

# **PUBLIC DISCLOSURE**

September 9, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Walden Mutual Bank  
Certificate Number: 59289

66 North Main Street  
Concord, New Hampshire 03301

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	1
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION .....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
APPENDICES .....	13
SMALL BANK PERFORMANCE CRITERIA.....	13
GLOSSARY .....	14

## 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.

Walden Mutual Bank's (Walden's) performance under the loan-to-deposit (LTD) ratio, borrower profile, and geographic distribution primarily supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio (LTD) is reasonable (considering seasonable variations and taking into account lending-related activities) given the institution's de novo (new) status, size, financial condition, and assessment area credit needs.
- A majority of loans were originated outside the assessment area. The bank's performance under this criterion is affected by its de novo status, the moderately competitive financial services market, and lower small business and small farm loan demand within the assessment area during the evaluation period.
- The distribution of small business and small farm loans reflects reasonable penetration among businesses and farms of different sizes.
- The geographic distribution of small business and small farm loans reflects reasonable dispersion throughout the assessment area.
- The institution did not receive any CRA-related complaints; therefore, this factor did not affect the rating.

## DESCRIPTION OF INSTITUTION

Examiners used Small Institution Examination Procedures to evaluate Walden's CRA performance. As a de novo institution, this is Walden's first FDIC CRA Performance Evaluation since it opened for business on February 6, 2023.

Walden is a state-chartered agricultural commercial mutual bank that operates from its main (and only) office in Concord, New Hampshire (NH). Walden does not have any branch offices and primarily provides its products and services digitally.

The bank provides loan and deposit services to sustainable food and agriculture businesses, as well as related businesses. Walden primarily focuses on lending to underserved businesses involved in producing, distributing, processing, and/or selling locally sourced foods in New England and New York through a digital banking services model. Walden offers traditional deposit services to retail and business customers, but currently limits lending activities to business-related financing. As of the evaluation date, Walden was in the process of applying with the Small Business Administration

(SBA) for approval to originate under its SBA 7(a) loan program. The 7(a) program is the SBA's primary program for meeting credit needs of small businesses. Also as of the evaluation date, Walden had limited staff; a total of 18 employees, including three commercial lenders who were hired in mid-2024.

As of June 30, 2024, the bank had total assets of \$105.9 million, total loans of \$51.4 million, total securities of \$41.2 million, and total deposits of \$86.1 million. Since opening for business, the bank's total assets increased by 137.4 percent, total loans increased by 603.4 percent, and total deposits increased by 275.5 percent. The following table illustrates the bank's loan portfolio as of June 30, 2024.

<b>Loan Portfolio Distribution as of 6/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	2,297	4.5
Secured by Farmland	6,855	13.3
Secured by 1-4 Family Residential Properties	1,321	2.6
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	10,188	19.8
<b>Total Real Estate Loans</b>	<b>20,661</b>	<b>40.2</b>
Commercial and Industrial Loans	29,253	57.0
Agricultural Production and Other Loans to Farmers	1,457	2.8
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>51,371</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Although there are no financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area, there are several performance context factors that impact the bank's ability to meet the assessment area's credit needs during this evaluation period. These include, but are not necessarily limited to, the bank's de novo status, focus on growth as a new bank, relatively small size in terms of total assets, and constraints associated with the small number of lending staff. External factors during the evaluation period include, for example, financial services competition in the assessment area and the rising interest rate environment resulting in reduced small business and small farm loan demand since the bank opened for business.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment area(s) within which examiners will evaluate its CRA performance. The bank designated a single assessment area located in New Hampshire.

### **Economic and Demographic Data**

Walden's assessment area consists of the five NH Counties of Belknap, Hillsborough, Merrimack, Rockingham, and Strafford. Belknap County is in the Laconia, NH Micropolitan Statistical Area (Micro SA); Hillsborough County is in the Manchester-Nashua, NH Metropolitan Statistical Area (MSA); Merrimack County is in the Concord, NH Micro SA; and Rockingham and Strafford Counties are in the Rockingham County-Strafford County, NH Metropolitan Division (MD). These Micro SAs, the MSA, and the MD, are part of the broader Boston-Worcester-Providence, Massachusetts-Rhode Island-NH Combined Statistical Area (CSA). The assessment area encompasses 263 census tracts, which reflect the following income designations:

- 10 low-income census tracts,
- 45 moderate-income census tracts,
- 133 middle-income census tracts,
- 71 upper-income census tracts, and
- 4 census tracts with no income designation.

The following table illustrates select demographics of the bank's assessment area based on 2020 United States Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	263	3.8	17.1	50.6	27.0	1.5
Population by Geography	1,085,515	3.1	17.7	50.1	29.0	0.1
Housing Units by Geography	463,912	3.2	18.6	51.3	26.8	0.2
Owner-Occupied Units by Geography	298,211	1.0	13.3	53.7	31.8	0.1
Occupied Rental Units by Geography	121,768	9.0	33.4	42.7	14.9	0.0
Vacant Units by Geography	43,933	2.3	13.2	58.1	25.2	1.1
Businesses by Geography	140,892	3.3	15.9	48.5	32.0	0.3
Farms by Geography	4,489	1.2	9.8	54.8	34.2	0.1
Family Distribution by Income Level	278,118	18.1	18.7	23.1	40.0	0.0
Household Distribution by Income Level	419,979	22.7	16.1	18.7	42.5	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$103,238	Median Housing Value			\$290,771
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$107,377	Median Gross Rent			\$1,198
Median Family Income Non-MSAs – NH		\$85,473	Families Below Poverty Level			4.2%
Source: 2020 U.S. Census and 2023 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.						

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2023 D&B data, there were 140,892 non-farm businesses in the assessment area. GARs for these businesses are as follows:

- 89.9 percent have \$1.0 million or less,
- 3.3 percent have more than \$1.0 million, and
- 6.8 percent have unknown revenues.

Furthermore, the GARs for the area's 4,489 farms are as follows:

- 97.7 percent have \$1.0 million or less,
- 1.3 percent have more than \$1.0 million, and
- 1.0 percent have unknown revenues.

Service Industries represent the largest portion of businesses at 35.3 percent, followed by non-classifiable establishments (21.1 percent), finance, insurance, and real estate (11.6 percent), retail trade (9.9 percent), and construction (8.7 percent). According to 2023 D&B data, a substantial majority of businesses in the assessment area are very small; 88.4 percent of businesses in the

assessment area have GARs of less than \$500,000, 65.7 percent of businesses have one to four employees, and 93.1 percent operate one single location.

During the evaluation period, the unemployment rate in NH was 1.8 percent in April 2023 and increased to 2.6 percent in April 2024.

### **Competition**

The market for financial services is moderately competitive within the assessment area. According to the FDIC June 30, 2023 Deposit Market Share Report, there are 39 financial institutions operating 281 full-service branches in the assessment area. As noted previously, Walden does not operate any branches and serves its assessment area through a digital banking model, primarily providing loan and deposit services to sustainable food and agriculture businesses. As of June 30, 2023 data (the most recent available), Walden accounted for 0.02 percent of total deposit market share for the assessment area.

Although Walden is not subject to small business and small farm loan data reporting requirements, this section presents aggregate data as a measure of demand for these loan types. Aggregate small business data for 2022 (the most recent available) shows that 143 lenders originated or purchased 28,273 small business loans totaling \$815.3 million. A vast majority of these loans (80.2 percent) are revolving lines of credit for business purposes (such as commercial credit cards) offered primarily by ten lenders. These lenders are much larger national or regional entities such as American Express, JPMorgan Chase, CapitalOne, Bank of America, and CitiBank. Demonstrating a much smaller market, 2022 aggregate small farm data shows that only 16 lenders originated or purchased 169 small farm loans totaling \$3.7 million. The top five lenders, including JPMorgan Chase, CapitalOne, USBank, Bank of America, and Wells Fargo Bank, accounted for 139 of these loans or 82.2 percent of the total market. Each institution, with average loan amounts ranging from \$5,000 to \$29,000, offer revolving lines of credit to small farms such as credit cards, which Walden does not offer.

### **Community Contacts**

Examiners used an existing contact from a representative of an economic development organization in Derry, NH. The contact stated that there is opportunity for more banks to be involved in participating and/or sponsoring small business seminars. The contact would like to have outreach events consisting of bankers and businesses discussing opportunities and creating partnerships to address small business credit needs.

### **Credit Needs**

Considering community contact information, bank management comments, demographics, and economic data, examiners determined that a primary credit need in the assessment area is flexible small business loan options, such as those which include government guarantees or other flexible underwriting features.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the bank opening on February 6, 2023, through September 9, 2024. Examiners used the Interagency Small Bank Examination Procedures to evaluate the institution's performance. These procedures include one test, the CRA Small Bank Lending Test.

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

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Borrower Profile
- Geographic Distribution
- Response to CRA-Related Complaints

### **Activities Reviewed**

The bank is an agricultural commercial lender and does not originate home mortgage or consumer loans. Additionally, the bank's June 30, 2024 Call Report reflects that small business and small farm loans account for a vast majority of total loans at 92.9 percent. As a small institution, the bank is not required to collect and report small business lending data. Nonetheless, the bank collected small business and small farm loan data for 2023 and year-to-date (YTD) 2024. In 2023, the bank originated 20 small business loans totaling approximately \$4.5 million and 19 small farm loans totaling approximately \$3.4 million. For YTD 2024, the bank originated 35 small business loans totaling approximately \$6 million and one small farm loan totaling \$250,000. Since the bank is not required to collect or report small business or small farm loan data, examiners compared the 2023 and YTD 2024 small business lending activity to D&B demographic data. The CRA Regulation allows a review of partial year data for de novo institutions.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The bank demonstrated reasonable performance under the Lending Test. The LTD Ratio, Borrower Profile, and Geographic Distribution performance primarily support this conclusion.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size and its de novo status, lending focus, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 60.6 percent over the past six calendar quarters from March 31, 2023, through June 30, 2024. The bank's LTD ratio increased significantly since its low of 48 percent as of March 31, 2023. The high of 72 percent as of September 30, 2023, was driven by loan growth outpacing deposit growth at 74 percent compared to 42 percent. With quarterly loan and deposit growth averaging 20 percent and 28 percent, respectively, the bank's LTD ratio has remained consistent between 59 percent and 61 percent for the most recent three quarters. Examiners selected two similarly situated banks based on asset size, geographic location, and lending focus. As shown in the following table, Walden maintained a LTD ratio higher than one of the comparable institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Walden Mutual Bank	\$105,919	60.6
The Millyard Bank	\$229,589	81.5
Bank of Burlington	\$218,470	52.5
Source: Reports of Condition and Income 3/31/2023 - 6/30/2024		

#### Assessment Area Concentration

The bank originated a majority of its small business and small farm loans, by number and dollar volume, outside the assessment area. Lending in the assessment area was challenging during the evaluation period, impacting Walden's ability to originate loans. Several performance context factors were considered. Challenges included lower demand for small business and small farm loans during a rising interest rate environment experienced throughout the evaluation period. In addition, as the bank recently commenced business operations, there were a small number of bank loan officers, further limiting the capacity to originate small business and small farm loans. Another factor affecting the bank's ability to originate loans is the competition for small business and small farm loans in the assessment area. This is particularly impactful as a small de novo institution competes against mostly long-established and/or larger sized local, regional, and national institutions. In total, during the evaluation period, 39 financial institutions operated 281 branches in the assessment area and competed to make small business loans to 127,179 businesses in the assessment area with GARs of \$1 million or less and small farm loans to 4,386 small farms in the assessment area with GARs of \$1 million or less. Bank management continues to engage in networking and outreach efforts targeted at area small businesses and small farms to identify credit

needs and opportunities within the assessment area. The following table illustrates small business and small farm loans inside and outside the assessment area during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2023	2	10.0	18	90.0	20	267	6.0	4,196	94.0	4,463
YTD 2024	4	11.4	31	88.6	35	850	14.3	5,110	85.7	5,960
Subtotal	6	10.9	49	89.1	55	1,117	10.7	9,306	89.3	10,423
Small Farm										
2023	5	20.8	14	79.2	19	540	15.8	2,878	84.2	3,418
YTD 2024	0	0.0	1	100.0	1	0	0.0	250	100.0	250
Subtotal	5	25.0	15	75.0	20	540	14.7	3,128	85.3	3,668
Total	11	14.7	64	85.3	75	1,657	11.8	12,434	88.2	14,091
Source: Bank Data										

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses and farms of different sizes within the assessment area. Examiners focused on the percentage by number of small business and small farm loans to businesses and farms with GARs of \$1.0 million or less. The bank's reasonable performance of small business and small farm lending support this conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank made 50 percent of its small business loans to businesses with GARs of \$1.0 million or less in 2023 and YTD 2024. This performance is less than the percentage of businesses at this GAR level each year. However, as noted previously, several factors impacted the bank's lending ability. These included operating for less than two years, a small lending staff, competition, as well as the rising interest rate environment and resulting lower demand for the small business loans offered by the bank during the evaluation period. The following table reflects this distribution compared to the percentage of businesses of each GAR level.

Geographic Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	89.9	1	50.0	202	75.6
YTD 2024	90.4	2	50.0	130	15.3
>\$1,000,000					
2023	3.3	1	50.0	65	24.4
YTD 2024	3.1	1	25.0	370	43.5
Revenue not Available					
2023	6.8	0	0.0	0	0.0
YTD 2024	6.5	1	25.0	350	41.2
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>267</b>	<b>100.0</b>
<b>YTD 2024</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>850</b>	<b>100.0</b>
<i>Source: Bank Data, 2023 and 2024 D&amp;B Data</i>					

Further review of all small business loan activity indicates the bank originated an additional 28 small business loans outside the assessment area to businesses with GARs of \$1.0 million or less in 2023 and YTD 2024. This additional information reflects the bank's willingness to meet the credit needs of small businesses.

### ***Small Farm Loans***

The distribution of small farm loans reflects reasonable penetration to farms with GARs of \$1.0 million or less. As shown in the following table, the bank made 80 percent of its small farm loans to farms with GARs of \$1.0 million or less in 2023. This performance is less than the percentage of farms at this GAR level for 2023. The bank did not originate any small farm loans in the assessment area during YTD 2024. However, several performance context factors impacted Walden's ability to lend. These included operating for less than two years, a small lending staff, competition, and a rising interest rate environment and resulting lower demand for small farm loans offered by the bank during the evaluation period. The following table reflects this distribution compared to the percentage of farms of each GAR level.

Geographic Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2023	97.8	4	80.0	310	75.6
YTD 2024	97.8	0	0.0	0	0.0
>\$1,000,000					
2023	1.2	1	50.0	230	24.4
YTD 2024	1.2	0	0.0	0	0.0
Revenue not Available					
2023	1.0	0	0.0	0	0.0
YTD 2024	1.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>540</b>	<b>100.0</b>
<b>YTD 2024</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>
<i>Source: Bank Data, 2023 and 2024 D&amp;B Data</i>					

Further review of all small farm loans originated outside the assessment area indicate the bank originated an additional 12 loans, or 85.7 percent, to farms with GARs of \$1.0 million or less outside the assessment area in 2023 and YTD 2024. This information reflects the bank's willingness to lend to small farms with GARs of \$1.0 million or less.

### **Geographic Distribution**

The geographic distribution of small business and small farm loans reflects adequate dispersion throughout the assessment area. Examiners focused on the percentage of loans, by number, in low- and moderate-income census tracts. The bank's record of originating small farm loans contributed more weight to the overall conclusion.

### ***Small Business Loans***

The distribution of small business loans reflects poor dispersion of small business loans throughout the assessment area. As illustrated in the following table, the bank did not originate any small business loans in low- and moderate-income census tracts during 2023 and YTD 2024. Financial institution competitors operating in the assessment area contributed to the lack of small business lending in the low- and moderate-income census tracts. A total of 39 financial institutions operated 281 branches within the assessment area, illustrating a moderately competitive market. Although overall the assessment area reflects a moderately competitive market, for the bank, it is highly competitive given that it has been operating for less than two years, maintains a small lending staff, and is focusing on growth consistent with its business plan. In addition, the bank is competing with other financial institutions in a rising interest rate environment and resulting lower demand for small business loans offered by the bank during the evaluation period. The following table illustrates the bank's performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	3.2	0	0.0	0	0.0
YTD 2024	3.2	0	0.0	0	0.0
Moderate					
2023	16.0	0	0.0	0	0.0
YTD 2024	16.0	0	0.0	0	0.0
Middle					
2023	48.6	1	50.0	202	75.7
YTD 2024	48.6	3	75.0	500	58.8
Upper					
2023	31.9	1	50.0	65	24.3
YTD 2024	31.9	1	25.0	350	41.2
Not Available					
2023	0.3	0	0.0	0	0.0
YTD 2024	0.3	0	0.0	0	0.0
Totals					
2023	100.0	2	100.0	267	100.0
YTD 2024	100.0	4	100.0	850	100.0
Source: Source: Bank Data, 2023 and 2024 D&B Data					

Further review of all small business lending activity illustrates the bank originated nine loans in low-income census tracts and four loans in moderate-income census tracts outside the assessment area in 2023 and YTD 2024. These loans account for 16.4 percent and 7.3 percent, respectively, of total loans during the evaluation period. These lending levels demonstrate the bank's willingness to meet the credit needs of small business operating in low- and moderate-income geographies.

### ***Small Farm Loans***

The distribution of small farm loans reflects adequate dispersion throughout the assessment area. As illustrated in the following table, the bank originated three small farm loans in low-income census tracts within the assessment area during 2023. The bank did not originate any loans in moderate-income census tracts. Furthermore, the bank did not originate any small farm loans in the assessment area during YTD 2024. A small lending staff, operating for less than two years, competition, as well as the rising interest rate environment and low number of small farms in low- and moderate-income tracts significantly impacted the demand and opportunity for such lending and helps explain the lack of activity. The following table illustrates the bank's performance.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2023	1.2	3	60.0	150	27.8
YTD 2024	1.2	0	0.0	0	0.0
Moderate					
2023	9.9	0	0.0	0	0.0
YTD 2024	9.9	0	0.0	0	0.0
Middle					
2023	55.5	1	20.0	230	42.6
YTD 2024	55.5	0	0.0	0	0.0
Upper					
2023	33.3	1	20.0	160	29.6
YTD 2024	33.3	0	0.0	0	0.0
Not Available					
2023	0.1	0	0.0	0	0.0
YTD 2024	0.1	0	0.0	0	0.0
<b>Totals</b>					
<b>2023</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>540</b>	<b>100.0</b>
<b>YTD 2024</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>
Source: Source: Bank Data, 2023 and 2024 D&B Data					

Further review of all small farm lending activity indicates that, in addition to the three loans in low-income tracts inside the assessment area, Walden originated three loans in moderate-income census tracts outside the assessment area in 2023. This additional information reflects the bank's willingness to meet the credit needs of small farms operating in low- and moderate-income geographies.

### **Response to Complaints**

The bank did not receive any CRA-related complaints since opening on February 6, 2023; therefore, this criterion did not affect the rating.

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

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

## **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 bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

## GLOSSARY

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

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

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

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

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

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

**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.