

# **PUBLIC DISCLOSURE**

November 16, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

New Haven Bank  
RSSD # 3843392

299 Whalley Avenue  
New Haven, Connecticut 06511

Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, Massachusetts 02210

**NOTE:** 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'S CRA RATING: This institution is rated OUTSTANDING.**

New Haven Bank (NHB or the bank) demonstrates an excellent responsiveness to the credit needs of its assessment area based on the following findings:

- The loan-to-deposit (LTD) ratio is more than reasonable (considering reasonable variations and taking into account lending related activities) given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities are in the bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

## SCOPE OF EXAMINATION

NHB's CRA performance was reviewed in accordance with the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions<sup>1</sup> and was evaluated based on the following performance criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The data used for the evaluation and the applicable timeframe are discussed below.

The Lending Test was based on home mortgage loans originated from July 1, 2016 to December 31, 2019. Although home mortgage data for 2016 and 2017 was evaluated, only home mortgage data for 2018 and 2019 is presented in the lending tables for the Borrower Profile and Geographic Distribution criteria. While both the number and dollar volume of the bank's home mortgage loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. The bank's net LTD ratio was calculated from FFIEC Call Reports as of September 30, 2016 through June 30, 2020.

Home mortgage loan data was obtained from Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). HMDA reporting requirements changed in 2018; therefore, this evaluation does not compare the bank's 2016 and 2017 home mortgage lending performance to its 2018 and 2019 home mortgage lending performance. Additionally, this evaluation does not consider the new loan purposes of "other" and "not applicable." The bank's home mortgage loan performance was compared to applicable aggregate data. Aggregate data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. The 2017 aggregate data was obtained from the FFIEC's HMDA data, and the 2018 and 2019 aggregate data was obtained from the Consumer Finance Protection Bureau (CFPB). The new loan purposes of "other" and "not applicable" were excluded from the 2018 and 2019 aggregate. The bank's home mortgage lending performance was also compared to demographics from the 2015 American Community Survey (ACS). As the bank was no longer a HMDA reporter in 2019, the bank's 2019 HMDA data was not compared against the aggregate.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. Although the bank is not currently required to collect and report small business loan data, the bank maintained the data for use in this evaluation. A comparison to aggregate lenders for small business lending was not considered appropriate since the bank is not subject to the reporting requirements applicable to large banks. The bank's small business loan performance is shown in comparison to small business demographic data obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

The Federal Reserve Bank of Boston last examined NHB's (formerly Start Community Bank) CRA performance on August 1, 2016, in accordance with the FFIEC Examination Procedures for Small Institutions. The examination resulted in a "Satisfactory" rating.

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<sup>1</sup> "Small institution" means a bank or savings association that, as of December 31, of either of the prior two calendar years, had assets of less than \$1.305 billion. As the bank's assets were also below \$326 million, the bank was not considered an intermediate small institution.

## DESCRIPTION OF INSTITUTION

NHB is a state-chartered bank headquartered at 299 Whalley Avenue, New Haven, CT. NHB was incorporated in 2010 under the name, Start Community Bank. In August 2019, the bank changed its name to New Haven Bank as part of a rebranding effort. NHB is a wholly-owned subsidiary of First Community Bancorp, New Haven, CT (FCB). FCB, in turn, is an intermediate stock bank holding company (BHC) that is wholly-owned by First City Fund Corporation, New Haven, CT (FCFC). FCFC is a BHC that is a non-profit Connecticut corporation organized to serve communities in the Greater New Haven region, and is federally tax-exempt.

NHB was certified as a community development financial institution (CDFI) in September 2012, under the CDFI program administered by the U.S. Treasury. CDFIs are mission-driven financial institutions that create economic opportunities for individuals and small businesses, quality affordable housing, and essential community services throughout the United States. NHB goes through the requisite annual recertification process, and focuses on lending to the small businesses within its assessment area.

NHB has one location with two deposit-taking ATMs. The bank did not open or close any branches during the review period. The bank's website, [www.newhavenbank.com](http://www.newhavenbank.com) provides branch and ATM location information and a listing of loan and deposit services. Along with traditional delivery methods, the bank offers alternative delivery systems, such as online and mobile banking.

As of June 30, 2020, NHB's assets totaled \$160.9 million, loans totaled \$138.6 million, and deposits totaled \$123.2 million. Since the last examination, the bank's assets increased by 41.6 percent, loans by 43.8 percent, and deposits by 49.0 percent.

NHB is primarily a commercial lender with commercial real estate, construction and land development, multifamily loans, and commercial and industrial loans totaling \$74.0 million, or 53.3 percent, of the loan portfolio. Residential real estate loans, including multifamily loans, are the bank's second largest business line, totaling 40.6 percent of the loan portfolio. Residential real estate loans mainly consist of 1-4 family closed-end loans secured by first liens. Despite comprising a significant percentage of total loans, NHB originates very few residential real estate loans. A majority of residential real estate loans were acquired from a third party mortgage company; however, the bank is no longer purchasing loans from any source. While NHB does not originate conventional owner-occupied residential real estate, the bank originates 1-4 family and multifamily non-owner occupied residential loans within its commercial lending business line, which are HMDA-reportable loans. Consumer loans total 6.1 percent of the loan portfolio. The consumer loan portfolio consists of purchased auto loans. The bank has seen steady growth across its loan portfolio during the evaluation period, with the exception of revolving 1-4 family residential loans. Table 1 shows the loan portfolio composition by dollar volume, as of June 30, 2020.

<b>Table 1</b>		
<b>Loan Distribution as of June 30, 2020</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	751	0.5
Revolving 1-4 Family Residential	772	0.6
1-4 Family Residential	55,475	40.0
Multi-Family (5 or more) Residential	5,864	4.2
Commercial RE	50,943	36.7
<b>Total Real Estate Loans</b>	<b>113,805</b>	<b>82.0</b>
Commercial and Industrial	16,477	11.9
Consumer	8,403	6.1
Less unearned income	0	0
<b>Total Loans</b>	<b>138,685</b>	<b>100.0</b>

*Call Report as of June 30, 2020.*

*Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

NHB operates in a competitive geographic area where several community banks and credit unions, as well as larger regional and national banks, maintain a branch presence. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2020, there were 22 financial institutions offering deposit services within New Haven County. NHB ranked 17<sup>th</sup> for deposit market share, at 0.3 percent. Webster Bank, NA ranked first, at 40.5 percent; Bank of America, NA, ranked second, at 10.9 percent; and People’s United Bank, NA ranked third, at 10.7 percent.

The bank also operates in a competitive environment for home mortgage loans. According to HMDA aggregate data, 395 financial institutions originated a HMDA-reportable loan within New Haven County. NHB ranked 99<sup>th</sup> with 11 originations. Wells Fargo Bank, NA ranked first, with 1,226 originations; Webster Bank, NA ranked second, with 840 originations; and Quicken Loans ranked third, with 684 originations. As of 2019, NHB is no longer a HMDA-reporter due to low loan volume.

There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs of its communities.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank has defined its assessment area to comprise the entire New Haven County, which constitutes the New Haven-Milford, CT Metropolitan Statistical Area (MSA). The assessment area includes 27 cities and towns: Ansonia, Beacon Falls, Bethany, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Madison, Meriden, Middlebury, Milford, Naugatuck, New Haven, North Branford, North Haven, Orange, Oxford, Prospect, Seymour, Southbury, Wallingford, Waterbury, West Haven, Wolcott, and Woodbridge. NHB is headquartered and operates its sole location at 299 Whalley Avenue, New Haven, CT. There have been no changes to the bank’s assessment area since its incorporation.

Table 2 provides demographic information on the bank’s assessment area.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	31	16.3	23,612	11.4	7,863	33.3	48,787	23.5
Moderate-income	40	21.1	43,537	21.0	6,791	15.6	33,944	16.4
Middle-income	56	29.5	61,703	29.8	3,165	5.1	39,250	18.9
Upper-income	61	32.1	78,420	37.8	1,972	2.5	85,314	41.2
Unknown-income	2	1.1	23	0.0	3	13.0	0	0.0
<b>Total Assessment Area</b>	<b>190</b>	<b>100.0</b>	<b>207,295</b>	<b>100.0</b>	<b>19,794</b>	<b>9.5</b>	<b>207,295</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	49,597	8,900	4.3	17.9	32,201	64.9	8,496	17.1
Moderate-income	81,777	34,259	16.7	41.9	37,938	46.4	9,580	11.7
Middle-income	108,858	69,514	33.9	63.9	30,163	27.7	9,181	8.4
Upper-income	121,947	92,208	45.0	75.6	20,728	17.0	9,011	7.4
Unknown-income	172	5	0.0	2.9	112	65.1	55	32.0
<b>Total Assessment Area</b>	<b>362,351</b>	<b>204,886</b>	<b>100.0</b>	<b>56.5</b>	<b>121,142</b>	<b>33.4</b>	<b>36,323</b>	<b>10.0</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract and Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	4,236	9.4	3,784	9.2	422	11.9	30	8.7
Moderate-income	6,593	14.6	6,127	14.8	429	12.1	37	10.8
Middle-income	14,856	32.9	13,422	32.5	1,330	37.5	104	30.3
Upper-income	19,329	42.8	17,809	43.2	1,349	38.0	171	49.9
Unknown-income	148	0.3	127	0.3	20	0.6	1	0.3
<b>Total Assessment Area</b>	<b>45,162</b>	<b>100.0</b>	<b>41,269</b>	<b>100.0</b>	<b>3,550</b>	<b>100.0</b>	<b>343</b>	<b>100.0</b>
	<b>Percentage of Total Businesses</b>			<b>91.4</b>		<b>7.9</b>		<b>0.8</b>

2019 FFIEC Census data and 2019 D&B information.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The geographic income stratification in the assessment area is quite varied. The assessment area consists of 190 census tracts of which 31 are low-income, 40 are moderate-income, 56 are middle-income, and 61 are upper-income. There are 2 unknown-income census tracts in the assessment area. Of the 71 low- or moderate-income tracts, 24 are located in Waterbury, 21 are located in New Haven, 11 are located in Meriden, and 7 are located in West Haven, 3 in Ansonia, 2 in East Haven, 2 in Hamden, and 1 in Derby. New Haven County also includes 56 middle-income and 61 upper-income census tracts, including some of the most affluent communities in the country, which are reinforced by the presence of Yale University and the

strength of the local medical devices and biomedical industry, including Covidien Ltd. and Alexion Pharmaceuticals.

### *Housing*

There are 362,351 housing units in the assessment area, of which 80.3 percent are 1-4 family residential properties. Of the total housing units in the assessment area, 13.7 percent are located in low-income census tracts and 22.6 percent are located in moderate-income census tracts. Furthermore, 56.5 percent are owner-occupied, 33.4 percent are rental units, and 10.0 percent are vacant. This relatively high rental rate indicates limited residential lending opportunities. Rental units represent the majority of housing available within the low-income tracts, at 64.9 percent, and a significant percentage in moderate-income tracts, at 46.4 percent.

According to 2015 ACS data, the median housing value in the assessment area is \$245,168, which is below the state median housing value of \$270,500. Recent data obtained from The Warren Group, Boston, MA (The Warren Group) indicate that housing prices continue to rise. According to The Warren Group, the median sales price for single-family homes in Connecticut was \$260,000 in calendar year 2019, representing a 0.4 increase from calendar year 2018, and a 4.0 increase from calendar year 2017. The number of single-family home sales, however, decreased 1.5 percent and 2.1 percent in 2018 and 2019, respectively. Reflecting this trend, The Warren Group reports that for calendar year 2019, the average median single-family home sales price in New Haven County was \$230,000. This represents a 0.4 percent increase from calendar year 2018 and a 5.5 percent increase from calendar year 2017. Furthermore, while the number of single-family home sales increased 2.4 percent in calendar year 2018, sales decreased 2.7 percent in calendar year 2019.

### *Business Characteristics*

Economic activity within New Haven County includes higher education, medical devices, biomedical research, and manufacturing. According to D&B, there are 45,162 businesses operating within the bank's assessment area. The vast majority of businesses, 91.4 percent, have gross revenue less than or equal to \$1 million. While the majority of businesses in 2019 were located in either upper-income census tracts (42.8 percent) or middle-income census tracts (32.9 percent), there is a business presence within moderate-income (14.6 percent) and low-income (9.4 percent) tracts, as well. While overall there is a market for small business lending within the assessment area, the low percentage of small businesses within the low-income and moderate-income geographies reflects fewer opportunities.

### *Population*

The assessment area has a population of 862,224 individuals. The assessment area includes 326,028 households, of which 207,295 are families. The majority, 41.2 percent, of families are upper-income. Middle-income families represent 18.9 percent of the assessment area. Moderate- and low-income families represent 16.4 percent and 23.5 percent, respectively, of the assessment area. Within the assessment area, 9.6 percent of families fall below the poverty level. The age characteristics of the assessment area are in line with the State of Connecticut.



*Income*

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 3 displays the MFI incomes for the assessment area.

<b>Table 3</b>			
<b>Median Family Income</b>			
<b>MSA/MD</b>	<b>MFI</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
New Haven-Milford, MA MSA	\$84,100	\$86,200	\$90,700
Non-MSA Connecticut	\$91,700	\$96,800	\$100,900

*FFIEC Median Family Income Estimates.*

The MFI for New Haven-Milford, MA MSA increased during the evaluation period. The MFI for non-MSA Connecticut also increased during the evaluation period. In 2019, the MFI for New Haven-Milford, CT MSA increased to \$90,700 which is markedly lower than non-MSA Connecticut with a MFI of \$100,900.

*Employment Statistics*

According to the U.S. Bureau of Labor Statistics, as of March 2020, the non-seasonally adjusted unemployment rate for Connecticut was 3.6 percent. The comparable unemployment rate for New Haven County was 3.8 percent. The non-seasonally adjusted unemployment rate for New Haven County during 2019 ranged from a high of 4.8 percent in January to a low of 3.4 percent in December. More recently, the non-seasonally adjusted unemployment rates for New Haven County have risen sharply due to the COVID-19 pandemic, peaking at 10.5 percent in July 2020.

**Community Contacts**

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank’s assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

Two community contacts were conducted as part of the evaluation. An interview was conducted with a community contact representing a philanthropic non-profit organization charged with managing and utilizing a significant endowment within the bank’s assessment area for the betterment of the community. The contact, who has been affiliated with the organization for over 10 years, identified small business needs within New Haven County. While non-profit organizations are well-funded and well-staffed to address issues such as affordable housing on an individual basis, the low-income neighborhoods in New Haven continue to face challenges collectively. The contact mentioned that opportunities exist for local financial institutions to lend to low- and moderate-income borrowers, possibly through microlending; however, larger institutions, due to their size and complexity, fail to be responsive to small businesses. The

contact further mentioned NHB, as a bank that is more capable of being responsive to small business needs within the community, although the institution may require additional guarantees to offset the associated risks. Although the COVID-19 pandemic created some panic, specifically in the New Haven area, and several small businesses were close to bankruptcy, the contact noted that a majority of businesses along main street, including restaurants, barbershops, and pharmacies, have remained in businesses. The contact attributes this success to the local community, both affluent and working class members, supporting these businesses.

The second community contact was with a non-profit economic development organization that focuses on providing business loans in disadvantaged communities throughout Connecticut. The contact, who has been affiliated with the organization for 5 years and has over 18 years of commercial banking experience, noted that many small businesses throughout the assessment area are struggling as a result of the COVID-19 pandemic, particularly those related to the entertainment and restaurant industry. The contact also mentioned that although some banks may be hesitant to lend to small businesses due to the level of affiliated risk, smaller banks tend to be more responsive.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

NHB's performance under the Lending Test is rated Outstanding. The following information further details the data reviewed, as well as the conclusions on the bank's performance.

### **Loan-to-Deposit Ratio**

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans, and evaluates its appropriateness. LTD figures are calculated from quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

NHB's LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The average LTD ratio during the 16 quarters under evaluation was 115.3 percent. The bank's quarterly LTD ratio ranged from a low of 107.3 percent, as of June 30, 2019, to a high of 122.2 percent, as of March 31, 2017. NHB utilizes Federal Home Loan Bank borrowings as a supplement to fund loans in addition to deposits, which enables the bank to maintain an LTD over 100 percent. As primarily a commercial lender, the bank originates very few residential real estate loans. NHB purchased residential real estate loans from a third party mortgage company; although as of the past couple years the bank is no longer purchasing residential real estate loans from any source. NHB does not sell loans from its portfolio.

Table 4 provides a comparison of the bank's average LTD ratio during the evaluation period to institutions operating within or near the assessment area that have a similar asset size and lending focus. As shown, the bank's average LTD ratio is higher than that of similarly situated institutions.

Table 4 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000's)	Average LTD Ratio** (%)
<b>New Haven Bank</b>	<b>160,079</b>	<b>115.3</b>
Milford Bank	493,124	105.1
Eastern Savings Bank	212,808	103.3
Jewitt City Savings Bank	341,673	96.3
Essex Savings Bank	471,926	91.9

\*Call Report as of June 30, 2020.

\*\*Call Reports from September 30, 2016 to June 30, 2020.

### Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a substantial majority of loans and other lending related activities are in the institution's assessment area. During the evaluation period, the bank originated or purchased a total of 181 loans, of which 150, or 82.9 percent, were in the assessment area. In 2017, the bank originated or purchased a total of 71 loans, of which 53, or 74.6 percent, were inside the assessment area. In 2018 and 2019, the bank originated or purchased a total 110 loans, of which, 97, or 88.2 percent, were inside the assessment area. Table 4 presents the bank's levels of lending inside and outside the assessment area.

Table 5 Lending Inside and Outside the Assessment Area								
2017 Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>	11	52.4	2,040	47.5	10	47.6	2,253	52.5
<b>Home Improvement</b>	3	100.0	620	100.0	0	0.0	0	0.0
<b>Multifamily</b>	5	100.0	2,547	100.0	0	0.0	0	0.0
<b>Refinancing</b>	12	70.6	2,802	76.7	5	29.4	851	23.3
<b>Residential Total</b>	<b>31</b>	<b>67.4</b>	<b>8,009</b>	<b>72.1</b>	<b>15</b>	<b>32.6</b>	<b>3,104</b>	<b>27.9</b>
<b>Small Business Total</b>	<b>22</b>	<b>88.0</b>	<b>5,642</b>	<b>88.5</b>	<b>3</b>	<b>12.0</b>	<b>731</b>	<b>11.5</b>
<b>Total</b>	<b>53</b>	<b>74.6</b>	<b>13,651</b>	<b>78.1</b>	<b>18</b>	<b>25.4</b>	<b>3,835</b>	<b>21.9</b>
2018 & 2019 Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>	10	62.5	1,357	41.9	6	37.5	1,878	58.1
<b>Home Improvement</b>	1	100.0	50	100.0	0	0.0	0	0.0
<b>Multifamily</b>	10	90.9	12,130	95.5	1	9.1	570	4.5
<b>Refinancing</b>	4	80.0	775	82.7	1	20.0	162	17.3
<b>Residential Total</b>	<b>25</b>	<b>75.8</b>	<b>14,312</b>	<b>84.6</b>	<b>8</b>	<b>24.2</b>	<b>2,610</b>	<b>15.4</b>
<b>Small Business Total</b>	<b>72</b>	<b>93.5</b>	<b>22,513</b>	<b>92.8</b>	<b>5</b>	<b>6.5</b>	<b>1,740</b>	<b>7.2</b>
<b>Total</b>	<b>97</b>	<b>88.2</b>	<b>36,825</b>	<b>89.4</b>	<b>13</b>	<b>11.8</b>	<b>4,350</b>	<b>10.6</b>

HMDA and small business for 2017, 2018, & 2019. Small business data is bank provided.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

### *Residential Lending*

A majority of residential real estate loans were originated or purchased within the assessment area. In 2017, the bank purchased or originated 31 of 46 total residential real estate loans, or 67.4 percent, within the assessment area. In 2018 and 2019, a total of 33 loans were purchased or

originated by the bank, of which 25, or 75.8 percent, were in the assessment area. The concentration of loans across loan types was also generally consistent, with home purchase loans most heavily concentrated within the assessment area. As mentioned previously, NHB purchases residential real estate loans from a third party mortgage company. While the third party is not located within the bank's assessment area, the mortgage company attempts to sell loans located in NHB's assessment area when possible.

### *Small Business Lending*

A substantial majority of the bank's small business loans were originated inside the bank's assessment area. In 2017, the bank originated 22 of 25, or 88.0 percent, small business loans within the assessment area. This percentage increased slightly throughout the examination period. In 2018 and 2019, the bank originated a total of 77 small business loans, of which 72, or 93.5 percent, were inside bank's assessment area. This high percentage, attributed in part to the bank's large assessment area compared to its size, reflects NHB's focus of serving the commercial needs of its assessment area.

### **Borrower Profile**

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration amount individuals of different income levels (including low- and moderate-income) and businesses of different sizes when compared to area demographics and aggregate performance.

### *Residential Lending*

The bank does not utilize, and opts not to report, borrower income on purchased residential mortgage loans. Therefore, no conclusion could be made based on the limited data available on the bank's lending by income level of the borrower to the income distribution of families in the assessment area and peer data. Consequently, this examination relied solely on the bank's small business lending data for the purposes of this criterion.

### *Small Business Lending*

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 6 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with gross annual revenues (GARs) of \$1 million or less is excellent.

Gross Annual Revenues	2018			2019		
	Total Businesses	Bank		Total Businesses	Bank	
	%	#	%	%	#	%
≤ \$1MM	91.4	32	88.9	91.4	25	69.4
> \$1MM	7.9	4	11.1	7.9	11	30.6
N/A	0.8	0	0.0	0.8	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>

*D&B 2018 & 2019. Small business data for 2018 and 2019 is bank provided.*

*Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

The bank’s percentage of small business loans to businesses with revenues of \$1 million or less varied slightly from year to year. This variability is due to a combination of market demand and small sample sizes that create significant shifts in percentage changes. As noted in the table above, in 2018, NHB originated 32 of 36 small business loans, or 88.9 percent, to businesses with GARs of \$1 million or less. This is in-line with the percentages of small businesses within the assessment area, at 91.4 percent, as reported by FFIEC Census data and D&B information. Furthermore, while NHB is not a small business reporter, and therefore not required to be compared against the aggregate, NHB’s performance exceeded the aggregate, at 46.0 percent. In 2019, NHB originated 25 of 36 small business loans, or 69.4 percent, to businesses with GARs of \$1 million or less. While this is below the percentage of small businesses within the assessment area, NHB’s performance exceeded the aggregate, at 46.6 percent.

The bank’s performance also varied in the last two quarters of 2016 and 2017. In the last two quarters of 2016, the bank originated no loans to businesses with GARs of \$1 million or less, falling below the demographic and aggregate. In 2017 the bank originated 20 of 22, or 90.9 percent, of loans to businesses with GAR \$1 million or less. The bank’s performance in 2017 fell in-line with the demographic, at 91.4 percent, but still exceeded the aggregate, at 51.8 percent. While the bank’s performance varied during the evaluation period, this was due primarily to the low volume of loans which created significant shifts in percentage changes. Nevertheless, NHB’s performance was noteworthy when compared to aggregate for 2017, 2018, and 2019.

NHB’s response to help the community during the COVID-19 pandemic is also noteworthy. In particular, the bank reached out to all of its existing customers to inquire on the impact that the COVID-19 pandemic was having on their operations. All customers that requested loan forbearance or interest rate relief were granted those requests unconditionally. The bank granted 42 separate loan forbearance agreements and modified 14 commercial loans to provide interest rate relief. Furthermore, the bank originated 128 Paycheck Protection Program (PPP) loans to customers as well as non-customers. Overall, the bank’s efforts demonstrate a continued effort to meet the needs of its community.

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

*Residential Lending*

Tables 7 and 8 provide a comparison of the bank’s lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank’s geographic distribution of loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 7 Geographic Distribution of HMDA Loans 2018								
Product Type	Census Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	4.3	0	0.0	3.9	0	0.0	2.6
	Moderate	16.7	1	25.0	17.6	70	13.4	12.5
	Middle	33.9	1	25.0	35.5	244	46.7	31.1
	Upper	45.0	2	50.0	43.0	209	40.0	53.9
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>4</i>	<i>100.0</i>	<i>100.0</i>	<i>523</i>	<i>100.0</i>	<i>100.0</i>
REFINANCE	Low	4.3	2	100.0	3.5	370	100.0	2.6
	Moderate	16.7	0	0.0	13.4	0	0.0	10.1
	Middle	33.9	0	0.0	31.0	0	0.0	26.3
	Upper	45.0	0	0.0	52.1	0	0.0	60.9
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>2</i>	<i>100.0</i>	<i>100.0</i>	<i>370</i>	<i>100.0</i>	<i>100.0</i>
HOME IMPROVEMENT	Low	4.3	0	0.0	3.3	0	0.0	3.3
	Moderate	16.7	0	0.0	11.4	0	0.0	10.6
	Middle	33.9	0	0.0	29.0	0	0.0	24.7
	Upper	45.0	0	0.0	56.3	0	0.0	61.4
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>100.0</i>
MULTIFAMILY	Low	4.3	0	0.0	25.0	0	0.0	10.8
	Moderate	16.7	2	40.0	31.1	745	18.6	37.6
	Middle	33.9	1	20.0	18.9	550	13.8	24.2
	Upper	45.0	2	40.0	25.0	2,700	67.6	27.4
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>5</i>	<i>100.0</i>	<i>100.0</i>	<i>3,995</i>	<i>100.0</i>	<i>100.0</i>
HMDA TOTALS	Low	4.3	2	18.2	3.9	370	7.6	3.7
	Moderate	16.7	3	27.3	16.1	815	16.7	15.3
	Middle	33.9	2	18.2	33.7	794	16.2	28.9
	Upper	45.0	4	36.4	46.2	2,909	59.5	52.1
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>11</i>	<i>100.0</i>	<i>100.0</i>	<i>4,888</i>	<i>100.0</i>	<i>100.0</i>

2018 FFIEC Census data, 2018 bank HMDA data, 2018 aggregate HMDA data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

\*Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for “other” and “NA” loans (as applicable), which may cause a slight difference from publically available data. Aggregate percentages may include loan types not required to be reported by the bank.

**Table 8**  
**Geographic Distribution of HMDA Loans 2019**

Product Type	Census Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	4.3	1	16.7	4.6	190	22.8	3.0
	Moderate	16.7	0	0.0	18.2	0	0.0	13.4
	Middle	33.9	2	33.3	34.5	352	42.2	30.1
	Upper	45.0	3	50.0	42.7	292	35.0	53.5
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>6</i>	<i>100.0</i>	<i>100.0</i>	<i>834</i>	<i>100.0</i>	<i>100.0</i>
REFINANCE	Low	4.3	2	100.0	3.3	405	100.0	2.3
	Moderate	16.7	0	0.0	11.3	0	0.0	7.8
	Middle	33.9	0	0.0	32.0	0	0.0	27.4
	Upper	45.0	0	0.0	53.4	0	0.0	62.5
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>2</i>	<i>100.0</i>	<i>100.0</i>	<i>405</i>	<i>100.0</i>	<i>100.0</i>
HOME IMPROVEMENT	Low	4.3	1	100.0	3.1	50	100.0	3.3
	Moderate	16.7	0	0.0	12.0	0	0.0	9.7
	Middle	33.9	0	0.0	30.8	0	0.0	26.9
	Upper	45.0	0	0.0	54.0	0	0.0	60.2
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>1</i>	<i>100.0</i>	<i>100.0</i>	<i>50</i>	<i>100.0</i>	<i>100.0</i>
MULTIFAMILY	Low	4.3	3	60.0	26.2	5,140	63.2	24.3
	Moderate	16.7	0	0.0	41.0	0	0.0	36.6
	Middle	33.9	0	0.0	13.9	0	0.0	11.4
	Upper	45.0	2	40.0	18.9	2,995	36.8	27.6
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>5</i>	<i>100.0</i>	<i>100.0</i>	<i>8,135</i>	<i>100.0</i>	<i>100.0</i>
HMDA TOTALS	Low	4.3	7	50.0	4.2	5,785	61.4	4.4
	Moderate	16.7	0	0.0	15.6	0	0.0	13.2
	Middle	33.9	2	14.3	33.3	352	3.7	27.7
	Upper	45.0	5	35.7	47.0	3,287	34.9	54.7
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>14</i>	<i>100.0</i>	<i>100.0</i>	<i>9,424</i>	<i>100.0</i>	<i>100.0</i>

2019 FFIEC Census data, 2019 bank-provided HMDA data, 2019 aggregate HMDA data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

\*Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans (as applicable), which may cause a slight difference from publically available data. Aggregate percentages may include loan types not required to be reported by the bank.

In 2018, the bank purchased or originated 2 of 11, or 18.2 percent, of HMDA-reportable mortgages in low-income census tracts, which was above the aggregate lending percentage and owner-occupied housing percentage at 3.9 percent and 4.3 percent, respectively. For the same year, the bank originated or purchased 3, or 27.2 percent, of HMDA-reportable loans in moderate-income tracts, which was above the aggregate lending, at 16.1 percent, and the percentage of owner-occupied housing units, at 16.7 percent. As of 2019, NHB is no longer a HMDA reporter; therefore NHB's HMDA data was not compared against the aggregate. When compared against the demographic, NHB originated or purchased 7 of 14 loans, or 50.0 percent,

in low-income census tracts, and no loans in moderate-income census tracts. This exceeds the demographic at 4.3 percent for low-income census tracts, and lags the demographic, at 16.7 percent, for moderate-income tracts.

In 2017, the bank purchased or originated 3 of 31 loans, or 9.7 percent, of HMDA-reportable loans in low-income tracts, and 14 loans, or 45.2 percent, in moderate-income tracts. Overall, HMDA-reportable loan volume was low during the review period. Given that low volume of loans can create significant shifts in percentage changes and small business lending is the bank’s primary business focus, small business was considered more heavily during the evaluation.

*Small Business Lending*

Table 9 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loan is excellent.

<b>Table 9</b>						
<b>Geographic Distribution of Small Business Loans by Census Tract</b>						
<b>Census Tract Income Level</b>	<b>2018</b>			<b>2019</b>		
	<b>Total Business by Census Tract</b>	<b>Bank</b>		<b>Total Business by Census Tract</b>	<b>Bank</b>	
		<b>%</b>	<b>#</b>		<b>%</b>	<b>#</b>
Low	9.4	7	19.4	9.4	7	19.4
Moderate	14.6	6	16.7	14.6	6	16.7
Middle	32.9	14	38.9	32.9	13	36.1
Upper	42.8	8	22.2	42.8	10	27.8
N/A	0.3	1	2.8	0.3	0	0.0
<b>Total</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>

*2018 and 2019 D&B data, 2018 and 2019 bank-provided small business data.*

*Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

In 2018, the bank originated 19.4 percent of small business loans in low-income tracts within the assessment area, which exceeded the percentage of businesses located within low-income census tracts, at 9.4 percent. The bank’s 2018 small business lending in moderate-income tracts, at 16.7 percent, was in-line with the percentage of businesses located within moderate-income census tracts, at 14.6 percent. Furthermore, although not required to be compared against the aggregate, the bank’s performance exceeded the aggregate for low-income and moderate-income tracts, at 8.6 percent and 14.4 percent, respectively.

In 2019, the bank originated 19.4 percent of small business loans in low-income tracts within the assessment area, again exceeding the percentage of businesses located within low-income census tracts, at 9.4 percent. NHB’s 2019 small business lending in moderate-income tracts, at 16.7 percent, was in-line with the percentage of businesses located within moderate-income census tracts, at 14.6 percent. In 2019, NHB’s also exceeded the aggregate at 8.6 percent for low-income census tracts and 14.2 percent for moderate-income tracts.

The evaluation did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the assessment area. Although the bank has designated all of New Haven County as its assessment area, the majority of lending within the assessment area is within New



Haven and adjacent towns, which is reflective of the bank's sole location. New Haven County contains 71 low- or moderate-income census tracts, primarily located in Meriden, New Haven, Waterbury, and West Haven. The bank's lending activity is concentrated in the low- and moderate-income tracts within New Haven and West Haven. While no loans were originated or purchased in Meriden or Waterbury, these municipalities are geographically distant from where the bank can reasonably serve. The bank's lending performance in these census tracts is also noteworthy, considering the other financial institutions competing for loans in these census tracts include larger national banks and mortgage companies.

### **Response to Complaints**

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

### **CONCLUSION**

The bank's performance in meeting the credit needs of its assessment area is demonstrated by a more than reasonable LTD ratio; substantial majority of loans inside the assessment area; excellent lending to businesses with GAR of \$1 million or less; and excellent dispersion of loans throughout the assessment area. As the bank is primarily a small business lender, small business lending was given greater weight in arriving at the Lending Test rating. The bank was also very responsive in-light of the COVID-19 pandemic. Specifically, the bank provided interest rate relief, granted forbearances unconditionally, and originated a number of PPP loans to existing customers as well as non-customers, demonstrating the bank's commitment to serving the needs of the community. Overall, the bank received a rating of Outstanding.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the credit needs was identified.

## APPENDIX

### 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.

**Assessment area:** One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

**Census tract:** A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community contact:** Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**Demographics:** The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

**Distressed nonmetropolitan middle-income geography:** A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

**Full-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio:** Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a

dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 family income:** The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan statistical area (nonMSA):** Not part of a metropolitan area. (See metropolitan area.)

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Performance context:** The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the

context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria:** These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE):** A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

**Small businesses/small farms:** A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12