

LARGE INSTITUTION PERFORMANCE EVALUATION

**PUBLIC DISCLOSURE**

(February 4, 2008)

**COMMUNITY REINVESTMENT ACT**  
**PERFORMANCE EVALUATION**

PNC Bank, Delaware  
RSSD ID - 83311

222 Delaware Avenue  
Wilmington, Delaware

Federal Reserve Bank of Cleveland  
P.O. Box 6387  
Cleveland, Ohio 44101-1387

NOTE: This document is an evaluation of this 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. 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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## INSTITUTION'S CRA RATING

**INSTITUTION'S CRA RATING:** "Outstanding"

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

<b>PERFORMANCE LEVELS</b>	<b><u>PNC Bank, Delaware</u></b>		
	<b>PERFORMANCE TESTS</b>		
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

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Major factors supporting the institution's rating include:

- A substantial majority of the bank's loans are made inside its assessment area;
- The geographic distribution of loans reflects excellent penetration throughout the assessment area;
- The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes;
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices;
- The bank has made an excellent level of community development loans;
- The bank has an excellent level of qualified community development investments and grants; and
- The bank is a leader in providing community development services.

## **INSTITUTION**

### **DESCRIPTION OF INSTITUTION**

PNC Bank, Delaware (PNC/Delaware), is a state chartered, full-service retail bank headquartered in Wilmington, New Castle County, Delaware. The bank operates 47 branches, 46 full-service automatic teller machines (ATMs), and 100 cash-only ATMs, throughout New Castle, Kent and Sussex counties in Delaware. PNC/Delaware offers a variety of consumer and commercial banking services, including personal and business checking, and savings and time accounts. Consumer loans include secured and unsecured installment loans and lines of credit. Various types of mortgage loans are available, including conventional fixed rate, adjustable rate, and FHA. PNC/Delaware also offers mortgage loans through PNC Mortgage, LLC, a mortgage company affiliate of the bank. In addition, the bank offers business loans, including lines of credit, term loans, SBA loans, and commercial credit cards.

PNC/Delaware is a subsidiary of PNC Financial Services Group (PNC Financial), a \$132 billion multi-bank holding company headquartered in Pittsburgh, Pennsylvania. PNC Financial operates three bank subsidiaries: PNC/Delaware, PNC Bank, N.A., the organization's lead bank headquartered in Pittsburgh, PA, and Yardville National Bank, headquartered in Yardville, NJ.

PNC/Delaware's website, [www.pnc.com](http://www.pnc.com), provides free online banking services that allow bank customers access to personal accounts to verify account balances, transfer funds, obtain online statements, and pay bills. The web site is transactional, allowing customers to apply for loan products online. The website also provides Online Business Services, including online banking and bill payment, account management, and payroll services. PNC's website also contains extensive information about the organization and its history, community involvement, office locations, employment, and investor relations.

The following table details the locations of the bank's branches.

<b>Metropolitan Area</b>	<b>County</b>	<b>Number of Branches</b>
Wilmington Metropolitan Division	New Castle County	29
Dover Metropolitan Statistical Area	Kent County	4
Sussex County Non-Metropolitan Area	Sussex County	14
<b>Total Branches</b>		<b>47</b>

In September 2007, PNC Financial acquired Mercantile Bankshares Corporation, a \$17 billion bank holding company that provided banking and investment and wealth management services in Delaware, Maryland, Virginia, the District of Columbia and Pennsylvania. As a result of this

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acquisition, PNC/Delaware obtained eight new branches in Sussex County. Mercantile's other offices were merged into the lead bank, PNC Bank, N.A.

The following table details key financial data for PNC/Delaware as of December 31, 2007.

Key Financial Information As of December 31, 2007	Dollar Amount (in thousands)
Total Assets	\$3,180,323
Total Deposits	\$2,464,496
Net Loans and Losses	\$2,512,189
Loans Secured by Real Estate	\$1,866,332
Loans Secured by 1 to 4 Family Residential Properties	\$1,339,369
Loans Secured by Multi-Family Residential Properties	\$ 21,832
Consumer Loans	\$276,872
Commercial Loans	\$591,685

**DESCRIPTION OF ASSESSMENT AREA**

For purposes of CRA, PNC/Delaware has designated three assessment areas, encompassing the entire state of Delaware:

1. Wilmington metropolitan division 48864, consisting of New Castle County in the Delaware portion of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA.
2. Dover MSA 20100, consisting of Kent County, Delaware.
3. Sussex County, Delaware, a non-metropolitan area.

The bank's assessment area was determined to comply with the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income census tracts. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

## **SCOPE OF EXAMINATION**

PNC/Delaware's performance under the Community Reinvestment Act (CRA) was evaluated for the period from January 1, 2006 through February 4, 2008. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, pursuant to the Interagency Procedures and Guidelines for Large Retail Institutions.

The loan products evaluated under the lending test include home-purchase and home-improvement loans and refinancing of such loans (collectively titled Home Mortgage Disclosure Act (HMDA) loans), small business loans, and other loans that qualified as community development. The HMDA and small business loan data reviewed for purposes of this evaluation covered the period from January 1, 2006 through September 30, 2007.

The HMDA loans evaluated included loans originated by PNC/Delaware and by PNC Mortgage, LLC. As required under CRA, this Public Evaluation does not take into account loans made by PNC Mortgage, when determining the volume of loans extended inside and outside of the bank's assessment area. However, when determining the geographic distribution of loans and lending to borrowers of different incomes, the Evaluation does include an analysis of loans originated by PNC Mortgage.

PNC/Delaware's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment areas reporting HMDA loans pursuant to HMDA, and small business loans pursuant to CRA. This data is reported annually, and the most recent year for which information is available is 2006.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data. The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). The most recent year for which median family income data is available is 2007. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data unless otherwise noted.

Loans were evaluated to determine the lending activity inside and outside the bank's assessment area. In addition, loans inside the assessment area were evaluated on the geographic and borrower income distribution for each assessment area. The bank's geographic distribution with respect to HMDA loans was assessed by comparing the percentage of loans made in each geography type (low-, moderate-, middle-, and upper-income) to the percentage of owner-occupied units in each geography type. Small business loans were compared to the percentage of businesses within each geographic income category, regardless of revenue size of the business.

The bank's borrower income distribution with respect to HMDA loans was assessed by comparing the percentage of loans made to borrowers in each income category (low-, moderate-, middle-, and upper-income) to the percentage of families in each income category. Poverty level

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is determined by both income and family size. Generally, a larger proportion of poverty level families are in the low-income category, and to a certain extent, the moderate-income category. Borrowers at poverty level often do not qualify for real-estate loans, so the percentage of families below poverty level was considered when evaluating lending performance to low- and moderate-income borrowers.

In addition, more weight was placed on comparing PNC/Delaware's lending performance to the aforementioned proxies derived from the demographic data. The bank's lending market share is also included in each assessment area to gain a better understanding of PNC/Delaware's rank in each area.

Small business loans were reviewed and received more weight when rating the bank's CRA performance as small business loans comprised 62.4% of loans, while HMDA loans were 37.6% of loans.

Community development loans and investments funded by the bank between January 1, 2006 and February 4, 2008 were reviewed for the lending and investment tests. Community development services were evaluated for the service test.

The bank's assessment areas were evaluated for lending, investment, and service performance. All three assessment areas were reviewed by using the full scope examination procedures; however, a majority of the bank's lending and operations were in the Wilmington assessment area and, as such, this assessment area received the greatest weight when rating the bank's CRA performance. PNC/Delaware's branch, deposit, and lending distributions by assessment area are as follows:

Assessment Area	Number of Branches	Percent of Branches	Deposit Share	Loan Share
Wilmington MD	29	61.7%	73.8%	65.2%
Sussex County	14	29.8%	13.7%	17.5%
Dover MSA	4	8.5%	12.5%	17.3%
<b>Totals</b>	<b>47</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

*Lending Activity*

Bank lending levels reflect excellent responsiveness to credit needs throughout the bank's assessment area, which consists of the whole state of Delaware. PNC/Delaware ranks 9<sup>th</sup> of 606 HMDA reporters, placing it in the top 3% of lenders in the state. In addition, its affiliate, PNC Mortgage, LLC, ranks 120<sup>th</sup> in the state. The three leading HMDA lenders in Delaware are Countrywide Home Loans, Wells Fargo Bank, and JP Morgan Chase Bank, N.A.

PNC/Delaware is ranked 5<sup>th</sup> out of 105 CRA reporters, placing the bank in the top 5% of small business lenders in Delaware. The top five small business lenders in the state (including PNC/Delaware) originated 66% of the total reported small business loans, which includes business credit cards. The four CRA reporters larger than PNC/Delaware are American Express Bank, FSB, Citibank (South Dakota), NA, Chase Bank USA, NA, and Capital One FSB.

PNC/Delaware's HMDA and small business lending activity during the period evaluated is summarized in the following table.

<b>EXHIBIT 1</b>				
<b>Summary of Lending Activity</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Total Consumer related</b>	<b>0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>
Home Improvement	1,144	--	\$54,239	--
Home Purchase	210	--	\$37,084	--
Multi-Family Housing	1	--	\$10	--
Refinancing	687	--	\$67,393	--
<b>Total HMDA related</b>	<b>2,042</b>	<b>13</b>	<b>\$158,726</b>	<b>28</b>
Small Bus. - Secured by Real Estate	96	--	\$11,497	--
Small Business	13,010	--	\$401,552	--
<b>Total Small Business related</b>	<b>13,106</b>	<b>87</b>	<b>\$413,049</b>	<b>72</b>
<b>Total Small Farm related</b>	<b>0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>
<b>TOTAL LOANS</b>	<b>15,148</b>	<b>100</b>	<b>\$571,775</b>	<b>100</b>

*Assessment Area Concentration*

An analysis of the volume of loans extended inside and outside of the bank's assessment area shows that a substantial majority of the bank's home mortgage loans were made inside its assessment area. However, the substantial majority of small business loans were made outside

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the assessment area. This is due to PNC Financial's credit card operation, which issues business credit cards for the entire PNC organization through PNC/Delaware. When the business credit cards are removed from the analysis, the distribution shows that a substantial majority (89.8%) of the bank's small business loans are inside the assessment area.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Home Purchase - Conventional	50	94.3	5,415	91.4	3	5.7	510	8.6
Home Improvement	1091	96.1	49,693	96.3	44	3.9	1,933	3.7
Refinancing	586	96.5	47,411	93.6	21	3.5	3,251	6.4
<b>Small Business</b>	<b>3279</b>	<b>25.2</b>	<b>256,883</b>	<b>64.0</b>	<b>9,731</b>	<b>74.8</b>	<b>144,669</b>	<b>36.0</b>
Small Bus. - Secured by Real Estate	93	96.9	11,145	96.9	3	3.1	352	3.1

Note: Affiliate loans not included.

***Geographic Distribution***

The geographic distribution of small business loans is excellent in each of the bank's three assessment areas. The geographic distribution of home mortgage loans is considered good in each of the assessment areas, and was enhanced by the bank's community development lending in low- and moderate-income census tracts.

***Borrower Distribution***

In each of the bank's assessment areas, the distribution of loans to borrowers of different income levels is excellent. The distribution of HMDA loans to both low- and moderate-income borrowers is notable, given that the percentage of loans to these borrowers was higher than the aggregate of all HMDA lenders' in every assessment area. The bank enhanced its efforts in addressing the credit needs of low- and moderate-income borrowers through participation in affordable housing programs and the development of innovative loan products.

The bank's lending to businesses of different sizes, including small businesses, was excellent when compared to the aggregate of all CRA lenders in its assessment areas. To enhance its efforts in addressing the credit needs of small businesses, PNC/Delaware participates in several small business lending programs. The bank also developed several innovative loan products geared to small businesses.

Schedule RC-C Part II (Loans to Small Farms and Small Businesses) of the bank's Consolidated Reports of Condition and Income (as of June 30, 2007) indicates that 37.6% of PNC/Delaware's commercial loans were designated as small business loans, as detailed in the following chart.

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<b>PNC BANK, DELAWARE COMMERCIAL LOAN PORTFOLIO</b>		
	<b>AMOUNT OUTSTANDING AS OF 6/30/2007 (\$000)</b>	<b>PERCENT</b>
<b>Loans with original amounts of \$100,000 or less</b>	\$68,277	14.9%
<b>Loans with original amounts of more than \$100,000 through \$250,000</b>	\$48,918	10.7%
<b>Loans with original amounts of more than \$250,000 through \$1,000,000</b>	\$55,290	12.1%
<b>TOTAL SMALL-BUSINESS LOANS</b>	<b>\$172,485</b>	<b>37.6%</b>
<b>Loans with original amounts of greater than \$1,000,000</b>	\$286,281	62.4%
<b>TOTAL COMMERCIAL LOANS</b>	<b>\$458,766</b>	<b>100%</b>

PNC/Delaware's use of innovative and flexible loan products that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers the "PNC Basic Loan" designed for low- and moderate-income borrowers who either lack a traditional credit history, or have a weak credit history. The bank uses flexible underwriting criteria, allowing for the use of alternative credit history documentation such as rent receipts, utility payments and other verifiable credit payments. During the evaluation period, the bank originated 13 loans mortgages under this program, aggregating \$81,807.

The bank offers a home equity loan product with a \$1,000 minimum loan size. The product is designed for low- and moderate-income borrowers who require smaller size loans to fill their credit needs. During the evaluation period, the bank originated 18 home equity loans in amounts of \$5,000 or less, aggregating \$64,328.

***Community Development Lending***

PNC/Delaware is a leader in making community development loans in its assessment area. Over the evaluation period, the bank originated nine community development loans aggregating \$14.4 million. All of these loans supported affordable housing and were responsive to identified needs in the bank's assessment areas. Of the total community development loan dollars, 52% supported the Wilmington assessment area, 46% supported the Sussex County assessment area, and 2% supported the Dover assessment area.

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PNC/Delaware's overall lending performance was enhanced through the use of community development lending.

**INVESTMENT TEST**

Performance under the investment test is rated "outstanding."

PNC/Delaware has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors, often in a leadership position. Bank investments total \$20.2 million for this evaluation period.

Current investments for this evaluation period total \$9.0 million. All of these current investments support affordable housing initiatives in Delaware and were allocated to the bank's three assessment areas based upon the area's deposit share.

The bank also had a number of investments, recognized in previous examinations, which maintain unamortized balances of \$11.2 million as of September 30, 2007. Of the total unamortized balances, 66% support affordable housing, 33% support the financing of small businesses, and the remaining 1% supports economic revitalization.

In addition, the bank made 64 donations, totaling \$412,003, to various community development organizations throughout the assessment area. These donations, of which 56% or \$230,743 supported a variety of statewide and local-area organizations and programs that provide services to low- and moderate-income families and individuals, affordable housing, and help revitalize and stabilize low- or moderate-income areas.

Also, \$181,260 or 44% of total donation dollars were provided to PNC *Grow Up Great*. PNC's *Grow Up Great* program promotes public investment in early childhood development initiatives, viewing such an investment as an economic development tool. The amount considered as qualified investments are those funds that specifically served the needs of either low- and/or moderate-income individuals or areas.

**SERVICE TEST**

Performance under the service test is rated "outstanding."

***Retail Services***

Branch delivery systems, as well as alternative delivery systems such as ATMs, telephone and Internet banking, are accessible to essentially all portions of the bank's assessment areas. PNC/Delaware operates 47 branches, 46 full-service ATMs, and 100 cash-only ATMs in the state of Delaware. To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income individuals. During the evaluation period, PNC/Delaware opened nine new

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branches: eight branches were opened in the Sussex County assessment area and one in the Wilmington assessment area. The bank closed one branch in the Wilmington assessment area. Banking services do not vary in a way that inconveniences certain portions of the bank's assessment areas.

***Community Development Services***

PNC/Delaware is a leader in providing community development services. The bank operates with a full-time Community Consultant who is responsible for the bank's community development and CRA efforts in Delaware and whose efforts are supported by the parent company's community development resources.

During this evaluation period, the bank provided 64 services to 53 separate community development organizations. Also, complementing the Community Consultant's community outreach efforts are bank officers and employees who serve in various capacities on boards and committees. Bank personnel also conduct financial education courses for numerous community development organizations throughout the state.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No violations of the substantive provisions of the antidiscrimination laws and regulations were noted. The bank continues the use of fair lending policies and procedures and has an effective fair lending training program to address fair lending issues. Internal reviews of bank policies and procedures are conducted routinely to ensure compliance.

## FULL-SCOPE REVIEW ASSESSMENT AREA CONCLUSIONS

### WILMINGTON, DELAWARE, METROPOLITAN DIVISION 48864

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE ASSESSMENT AREA**

The Wilmington assessment area represented 73.8% of PNC/Delaware's total deposits and 65.2% of its loans. The bank operates 29 branches, 27 full service ATMs, and 70 cash-only ATMs in this assessment area. PNC/Delaware ranks 9<sup>th</sup> out of 11 institutions in the assessment area with 1.1% of total market deposits.<sup>1</sup> The banking environment in which PNC/Delaware operates is highly competitive. Large super-regional banks compete with community banks, mortgage companies, and savings and loan associations. Major banking competitors in the area include ING Bank, FSB; Chase Bank USA, NA; Bank of America, NA; and Wilmington Trust Company (headquartered in Wilmington, Delaware).

According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2007<sup>2</sup>, there were 34 depository institutions operating in the Wilmington Metropolitan Division. These 34 institutions maintained 167 branches holding \$135 billion in deposits. PNC/Delaware operated 28 of these branches with \$1.5 billion in deposits (73.8% of the bank's total deposits). PNC Delaware ranks 9<sup>th</sup> in the Metropolitan Division (MD), controlling 1% of the retail deposit market. The deposit market is dominated by INB Bank, FSB, which ranks 1<sup>st</sup> with 40% of the market.

This assessment area includes the entire Wilmington MD, which consists of New Castle County in northern Delaware. There are 127 census tracts, of which 10 are low-income, 23 are moderate-income, 61 are middle-income and 32 are upper-income. All of the low-income tracts and seven moderate-income tracts are located in the city of Wilmington, the largest urban area within this assessment area. The city contains 15% of the total assessment area population.

To determine credit needs and opportunities in the Wilmington assessment area, two interviews, one focusing on economic development and the other on affordable housing, were conducted with local community organizations. This information was also supplemented with demographic and economic data pertinent to the area. The most frequently mentioned credit needs were affordable housing for low- and moderate-income borrowers, affordable home purchase and rehabilitation financing, homeownership and credit counseling for first-time homebuyers, and affordable and more flexible financing for small and minority-owned businesses.

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<sup>1</sup> FDIC Summary of Deposits: [www.fdic.gov](http://www.fdic.gov)

<sup>2</sup> June 30, 2007 is the most recent date for which FDIC deposit data is available.

### **Population Characteristics**

According to 2000 census data, the population of the Wilmington MD was 500,265, and 21.8% of the population lives in the low- and moderate-income census tracts. In addition, 14.5% of the population lives in the city of Wilmington in northeastern New Castle County. From 2000 to 2006, the assessment area population increased by about 5.1%, to 525,587. Of the total population, 11.6% are now age 65 and older.

### **Income Characteristics**

For purposes of evaluating the loan distribution to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to the 2000 Census, the median family income for the Wilmington MD is \$62,144, which is above the median income level for the state of Delaware at \$55,257. In 2007, the median family income increased to \$73,900.

From an income distribution standpoint, 18.4% of the families in the assessment area are designated as low-income, 17.3% are moderate-income, 23.5% are middle-income, and 40.8% are upper-income. Families living below the poverty level represent 5.6% of total families in the assessment area. In the state, 6.5% of families live below the poverty level.

### **Housing Characteristics**

According to the 2000 Census, the Wilmington assessment area contains 199,512 housing units, of which 66.4% are owner-occupied. In low-income tracts, however, just 1.5% of housing units are owner-occupied, and in moderate-income tracts 14.5% are owner-occupied. The overall owner-occupancy rate in the state is 63.0%.

The percentage of units housing 1-4 families was 79.0%, while 18.5% housed five families or more. Mobile homes were 2.5% of the housing units. The median age of the housing stock in the Wilmington MD is 33 years, which is slightly higher than the median age of housing stock in Delaware at 27 years.

As of the 2000 Census, the median housing value in the Wilmington assessment was \$132,932. The median housing value in the upper-income census tracts (\$191,414) had a disparity with housing values in both low- (\$66,815) and moderate-income tracts (\$90,619). According to Moody's Economy.com, house-price appreciation is falling in the Wilmington's housing market. The average existing home price decreased 4% between 2006 and 2007, from \$247,000 to \$237,600.

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**Labor, Employment, and Economic Characteristics**

The Wilmington assessment area encompasses all of New Castle County in northern Delaware. Much of Wilmington's economy is based on its status as the most populous city in Delaware, a state that made itself attractive to businesses with pro-business finance laws. Wilmington has become a national financial center for the credit card industry, largely due to regulations enacted in 1981. The Financial Center Development Act of 1981, among other things, eliminated the usury laws enacted by most states, thereby removing the cap on interest rates that banks may legally charge customers. Many major credit card issuers, including Bank of America (formerly MBNA Corporation), Chase Card Services (part of JPMorgan Chase) and Barclays, are headquartered in Wilmington. The Dutch banking giant ING Groep N.V., headquartered its U.S. internet banking unit, ING Direct, in Wilmington.

Wilmington's other notable industries include insurance (American Life Insurance Company (ALICO), Blue Cross and Blue Shield of Delaware), retail banking (including the Delaware headquarters of Wilmington Trust; PNC Bank, Delaware; Wachovia Bank of Delaware; JP Morgan Chase; and Citizens Bank). The city is the corporate domicile of more than 50% of the publicly traded companies in the United States, and over 60% of the Fortune 500.

The largest employers in the assessment area are Bank of America, Christiana Care Health System, E.I. du Pont de Neumours & Company, JPMorgan Chase Company, and Astra Zeneca Pharmaceuticals. The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for business credit within such census tracts. According to Dun and Bradstreet, 12.5% of businesses in the Wilmington assessment area are located in the low-income census tract and 16.6% are located in moderate-income census tracts. The majority of businesses are located in middle-income (42.3%) and upper-income (28.6%) census tracts.

Area unemployment rates remain low in the state, New Castle County, and the city of Newark. Unemployment is somewhat higher in the city of Wilmington. For comparison purposes, area unemployment rates are presented in the table below.

	November 2007	November 2006
New Castle County	2.9%	3.1%
City of Wilmington	4.9%	4.5%
City of Newark	2.3%	2.5%
State of Delaware	3.0%	3.0%
Nation-wide	4.6%	4.6%

Key demographic information about the assessment area is on the following page.

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**Combined Demographics Report**

PNC Bank

Analysis Year: 2006 & 2007

Assessment Area(s): MSA 48864

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	7.9	4,190	3.3	1,397	33.3	23,614	18.4
Moderate-income	23	18.1	21,578	16.9	2,430	11.3	22,106	17.3
Middle-income	61	48.0	64,003	50.0	2,704	4.2	30,070	23.5
Upper-income	32	25.2	38,226	29.9	653	1.7	52,207	40.8
Unknown-income	1	0.8	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>127</b>	<b>100.0</b>	<b>127,997</b>	<b>100.0</b>	<b>7,184</b>	<b>5.6</b>	<b>127,997</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	8,112	2,024	1.5	25.0	4,870	60.0	1,218	15.0
Moderate-income	37,122	19,261	14.5	51.9	14,678	39.5	3,183	8.6
Middle-income	100,389	67,893	51.2	67.6	27,935	27.8	4,561	4.5
Upper-income	53,898	43,315	32.7	80.4	8,959	16.6	1,624	3.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>199,521</b>	<b>132,493</b>	<b>100.0</b>	<b>66.4</b>	<b>56,442</b>	<b>28.3</b>	<b>10,586</b>	<b>5.3</b>
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2,460	12.5	2,002	11.7	374	17.4	84	16.8
Moderate-income	3,270	16.6	2,762	16.2	403	18.7	105	21.0
Middle-income	8,331	42.3	7,212	42.3	896	41.7	223	44.7
Upper-income	5,624	28.6	5,061	29.7	476	22.1	87	17.4
Unknown-income	10	0.1	9	0.1	1	0.0	0	0.0
<b>Total Assessment Area</b>	<b>19,695</b>	<b>100.0</b>	<b>17,046</b>	<b>100.0</b>	<b>2,150</b>	<b>100.0</b>	<b>499</b>	<b>100.0</b>
Percentage of Total Businesses:			86.5		10.9		2.5	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	3	2.4	3	2.5	0	0.0	0	0.0
Moderate-income	15	11.8	14	11.7	1	14.3	0	0.0
Middle-income	56	44.1	54	45.0	2	28.6	0	0.0
Upper-income	53	41.7	49	40.8	4	57.1	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>127</b>	<b>100.0</b>	<b>120</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Percentage of Total Farms:			94.5		5.5		0.0	

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WILMINGTON, DE, METROPOLITAN DIVISION**

**LENDING TEST**

PNC/Delaware's performance under the lending test for the Wilmington assessment area is "excellent." The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area and the penetration of small business loans is excellent. The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes. Community development loans significantly enhanced the bank's overall lending performance.

***Lending Activity***

During the evaluation period, PNC/Delaware originated \$87.3 million in HMDA loans and \$186.9 million in small business loans in the Wilmington assessment area. This represented 65.2% of PNC/Delaware's total lending activity. The percentage of loans is higher than the percentage of bank branches (61.7%) but lower than the percentage of deposits (73.8%) in the Wilmington assessment area as of September 30, 2007. Overall, PNC/Delaware ranks 13<sup>th</sup> among 469 HMDA reporters. PNC Mortgage, LLC, ranks 97<sup>th</sup>. The bank ranks 5<sup>th</sup> among 88 small business reporters lending in the assessment area.

**Geographic Distribution**

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the Wilmington assessment area. The analysis reflected excellent penetration throughout the assessment area, including low- and moderate-income census tracts.

***Home Mortgage Lending***

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in those tracts. The overall analysis of the geographic distribution of PNC/Delaware's lending reflects good penetration in the Wilmington assessment area. Over the evaluation period, PNC/Delaware made loans in all of the assessment area's 33 low- and moderate-income census tracts.

In the Wilmington assessment area, 1.5% of all owner-occupied housing units are located in low-income tracts. By comparison, the bank's HMDA lending shows that 1.9% of its home mortgage loans were in low-income tracts. PNC/Delaware's HMDA lending is compared to all lenders operating in the assessment area. The aggregate of all HMDA lenders originated 2.6% of home mortgage loans in low-income tracts, indicating the bank performed below the aggregate lending level, but exceeded the proxy, in this assessment area. This reflects good geographic penetration

in low-income census tracts, despite the limited amount of owner-occupied housing.

Also in this assessment area, 14.5% of owner-occupied housing units are located in moderate-income census tracts. By comparison, 18.1% of the bank's home mortgage loans were originated in these tracts. The aggregate of all HMDA lenders originated 18.8% of loans in moderate-income tracts, indicating that PNC/Delaware again performed slightly below the aggregate, but exceeded the proxy, in this assessment area. This reflects good geographic penetration in the moderate-income census tracts.

#### *Home Purchase Loans*

The bank made 2.5% of its home purchase loans in low-income census tracts, which is more than the percentage of owner-occupied units in these tracts at 1.5%, but less than the aggregate of all HMDA lenders at 3.4% in low-income tracts. The geographic distribution of home purchase loans in low-income tracts is considered good when compared to both the aggregate performance and owner-occupied housing units in these tracts.

The bank made 28.7% of its home purchase loans in moderate-income tracts, which is significantly more than both the percentage of owner-occupied units at 14.5%, and the aggregate of all HMDA lenders at 19.4% of loans. The geographic distribution of home purchase loans in moderate-income tracts is considered excellent when compared to both the aggregate performance and owner-occupied housing units.

PNC/Delaware originated 41.8% and 27.0% of its home purchase loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income tracts at 51.2% and 32.7%. The aggregate of HMDA lenders made 51.5% and 25.7% of their loans in middle- and upper-income census tracts.

#### *Refinance Loans*

PNC/Delaware made 1.5% of its refinance loans in low-income tracts, which is the same as the percentage of owner-occupied units in these tracts, but below the aggregate of all HMDA reporters' lending in these tracts at 2.0%. The geographic distribution of refinance loans is considered good in low-income tracts when compared to both the aggregate performance and owner-occupied housing units.

PNC/Delaware originated 16.5% of its refinance loans in moderate-income tracts, which is above the percentage of owner-occupied units in these tracts at 14.5%, but below the aggregate of all HMDA reporters' lending in these tracts at 18.6%. The geographic distribution of refinance loans is considered good in moderate-income tracts when compared to the aggregate performance and owner-occupied housing units.

The bank made 55.9% and 26.1% of its refinance loans in middle- and upper-income tracts, respectively, compared to the percentage of owner-occupied units in middle- and upper-income





























































































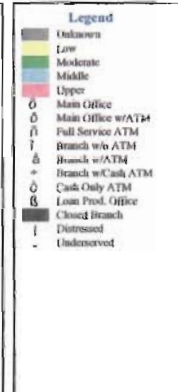
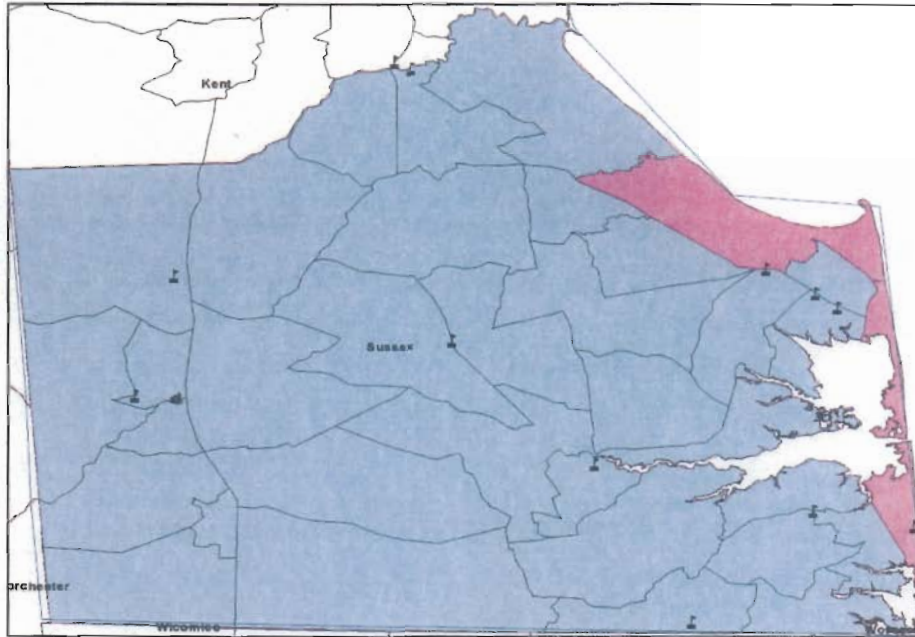






**PNC Bank, Delaware, Large Institution Performance Evaluation**  
**February 4, 2008**

**PNC Bank**  
**Assessment Area: Non-MSA**



**PNC Bank**  
**Assessment Area: Overall**

