the equipment to a low-income family at the completion of its financial literacy and self sufficiency program.

Community Development Services

Community development services are evaluated based upon the extent of services offered and used; the innovativeness, including whether they serve low- or moderate-income individuals in new ways or serve groups of customers not previously served; the degree to which they serve low- or moderate-income areas or individuals; and their responsiveness to available opportunities for community development services.

A community development service is defined in Part 345.23(i) of the FDIC Rules and Regulations, “as a service that:

- (1) Has as its primary purpose community development ;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank’s retail banking services under Part 345.24(d).”

DBTCD regularly assumes a leadership role in providing a high level of community development services in its defined assessment area and throughout the broader statewide area. In many instances, bank personnel are not directly involved with providing community development services; rather, DBTCD personnel act as an “intermediary” by facilitating or bringing together community groups and low- and moderate-income individuals. By identifying community development needs in the assessment area, and actively soliciting community groups with programs designed to address identified needs, DBTCD can effectively reach a much larger group of needy individuals.

During the evaluation period, DBTCD's CRA Officer spearheaded a major affordable housing initiative designed to help secure additional funding for the Delaware Housing Development Fund ("DHF"), a state housing program which has been historically under funded. DBTCD's CRA Officer convened a group of professionals in the affordable housing industry in Delaware to form the Housing Trust Fund Working Group ("The Group"). The Group examined the need for affordable housing in Delaware and embarked on a mission to secure additional funding for affordable housing projects. Participants included seasoned executives from the for-profit and not-for-profit affordable housing sector and the banking sector. The Group met regularly for two years to develop a strategy to gain public sector support for the idea. It contracted with a national consultant to advise the group on successful strategies for creating a Housing Trust Fund.

The Group's initial product was a Five-Year Strategic Housing Plan based on the Delaware Housing Authority's Statewide Housing Needs Assessment 2003-2007. In a letter to the Governor, The Group sent the proposed Five-Year plan and asked the Governor to increase state funding to the Housing Development Fund ("HDF") for affordable housing initiatives like those suggested in the plan in order to help meet the State's affordable housing need. As a result, the Governor increased the State's budget for the HDF by \$6.0 million in 2004.

Subsequently, The Group contracted to produce an economic impact study of affordable housing in Delaware which it uses to continue to advocate for increased funding for the HDF to address the State's affordable housing needs. The study has been used by, and referred to by, a number of public groups including state legislators, was the subject of a News Journal editorial, and has motivated a number of diverse groups to become involved in the Delaware Housing Roundtable's advocacy work to increase public funding for affordable housing.

The Bank's CRA Officer has appeared before the State's Joint Finance Committee and the House of Representatives Housing and Community Affairs Committee twice to make an appeal to increase funding for affordable housing. In addition, she has made a presentation at the State's budget hearing for the HDF.

If not for the leadership efforts of DBTCD's CRA officer, The Group and their significant accomplishments in addressing the affordable housing issues in Delaware, would not have been possible.

Additional evidence of DBTCD's commitment to providing and facilitating the exchange of community development services can be seen in the initiatives detailed in the table on the following page.

Wholesale and Limited Purpose Performance Evaluation

Community Development Services			
Brief Service Description	Bank Sponsored Event, Program or Seminar	Technical Assistance or Director Involvement by Bank Employee	Bank Product or Service
<i>Child Care Business Development Initiative:</i> CRA Officer convened a group of fellow Community Development colleagues to meet with the Executive Directors of the Development Corporation for Children and the Women’s Community Revitalization Project. The purpose of the meeting was to learn how organizations operating outside the state facilitate community development initiatives in the hopes that some of the techniques might be applied locally.	X		
<i>First State Community Loan Fund:</i> President/Chief Executive Officer is the Secretary of a Certified Community Development Financial Institution (“CDFI”) that specializes in supporting small businesses, micro enterprises, and affordable housing throughout Delaware.		X	
<i>East Side Charter School:</i> DBTCD’s President sits on the Board of this organization and currently serves as its Treasurer. The bank’s President, along with the Chief Credit Officer, were instrumental in helping the school evaluate a real estate proposal to acquire property for a new school and to make a financially prudent decision.		X	
<i>Interfaith Housing Delaware:</i> Chief Credit Officer is a Board Member and Treasurer and Chair of the Finance committee of a designated housing development organization that makes available safe, decent, and sanitary housing to low- and moderate-income families throughout Delaware. She helped restructure the balance sheet and renegotiate the organization’s debt obligations.		X	
<i>Delaware Housing Coalition:</i> CRA Officer is Vice President of the Board of an organization whose mission is to advocate safe, decent, and affordable housing throughout Delaware.		X	
<i>Cornerstone West:</i> CRA Officer is a Board Member of a nonprofit community development corporation whose main focus is increasing homeownership through the renovation of vacant and rental properties in the greater Wilmington area.		X	

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<p><i>Homeless Planning Council:</i> CRA Officer participated in Delaware’s consolidated HUD Continuum of Care rating and ranking process for applications of HUD homeless and transition shelter funding.</p>		<p>X</p>	
<p><i>Manufactured Housing Conference:</i> Bank co-sponsored a two day conference to explore issues surrounding manufactured housing as it relates to affordable housing in Delaware.</p>	<p>X</p>		
<p><i>Newark Day Nursery and Child Development Center:</i> The bank’s Treasury Officer is a Board Member, President Elect, Executive Committee member, Chair Governance Committee and Chair of Strategic Planning Committee for a nonprofit agency providing early care and educational programs for children, predominantly from low- and moderate-income households.</p>		<p>X</p>	

Source: Bank Records

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

A review of the bank’s lending policies and procedures along with interviews of senior management did not reveal any evidence of discrimination. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.

APPENDIX A

DEUTSCHE BANK TRUST COMPANY DELAWARE
SCOPE OF EXAMINATION: The scope of the examination included a review of the institution's community development lending, investment, and service activities.
TIME PERIOD REVIEWED: 03/04/03 through 10/16/05
PRODUCTS REVIEWED: Community development loans, investments and grants, and community development services.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
DB Americas Foundation	Subsidiary*	Grants

*Affiliate of Deutsche Bank, A.G.

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
New Castle County	On-site; limited-scope compliance; full-scope CRA	Main Office	None

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

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

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

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

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

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

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

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

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

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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

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

HOUSING TERMS

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

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

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

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

INCOME TERMS

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

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

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

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

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

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

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

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

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

OTHER TERMS

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

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

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans

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have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX C - INVESTMENT DEFINITIONS

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

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

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

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