

**APPLIED BANK**

**2025 COMMUNITY REINVESTMENT ACT  
(CRA) PUBLIC FILE**

# **APPLIED BANK**

## **2025 CRA PUBLIC FILE**

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# **APPLIED BANK 2025 CRA PUBLIC FILE**

## **I. CRA NOTICE**

## **COMMUNITY REINVESTMENT ACT NOTICE**

Under the Federal Community Reinvestment Act (CRA), the Federal Deposit Insurance Corporation (FDIC) evaluates our record of helping to meet the credit needs of the community consistent with safe and sound operations. The FDIC also takes this record into account when deciding on certain applications submitted by us.

Your involvement is encouraged.

- i. You are entitled to certain information about our operations and our performance under CRA. For example, information about our branches, such as their location and services provided; the public section of our most recent CRA Performance Evaluation prepared by the FDIC; and comments received from the public relating to our performance in helping to meet community credit needs, as well as our responses to those comments. You may review this information today.
- ii. At least 30 days before the beginning of each quarter, the FDIC publishes a nationwide list of the banks that are scheduled for CRA examination in that quarter. This list is available from the Regional Manager, Division of Compliance and Consumer Affairs, FDIC, 350 Fifth Avenue, Suite 1200, New York, NY 10118, (917) 320-2500. You may send written comments about our performance in helping to meet community credit needs to our CRA Officer Tim Hurley, Applied Bank, 2200 Concord Pike, Suite 102, Wilmington, DE 19803, and the FDIC Regional Manager. Your letter, together with any response by us, will be considered by the FDIC in evaluating our CRA performance and may be made public.
- iii. You may ask to look at any comments received by the FDIC Regional Manager. You may also request from the FDIC Regional Manager an announcement of our applications covered by the CRA filed with the FDIC.

**APPLIED BANK 2025  
CRA PUBLIC FILE**

**II. LIST OF BRANCHES AND ATMs**

**Branch Opened November 2011**

Applied Bank

Rehoboth

Branch

37012 Country Club Rd.

Rehoboth Beach, DE 19702

MSA/MD Code	41540
State	10
County	05
Census Tract	0510.16

**Branch Opened January 2015**

Applied Bank

Wilmington

Branch

2200 Concord Pike, Suite 102

Wilmington, DE 19803

MSA/MD Code	48864
State	10
County	003
Census Tract	0117.00

**Applied Bank  
Branch and ATM Listing**

<b>BRANCH</b>							
<b>Location</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Census Tract</b>	<b>Opened</b>	<b>Closed</b>
Main Office/Branch	2200 Concord Pike, Suite 102	Wilmington	DE	19803	0117.00	01/12/2015	N/A
Branch	37012 Country Club Road	Rehoboth Beach	DE	19971	0510.16	11/12/2011	N/A

<b>ATM</b>						
<b>Location</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Census Tract</b>	<b>Deposit Taking</b>
ATM/Branch	2200 Concord Pike, Suite 102	Wilmington	DE	19803	0117.00	No
ATM/Branch	37012 Country Club Road	Rehoboth Beach	DE	19971	0510.16	No
ATM	3 South 1 <sup>st</sup> Street	Rehoboth Beach	DE	19971	0511.02	No
ATM	1 <sup>st</sup> Street and Baltimore Avenue	Rehoboth Beach	DE	19971	0511.01	No
ATM	211 Rehoboth Avenue	Rehoboth Beach	DE	19971	0511.01	No
ATM	1 Applied Bank Blvd.	Glen Mills	PA	19342	4103.05	No

Updated: 10/2024

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## **III. BRANCH SERVICES**



**Applied Bank – Rehoboth Beach Branch**

**Address:**

37102 Country Club  
Road Rehoboth Beach,  
DE 19971

(Near intersection of Rte.1 and Rehoboth Avenue in front of Jungle Jim's)

**Phone:**

(302)-326-4200 Ext. 32052

**ATM Hours:**

24 hours per day – 7 days a week

**Branch Hours:**

Monday – Friday: 8:00AM –  
5:00PM Saturday and Sunday:  
Closed

**Applied Bank – Wilmington Branch**

**Address:**

2200 Concord Pike, Suite 102  
Wilmington, DE 19803

**Phone:**

(302)-326-4200 Ext. 29082

**ATM Hours:**

24 hours per day – 7 days a week

**Branch Hours:**

Monday – Friday: 8:00AM –  
5:00PM Saturday and Sunday:  
Closed

## **APPLIED BANK 2025 CRA PUBLIC FILE**

### **IV. FDIC - CRA PERFORMANCE EVALUATION (Last Review – February 2023)**

# **PUBLIC DISCLOSURE**

February 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Applied Bank  
Certificate Number: 34913

2200 Concord Pike  
Wilmington, Delaware 19803

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 loan-to-deposit (LTD) ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A 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 areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes.
- The institution has not received any written complaints regarding its CRA performance; therefore, this criterion did not affect the Lending Test rating.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Applied Bank is a state-chartered community bank headquartered in Wilmington, Delaware (DE). The bank operates primarily in New Castle and Sussex Counties, but also conducts business in Kent County, DE and Worcester County, MD. The bank has one credit-related affiliate, Applied Card Services (ACS), to which the bank sells credit card receivables and contracts credit card processing. Applied Bank received a “Satisfactory” rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated March 20, 2017, based on Interagency Small Institution Examination Procedures.

### **Operations**

Applied Bank operates two full-service branches; one branch located in Wilmington (New Castle County, DE), and one located in Rehoboth Beach (Sussex County, DE). Both branch offices are in upper-income census tracts. The bank focuses primarily on commercial lending, including small business and commercial real estate loans. The bank also originates consumer-purpose secured credit card loans nationwide. Applied Bank offers a range of deposit products for both consumer and business purposes. Deposit products include checking, savings, and money market deposit accounts, and certificates of deposit. The bank also offers a variety of alternative banking services such as automated teller machines (ATMs), online banking, bill pay, and merchant processing.

Product offerings do not vary by branch. Applied Bank did not engage in any merger or acquisition activity since the previous evaluation.

### **Ability and Capacity**

As of December 31, 2022, assets totaled \$234.9 million, including total loans of \$49.7 million. Deposits totaled \$190.6 million. Since the previous evaluation, total assets increased by \$75.4 million (47.3 percent), total deposits increased by \$72.3 million (61.1 percent) and total loans declined by \$12.6 million (20.2 percent). Total assets increased primarily due to significant increases in cash and balances due from depository institutions. The institution’s decline in total loans is attributed to unexpected loan payoffs of \$15.0 million, constituting a significant portion of total loans, and generally decreased lending volume. The following table illustrates the institution’s loan portfolio.

<b>Loan Portfolio Distribution as of December 31, 2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	10,987	22.1
1-4 Family Residential	6,672	13.4
Multi-Family (5 or more) Residential	8	<0.1
Nonfarm Nonresidential	32,071	64.5
<b>Total Real Estate Loans</b>	<b>49,738</b>	<b>100.1</b>
Commercial and Industrial	67	0.1
Consumer	20	<0.1
Other	15	<0.1
Less: Unearned Income	(156)	(0.3)
<b>Total Loans</b>	<b>49,684</b>	<b>100.0</b>
<i>Source Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Applied Bank designated two contiguous assessment areas spanning the entire state of DE and the easternmost county in MD. DE includes New Castle, Kent, and Sussex Counties; Worcester County is located in MD. One assessment area includes New Castle and Kent Counties; the second includes Sussex and Worcester Counties. New Castle County is located in the Wilmington, DE-MD-New Jersey (NJ) Metropolitan Division #48864, which is part of the Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) #37980. Kent County is located in the Dover, DE MSA #20100; both MSAs are located in the Philadelphia-Reading- Camden, PA-NJ-DE-MD Combined Statistical Area (CSA) #428. Since performance in the two MSAs was similar, activities are combined for presentation. Lastly, Sussex and Worcester Counties are located in the Salisbury, MD-DE MSA #41540.

The bank did not change its assessment areas since the prior evaluation. Please refer to the rated areas sections for additional details on the individual assessment areas, including economic and demographic information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated March 20, 2017, to the current evaluation dated February 27, 2023. Examiners used the Interagency Small Institution Examination Procedures to evaluate Applied Bank's CRA performance. These procedures include the Lending Test. Please refer to the Appendices for a complete description of this test.

Examiners performed full-scope reviews for both assessment areas; however, performance in the CSA assessment area contributed more weight overall to ratings and conclusions as a majority of Applied Bank's activities occur in in this assessment area.

### **Activities Reviewed**

Examiners determined that the bank's major product is commercial loans. This conclusion considered the bank's business strategy, loan composition, and the number and dollar volume of loans originated during the evaluation period. Examiners assessed Applied Bank's overall commercial lending activity to form performance conclusions. The evaluation of commercial lending activity also includes small business loans originated during the review period.

During the evaluation period, Applied Bank also offered credit cards (secured and unsecured) for consumer purpose on a national basis. After origination, the bank sells credit card receivables to its affiliate, ACS. Origination volume spiked in 2021 due to the bank running a test campaign for unsecured credit cards, but in 2022, credit card lending declined to a lower percentage of overall lending. Based on the sporadic volume of credit card originations during the evaluation period, this lending category is not considered a primary loan product. No other loan types, such as home mortgage, consumer, or small farm, represent a major product line. Therefore, these loan types do not provide material support for conclusions or ratings and are not presented.

Bank records indicated that the commercial lending focus and product mix remained consistent throughout the evaluation period. Applied Bank is not obligated to collect or report small business loan data due to its asset size, but nonetheless chose to collect revenue and geographic information. Examiners evaluated all commercial loans originated during the evaluation period, including small business loans. Applied Bank participated in the SBA's Paycheck Protection Program (PPP), and in 2021 originated 44 loans totaling \$8.8 million. Overall in 2021, Applied Bank originated 64 commercial loans totaling \$39.7 million; and in 2022, Applied Bank originated 18 commercial loans totaling \$40.1 million. The higher number of loans in 2021 is due to the bank's participation in PPP lending. Since Applied Bank did not report small business loan data, examiners could not compare the bank's lending levels to peer data during the evaluation period. Examiners compared bank performance to D&B demographic data.

For the Lending Test, examiners presented the number and dollar volume of commercial loans originated and/or purchased for 2021 and 2022. Although the evaluation presents both the number and dollar volume of loans, examiners emphasized performance based on number of loans because it is a better indicator of the number of businesses served.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The institution's overall Lending Test performance is rated "Satisfactory." Applied Bank's reasonable performance in the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria primarily support this rating. The bank's overall performance was not consistent in the CSA and Salisbury MSA assessment area. The Geographic Distribution criterion was rated reasonable in the CSA assessment area and rated poor in the Salisbury MSA. Examiners weighted performance in the CSA assessment area more heavily, as the majority of lending occurs in this assessment area.

This section presents the institution's overall performance under the Lending Test. Separate presentations for the individual assessment areas are included in later sections.

#### **Loan-to-Deposit (LTD) Ratio**

The LTD ratio is less than reasonable given the institution's size and financial condition. The bank's net LTD ratio, calculated from Call Report data, averaged 39.4 percent over the past 24 calendar quarters since the previous evaluation from March 31, 2017, to December 31, 2022. This represents a decline from the previous examination ratio of 55.6 percent. The ratio peaked at 83.3 percent as of September 30, 2020, but declined to a low of 15.6 percent as of September 30, 2022. The ratio fluctuated during the review period, decreasing dramatically during 2017, then rising until another dramatic decline from 2021 until the current quarter. Management explained that the LTD ratio has been adversely affected by large loan payoffs and a significant inflow of deposits over the last six calendar quarters. Additionally, the bank's credit card product lines are not captured in the LTD ratio. The following table illustrates Applied Bank's performance as compared to similarly-situated institutions in the assessment area. Examiners selected comparable institutions based primarily on their geographic location and lending focus, as there are no banks similar in asset size nearby.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTD Ratio (%)
Applied Bank	234,875	39.4
Bank of Ocean City	619,836	67.4
Artisans' Bank	662,318	76.7

#### **Assessment Area Concentration**

The bank made a majority of commercial loans, by number and dollar volume, within its assessment areas.

The following table details the institution's lending inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total  #	Dollar Amount of Loans \$(000s)				Total  \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2021	48	75.0	16	25.0	64	30,460	76.6	9,280	23.4	39,740
2022	15	83.3	3	16.7	18	36,293	90.4	3,851	9.6	40,144
Total	63	76.8	19	23.2	82	66,753	83.6	13,131	16.4	79,884
Source Bank Data. Due to rounding, totals may not equal 100.0%										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Applied Bank's performance was not consistent across both assessment areas; performance in the Salisbury MSA assessment area trailed that of the CSA assessment area. The bank's performance of lending in low- and moderate-income census tracts in the CSA assessment area primarily contributed to the overall conclusion given this area's higher concentration of loans. The individual assessment area sections include detailed analysis and comparisons to demographic data.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different revenue sizes. The bank's performance of lending to businesses with gross annual revenues (GARs) of \$1.0 million or less in the CSA assessment area primarily contributed to the overall conclusion, given this area's higher concentration of loans. The individual assessment area sections include detailed analysis and comparisons to demographic data.

### **Response to Complaints**

Applied Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the overall rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

## **PHILADELPHIA-READING-CAMDEN, PA-NJ-DE-MD CSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN PHILADELPHIA- READING-CAMDEN, PA-NJ-DE-MD CSA**

This assessment area (also referred to as the CSA assessment area) includes New Castle County and Kent County. New Castle County is part of MSA #37980, while Kent County is located in MSA #20100. The bank’s activities were evaluated at the MSA level. However, since performance in the two MSAs was similar, activities are combined for presentation.

#### **Economic and Demographic Data**

New Castle County is the northernmost county in DE and is comprised of 145 census tracts, and Kent County is located in Central DE and is comprised of 42 census tracts. These two counties comprise 187 tracts of the total 280 tracts in the combined assessment areas. These census tracts reflect the following income designations according to the 2020 U.S. Census: 11 low-income (5.9 percent), 40 moderate-income (21.4 percent), 82 middle-income (43.9 percent), and 47 upper- income census tracts (25.1 percent). Seven census tracts (3.7 percent) have no income designation.

Applied Bank operates one full-service branch in New Castle County. The following table reflects select demographics of this portion of this assessment area.

Demographic Information of the New Castle and Kent County Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	187	5.9	21.4	43.9	25.1	3.7
Population by Geography	752,570	3.8	21.7	45.8	27.7	1.0
Housing Units by Geography	297,315	4.2	23.2	44.9	26.3	1.4
Owner-Occupied Units by Geography	188,514	1.8	19.6	46.6	31.5	0.5
Occupied Rental Units by Geography	88,216	8.4	30.1	42.1	16.7	2.6
Vacant Units by Geography	20,585	8.7	26.4	41.8	19.5	3.6
Businesses by Geography	65,304	3.3	26.0	38.5	24.4	7.7
Farms by Geography	1,677	1.0	19.1	50.1	28.6	1.2
Family Distribution by Income Level	178,513	20.6	17.4	21.2	40.8	0.0
Household Distribution by Income Level	276,730	24.1	16.0	18.3	41.5	0.0
Median Family Income MSA - 20100 Dover, DE MSA		\$70,383	Median Housing Value			\$254,615
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ		\$93,347	Median Gross Rent			\$1,165
			Families Below Poverty Level			7.7%
Source 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. (* ) The NA category consists of geographies that have not been assigned an income classification.						

According to 2022 D&B data, there were 65,304 non-farm businesses in this portion of the assessment area. Gross annual revenues (GARs) for these businesses are presented below.

- 85.4 percent have \$1.0 million or less,
- 4.9 percent have more than \$1.0 million, and
- 9.7 percent have unknown revenues.

Service industries represent the largest percent of businesses at 46.6 percent; followed by retail trade (12.7 percent) and non-classifiable establishments (10.9 percent). Within the assessment area, 71.4 percent of businesses have four or less employees, and 90.9 percent of businesses operate 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 major employers within the CSA assessment area differ by MSA. The top employers in the MSA #37980 are Christiana Care Health System, JPMorgan Chase & Co., Bank of America Corp., AstraZeneca, and the University of Delaware. The top employers in MSA #20100 are Dover Air Force Base, Bayhealth Medical Center, Walmart Inc., Perdue Farms, and Dover Downs Hotel and Casino.

The following table details the unemployment data from the Bureau of Labor Statistics for the assessment area and related areas:

Unemployment Rates		
Area	2021	2022
	%	%
New Castle County, DE	5.3	4.3
Kent County, DE	6.2	5.2
State of DE	5.4	4.4
National Average	5.4	3.6
<i>Source Bureau of Labor Statistics</i>		

### **Competition**

This assessment area is a highly competitive market for financial and credit services. According to the FDIC Summary of Deposits as of June 30, 2022, there were 33 FDIC-insured institutions operating 188 branch offices within this assessment area. Of these institutions, Capital One, NA (45.6 percent) and TD Bank, NA (30.3 percent) control a combined 75.9 percent of total deposits in the assessment area. Applied Bank ranked 18<sup>th</sup> with a 0.06 percent market share by total deposits.

Applied Bank is not required to collect or report its small business loan data, and it elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include aggregate data comparisons. However, aggregate small business lending data provides insight related to the strong level of competition in the assessment area. Aggregate data compiled in 2021 reflects that 183 lenders reported 22,209 small business loan originations in the assessment area.

The top five lenders were American Express National Bank; JPMorgan Chase Bank; Bank of America, N.A.; Capital One Bank USA, N.A.; and Wells Fargo Bank, N.A. These lenders exhibited a collective market share of 47.4 percent of small business loan originations by number.

### **Community Contact**

As part of the evaluation process examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. Information obtained reflects the responsiveness of local financial institutions to credit and community development needs, and opportunities for participation in related activities.

Examiners reviewed a previously conducted community contact interview with an economic development group focused on economic development in the assessment area. The contact particularly commended bank efforts during the COVID-19 pandemic to help small businesses survive, but would have liked to see more grant products provided. The contact stated that a high degree of demand for small business loans persists throughout the area as the economy rebounds from the lows during the pandemic.

### **Credit Needs**

Based on information provided from community contacts in tandem with demographic and

economic data observations, examiners determined that small business loans represent a significant credit need in the assessment area. The high percentage of businesses with GARs of \$1.0 million or less and the large number of businesses with four or fewer employees support this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN PHILADELPHIA- READING-CAMDEN, PA-NJ-DE- MD CSA**

### **LENDING TEST**

Applied Bank is rated “Satisfactory” in the Lending Test for the Philadelphia-Reading-Camden, PA- NJ-DE-MD CSA assessment area. The bank’s performance in the Geographic Distribution and Borrower Profile criteria supports this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The following table shows that lending opportunities in low-income census tracts are limited given the low percentage of businesses in those geographies. Applied Bank made one loan in low-income census tracts in 2021, trailing demographic data, but matched demographic data in its lending activity in moderate-income census tracts. While Applied Bank made no loans in low-income tracts in 2022, the bank improved its performance in moderate-income census tracts and exceeded demographic data.

As previously mentioned, small business loan originations decreased in 2022 due to the bank’s participation in the SBA’s PPP in 2021. Applied Bank reasonably dispersed PPP loans to businesses throughout the assessment area, including low- and moderate-income areas.

<b>Geographic Distribution of Small Business Loans</b> <b>Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2021	5.8	1	3.4	100	0.5
2022	3.3	0	0.0	0	0.0
Moderate					
2021	25.5	7	24.1	1,180	5.7
2022	26.0	2	33.3	3,394	25.1
Middle					
2021	44.4	15	51.8	14,159	68.6
2022	38.5	4	66.7	10,121	74.9
Upper					
2021	24.3	6	20.7	5,194	25.2
2022	24.4	0	0.0	0	0.0
Not Available					
2021	0.0	0	0.0	0	0.0
2022	7.7	0	0.0	0	0.0
<b>Totals</b>					
<b>2021</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>20,633</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>13,515</b>	<b>100.0</b>
Source 2021 & 2022 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. The following table shows that the bank's performance of lending to businesses with GARs of \$1.0 million or less in 2021 is skewed towards "Revenue Not Available" due to the bank's PPP lending. When excluding PPP lending, performance was 66.7 percent. In both 2021 and 2022 the bank's performance trailed demographic data; however, when compared to aggregate data, the bank's performance exceeded peer institutions. As previously mentioned, while Applied Bank is not a small business loan reporter; therefore, aggregate data is not included in the lending test tables. For performance context purposes, aggregate small business lending data for 2021 shows peer performance of lending to businesses with GAR less than \$1.0 million was 42.7 percent.



Distribution of Small Business Loans by Gross Annual Revenue Category Philadelphia-Reading-Camden, PA-NJ-DE-MD CSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	84.8	6	20.7	10,581	51.3
2022	90.3	3	50.0	9,091	67.3
>\$1,000,000					
2021	5.3	3	10.3	1,970	9.5
2022	4.9	3	50.0	4,424	32.7
Revenue Not Available					
2021	9.9	20	69.0	8,082	39.2
2022	9.7	0	0.0	0	0.0
<b>Totals</b>					
<b>2021</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>20,633</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>13,515</b>	<b>100.0</b>
<i>Source 2021 &amp; 2022 D&amp;B Data and Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## SALISBURY MD-DE MSA – Full-Scope Review

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

This assessment area (referred to as the Salisbury MSA assessment area) includes all of Sussex and Worcester Counties.

#### **Economic and Demographic Data**

The portion of the combined assessment area located in Metropolitan Statistical Area #41540 Salisbury, Maryland-Delaware consists of contiguous full counties; Sussex and Worcester Counties. Sussex County is the southernmost county in Delaware and is comprised of 75 tracts, while Worcester County is located in eastern Maryland and is comprised of 18 tracts. The Salisbury MSA includes 93 of 280 census tracts in the combined assessment areas. These census tracts reflect the following income designations according to the 2020 U.S. Census: 14 moderate-income (15.0 percent), 45 middle-income (48.4 percent), and 29 upper-income (31.2 percent) census tracts. Five (5.4 percent) census tracts do not have an income designation. The Salisbury MSA does not include any low-income census tracts.

The following table reflects select demographics of the Salisbury MSA.

Demographic Information of the Salisbury MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	93	0.0	15.1	48.4	31.2	5.4
Population by Geography	289,838	0.0	17.7	59.3	22.3	0.6
Housing Units by Geography	197,608	0.0	14.6	48.6	36.1	0.6
Owner-Occupied Units by Geography	93,556	0.0	13.3	59.0	27.1	0.6
Occupied Rental Units by Geography	23,328	0.0	31.0	50.5	17.1	1.3
Vacant Units by Geography	80,724	0.0	11.4	36.1	51.9	0.5
Businesses by Geography	26,788	0.0	17.5	51.4	30.8	0.3
Farms by Geography	1,241	0.0	12.4	67.6	19.8	0.2
Family Distribution by Income Level	78,998	18.4	18.9	20.7	42.1	0.0
Household Distribution by Income Level	116,884	22.0	16.3	18.7	43.0	0.0
Median Family Income MSA - 41540 Salisbury, MD-DE MSA		\$76,095	Median Housing Value			\$320,173
			Median Gross Rent			\$1,027
			Families Below Poverty Level			7.4%
Source 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%. (* ) The NA category consists of geographies that have not been assigned an income classification.						

According to 2022 D&B data, there were 26,788 non-farm businesses in the Salisbury MSA. Gross annual revenues (GARs) for these businesses are presented below.

- 87.9 percent have \$1.0 million or less,
- 3.2 percent have more than \$1.0 million, and
- 8.9 percent have unknown revenues.

Service industries represent the largest percent of businesses at 39.9 percent; followed by retail trade (16.0 percent) and non-classifiable establishments (14.9 percent). Within the assessment area,

70.8 percent of businesses have four or less employees, and 95.1 percent of businesses operate 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 major employers within the Salisbury MD-DE MSA are Peninsula Regional Medical Center, Beebe Medical Center, Salisbury University, Perdue Farms Inc., and Walmart Inc.

The following table details the unemployment data from the Bureau of Labor Statistics for the assessment area and related areas:

Unemployment Rates		
Area	2021	2022
	%	%
Sussex County, DE	4.8	4.2
State of DE	5.4	4.4
Worcester County, MD	8.3	6.5
State of MD	5.8	4.0
National Average	5.4	3.6
Source Bureau of Labor Statistics		

## **Competition**

The Salisbury MSA is a highly competitive market for financial and credit services. According to the FDIC Summary of Deposits as of June 30, 2022, there were 24 FDIC-insured institutions operating 136 branch offices within the assessment area. Of these institutions, Applied Bank ranked 24<sup>th</sup> with a 0.01 percent market share by total deposits.

As previously mentioned, Applied Bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans under the Lending Test does not include aggregate data comparisons. However, aggregate small business lending data provides insight related to the strong level of competition in the assessment area.

Aggregate data compiled in 2021 reflects that 113 lenders reported 8,679 small business loan originations in the assessment area. The top five lenders in the assessment area were American

Express National Bank; JPMorgan Chase Bank; M&T Bank; Capital One Bank USA, N.A.;  
and

Lake Forest Bank & Trust, NA. These lenders exhibited a collective market share of 44.6 percent of small business loan originations by number.

### **Community Contact**

Examiners reviewed a previously conducted contact interview with an economic development group focused on economic development in the assessment area. The contact noted that the recovery from COVID-19 lockdowns has been strong, with two-thirds of businesses becoming more stable, and revenues have been increasing across many industry types. However, staffing, particularly for entry-level positions, continues to be a struggle. The contact stated that a high degree of demand for small business loans persists throughout the area.

### **Credit Needs**

Based on information provided from community contacts, in tandem with demographic and economic data observations, examiners determined that small business loans represent a significant credit need in the assessment area. The high percentage of businesses with GARs of \$1.0 million or less and the large number of businesses with four or fewer employees support this conclusion.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN SALISBURY MD-DE MSA**

### **LENDING TEST**

Applied Bank is rated “Satisfactory” in the Lending Test for the Salisbury MSA assessment area. The bank’s performance in the Borrower Profile criterion supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank’s performance in this category is due to the low volume of loans originated in moderate- income census tracts within the assessment area, as there are no low-income tracts in the Salisbury MSA. In a five-year period from 2017 to 2021, Applied Bank originated no loans in a moderate- income census tract. In 2022 the bank originated a single loan in a moderate-income census tract. Given the opportunity to lend in moderate-income census tracts within Sussex and Worcester Counties, the geographic distribution of loans is poor.

Geographic Distribution of Small Business Loans Salisbury MD-DE MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
Moderate					
2021	7.5	0	0.0	0	0.0
2022	17.5	1	11.1	113	0.5
Middle					
2021	64.4	7	36.8	3,143	32.0
2022	51.4	3	33.3	7,210	31.7
Upper					
2021	28.1	12	63.2	6,684	68.0
2022	30.8	5	55.6	15,455	67.9
Not Available					
2021	0.0	0	0.0	0	0.0
2022	0.3	0	0.0	0	0.0
Totals					
2021	100.0	19	100.0	9,827	100.0
2022	100.0	9	100.0	22,778	100.0
Source 2021 & 2022 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. The following table shows that the bank's performance of lending to businesses with GARs of \$1 million or less in 2021 is skewed towards "Revenue Not Available" due to the bank's PPP lending. When excluding PPP lending, performance was 85.7 percent, which generally aligns with the demographic benchmark. The bank's declining performance in 2022 is attributed to the bank's generally lower overall lending activity, which results in significant percentage swings.

Distribution of Small Business Loans by Gross Annual Revenue Category Salisbury MD-DE MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	87.2	6	31.6	5,511	56.1
2022	87.9	6	66.7	8,138	35.7
>\$1,000,000					
2021	3.5	1	5.3	2,075	21.1
2022	3.2	3	33.3	14,640	64.3
Revenue Not Available					
2021	9.3	12	63.2	2,241	22.8
2022	8.9	0	0.0	0	0.0
<b>Totals</b>					
<b>2021</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>9,827</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>22,778</b>	<b>100.0</b>
Source 2021 & 2022 D&B Data and Bank Data. Due to rounding, totals may not equal 100.0%					

## **APPENDICES**

### **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 institution'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).



## 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 institution 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.

**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.

**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.

**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.

**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 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.

**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.

**APPLIED BANK  
2025 CRA PUBLIC FILE**

**V. CRA PLAN**



# 2025 Community Reinvestment Act (CRA) Plan

Presented By: Timothy Hurley  
SVP and CRA Officer  
April 22, 2025

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## I OVERVIEW

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Applied Bank (“Bank”) is headquartered in New Castle County, Delaware and is regulated by the Federal Deposit Insurance Corporation (“FDIC”).

The FDIC periodically assesses the Bank’s record of meeting the credit needs of its entire community under the Community Reinvestment Act (“CRA”). The last examination was in February 2023. The Bank received a “Satisfactory” rating showing the Bank is meeting the needs of its assessment area, including that of low to moderate borrowers or income areas in a manner consistent with the Bank’s resources and capabilities.

It is the goal of both the Board of Directors and Management that the Bank achieves a minimum CRA performance rating of “Satisfactory” per the regulations. To achieve this rating, the Bank must show the following, while operating in a safe and sound manner:

- **Loan to Deposit Ratio** - A reasonable loan to deposit ratio in light of the Bank’s capacity to lend, the capacity of other similarly situated institutions to lend in the assessment area(s), demographic and economic factors present in the assessment area(s), and the lending opportunities available in the assessment area.
- **Comparison of Credit Extended Inside and Outside of the Assessment Area(s)** If the percentage of loans or other lending related activities in the assessment area is less than a majority, then the Bank does not meet the standards for “Satisfactory” under this performance criterion. In this case information from the performance context, such as economic conditions, loan demand, the Bank’s size, financial condition, branching network, and business strategies can be used when determining the effect of not meeting the standards for satisfactory for this criterion on the overall rating for the Bank.
- **Distribution of Credit Within the Assessment Area(s)** - A reasonable distribution of the Bank’s loans and other lending activities inside the assessment area are to low or moderate-income borrowers and/or low or moderate-income census tracts. Or a reasonable distribution of the Bank’s loans is to borrowers and businesses of differing income levels and sizes.
- **Review of Complaints** - The Bank’s record of taking action, when warranted, in response to written complaints, if any, about the Bank’s performance in helping to meet the needs of its assessment area.

The Board of Directors and Management are committed to meeting the above goals and thus have adopted this plan as a means to delineate the manner in which the Bank will meet our objectives and provide monitoring of achieving CRA goals.



## II NEW REGULATORY CRA EVALUATION TECHNIQUES

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In October 2023, the regulatory authorities strengthened and modernized the Community Reinvestment Act (CRA). The updated regulations expanded requirements for banks under the federal Community Reinvestment Act of 1977 (CRA).

Beginning January 1, 2025, the rules define “small banks” as a bank that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.609 billion which Applied Bank falls under. Under the small bank definition, the regulations permit the Bank to choose between a new “Retail Lending Test” or to be tested under the old “Small Bank Lending Test”

The Bank elected to remain under the “Small Bank Lending Test” The Small Bank Lending Test will be the only metric the Bank will be evaluated under.

### III ASSESSMENT AREA

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- Distressed or Underserved Geographies.

On July 12, 2024 the FDIC published its Annual List of Distressed or Underserved Middle Income Geographies. The list represents Middle Income areas, designated by the FFIEC that are eligible to receive Community Reinvestment Act (CRA) consideration. The Bank's designated CRA Areas were not noted on the annual list.

- Designated Assessment Area

The Bank continues to designate New Castle, Kent, and Sussex Counties of Delaware along with Worcester County, Maryland as its assessment area. The assessment area was defined using numerous factors including the Bank's effective lending area, branch locations, natural geographic boundaries, and the competitive environment. Summarized below are the census tract demographics of the Bank's assessment area based on 2024 FFIEC Census Tract Report data:

New Castle County is in Metropolitan Division (MD) 48864, which is part of Metropolitan Statistical Area (MSA) 37980 (Philadelphia-Camden-Wilmington) and part of Consolidated Statistical Area (CSA) 428 (Philadelphia-Camden-Vineland). New Castle County has 100 Census tracts with a tract breakdown as follows:

Upper: 26  
Middle: 41  
Moderate: 20  
Low: 10  
Unknown: 3

Located in central Delaware, Kent County is home to the State's capital. Dover also has the Dover with the Dover Air Force Base, which is the only major military presence in the State. The Dover, Delaware MSA or Dover Assessment Area has 42 Census Tracts. The tract breakdown for Kent County, DE is as follows:

Upper: 10  
Middle: 21  
Moderate: 9  
Low: 0  
Unknown: 2

Sussex County is the southernmost county in Delaware and is largely rural except for the beach resort areas along the Atlantic Coast. Sussex County has one MSA: 41540 (Salisbury, MD-DE Metropolitan Statistical Area). The Sussex County Assessment Area has 74 Census Tracts with a tract breakdown is as follows:

Upper: 23  
Middle: 38  
Moderate: 11  
Low: 0  
Unknown: 2

Worcester County, Maryland, like Sussex County, Delaware, is part of the Salisbury MSA. There are a total of 18 census tracts located in Worcester County, Maryland. The county is mostly rural and like Sussex County Delaware, there are resort areas found along the Atlantic coast. The tract breakdown is as follows:

Upper: 6  
Middle: 8  
Moderate: 2  
Low: 0  
Unknown: 2

## IV BUSINESS INDUSTRY AND OPPORTUNITIES

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Management reviewed its assessment area to ensure that it is still reasonable. Particularly considering current loan volume and branch locations, its lending, investment, and service opportunities in the assessment area. The Bank's assessment area continues to include all Branch locations and areas where a substantial part of the Bank's loans are made. Management also confirmed it does not arbitrarily exclude any low-or moderate-income areas. Finally, management determined the assessment area is still appropriate.

### 1. Select Demographics of the Entire Assessment Area

The following sections discuss select demographic and economic information for the Bank's entire assessment areas.

The 2024 FFIEC Summary Census Demographic Information Report (FFIEC Report) noted there are 234 Census Tracts in the Bank's Assessment Area; of which 65 (27.8%) are upper income, 108 (46.2%) are middle income, 42 (17.9%) are moderate income, 10 (4.3%) low income and 9 (43.8%) are unknown income tracts.

The FFIEC Report Estimated Median Household Income (Income) for the New Castle County was \$111,300, Kent County \$91,300, and Sussex County was estimated at \$106,000. The median Income for Worchester County MD was estimated at \$87,900. New Castle County reported both the lowest (\$26,167) and highest (\$298,073) income census tract. The 2024 FFIEC Census noted that 10.9% of the population in New Castle County, 11.5% in Kent County and 101% in Sussex County and 10.1% in Worchester County Md were below the poverty line (annual Income less than \$15,150 for individual) Of an important note, the FFIEC Report did not list any distressed or underserved census tracts in the Bank's assessment area for 2025.

The FFIEC Report noted a population of 1,086MM in the assessment area; of which 1,031MM lived in Delaware and 54,711 were domicile in Worchester, Maryland. The most recent report data (for 2022) noted there were 29,996 employer establishments (single physical location where business is conducted or where service or industrial operations are performed) While 103,525 were non-employer establishments (no paid employees and are generally small, such as real estate agents and independent contractors) in the assessment area.

The 2024 Delaware Small Business Profile (Profile) reported that between March, 2022 and March, 2023; 4,661 new Delaware establishments opened and 3,766 closed, for a net increase of 895 establishments. Employment at Delaware businesses expanded by 6,543 and contracted by 5,552 during the same period. Small businesses accounted for 4,424 openings and for 3,643 closings. Opening and expanding Delaware establishments added 51,099 jobs, while closing and contracting establishments lost 37,325, for a net increase of 6,942 jobs. Small businesses contributed a net increase of 6,942 jobs, or 50.7% of that total.

The Profile revealed in 2022 banks originated \$267.1 million in loans to Delaware businesses with revenues of \$1 million or less. Total reported new lending to businesses through loans of \$100,000 or less was \$344.1MM. Total reported new lending to businesses through loans of \$1 million or less was \$760.1MM.

The 2022 FFIEC CRA Aggregate Data Report noted new business loans in the assessment area of \$100K or less was 27,200 for \$296.5MM (\$9.9K average loan). Loans made between \$100K and \$250K totaled 775 for \$128.1MM (\$165.3K average loan) and Loans made over \$250K totaled 614 for \$291.1MM (\$20K average loan).

Delaware's 2024 small business private sector remains driven by Professional, Scientific and Technical Services (15,371 or 14.7%) Followed by Real Estate and Rental and Leasing (12,526 or 12.0%)

## **2. Assessment Areas by Counties**

New Castle and Kent Counties are in the Philadelphia Combined Metropolitan Statistical Area, while Sussex and Worcester Counties are in the Salisbury Metropolitan Statistical Area. The following sections discuss select demographic and economic information for the two assessment areas with combined counties.

### **❖ New Castle and Kent Counties DE**

The 2024 FFIEC report noted the combined counties hold 142 (60.7%) of the total 234 census tracts in the Bank's assessment area. Of which 36 (15.4%) are in an upper income tract, 62 (26.5%) are in the middle-income tracts, 29 (12.4%) are in moderate income tracts and 10 (4.3%) are in the low-income tracts. Five (2.1%) were in unknown census tracts.

The 2023 FFIEC Report noted the estimated Median Household Income (Income) for New Castle County was \$109,975. New Castle County also held both the highest (\$298,073) and the lowest (\$26,167) income tracts for the two counties. The median income for Kent County was reported as \$86,971. The highest income tract was noted at \$143,012 and the lowest \$47,942. The Estimated Census reported 10.9% of the population in New Castle County and 11.7% of the population in Kent County was below the poverty line.

The 2023 Census reported an estimated population of 786,381; of which 578,592 lived in New Castle County and 189,789 were domicile in Kent County. The Census also reported that 65.8% of the New Castle County population 16 years old or greater were in the civilian workforce. While 60.2% of the population 16 years or older in Kent County was in the civilian workforce. The 2023 Census estimated a total of 99,822 employers in the two counties; of which there were 21,614 employer establishments and 78,208 non employer establishments. Not surprisingly, New Castle County maintained the bulk of the employers both in total (79,449 or 79.6%) and within each category (employer 17,451 or 58.2% and non-employer 61,998 or 59.9%) between the two counties.

New loans to small businesses with less than \$1.0 MM in revenues in the two counties totaled 10,704 for \$206.3 MM with an average loan amount of approximately \$19.2K. Loans to business in the two counties between \$100K or less was 20,411 for \$274.1MM (\$13.4K average loan). Loans made between \$100K and \$250K totaled 560 for \$91.4MM (\$163.2K average loan) and Loans made over \$250K totaled 467 for \$250.6MM (\$536.6K average loan).

### **❖ Sussex County DE and Worcester County MD (Salisbury MSA")**

Sussex County, Delaware and Worcester County, Maryland, are in the Salisbury, Metropolitan Statistical Area. The combined counties have 92 or 39.3% of the 234 census tracts in the Bank's assessment area; of which 29 (12.4%) are in an upper income tract, 46 (19.7%) are in middle income tracts, 13 (5.6%) are in moderate income tracts and 0 (0.0%) are in low-income census tracts. There were 4 (1.7%) tracts listed as "Unknown" income.

The FFIEC Report noted the estimated Median Household Income (Income) for Sussex County was \$113,913. Worcester County income was \$87,143. The estimated Census reported 9.5% of the population in Sussex County and 8.4% of the population in Worcester County was below the poverty line.

The 2023 Census estimated a population of 318,220 for the two counties. Of which 263,509 lived in Sussex County and 54,711 were domicile in Worcester County. The Census also reported that 54.1% of the Sussex County population 16 years old or greater were in the civilian workforce while 59.1% of the Worcester County population 16 years or older were in the civilian workforce. The Census also noted a total of 33,699 employers in the two counties; of which there were 8,382 employer establishments and 25,317 non employer establishments. The bulk of these (19,816 or 78.3%) were in the non-employer establishment category in Sussex County. Not surprisingly Sussex County maintained the bulk of the jobs both in total (26,016 or 77.2%) and within each category (non-employer 19,816 or 78.3% and employer 6196 or 21.7%) between the two counties.

New loans to small businesses with less than \$1.0 MM in revenues in the two counties totaled 4,034 for \$74.8MM with an average loan amount of approximately \$18.5K. Loans to business in the two counties of \$100K or less was 7,020 for \$94.1MM (\$13.4K average loan). Loans made between \$100K and \$250K totaled 184 for \$31.7MM (\$163.2K average loan) and Loans made over \$250K totaled 132 for \$22.9MM (\$173.3K average loan).

## **V COMPETITION AND PEER ANALYSIS**

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Competition for banking services within the Bank's assessment area is extremely fierce, particularly in New Castle County where the Bank is headquartered. The area is served by several large national institutions such as Wells Fargo, Bank of America, and TD Bank as well as regional institutions such as PNC, WSFS and M & T Bank. Additionally, many institutions not headquartered in the region compete for high quality assets within the Bank's assessment area.

In assessing the Bank's CRA performance, to the extent that public information is available, the Bank will compare itself to appropriate peers of similar size. The Bank shall assess the appropriateness of the peer group on a periodic basis to consider the changing banking environment because of mergers and consolidations. The peer group will be reviewed and updated as appropriate and documented in the Bank Management Risk Committee materials.

### **CRA Competition New Castle and Kent Counties**

The assessment area is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data (excluding specialty banks) as of June 2024, there were 39 Banks that operated 186 full-service branches within the combined counties. Three banks, based on total deposits, shared 81.4% percent of the total deposit in the assessment area.

There is also a high level of competition within the overall assessment area for small business loans among banks. According to the last available Delaware SBA Loan Data for 2023, lenders originated or bought 14,738 small business loans totaling approximately \$187.6MM; of these 7,974 loans for \$161.6MM or 86.1% were in New Castle County.

### **CRA Competition Sussex and Worcester Counties MSA**

The assessment for Sussex County DE and Worcester County MD is also highly competitive in the market for financial services. The 2024 FDIC Deposit Market Share data noted there were 32 financial institutions operating 93 full-service branches within the assessment area.

There is also a high level of competition within these two counties for small business loans. According to the last available Delaware SBA Loan Data for 2023 banks originated 4,034 small business loans totaling \$25.9MM in the MSA. Of which 3,065 loans totaling \$48.9K were in Sussex County and 969 loans totaling \$25.8MM were originated in Worcester County MD.

A moderate level of competition for small business loans exists in the Worcester assessment area. In 2023, the Baltimore SBA reported 969 loans to small businesses with revenue under \$1MM totaling \$25.8MM were originated in Worcester County, MD.

## **VI PRODUCT OFFERINGS**

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To meet the credit needs within its' assessment area, the Bank will offer one or more of the following products, provided the Board of Directors concludes that they can be offered in a safe and sound business manner:

- Home mortgage loans through purchase within the Bank's assessment area.
- Commercial multi-family mortgage loans.
- Small business loans.
- Small business lines of credit.
- Qualified community development loans.
- Commercial and construction loans.
- Loans guaranteed or backed by the United States Small Business Administration ("SBA").
- Small business loans originated utilizing State incentive programs (ex. Delaware Capital Access and Small Business Credit Initiative Programs).
- Home Equity lines of credit.

## VI CRA PLAN GOALS – 2025

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The following are the Bank's calendar year gross lending goals for 2025. These gross lending goals will be used to measure CRA performance and targets:

Total gross loan originations (including small business loan originations) for 2025 are budgeted at \$28MM (14 loans). The Bank has not budgeted any single family loan purchases (low to moderate targeted CRA purchases) for the year. **Additional CRA lending goals (included in origination numbers above) and performance metrics:**

- Included in the gross loan originations above will be a reasonable percentage of small business loans in line with the composition of small businesses located in the Bank's assessment area.
- Percentage of loan originations within the assessment area in both dollars and number shall be at least **50.1%**
- The percentage of loan originations to low-or-moderate-income tracts and/or borrowers should be at or above the composition of low or moderate borrowers inside the Bank's assessment area.
- The loan to deposit ratio should increase on average over the CRA Plan period.

## VIII CRA MONITORING

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The regular monitoring of the Bank's compliance with this plan shall be the responsibility of the CRA/Compliance Officer. To aid this process, the Bank maintains a Management CRA committee, which shall consist of the following individuals:

- Chief Risk Officer – Chairman
- Chief Lending Officer (currently assumed by President)
- President
- Chief Credit Officer

The Committee shall meet regularly, and the meetings shall be documented in Minutes, with a report presented to the Board of Directors. The meetings shall include the following:

- Report reviews as follows:
  - ▶ Loan origination and purchase volume in terms of dollars and number of loans within and outside the assessment area.
  - ▶ Period end loan to deposit ratio.
  - ▶ Loan origination volume for small business portfolio.
  - ▶ Year to date originations by number and dollars of community development loans, and loans by borrower or census tract.
  - ▶ Year-to-date purchases of CRA qualified investments.
  - ▶ Progress in meeting the CRA Plan goals.
- To the extent available; updates to Peer Groups CRA activities (i.e. Recent Publication of CRA exam results for the peer group)
- Current community outreach efforts.
- Any applicable recommendations to the Board of Directors.

The meetings shall be scheduled at least monthly, and the results will be reported upon at the next regularly scheduled Board of Director's meeting.



## **IX EXECUTION**

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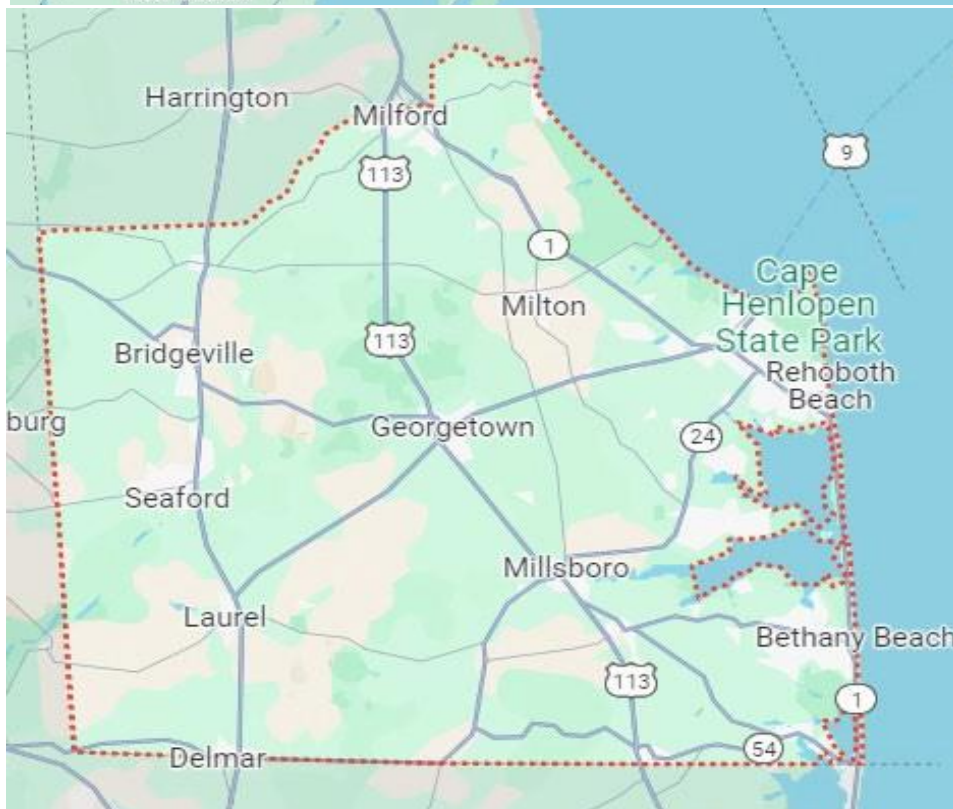
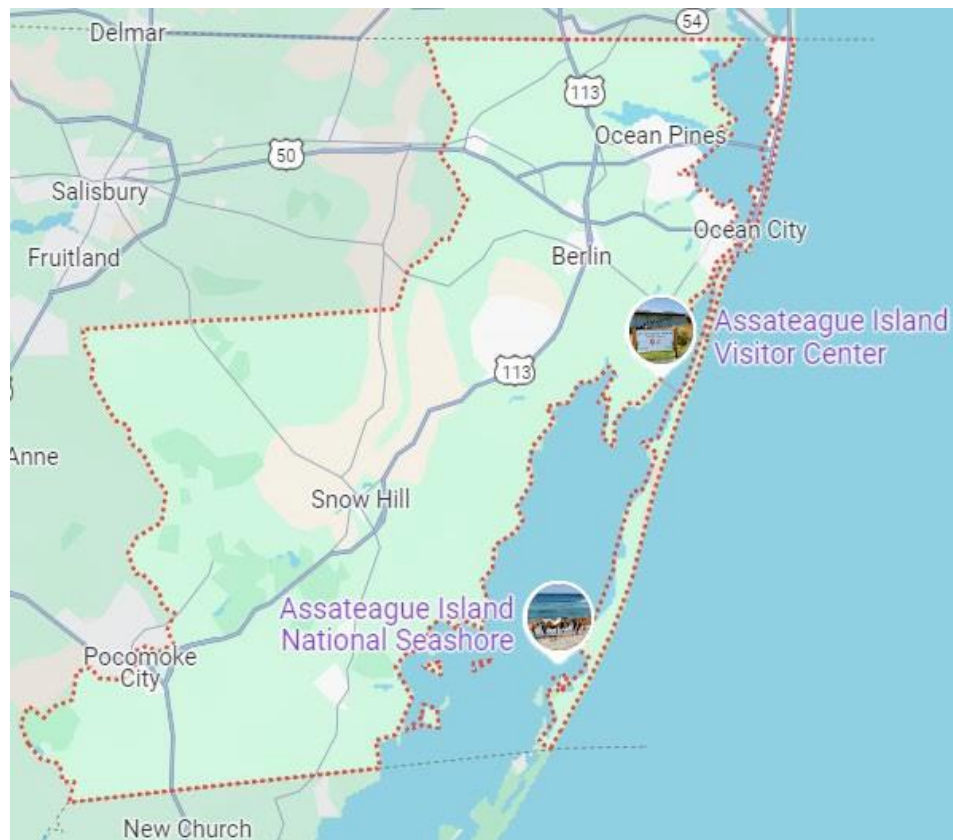
Members of the CRA committee or Relationship Managers shall reach out to the community to identify credit needs in the Bank's assessment area by meeting with local businesses or non-profit organizations dedicated to promoting small business growth throughout the Bank's assessment area. Management and Relationship Managers are active with the various Chambers of Commerce, Delaware Division of Small Business, local Community Development Corporations (CDCs) and local charitable organizations. Management will continue to attend various state-wide events focusing on community development and investment. Additionally, management will continue to explore other similar opportunities and look for situations in which members of the management team can serve and contribute to CRA community-based organizations and work with them to identify any unmet credit needs in the areas they serve within the Bank's assessment area.

In addition to the small business products referred to above, the Bank is committed to executing its CRA Plan through the purchase of mortgage loans made to low and moderate-income families and/or within low or moderate census tracts within the Bank's assessment area.

## **APPLIED BANK 2025 PUBLIC FILE**

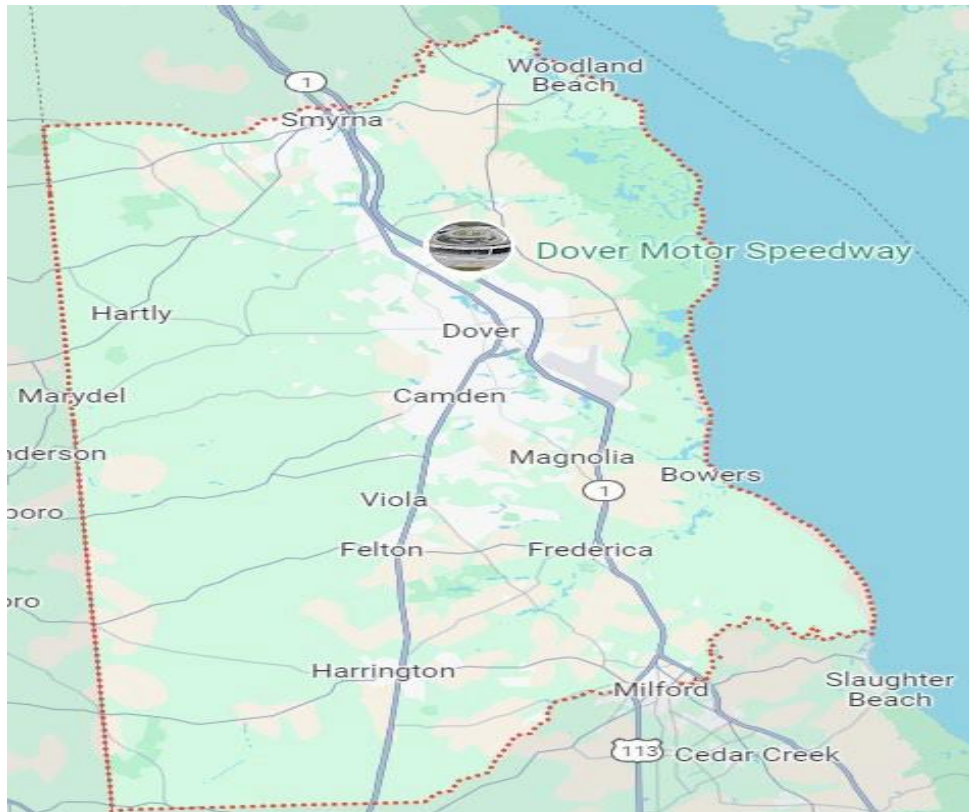
### **VI. BRANCH AND AREAS OF OPERATION MAPS**

## Sussex County, Delaware



## Worcester County, Delaware

New Castle County, Delaware



Kent County, Delaware

**APPLIED BANK 2025 PUBLIC FILE**  
**VII. 2024 LOAN TO DEBT RATIOS**

## **CRA Public File 2024**

### **AB Quarterly Loan to Deposit Ratios**

**Quarter 1: 27.87%**

**Quarter 2: 30.46%**

**Quarter 3: 22.05%**

**Quarter 4: 26.45%**

# **APPLIED BANK 2025 CRA PUBLIC FILE**

## **VIII. PRODUCTS AND SERVICES**

## Applied Bank Products and Services

<b>Products</b>	<b>Services</b>
Consumer Lending	ATM/Debit Card Services
Business and Retail Checking	ACH Services
Savings Account	Retail Bill Pay
Certificate of Deposit	Business Bill Pay
Monetary Instruments	Retail Online Banking
Commercial and Construction Lending	Business Online Banking
Small Business Loan Underwriting	Remote Deposit Capture
Money Market Accounts	Wire Transfer

## Applied Bank Fee Schedule

<b>Fee Type</b>	<b>Fee</b>
Excessive Transaction Fee	\$25.00
Minimum Balance Fee	\$10.00
Return Item Charge	\$35.00
Paid NSF/Uncollected Charge	\$35.00
Returned Deposit Fee (per item)	\$15.00
Stop Payment Order Fee (per item)	\$25.00
Levy/Court Order Fee (per item)	\$100.00
Statement Copy Fee (per copy)	\$5.00
Copy of Cancelled Check Fee	\$7.00
Official Check Fee (per check)	\$25.00
Dormant Account Fee	\$10.00
Account Research Fee (per hour, 1 hour minimum)	\$15.00
Incoming Wire Fee	\$3.00
Outgoing Wire Fee	\$20.00
Express Mail Handling Fee	\$20.00
Bill Payment Insufficient Funds	\$35.00
Bill Payment Next Day Fee	\$14.95
Bill Payment Same Day ACH Fee	\$9.95
Debit Card Replacement Fee	\$30.00
Debit Card Expedited Fee	\$35.00
Late Charge – Safe Deposit Rental Fee Payment	\$10.00
Online ACH Transfer Fee	\$3.00
Online ACH Transfer – Next Day Fee	\$5.00