



# Community Reinvestment Act

Public File 2025

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Artisans' Bank 2024 CRA Self-Assessment Report dated March 31, 2025

# **Artisans' Bank**

## **Compliance Memorandum**

**To:** CRA Board Committee; CRA Management Committee  
**From:** Joel S. Schiller, SVP & CRO: Compliance & CRA Officer  
**Date:** April 1, 2025  
**CC:** CRA File

**RE:** Self-Assessment of Artisans' Bank's Record of Performance under the Community Reinvestment Act (CRA) for Calendar Year 2024.

### **Executive Summary:**

As documented in the Bank's CRA Policy, the Board of Directors has charged Management with the obligation to seek, understand, and actively help to meet the credit and financial services needs of the low- and moderate-income segments of the communities the Bank serves. The Bank remains committed to the spirit of the Community Reinvestment Act (CRA) by promoting a roster of innovative and flexible consumer loan and deposit products and services throughout its CRA Assessment Areas. The Bank also provides leadership and support to the non-profit community that serves these market segments and invests in CRA related assets to help support the credit and financial services needs of the communities we serve.

The Bank maintains a roster of consumer loan and deposit products and retail banking services, directed towards the low and moderate income and geographic segments of our community. These activities are described within this CRA self-assessment report. Financially and operationally, the Bank supports community development lending and community development investments and provides innovative banking services to the un-banked and the under-banked. The Bank participates with Federal, State and Local governments, CDFI's, non-profit agencies, other financial institutions, and informal community groups to gain an awareness of the available government programs, community loan programs, community development projects, community development investments, and CRA related service projects in which the Bank can support.

The Board of Directors has appointed the Chief Risk Officer as the CRA Officer for the institution. The CRA Officer chairs a CRA Management Committee which helps the Bank meet its ongoing responsibility to support CRA. The CRA Officer also chairs an CRA Board Committee which provides the Board with an annual summary of its CRA program. These committees assess the results of the Bank's CRA activities; ensures we offer fair and equal access to credit and financial services to all consumers in a non-discriminatory manner; and ensures our CRA programs meet the standards for a satisfactorily rated CRA program.

The purpose of this memorandum is to self-assess the Bank's performance under the Community Reinvestment Act for the calendar year 2024. Your involvement is encouraged.

### **Overall Conclusion:**

It remains the opinion of the CRA Officer of Artisans' Bank, that the Bank continues to **Satisfactorily** meet the credit and financial services needs of the Bank's CRA Assessment Area; including the low and moderate income and geographic sectors of the communities we serve.

**1. Ascertaining the Credit and Financial Services Needs of our CRA Assessment Area**

As a state-chartered, mutually owned, community bank serving the State of Delaware, the Bank strives to understand the credit and financial services needs within our CRA Assessment Area. By participating with Federal, State, and Local governments; State and Local non-profit organizations; Delaware based CDFI's; local neighborhood groups; other financial institutions; and credit and home-ownership counseling agencies who serve the credit and financial services needs of the low and moderate income and geographic segments of the communities we serve, we strive to ascertain the credit and financial services needs of our CRA Assessment Areas.

Bank Directors, Officers, and Associates are encouraged to serve on local and statewide non-profit organizations and provide leadership and support to these organizations and to gain awareness of community credit needs. CRA guidance is also obtained from the FDIC, the FRB Philadelphia, the FHL Bank of Pittsburgh, and the Delaware Bankers Association. The Philadelphia FRB maintains a Community Profile for Delaware, which includes listings of the many non-profit agencies that serve the low- and moderate-income segments of the Bank's CRA Assessment Areas. The Bank uses all of these resources to determine where its limited resources can be best served.

The Bank's community leadership and its outreach is monitored by the Bank's CRA Officer, who reports this activity to Management and the Board. Directors, Officers, and Bank Associates perform community outreach to communicate the Bank's lending, investment, and financial service products and services to the community and to learn more about the credit and financial services needs within the Bank's CRA Assessment Areas. Meetings with government agencies, housing counselors, non-profit organizations, banking peers, and concerned individuals involved in the evaluation, coordination, and development of affordable housing within our community, are also encouraged.

**2. Compliance with Fair Lending Laws and Regulations**

The Board has instructed Management to monitor the Bank's lending and deposit taking activities to ensure they are fairly and consistently applied to all applicants who meet the Bank's lending and deposit account opening standards. Through internal and external compliance and audit reviews, we have determined the Bank strives to comply with Federal and the Delaware state law and the regulations that comprise fair lending: including the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Americans with Disabilities Act, and the Community Reinvestment Act. The Bank's products and services are extended to customers without regard to race, color, religion, national origin, sex, marital status, familial status, handicap, age (provided that the applicant has the capacity to enter a binding contract), sexual orientation, gender identity, that all or part of the applicant's income is derived from public assistance program; or that the applicant has in good faith exercised any of their rights under the Consumer Credit Protection Act.

Furthermore, the Bank actively monitors its lending and deposit taking activities in Delaware and within its surrounding communities to ensure the Bank's Reasonably Expected Market Area (REMA) does not extend beyond its Delaware borders. This monitoring includes actively measuring the Bank's performance within the minority-majority census tracts in Delaware and its REMA to ensure these communities are also well served.

### **3. FDIC Compliance & CRA Examinations**

The FDIC's most recent Compliance & CRA Examination of the Bank covered the period December 04, 2019, through August 15, 2022. The Bank received a **"Satisfactory"** CRA composite rating from this examination and **"Satisfactory"** CRA ratings for each individual component. Banks with this CRA rating have a satisfactory record of helping to meet the credit needs of its CRA Assessment Area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Upon receipt of the FDIC's CRA Performance Evaluation Report, in October 2022, a copy of the report was placed into the Bank's CRA Public File.

A Fair Lending review was conducted by the FDIC as part of their 2022 CRA examination of the institution. While the review noted no fair lending or technical violations regarding HMDA, CRA, or the other fair lending statutes, the report did recommend the Bank formally evaluate the Bank's lending in Minority-Majority (MMT) census tracts against its peers in order to minimize the potential for "redlining" risk in its Reasonably Expected Market Area. This recommendation has been implemented.

The Report also included a recommendation to ensure the Bank's statewide community development activities are tracked by their specific CRA Assessment Area and not just reported as Statewide. This recommendation was also implemented.

The Bank continues to perform an annual Fair Lending risk assessment. As part of this assessment, the Bank recognizes that it should continue to work to increase its volume of loan applications from Black, Hispanic, and Asian applicants and improve its loan penetration in the Minority-Majority census tracts within the Bank's CRA Assessment Areas. This recommendation has been included as a Strategic Business initiative and is supported by a CRA Targeted Marketing Plan, which began in 2023. This initiative will continue into 2025 (and beyond) and is being managed by an internal working group who reports to the CRA Management Committee.

The next full scope FDIC Compliance and CRA examination of the institution is expected to occur in the third quarter of 2025. On October 24, 2023, the Agencies issued a final rule materially amending the CRA regulations. However, as these rules are being legally challenged, it is anticipated that the next CRA examination of the Bank will only incorporate selected aspects of the CRA Modernization rules. Postscript: CRA Modernization has been repealed and the existing CRA requirements will continue.

**4. Branch Network & CRA Assessment Area Definitions**

Artisans’ Bank serves all three counties in Delaware: New Castle County, a portion of Metropolitan Area (MA) 48864; Kent County, Metropolitan Area (MA) 20100; and Sussex County (NA), no longer a portion of Metropolitan Area (MA) 41540. The Bank maintains 12 full-service branches and 3 commercial/residential loan production offices to serve these assessment areas. Eight of the Bank’s retail branches are in New Castle County; two are in Kent County; and two are in Sussex County. Due to the most recent FFIEC census updates, 4 of the Bank’s 12 branches (Downtown, Little Falls, Dover, and Milford) are located in moderate-income census tracts and 4 of the Bank’s 12 branches are located in minority-majority census tracts (Downtown, Bear, Dover, and Milford).

On July 1, 2022, the Bank officially closed its Rehoboth branch/Sussex County loan production office and opened a new Rehoboth branch & LPO roughly two miles from its former location. Prior to this change, there had been no changes to the Bank’s branch network since 2011, when the Bank closed its Polly Drummond Branch office. And prior to 2011, the Bank’s two newest bank branches, Millville and Little Falls, opened in 2008.

The Bank’s 20215-2027 Strategic Plan includes a branching initiative. The internal working group assigned to explore these opportunities are aware of the Bank’s CRA obligations.

<b>5. Loan to Deposit Ratio Analysis</b>	<u><b>12/31/24</b></u>	<u><b>12/31/23</b></u>	<u><b>12/31/22</b></u>
	81.58%	79.26%	77.66%
Host State Loan to Deposit Ratio (a/o June 30 prior year)	60%	47%	44%

After several years of being impacted by deposit growth derived from the economic stimulus crafted in response to the COVID-19 pandemic, the Bank’s Loan to Deposit ratios have begun to improve. While the ratio remains slightly below our historic 80% + average, the ratio remains well ahead of the Delaware Host State average for Loans to Deposits; as this ratio remains artificially low because several national banks report their deposits in Delaware but do less local lending. However, this number has also begun to climb as BoA and Chase expand their local market presence. For a traditional community bank, such as Artisans’ Bank, a Loan to Deposit ratio of 80%, or more, is desired.

**6. Home Mortgage Disclosure Act (HMDA) Lending Results**

Loan applications for the purchase, improvement, or refinance of a 1-4 family or a multi-family residential dwelling, are to be reported on the Bank’s HMDA Loan Application Register (LAR). HMDA reportable applications come from all three lending units (residential/consumer/commercial) of the Bank, and the required data is collected, scrubbed, and reported to the government.

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HMDA data assists the Bank in its assessment of meeting the credit and financial services needs of the communities we serve, including the low- and moderate-income, and minority-majority geographic segments of our CRA Assessment Area. As an Intermediate Small Bank, with limited application volumes, the Bank is relieved from the expanded data reporting requirements of HMDA. The Bank has also chosen not to voluntarily report home equity lines of credit on its HMDA LAR.

<b><u>HMDA LAR Data</u></b>	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
Loan Applications Taken	112	100%	160	100%	203	100%
Denials	5	4.5%	9	5.5%	12	5.9%
Withdrawn	7	6.2%	6	3.8%	8	3.9%
Incomplete	0	0.0%	3	1.9%	3	1.5%
Approved, Not Accepted	5	4.5%	7	4.4%	10	4.9%
Originated Loans	95	84.8%	135	84.3%	170	83.8%
Purchased Loans	0		0		0	
Assessment Area Applications	100	89.3%	144	90.0%	188	92.6%
Outside Assessment Area Apps	12	10.7%	16	10.0%	15	7.4%

A reasonably high percentage of our HMDA reportable applications continue to come from within the Bank's CRA Assessment Area. The Bank's fallout and denial rates also remain low, a continued testament to the dedication of our collective lending teams.

<b><u>HMDA LAR Data</u></b>	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
Loan Applications Taken	112	100%	160	100%	203	100%
Mortgage Lending	31	27.7%	53	33.1%	87	42.9%
Home Equity Lending	58	51.8%	82	51.3%	68	33.5%
Commercial Lending	23	20.5%	25	15.6%	48	23.6%

<b><u>HMDA LAR Data</u></b>	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
Loan Applications Taken	112	100%	160	100%	203	100%
Purchases	47	42.0%	65	40.6%	90	44.3%
Home Improvement	27	24.1%	42	26.2%	34	16.8%
NCO Refinance	20	17.8%	28	17.5%	53	26.1%
CO Refinance	0	0.0%	4	2.5%	12	5.9%
Other	18	16.1%	21	13.2%	14	6.9%

HMDA reportable loan applications continued to fall, as 2024 continued an economic cycle of higher interest rates and higher home prices. In response to the stagnant mortgage refinance market, the Bank continues to actively promote its home equity lending products and pursue non-owner-occupied commercial lending opportunities. Home purchase applications continue to be most prevalent mortgage product at the Bank.

<b><u>HMDA LAR Data</u></b>	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
Assessment Area Applications	100	100%	144	100%	188	100%
Low Income Tracts (<50% MI)	1	1.0%	5	3.5%	7	3.7%
Mod Income Tracts (<80% MI)	18	18.0%	22	15.3%	24	12.8%
Low Family Income (<50% MI)	10	10.0%	20	12.2%	23	12.2%
Mod Family Income (<80% MI)	23	23.0%	27	18.8%	32	17.0%

A reasonable percentage of HMDA reportable applications were taken from low- and moderate-income applicants, although the percentage taken from low-income applicants has decreased. The percentage of HMDA reportable applications taken in low- and moderate-income census tracts increased slightly, although the number of applications taken from low-income census tracts has also decreased.

To respond to these concerns, the Bank retains a focus on serving the low- and moderate-income and geographic segments of the Bank’s CRA Assessment Area. Efforts to strengthen our internal Homeownership Mortgage product, re-connect with the Delaware State Housing Authority, and provide financing for Habitat for Humanity clients will be discussed later in this report.

**7. Community Reinvestment Act (CRA) Small Business Lending Results**

The Bank remains an Intermediate Small Bank as defined by the CRA regulations, with assets between \$250 million and \$1 billion. The Bank continues to voluntarily report CRA information to the federal government annually in order to retain the option of being examined under either the FDIC’s CRA Large Bank or Intermediate Small Bank examination requirements. CRA Small Business Lending includes commercial loans in amounts of \$1 million or less, reported on the Bank’s Call Report as “secured by non-farm, non-residential real estate” or as “commercial and industrial loans”.

<b><u>CRA Small Business- #</u></b>	<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>	
CRA SB Originations	61	100%	61	100%	93	100%
Originations <\$100,000	25	41%	28	46%	38	41%
Originations \$100-\$250	11	18%	17	28%	22	24%
Originations \$250-\$1M	25	41%	16	26%	33	35%
Businesses <\$1M Revenue	30	49%	31	51%	51	54%
Assessment Area Originations	51	84%	58	95%	78	84%
LMI Tract Originations	<u>12</u>	<u>24%</u>	<u>21</u>	<u>36%</u>	<u>22</u>	<u>28%</u>
NCC LMI Tracts	9	75%	12	57%	16	73%
Kent/Sussex LMI Tracts	3	25%	9	43%	6	27%

Reportable CRA Small Business commercial loan originations remained stable in 2024, although higher interest rates and economic uncertainty resulted in overall weaker commercial loan demand. The percentage of reportable CRA Small Business loans, within the Bank’s CRA Assessment Area, dipped in 2024, but remains reasonable above 80%. The Bank lending mix skewed towards higher dollar transactions in 2024, but the Bank continues to report a reasonable mix of smaller sized reportable commercial loans. The Bank’s percentage of loans within the LMI census tracts in its CRA Assessment Area, also dipped in 2024, with no Kent County LMI small business originations occurring in 2024.

**8. Community Reinvestment Act (CRA) Small Farm Lending Results**

CRA Small Farm lending includes loans in amounts of \$500,000 or less, reported on the Bank’s Call Report as loans to “finance agricultural production”, “other loans to farmers”, or “loans secured by farmland”. One reportable CRA Small Farm loan was originated in 2024. Small Farm lending remains an immaterial part of our commercial lending business.

<b><u>Small Farm Lending</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Originations - #	1	0	1
Originations - \$	\$323	\$0	\$157

**9. Community Reinvestment Act (CRA) Community Development Lending Results**

CRA Community Development lending currently includes: 1) Loans for affordable housing, including multi-family rental housing for low- and moderate-income individuals; 2) loans to non-profit organizations who provide community services to predominantly low-and moderate-income clientele; 3) loans which support general economic development in low- and moderate-income neighborhoods; and 4) lending activities that revitalize or stabilize neighborhoods within the Bank’s CRA Assessment Area or the community at large, including low-and moderate-income geographies.

CRA Community Development lending also includes lending activity that revitalizes and/or stabilizes distressed, or under-served, non-metropolitan, middle-income geographies or federally designated disaster areas. Loans that must be reported as CRA Small Business Lending or HMDA may not be reported as CRA Community Development, except for LMI multi-family rental housing, which may be double counted.

Note: the CRA Community Development reporting categories are being expanded under the CRA Modernization rules. A discussion of the expanded CRA CD qualifying activities will occur at the next CRA Board and Management Committees.



<u>Community Dev. Loans</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Originations - #	2	2	0
Originations - \$	\$2,980,000	\$181,000	\$0

The Bank reported four CRA Community Development qualifying loans in 2024. The \$500,000 below market rate, working capital line of credit, for NeighborGood Partners, a Kent County Delaware based CDFI, was renewed in 2024; the purchase of the Elms Apartments, a below market rent apartment complex, in a moderate-income census tract Newark, Delaware; the refinance of \$550,000 in existing debt for Delmarva Irrigation in coordination with the FHLBank’s BOBIE program, which allowed this company to relocate to a moderate-income opportunity zone in Laurel, Delaware; and financing of \$100,000 of gymnastics equipment, in coordination with the FHLBank’s BOBIE program, for Bayside Gymnastics, who currently resides in a moderate-income census tract in Milford, Delaware, but is building a new facility in Milford, Delaware.

The Bank also held four additional commercial loan transactions, with strong community development attributes, for FDIC examiner review. These loans, which were either not reported or required to be reported on the Bank’s CRA Small Business Register, were made to the Ark Learning Center, the Delaware College of Art & Design, and the Grand Opera House; all entities located in low or moderate-income census tracts in Delaware. The Bank also referred Delmarva Irrigation’s request for a \$1.3M commercial mortgage to True Access Capital, a Delaware CDFI, where the loan was made.

**10. Optional HMDA or CRA Data Collection for Consumer Loans**

In 2024, the Bank continued to optionally not report its HELOC lending or its CRA qualifying, non-real estate secured, consumer lending on its HMDA LAR or CRA Loan Registers. These decisions continue to be based on the very low volume of non-real estate secured consumer loans and the temporary regulatory exclusion which allows small lenders, who generate less than 200 HELOC applications per year, not to report HELOCs.

As an Intermediate Small Bank with less than 500 reportable mortgage applications per year, the Bank also continues to receive a regulatory exemption from reporting the expanded HMDA LAR data reporting fields that were created in 2019. The finalization of the DFA 1071 and CRA Modernization rules will likely change the CRA data reporting requirements for the Bank; the effective date for which is currently being challenged in Court. Postscripts: CRA Modernization has been repealed and the existing CRA requirements will continue to be applied to the Bank. Also, the DFA 1071 Final Rule was also recalled, and the Bank will await to see how DFA 1071 will be applied.

## **11. Third-Party CRA Data Analysis**

The Bank contracts with Capco Compliance, a third-party service provider, to prepare an assessment of the Bank's performance in minority-majority census tracts (MMTs) within the Bank's CRA Assessment Area. This analysis of the Bank's HMDA LAR data is intended to assess the level of "redlining" risk within the institution. While their 2024 review will be completed later this year, their 2023 report concluded the Bank maintains a "Moderate" redlining risk and significant shortfalls were noted in both applications and loans from MMTs. This is a decline from the 2022 data, which reflected no significant shortfalls in applications and loans.

The Bank identified four peer financial institutions (FIs) which were used for comparison purposes. The four peers were Del-One FCU (Kent); FCCB (New Castle); Tidemark FCU (Sussex); and County Bank (Sussex). The Capco report revealed the Bank's shortfalls for applications were less than 2 of the four peer FIs and the shortfalls for loans was less than 3 of the 4 peer FIs.

The report contained the following recommendations: the Bank should further analyze the lending opportunities in MMTs; the Bank should review its outreach and marketing efforts in MMTs; the Bank should review the locations of its MLOs and branches to determine if any shifts in locations could help improve penetrations.

In response to the Capco MMT review and to the Bank's self-identified shortfalls in loan distribution among LMI census tracts in its CRA Assessment Area, the Bank has created a CRA Targeted Marketing Campaign and Fair Lending Plan in an effort to attract more loan applications from low-and moderate income and minority-majority census tracts. The results of these initiatives will be discussed later in this self-assessment report.

## **12. CRA Lending Programs**

### **(A) *CRA Homeownership Program***

The Bank has for several years offered low-and-moderate-income first-time homebuyers, an approximate 0.25% reduction of the Bank's secondary market pricing, and a waiver of the Bank's (\$895) loan origination fee. These benefits are extended to low- and moderate-income applicants who purchase or refinance properties in low- and moderate-income census tracts. The Bank's CRA homeowner product is communicated to applicants by our lenders and by local community housing counseling agencies. The loans are sold, servicing released, to FHLMC and US Bank, in the secondary mortgage market.

In early 2025, the Bank enhanced its Homeownership mortgage product by offering \$5,000 settlement-assistance grants to qualifying applicants. This applies to LMI home buyers in LMI census tracts.

<u>Mortgage Lending</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Purchase Applications	31	100%	65	100%	90	100%
FTHB Applications	2	\$0.4M	4	\$0.8M	7	\$1.8M
FTHB Loans Closed	2	\$0.4M	4	\$0.8M	6	\$1.4M
CRA Applications	2	\$0.6M	2	\$0.3M	6	\$1.0M
CRA Loans Closed	2	\$0.6M	2	\$0.3M	3	\$0.8M

The level of FTHB and CRA mortgages remains low, a factor of limited referrals and not retaining these loans in portfolio. There is strong market competition for these loans, and it is hoped the \$5000 settlement assistance grant will boost these numbers.

**(B) *FHA and VA Lending***

The Bank was approved as an FHA/VA lender in 2013, when it purchased 63 FHA and 16 conventional mortgages, totaling \$10.4M, from AIG Savings Bank, a local financial institution who relinquished its Delaware banking charter and divested of its local CRA assets. When originated, FHA and VA loans are sold servicing released to U.S. Bank.

No FHA or VA lending has occurred for several years, as cash incentives offered by other lenders have made it difficult for our standard FHA/VA mortgage to compete. Our most recent FHA/VA lending occurred in 2020 and 2021, respectively.

<u>FHA Lending</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Applications - #, \$	0	\$0.0M	0	\$0.0M	0	\$0.0M
Originations - #, \$	0	\$0.0M	0	\$0.0M	0	\$0.0M

<u>VA Lending</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Applications - #, \$	0	\$0.0M	0	\$0.0M	0	\$0.0M
Originations - #, \$	0	\$0.0M	0	\$0.0M	0	\$0.0M

**(C) *Manufactured Housing Loans***

FHLMC offers financing for owners of manufactured housing. These residential first mortgages are sold, servicing released to FHLMC. There has been little to no demand for this type of financing.

<u>Manufactured Housing</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
Applications - #, \$	0	\$0.0M	0	\$0.0M	1	\$18K

**(D) Multifamily Housing Loans**

Multifamily housing consists of apartment buildings and residential dwellings that contain more than four units. The Bank primarily attracts multifamily housing loans through its commercial lending division. These transactions include downtown Wilmington dwellings, University of Delaware student housing, or traditional apartment buildings/complexes. These numbers do not include Cinnaire or NeighborGood multi-family housing loan transactions, which are reported within the CRA Community Development loan section in this report.

<u>Multifamily Housing</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Applications - #, \$	6 \$6.6M	2 \$1.4M	6 \$4.3M

There has been a renewed focus on attracting multifamily housing loans in recent years, as the Bank’s real estate concentrations in this commercial loan segment have eased. The Bank’s portfolio includes buildings with market rents and buildings with below market rents.

**(E) Credit Builders Consumer Loan Program**

The Bank created a credit builder loan in the 1990’s to assist homebuyers in accruing the savings necessary for a home purchase down payment. The Bank will waive its traditional underwriting and deposit the proceeds from a closed-end consumer loan into a savings account that secures the loan. Borrowers repay the loan from their cash flow, while strengthening their credit score and building the savings necessary for home ownership. There are no fees to open an Artisans’ credit builder, and the loans are priced at a 9% simple interest fixed interest rate.

In recent years, the Credit Builder program has been focused on applicants who are unbanked/under-banked, allowing these consumers to establish a positive credit experience with the banking industry. Credit builder loans are a referral product, and the Bank maintains relationships with several local non-profit agencies, including Stand By Me Financial Counseling, who refer customers to the Bank. The Bank has also shared its credit builder product with Stepping Stones Community FCU, (a low-income credit union) who is using the Bank’s credit builder program to reach its low-income clientele in Wilmington, Delaware.

<u>Credit Builders</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Originations - #, \$	2 \$1,000	7 \$8,450	3 \$1,300

**(F) St. Vincent Small Dollar Consumer Loan Program**

The Bank also offers the working poor clients of the Society of St. Vincent DePaul, a simple interest, no fee, small dollar, consumer loan. The Bank and the Society share the loan loss experience for these customers.

<b><u>St. Vincent:</u></b>		<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>
Originations - #, \$	4	\$4,200	5	\$5,000	0	\$0

**(G) *No Fee, Low Interest, Home Equity Loans and Home Equity Lines of Credit***

The Bank actively markets its home equity loans and home equity lines of credit products as affordable consumer lending products. With no application fees or closing costs, flexible underwriting, competitive pricing, and portfolio retention, these loans can be attractive to low- and moderate-income homeowners.

<b><u>Applications</u></b>		<b><u>2024</u></b>		<b><u>2023</u></b>		<b><u>2022</u></b>
HELOCs	100	\$13.6M	82	\$12.1M	124	\$8.7M
Home Equity	56	\$ 3.3M	80	\$ 5.4M	68	\$2.2M

HELOC applications roughly doubled Home Equity applications in 2024, returning to the trend that existed during the historical period of low interest rates. Despite higher interest rates in 2024, it was another good year for home equity lending, whose activity was bolstered by a continued marketing campaign.

**13. Community Development Financial Institution (CDFI) Initiatives:**

**(A) *Cinnaire (Delaware Community Investment Corp)***

The Bank was a founding member of DCIC, the first CDFI in Delaware. In 2013, DCIC merged with the Great Lakes Capital Fund and was rebranded as Cinnaire, and over their thirty-year history, the Bank has advanced over **\$5 million** to their Housing Loan Funds I-VII; Mid-Atlantic Loan Fund I; Community Investment Loan Funds II-III; and Urban Renewal Loan Funds I-II. The Bank also purchased a small equity interest in their Equity Fund for Housing VII.

***Cinnaire's 2024 Activity Summary:***

At December 31, 2024, the current loan balance, of the **17** Cinnaire/DCIC multi-family housing and community development projects, was **\$565,082**, with an additional **\$434,774** in unfunded commitments to their Mid-Atlantic Housing Loan Fund I and Cinnaire Housing Loan Fund VII. No Cinnaire loan advances occurred in 2024.

**(B) *NeighborGood Partners (NCALL Research, Inc).***

NeighborGood Partners is a CDFI based in Dover, Delaware, that specializes in affordable housing, education, support services, and community development lending primarily in Kent and Sussex counties. The Bank provides a **\$500,000** unsecured 3.75% unsecured working capital line of credit with this CDFI. There were no NeighborGood Partners related commercial loan participations in 2024.

(C) ***True Access Capital (First State Community Loan Fund)***

The Bank has been a longtime supporter of this New Castle County based CDFI, whose mission is to stimulate business growth by empowering micro and small business owners/entrepreneurs with augmented technical expertise and access to capital. The Bank provides a **\$250,000** unsecured 2% working capital line of credit with this CDFI, and currently, Commercial Lender Greg Makovsky, serves on their loan committee. Additionally, the Bank refers small business lending opportunities to True Access. Their line of credit will be renewed in 2025.

(D) ***Stepping-Stones Community (LMI) Federal Credit Union***

In 2012, a low-income credit union was formed by the Delaware Community Reinvestment Action Council (DCRAC) to serve the underserved populations in Wilmington. CRO Joel Schiller was their Supervisory (Audit) Committee Chair since the CU's inception, and actively swerved on this committee until 2022, when he was replaced by other Artisans' Bank Team members. Currently Residential Lender Tom Keehan serves on their Loan Committee and Branch Manager Marlena Green serves on their Supervisory Committee.

The credit union maintains a free night depository relationship at the Bank's Ninth Street branch and their members may cash SSC FCU issued, small dollar loan proceeds or share account withdrawal checks at the Bank for no fee. The Bank also maintains a **\$25,000** non-member (below market rate), auto renewing, Certificate at the credit union, currently earning 0.10%. In 2019, SSC FCU was formally awarded Community Development Financial Institution (CDFI) status.

14. **CRA Investment Initiatives:**

(A) ***DSHA Mortgage Revenue Bonds***

The Bank currently holds **2** DSHA Mortgage Revenue Bonds in its investment portfolio. Funds from these investments are allocated to low and moderate income, first-time home buyers, at a below market interest rates. On December 31, 2024, the Bank's DSHA Mortgage Revenue Bonds had a book value of **\$557,219** and the most recent DSHA MRB purchase was a \$1 million DSHA MRB bond purchased in July 2018. The Bank is currently in the process of re-joining DSHA, in order to become a participating lender and refer bank clients to their mortgage products.

(B) ***CRA Qualifying Mortgage-Backed Securities (MBS)***

The Bank currently holds **12** CRA qualifying MBSs in its investment portfolio. When available, the Bank attempts to purchase securities which are supported by mortgages from LMI households in Delaware. On December 31, 2024, the Bank held **\$97,761,941** total MBSs in its investment portfolio, and the twelve (12) CRA qualifying MBSs had a December 31, 2024, book value of **\$9,062,269**.

A \$1.2 million CRA FHLMC MBS Investment was purchased in April 2024; the first CRA investment purchase since 2021, and the first investment purchase by the Bank, of any type of investment, since October 2022.

**(C) *State & Municipal Bonds***

The Bank will also consider purchasing specific bonds issued by the State of Delaware or Delaware municipalities that support low- and moderate-income, distressed, or under-served middle income geographies. On December 31, 2024, **no (\$0)** such investments were included in the Bank’s investment portfolio.

**(D) *Non-Profit Organization Contributions***

The Bank continues to contribute to many non-profit organizations that serve the low- and moderate-income households and geographies within our CRA Assessment Area. Requests are funded from the Bank’s annual operating budget and are evaluated by a Community Affairs committee. No endowment, foundation, or special set-aside exists for these contributions.

CRA contributions in 2024 included payments to **51** CRA qualifying non-profits, amounting to **75%** of the Bank’s total Community Affairs contributions. The CRA Budgeted to Actuals Expenditures report contains the listing of community organizations who received contributions from the Bank.

<u>Contributions</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
CRA Budgeted - \$	\$ 60,000		\$ 54,000		\$ 58,000	
Total Paid - \$	\$106,011	100%	\$123,557	100%	\$122,902	100%
CRA Qualifying	\$ 80,100	75%	\$ 79,698	65%	\$ 80,563	65%

CRA qualifying contributions increased slightly in 2024 and remain a substantial portion of total community contributions. The Bank’s sponsorship of Banzai financial Literacy Software is included in the totals, as are the capital campaign contributions to Sunday Breakfast Mission and Delaware Prosperity Partnership, and the Wilmington Blue Rocks “Walk” sponsorship payments to Jefferson Street Center and Limen House.

**(E) *Volunteerism with Non-Profit Organizations that Serve the LMI Community***

The Bank continues to encourage its Associates to volunteer with the many non-profits that serve the low- and moderate-income sector within our CRA Assessment Area. Please refer to the report “**Bank Officer and Board Member Leadership Activities**” for the 2024 listings of the community organizations served by the Bank. Highlights include our involvement in the State of Delaware’s new Council on Banking, Delaware’s Workforce Housing Initiative, and our support of CDFIs True Access Capital, Cinnaire, and Stepping Stones Community FCU.

**15. CRA Deposit Account Based Initiatives:**

**(A) *Bank in School Accounts***

The Bank is a strong supporter of the Bank at School program, sponsored by U.D’s Center for Economic Education and Entrepreneurism. The pandemic shuttered the program, however as society reopened, the Bank was able to resume its programs at Holy Angels (Midway), Caravel Academy (Glasgow), and Brown Elementary (Dover) and open new programs at Odyssey Charter (Little Falls); Robinson Elementary (Dover); Linden Hill Elementary (Pike Creek); Lord Baltimore Elementary (Millville); and Lancashire Elementary (Graylyn). Currently, there are seven active programs: two of which are CRA qualifying. School accounts receive a premium (0.25% APY) 15 basis points over the Bank’s standard statement savings interest rate.

<u>School Accounts</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School Accounts	661 \$174,235	704 \$169,693	576 \$155,522

**(B) *Easy Access Accounts***

In 2021, the Bank joined the national “Bank-on” coalition to provide certified bank accounts to the unbanked and underbanked. With the support of Jack Henry, the Bank developed an Easy Access transaction account which incurs no overdraft, NSF, or dormancy fees, and has a \$3 monthly service charge, which is waived with either a \$300 minimum daily balance, or an ACH debit or ACH credit each statement cycle. The account holders also receive a free debit card, free online and mobile banking access, and up to four free money orders per statement cycle.

The Bank rolled out its Easy Access product at the end of 2021 and recertified its account with the St. Louis FRB at the end of 2024. The Bank markets the product to consumers who don’t pass the Bank’s traditional ChexSystems screening for a transaction account. The CRA Officer is also on a DBA Committee attempting to establish a state-wide Bank-On Coalition through the United Way of Delaware.

<u>Easy Access Accounts</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Easy Access Accounts	85 \$72,398	69 \$68,964	46 \$109,101

**(C) *Free Savers, Group Savers, Individual Development, and EITC Accounts***

In response to specific community needs, the Bank developed several entry-level savings products for the non-banked and under-banked segments of our community. These products are non-direct to consumer products, requiring a referral from a participating local community agency. Although largely legacy products, the Bank remains a leading proponent of promoting entry-level deposit banking products in Delaware.



Free Savers accounts are active unrestricted statement savings accounts, eligible to be opened as a second chance account by anyone referred to us by a participating agency. Group Savers accounts are a restricted version of this active product, where customer withdrawals require the authorization of the participating agency.

Earned Income Tax Credit (EITC) accounts were legacy Free Saver and/or Small Dollar Time Deposit accounts that were opened in support of Delaware’s now defunct Statewide Earned Income Tax Credit (Spend Some/Save Some) campaign. Individual Development Accounts were legacy restricted savings accounts, opened under structured savings programs that encouraged home ownership, micro enterprise development, or continuing education. IDA participants typically received matching funds funded from the public or private sector.

<u>Unrestricted Savers</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Free Savers	28 \$36,540	53 \$17,124	42 \$24,670
EITC Savings/Time	46 \$26,633	54 \$40,305	68 \$37,389
<u>Restricted Savers</u>			
IDA’s/Group Savers	61 \$ 9,577	71 \$ 5,408	87 \$32,398

**(D) Interest on Lawyer’s Trust Accounts**

The Bank also participates in the Delaware IOLTA (Interest on Lawyers’ Trust Account) program established by the Supreme Court of Delaware. This Fund is supported by the interest which accrues on aggregated escrow and trust account balances (for comingled client deposits) maintained by participating attorneys. The interest is then sent monthly to the Delaware Bar Foundation and distributed to non-profit agencies that provide legal services for the indigent. The Bank has agreed to pay a minimum of 65 basis points to support the IOLTA program.

<u>IOLTA Accounts</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
IOLTA Accounts	8 \$86,424	8 \$115,680	6 \$57,940

**16. Other CRA Service Based Initiatives:**

**(A) Statewide Branch Presence**

Artisans’ Bank continues to operate 12 full-service bank branches: eight in New Castle County, two in Kent County, and two in Sussex County. The Wilmington, Dover, Milford, Downtown, and Little Falls branches are located in moderate-income census tracts while the Dover Milford, Downtown, and Bear branches are located in minority-majority census tracts. Most of our branch locations offer Saturday hours and drive-thru lanes. We also continue to maintain commercial/residential/consumer loan offices in all three counties.

**(B) *Dual Language ATMs at all Bank Locations***

The Bank operates dual language ATMs at all 12 branch locations to promote 24-hour banking. The Bank's ATM system has instructions in Spanish and English to assist customers of Hispanic origin. All the Bank ATMs are ADA compliant.

**(C) *Affordable Deposit Accounts***

The Bank continues to offer a "Personal Checking" product to consumers with only a \$50 minimum deposit to open; no minimum balance requirements; no monthly service or per check charges; free online banking, bill payment, and e-statements; the first 50 checks free; and no annual ATM/Visa Debit fees.

The Bank's Statement Savings accounts are also affordable to low- and moderate-income consumers as they require only a \$10 minimum deposit to open, and only a \$50 minimum balance to earn the stated APY. While Statement Savings accounts are subject to a \$5 monthly service fee, the average daily balance required to avoid the monthly service fee is only \$100.

The minimum balance to open a standard Artisans' Bank Certificate of Deposit or IRA account is \$1,500 or \$500 respectfully, amounts that are relatively affordable to most consumers and are lower than the minimum to open requirements for many other local banks.

**(D) *FHLB of Pittsburgh's Community Investment Products***

The Bank remains an active member of the FHLBank Pittsburgh. To recognize the Bank's active involvement, the FHLBank Pittsburgh named Artisans' Bank as one of their two "Pillar of the Community" banks for 2023. This award resulted in a marketing video, featuring the Bank's President and CRA Officer and two local community agency representatives, as well as a \$1,000 donation from the FHLBank directly to Jefferson Street Center, one of the two local agencies.

In 2024, the CRA Officer attended the FHLBank's annual Affordable Housing Celebration, which honored retiring Delaware Senator Tom Carper. Also in 2024,

- The FHLBank awarded a **\$750,000** Voluntary Housing Grant award to Cornerstone West CDC's 8th Street (Wilmington) Project, for which Artisans' Bank was the Member Bank.
- Unfortunately, **both (2)** our FHLBank Affordable Housing Program applications for 2024 were not awarded. The applications were from Interfaith Community Housing's planned revitalization of the Arbor Place apartment complex in New Castle and Dover Interfaith Mission for Housing's effort to provide Housing for the Unhoused in Dover.

- The FHLBank awarded **sixteen (16)** Home4Good program applications totaling **\$1,500,000**, for the benefit of **twelve (12)** local housing organizations. The applications were for their rapid re-housing, homelessness prevention, homelessness diversion, re-entry assistance, and street outreach programs.
- Also, **two (2)** FHLBank Banking on Business Inclusion and Equity Fund applications for **\$320,000** were approved on behalf of the Bank’s commercial customers. Details on the loans to Delmarva Irrigation and Bayside Gymnastics are included in the Community Development Loans section of this report.
- Finally, **no (0)** FHLB FFD settlement assistance grant applications were awarded on behalf of our first-time homebuyer mortgage customers.

<u><b>AHP Program</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Applications Submitted - #	2	2	2
Grants Awarded - #, \$	0 \$0	0 \$1.5M	0 \$0

<u><b>Banking on Business (IE)</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Applications Submitted	2	2	0
Grants Awarded - #, \$	2 \$320,000	1 \$75K	0 \$0

<u><b>First Front Door</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Originations - #, \$	0 \$0	1 \$5,000	1 \$5,000

<u><b>Home4Good</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Grants Awarded - #, \$	16 \$1,500,000	14 \$1,075,000	12 \$1,075,000

***FHLBank Pittsburgh Blueprint Community***

In 2016, CRO Joel Schiller was appointed to the Washington Heights Blueprint Community team. This FHLBank Pittsburgh, University of Delaware, and City of Wilmington community development initiative was focused on improving the low/moderate-income census tracts of Old Brandywine Village and Washington Heights, as well as the Triangle neighborhood in North Wilmington. In 2019, Mr. Schiller joined the Board of Jefferson Street Center, Inc., the newly formed anchor organization that continues to serve these underserved LMI communities. In 2023, commercial lender Ann Rudolph replaced Mr. Schiller on the JSC Board and currently serves as their Treasurer.

**(E) *Servicing of Delaware State Housing Authority Loan Portfolios***

The Bank continues to service, at no cost, two small loan portfolios on behalf of the Delaware State Housing Authority. In 2017, the Bank renewed its DSHA mortgage servicing agreement, and agreed to perform this servicing at no cost, in order to retain its status as a small mortgage servicer.

<u>DSHA Portfolios</u>		<u>2024</u>		<u>2023</u>		<u>2022</u>
MRB Loans (Type 52) - #, \$	9	\$53K	13	\$92K	18	\$0.1M
Rehab Loans (Type 18) - #, \$	1	\$11K	4	\$30K	5	\$0.1M

**(F) *Delaware Adolescent Program, Inc.***

COO, Rich Tulin, continues to serve as the Treasurer for the Delaware Adolescent Program, Inc. DAPI operates three Delaware high schools (one in each County) that provide standards-based education for LMI pregnant and parenting teens with unique outreach, mentoring, and supportive services promoting empowerment and self-sufficiency.

**(G) *State of Delaware’s Council on Banking***

CEO, Elizabeth Albano has been appointed to the State of Delaware’s Council on Banking, which serves in an advisory capacity to the State Bank Commissioner’s Office. In 2023, the Council on Banking was tasked with administering the \$2.5M Delaware Community Investment Venture Fund, crested in 2023, to focus on incentivizing banks and federal credit unions to better serve LMI customers within the disadvantaged areas of the State.

**(H) *Banzai Financial Education Software***

In 2019, the Bank began sponsoring Banzai financial education software in nine Delaware schools, so that teachers in these schools can use this online educational platform as a teaching tool within their financial literacy curriculums. The Bank makes the Banzai financial literacy tool available for free to all bank customers and to the general public, via a link from the Bank’s Homepage.

Banzai is currently being used at Bancroft Elementary, Caravel Academy, the DAPI School (CRA), Glasgow High (CRA), Holy Angels (CRA), Hodgson VoTech School, Star Hill Elementary, and Warner Elementary (CRA).

**(I) *Community Volunteerism***

The Bank continues to encourage its Directors, Officers, and Associates to volunteer on the boards, committees, or in leadership positions with the many non-profit organizations that serve our CRA Assessment Area. This information, as well as community events attended by Bank personnel, is tracked by the CRA Officer on the FDIC CRA Services Activity log. The Bank also offers its facilities, primarily the Multi-Purpose Room at the Little Falls headquarters, to a variety of community groups at no charge.

<u>CRA Activities</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Community Events	480 Hours	780 Hours	745 Hours

**17. CRA Complaints**

The Bank received no complaints regarding its CRA performance in 2024. As a mutually owned community bank serving Delawareans since 1861, the Bank prides itself on its CRA performance. The Bank continues to maintain a board approved Complaint Handling Policy, and a master Complaint Tracking Log, which includes regulatory, written, and escalated verbal complaints. The Bank's internal analysis of its 2024 complaint log revealed no concerning trends or patterns with regards to CRA or Fair Lending.

**18. CRA Public File**

The Bank maintains a compliant CRA Public File, updated annually, typically by April 1 of each year. The Bank's master CRA Public File is maintained by the CRA Officer at the Little Falls headquarters; however, a free copy of the report is available upon request. The branches display the required CRA Public Notice on their regulatory black boards and maintain a "thin" version of the Bank's CRA Public File. The branches also maintain a log of public requests to view the CRA file. As mandated by the CRA Modernization Act, a copy of the CRA Public File has been added to the Bank's website. No requests to view the Bank's CRA Public File were noted in 2024.

**19. CRA Accomplishments:**

The Bank remains proud of its statewide branch and ATM network; its ability to offer affordable loan and deposit products for consumers of all economic backgrounds; its no-cost electronic banking services; and its active participation with community development financial institutions, local non-profit agencies, and the public sector, in developing and delivering a roster of innovative and flexible CRA products and services to consumers.

The Bank remains proud of the active involvement of its CRA Management and CRA Board Committees and the community involvements of its Directors, Officers, and Associates. The Bank also maintains robust data collection and reporting activities which highlight the Bank's CRA programs.

The Bank remains proud of its residential mortgage, home equity, and commercial lending teams; its consideration of CRA qualifying community development investments and lending opportunities; its support of FHLBank's roster of community dividend products; its support of the Delaware CDFI community; its revamped Homeownership Program; its Credit Builder and Small Dollar loan programs; its Bank-On certified Easy Access account; the affordability of its other consumer deposit products; and its overall support of financial literacy in Delaware, including its promotion of the Banzai financial literacy software and the statewide initiatives to develop and implement K-12 financial literacy standards, and a mandatory high school financial literacy course.

**20. 2024 Calendar Year Highlights:**

- Continued targeted marketing of our CRA loans and deposit products.
- Continued strong In/Out lending percentages from our CRA Assessment Area.
- An increase in our overall loan to deposit ratio
- An increase in the percentage of HMDA applications taken from LMI applicants and from LMI geographies.
- Our continued low denial, withdrawal, and non-originated loan application rates.
- The continued mix of smaller CRA Small Business loans and loans to borrowers with revenues under \$1M.
- The expansion of qualifying CRA Community Development lending
- An expansion in multi-family housing loans
- A CRA qualifying FHLMC mortgage-backed security purchase, when no other Bank investment purchases were made.
- Sixteen FHLBank Home4Good awards totaling \$1,500,000
- A \$750,000 FHLBank Voluntary Housing Grant to Cornerstone West CDC
- Two FHLBank Banking on Business Equity & Inclusion Fund loans for \$320,000.
- No CRA based complaints.

**21. 2025 Initiatives:**

- To expand our community leadership and involvement with the community.
- To increase the number of loans from LMI and MMT tracts and LMI applicants throughout our CRA Assessment Area.
- To increase our presence in Kent County and Western Sussex County.
- To continue our targeted marketing of CRA loan and deposit products and services to the community.
- To continue our focus on staff diversity, in an effort to attract more loans from minorities.
- To continue to take advantage of community development qualifying loan and investment opportunities.

The final challenge facing the Bank will be to comply with the modernization of the Community Reinvestment Act and the requirements of the Dodd Frank Act, Section 1071 (minority and women owned business) reporting requirements. CRA Modernization will require a specific minimum amount of community development lending based on the Bank's average deposits within each CRA Assessment Area and provide a reduced value for deposit and service-based initiatives. DFA 1071 will require the collection and reporting of specific information related to loans to women and minority owned businesses. Postscripts: CRA Modernization has been repealed and the existing CRA requirements will continue to be applied to the Bank. Also, the DFA 1071 Final Rule was also recalled. The Bank will await to see how DFA 1071 will be applied to the Bank.

**22. Conclusion:**

As previously stated, it remains the opinion of the CRA Officer that the Bank continues to **Satisfactorily** meet the credit and financial services needs of the Bank's CRA Assessment Area; including the low and moderate income and minority-majority geographic sectors of the communities we serve.

As we look ahead, we anticipate the current economic environment and elevated interest rates will continue to present challenges to the Bank's lending programs. Mortgage volumes are expected to remain soft, bringing even more focus on the ability of our CRA Targeted Marketing to attract more first-time homebuyer, low-and moderate-income applicants, and minority applicants.

Despite these challenges, the Bank remains committed to both the spirit and the technical requirements of the Community Reinvestment Act.

This concludes the CRA Officer's CRA Self-Assessment Report for calendar year 2024.