

PUBLIC DISCLOSURE

April 10, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Artisans' Bank
17123**

**223 West Ninth Street
Wilmington, Delaware 19899**

**Federal Deposit Insurance Corporation
20 Exchange Place
New York, New York 10005**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Artisans' Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **April 10, 2007**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

An institution in this group has a satisfactory record of helping to meet the credit needs of its entire assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities. The rating is supported by the following factors:

- The net loan-to-deposit (LTD) ratio was reasonable, given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of home mortgage and small business loans were originated inside the assessment area during the review period. A total of 91.1 percent of loans by number, and 88.7 percent of loans by dollar amount were originated inside the assessment area during the review period.
- The distribution of loans within the designated assessment area to borrowers of different income levels and businesses of different sizes was reasonable given the demographics of the assessment area.
- The geographic distribution of home mortgage and small business loans reflected reasonable dispersion throughout the assessment area.
- There were no CRA complaints filed against the bank since the previous CRA evaluation.
- The bank's community development performance demonstrated overall adequate responsiveness to community development needs of its assessment area, considering the institution's size and capacity and the need and availability of such opportunities in the assessment area. Community development performance was demonstrated through an adequate level of community development loans, a high level of qualified investments, and an adequate level of community development services.

SCOPE OF EXAMINATION

The institution's CRA performance was evaluated using Intermediate Small Institution Examination procedures. These procedures utilized two performance tests: the Lending Test and the Community Development Test. A full-scope review was conducted on the bank's CRA performance within its designated assessment area.

The Lending Test evaluated Artisans' Bank's performance pursuant to the following criteria: LTD ratio, lending in the assessment area, lending to borrowers of different incomes and businesses of different sizes, geographic distribution of loans, and the bank's record of taking action in response to CRA complaints. The analysis focused on the bank's two major product lines: residential and small business loans originated in 2004, 2005, and 2006. Although the bank was not required to collect and report small business loans for CRA, the bank opted to collect this data and reported the data for all three years reviewed. Therefore, this evaluation used both home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) and small business loans reported pursuant to CRA. Small business loans are defined as loans with an origination amount of \$1 million or less and reported in accordance with the Consolidated Report of Condition and Income (Call Report) instructions. Given the bank's business strategy and composition of its loan portfolio, small business loans were weighed more heavily in the evaluation. Consumer loans and agricultural loans were not evaluated as their inclusion would have little impact on the bank's overall performance.

The Community Development Test evaluated Artisans' Bank's responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of community development opportunities in the assessment area. The Community Development Test evaluation period covered activities since the previous March 21, 2004 CRA evaluation.

DESCRIPTION OF INSTITUTION

Artisans' Bank is a mutually owned, full-service commercial bank that offers a variety of banking products and services. Artisans' Bank is headquartered in Wilmington, New Castle County, Delaware. The bank operates 11 branch locations in Delaware; eight branches (including the main office branch) are located in New Castle County, two branches are located in Kent County, and one branch is located in Sussex County. The bank also operates three loan production offices (one in each county). Two new branches were opened between CRA performance evaluations. No holding company relationship exists.

As of December 31, 2006, Artisans' Bank's assets totaled \$597.5 million, with total loans of \$440.8 million and total deposits of \$510.8 million. The investment portfolio, consisting primarily of U.S. Government and municipal securities, totaled \$106.5 million and represented 17.8 percent of total assets and 24.2 percent of deposits. Total equity capital was \$55.1 million. The loan portfolio composition is depicted in Table 1 below.

Table 1 – Loan Distribution as of December 31, 2006		
Loan Type	Dollar Amount (000s)	Percent of Total Loans
1-4 Family Residential	102,653	23.3
Construction & Land Development	116,721	26.5
Multifamily (5 or more)	6,095	1.4
Farmland	9,685	2.2
Commercial	173,669	39.4
Total Real Estate Loans	408,823	92.8
Commercial and Industrial	29,590	6.7
Farm Loans	128	0.0
Consumer	2,230	0.5
Total Loans	440,771	100.0

Source: Consolidated Report of Condition and Income (Call Report)

As shown above, the bank primarily originates loans secured by real estate, with the most significant focus on commercial real estate lending. Commercial real estate loans represented 39.4 percent of outstanding loans, followed by construction and land development loans at 26.5 percent, and one-to-four family loans at 23.3 percent.

Competition for loans and deposits within the assessment area is strong. While overall loan demand declined somewhat in 2006 as the economy began to slow, there was significant growth in consumer home equity lending activity. Specifically, home equity lending had the most significant growth, increasing 16.4 percent by dollar volume, compared to 2005. As interest rates paid on deposits increased, competition for deposits also intensified. Bank deposits continued to shift from savings, money market, and core transaction accounts to time deposits. In 2006, growth in deposits of 5.7 percent outpaced loan growth of 2.3 percent.

There were no legal or financial impediments that would impact the bank’s ability to meet the credit needs of the assessment area. At the previous CRA evaluation dated March 21, 2004, a CRA rating of “Satisfactory” was assigned using Large Bank CRA examination procedures.

DESCRIPTION OF ASSESSMENT AREA

Artisans’ Bank designated its assessment area as all three counties that comprise the state of Delaware. The assessment area is in conformance with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. The area includes:

- New Castle County, part of the Wilmington, Delaware-Maryland-New Jersey Metropolitan Division (MD) 48864,
- Kent County, part of the Dover, Delaware Metropolitan Statistical Area (MSA) 20100, and
- Sussex County, located in a non-metropolitan area.

The Department of Housing and Urban Development (HUD) annually adjusts the Median Family Income (MFI) from the most recent U.S. Census. The HUD-adjusted MFI was used to determine the distribution by borrower income level. The HUD-adjusted MFI for 2006 was \$67,386. The following table shows the HUD-adjusted MFI by county for the review period.

Table 2 - HUD-Adjusted MFI per County			
County	2004	2005	2006
New Castle	\$69,700	\$73,800	\$73,200
Kent	\$53,200	\$56,650	\$55,800
Sussex	\$51,700	\$54,900	\$54,300

Census Tract Characteristics - Based upon 2000 U.S. Census data, the assessment area includes 197 census tracts, 10 (5.1 percent) are low-income, 26 (13.2 percent) are moderate-income, 119 (60.4 percent) are middle-income, and 41 (20.8 percent) are upper-income; the remaining census tract (0.5 percent) is considered not applicable (NA), as this area contains no households or housing units.

Population - Based upon 2000 U. S. Census data, the assessment area’s population is 783,600, which included 205,775 families. Of these families, 18.5 percent are low-income, 18.0 percent are moderate-income, 23.6 percent are middle-income, and 39.9 percent are upper-income.

Housing - Of the total housing units, 63.0 percent are owner-occupied. Also, 74.5 percent are single-family (1-4 units), and 14.1 percent are multi-family (5 or more units), 11.2 percent are mobile homes, and 0.2 percent for other housing unit types. By census tract income level, 1.0 percent, 9.7 percent, 65.1 percent, and 24.2 percent of owner-occupied housing units are located in low-, moderate-, middle-, and upper-income census tracts, respectively. The low percentage of owner-occupied units in low- and moderate-income census tracts suggests limited opportunity for home mortgage lending in those tracts.

Businesses and Industry- According to information available from Dun & Bradstreet for 2005, there were 51,255 non-farm establishments within the assessment area. Of these businesses, 10.1 percent were located in low-income census tracts, 10.8 percent were located in moderate-income, 55.9 percent were located in middle- and 23.1 percent were located in upper-income census tracts; less than one percent of businesses were located in the NA tracts. The majority of businesses that reported gross annual revenue data reported earning revenues of \$1 million or less was 61.0 percent. The area's two largest industries, as a percentage of total industries, were services (37.1 percent) and retail trade (16.0 percent).

Competition – The bank is subject to intense competition for home mortgage and small business from other banks, mortgage and finance companies, savings and loan associations, and credit unions operating within the same assessment area.

In 2005, over 500 institutions were identified as originating and reporting HMDA loans within Artisans' Bank's assessment area. Countrywide Home Loans and Wells Fargo Bank, N.A. led the market by number of originations with market shares of 8.2 percent and 6.3 percent, respectively. Delaware-based financial institutions, JPMorgan Chase Bank, Wilmington Trust Company, and Wilmington Savings Fund Society ranked third, sixth, and tenth, respectively, with market shares of 4.6 percent, 2.5 percent, and 1.9 percent by number of originations. Artisans' Bank ranked 89th with a market share of 0.3 percent by number.

Aggregate CRA small business lending data for 2004 (the most recent year for which aggregate data is available) shows that, while Artisans' Bank ranked 18th by number of small business loans originated, the bank's market rank by dollar volume was 6th. Market leaders by number of loans were MBNA America (Delaware) N.A.; Capital One F.S.B.; Citibank USA, N.A.; PNC Bank, Delaware; and Wilmington Trust Company. Market leaders by dollar volume were Wilmington Trust Company; PNC Bank, Delaware; Wachovia Bank of Delaware, and Citizens Bank.

Community Contact - As part of this evaluation, information obtained from interviews conducted with individuals in the assessment area considered knowledgeable regarding the local community, its economic base, and community development initiatives were reviewed. A representative from a CRA advocacy group indicated that capital investment is needed in Wilmington's inner city neighborhoods for economic improvement and housing rehabilitation. A representative from a state-wide housing organization indicated that Sussex County is in need of housing and that the current emphasis is on rehabilitating existing housing as opposed to new construction.

Opportunities identified for financial institution participation included involvement in community development ventures through housing loan pools and/or equity funds and direct grants.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Artisans' Bank's performance under the Lending Test was evaluated pursuant to the following criteria: LTD ratio, lending in the assessment area, geographic distribution of loans, lending to borrowers of different incomes and businesses of different sizes, and the bank's record of taking action in response to CRA complaints. Overall, the Lending Test results were satisfactory. Each of the criteria is described below.

Loan-to-Deposit Ratio

An institution can service the credit needs of its community by making loans. Loans, for the most part, are funded through bank customer deposits maintained by the institution. A measurement of how well an institution makes loans in relation to the amount of deposits held is the net LTD ratio. The bank's quarterly net LTD ratio is compared to the quarterly net LTD ratio of similarly situated institutions as well as the quarterly net LTD ratio of the bank's peer group. Overall, the net LTD ratio was reasonable, given the bank's size, financial condition, and assessment area credit needs.

Based on the 12 quarters since the previous evaluation, Artisans' Bank's average net LTD ratio was 90.3 percent. The ratio steadily declined over the review period, from 96.0 percent as of December 31, 2004 to 85.0 percent as of December 31, 2006. The decline was primarily attributed to deposit growth outpacing loan growth. Despite the declining trend, the bank's net LTD ratio compared favorably to similarly situated banks and peer group banks.

The bank's net LTD ratio was compared to two banks that were considered to be similarly situated in that they were also predominantly real estate lenders headquartered in Delaware. Both banks had total assets between \$300 million and \$1 billion. The respective average net LTD ratios of the two similarly situated institutions for the same time period were 83.1 percent and 95.5 percent. Additionally, the bank's peer group consisted of all FDIC insured savings banks having assets between \$300 million and \$1 billion. As of December 31, 2006, the peer group's net LTD ratio was 90.3 percent and the average net LTD ratio over the same 12-quarter time period was 86.6 percent.

Lending Inside the Assessment Area

The bank's lending performance was evaluated based on the number and dollar amount of home mortgage and small business loans extended within the assessment area. During the review period,

a substantial majority of these loans were originated inside the assessment area, in terms of both number and dollar amount. The lending distribution is shown in the Table 3 below.

Table 3 - Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2004	139	88.5	18	11.5	157	34,220	87.8	4,739	12.2	38,959
2005	133	89.3	16	10.7	149	26,492	89.5	3,102	10.5	29,594
2006	119	88.1	16	11.9	135	28,602	84.3	5,313	15.7	33,915
Subtotal	391	88.7	50	11.3	441	89,314	87.2	13,154	12.8	102,468
Home Mortgage										
2004	137	94.5	8	5.5	145	15,256	92.2	1,282	7.8	16,538
2005	190	93.6	13	6.4	203	20,260	91.5	1,879	8.5	22,139
2006	198	91.7	18	8.3	216	19,790	90.3	2,137	9.7	21,927
Subtotal	525	93.1	39	6.9	564	55,306	91.3	5,298	8.7	60,604
Total	916	91.1	89	8.9	1,005	144,620	88.7	18,452	11.3	163,072

Source: HMDA Disclosure Statements (2004 and 2005,) HMDA Data Collection (2006), CRA Disclosure Statement (2004), CRA Data Collection (2005 and 2006)

The percentage of home mortgage and small business lending within the assessment area during the review period was relatively stable by both number and dollar volume. With regard to small business loans, 88.7 percent by number and 87.2 percent by dollar amount were inside the assessment area during the review period. Also, with regard to home mortgage lending, 93.1 percent by number and 91.3 percent by dollar amount were inside the assessment area during the review period. The majority of home mortgage lending in 2005 and 2006 resulted from the marketing of a home equity loan program with competitive interest rates and no fees. In summary, a substantial majority were originated inside the assessment area with 91.1 by number and 88.7 by dollar volume of the total loans evaluated being inside.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Artisans' Bank's small business and home mortgage loans were analyzed to determine the extent to which the bank addressed the credit needs of the areas' residents and businesses. The bank's participation in lending-related activities and programs assisted with the performance under this criterion. The analysis only included loans extended inside the assessment area. Overall, the distribution of loans within the designated assessment area to borrowers of different income levels and businesses of different sizes was reasonable given the demographics of the assessment area.

Small Business Lending - Table 4 depicts the distribution of small business loans within the assessment area among businesses of different sizes. Aggregate small business lending data for 2004 is shown as a comparable measure; aggregate lending data for 2005 and 2006 was not readily available for comparative purposes.

Table 4 - Distribution of Small Business Loans by Gross Annual Revenues of Business									
Gross Annual Revenues (000s)	2004 Aggregate Lending Data (% of #)	2004		2005		2006		Total	
		#	%	#	%	#	%	#	%
≤ \$1,000	38.3	100	71.9	78	58.6	84	70.6	262	67.0
> \$1,000 or NA	61.7	39	28.1	55	41.4	35	29.4	129	33.0
Total	100.0	139	100.0	133	100.0	119	100.0	391	100.0

Source: CRA Disclosure Statements (2004 and 2005, CRA data collection (2006), and CRA Aggregate Data (2004).

During the evaluation period, 262 in-area small business loans (67.0 percent) were originated to businesses with gross annual revenues of \$1 million or less. In 2004, the bank originated 71.9 percent by number of small business loans to businesses reporting gross annual revenues of \$1 million or less. This compared favorably to demographic data which shows that 61.0 percent of assessment area businesses reported gross annual revenues of \$1 million or less. The bank's performance also compared favorably to 2004 aggregate lending data which showed that 38.3 percent of small business loans were originated to businesses reporting gross annual revenues of \$1 million or less. While the percentage of loans originated to businesses with gross annual revenues of \$1 million and less declined slightly in 2005, these lending levels increased again in 2006. An analysis of lending by dollar volume revealed similar results.

Small business loans were also analyzed by loan size, as a proxy for the size of the businesses being financed. See Table 5 below.

Table 5 – Distribution of Small Business & Commercial Loans by Loan Size									
Loan Size (000s)	2004 Aggregate Lending Data (% of #)	2004		2005		2006		Total	
		#	%	#	%	#	%	#	%
< \$100	92.0	55	39.6	60	45.1	40	33.6	155	39.6
> \$100 ≤ \$250	4.0	38	27.3	37	27.8	43	36.1	118	30.2
> \$250 ≤ \$1,000	4.0	46	33.1	36	27.1	36	30.3	118	30.2
Total	100.0	139	100.0	133	100.0	119	100.0	391	100.0

Source: CRA Disclosure Statements (2004 and 2005, CRA data collection (2006), and CRA Aggregate data (2004).

Of the 391 in-area loans, 155 loans (39.6 percent) were originated in original amounts of \$100,000 or less and 118 loans (30.2 percent) were extended in original amounts greater than \$100,000 and less than or equal to \$250,000. For 2004, Artisans' Bank's performance was below aggregate lending data for small business loans of \$100,000 or less; however, the small business market leaders in the bank's assessment area are credit card originators. In total, nearly 70.0 percent of the number of small business loans originated within the assessment area had original balances of less than \$250,000 during the evaluation period, demonstrating that Artisans' Bank reasonably served small- and medium-sized businesses consistent with its business strategy, which is also reflected in the composition of the loan portfolio. Additionally, the bank is approved to offer loans in the Small Business Administration's 7A Guaranty Loan Program, Low Documentation Program, Express Loan, and 504 Loan Programs. Under these programs, the bank originated 2 loans totaling \$400,000 in 2004, 1 loan totaling \$400,000 in 2005, and 5 loans totaling \$2.7 million in 2006. The distribution of the dollar volume of small business loans by size reflected similar results.

Home Mortgage Lending – Table 6 details the distribution of home mortgage loans within the assessment area by borrower income. For comparative purposes, the table shows the percentage of families within the assessment area by income level and the percentage of aggregate home mortgage loans extended by all lenders within the assessment area for 2004 and 2005. Aggregate data for 2006 was not yet available.

Table 6 - Distribution of Home Mortgage Loans by Borrower Income											
Borrower Income Level	% of Total Families	Aggregate Lending Data (% of #)		2004		2005		2006		Total	
		2004	2005	#	%	#	%	#	%	#	%
Low	18.5	7.0	7.3	9	6.6	18	9.5	17	8.6	44	8.4
Moderate	18.0	19.4	19.9	25	18.2	29	15.3	43	21.7	97	18.5
Middle	23.6	23.2	23.3	28	20.4	49	25.8	48	24.3	125	23.8
Upper	39.9	35.4	34.5	42	30.7	67	35.2	68	34.3	177	33.7
\$0/NA Income	0.0	15.0	15.0	33	24.1	27	14.2	22	11.1	82	15.6
Total	100.0	100.0	100.0	137	100.0	190	100.0	198	100.0	525	100.0

Source: U.S. Census, HMDA Disclosure Statements (2004 and 2005), HMDA LAR (2006), and HMDA Aggregate Data (2004-2005).

During the evaluation period, Artisans' Bank extended 8.4 percent of its home mortgage loans to low-income borrowers and 18.5 percent to moderate-income borrowers. In 2004, the bank's percentage of loans originated to low- and moderate-income borrowers was comparable to aggregate data. In 2005, the bank's percentage of loans extended to low-income borrowers was slightly higher than aggregate lending data; however, the percentage of loans extended to moderate-income borrowers was lower than aggregate lending data. Both Artisans' Bank's 2005 lending performance and 2005 aggregate lending performance compared favorably to demographic data for moderate-income borrowers; however, neither bank data nor aggregate data compared favorably to demographic data for low-income families. In 2006, the percentage of loans originated to low-income borrowers remained relatively constant, while the percentage of loans originated to moderate-income borrowers increased to 21.7 percent. An analysis of lending by dollar volume revealed similar results.

Artisans' Bank's performance was achieved in part through participation in four home mortgage loan programs specifically targeted to low- and moderate-income borrowers. Below is a description of these programs:

- *First Time Homebuyer Program:* This program assists low- and moderate-income borrowers purchase a first home with reduced interest rates and reduced bank fees. Loan origination fees are reduced to 1.5 percent for qualifying incomes. If the property is located within a low- or moderate-income census tract and the borrowers attend bank sponsored home ownership counseling, then the borrowers is charged zero points. The maximum loan-to-value is 97 percent. Under this program, the bank originated 11 loans in 2004

totaling \$1.4 million, 5 loans totaling \$1.0 million in 2005, and 6 loans totaling \$1.3 million in 2006.

- *CRA First Mortgage Program*: This program assists low- and moderate-income borrowers purchase a home. Borrowers must meet Federal Home Loan Mortgage Corporation's first-time homebuyer qualifications. Features of the program include: a ¼ percent reduction in the interest rate and a waiver of the \$150 loan documentation fee. A full waiver of the loan origination fee is available if the borrower attends bank sponsored home ownership counseling. The bank originated 1 loan in 2004 totaling \$100,000, and 3 loans totaling \$400,000 in 2005. No loans were originated under this program in 2006.
- *Freddie Mac's Home Possible 100 and 97 / 3 - Plus Mortgage Programs*: These programs are designed for first time home buyers, families in underserved areas, and low- to moderate-income borrowers. The Home Possible 100 program provides a 100 percent mortgage and is targeted to public servants. The 3 – Plus program allows for a down payment of three percent, while accepting secondary financing sources to be included in the mortgage transaction settlement. Eligible borrowers must meet median income limits, unless it is an underserved area. The program does not require borrower contributions on single unit primary residences and features low mortgage insurance coverage levels. The bank waives processing fees for borrowers. The bank originated 2 loans in 2006 totaling \$300,000; no loans were originated under this program in 2004 or 2005.
- *Federal Home Loan Bank First Front Door (FFD) and Other Settlement Assistance Programs*: FFD is specifically designed for first-time homebuyers by providing grant assistance to be used for down payment and closing costs to families at or below 80 percent of the area median income. Through the FFD, the Federal Home Loan Bank matches the participant's savings 3-to-1, up to a maximum of \$5,000. Participants must complete a mandatory pre-homeownership counseling program and meet all contribution requirements to be eligible for funding. The bank originated 1 loan in 2005 totaling \$6,000; no loans were originated under this program in 2004 or 2006.

Consumer Lending - While consumer lending was not specifically reviewed as part of this evaluation, it is noted that Artisans' Bank also has a loan program targeted to low- and moderate-income borrowers with less than perfect credit to re-establish their credit ratings. The program is entitled the Credit Builders Consumer Loan Program: The proceeds are deposited into an Artisans' Bank savings account; which also serves as the collateral. The funds (maximum of \$2,000) are repaid over a 12-month period. The bank originated 19 loans in 2004 totaling \$19,500, 31 loans totaling \$32,000 in 2005, and 9 loans totaling \$9,500 in 2006.

Geographic Distribution of Loans

The institution was analyzed based on the geographic distribution of its small business and home mortgage loans within its assessment area. This criterion assesses the bank's performance in

addressing the credit needs in low-, moderate-, middle- and upper-income census tracts. Only loans extended within the assessment area were included in this analysis. Overall, the geographic distribution of home mortgage and small business loans reflected reasonable dispersion throughout the assessment area.

Small Business Lending - Table 7 illustrates the distribution of the bank's small business loans within the assessment area by census tract income level for 2004, 2005, and 2006. Aggregate lending data for 2004 is shown for comparative purposes.

Table 7 - Distribution of Small Business Loans by Income Category of the Census Tract									
Census Tract Income Level	Aggregate Lending Data (% of #)	2004		2005		2006		Total	
	2004	#	%	#	%	#	%	#	%
Low	3.8	4	2.9	5	3.8	9	7.6	18	4.6
Moderate	10.2	16	11.5	17	12.8	13	10.9	46	11.8
Middle	59.3	90	64.7	91	68.4	73	61.3	254	65.0
Upper	26.6	29	20.9	20	15.0	24	20.2	73	18.6
\$0/NA Income	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Total	100	139	100	133	100	119	100	391	100

Source: CRA Disclosure Statements (2004 and 2005), CRA data collection (2006), and CRA Aggregate Data (2004).

Of the total 391 in-area small business loans, 64 loans (16.4 percent) were to businesses located in low- and moderate-income census tracts. In 2004, the bank's performance indicated a reasonable penetration of small business lending in low- and moderate-income census tracts compared to demographic and aggregate data. In 2005, an increase was noted for lending in both low- and moderate-income areas. In 2006, an increase in the percentage of small business loans originated in low-income census tracts is noted, but the percentage of lending in moderate-income areas declined. However, the total percentage of lending in low- and moderate-income areas combined increased from year to year, from 14.4 percent in 2004 to 16.6 percent in 2005 and 18.5 percent in 2006. An analysis of lending by dollar volume showed similar results.

Home Mortgage Lending - The geographic distribution of home mortgage loans is presented in Table 8. For comparative purposes, the percentage of owner-occupied housing units in the geographies and aggregate lending data for 2004 and 2005 is also displayed.

Table 8 - Distribution of HMDA Loans by Income Category of the Census Tract

Census Tract Income Level	% of Total Owner-Occupied Housing Units	Aggregate Lending Data (% of #)		2004		2005		2006		Total	
		2004	2005	#	%	#	%	#	%	#	%
Low	1.0	1.0	1.3	1	0.7	1	0.5	3	1.5	5	1.0
Moderate	9.7	10.4	11.5	13	9.5	14	7.4	17	8.6	44	8.4
Middle	65.1	64.3	65.4	76	55.5	95	50.0	110	55.6	281	53.5
Upper	24.2	24.3	21.8	47	34.3	80	42.1	68	34.3	195	37.1
\$0/NA Income	0.0	0.0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	100.0	137	100.0	190	100.0	198	100.0	525	100.0

Source: U.S. Census, HMDA Disclosure Statements (2004 and 2005), HMDA LAR (2006), and HMDA Aggregate Data (2004-2005).

Of the total 525 loans originated during the review period, 5 (1.0 percent) and 44 (8.4 percent) were originated in low- and moderate-income areas. In 2004, performance was similar to demographic and aggregate lending data for low- and moderate-income census tracts. While 2005 lending levels in low- and moderate-income census tracts were lower in comparison to demographic and aggregate lending data, an increasing trend was noted in the number and percentage of loans originated in low- and moderate-income census tracts between 2005 and 2006. As noted previously, the high percentage of non-owner occupied housing units in low- and moderate-income census tracts suggests limited demand for home mortgage loans in those areas. Distribution of the dollar volume of loans showed similar results.

Response to Complaints

No CRA-related complaints were received during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the institution's community development loans, qualified investments, and community development services. Adequacy of the bank's responsiveness to assessment area community development needs was evaluated based on the bank's capacity for community development activities, its assessment area's need for community development activities, and the availability of community development opportunities in the assessment area. As an intermediate small institution, Artisans' Bank has the flexibility to allocate its resources among community development loans, qualified investments, and community development services in amounts that it reasonably determines are most responsive to community development needs and opportunities.

Community development activities include: (1) affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income tracts.

Overall, Artisans' Bank's community development performance demonstrated overall adequate responsiveness to community development needs of its assessment area, considering the institution's size and capacity and the need and availability of such opportunities in the assessment area. Community development performance was demonstrated through an adequate level of community development loans, a high level of qualified investments, and an adequate level of community development services.

Community Development Lending

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or residential mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

Given the bank's resources and capacity, Artisans' Bank originated a satisfactory level of community development loans during the review period. During the evaluation period, Artisans' Bank originated seven loans totaling \$6.0 million within its assessment area. Table 9 shows the distribution of the bank's community development lending.

Table 9 - Qualified Community Development Lending Activity		
Loan Description	Number of Loans	Dollar Volume (000s)
Affordable Housing (excluding multi-family rental housing) for Low-and Moderate-Income Individuals	1	\$3,770
Multi-Family Affordable Housing for Low-and Moderate-Income Individuals	3	\$1,154
Activities that Revitalize or Stabilize Low- and Moderate-Income Geographies	3	\$1,115
Grand Total	7	\$6,039

Source: CRA Disclosure Statements (2004 and 2005), CRA data collection (2006), and bank records

Following is a discussion of the bank's community development loans:

- In February 2004, the bank originated a \$3.8 million loan to fund the restructure of a 67-unit assisted living facility into an 86-unit assisted living facility. The facility is located in a moderate-income census tract Wilmington, Delaware. Nineteen existing one- and two-bedroom units are to be converted into 38 lower-cost studio units, which are less expensive and more appealing to lower income individuals. Of the 86 planned units, 41 will be studio units, 41 will be one-bedroom units, and 4 will be two-bedroom units. A local community development corporation committed to providing permanent financing once the renovations are completed; the commitment requires that the majority of facility residents have incomes at 80 percent or less of the area median income.
- The bank originated two loans totaling \$1.1 million to restore a historic site located in a moderate-income census tract in the downtown area of Milford, Delaware. This historic property anchors the City of Milford redevelopment plan for revitalizing downtown Milford. The building was originally to be razed due to its dilapidated condition. The City of Milford Historical Society provided a grant for its rehabilitation and, in conjunction with assistance from a local community development corporation, this loan was been structured to stabilize funding and finish the project. The property is being significantly renovated into multi-family apartments and offices, which will be rented to moderate-income individuals and small business owners.
- In August 2004, the bank originated a \$31,000 loan to purchase a nine-unit low- and moderate-income apartment building in downtown Wilmington, Delaware. The property consists of two efficiency apartments, five one-bedroom apartments, two two-bedroom apartments, and is located in a moderate-income census tract.
- In November 2005, the bank committed \$600,000 to a multi-bank loan pool to facilitate the

construction of a parking garage in a low-income census tract in Wilmington, Delaware. The project has been identified as a key component for development and revitalization of this low-income area. The total multi-bank loan amount is \$6.0 million, of which Artisans' Bank has a 10 percent share.

- In August 2006, the bank provided two construction loans totaling \$515,000 to a non-profit organization to raze existing structures and construct low- and moderate-income housing, including one single family home and two semi-attached dwellings in moderate-income areas of Wilmington, Delaware. The borrower actively purchases deteriorated dwellings and renovates the properties for the purpose of selling the properties to low- and moderate-income buyers who have met the City Housing Administration's mortgage qualification guidelines. The City Housing Administration qualifications have four income limits varying from 30 to 80 percent of the median income as well as family size limits. For this project, the City of Wilmington granted partial financing at the time of property acquisition, while the bank's loans funded the remaining acquisition and provided renovation funding.

In addition to the above noted community development loans, the institution continued to administer two separate \$100,000 lines of credit that have community development attributes. Proceeds were provided to a non-profit developer for affordable housing in Wilmington, Delaware for the acquisition of residential properties that were renovated and sold to low- and moderate-income families. The lines of credit have assisted in the purchase, renovation and sale of 20 properties since 2000 (seven properties since the previous evaluation). Additionally, the bank performs property inspections for the organization's clients at no cost. The line of credit is secured by single-family, residential real estate, and therefore, was not reportable as a community development loan.

Qualified Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, donation membership share, or grant that has community development as its primary purpose.

Since the previous evaluation, the bank invested \$4.8 million in qualified debt and equity investments, and donated \$196,000 to 34 community development organizations. Therefore, total qualified investments for the review period increased to \$5.0 million. Additionally, \$2.0 million in investments remain outstanding from the previous evaluation. Total new qualified investments of \$5.0 million represented 0.8 percent of total assets, 4.7 percent of total securities and 9.1 percent of equity capital. Overall, the level of Artisans' Bank's qualified investments during the evaluation period showed an excellent responsiveness to community development needs considering the institution's size, capacity, and constraints.

Following is a description of some of the community development investment activity during the evaluation period.

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- Artisans' Bank purchased two mortgage-backed securities totaling \$3.3 million in 2006. These securities were collectively collateralized by 25 home mortgages originated to low- and moderate-income individuals in the bank's assessment area.
 - During the review period, Artisans' Bank funded \$619,075 to the Delaware Community Investment Corporation (DCIC) for Housing Loan Funds II, III, and IV, as well as for the Community Investment Loan Fund II. Artisans' Bank originated \$1.3 million in new commitments to the DCIC during the review period (\$250,000 to Housing Loan Fund IV in 2005; \$500,000 to Housing Loan Fund V in 2006; and \$500,000 in the Delaware Equity for Housing Fund V in 2007). DCIC is a multi-bank community development corporation that collaborates with private banks, public and private developers, and public agencies to create affordable housing. DCIC provides long-term permanent financing for commercial real estate projects located in areas targeted for revitalization, as well as short-term financing for planned revitalization projects. DCIC has developments throughout the State of Delaware. The bank also has outstanding DCIC investments of \$1.3 million from the prior review period; investments are in Housing Funds I, II, and III, as well as the Urban Renewal Loan Funds I and II and the Community Investment Loan Fund II.
 - In 2005 and 2006, Artisans' Bank purchased two Delaware State Housing Authority (DSHA) Revenue Bonds totaling \$855,000. Additionally, DSHA Revenue Bonds previously purchased and still outstanding from the previous evaluation totaled \$745,000. These bonds were used to provide funding to low- and moderate-income first-time home buyers at below market interest rates.
 - Artisans' Bank committed \$100,000 over a three-year period to Habitat for Humanity of New Castle County. Of the \$100,000, \$75,000 has been funded to-date and \$50,000 of that money was used to construct a home in a moderate-income census tract.
 - Artisans' Bank made contributions of \$23,250 to the Wilmington Renaissance Corporation. This non-profit organization serves as an advocate for development of Downtown Wilmington, primarily low- and moderate-income areas.
 - Artisans' Bank made contributions of \$15,000 to the Delaware Bankers Association Financial Education Alliance (DBAFEA). The program strives to ensure that financial education is available to everyone, including students located in low- and moderate-income communities. There are three educational programs: Teach Children to Save Day, Senior Credit Day, and Keys to Financial Success. The Teach Children to Save Day provided financial education to elementary school students throughout Delaware.
 - Artisans' Bank donated \$6,500 to the West End Neighborhood House, a non-profit organization located in a moderate-income area whose mission includes employment training, community development, healthcare, housing, and emergency assistance for low- and moderate- income families.

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- Artisans' Bank donated \$6,000 to the Wilmington Housing Partnership. This non-profit organization was established in 1989 by the City of Wilmington to increase homeownership and to improve the quality of housing in the City, particularly within low- and moderate-income tracts.
 - Artisans' Bank contributed of \$6,000 to the National Council for Agricultural Life and Labor Research Fund, Inc. (NCALL Research) from 2004 to 2006. NCALL Research's mission is to provide opportunities for safe, decent, affordable housing and improve housing conditions of low- and moderate-income people primarily in rural areas of Delaware. This organization primarily serves Kent County, but also serves Sussex County.
 - Artisans' Bank made contributions of \$1,500 to First State Community Action Agency, Inc., from 2004 to 2006. This non-profit organization's overall objective is to serve community needs where poverty is particularly acute and to assist low-income households. Assistance programs include employment and community services, and homeownership counseling. This organization primarily serves Sussex County

Community Development Services

This section of the Community Development Test evaluated the institution's record of helping to meet the community needs of the assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services as well as the level of community development services. A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical assistance. In summary, the bank's community development service activity reveals a good responsiveness to area community development needs.

Branch Delivery System – Artisans' Bank provides retail banking services through a growing branch network and a variety of alternative delivery systems. During the evaluation period, Artisans' Bank expanded its branch network by opening two new branches, one new branch in a middle-income census tract in Rehoboth Beach, Sussex County and a second new branch in a moderate-income census tract in Milford, Kent County. Artisans' Bank has not closed any branches since the previous evaluation.

The bank currently operates 11 full-service branches in the state of Delaware. Eight of the branches (including the main office) are located in New Castle County, two are located in Kent County and one is located in Sussex County. Based on 2000 U.S. Census data, the main office is located in a low-income census tract, one branch is located in a moderate-income census tract, five branches are located in middle-income census tracts, and the remaining four branches are located in upper-income census tracts. In other words, two of the bank's branches (18.2 percent) are located in low- and moderate-income areas. The bank also operated three loan production offices, one in each county.

Artisans' Bank business hours and services were reasonable in meeting assessment area needs. Many of the branches offered extended hours on Friday and Saturday morning hours. All bank branches have standard operating hours of 9 a.m. until 4 p.m. Monday through Thursday, and 9 a.m. until 6 p.m. on Friday. Seven branch offices offer drive-through facilities with extended hours, generally until 5:30 p.m. Monday through Thursday and until 6 p.m. on Friday. Branches are also open on Saturday morning from 9 a.m. until 12 noon.

Artisans' Bank's branch delivery system is responsive to community development needs it benefits low- and moderate-income individuals and low- or moderate-income census tracts.

Accessibility of Delivery Systems - The bank's retail delivery systems are accessible to all portions of the bank's assessment area, including low- and moderate-income census tracts. Artisans' Bank offers a variety of alternative delivery systems including an automated teller machine (ATM) network, telephone banking, and online banking. All of the bank's 11 branches have an ATM. These 24-hour ATMs have instructions available in English and Spanish. Customers are not charged fees by Artisans' Bank for using an ATM. The bank also offers a no annual fee EZ Check Card. Customers can use an EZ Check VISA Check Card to withdraw cash, make deposits, transfer funds between accounts and pay for purchases wherever VISA is accepted.

The bank also offers telephone banking, allowing customers to complete routine banking 24-hours a day, 7-days a week, using voice response units. This service allows convenient access to customer accounts including review of account balances, recent deposits or withdrawals, inquiry of cleared checks, and transfer of funds.

The bank's website, www.artisansbank.com, provides information relating to bank products and services. Through the site, information can be obtained about bank locations, hours of operation, and bank contact numbers. The bank offers free on-line banking, also a 24-hour per day, 7-days per week program. With online banking, customers can check balances and activity, transfer funds between accounts, make Artisans' bank loan payments, view and print previous statements, and pay bills. The bank also offers e-Statements for customers to receive their statements on-line.

The alternative delivery systems enables all customers, including low- and moderate-income households, several effective methods to access account data and obtain information on Artisans' Bank products and services.

Community Development Services – The bank participates in various community development service initiatives and provides technical expertise to community development organizations. Following is a list of bank services that meet the definition of community development and are related to the provision of financial services:

- A vice president is on Community Development Block Grant Committee for the City of Dover, Delaware. The Community Development Block Grant entitlement funds are used to expand opportunities and housing choices for low- and moderate-income persons residing in Dover. It provides grants to organizations that offer services to low- and moderate-income

persons, rehabilitation assistance, and housing assistance to emergency shelters for the homeless.

- An executive vice president serves as the Chairperson of DCIC's Housing Loan and New Markets Tax Credits Committees, and is a member of the Executive Committee. Additionally, a senior vice president is on DCIC's Board and a member of the Community Investment Loan Fund and Urban Renewal Committees. A vice president was also on DCIC's New Markets Tax Credits Committee. DCIC is a multi-bank community development corporation whose mission is to serve as a vehicle for community revitalization through the financing of and investment in housing-related activities to address the needs of low- and moderate-income individuals and areas.
- A vice president is on the Delaware Community Reinvestment Action Council's Low Income Credit Union Exploratory Committee. The organization's mission is to ensure equal access to credit and capital for the under-served populations and communities throughout Delaware through education, outreach, advocacy, and legislation.
- A director is the chairperson of the Delaware Economic Development Office's Community Development Fund. This organization promotes the expansion of existing industry, assists small and minority-owned businesses, and creates new and improved employment opportunities for all citizens of the State.
- A vice president is a board member of the First State Community Loan Fund. This organization is focused on affordable housing for low- and moderate-income people and has assisted in the creation or preservation of over 300 units of affordable housing. Efforts range from supervised apartments for special needs populations to transitional housing to single-family homes for home ownership.
- Artisans' Bank is the New Castle County financial institution in the Delawareans Save! - Individual Development Account (IDA) Program with the First State Community Loan Fund. This program is a matched savings initiative designed to assist low- or moderate-income persons in saving for the purchase of a home, opening a small business, or continuing education. Participants receive a dollar for dollar match. The bank holds nearly \$1 million in federal and private sector matching funds managed by the First State Community Loan Fund.
- A vice president is a board member for the Habitat for Humanity Central Delaware. A bank director is also a director for Habitat for Humanity Kent County. These organizations are dedicated to building affordable homes for low-and moderate-income individuals and families.
- A vice president is a board member of West End Neighborhood House. Bank employees also participate on this organization's Loan Review Committee, a committee that reviews applications for low interest loans to low- and moderate-income individuals for security and

utility deposits, and moving expenses. West End Neighborhood House is a multi-function, non-profit community center located in a moderate-income area, whose primary mission is to serve the low- and moderate-income population on the west side of Wilmington. Services include employment training, community development, healthcare, and emergency assistance. In addition to their usual mission, they assisted 20 families who were victims of Hurricane Katrina who relocated to the local area.

- An executive vice president is a board member of Wilmington Economic Development Corporation. This organization provides small business owners with access to capital, financial counseling and other support. They also have special programs for small business owners that are women, minorities or in a low- or moderate-income area.
- An executive vice president is on Wilmington Housing Partnership's Project Review Committee. A vice president is also a board member. The organization provides affordable housing developments to the low- and moderate-income portions of the population.
- Artisans' Bank employees participated in the American Bankers Association Teach Children to Save Day, an event locally sponsored by the Delaware bankers Association to provide age-appropriate material to elementary students, to encourage savings, and to increase financial literacy. Bank employees taught several lessons in local schools located in low- and moderate-income neighborhoods. In total, there were 29 volunteers that taught different classes during the review period.
- The bank offers a free business checking account and financial literacy training to members of Capital Works Delaware. As of December 31, 2006, the bank held ten accounts totaling \$4,821. Capital Works Delaware provides small loans to micro-entrepreneurs with limited financial resources and assists in building a credit history, expanding business networks, obtaining additional loans, and increasing business-related skills. The Capital Works program is a collaborative effort by the YWCA of New Castle County and the First State Community Loan Fund.
- The institution services two mortgage portfolios on behalf of the Delaware State Housing Authority (DSHA), a portfolio of low interest rate rehabilitation loans and a portfolio of DSHA Mortgage Revenue Bond Loans. The mission of the DSHA is to efficiently provide, quality, affordable housing opportunities and appropriate supportive services to responsible low- and moderate-income Delaware residents.
- The bank was the financial institution partner in administering a Cornerstone West/ Federal Home Loan Bank of Pittsburgh Affordable Housing Program grant. Ten Wilmington properties were acquired, rehabilitated, and sold to low- and moderate-income first-time homebuyers through this program. Cornerstone West is a non-profit community development corporation designed to be a proactive catalyst for positive community revitalization and to deliver a housing system to serve the needs of Wilmington's low- and moderate-income families.

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- A vice president is on Dover Main Street's Economic Restructuring Committee. The mission of Dover Main Street is to restore and revitalize Downtown Dover while developing an economic niche that will encourage reinvestment in a community that is safe to work and live in. While this is a middle-income area, the mission includes assistance to small businesses by offering a wide array of programs designed to assist start-ups, expansions and mature businesses. This is done through a concerted effort of four (4) committees: Design, Promotion, Organization, and Economic Restructuring.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's record of complying with anti-discrimination laws (Fair Housing and Equal Credit Opportunity) is satisfactory. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community needs was identified.

METROPOLITAN AREAS

DESCRIPTION OF THE BANK'S OPERATIONS IN WILMINGTON, DELAWARE-MARYLAND-NEW JERSEY MD 48864 (NEW CASTLE COUNTY)

Artisans' Bank maintains a greater presence in New Castle County when compared to the entire assessment area. As such, lending and community development activities predominantly occur in New Castle County. The county accounts for the largest portion of the assessment area as the bank operates 8 of its 11 branch offices, or 72.7 percent, in this MSA.

The county is comprised of 127 census tracts, representing 64.5 percent of the entire assessment area's 197 tracts. New Castle County accounts for all of the assessment area's low-income tracts and 23 of the 26 moderate-income tracts.

Lending and community development activities within New Castle County are consistent with its overall performance.

DESCRIPTION OF THE BANK'S OPERATIONS IN DOVER, DELAWARE MSA 20100 (KENT COUNTY)

Two of the bank's eleven offices, or 18.2 percent, are located in Kent County. The Milford office was opened between evaluations in April 2004. The county is comprised of 34 census tracts, 3 moderate-income, 25 middle- and 6 upper-income tracts; no census tracts qualify as low-income.

The bank's lending activities in Kent County are consistent with its presence there. For example, in 2005 the institution originated 78 loans in Kent County, or 22.2 percent of total originations that year. In 2006, 66 loans were made in Kent County, or 18.8 percent of total originations. Geographic and borrower distributions are consistent with its overall performance.

Community development activities within Kent are consistent with the bank's market presence.

DESCRIPTION OF THE BANK'S OPERATIONS IN SUSSEX COUNTY, DELAWARE NONMETROPOLITAN AREA

Artisans' Bank operates on office in Sussex County. This office was opened between evaluations in October 2004. The county is comprised of 36 census tracts, 33 are middle-income and 3 are upper-income. There are no low- or moderate-income census tracts in Sussex County.

The bank's lending activities in Sussex County are consistent with its presence there. For example, in 2005 the institution originated 32 loans in Sussex County, or 9.1 percent of total originations that year. In 2006, 40 loans were originated in Sussex County, or 11.4 percent of total originations. Geographic and borrower distributions are consistent with its overall performance.

Community development activities within Sussex County are consistent with the bank's market presence.

APPENDIX A

SCOPE OF EXAMINATION:

Artisans' Bank
SCOPE OF EXAMINATION: The scope of the review included an evaluation of the bank's lending, investment and service activities.
TIME PERIOD REVIEWED: March 24, 2004 to April 10, 2007
PRODUCTS REVIEWED: Home mortgage, small business and community development loans.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
MD 48864	Full Scope	1	
MSA 20100	Full Scope	0	
Non-MSA Sussex County	Full Scope	0	

GENERAL CRA DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Statistical Area (MSA/MD): The Metropolitan Statistical Areas have at least one urbanized area of 50,000 or more population. There are 11 instances (Boston, Chicago, Dallas, Detroit, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, and Washington) where a Metropolitan Statistical Area containing a single core with a population of 2.5 million or more has been subdivided to form smaller groupings of counties referred to as **Metropolitan Divisions** (One or more large population centers and adjacent communities that have a high degree of economic and social integration.) Each MD must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MD comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MDs are composed of cities and towns rather than whole counties.

Combined Statistical Area (CSA): The larger area of which MSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

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

HOUSING TERMS

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 which 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).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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.

INCOME TERMS

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.

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

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Small Business Loan(s): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by non-farm or non-residential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.