



Community Reinvestment Act

Public File 2025

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TAB 2

FDIC's CRA Evaluation Public Disclosure Report dated August 15, 2022

PUBLIC DISCLOSURE

August 15, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Artisans' Bank
Certificate Number: 17123

2961 Centerville Road
Wilmington, DE 19808

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

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 RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

DESCRIPTION OF INSTITUTION

Background

Artisans' Bank (Artisans') is a mutually owned savings bank headquartered in Wilmington, Delaware (DE), in New Castle County. The bank received an overall CRA rating of "Satisfactory" at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated December 3, 2019, based on the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution Examination Procedures.

Operations

Artisans' operates 12 full-service branch offices and serves the entire state of DE, encompassing Kent, New Castle, and Sussex Counties. Each branch location also features a deposit-taking automated teller machine (ATM). The distribution of branch offices is as follows: Kent County (2), New Castle County (8), and Sussex County (2). Of these 12 branches, 2 are located in moderate-income census tracts, 4 in middle-income census tracts, and 6 in upper-income census tracts. None of the bank's 12 branches are located in a low-income census tract. On July 1, 2022, the bank closed its Rehoboth Branch Office and subsequently opened a new Rehoboth Branch Office on July 1, 2022. This location change reflects a move from a middle-income census tract to an upper-income census tract within Sussex County. There were no other changes to Artisans' branch locations. There was also no merger or acquisition activity during the evaluation period.

Artisans' offers a variety of consumer and commercial loan and deposit products. Consumer loan products offered include fixed- and adjustable-rate home mortgage loans, home equity loans and lines of credit, and personal loans. In addition to conventional home mortgages, Artisans' offers government-backed home mortgage loan programs through the Federal Housing Administration (FHA) and the Veterans Administration (VA); however, these programs were paused in 2020 and 2021 due to staffing shortages. The bank also has two small dollar consumer loan programs focused on assisting low- and moderate-income individuals. Commercial loan products offered include installment loans and lines of credit. Deposit products include consumer checking, savings, and money market accounts and certificates of deposit (CDs), along with commercial checking and savings accounts. Artisans' also offers a variety of alternative banking services, including online, mobile, and telephone ("Touch Tone") banking, and online bill pay.

Ability and Capacity

Bank assets totaled approximately \$669.9 million as of June 30, 2022, which included total loans of \$447.7 million, total securities of \$148.6 million, and total deposits of \$602.1 million. Since the prior evaluation, total assets increased 23.5 percent, total loans increased 15.5 percent, and total deposits increased 27.7 percent.

Artisans' loan portfolio remained consistent since the prior evaluation. The bank continues to focus on nonresidential and residential real estate lending, which account for 44.8 percent and 30.1 percent of the loan portfolio respectively. The following table details the loan portfolio composition as of June 30, 2022.

Loan Portfolio Distribution as of June 30, 2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	56,311	12.6
Secured by Farmland	2,700	0.6
Secured by 1-4 Family Residential Properties	134,727	30.1
Secured by Multifamily (5 or more) Residential Properties	13,846	3.1
Secured by Nonfarm Nonresidential Properties	200,537	44.8
Total Real Estate Loans	408,121	91.2
Commercial and Industrial Loans	38,731	8.7
Agricultural Production and Other Loans to Farmers	194	0.0
Consumer Loans	606	0.1
Other Loans	23	0.0
Total Loans	447,675	100.0
<i>Source Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. Artisans’ designates three assessment areas, which are the three counties comprising the state of DE. Kent County is within the Dover, DE Metropolitan Statistical Area (MSA) #20100. New Castle County is in the Wilmington, DE-Maryland (MD)-New Jersey (NJ) Metropolitan Division #48864, which is also a part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA #37980. Sussex County is within the Salisbury, MD-DE MSA #41540.

The assessment area has not changed since the prior evaluation. The prior evaluation presented two assessment areas: the Philadelphia CSA #428 and Salisbury, MD-DE MSA #48864. The Philadelphia CSA #428 encompasses both the Dover, DE MSA #20100 and Wilmington, DE-MD-NJ Metropolitan Division #48864. This presentation was chosen because performance at the MSA level was similar. For the purposes of this performance evaluation, presentation is at the MSA/MD level to provide a more meaningful analysis of Artisans’ lending and community development performance within its three assessment areas given the institution’s size, capacity, and operations.

The following table depicts the distribution of census tracts and branches by assessment area.

Description of Assessment Areas			
MSA Number	Name of Assessment Area	# of Census Tracts	# of Branches
48864	Wilmington, DE-MD-NJ Metropolitan Division #48864 (<i>New Castle County</i>)	131	8
20100	Dover, DE MSA (<i>Kent County</i>)	33	2
41540	Salisbury, MD-DE MSA #41540 (<i>Sussex County</i>)	54	2
Totals		218	12
<i>Source Bank Records and 2015 ACS Census data</i>			

Please refer to the individual assessment areas for demographic and economic data details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation to the current evaluation, from December 3, 2019, through August 15, 2022. Examiners used the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution Examination Procedures to evaluate Artisans' CRA performance. The procedures include the Lending Test and Community Development Test. Please refer to the Appendices for complete descriptions of these tests.

Examiners performed full-scope reviews for all three assessment areas. Examiners refer to these collectively as the combined assessment area within the evaluation. Artisans' performance within the Wilmington, DE-MD-NJ Metropolitan Division assessment area contributed the most weight to the conclusions, given that a majority of the bank's branches, lending activities, and deposits are within New Castle County.

Activities Reviewed

Examiners determined Artisans' major product lines to be home mortgage and small business loans, originated and/or purchased. This conclusion considered the bank's business strategy, along with the number and dollar volume of loans made during the evaluation period based on the Home Mortgage Disclosure Act (HMDA) and CRA loan application registers (LARs). Artisans' record of originating home mortgage loans contributed more weight to the overall conclusions due to the larger loan volume (by number) during the evaluation period compared to small business lending. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings, and are not presented.

Examiners reviewed all home mortgage loans reported on Artisans' 2019, 2020, and 2021 HMDA LARs. Home mortgage loans include purchase money mortgage, refinance, and home improvement loans. Artisans' reported 196 home mortgage loans totaling \$40.7 million in 2019; 402 home mortgage loans totaling \$104.1 million in 2020; and 293 home mortgage loans totaling \$78.3 million in 2021. Aggregate lending data for 2019 and 2020, and demographic data from the 2015

American Community Survey (ACS) provide a standard of comparison for home mortgage lending performance. Aggregate data consists of all reporters subject to HMDA data collection requirements that reported loans within Artisans' assessment areas.

Examiners also reviewed all small business loans reported on Artisans' 2019, 2020, and 2021 CRA LARs. Artisans' reported 107 small business loans totaling \$28.7 million in 2019; 89 small business loans totaling \$18.9 million in 2020; and 90 small business loans totaling \$21.5 million in 2021. Although Artisans' is not required to collect or report its small business loan data due to its asset size, the bank has elected to do so. For comparison purposes, examiners reviewed 2019 and 2020 small business aggregate data to provide a standard of comparison for small business lending performance. Aggregate data consists of all institutions that reported small business loans in Artisans' assessment areas. Examiners also reviewed 2019, 2020, and 2021 D&B business demographic data to provide additional standards of comparison for Artisans' small business lending performance.

Artisans' did not participate in the Small Business Administration (SBA) Paycheck Protection Program (PPP); therefore, the bank did not originate any PPP loans during the COVID-19 pandemic.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans originated and/or purchased during 2019, 2020, and 2021. As previously stated, home mortgage lending contributed more weight to overall conclusions. Although the evaluation presents both the number and dollar volume of loans, examiners emphasized performance based on number of loans because this is a better indicator of the number of individuals and businesses served.

Bank management provided data on qualified community development loans, investments, and services since the prior evaluation dated December 3, 2019, through the current evaluation dated August 15, 2022.

Within this performance evaluation, percentages are rounded to the nearest one-tenth. Due to rounding, some totals may not add up to 100.0 percent. These are indicated as applicable.

Community Contacts

As part of the CRA evaluation process, examiners contact third parties active within the assessment area to assist in identifying the credit and community development needs of the area. This information helps determine whether local financial institutions are responsive to these needs, and shows what credit and community development opportunities are available. For this evaluation, examiners reviewed recent community contacts conducted within the past six months within each of Artisans' assessment areas. Please refer to the individual assessment areas for details.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Artisans' demonstrated satisfactory performance under the Lending Test. The institution's performance in the Loan-to-Deposit (LTD) Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria support this conclusion.

This section of the evaluation presents the institution's overall performance. Conclusions regarding the institution's overall performance are consistent with the conclusions for each individual assessment area.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Artisans' LTD ratio, calculated from Call Report data, averaged 74.2 percent over the past 11 calendar quarters from December 31, 2019, to June 30, 2022. The ratio ranged from a high of 82.5 percent as of December 31, 2019, to a low of 70.7 percent as of September 30, 2021. During the evaluation period, Artisans' also originated \$124.8 million in loans that were subsequently sold on the secondary market; these loans are also not reflected in the LTD ratio.

The following table compares the bank's LTD ratio to similarly situated institutions, which examiners selected based on lending focus, geographic location, and asset size. This further supports the bank's reasonable performance.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2022 (\$000s)	Average Net LTD Ratio (%)
Artisans' Bank	669,867	74.2
County Bank	600,149	70.4
The Bank of Delmarva	1,029,633	79.2

Source Reports of Condition and Income 12/31/2019 – 6/30/2022

Assessment Area Concentration

As shown in the following table, a substantial majority of loans and other lending related activities, by both number and dollar volume, are within Artisans' assessment areas.

Lending Inside and Outside of the Assessment Area Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	184	93.9	12	6.1	196	36,810	90.4	3,916	9.6	40,726
2020	371	92.3	31	7.7	402	93,250	89.6	10,814	10.4	104,064
2021	270	92.2	23	7.9	293	70,105	89.5	8,237	10.5	78,342
Subtotal	825	92.6	66	7.4	891	200,165	89.7	22,967	10.3	223,132
Small Business										
2019	98	91.6	9	8.4	107	26,613	92.7	2,082	7.3	28,695
2020	76	85.4	13	14.6	89	15,955	84.1	3,015	15.9	18,970
2021	77	85.6	13	14.4	90	18,520	86.0	3,007	14.0	21,527
Subtotal	251	87.8	35	12.2	286	61,088	88.3	8,104	11.7	69,192
Total	1,076	91.4	101	8.6	1,177	261,253	89.4	31,071	10.6	292,324

Source Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment areas. Examiners focused on the number of loans made within low- and moderate-income census tracts. Artisans’ performance in the Wilmington, DE-MD-NJ Metropolitan Division assessment area contributed the most weight in forming the overall conclusions given that a majority of the bank’s lending activity and branches is in New Castle County. However, performance was consistent in each assessment area.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Examiners focused on the number of loans made to low- and moderate-income borrowers and small businesses with gross annual revenues (GARs) of \$1.0 million or less. Artisans’ performance in the Wilmington, DE-MD-NJ Metropolitan Division assessment area contributed the most weight in forming the overall conclusions given that a majority of the bank’s lending activity and branches is in New Castle County. However, performance was consistent in each assessment area.

Small Dollar Loan Programs

- **The Society of St. Vincent de Paul** – a small dollar loan program in cooperation with the Society of St. Vincent de Paul, a charitable organization affiliated with the Catholic Diocese of Wilmington. This is a low-interest, no fee, micro-loan program secured by a deposit account for the low-income clientele of St. Vincent de Paul. The purpose of this small

dollar loan program is to provide funds for temporary hardships as an alternative to payday or title loans. Borrowers can apply for loan amounts ranging from \$300 to \$2,000. During the evaluation, period Artisans' originated three of these small dollar loans.

- **Credit Builders Consumer Loan Program** – an in-house small dollar loan program offered to individuals on a referral basis. This is a low-interest, no fee loan attached to a deposit savings account. The loan's purpose is to assist in accruing the savings necessary for a home purchase down payment and strengthen borrowers' credit scores while doing so. Referrals come from local homeownership and community service organizations. As the borrower repays the loan, loan payments are deposited into the attached savings account. At the end of the loan term, the borrower receives the original loan principal plus interest accrued on their deposit account. During the evaluation period Artisans' originated 16 of these small dollar loans.

Response to Complaints

Artisans' did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Artisans' community development performance demonstrates adequate responsiveness to the community development needs in its assessment area through qualified community development loans, investments, and services. Examiners considered Artisans' capacity, along with the need and availability of community development opportunities within the assessment areas.

Community Development Loans

Artisans' made six community development loans totaling approximately \$5.2 million during the evaluation period. This level of activity represents 1.3 percent of average total loans, which is consistent with performance at the prior evaluation period, at which community development loans totaled 1.2 percent of average total loans. While the dollar volume of community development lending increased, the number volume of loans decreased since the prior evaluation. At the prior evaluation, Artisans' had 13 qualified community development loans totaling \$4.5 million.

For this evaluation, qualified loans benefitted low- and moderate-income individuals and revitalized low- and moderate-income geographies within the assessment areas. Examiners also compared Artisans' level of community development loans to similarly situated institutions operating primarily within the combined assessment area. The following table shows Artisans' community development loans during the evaluation period by year and purpose.

Community Development Lending Combined Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	1	251	0	0	0	0	1	444	2	695
2021	3	1,087	0	0	0	0	1	3,400	4	4,487
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	4	1,338	0	0	0	0	2	3,844	6	5,182
<i>Source Bank Data</i>										

Below are some notable examples of Artisans’ community development loans benefitting the combined assessment area.

- In 2021, the bank provided a \$500,000 unsecured working capital line of credit to a non-profit Community Development Financial Institution (CDFI) that specializes in affordable housing development, education, and lending in Dover, DE. As a service provider for lower-income households, this organization also offers pre-purchase counseling, financial education, and default and foreclosure prevention programs. This loan supports one of the primary community development needs of the community by funding affordable housing for low- and moderate-income individuals.
- In 2020, the bank originated a loan to an organization for the purpose of providing affordable housing for low- and moderate-income individuals in New Castle, DE. The \$580,000 loan was for the purchase of a 12-unit apartment building. All the rents in the building are below Housing and Urban Development (HUD) fair market value rents for the area.

Qualified Investments

Artisans’ made six investments totaling approximately \$9.4 million during the evaluation period. This level of activity represents 6.6 percent of average total securities and 1.5 percent of average total assets. These investments supported affordable housing to low- and moderate-income individuals. Artisans’ also maintains prior period investments outstanding totaling \$2.4 million. The number and dollar volume of investments increased since the prior evaluation. At the prior evaluation, Artisans’ had four qualified investments totaling \$4.6 million.

Artisans’ also made 131 donations totaling \$141,000 during the evaluation period. This performance is also an increase by number and dollar volume since the prior evaluation. At the prior evaluation, Artisans’ made 128 qualified donations totaling approximately \$127,000.

Overall, 99.1 percent of Artisans’ qualified investments and donations by dollar amount had a primary purpose of supporting affordable housing in the bank’s combined assessment area. The following table shows Artisans’ qualified investments and donations during the evaluation period by year and purpose.

Qualified Investments and Donations <i>Combined Assessment Area</i>										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	2,398	0	0	0	0	0	0	2	2,398
2020	2	3,608	0	0	0	0	0	0	2	3,608
2021	4	5,788	0	0	0	0	0	0	4	5,788
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	8	11,794	0	0	0	0	0	0	8	11,794
Qualified Grants & Donations	36	36	81	86	11	18	3	1	131	141
Total	44	11,830	81	86	11	18	3	2	139	11,936
<i>Source Bank Data</i>										

Below are notable examples of the bank's qualified investments and donations benefitting the combined assessment area.

Investments

- The bank purchased two Government National Mortgage Association (GNMA) mortgage-backed securities (MBS) totaling approximately \$4.0 million. These securities consisted of 16 mortgages, all of which were to low- and moderate-income borrowers. This investment supports affordable housing in DE.

Qualified Grants/Donations

- The bank made several donations totaling \$7,500 to a community reinvestment organization located in New Castle County, DE and serving the statewide area. The organization's mission is to provide low- and/or no-cost services, including banking and legal services, to individuals. The organization's partnerships with member banks allow it to provide free financial education classes and financial literacy resources to low- and moderate-income individuals in DE.
- During the evaluation period, the bank contributed approximately \$8,500 to the DCIC Equity Fund. DCIC is a non-profit financial institution that provides loans and equity investments for affordable housing and community development projects located across DE. The DCIC Equity Funds serves as investment for low-income housing.

Community Development Services

During the evaluation period, Artisans' directors, managers, and employees provided 57 instances (756 service hours) of community development services throughout DE. The bank's performance, by instances, decreased since the prior evaluation; at the prior evaluation there were 85 instances of qualified community development services. The following table shows Artisans' community development services during the evaluation period by year and purpose.

Community Development Services Combined Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	7	8	4	0	19
2021	5	10	4	0	19
YTD 2022	5	10	4	0	19
Total	17	28	12	0	57
<i>Source Bank Data</i>					

Below are notable examples of the bank's community development services benefitting the combined assessment area.

- A senior bank officer served as Supervisory Committee Chair of a financial institution dedicated to servicing the limited income communities of Wilmington, DE. As Chair, this officer was responsible for ensuring the institution met financial objectives, established sound practices, and implemented effective programs that served its community.
- A senior bank officer served on the board of a community development organization that works independently and through local non-profit and private partners to acquire, rehabilitate, demolish, and construct quality affordable housing for low- and moderate-income homeowners throughout DE. As a board member, this officer was responsible for participating in board meetings and providing financial expertise to the organization.
- A bank officer served on the housing loan fund advisory committee of a CDFI located in DE. This organization revitalizes communities in DE by investing in multi-family affordable housing and related activities designed to address the needs of low- and moderate-income individuals and areas throughout DE. As a member of the committee, this officer provided financial and lending expertise.

Artisans' also provided the following community development services and programs during the evaluation period:

- FHLB Bank Pittsburgh – Affordable Housing Program: Artisans' supports the FHLB Pittsburgh's Affordable Housing Programs (AHP) by participating as the Member Bank on selected AHP applications. During the evaluation period, Artisans' supported one approved application, the Interfaith Community Housing's Willing Street Artist Village. The project includes 12 affordable housing units in the Hilltop section of Wilmington, DE.
- FHLB Pittsburgh - Home4Good Initiative (H4G): Artisans' participates in a program that helps those who are homeless or at risk of homelessness by channeling dollars to local service organizations specializing in this type of assistance. Artisans' supports the FHLB Pittsburgh's H4G initiative by participating as the member bank on select H4G applications. During the evaluation period, Artisans' supported 16 applications, requesting \$2.4 million

with the majority of organization combating homelessness in DE. The program approved 13 of the 16 applications to various organizations that support affordable housing and community services.

- IOLTA Accounts: Artisans’ participates in the Delaware Interest on Lawyers’ Trust Account (IOLTA) program established by the Supreme Court of DE. This fund is supported by interest that accrues on aggregated escrow and trust accounts (for comingled client deposits) maintained by participating attorneys. The interest paid on the IOLTA accounts is sent to the Delaware Bar Foundation and distributed to non-profit agencies that provide legal services for those in need. The Bank has agreed to pay a minimum of 65 basis points over its Fed Funds target rate to support the IOLTA program. One new account was opened during the evaluation period.
- Teach Children to Save: Artisans’ participates in this annual Delaware Banker's Association financial literacy initiative. Employees volunteer to teach a savings curriculum to elementary- and middle school-aged children. Teach Children to Save Day is part of a nationwide financial literacy effort that works to educate elementary school students throughout DE – targeting those from low- and moderate-income communities – on the importance of saving as the basis for future financial security.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION (NEW CASTLE COUNTY) – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION

Economic and Demographic Data

Artisans’ has designated all census tracts within New Castle County, DE as one of its three assessment areas. New Castle County is a part of the Wilmington, DE-MD-NJ Metropolitan Division #48864. The bank currently operates eight full-service branch offices within this assessment area. One branch is located in a moderate-income census tract; four branches are located in middle-income census tracts; and three branches are located in upper-income census tracts.

There are 131 census tracts within New Castle County. These tracts reflect the following income designations according to the 2015 ACS data:

- 8 low-income;
- 38 moderate-income;
- 50 middle-income;
- 33 upper-income; and
- 2 with no income designation.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area <i>Wilmington, DE-MD-NJ Metropolitan Division</i>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	131	6.1	29.0	38.2	25.2	1.5
Population by Geography	549,643	4.4	25.7	40.6	29.2	0.0
Housing Units by Geography	219,421	4.7	26.7	40.5	28.1	0.0
Owner-Occupied Units by Geography	139,675	2.0	21.5	41.7	34.9	0.0
Occupied Rental Units by Geography	62,593	9.1	35.3	39.5	16.0	0.0
Vacant Units by Geography	17,153	10.8	37.6	34.7	16.8	0.0
Businesses by Geography	48,170	2.6	28.8	40.9	27.6	0.0
Farms by Geography	1,027	0.8	18.9	44.0	36.3	0.0
Family Distribution by Income Level	132,978	20.7	18.0	20.8	40.5	0.0
Household Distribution by Income Level	202,268	23.8	16.1	18.3	41.8	0.0
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ		\$80,707	Median Housing Value			\$248,013
			Median Gross Rent			\$1,038
			Families Below Poverty Level			7.4%
<i>Source 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 219,421 total housing units in the assessment area. Of these, 63.7 percent are owner-occupied housing units, 28.5 percent are occupied rental units, and 7.8 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown above, 2.0 percent of the total owner-occupied housing units are located in low-income census tracts and 21.5 percent are located within moderate-income census tracts. This data reflects the opportunities lenders have to originate home mortgage loans within these income geographies.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories for the Wilmington, DE-MD-NJ Metropolitan Division assessment area for 2019, 2020, and 2021.

Median Family Income Ranges <i>Wilmington, DE-MD-NJ Metropolitan Division</i>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Wilmington, DE-MD-NJ Median Family Income (48864)				
2019 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2020 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
2021 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
<i>Source FFIEC</i>				

The Geographic Distribution criterion for small business lending compares small business loans to the distribution of businesses within the assessment area, while the Borrower Profile criterion considers the gross annual revenues (GARs) of these businesses. According to the 2021 D&B data, there were 49,197 businesses within the assessment area. The GARs of these businesses are as follows:

- 85.0 percent have GARs of \$1.0 million or less;
- 5.7 percent have GARs of over \$1.0 million; and
- 9.3 percent have unreported GARs.

Service industries represent the largest percent of businesses (46.3 percent), followed by retail trade (12.2 percent); non-classifiable establishments (10.7 percent); and finance, insurance, and real estate (10.0 percent). Within the assessment area, 68.5 percent of businesses have four or less employees, and 88.6 percent operated from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Moody’s Analytics, the top five employers in the Wilmington, DE-MD-NJ Metropolitan Division are the Christiana Care Health System, JPMorgan Chase & Co., Bank of America Corporation, AstraZeneca, and the University of Delaware.

The following table summarizes the average annual unemployment rate from the Bureau of Labor Statistics at the county, statewide, and national level during the evaluation period. Unemployment rates rose in 2020 due to the COVID-19 pandemic.

Unemployment Rates				
Area	2019	2020	2021	YTD 2022
	%	%	%	%
New Castle County, DE	3.6	7.5	5.3	4.6
Delaware Statewide	3.7	7.6	5.4	4.6
National Average	3.7	8.1	5.4	3.7

Source Bureau of Labor Statistics – annual averages; YTD 2022 figures are the average unemployment using January-June 2022 data.

Competition

This assessment area is a highly competitive market for financial services. A majority of the institutions operating within this assessment area are national banks. The most recent FDIC Summary of Deposits Market Share Report is as of June 30, 2021, and shows that there were 31 institutions operating a total of 162 branch offices across New Castle County. Of these, Artisans’ ranked 14th with 0.1 percent deposit market share. The two institutions with the largest deposit market share in the assessment area were Capital One, N.A. (with one branch office) and TD Bank, N.A. (with nine branch offices). These two institutions comprised 78.5 percent of the deposit market share as of June 30, 2021.

There is a high level of competition for home mortgage loans among the various banks, credit unions, and non-depository mortgage lenders serving the assessment area. The most recent Peer

Mortgage data is from 2020, and it reflects that 453 lenders originated or purchased a total of 43,758 mortgage loans in New Castle County. Of these 453 lenders, Artisans' ranked 38th with 0.7 percent of the home mortgage market share. The top three home mortgage lenders within the assessment area were Pike Creek Mortgage Services; Quicken Loans, LLC; and Wells Fargo Bank, N.A. Collectively, these three lenders comprised 17.4 percent of the market share in 2020.

There is also a high level of competition for small business loans among the various banks serving the assessment area. The most recent Peer Small Business Data is from 2020, and reflects that 184 lenders originated or purchased a total of 16,020 small business loans in New Castle County. Of these 184 lenders, Artisans' Bank ranked 27th with 0.3 percent of the small business loan market share. The top three small business lenders within the assessment area were American Express National Bank, WSFS Bank, and M&T Bank. Collectively, these three lenders comprised 34.7 percent of the market share in 2020.

Community Contact

Examiners reviewed a recent community contact with an organization that serves New Castle County, DE. The organization focuses on affordable housing and community revitalization. The contact identified and emphasized the need for affordable housing. The contact highlighted the rising cost of property in New Castle County, stating this has had a detrimental effect on low- and moderate-income individuals wishing to purchase a home. The contact also highlighted the rising cost of living, particularly rents, noting this also negatively impacting lower income individuals and families. The contact noted that, while banks operating within the area do provide support, there is an element of competition for funds due to proximity to the Philadelphia and Washington D.C. metro areas.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and affordable home mortgage loans are the primary credit and community development needs of the assessment area.

SCOPE OF EVALUATION – WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION

Examiners used full-scope examination procedures to evaluate Artisans' performance in the Wilmington, DE-MD-NJ Metropolitan Division assessment area. The products, weighting, and evaluation described in the overall Scope of Evaluation section are applicable to this assessment area analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION

LENDING TEST

Artisans' demonstrated satisfactory performance under the Lending Test within the Wilmington, DE-MD-NJ Metropolitan Division assessment area. The bank's performance under the Geographic Distribution and Borrower Profile criterion support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the number of loans in low- and moderate-income census tracts. Examiners also considered the demographics of the assessment area and the institution's size in formulating these conclusions.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

Artisans' lending in low-income census tracts was generally in line with aggregate performance during 2019 and 2020. As previously noted, only 2.0 percent of owner-occupied housing units are located in the county's low-income geographies. This, coupled with the competition from other lenders, impacts the bank's opportunity to originate home mortgage loans in these census tracts. Artisans' lending activity within low-income census tracts is also an improvement since the prior evaluation. In 2017 and 2018, the bank did not make any loans within the low-income census tracts in New Castle County. Also, while the number of loans remained steady during the two years, the dollar volume of loans in low-income census tracts increased over 75.0 percent.

For all three years, Artisans' lending in moderate-income census tracts trailed both demographic and aggregate lending data. While Artisans' lending performance in moderate-income census tracts trailed comparative metrics, consideration was given to the assessment area demographics and home mortgage market. A majority of the lending opportunities within the assessment area are located in the middle- and upper-income census tracts, where collectively 76.6 percent of the owner-occupied housing units are located within New Castle County. Moreover, the top three lenders within these area were Lakeview Loan Servicing, LLC; Pike Creek Mortgage Services; and Wells Fargo Bank, N.A. Given the area demographics and competition from larger, non-bank lenders, Artisans' performance is considered reasonable.

The following table summarizes the bank's lending performance across all census tract income designations.

Geographic Distribution of Home Mortgage Loans Wilmington, DE-MD-NJ Metropolitan Division						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.0	1.2	2	1.5	99	0.4
2020	2.0	1.0	2	0.7	175	0.3
2021	2.0	--	2	1.0	385	0.8
Moderate						
2019	21.5	19.6	16	11.7	3,674	14.3
2020	21.5	17.1	23	8.3	4,761	6.9
2021	21.5	--	29	15.2	4,757	9.8
Middle						
2019	41.7	40.0	49	35.8	6,953	27.0
2020	41.7	39.3	95	34.4	18,835	27.2
2021	41.7	--	72	37.7	18,519	38.3
Upper						
2019	34.9	39.2	70	51.1	15,034	58.4
2020	34.9	42.6	156	56.5	45,536	65.7
2021	34.9	--	88	46.1	24,750	51.1
Totals						
2019	100.0	100.0	137	100.0	25,760	100.0
2020	100.0	100.0	276	100.0	69,308	100.0
2021	100.0	--	191	100.0	48,411	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Artisans' lending performance in low-income census tracts exceeded demographic and aggregate lending data for all three years. During the three years evaluated, the number of loans in moderate-income census tracts also increased, and penetration levels were consistent with or exceeded aggregate performance. Given the area's characteristics and competition from larger lenders, performance is reasonable.

Geographic Distribution of Small Business Loans Wilmington, DE-MD-NJ Metropolitan Division						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.7	1.9	4	6.7	1,790	12.9
2020	2.5	2.0	2	3.8	219	2.4
2021	2.6	--	2	4.3	120	1.4
Moderate						
2019	28.4	29.4	15	25.0	3,512	25.3
2020	28.9	27.5	16	30.2	3,371	36.8
2021	28.8	--	20	42.6	3,265	39.4
Middle						
2019	40.1	38.9	33	55.0	6,385	46.0
2020	39.9	40.4	24	45.3	3,617	39.5
2021	40.9	--	14	29.8	3,544	42.8
Upper						
2019	28.8	29.8	8	13.3	2,190	15.8
2020	28.6	30.1	11	20.8	1,957	21.4
2021	27.6	--	11	23.4	1,356	16.4
Totals						
2019	100.0	100.0	60	100.0	13,877	100.0
2020	100.0	100.0	53	100.0	9,164	100.0
2021	100.0	--	47	100.0	8,285	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgages reflects reasonable penetration among individuals of different income levels.

Artisans' lending to low-income borrowers within the assessment area was in line with aggregate performance during the evaluation period. Although performance trailed demographic data for all three years evaluated, this is not unexpected as a low-income borrower may have difficulty obtaining a home mortgage loan, given the cost of housing.

The bank’s lending performance to moderate-income borrowers was in line with demographic and aggregate lending data for all three years. The performance remained consistent with lending levels at the prior evaluation. Given housing affordability and competition from numerous large or non-bank lenders, performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level <i>Wilmington, DE-MD-NJ Metropolitan Division</i>						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.7	9.2	16	11.7	1,584	6.2
2020	20.7	8.2	21	7.6	2,608	3.8
2021	20.7	--	15	7.9	1,690	3.5
Moderate						
2019	18.0	20.1	23	16.8	3,036	11.8
2020	18.0	18.5	35	12.7	5,715	8.2
2021	18.0	--	21	11.0	3,264	6.7
Middle						
2019	20.8	20.6	29	21.2	5,187	20.1
2020	20.8	20.1	66	23.9	13,900	20.1
2021	20.8	--	49	25.7	11,228	23.2
Upper						
2019	40.5	28.3	55	40.1	13,524	52.5
2020	40.5	33.9	134	48.6	41,035	59.2
2021	40.5	--	74	38.7	22,443	46.4
Not Available						
2019	0.0	21.8	14	10.2	2,430	9.4
2020	0.0	19.4	20	7.2	6,050	8.7
2021	0.0	--	32	16.8	9,786	20.2
Totals						
2019	100.0	100.0	137	100.0	25,760	100.0
2020	100.0	100.0	276	100.0	69,308	100.0
2021	100.0	--	191	100.0	48,411	100.0

*Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes.

As shown in the table below, Artisans’ lending to small businesses with GARs of \$1.0 million or less exceeded aggregate lending data in both 2019 and 2020. For all years, performance trailed demographic data, but is reasonable considering the institution’s size and area competition.

Distribution of Small Business Loans by Gross Annual Revenue Category <i>Wilmington, DE-MD-NJ Metropolitan Division</i>						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	83.7	43.9	33	55.0	8,590	61.9
2020	84.1	36.1	26	49.1	4,320	47.1
2021	84.8	--	19	40.4	2,465	29.8
>\$1,000,000						
2019	6.2	--	27	45.0	5,287	38.1
2020	6.0	--	27	50.9	4,844	52.9
2021	5.7	--	28	59.6	5,820	70.2
Totals						
2019	100.0	100.0	60	100.0	13,877	100.0
2020	100.0	100.0	53	100.0	9,164	100.0
2021	100.0	--	47	100.0	8,285	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Artisans’ demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered Artisans’ capacity, along with the need and availability of such opportunities.

Community Development Loans

During the evaluation period, Artisans’ made three community development loans totaling \$4.4 million benefitting the Wilmington, DE-MD-NJ MD assessment area. This performance is similar to the prior evaluation by dollar volume. During the prior evaluation period, Artisans’ made 12 qualified community development loans totaling \$4.4 million. The following table shows Artisans’ community development lending during the evaluation period by activity year and purpose.

Community Development Lending <i>Wilmington, DE-MD-NJ Metropolitan Division</i>										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	0	0	0	0	0	0	1	444	1	444
2021	1	580	0	0	0	0	1	3,400	2	3,980
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	1	580	0	0	0	0	2	3,844	3	4,424
<i>Source Bank Data</i>										

Below are notable examples of the Artisans’ community development loans benefitting the assessment area.

- In 2021, the bank originated a \$3.4 million loan to a local college in the City of Wilmington. The college is located in a moderate-income census tract, which is a part of the state-approved Downtown Development District Plan for the City of Wilmington. The Downtown Development District Program was established in 2015 and updated in 2019. It seeks to revitalize the downtown and Central Business District of Wilmington through the use of economic and other incentives to encourage capital investments, stimulate job growth, improve commercial strength, improve housing opportunities, and strengthen neighborhoods adjacent to the downtown areas. The purpose of the loan is to refinance the term debt and establish small working capital, so that the college can continue to operate and provide education to its students.
- In 2020, the bank originated a loan for \$444,000 to a local company to revitalize a mixed-use property located in downtown Wilmington. The property consists of one commercial unit and five residential apartments, all of which are below HUD fair market rents for the area. The property is also located within the state-approved Downtown Development District Plan for the City of Wilmington.

Qualified Investments

During the evaluation period, Artisans’ made six qualified investments totaling approximately \$9.4 million that supported affordable housing. In addition, the bank made 58 donations totaling \$61,000 benefitting the assessment area. The following table shows the bank’s community development investments during the evaluation period by activity year and purpose.

Qualified Investments and Grants <i>Wilmington, DE-MD-NJ Metropolitan Division</i>										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	2,398	0	0	0	0	0	0	2	2,398
2020	2	3,608	0	0	0	0	0	0	2	3,608
2021	3	4,678	0	0	0	0	0	0	3	4,678
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	7	10,684	0	0	0	0	0	0	7	10,684
Qualified Grants & Donations	11	8	41	45	3	7	3	2	58	61
Total	18	10,692	41	45	3	7	3	2	66	10,745

Source Bank Data

Below are notable examples of Artisans’ investments and donations activities benefitting the assessment area.

Investments

- In 2021, the bank invested approximately \$1.3 million in a government sponsored loan pool that provides low- and moderate-income families affordable housing. The GNMA program includes a total of nine homes (two low-income and seven moderate-income families) located in New Castle County, DE.
- In 2020, the bank purchased a \$1.8 million Federal Home Loan Mortgage Corporation (FHLMC) MBS. The security consists of nine mortgages located in the assessment area, all of which were to low- and moderate-income borrowers. This investment supports affordable housing in the area.

Qualified Grants/Donations

- Artisans’ made donations totaling \$9,200 to a non-profit organization that offers many programs in the Wilmington, DE area. These programs focus on homelessness, unemployment, food insecurity, access to medical care and overall poverty that disproportionately affects certain families, especially children and seniors.
- The bank made several donations totaling \$6,000 to a non-profit organization that provides community services to the low- and moderate-income individuals in Wilmington, DE. Through its programs, the organization provides support in finances, housing, education, employment, or family services.
- The bank made two donations totaling \$4,000 to a community development corporation (CDC) that assists small businesses in the area. This CDC is a non-profit lender offering long-term financing with low fixed interest rates and low down payments, which has helped DE’s small business owners buy land, build and renovate buildings, and purchase equipment

through the SBA 504 Loan Program. The SBA 504 Loan Program promotes business growth and job creation.

Community Development Services

During the evaluation period, bank employees provided 24 instances of financial expertise or technical assistance totaling 360 service hours to different community development-related organizations in the assessment area. The following table illustrates the bank’s community development services during the evaluation period by year and purpose.

Community Development Services <i>Wilmington, DE-MD-NJ Metropolitan Division</i>					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	4	2	2	0	8
2021	3	3	2	0	8
YTD 2022	3	3	2	0	8
Total	10	8	6	0	24
<i>Source Bank Data</i>					

Below are notable examples of Artisans’ community development services benefitting the assessment area.

- A bank director is a board member of a local affordable housing organization located in New Castle County. This organization establishes a Workforce Housing Program that is designed to provide an opportunity for middle-income households to purchase or rent affordable new construction housing units in New Castle County. As a board member, the director provides pro bono legal services to assist families with the affordable housing process.
- A bank director served as a board member of a local economic development corporation in the City of Wilmington. As board member, the director is responsible for providing expertise to assist with community development, small business support, and programming. The corporation partners with community, civic, and business leaders to promote economic opportunity and social vitality in Wilmington.
- A senior officer served as a board member and finance committee member of a community service organization. The organization provide essential programs that offer meals, clothing, and social services to low- and moderate-income individuals. As a member of the board and finance committee, the officer assists with supporting the Federal Home Loan Bank of Pittsburgh program, which provides affordable housing and community development opportunities to DE residents.

DOVER, DE MSA (KENT COUNTY) – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE DOVER, DE MSA

Economic and Demographic Data

Artisans’ has designated all census tracts within Kent County, DE as one of its three assessment areas. Kent County is part of the Dover, DE MSA #20100. The bank currently operates two full-service branch offices within this assessment area. One branch is located in a moderate-income census tract in Milford, DE. The other branch is located in an upper-income census tract in Dover, DE.

There are 33 census tracts within Kent County. These tracts reflect the following income designations according to the 2015 ACS data:

- 1 low-income;
- 6 moderate-income;
- 21 middle-income;
- 4 upper-income; and
- 1 with no income designation.

The following table shows the demographic information for the assessment area.

Demographic Information of the Assessment Area <i>Dover, DE MSA</i>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	3.0	18.2	63.6	12.1	3.0
Population by Geography	169,509	1.3	15.3	69.0	14.4	0.0
Housing Units by Geography	67,315	1.6	16.0	68.7	13.8	0.0
Owner-Occupied Units by Geography	42,185	0.7	11.5	72.6	15.2	0.0
Occupied Rental Units by Geography	18,386	3.5	26.7	59.2	10.7	0.0
Vacant Units by Geography	6,744	1.5	14.6	70.2	13.7	0.0
Businesses by Geography	13,117	17.3	13.4	57.3	12.0	0.0
Farms by Geography	613	1.3	11.1	79.8	7.8	0.0
Family Distribution by Income Level	42,277	21.6	16.6	21.7	40.1	0.0
Household Distribution by Income Level	60,571	23.2	17.0	18.7	41.1	0.0
Median Family Income MSA - 20100 Dover, DE MSA		\$64,252	Median Housing Value			\$197,071
			Median Gross Rent			\$998
			Families Below Poverty Level			9.9%
<i>Source 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 67,315 total housing units in the assessment area. Of these, 62.7 percent are owner-occupied housing units, 27.3 percent are occupied rental units, and 10.0 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown above, 0.7 percent of the total owner-occupied housing units are located in low-income census tracts and 11.5 percent are located within moderate-income census tracts. This data reflects the opportunities lenders have to originate home mortgage loans within these income geographies.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories for the Dover, DE MSA assessment area for 2019, 2020, and 2021.

Median Family Income Ranges <i>Dover, DE MSA</i>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Dover, DE MSA Median Family Income (20100)				
2019 (\$66,000)	<\$33,000	\$33,000 to <\$52,800	\$52,800 to <\$79,200	≥\$79,200
2020 (\$68,400)	<\$34,200	\$34,200 to <\$54,720	\$54,720 to <\$82,080	≥\$82,080
2021 (\$68,400)	<\$34,200	\$34,200 to <\$54,720	\$54,720 to <\$82,080	≥\$82,080
<i>Source FFIEC</i>				

The Geographic Distribution criterion for small business lending compares small business loans to the distribution of businesses within the assessment area, while the Borrower Profile criterion considers the GARs of these businesses. According to the 2021 D&B data, there were 13,730 businesses within the assessment area. The GARs of these businesses are as follows:

- 85.1 percent have GARs of \$1.0 million or less;
- 3.6 percent have GARs of over \$1.0 million; and
- 11.3 percent have unreported GARs.

Service industries represent the largest percent of businesses (42.4 percent), followed by retail trade (13.4 percent); non-classifiable establishments (10.8 percent); construction (8.2 percent); and finance, insurance, and real estate (7.0 percent). Within the assessment area, 69.2 percent of businesses have four or less employees, and 87.9 percent operated from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Moody’s Analytics, the top five employers in the Dover, DE MSA are the Dover Air Force Base, Bayhealth Medical Center, Walmart, Inc., Perdue Farms, and Dover Downs Hotel and Casino.

The following table summarizes the average annual unemployment rate from the Bureau of Labor Statistics at the county, statewide, and national level during the evaluation period. The rise in unemployment rates during 2020 was due to the COVID-19 pandemic.

Unemployment Rates				
Area	2019	2020	2021	YTD 2022
	%	%	%	%
Kent County, DE	4.1	8.3	6.2	5.4
Delaware Statewide	3.7	7.6	5.4	4.6
National Average	3.7	8.1	5.4	3.7

Source Bureau of Labor Statistics – annual averages; YTD 2022 figures are the average unemployment using January-June 2022 data.

Competition

This assessment area is moderately competitive for financial services. A majority of the institutions operating within this assessment area are national banks or regional banks. The most recent FDIC Summary of Deposits Market Share Report is as of June 30, 2021, and shows that there were 11 institutions operating a total of 31 branch offices across Kent County. Of these, Artisans’ ranked 8th with 2.5 percent deposit market share. The three institutions with the largest deposit market share were Manufacturers and Traders Trust Company (with five branch offices); Wilmington Savings Fund Society, FSB (with five branch offices); and PNC, N.A. (with four branch offices). These three institutions comprised 73.6 percent of the deposit market share as of June 30, 2021.

There is a high level of competition for home mortgage loans among the various banks, credit unions, and non-depository mortgage lenders serving the assessment area. The most recent Peer

Mortgage data is from 2020, and reflects that 324 lenders originated or purchased a total of 15,076 mortgage loans in Kent County. Of these 324 lenders, Artisans' Bank ranked 84th with 0.2 percent of the market share. The top three lenders within the assessment area were Freedom Mortgage Corporation; Quicken Loans, LLC; and Wells Fargo Bank, N.A. Collectively, these three lenders comprised 16.5 percent of the home mortgage market share in 2020.

There is also a high level of competition for small business loans among the various banks serving the assessment area. The most recent Peer Small Business Data is from 2020, and reflects that 106 lenders originated or purchased a total of 3,852 small business loans in Kent County. Of these 106 lenders, Artisans' Bank ranked 68th with 0.1 percent of the small business loan market share. The top three small business lenders within the assessment area were American Express National Bank, WSFS Bank, and M&T Bank. Collectively, these three lenders comprised 31.5 percent of the market share in 2020.

Community Contact

Examiners reviewed a recent community contact with an organization that primarily serves Kent County, DE. The organization is a CDFI that supports affordable housing programs and also provides counseling services, like homeownership counseling, foreclosure prevention, and financial coaching. The contact identified and emphasized the need for affordable housing. The contact highlighted the rising housing and rent prices in Kent County, noting there is a shortage of affordable housing for low-income individuals and families. The contact also highlighted the positive efforts of local banks that support this organization and its mission, which include Artisans' as an active participant.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and affordable home mortgage loans are the primary credit and community development needs of the assessment area.

SCOPE OF EVALUATION – DOVER, DE MSA

Examiners used full-scope examination procedures to evaluate Artisans' performance in the Dover, DE MSA assessment area. The products, weighting, and evaluation described in the overall Scope of Evaluation section are applicable to this assessment area analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE DOVER, DE MSA

LENDING TEST

Artisans' demonstrated satisfactory performance under the Lending Test within the Dover, DE MSA assessment area. The bank's performance under the Geographic Distribution and Borrower Profile criterion support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners considered the demographics of the assessment area and the institution's size in formulating these conclusions. There is one low-income census tract and six moderate-income census tracts in Kent County.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

Artisans' did not make any home mortgage loans within the one low-income census tract within Kent County during the evaluation period. This is reasonable, as the opportunities to lend there are extremely limited. Only 0.7 percent of owner-occupied housing units are located in this census tract.

The bank's lending in moderate-income census tracts reflects reasonable performance. In 2019, Artisans' lending exceeded aggregate lending and was on par with demographic data. In 2020, lending exceeded both aggregate performance and demographic data by 10.2 percent. In 2021, lending decreased, with only one loan originated.

This assessment area has a competitive market for home mortgage loans, with a number of banks, credit unions, and non-depository lenders serving Kent County according to 2020 Peer Mortgage Data. Artisans' has a 0.2 percent market share for home mortgage lending, which is reflected in the lending performance. A majority of the lending opportunities are located within the middle-income census tracts. There are 21 middle-income census tracts, representing 63.6 percent of the assessment area. These middle-income census tracts also contain 72.6 percent of the owner-occupied housing units in Kent County. As shown in the table below, Artisans' lending performance in these areas was consistent with or exceeded demographic and aggregate lending data during the evaluation period. Overall, performance is reasonable.

Geographic Distribution of Home Mortgage Loans						
<i>Dover, DE MSA</i>						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.7	0.8	0	0.0	0	0.0
2020	0.7	0.5	0	0.0	0	0.0
2021	0.7	--	0	0.0	0	0.0
Moderate						
2019	11.5	8.8	2	11.1	496	18.3
2020	11.5	8.3	5	21.7	546	12.8
2021	11.5	--	1	7.1	376	17.1
Middle						
2019	72.6	68.9	14	77.8	1,818	67.0
2020	72.6	68.9	14	60.9	3,075	72.4
2021	72.6	--	10	71.4	1,523	69.4
Upper						
2019	15.2	21.5	2	11.1	400	14.7
2020	15.2	22.3	4	17.4	626	14.7
2021	15.2	--	3	21.4	295	13.4
Totals						
2019	100.0	100.0	18	100.0	2,714	100.0
2020	100.0	100.0	23	100.0	4,247	100.0
2021	100.0	--	14	100.0	2,194	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area.

Within the low- and moderate-income census tracts, Artisans' lending performance is reasonable given the assessment area demographics and opportunities to lend. Within the assessment area there are 13,730 businesses, of which 11,683 are small businesses with GARs of \$1.0 million or less. According to D&B business demographic data as of June 2021, within Kent County's one low-income tract there were 1,957 businesses reporting GARs of less than \$1.0 million. Within Kent County's six moderate-income census tracts there were 1,410 businesses reporting GARs of less than \$1.0 million. This assessment area also has a relatively competitive market for small business loans. The most recent 2020 Peer Small Business Data reflects Artisans' had a 0.1 percent small business loan market share, which is reflected in the lending performance. Given this, the bank's opportunities to lend are limited within the low- and moderate-income census tracts.

A majority of businesses within the assessment area are located in middle-income census tracts. In 2019, the bank exceeded aggregate lending data and was on par with demographics for lending performance in these areas. In 2020, lending was limited to one loan, while lending increased again in 2021. Overall, performance is considered reasonable.

Geographic Distribution of Small Business Loans						
<i>Dover, DE MSA</i>						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	12.1	15.0	0	0.0	0	0.0
2020	13.2	16.3	1	50.0	200	93.0
2021	17.3	--	1	9.1	50	1.4
Moderate						
2019	14.3	14.6	6	37.5	1,137	28.6
2020	14.3	12.8	0	0.0	0	0.0
2021	13.4	--	0	0.0	0	0.0
Middle						
2019	62.3	57.7	10	62.5	2,845	71.4
2020	61.3	59.3	1	50.0	15	7.0
2021	57.3	--	6	54.5	1,354	38.6
Upper						
2019	11.2	12.6	0	0.0	0	0.0
2020	11.3	11.6	0	0.0	0	0.0
2021	12.0	--	4	36.4	2,102	60.0
Totals						
2019	100.0	100.0	16	100.0	3,982	100.0
2020	100.0	100.0	2	100.0	215	100.0
2021	100.0	--	11	100.0	3,506	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels including low- and moderate-income.

During the evaluation period, Artisans' made one loan in 2020 to low-income borrowers. This exceeded aggregate lending data for that year by 0.7 percent. With the exception of 2020, lending in the moderate-income census tracts during the evaluation period was in line with aggregate lending and demographic data.

The demand and opportunities for lending to low-income individuals are limited, which helps explain the difference between bank and aggregate performance of lending to low-income borrowers compared to the 21.6 percent of families at this income level. Within the Dover, DE MSA the median family income during the evaluation period remained relatively consistent, as shown in the chart on page 26. According to 2015 ACS data, the median housing value within the assessment area was \$197,071. Low- and moderate-income individuals may have difficulty qualifying for conventional mortgages, which limits the opportunity to lend to these borrowers. Artisans' generally offers FHA and VA mortgage loans. These government-backed home mortgage loans are typically advantageous for low- and moderate-income individuals; however, in 2020 and 2021 the bank paused these loan programs due to staffing shortages.

Distribution of Home Mortgage Loans by Borrower Income Level Dover, DE MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.6	3.5	0	0.0	0	0.0
2020	21.6	3.6	1	4.3	166	3.9
2021	21.6	--	0	0.0	0	0.0
Moderate						
2019	16.6	15.5	2	11.1	295	10.9
2020	16.6	14.3	0	0.0	0	0.0
2021	16.6	--	2	14.3	365	16.6
Middle						
2019	21.7	23.6	5	27.8	381	14.0
2020	21.7	20.4	4	17.4	360	8.5
2021	21.7	--	6	42.9	976	44.5
Upper						
2019	40.1	29.1	11	61.1	2,037	75.1
2020	40.1	30.1	12	52.2	2,348	55.3
2021	40.1	--	6	42.9	853	38.9
Not Available						
2019	0.0	28.2	0	0.0	0	0.0
2020	0.0	31.6	6	26.1	1,374	32.3
2021	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	18	100.0	2,714	100.0
2020	100.0	100.0	23	100.0	4,247	100.0
2021	100.0	--	14	100.0	2,194	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.

As shown in the table below, Artisans' lending performance to small businesses with GARs of \$1.0 million or less exceeded aggregate lending data in 2019 and 2020. For all years, performance trailed demographic data, but is reasonable considering the institution's size and small business market share. In 2020, there is a notable decline in lending volume, which is attributable to the increased demand within the small business community for SBA PPP loans. Artisans' did not participate in the SBA PPP loan program, whereas many other lenders within the assessment area did.

Distribution of Small Business Loans by Gross Annual Revenue Category <i>Dover, DE MSA</i>						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	83.6	44.9	8	50.0	1,345	33.8
2020	83.7	34.0	1	50.0	200	93.0
2021	84.5	--	7	63.6	1,626	46.4
>\$1,000,000						
2019	4.1	--	8	50.0	2,637	66.2
2020	4.1	--	1	50.0	15	7.0
2021	3.7	--	4	36.4	1,880	53.6
Totals						
2019	100.0	100.0	16	100.0	3,982	100.0
2020	100.0	100.0	2	100.0	215	100.0
2021	100.0	--	11	100.0	3,506	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Artisans' demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the Artisans' capacity, along with the need and availability of such opportunities.

Community Development Loans

During the evaluation period, Artisans' made two community development loans totaling \$751,000 benefitting the Dover, DE MSA.

Below are the details of Artisans' two community development loans benefitting the assessment area.

- In 2021, Artisans' provided a \$500,000 unsecured working capital line of credit to the National Council on Agricultural Life and Labor (NCALL) Research. NCALL is a certified CDFI that specializes in affordable housing development, education, and lending initiatives in Kent County, DE.
- In 2020, the bank originated a loan for \$251,000 to a company for the purchase of five-unit residential property. Rents for all five units are below HUD fair market rents for the area. The purpose of the loan is to promote affordable housing.

Qualified Investments

During the evaluation period, Artisans’ Bank did not make any qualified investments specifically benefitting this assessment area. However, the bank did make 15 donations totaling \$13,000 to various organizations benefitting the assessment area. The following table shows the bank’s community development donations during the evaluation period by activity year and purpose.

Qualified Donations <i>Dover, DE MSA</i>										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Qualified Grants & Donations	6	6	6	4	3	3	0	0	15	13
Total	6	6	6	4	3	3	0	0	15	13
<i>Source Bank Data</i>										

Below are notable examples of Artisans’ qualified donations benefitting the assessment area:

- The bank donated \$3,000 to a local economic development organization. The organizations’ mission is to improve the quality of life for residents of Dover, increase small businesses in the downtown area, increase tourism, promote economic development, and promote downtown Dover’s unique historic properties. The organization is working with the City of Dover and multiple public and non-profit agencies to develop a Strategic Master Plan for the downtown and closely surrounding neighborhood area within the City of Dover. The target area is designated as a Downtown Development District.
- The bank donated \$3,000 to a non-profit organization that provides homeless services in Central DE. The services include education, addiction counseling, employment training, mental health resourcing, safe and affordable housing placement, and public policy advocacy affecting displaced persons.

Community Development Services

During the evaluation period, bank employees provided two instances of financial expertise or technical assistance, totaling 15 service hours, to a community development-related organization in the assessment area. The following table illustrates the bank’s community development service activities by year and purpose.

Community Development Services					
<i>Dover, DE MSA</i>					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	0	0	0	0
2021	1	0	0	0	1
YTD 2022	1	0	0	0	1
Total	2	0	0	0	2
<i>Source Bank Data</i>					

In 2021 and 2022, a bank officer served as board member of a non-profit housing agency that seeks to eliminate poverty housing by building and repairing quality homes in partnership with families in need. The agency serves low-income families throughout Kent County. As a board member, the bank officer provides financial and technical expertise and assists with fundraising for this organization.

SALISBURY, MD-DE MSA (SUSSEX COUNTY) – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SALISBURY, MD-DE MSA

Economic and Demographic Data

Artisans’ has designated all census tracts within Sussex County, DE as one of its three assessment areas. Sussex County is a part of the Salisbury, MD-DE MSA #41540. The bank currently operates two full-service branch offices within this assessment area. Both branches are located in upper-income census tracts.

There are 54 census tracts within Sussex County. These tracts reflect the following income designations according to the 2015 ACS data:

- 0 low-income;
- 5 moderate-income;
- 35 middle-income;
- 13 upper-income; and
- 1 with no income designation.

The following table shows the demographic information for the assessment area:

Demographic Information of the Assessment Area <i>Salisbury, MD-DE MSA</i>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	0.0	9.3	64.8	24.1	1.9
Population by Geography	207,302	0.0	10.1	76.4	13.5	0.0
Housing Units by Geography	127,680	0.0	6.5	65.1	28.4	0.0
Owner-Occupied Units by Geography	62,989	0.0	6.5	77.0	16.4	0.0
Occupied Rental Units by Geography	18,194	0.0	16.2	69.1	14.7	0.0
Vacant Units by Geography	46,497	0.0	2.5	47.5	50.0	0.0
Businesses by Geography	17,572	0.0	8.4	71.0	20.6	0.0
Farms by Geography	918	0.0	7.3	82.6	10.1	0.0
Family Distribution by Income Level	55,052	20.1	18.2	21.2	40.4	0.0
Household Distribution by Income Level	81,183	22.0	16.8	18.7	42.4	0.0
Median Family Income MSA - 41540 Salisbury, MD-DE MSA		\$63,091	Median Housing Value			\$300,388
			Median Gross Rent			\$971
			Families Below Poverty Level			8.8%
<i>Source 2015 ACS and 2021 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 127,680 total housing units in the assessment area. Of these, 49.3 percent are owner-occupied housing units, 14.3 percent are occupied rental units, and 36.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown above, 6.5 percent of the total owner-occupied housing units are located in moderate-income census tracts and 77.0 percent are located within middle-income census tracts. This data reflects the opportunities lenders have to originate home mortgage loans within these income geographies.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the income categories for the Salisbury, MD-DE MSA assessment area for 2019, 2020, and 2021.

Median Family Income Ranges <i>Salisbury, MD-DE MSA</i>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Salisbury, MD-DE MSA Median Family Income (41540)				
2019 (\$70,500)	<\$35,250	\$35,250 to <\$56,400	\$56,400 to <\$84,600	≥\$84,600
2020 (\$74,400)	<\$37,200	\$37,200 to <\$59,520	\$59,520 to <\$89,280	≥\$89,280
2021 (\$74,400)	<\$37,200	\$37,200 to <\$59,520	\$59,520 to <\$89,280	≥\$89,280
<i>Source FFIEC</i>				

The Geographic Distribution criterion for small business lending compares small business loans to the distribution of businesses within the assessment area, while the Borrower Profile criterion considers the GARs of these businesses. According to the 2021 D&B data, there were 18,490 businesses within the assessment area. The GARs of these businesses are as follows:

- 87.1 percent have GARs of \$1.0 million or less;
- 3.7 percent have GARs of over \$1.0 million; and
- 9.2 percent have unreported GARs.

Service industries represent the largest percent of businesses (40.6 percent), followed by retail trade (16.0 percent); construction (11.5 percent); and non-classifiable establishments (9.5 percent). Within the assessment area, 70.7 percent of businesses have four or less employees, and 89.8 percent operated from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Moody’s Analytics, the top five employers in the Salisbury, MD-DE MSA are the Peninsula Regional Medical Center, Beebe Medical Center, Salisbury University, Perdue Farms, Inc., and Walmart.

The following table summarizes the average annual unemployment rate from the Bureau of Labor Statistics at the county, statewide, and national level during the evaluation period. Unemployment rates increased during 2020, due to the COVID-19 pandemic.

Unemployment Rates				
Area	2019	2020	2021	YTD 2022
	%	%	%	%
Sussex County, DE	3.6	7.5	5.3	4.6
Delaware Statewide	3.7	7.6	5.4	4.6
National Average	3.7	8.1	5.4	3.7

Source Bureau of Labor Statistics – annual averages; YTD 2022 figures are the average unemployment using January-June 2022 data.

Competition

This assessment area is a moderately competitive market for financial services. A majority of the institutions operating within this assessment area are national banks or community banks. The most recent FDIC Summary of Deposits Market Share Report is as of June 30, 2021, and shows that there were 18 institutions operating a total of 68 branch offices across Sussex County. Of these, Artisans’ ranked 13th with 2.0 percent deposit market share and operated two branch offices. The two institutions with the largest deposit market share in the assessment area were Discover Bank (with one branch office) and Manufacturers and Traders Trust Company (with 13 branch offices). These two institutions comprised 94.7 percent of the deposit market share as of June 30, 2021.

There is a high level of competition for home mortgage loans amount the various banks and non-depository mortgage lenders serving the assessment area. The most recent Peer Mortgage data is from 2020, and reflects that 449 lenders originated or purchased a total of 29,670 mortgage loans in

Sussex County. Of these 449 lenders, Artisans' Bank ranked 74th with 0.3 percent of the home mortgage market share. The top three lenders within the assessment area were Wells Fargo Bank, N.A.; Quicken Loans, LLC; and Freedom Mortgage Corporation. Collectively, these three lenders comprised 14.9 percent of the market share in 2020.

There is also a moderate level of competition for small business loans among the various banks serving the assessment area. The most recent Peer Small Business Data is from 2020, and reflects that 103 lenders originated or purchased a total of 5,968 small business loans in Sussex County. Of these 103 lenders, Artisans' Bank ranked 27th with 0.4 percent of the small business loan market share. The top three small business lenders within the assessment area were American Express National Bank, M&T Bank, and PNC Bank, N.A. Collectively, these three lenders comprised 34.8 percent of the market share in 2020.

Community Contact

Examiners reviewed a recent community contact with an organization that primarily serves Sussex County, DE. The organization is focused on providing affordable housing opportunities to low- and moderate-income individuals in Sussex County, DE. The contact highlighted the challenges of the assessment area including rising housing costs. The contact also noted that Western Sussex County is more agricultural, while Eastern Sussex County is focused on service industries and tourism. The contact identified and emphasized the need for affordable housing. The contact highlighted the rising housing and rent prices in Sussex County, noting there is a shortage of affordable housing for low-income individuals and families. The contact also highlighted the positive efforts of local banks which support this organization and its mission.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and affordable home mortgage loans are the primary credit and community development needs of the assessment area.

SCOPE OF EVALUATION – SALISBURY, MD-DE MSA

Examiners used full-scope examination procedures to evaluate Artisans' performance in the Salisbury, MD-DE MSA assessment area. The products, weighting, and evaluation described in the overall Scope of Evaluation section are applicable to this assessment area analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SALISBURY, MD-DE MSA

LENDING TEST

Artisans' demonstrated satisfactory performance under the Lending Test within the Salisbury, MD-DE MSA assessment area. The bank's performance under the Geographic Distribution and Borrower Profile criterion support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners considered the demographics of the assessment area and the institution's size in formulating these conclusions. There are no low-income census tracts and five moderate-income census tracts in Sussex County.

The tables presented below for Geographic Distribution do not include a section for low-income census tracts because there are no low-income census tracts located in Sussex County.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

Artisans' made two home mortgage loans within moderate-income census tracts in 2019, exceeding aggregate lending data and demographic data. In 2020, the bank only made one loan within these areas, and in 2021, the bank made no loans in moderate-income tracts. This performance is reasonable, given the demographics of the assessment area and opportunities to lend within these areas of the assessment area. The Salisbury, MD-DE MSA is also a competitive market for home mortgage loans, with various banks, credit unions, and non-depository mortgage lenders serving Sussex County. According to 2020 Peer Mortgage Data, Artisans' ranked 84th out of 112 lenders who made home mortgage loans within moderate-income census tracts. This gives the bank a 0.2 percent market share within the moderate-income census tracts, which is comparable to the bank's overall 0.3 percent market share within Sussex County. Home mortgage lending opportunities within these moderate-income census tracts are also limited, as only 6.5 percent of owner-occupied housing units are located in these areas.

A majority of the home mortgage lending opportunities are located within the middle-income census tracts. There are 35 middle-income census tracts, representing 64.8 percent of the assessment area. These middle-income census tracts also contain 77.0 percent of the owner-occupied housing units in Sussex County. The following table summarizes the bank's lending performance across all census tract income designations within the assessment area.

Geographic Distribution of Home Mortgage Loans <i>Salisbury, MD-DE MSA</i>						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	6.5	3.5	2	6.9	360	4.3
2020	6.5	3.2	1	1.4	151	0.8
2021	6.5	--	0	0.0	0	0.0
Middle						
2019	77.0	70.8	15	51.7	3,262	39.1
2020	77.0	68.0	42	58.3	10,233	52.0
2021	77.0	--	40	61.5	12,007	61.6
Upper						
2019	16.4	25.6	12	41.4	4,714	56.6
2020	16.4	28.8	29	40.3	9,312	47.3
2021	16.4	--	25	38.5	7,494	38.4
Totals						
2019	100.0	100.0	29	100.0	8,336	100.0
2020	100.0	100.0	72	100.0	19,696	100.0
2021	100.0	--	65	100.0	19,501	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area.

In 2019, Artisans' made two loans in moderate-income census tracts, exceeding aggregate performance and area demographics. In 2020, the bank made one loan in these areas, trailing aggregate lending data. With consideration to business demographics of the area, this performance is reasonable. Only 8.6 percent of businesses operating within the assessment area are headquartered within the moderate-income census tracts, resulting in limited lending opportunities.

A majority of the small business lending opportunities are located within the middle- and upper-income census tracts. There are 35 middle-income and 13 upper-income census tracts, representing 88.9 percent of the assessment area. The following table summarizes the bank's lending performance across all census tract income designations within the assessment area.

Geographic Distribution of Small Business Loans <i>Salisbury, MD-DE MSA</i>						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	8.6	7.2	2	9.1	1,595	18.2
2020	8.5	7.3	1	4.8	500	7.6
2021	8.4	--	0	0.0	0	0.0
Middle						
2019	70.6	72.3	15	68.2	6,440	73.6
2020	70.7	69.4	18	85.7	5,964	90.7
2021	71.0	--	11	61.1	3,565	54.8
Upper						
2019	20.8	20.5	5	22.7	719	8.2
2020	20.7	23.3	2	9.5	112	1.7
2021	20.6	--	7	38.9	2,936	45.2
Totals						
2019	100.0	100.0	22	100.0	8,754	100.0
2020	100.0	100.0	21	100.0	6,576	100.0
2021	100.0	--	18	100.0	6,501	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels.

The following table summarizes the bank's lending performance to borrowers of different income levels. The bank's performance in 2019, 2020, and 2021 compared favorably to aggregate performance. While performance trailed area demographics, concerns are mitigated. Within the Salisbury, MD-DE MSA the median family income during the evaluation period remained relatively consistent, as shown in the chart on page 38. In 2021, the FFIEC Median Family Income was \$74,400. For low- and moderate-income families, the median family income for 2021 ranged from less than \$37,200 to \$59,520. In contrast, the median housing value within the assessment area was \$300,388 according to 2015 ACS data. Low- and moderate-income individuals may have difficulty qualifying for conventional mortgages, which limits the opportunity to lend to these

borrowers. As previously stated, Artisans’ generally offers FHA and VA mortgage loans, which are typically advantageous for low- and moderate-income individuals. However, in 2020 and 2021 the bank paused these loan programs due to staffing shortages.

Distribution of Home Mortgage Loans by Borrower Income Level <i>Salisbury, MD-DE MSA</i>						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.1	4.3	2	6.9	105	1.3
2020	20.1	3.4	1	1.4	20	0.1
2021	20.1	--	2	3.1	300	1.5
Moderate						
2019	18.2	13.0	4	13.8	611	7.3
2020	18.2	12.0	10	13.9	2,207	11.2
2021	18.2	--	3	4.6	451	2.3
Middle						
2019	21.2	17.2	2	6.9	151	1.8
2020	21.2	16.1	11	15.3	2,669	13.6
2021	21.2	--	8	12.3	1,711	8.8
Upper						
2019	40.4	50.9	19	65.5	7,167	86.0
2020	40.4	53.8	48	66.7	14,454	73.4
2021	40.4	--	46	70.8	14,778	75.8
Not Available						
2019	0.0	14.6	2	6.9	302	3.6
2020	0.0	14.7	2	2.8	346	1.8
2021	0.0	--	6	9.2	2,261	11.6
Totals						
2019	100.0	100.0	29	100.0	8,336	100.0
2020	100.0	100.0	72	100.0	19,696	100.0
2021	100.0	--	65	100.0	19,501	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.

As shown in the table below, Artisans’ lending to small businesses with GARs of \$1.0 million or less exceeded aggregate lending data in both 2019 and 2020. For all years, performance trailed

demographic data, but is reasonable considering the institution's capacity and small business market share.

Distribution of Small Business Loans by Gross Annual Revenue Category <i>Salisbury, MD-DE MSA</i>						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	86.5	46.2	11	50.0	3,882	44.3
2020	86.5	38.4	10	47.6	2,058	31.3
2021	86.6	--	9	50.0	1,303	20.0
>\$1,000,000						
2019	4.1	--	11	50.0	4,872	55.7
2020	3.9	--	11	52.4	4,518	68.7
2021	3.8	--	9	50.0	5,198	80.0
Revenue Not Available						
2019	9.4	--	0	0.0	0	0.0
2020	9.6	--	0	0.0	0	0.0
2021	9.6	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	22	100.0	8,754	100.0
2020	100.0	100.0	21	100.0	6,576	100.0
2021	100.0	--	18	100.0	6,501	100.0
<i>Source 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

Artisans' demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered Artisans' capacity, along with the need and availability of such opportunities.

Community Development Loans

During the evaluation period, Artisans' made one community development loan totaling \$6,680 benefitting the Salisbury, MD-DE MSA. In 2021, Artisans' originated a \$6,680 participation loan to DCIC, a certified CDFI, to finance the rehabilitation of a 56-unit rental community that provides affordable housing to low- and moderate-income individuals in Sussex County, DE. The bank also committed \$250,000 to the total loan pool, which examiners accounted for during the prior evaluation period.

This performance is similar to that at the prior evaluation period, where the bank made one loan totaling \$34,000 benefitting the assessment area.

Qualified Investments

During the evaluation period, Artisans’ made one qualified investment totaling approximately \$1.1 million benefitting the assessment area. This investment supported affordable housing. In addition, the bank made nine donations totaling \$5,000 benefitting the assessment area. The following table shows the Artisans’ community development investments and donations during the evaluation period by activity year and purpose.

Qualified Investments and Donations										
<i>Salisbury, MD-DE MSA</i>										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	1	1,100	0	0	0	0	0	0	1	1,100
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,100	0	0	0	0	0	0	1	1,100
Qualified Grants & Donations	6	3	3	2	0	0	0	0	9	5
Total	7	1,103	3	2	0	0	0	0	10	1,105
<i>Source Bank Data</i>										

Below are notable examples of the bank's investments and donation activities benefitting the assessment area.

Investment

- In 2021, the bank purchased a pool of government sponsored home mortgages totaling \$1.1 million. The pool includes eight FHLMC mortgage loans where all borrowers are low- and moderate-income. This investment promotes affordable housing throughout Sussex County.

Qualified Grants/Donations

- The bank made several donations totaling \$2,000 to a local non-profit organization whose purpose is to improve the lives of low- and moderate-income children, youth, families, and communities. These donations assist the organization with programming and support community services within the assessment area.
- The bank made several donations totaling \$1,500 to an affordable housing organization in Sussex County. The organization’s mission is to provide safe and secure temporary housing for the homeless. The organization also helps facilitate the transition from homelessness to financial and housing independence.

Community Development Services

During the evaluation period, one of Artisans' directors provided three instances of financial expertise or technical assistance, totaling 37 service hours, to a community development-related organization within the assessment area. This director serves as board member of a non-profit organization in Sussex County that helps children and their families facing adverse circumstances. The organization provides child and youth development, education, and social services to low- and moderate-income individuals.

This performance is similar to the prior evaluation, where there were four instances of qualified community development services benefitting the assessment area.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.