

PUBLIC DISCLOSURE

(DECEMBER 2, 1996)

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**WILMINGTON TRUST OF PENNSYLVANIA
DSBB - 03428878
WEST CHESTER, PA**

**FEDERAL RESERVE BANK OF PHILADELPHIA
TEN INDEPENDENCE MALL
PHILADELPHIA, PA 19106**

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.

-RESTRICTED FR-

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Wilmington Trust of Pennsylvania** by the Federal Reserve Bank of Philadelphia, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **December 2, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after that date.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall: (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and; (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub.L.No.101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of twelve assessment factors, which are grouped together under four performance categories, as detailed in the following section of this evaluation.

-RESTRICTED FR-
ASSIGNMENT OF RATING

Identification of Possible Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING

This institution is rated **Satisfactory** based upon the following information:

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

CONCLUSION/SUPPORT

A review of the documentation for the CRA-related activities of the bank revealed that satisfactory efforts have been initiated through the lending and operational departments of the bank to determine the credit needs of the local community. Management has developed and maintained communication channels with several local and regional entities through which the institution ascertains community credit needs. These contacts include federal, county, city and local representatives of housing, small business, and non-profit organizations. Through these contacts, management maintains an awareness of the community and economic development initiatives in the low- to moderate-income communities within its community. The following organizations have been contacted by bank officers or employees:

Federal

Federal Home Loan Bank of Pittsburgh

County

Chester County Development Council
Housing Partnership of Chester County
Department of Economic Development of Chester County
Delaware County Planning Department
Community Action Agency of Delaware County
Association of Delaware County Thrift Institutions
Delaware County Housing Development Corporation

Regional

South Eastern Economic Development Company of Pennsylvania

City

Mayor of West Chester
Coatsville Enterprise Zone
Marcus Hook Community Development Corporation
Chester Community Improvement Project
Media Fellowship House

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

CONCLUSION/SUPPORT (continued)

Since the previous examination, Wilmington Trust of Pennsylvania (WTPA) has made a concerted effort to enhance its formal ascertainment efforts in Chester and Marcus Hook. Management routinely analyzes and evaluates its community outreach activities and has effectively incorporated information obtained from director and officer contacts into the overall CRA program of the bank. The following credit ascertainment and outreach efforts were conducted by the bank:

- < The Community Affairs Office of the Federal Reserve Bank of Philadelphia was contacted to identify housing or economic development activities in Chester and Marcus Hook.
- < The bank has compiled and reviewed demographic data for the census tracts in Chester and Marcus Hook, which include low- to moderate-income communities.
- < Management has reviewed the current distribution channels for its newspaper advertisements to ensure that information regarding bank loan products and other services are effectively disseminated to the low- to moderate-income communities within its delineation. Management has also explored additional advertising mediums in Chester.
- C Management has contacted the Riverfront Development Corporation, a local non-profit economic development organization, and the Community Action Agency of Delaware County to determine how the bank may increase its involvement in community development initiatives in southern Delaware County.

Through these ascertainment methods, management has identified and targeted low- to moderate-income communities within its delineation in which lending efforts may be initiated to improve the availability of credit.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

CONCLUSION/SUPPORT

The bank has developed a CRA Management Committee, which is comprised of the president and other members of bank management. The committee conducts quarterly meetings and has the following responsibilities:

- C The integration of CRA objectives and activities into the bank's overall planning and decision making process;

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act. (continued)

CONCLUSION/SUPPORT (continued)

C the review of the bank's efforts to identify local community credit needs; and

C the documentation of all relevant CRA activities.

A quarterly report is submitted to the directorate, which identifies the current CRA lending activities that support the objectives of the bank. The Community Investment Manager reviews the quarterly report at each meeting and responds to applicable questions and directives. The manager also coordinates, monitors, and documents all CRA activity. Training is also provided by the manager to branch office personnel and commercial loan officers regarding the provisions of the CRA. Procedures have also been implemented to have staff members complete a questionnaire, on a quarterly basis, which details community contacts and any community development loans which are relative to the provisions of the CRA.

Management periodically reviews its lending activities and services through the use of internally-prepared economic surveys. Demographic studies and various publications that are prepared by government, community organizations, and local universities are also utilized. To further ascertain local community credit needs, WTPA utilizes publications and reports issued by the Community and Consumer Affairs Department of this Reserve Bank including: Resources for Revitalization, Community Improvements, and Community Reinvestment Advocates.

Community Contacts

The community contacts that were interviewed during this examination provided perspectives regarding local credit needs. The contacts stated that the local financial institutions should provide technical assistance to small business owners and to individuals. Such technical assistance should include training in credit application techniques, and basic banking skills such as budgeting and the maintenance of checking accounts. One of the contacts noted the importance of technical assistance as well as the availability of credit, particularly for minority business owners. It was also noted that there is a need for an increased access to funding sources for small businesses which would promote local economic development and employment. In addition, financial institutions should develop programs to reduce the amount of closing costs for home purchasers. According to the contacts, the eastern portion of Delaware County has a high level of poverty and unemployment and there is an acute need for community redevelopment in this area.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

CONCLUSION/SUPPORT:

The institution has implemented adequate marketing and advertising programs that are approved and monitored by senior management and the directorate. The marketing department of Wilmington Trust Company coordinates the origination and review of all marketing and advertising efforts of WTPA. Advertisements are also reviewed for compliance with applicable laws and regulations by the legal department. WTPA utilizes a variety of media to promote its loan products and financial services. Such media include radio, television, newspapers, direct mail and pamphlets.

In an effort to determine the demand for home equity credit loans, the bank mailed over 5,000 marketing solicitations to residents of several low- to moderate-income communities in Chester, Trainer and Marcus Hook. Although the bank received a minimal number of responses from this effort, management has demonstrated a willingness to solicit its credit products throughout its delineated community.

The CRA statement of the bank is generally inclusive of the loans and activities that illustrate its performance under the Act. The following credit products are offered in the most recent CRA statement of the bank:

Installment Loans	Small Business Loans
Residential Mortgage Loans	Working Capital Lines of Credit
Residential Mortgage Refinancing	Commercial Mortgages
Home Improvement Loans	Commercial Real Estate Construction
Home Equity Loans	Equipment Loans
Credit Card Loans	Inventory Loans
Student Loans	Specialized Commercial Financing

The CRA statement emphasizes the availability of discounted rate, home loan products that have been developed to assist low- to moderate-income individuals and families. In addition, the types of programs that have traditionally supported these rate-subsidized lending initiatives, such as home ownership counseling programs, are detailed in the statement.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business or small farm loans within its community, or the purchase of such loans originated in its community.

CONCLUSION/SUPPORT

Management has reviewed alternative mortgage loan programs to enable low- to moderate-income borrowers to qualifying for mortgage loans. Such efforts will permit the bank to become a provider of a wider range of financing options for its customer-base and the community. During 1996, the bank initiated an agreement with a third-party, to enhance its lending profile within its assessment area. Management has targeted low- and moderate-income communities in Chester and Delaware Counties in which to increase the availability of fixed-rate, FHA loans. To date, the bank has funded approximately \$1.5 million of such loans.

As of September 30, 1996, total bank assets were \$182.3 million. The loan portfolio of \$129.1 million, represented 71% of assets. The following is a summary of the loan portfolio by category and amount:

LOAN TYPE: (thousand)	9/30/96		12/31/95		12/31/94	
Commercial & Multi-Family Mortgage Loans	54,724	42	42,294	41	41,062	41
Commercial & Industrial Loans	29,574	23	23,471	23	28,652	28
Residential Real Estate Mortgage Loans	22,992	18	18,379	18	12,533	12
Revolving Home Equity Credit	8,179	6	7,881	7	8,445	8
Consumer Loans	8,773	7	6,149	6	5,938	6
Construction Mortgage & All other loans	3,771	3	4,653	4	3,190	3
Credit Card Loans	1,099	1	1,242	1	2,055	2
TOTALS	\$129,112	100%	\$104,069	100%	\$101,875	100%

[Source: Wilmington Trust Of Pennsylvania Report Of Condition]

The current lending levels of the bank reflect a general responsiveness to housing, personal and business credit needs within the community and its loan volume appears adequate in relation to the financial resources of the institution.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (continued)

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses or small farms.

CONCLUSION/SUPPORT

To date, the bank has not extensively participated in any direct, governmentally-insured, guaranteed, or subsidized housing programs. However, as noted under **Assessment Factor I**, management has initiated measures to address this aspect of its lending profile. Management has relied on the efforts of its lending staff to provide small business and other commercial credit facilities throughout its delineated community, which includes low- to moderate income areas. Subsidized, small business loan programs have been used by the bank but are not a major component of the bank's overall lending objectives.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

CONCLUSION/SUPPORT

The community delineation of WTPA encompasses the majority of Chester County and the southern and western portions of Delaware County which are located in the Philadelphia Metropolitan Statistical Area. The delineation contains 172 census tracts of which 30, or 17% of these tracts, are designated as low- to moderate-income based on 1990 U.S. Census data. The delineation contains 70 census tracts in Chester County and 102 census tracts in Delaware County. The majority of the low- to moderate-income tracts are located within the cities of Chester and Marcus Hook, in southern Delaware County. The remaining low- to moderate-income tracts are located in Coatesville and West Chester in Chester County. The following chart outlines the distribution of census tracts within the bank's assessment area:

Census Tract Distribution: Assessment Area -- Wilmington Trust Of Pennsylvania						
	Chester County		Delaware County		Totals	
Low-To Moderate:	8	11%	22	22%	30	17%
Middle:	16	23%	37	36%	53	31%
Upper:	46	66%	43	42%	89	52%
Total:	70	100%	102	100 %	172	100

(Source: FEDERAL RESERVE BANK CLAS Data 1996 and The Department of Housing and Urban Development.)

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

As part of its overall strategic planning and ongoing marketing efforts, management has implemented procedures to periodically reevaluate its local community delineation. These reevaluations are based upon a geographic analysis of its loan portfolio and the deposit accounts of its customer-base, which is detailed by the outstanding loan or account balance, and by census tract location. The delineation of the bank is unchanged since the previous examination.

WTPA has four branch offices at the following locations:

1522 McDaniel Drive, Westtown, Chester County (main office)

102 East Market Street, West Chester, Chester County

50 East Uwchlan Avenue, Lionville, Chester County

119 West State Street, Media, Delaware County

The bank's Westtown and Lionville branch offices are located in high-income census tracts. The Media Office is in a middle-income census tract, and the West Chester Office is located in a low-to moderate-income census tract.

The delineated community of the bank is considered reasonable as it does not arbitrarily exclude any low- to moderate-income geographies. The delineation is deemed commensurate with the asset-size and business objectives of WTPA and appears to meet the purposes of the CRA.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications and credit denials.

To assess the geographic distribution of approved and denied loan applications, a review was conducted of the data contained in the bank's 1995 Home Mortgage Disclosure Act (HMDA) report, and for the period January to September 1996. The following chart details the approved mortgage loans to determine the percentage of loans extended within the assessment area of the bank:

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

HMDA LOAN DISTRIBUTION 1995

HMDA Data - 1995 and year-to date 1996 -Approved Loans				
Date:	Number	Percent of total	Amount (000 's)	Percent of total
In AA:				
1995	40	75%	\$4,646	81%
1996	37	63%	\$2,252	67%
Out of AA:				
1995	13	25%	\$1,112	19%
1996	22	37%	\$1,097	33%
Total Loans:				
1995	53	100%	\$5,758	100%
1996	59	100%	\$3,349	100%

Sources: 1995 HMDA Report, 1996 HMDA LAR through 9/30/96

During 1995, WTPA originated 53 mortgage loans, of which 75% were to borrowers located within its assessment area. For the first nine months of 1996, the number of approved mortgages increased but, the percentage of loans originated outside of the assessment area increased to 37%. Of the mortgage applications received in 1995, twelve applications were received from low- to moderate income applicants, of which eleven were approved. During the first nine months of 1996, three applications were received from low- to moderate income applicants and one was approved.

Commercial loan originations for the nine-month period ending September 30, 1996, totaled ninety-six commercial loans, with a dollar volume of \$21 million. Five of the loans, totaling \$710 thousand, were originated in low-to moderate-income census tracts.

Senior management has implemented procedures to present the results of its ongoing geographic analysis to the directorate on a quarterly basis. A report is detailed by loan type and contains the aggregate number and dollar amount of loans originated by census tract. The bank also supplements this analysis with a periodic review of HMDA data to monitor the income, racial, and gender distribution of mortgage-related credit. Based upon a review of the bank's current methods of geographic analysis, it was noted that approved loans are monitored by census tract however, enhanced analysis procedures are required to identify and monitor the census tract location of applications that are denied, withdrawn or which did not result in credit originations.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (continued)

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The branch banking offices of the bank are reasonably accessible to all segments of its delineated community. Management periodically reviews its hours of operation and has established Saturday banking hours at the Lionville and Westtown offices to become more responsive to the convenience and needs of the local residents and businesses. At each office, the bank has an automated teller machine (ATM), which is linked to a nationwide ATM network, the Money Access Card system. The bank has established a branch closing policy which contains criteria that is in accordance with Section 42 of the Federal Deposit Insurance Corporation Act of 1991. There have been no branch closings since the previous examination.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for the types of credit set forth in the institution's CRA Statement(s).

CONCLUSION/SUPPORT

The bank has developed and implemented a Fair Lending Initiatives Program that functions through the CRA Planning Committee. The program incorporates internal loan review policies, procedures and practices to ensure fair and consistent lending practices throughout all of the affiliates and subsidiaries of Wilmington Trust Corporation. The program also encompasses the use of a "second review" and appeals process for any denied credit applicant.

The bank regularly provides training to its staff regarding the use of nondiscriminatory lending practices. In particular, lending personnel receive fair lending and sensitivity training which includes:

- C Training of loan processors to ensure that any assistance that is provided to an applicant during the credit application process, is provided consistently to all applicants.
- C Training to ensure that any person inquiring about credit rates, terms and products is provided with information and encouragement on an equal basis.

A review of the bank lending practices noted an overall adherence to antidiscrimination laws and regulations. Moreover, the bank's loan policies contain definitive underwriting standards and guidelines which provide for compliance with the applicable regulations.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

INSTITUTION'S RATING (continued)

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES (continued)

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

CONCLUSION/SUPPORT

The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants. Any violations disclosed are nonsubstantive in nature and corrections are promptly made by senior management.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

CONCLUSION/SUPPORT

Bank management has generally evidenced an awareness of the community development and redevelopment programs within its delineated community. Regular and ongoing contacts are maintained with various governmental agencies to apprise the directorate of prospective opportunities for bank involvement in the economic revitalization of the community. To date, such participation has taken the form of direct investments, participation in loans with intermediaries and the provisions of loans and other financial services to local businesses. The following items are representative of the CRA-related programs or activities of the bank:

C WTPA, in conjunction with eight local banks, participates in the Coatesville Enterprise Zone Loan Pool. Currently, the loan fund totals \$1.2 million and is used to finance various business ventures and development projects within the Coatesville area of Chester County. The funds are specifically earmarked for initiatives that are designed to stimulate small business development and which promote economic activity and revitalization within this targeted community.

C As of 12/31/96, the investment portfolio of the bank included numerous obligations of the Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA). Although these investments were not purchased from municipalities located within the delineation of the bank, such obligations are deemed to be supportive of the efforts of the federal agencies to replenish market funds that facilitate housing programs on a nationwide basis.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (continued)

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs. (continued)

CONCLUSION/SUPPORT (continued)

C In addition to monetary contributions, the directorate, senior management and the employees of the bank have donated time and bank resources to a variety of civic, cultural, and volunteer community organizations and their related activities. The documentation for its community-related endeavors indicates that the bank has participated in conferences and workshops sponsored by non-profit organizations, attended local business events, and hosted or supported the fund raising programs of community organizations.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

CONCLUSION/SUPPORT

The current level of bank participation in community development initiatives appears to be consistent with its asset-size, location, managerial and staff experience, and local economic conditions. Within the delineation of the bank there are numerous sole proprietorships, specialty stores, restaurants, and small business establishments. The bank has facilitated and supported the growth and viability of these entities through the provision of business-oriented banking services , loan renewals, lines of credit, and short-term loans for working capital or the purchase of inventory. Loans were also extended to acquire properties for renovation and to assist new entrepreneurs in becoming members of the local business community. The aforementioned activities were conducted by the bank, despite the limited economic growth that is projected for the cities of Chester and Marcus Hook. This anticipated decline is based upon the closing of major businesses and manufacturing facilities in the area, coupled with the resultant and increasing level of unemployment.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which the institution is helping to meet the credit needs of its entire community.

CONCLUSION/SUPPORT

NONE.