

# **PUBLIC DISCLOSURE**

**August 21, 2006**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Christiana Bank & Trust Company  
33875**

**3801 Kennett Pike  
Greenville, Delaware 19807**

**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.

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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 and borrowers, 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 **Christiana Bank & Trust Company** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **August 21, 2006**. 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 to meet the credit needs of its entire assessment area, including low- and moderate-income individuals and neighborhoods, in a manner consistent with its resources and capabilities. The rating is supported by the following factors:

- The institution's use of lending-related activities, such as community development loans and lending-related qualified investments, enhances credit availability in its assessment area.
- The bank's average net loan-to-deposit ratio of 87.6 percent for the review period is reasonable.
- A majority of commercial real estate and home mortgage loans were originated within the assessment area. Specifically, the bank originated 70.6 percent of its commercial real estate and home mortgage loans by number and 60.1 percent by dollar volume in its assessment area.
- The bank did not receive any CRA complaints during the review period.

## DESCRIPTION OF INSTITUTION

Christiana Bank & Trust Company (CBTC) is a state-chartered, community financial institution headquartered in Greenville, New Castle County, Delaware. The institution primarily engages in trust and asset management services, private banking, and small scale investment real estate lending. The institution's primary niche is its trust business, which provides fiduciary services to both individuals and corporations, including institutional services and investment management. At the end of 2005, the bank had more than \$1.8 billion in assets under administration in its trust operations. Generally, retail banking customers are professional groups (medical practices, law firms, and accounting firms), individuals involved with investment real estate, and other small businesses located in New Castle County.

In addition to the main office located within an upper-income census tract, the bank maintains one branch facility located within a low-income census tract in downtown Wilmington, Delaware. The Wilmington office is located within the area known as "Lawyers' Row" because of its close proximity to the New Castle County Courthouse. CBTC has four wholly-owned subsidiaries: Christiana Trust Company, LLC; CBTD, LLC; Christiana OREO, LLC; and Christiana Corporate Services, Inc. Since the last evaluation, the bank established a non-depository trust company, Christiana Trust Company, LLC, to perform commercial domiciliary custody, agency, and fiduciary services in Nevada.

Given the bank's business strategy, CBTC is not a conventional bank, is not located in areas that are highly visible to the general public, and places limited advertisements for its products and services. For banking and trust operations, word-of-mouth referrals are the main source of new customers. The bank's basic philosophy is to deliver high quality and highly professionalized services in a very personal and individual manner. While the bank offers a wide variety of deposit products, such as certificates of deposit, savings, checking, and sweep accounts, the bank does not originate traditional residential mortgages or advertise its consumer loan products. Loans originated by CBTC are primarily real estate secured, with interest rates generally tied to the prime rate. The bank operates one automated teller machine (ATM) at its main office, offers telephone and Internet banking, and banking by mail to its customers.

As of June 30, 2006, CBTC's total assets were \$183.3 million, gross loans were \$128.7 million, and total deposits were \$164.1 million. The bank has experienced significant asset growth since the last evaluation dated June 26, 2001, evidenced by a 103.3 percent increase in total assets from \$90 million reported on the March 31, 2001 Call Report. Asset growth between evaluations is primarily attributed to the growth in the bank's real estate loan portfolio, particularly in construction/land loans, open-end loans secured by 1-4 family residential properties, and loans secured by nonfarm nonresidential properties.

CBTC's loan mix is depicted in Table 1.

<b>Table 1- Loan Distribution as of 06/30/2006</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	\$12,484	9.7%
Secured by Farmland	\$3,568	2.8%
1-4 Family Residential	\$58,881	45.8%
Multi-Family (5 or more) Residential	\$7,635	5.9%
Commercial	\$21,540	16.7%
<b>Total Real Estate Loans</b>	<b>\$104,108</b>	<b>80.9%</b>
Commercial and Industrial	\$17,986	14.0%
Consumer	\$6,736	5.2%
Agricultural	\$0	0.0%
Other	\$0	0.0%
Less: Unearned Income	(\$163)	(0.1%)
<b>Total Loans</b>	<b>\$128,667</b>	<b>100.0%</b>

*Source: Report of Condition*

Small Bank CRA examination procedures were utilized for the evaluation of the institution's record of meeting the credit needs of its community, including low- and moderate-income borrowers and neighborhoods, consistent with safe and sound operation of the bank. In addition, the bank presented lending-related activities, including community development loans and lending-related qualified investments, for consideration during the evaluation. CBTC has the financial resources to effectively meet the credit needs of its assessment area. There are no legal or financial impediments that would prevent the bank from helping to meet assessment area's needs. CBTC received a "Satisfactory" rating at its last CRA evaluation dated June 26, 2001.

## **DESCRIPTION OF ASSESSMENT AREA**

CRA requires financial institutions to define an assessment area within which the bank will concentrate its CRA activity and lending efforts. The Federal Deposit Insurance Corporation (FDIC) evaluates the institution's CRA performance based on the defined assessment area.

### **Demographic Data**

CBTC's assessment area includes New Castle County in its entirety, which is located within the Wilmington, Delaware-Maryland-New Jersey Metropolitan Division (MD) #48864 in the Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland Metropolitan Statistical Area (MSA) #37980. The assessment area is in conformance with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The assessment area contains 127 census tracts. There are 10 low-income, 23 moderate-income, 61 middle-income, and 32 upper-income census tracts. One census tract contains no population and/or income. All ten low-income census tracts and eight of the moderate-income census tracts are located in downtown Wilmington, Delaware.

## **Population**

The assessment area population, based on 2000 U.S. Census data, is 500,265, representing 127,997 families; 18.5 percent qualify as low-income, 17.3 percent as moderate-income, 23.6 percent as middle-income, and 40.6 percent as upper-income. These demographics suggest ample lending opportunities to low- and moderate-income borrowers. The assessment area is densely populated as it contains 62.2 percent of the state's population.

According to 2000 U.S. Census data, 66.4 percent of the assessment area's total housing units are owner-occupied, 28.3 percent are rental units, and 5.3 percent are vacant. Census data from 2000 indicate 1.5, 14.5, 51.2, and 32.8 percent of the assessment area's owner-occupied units are located in low-, moderate-, middle-, and upper-income census tracts, respectively. These figures suggest limited home mortgage lending opportunities in low- and moderate-income census tracts.

## **Economic Data**

Economic strengths in New Castle County include a high concentration of finance, insurance, and real estate industries. According to Dun and Bradstreet, the top employers in the county include MBNA Corporation (recently purchased by Bank of America), DuPont, and Christiana Care Health System. According to the Bureau of Labor Statistics, the first quarter 2006 unemployment rate for New Castle County was 4.2 percent. The State of Delaware and the national unemployment rates were 4.2 and 5.0 percent, respectively, for the same period.

## **Competition**

There are 35 banks operating in Delaware. Of these 35 banks, there are 17 banks over \$250 million in total assets located in Wilmington, creating intense competition for retail banking, lending, and community development activities in the assessment area and the larger statewide area.

CBTC is subject to competition from several regional and local banks, mortgage and finance companies, savings and loan associations, and credit unions in the assessment area. During 2004, the number of lenders originating home mortgage loans in the bank's assessment area pursuant to the Home Mortgage Disclosure Act (HMDA) was 419. HMDA data includes all home purchase and home improvement loans, including refinancings of both. This data depicts the intense home mortgage competition within the bank's assessment area. During 2004, the three dominant HMDA lenders in the bank's assessment area were Wells Fargo Bank, NA; Chase Manhattan Mortgage Corp.; and PNC Bank, Delaware. CBTC faces the strongest local competition for commercial and home mortgage loans from Citizens Bank, PNC Bank - Delaware, and Wilmington Trust Company due to their strong branching network in the bank's assessment area.

## **Community Contact**

As part of the evaluation, information was obtained from two community contacts to gain a perspective on community development opportunities available and the performance of local financial institutions. One contact was with a local nonprofit organization focused on community development and the other was with a charter school. According to these contacts, the primary community development needs in the assessment area are financial literacy training, affordable housing for low- and moderate-income households, more flexible underwriting standards, and down payment assistance for low- and moderate-income households.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The institution's lending performance was reviewed on-site and off-site using Small Bank CRA examination procedures of the bank's two main loan categories: commercial real estate and home mortgage loans reported pursuant to HMDA. The time period reviewed for these originations was from January 1, 2004, to June 30, 2006 (originations in 2006 were analyzed for trend purposes only). A statistical sample using a 90 percent confidence interval with a 15 percent precision level was employed for the review of commercial real estate loans from a universe of 122 originations. Given the bank's business strategy and composition of its loan portfolio, commercial real estate loan originations were weighted more heavily in the evaluation. The institution's other lending related activities, such as qualified investments and community development loans, were also included in the evaluation of the bank's CRA performance. Consumer loans were not reviewed since they do not represent a substantial majority of the bank's loan portfolio by number or dollar amount.

### **Loan-to-Deposit Ratio**

One area in which an institution can service the credit needs of its community is by making loans. Loans, for the most part, are funded through bank customer deposits maintained by the institution. A measurement of how well an institution makes loans in relation to the amount of deposits held is the loan-to-deposit (LTD) ratio. The bank's quarterly LTD ratio is then compared to similarly-situated institutions based on a quarterly average since the last evaluation.

The bank's average LTD ratio of 87.6 percent, which is based on twenty-one quarters since the last evaluation, is reasonable given the institution's size, financial condition, and assessment area credit needs. As of June 30, 2006, the bank's LTD ratio was 77.8 percent. As a small bank that primarily engages in trust services, there are no banks in New Castle County, Delaware similar to CBTC. CBTC's ratio compares favorably to one similarly situated institution in the Greater Wilmington area: The Haverford Trust Company. The Haverford Trust Company's average LTD ratio for the same twenty-one quarters was 84.1 percent and was 74.1 percent as of June 30, 2006.

**Lending inside the Assessment Area**

The bank’s lending performance for this criterion was evaluated based on the number and amount of loans of each type originated inside the assessment area. An assessment area is a geographical area in which the bank intends to concentrate the majority of its lending. Overall, the bank originated a majority of its loans within the assessment area. During the evaluation period, the bank originated 70.6 percent of its loans by number and 60.1 percent by dollar volume within the assessment area as illustrated by Table 2.

<b>Table 2 – Distribution of Loans Inside and Outside of the Assessment Area</b>										
<b>Loan Category or Type</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Commercial Real Estate</b>										
<b>2004</b>	15	57.7%	11	42.3%	26	\$3,715	51.0%	\$3,574	49.0%	\$7,289
<b>2005</b>	19	76.0%	6	24.0%	25	\$6,430	54.0%	\$5,473	46.0%	\$11,903
<b>Subtotal</b>	34	66.7%	17	33.3%	51	\$10,145	52.9%	\$9,047	47.1%	\$19,192
<b>Home Mortgage</b>										
<b>2004</b>	1	50.0%	1	50.0%	2	\$225	34.6%	\$425	65.4%	\$650
<b>2005</b>	25	78.1%	7	21.9%	32	\$7,523	75.8%	\$2,402	24.2%	\$9,925
<b>Subtotal</b>	26	76.5%	8	23.5%	34	\$7,748	73.3%	\$2,827	26.7%	\$10,575
<b>Total</b>	<b>60</b>	<b>70.6%</b>	<b>25</b>	<b>29.4%</b>	<b>85</b>	<b>\$17,893</b>	<b>60.1%</b>	<b>\$11,874</b>	<b>39.9%</b>	<b>\$29,767</b>

Source: Bank records and 2004-2005 HMDA Disclosures

A review of Table 2 reflects that both number and dollar volume of in-area lending for home mortgage loans is stronger when compared to in-area lending of commercial real estate loans sampled for the review period. While an improving trend is noted from 2004-2005 for in-area lending of commercial real estate loans by number; dollar volume of in-area lending continues to barely be a majority. Upon further review, it was determined that a majority of the sampled commercial real estate loans originated outside of the bank’s assessment area were secured by jumbo mortgages on properties located in bordering Chester County, Pennsylvania, and Kent and Sussex Counties, Delaware. For trend purposes, a sample review of 2006 (through June 30) commercial real estate reflects an increasing trend by both number and dollar volume for in-area lending when annualized. A review of 2006 (through June 30) home mortgage lending performance reflects a sharp decline in volume when annualized.

As stated previously, the bank's main business strategy is trust and asset management services, the primary bank operations area that contributes significantly to its profitability. Given this strategy, CBTC has chosen to participate in lending-related activities to augment its CRA performance in the assessment area. Since 1997, the bank has participated in a community development consortia loan fund. Since the last evaluation, the consortia provided financing for three organizations that provide community development services in Wilmington, Delaware. The bank's pro rata share of the consortia loans totaled \$44,085. During the evaluation period, the bank also purchased qualified investments that benefited its assessment area. Since 2001, the bank purchased two qualified mortgage-backed securities totaling \$1.4 million and one revenue bond issued by the Delaware State Housing Authority totaling \$500,000. Both mortgage-backed securities were secured by home mortgage loans to low- and moderate-income borrowers within the bank's assessment area. The revenue bond is a statewide issue that benefits the bank's assessment area and a broader statewide area that includes the bank's assessment area.

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

Overall, the bank has achieved a reasonable penetration among borrowers of different incomes and businesses of different sizes. This criterion evaluates the bank's record of lending to low-, moderate-, middle- and upper-income borrowers. It also evaluates the bank's lending performance to businesses of different sizes and its lending-related activities inside the assessment area. As stated previously, due to the bank's strategy, commercial real estate loan originations are weighed more heavily in the evaluation.

Table 3 depicts the distribution of commercial real estate loans within the assessment area among businesses of different sizes. As shown, 70.6 percent of the bank's commercial real estate loans were to small businesses; however, a declining trend is noted from 2004 to 2005.

<b>Table 3 - Distribution of Commercial Real Estate Loans by Gross Annual Revenues of Business</b>						
<b>Gross Annual Revenues (000s)</b>	<b>2004</b>		<b>2005</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
≤ \$1,000	13	86.7%	11	57.9%	24	70.6%
> \$1,000 or NA	2	13.3%	8	42.1%	10	29.4%
<b>Total</b>	<b>15</b>	<b>100.0%</b>	<b>19</b>	<b>100.0%</b>	<b>34</b>	<b>100.0%</b>

*Source: Bank records*

According to 2006 Dun & Bradstreet data, there are 28,240 businesses in New Castle County, of which 63.2 percent reported gross annual revenues of less than \$1 million, indicating ample opportunities for lending to small businesses. Despite the declining trend in lending to small businesses in 2005, CBTC is committed to meet commercial real estate lending needs to small- and medium-sized businesses within its assessment area. For trend purposes, a sample review of 2006 (through June 30) commercial real estate loan originations reveals similar performance to 2004 activity when annualized.

The distribution of the dollar volume of commercial real estate loans by gross annual revenues shown in Table 3 reflects similar results for the years 2004, 2005, and 2006 (through June 30).

Commercial real estate loan originations were also analyzed by loan size, as a proxy for the size of the businesses being financed. The distribution among different loan sizes reflected in Table 4 shows reasonable penetration by CBTC in serving small- and medium-sized commercial real estate loan requests. Overall, a majority of the bank's commercial real estate loans, 58.9 percent, was less than \$250,000. For trend purposes, a sample review of 2006 (through June 30) commercial real estate loan originations reveals an improving trend when annualized.

<b>Table 4 - Distribution of Commercial Real Estate Loans by Loan Size</b>						
<b>Loan Size (000s)</b>	<b>2004</b>		<b>2005</b>		<b>Total</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>≤ \$100</b>	4	26.7%	7	36.8%	11	32.4%
<b>&gt; \$100 ≤ \$250</b>	4	26.7%	5	26.4%	9	26.5%
<b>&gt; \$250 ≤ \$1,000</b>	7	46.6%	7	36.8%	15	41.1%
<b>Total</b>	<b>15</b>	<b>100.0%</b>	<b>19</b>	<b>100.0%</b>	<b>34</b>	<b>100.0%</b>

*Source: Bank records*

The distribution of the dollar volume of commercial real estate loans by size shown in Table 4 reflects similar results for the years 2004, 2005, and 2006 (through June 30). With a large number of small business establishments in the assessment area, CBTC demonstrates its strong commitment to meeting the commercial real estate lending needs of small- and medium-sized businesses. As a small bank operating in a highly competitive banking environment, the bank's performance is considered reasonable.

Table 5 depicts the distribution of CBTC's home mortgage loan originations reported pursuant to HMDA data reporting requirements. For comparative purposes, the table also shows the percentage of families within the assessment area by income level according to 2000 U.S. Census data and aggregate lending data for 2004. Aggregate lending data for 2005 is not yet available. Given the minimal home mortgage lending activity by CBTC in 2004, no meaningful conclusions can be drawn from this data. The analysis will focus on 2005 and 2006 (through June 30).

<b>Table 4 – Distribution of Home Mortgage Loans by Borrower Income</b>								
<b>Borrower Income Level</b>	<b>% of Total Families</b>	<b>2004 Aggregate Lending Data (% of #)</b>	<b>2004</b>		<b>2005</b>		<b>Total</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	18.5%	9.1%	0	0.0%	0	0.0%	0	0.0%
<b>Moderate</b>	17.3%	22.8%	0	0.0%	0	0.0%	0	0.0%
<b>Middle</b>	23.6%	24.9%	0	0.0%	1	4.0%	1	3.9%
<b>Upper</b>	40.6%	28.7%	1	100.0%	21	84.0%	22	84.6%
<b>NA</b>	0.0%	14.5%	0	0.0%	3	12.0%	3	11.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>26</b>	<b>100.0%</b>

*Source: 2000 U.S. Census, 2004 Aggregate HMDA data, and 2004-2005 HMDA Disclosures*

As noted in Table 4, the bank did not originate any home mortgage loans to low- and moderate-income borrowers for the period reviewed. A review of the bank's 2006 HMDA data (through June 30th) also reveals no home mortgage loan originations to low- and moderate-income borrowers. The bank's lending performance is unfavorable and inconsistent when compared to aggregate lending data and the demographic data presented in Table 4 for low- and moderate-income borrowers. The distribution of the dollar volume of home mortgage loans shown in Table 4 reflects similar results for 2005 and 2006 (through June 30).

As stated previously, CBTC is not a traditional bank that originates standard home mortgage products or home mortgage products geared to low- and moderate-income borrowers like the competition in its assessment area. Of the home mortgage loans reported, a substantial majority were extended to borrowers with business loan purposes and/or to those individuals that maintain a trust relationship with CBTC that possess significantly high gross annual incomes.

To address the credit needs of low- and moderate-income individuals in its assessment area, CBTC participates in lending-related activities, such as community development loans and lending-related qualified community development investments. The bank is a member of a Delaware multi-bank community development corporation (CDC) whose mission is to serve as a vehicle for community revitalization by providing the financing of, and investment in, housing and related activities designed to address the needs of low- and moderate-income individuals and areas. During the evaluation period, the bank extended \$44,085 under its combined \$500,000 commitment for two CDC loan funds. In addition, three qualified community development loans totaling \$106,245 made prior to the current evaluation are still outstanding.

During the evaluation period, the bank purchased three lending-related qualified community development investments totaling \$1.9 million. In addition, three qualified community development investments totaling \$524,248 made prior to the evaluation are still outstanding.

The following is a discussion of CBTC's lending-related activities for the evaluation period that augment its distribution of borrowers:

- The bank funded \$16,549 to a Wilmington-based community development organization that offers a multitude of programs to low- and moderate-income individuals. Programs offered include: day care, health education, job training and placement, after school youth activities, housing placement aid, food bank plus other referral and support systems serving low- and moderate-income individual needs. The loan purpose was to refinance a loan and consolidate debt.
- The bank funded \$12,665 to a Wilmington-based community development nonprofit organization that provides comprehensive education, health, nutrition, and parent involvement services to low- and moderate-income preschool children and their families. The goal of the curriculum is to foster social, emotional, cognitive, and physical development. The loan purpose was to refinance a loan which funded renovations and expansion of the organization's headquarters.
- The bank funded \$14,871 to a Wilmington-based health center that provides comprehensive primary health care services, including preventive services, to area residents, that are predominantly low- and moderate-income individuals and families. The loan purpose was refinance three loans and fund building and capital improvements of the organization's headquarters.
- Since 2001, the bank purchased two mortgage-backed securities totaling \$1.4 million. Collectively, the securities are comprised of 10 loans extended to low- and moderate-income individuals located within the bank's assessment area.
- The bank purchased a revenue bond issued by the Delaware State Housing Authority (DSHA) totaling \$500,000. The DSHA mission, among other things, is to purchase and make home mortgage loans for the construction, financing, refinancing, or rehabilitation of housing for low- and moderate-income persons and families throughout the state.

Furthermore, the bank has an outstanding commitment of \$2.0 million +/- 10 percent to purchase a mortgage backed security collateralized by home mortgage loans to low- and moderate-income borrowers located within New Castle County, Delaware.

### **Geographic Distribution**

Overall, the bank's geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. The institution was analyzed based on the geographic distribution of its home mortgage and commercial real estate loans within its assessment area. This criterion assesses the bank's performance in addressing the credit needs in low-, moderate-, middle- and upper-income census tracts and its lending-related activities in its assessment area.

Table 5 illustrates the distribution of the bank’s origination of commercial estate loans within the assessment area by census tract income level for 2004 and 2005. Only loans extended within the assessment area were included in the analysis. The table also shows the percentage of businesses within the assessment area by income tract level.

<b>Table 5 – Distribution of Commercial Real Estate Loans by Income Category of the Census Tract</b>							
<b>Census Tract Income Level</b>	<b>Business by Geography (% of #)</b>	<b>2004</b>		<b>2005</b>		<b>Total</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	15.0%	0	0.0%	0	0.0%	0	0.0%
<b>Moderate</b>	14.9%	6	40.0%	3	15.8%	9	26.5%
<b>Middle</b>	42.1%	6	40.0%	6	31.6%	12	35.3%
<b>Upper</b>	27.9%	3	20.0%	10	52.6%	13	38.2%
<b>NA</b>	0.1%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>100.0%</b>	<b>15</b>	<b>100.0%</b>	<b>19</b>	<b>100.0%</b>	<b>34</b>	<b>100.0%</b>

Source: Bank records and Dun & Bradstreet (2006)

Table 5 shows that CBTC made no commercial real estate loans secured by properties located within low-income census tracts. A sample review of 2006 (through June 30) commercial real estate loan originations also reflects no loan activity in low-income geographies. As stated previously, all low-income census tracts are located in downtown Wilmington. According to Dun & Bradstreet, 4,237 businesses are located in these low-income census tracts. Despite maintaining a branch within a low-income census tract in downtown Wilmington, the bank’s commercial real estate lending performance is considered poor in low-income census tracts.

During the review period, CBTC’s lending performance in moderate-income census tracts compared favorably to the percentage of businesses located in those areas. While an improving trend is noted regarding volume for the review period, a declining trend in 2005 is noted on commercial real estate loans located within moderate-income census tracts. A sample review of 2006 (through June 30) depicts a continuing declining trend when annualized. A review of CBTC’s geographic distribution of commercial real estate loans by dollar volume reflects comparable results for 2004, 2005, and 2006 (through June 30).

The geographic distribution of home mortgage loans is presented in the following table. For comparative purposes, the percentage of owner-occupied housing units in the geographies and aggregate lending data for 2004 is also displayed. Aggregate lending data for 2005 is not yet available. Only home mortgage loans extended within the assessment area were included in this analysis. Given the minimal home mortgage lending activity by CBTC in 2004, no meaningful conclusions can be drawn from this data. The analysis focused on 2005 and 2006 (through June 30).

<b>Table 6 – Distribution of Home Mortgage Loans by Income Category of the Census Tract</b>								
<b>Census Tract Income Level</b>	<b>% of Total Owner-Occupied Housing Units</b>	<b>2004 Aggregate Lending Data (% of #)</b>	<b>2004</b>		<b>2005</b>		<b>Total</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	1.5%	1.6%	0	0.0%	0	0.0%	0	0.0%
<b>Moderate</b>	14.5%	16.2%	1	100.0%	5	20.0%	6	23.1%
<b>Middle</b>	51.2%	53.4%	0	0.0%	8	32.0%	8	30.8%
<b>Upper</b>	32.8%	28.8%	0	0.0%	12	48.0%	12	46.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>25</b>	<b>100.0%</b>	<b>26</b>	<b>100.0%</b>

*Source: 2000 U.S. Census, 2004 Aggregate HMDA data, and 2004-2005 HMDA Disclosures*

For the period reviewed, the bank did not originate any home mortgage loans in low-income geographies and only six in moderate-income geographies. While the bank’s performance in low-income geographies falls below the demographics and the aggregate lending data, the figures presented suggest limited demand for home mortgage products in these areas. During 2005, the bank’s performance in moderate-income geographies compares favorably to both area demographics and aggregate lending data. A review of 2006 HMDA data (through June 30) reflects a declining trend in volume when annualized. A review of CBTC’s geographic distribution of home mortgage loans by dollar volume reflects comparable results for 2004, 2005, and 2006 (through June 30).

As stated previously, given the bank’s strategy and composition of its loan portfolio, its home mortgage lending performance received less weight in the evaluation. Of the home mortgage loans reported, a substantial majority were extended to borrowers with business loan purposes and/or to those individuals that maintain a trust relationship with CBTC. As such, the vast majority of the bank’s HMDA-reportable loans were secured by non-owner occupied properties.

To augment the bank’s geographic distribution of loans, the bank’s lending-related activities were reviewed. Discussed in detail on pages 9-10, two community development loans totaling \$31,420 were to organizations located in low-income tracts and one at \$12,665 was to an organization located in a moderate-income census tract. Regarding the bank’s lending-related qualified community development investments, one revenue bond totaling \$500,000 and two mortgage-backed securities totaling \$1.4 million were purchased between evaluations. The revenue bond is a statewide issue that benefits targeted areas, such as low-income and economically distressed areas within the bank’s assessment area and a broader statewide area that includes the assessment area. The mortgage-backed investments are secured by 10 mortgages located within the bank’s assessment area, which includes low- and moderate-income areas.

### **Response to Complaints**

The bank has not received any CRA-related complaints since the last evaluation.

### **Compliance with Anti-Discrimination Laws and Regulations**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified during the evaluation. The loan policies of CBTC were reviewed during the evaluation to ensure sufficient policies and procedures are in place to safeguard against violations.

## **METROPOLITAN AREAS**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WILMINGTON, DELAWARE-MARYLAND-NEW JERSEY METROPOLITAN DIVISION (MD) #48864**

This MD contains the bank's entire assessment area. Refer to the Description of the Institution and the Description of Assessment Area, pages 2 and 3, respectively, for details.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WILMINGTON, DELAWARE-MARYLAND-NEW JERSEY MD #48864**

Refer to page 5 for conclusions with respect to the bank's performance in MD #48864.