Remarks by Ted T. Cecala
Wilmington Trust Chairman and Chief Executive Officer

The Committee of 100
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Thank you and good evening. It is a pleasure to be here. This is my second time addressing this group. The last time I was here was in May 2002.

I'd like to think that you invited me back because my remarks were so profound and my jokes were so funny. But since that's probably not the reason, I figure you asked me here tonight because your short-term memory loss is like mine: It prevents you from remembering anything that might have been said a few minutes ago, let alone what I said five years ago.

All of us at Wilmington Trust take what you do very seriously. After all, our missions are very closely related and our goals are very similar. The Committee of 100 aims to promote responsible economic development in Delaware. At Wilmington Trust, we aim to support responsible economic development in Delaware. That's why we are happy to have people from Wilmington Trust like Brian Bailey (current Committee of 100 president) involved with your organization.

Wilmington Trust's strategic plan for growth

The last time I was here, I spoke about the growth initiatives that were underway at Wilmington Trust. What I'd like to do tonight is bring you up to date on those initiatives and some other things that have happened since then. For starters, let me cite some statistics that compare Wilmington Trust in 2002 with Wilmington Trust today.

In 2002, we were an $8 billion bank. Today we are an $11 billion bank.

The assets we manage for Wealth Advisory and Corporate Client Services clients totaled $28 billion in 2002. Today we have $46 billion in assets we invest on behalf of our clients.

Our total loan balances in 2002 were $5.7 billion – with $3.5 billion of that amount in commercial loans and $2.2 billion in retail loans. Today we have more than $8 billion in loans outstanding, a 40% increase. Commercial loan balances have risen 57% in that time, to $5.5 billion, and retail loans have increased to $2.6 billion.

In 2002, we had revenue of just under $540 million and net income of $129 million. In 2006, we had revenue of $709 million – a 31% increase – and operating net income of $186 million, a 44% increase.

In 2002, we were still in the early stages of expanding beyond Delaware's borders. Today we have 69 offices in 12 states. That includes 47 branches in Delaware, four offices in Europe, and one in the Caribbean.

We have clients in all 50 states and in 91 other countries, and we have 2,600 staff members, most of whom work in offices in Delaware.

These statistics provide a frame of reference for my comments tonight, but I would like to give you a sense of our company's culture and the things we have done – and are doing – to generate those growth statistics.

Our culture dates to 1903, when we were founded to serve the banking, trust, and safe deposit needs of Delawareans. In the 104 years since then, numerous events have influenced our company and the way we conduct business.

One is the decision we made in the early 1980s to build our commercial banking business, and I will have more to say about that in a few minutes.

Another is the strategic direction we set for our company 10 years ago.

By all statistical measures, we were very successful.

Ten years ago, we were the only statewide, full-service banking institution headquartered locally; we were one of the few independent banks in Delaware; and we had substantially higher loan and deposit balances than any other full-service bank in the state. Since we were already the market leader in Delaware, it was clear to me that we needed to look for growth opportunities beyond the borders of our home state.

So we developed a strategic plan for growth. We established a vision and mission centered on our relationships with clients and helping them succeed. We decided we would devote our energy to

- investing in businesses that have the most potential for long-term growth or high operating profit margins,
- being the market leader in each of our businesses, and
- increasing our profitability without compromising our overall risk profile.

Growth initiatives in Wealth Advisory Services

Let me bring you up to date on each of our businesses, starting with Wealth Advisory Services. In this business, we focus mainly on clients with liquid assets of $10 million or more. These are not the kinds of clients who walk into a branch office. We go to them.

We continue to serve many of them from our Delaware headquarters, but we have found more opportunities for growth by opening offices in some of the key high-net-worth markets in the

United States, like New York, southern California, and the Philadelphia, Baltimore, and Atlanta metropolitan areas.

Last week we announced our intent to acquire an investment consulting firm in Boston. Boston is the fifth largest high-net-worth market in the United States, and we have been looking for the right opportunity there for some time.

We expect to complete this transaction in June. When we do, we will have good coverage of the high-net-worth market along the northeast corridor, with offices in Boston, Stamford, New York, Princeton, Philadelphia, Wilmington, and Baltimore.

In addition to opening new Wealth Advisory offices, we have been strengthening our Wealth Advisory capabilities over the last few years. The last time I was here, I talked about broadening the scope of our investment management services. Since 2004, we have been building another set of capabilities: specifically, family office services.

According to the VIP Forum, which is an industry think tank, family office services rank at the top of the list of services most in demand by high-net-worth clients. Family office services are 50% more in demand than asset allocation services, and three times as important as philanthropic services.

We entered the family office market in 2004 with the acquisition of a firm in Beverly Hills: Grant Tani Barash & Altman, or GTBA for short. GTBA provides business management services for clients in the entertainment and sports industries. Go to any multi-screen theatre. There is a good chance that one or more of our clients is associated with one of the films being shown.

GTBA has been in the business for more than 20 years, and we used their experience as a platform for expansion last year, when we launched our family office practice on the East Coast and added family office professionals in Princeton, New York, and Stamford, as well as here in Wilmington.

We now have specializations in four areas: legal structures for family offices, executive compensation strategies, inherited wealth, and the needs of entertainment and sports industry clients. I believe our scope of services is unmatched in the industry.

One measure of our success with the Wealth Advisory expansion is revenue growth. In 2002, Wealth Advisory Services generated $127 million of revenue. Last year, revenue totaled $192 million – a 51% increase in four years.

Growth initiatives in Corporate Client Services

We also have been investing in our Corporate Client Services business, or CCS, for short. This is the business that provides trust, custody, administrative, and holding company services for multinational corporations that want the legal and tax advantages available in Delaware and other key jurisdictions around the world.

The last time I was here, opportunities for growth in the CCS business were accelerating in Europe and we had just acquired a corporate services provider in London. Since then, our business has grown rapidly in Europe.

Ireland has emerged as one of the leading tax jurisdictions in Europe, and we opened an office in Dublin in 2004. Last year, we further expanded in Europe by opening an office in Frankfurt, to take advantage of legislation that facilitates asset backed securitizations in Germany. Today we are looking to establish offices in other European jurisdictions as well.

Last year we also expanded in the Cayman Islands. We acquired a corporate services provider there from PricewaterhouseCoopers and increased our share of the market in that jurisdiction.

The initiatives I have just described helped grow CCS revenue from $64 million in 2002 to $86 million in 2006, a 34% increase.

One of our recent expansion initiatives in the CCS business significantly expanded the services we provide that support collateralized debt obligations, or CDOs, for short. The CDO market is one of the fastest-growing sectors of the structured finance industry, especially in the United States and Europe.

Last year, we invested in staff and technology that added highly sophisticated analytical, risk management, and compliance monitoring capabilities to the CDO trustee services we have offered for many years. These investments position Wilmington Trust as one of the few providers to offer a full range of CDO administrative services.

Growth initiatives in Regional Banking

I have taken you on a little tour of our growth in this country and in other parts of the world. Now it is time to return home to Delaware and to our Regional Banking business.

The Regional Bank accounts for 70% of our company's profits. In 2002, net income from the Regional Banking business was just over $86 million. In comparison, last year the business produced net income of $135 million, an increase of 57%.

In recent years, we have been expanding the geographical footprint of the Regional Banking business in areas that are contiguous to Delaware – but Delaware remains the cornerstone of this business. We are one of only two full-service banks headquartered here and we remain the market leader.

According to FDIC reports, we have the highest levels of commercial loan balances, consumer loan balances, and deposit balances among banks in Delaware, excluding the credit card banks. As I said earlier, we have total loans of more than $8 billion.

I attribute the success of the Regional Banking business to two main factors.

First is the economic stability of the Delaware Valley region. We are fortunate to have a well diversified economy that is not reliant on any one industry sector. We have an amalgam of life sciences, financial services, pharmaceutical, health care, education, construction, manufacturing, retail, agriculture, and tourism employers in this area.

Delaware's unemployment rate for March was 3.4%, which compares favorably with the U.S. average of 4.4%. Delaware's rate has been around 100 basis points lower than the national average since at least 2001.

We continue to benefit from population growth. According to the U.S. Census Bureau, Delaware was the 15th fastest growing state in the United States for the 12 months ended July 2006, and Delaware's population growth rate was more than double that of any other state in the Bureau's northeast geographic area.

In the housing market, despite the Chicken Little forecasts of doom and gloom, what we see is a return to normalcy, and nothing even remotely approaching a collapse.

In addition, our region is poised for even more growth, as the military's Base Realignment and Closing initiative is slated to bring more than 8,000 jobs to the Aberdeen Proving Ground over the next four years.

The second reason for our success in the Regional Banking business is our approach to the business – in particular, our approach to commercial banking. Our commercial banking activities are relationship focused, not transaction oriented.

We focus on a specific segment of the market: the middle market segment, which we define as family owned or privately held businesses with up to $250 million in annual sales. We serve our clients through teams of commercial bankers and wealth advisors.

We concentrate our commercial banking activities within areas we know well: Delaware and the areas contiguous to it. We are not lending to businesses in the Midwest or North Carolina.

Let me explain how this approach sets us apart.

Some banks base their lending decisions on a desire to increase or decrease the balances of certain categories of loans. If the project for which you seek a loan doesn't fit the category du jour, then you might be out of luck.

In contrast, we prefer to build long-term relationships with clients that are based on their needs, not our products. Middle market businesses in particular seem to prefer this approach, and that is why we focus our commercial banking activities on that segment of the market.

Over time, the relationships we build with clients enable us to bring a broad spectrum of services to bear on their behalf. In the early stages of a relationship, the need might be primarily for credit or cash management services. Then, over time, the need may arise for retirement planning, or business succession planning, or a liquidity event may occur, which triggers the need for tax planning and a broader array of wealth management services.

Most businesses go through cycles of prosperity offset by periods of slowness. When times aren't so good, the benefits of our relationship focus become especially apparent, because we stand by our clients in good times as well as the rough times. Instead of regulating the flow of credit solely on the basis of external factors, we consider our clients' individual situations. This is incredibly important to clients who regard us as their primary source of capital.

Something else that is important to our clients is the knowledge we have of the markets in which they are doing business. They like knowing that we are in the same markets. They especially appreciate the fact that we are making our lending decisions here, not hundreds of miles away. They like knowing the decision makers personally and having easy access to us.

Our commercial banking business model has been enormously successful, and we continue to see tremendous opportunities for growth throughout this region. Our commercial banking footprint now encompasses the I-95 corridor from Princeton to the Baltimore-Washington area, the Lehigh Valley, Maryland's Eastern Shore, and, of course, Delaware.

We continue to focus our traditional branch banking activities in Delaware, where we are expanding in areas of growth. Last year we opened a new branch in Millville, and currently there is a new branch in the works for the Smyrna area.

Commitment to Delaware

I would like to leave you tonight with the knowledge that Wilmington Trust is a vibrant, growing company.

Separately, our three businesses serve different types of clients with different kinds of products in different parts of the world.

Together, our three businesses generate a diversified stream of revenue, which helps us produce consistent profitability and growth with low volatility, across a variety of economic cycles.

We have a business model that has worked well for 104 years now, and we see no reason to change it.

We still have the same name that was on the door when we opened for business on July 8, 1903, and we still have the same commitment to Delaware.

So I will conclude by saying thank you for inviting me here tonight and for all that you have done – and are doing – as individuals, and as The Committee of 100, to make Delaware such a great place to do business.

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