

PUBLIC DISCLOSURE

April 4, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eagle Bank
Certificate Number: 90191

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Everett, Massachusetts 02149

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
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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 Division of Banks or the Federal Deposit Insurance Corporation 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.

Eagle Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

Eagle Bank is a state-chartered mutual savings bank headquartered in Everett, Massachusetts (MA). The bank has one wholly owned subsidiary, Everett Securities Corporation. Everett Securities Corporation buys, sells, and holds securities. Eagle Bank received a Satisfactory rating from the FDIC and the Massachusetts Division of Banks during its prior joint evaluation, dated January 14, 2019, based on the Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

Eagle Bank operates five full-service branches, including the main office and primarily serves the eastern communities of MA. In addition to the main office in Everett, branches are located in Boston (North End neighborhood), Everett, Lexington, and Middleton. The Middleton branch opened in July 2019 and is new since the prior evaluation. The bank did not close any branches and there have been no mergers or acquisitions since the prior evaluation.

Eagle Bank offers residential and commercial loans with a continued primary focus on residential lending. Residential lending products include home mortgage loans, construction loans, and home equity loans and lines of credit. For commercial customers, the bank offers commercial real estate and land development loans, business lines of credit, and term loans. Consumer and commercial deposit services include checking, savings, money market, certificate of deposit accounts, and merchant services for business customers. Alternative banking services include online and mobile banking, electronic bill pay, mobile deposits, and automated teller machines (ATMs).

Ability and Capacity

As of December 31, 2021, deposits totaled approximately \$485.9 million and assets totaled approximately \$551.7 million, and included total loans of \$379.4 million and securities of \$97.5 million. Assets increased by approximately \$102.0 million, or 22.7 percent since September 30, 2018 (the last quarter utilized at the prior evaluation). An increase in the bank's loan portfolio primarily drove asset growth. Loans increased by approximately \$72.2 million, or 23.5 percent and securities decreased by approximately \$4.1 million, or 4.3 percent over the evaluation period. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	45,544	12.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	157,231	41.4
Secured by Multifamily (5 or more) Residential Properties	29,616	7.8
Secured by Nonfarm Nonresidential Properties	92,442	24.4
Total Real Estate Loans	324,833	85.6
Commercial and Industrial Loans	54,219	14.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	319	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	10	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	379,381	100.0
<i>Source: Reports of Condition and Income</i>		

The bank provides for its communities' credit needs in a manner consistent with its size, financial condition, resources, and local economic conditions. Although examiners did not identify any financial or legal impediments that affect the bank's ability to meet the assessment area's credit needs, several economic and demographic indicators, such as the COVID-19 pandemic, low interest rates, and economic relief packages affected lending opportunities.

DESCRIPTION OF ASSESSMENT AREA

Eagle Bank designated one contiguous assessment area, which includes municipalities from the Boston, MA Metropolitan Division (MD) and the Cambridge-Newton, MA MD. Both MDs are part of the greater Boston-Cambridge-Newton, MA-New Hampshire (NH) Multi-State Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The bank's assessment area consists of 219 census tracts covering portions of Essex, Middlesex, and Suffolk Counties. The assessment area has not changed since the prior evaluation. The following table details the cities and towns in the bank's assessment area.

Assessment Area Cities and Towns

Middlesex County, MA

Arlington	Medford	Stoneham
Burlington	Melrose	Wakefield
Everett	North Reading	Wilmington
Lexington	Reading	Winchester
Malden	Somerville	Woburn

Essex County, MA

Beverly	Marblehead	Salem
Danvers	Middleton	Saugus
Lynn	Nahant	Swampscott
Lynnfield	Peabody	

Suffolk County, MA

Boston*	Revere
Chelsea	Winthrop

* Boston contains the following neighborhoods: Charlestown, East Boston, and the North End

The 219 census tracts reflect the following income designations according to the 2015 ACS data:

- 27 low-income census tracts,
- 67 moderate-income census tracts,
- 80 middle-income census tracts,
- 43 upper-income census tracts, and
- 2 census tracts with no income designation

The low- and moderate-income census tracts are located in Beverly, Chelsea, East Boston, Everett, Lynn, Malden, Medford, Peabody, Salem, Saugus, Somerville, Revere, and Winthrop. The census tracts with no income designation include the Suffolk Downs Racetrack and Belle Isle Marsh Reservation. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the assessment area.

The assessment area contains 23 census tracts designated as Qualified Opportunity Zones (QOZ). QOZs are economically distressed communities approved by the United States (U.S.) Department of Treasury, with the intent of spurring economic development and job creation. Specifically, the QOZs are located in the cities and towns of Beverly, Boston (3), Chelsea, Everett, Lynn (4), Malden (2), Medford, Peabody (2), Revere (2), Salem (2), Saugus, Somerville (2), and Winthrop. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	219	12.3	30.6	36.5	19.6	0.9
Population by Geography	1,065,324	10.5	30.4	38.5	20.6	0.0
Housing Units by Geography	430,732	10.5	30.1	39.7	19.7	0.0
Owner-Occupied Units by Geography	227,350	5.0	23.2	44.9	26.9	0.0
Occupied Rental Units by Geography	180,832	17.0	38.5	33.7	10.9	0.0
Vacant Units by Geography	22,550	12.8	32.8	36.1	18.3	0.0
Businesses by Geography	102,901	9.8	24.3	42.3	23.6	0.1
Farms by Geography	1,563	10.1	18.9	45.0	25.9	0.0
Family Distribution by Income Level	252,592	26.4	18.0	20.6	35.0	0.0
Household Distribution by Income Level	408,182	28.4	16.0	17.2	38.4	0.0
Median Family Income MD - 14454 Boston, MA		\$90,699	Median Housing Value			\$394,609
Median Family Income MD - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,261
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2021 D&B data, 102,901 non-farm businesses operate in the assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 88.2 percent have \$1.0 million or less,
- 4.4 percent have more than \$1.0 million, and
- 7.4 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criteria compares the distribution of businesses by GAR level to D&B data. Service industries represent the largest portion of businesses at 39.1 percent, followed by non-classifiable establishments at 19.6 percent, and retail trade at 11.2 percent. The majority of businesses in the assessment area are small, with the majority (90.5 percent) of businesses operating with nine or less employees, and the majority (91.8 percent) operating from a single location. Additionally, 85.4 percent of the businesses in the assessment area have GARs of less than \$0.5 million.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, 52.8 percent of the 430,732 housing units are owner-occupied, slightly limiting the bank's opportunities for home mortgage lending in the assessment area. Additionally, only 28.2 percent of owner-occupied units are located in low- or moderate-income census tracts, further limiting the bank's home mortgage lending opportunities in those areas.

Examiners used the 2019, 2020, and 2021 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for each MD in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
<i>Source: FFIEC</i>				

Although assessment area median family income levels are higher than in other parts of MA, the area’s median housing value of \$394,609 may limit opportunities for low- and moderate-income families to qualify for traditional home mortgage loans. In addition, the assessment area has a high percentage of low- and moderate-income families (44.4 percent) and approximately 8.1 percent of families are below the poverty level, which is a subset of the low-income category.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area increased since prior evaluation period. The increase resulted from the adverse effects of the COVID-19 pandemic. At the highest point in April 2020, unemployment rates in Essex, Middlesex, and Suffolk Counties were 18.1 percent, 12.9 percent, and 16.0 percent, respectively. The following table reflects unemployment rates in the assessment area compared to the state and national unemployment rates throughout the evaluation period.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Essex County	3.1	9.8	6.2
Middlesex County	2.4	7.3	4.5
Suffolk County	2.7	9.7	5.8
Massachusetts	3.1	9.4	5.7
National Average	3.7	8.1	5.3
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the Boston, MA MD and the Cambridge-Newton-Framingham, MA MD have added jobs at an above average pace in the past year, due to tech-heavy

professional/business services, such as pharmaceutical, biotech, and information technology firms. Local service industries such as leisure/hospitality, healthcare, personal services, and state/local governments are adding jobs at a solid pace, but still have substantial losses to recoup despite continued gains. However, a full recovery will take longer than the Northeast and U.S. because of the permanent loss of some remote workers. The unemployment rate continues to fall, but a declining labor force is making it more difficult to fill open jobs. The area's top employers include Beth Israel Lahey Health, University of Massachusetts, Harvard University, and Stop & Shop Supermarket Corporation.

Competition

The bank operates in a highly competitive market for financial services. According to Deposit Market Share data as of June 30, 2021, 61 financial institutions operated 437 branches within the assessment area. Of these institutions, Eagle Bank ranked 30th with a 0.1 percent deposit market share. The top three financial institutions, State Street Bank and Trust Company, Bank of America N.A., and Citizens Bank N.A., held 76.7 percent deposit market share.

The bank faces a high level of competition for home mortgage lending from national lenders, mortgage companies, credit unions, and community banks. In 2020, aggregate home mortgage lending data, showed 508 lenders originated or purchased 66,815 home mortgage loans in the assessment area. Eagle Bank ranked 107th with a 0.1 percent market share. Lenders that ranked higher were primarily mortgage companies and large national lenders. The top five lenders, Quicken Loans, LLC; Leader N.A. Bank; Guaranteed Rate; Citizens Bank N.A.; and Cross Country Mortgage, LLC, collectively held 20.8 percent market share.

Eagle Bank is not required to collect or report its small business lending and elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans and is included here for performance context. Aggregate small business lending data for 2020, shows 240 lenders originated or purchased 100,229 small business loans within the assessment area, indicating a high level of competition. American Express N.A. had the greatest market share, followed by, Bank of America N.A., Citizens Bank N.A., Eastern Bank, and JPMorgan Chase Bank N.A. The top five lenders captured a market share of 47.7 percent by number of loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative from an economic development and urban planning agency serving the assessment area. The contact noted that as home purchase prices are out of reach for most low- and moderate-income individuals, the area needs affordable housing. However, adding affordable housing is challenging as the area is mostly developed. Further, most new projects are

for luxury-style apartments, with a small percentage of affordable units, catering to people who want to live in the Boston area, but cannot afford the Boston/Cambridge area. Additionally, the future extension of the Massachusetts Bay Transportation Authority commuter rail into the area is further pushing up already high housing costs

The contact also noted that local small businesses are struggling. Leasing costs have increased and many small businesses cannot afford their locations at lease renewal. The area has a large number of older commercial spaces that are more affordable, but high modernization costs makes it difficult for new or existing small businesses to move in. The contact further stated there is a need for local financial institutions to provide flexible financing to small businesses. However, as many business owners do not have relationships with local financial institutions, these businesses could benefit from additional outreach by local financial institutions.

Finally, the contact noted that the area has experienced an increase in its Mandarin-speaking population as well as an increase in the number of small business owners with language barriers. The contact suggested that local financial institutions could provide more multi-language products and services. Additionally, they should provide multi-lingual first time homebuyer courses, diverse person and multi-lingual advertisements, and better community outreach to build relationships with the diverse community.

Credit and Community Development Needs and Opportunities

Examiners considered demographic and economic data, information gathered from the community contact, and information from the bank to determine the assessment area's primary credit and community development needs. Examiners determined that opportunities exist to increase the availability of affordable housing, financial education, and economic development. With high housing costs, it is particularly difficult for low- and moderate-income families to find affordable housing in the area. Area small businesses also need financial support as they recover from the impact of the COVID-19 pandemic. Further, as population demographics change, there is greater need for diverse and multi-lingual products, services, and outreach.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 14, 2019, to the current evaluation dated April 4, 2022. Examiners used ISI Examination Procedures to evaluate Eagle Bank's CRA performance. As the Appendices describe, these procedures include two tests: the Lending Test and Community Development Test.

Banks must achieve at least a Satisfactory rating under each test to receive an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. They provide no material support for conclusions or ratings; therefore, examiners did not present them.

Examiners considered all originated home mortgage loans reported on the bank's 2018, 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 108 loans totaling \$75.4 million in 2018, 116 loans totaling \$69.2 million in 2019, 148 loans totaling \$77.1 million in 2020, and 160 loans totaling \$104.6 million in 2021. Aggregate data and 2015 American Community Survey (ACS) census data provided a standard of comparison for home mortgage loans. Although examiners analyzed 2018 and 2019 home mortgage lending performance, 2018 and 2019 lending was similar to 2020 and 2021 performance; therefore, examiners did not present 2018 and 2019 performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2018 and 2019 lending performance under the Assessment Area Concentration criteria.

As an ISI, Eagle Bank is not required to collect or report small business loans; however, the bank voluntarily collected small business data during the evaluation period. Examiners analyzed the bank's 2021 small business loan data. The bank originated 29 small business loans, totaling \$5.4 million. Specifically, the bank originated a significant number of Small Business Administration (SBA) Payment Protection Program (PPP) loans in 2021, accounting for 24 of the small business loans, totaling \$1.6 million. Therefore, PPP loans constitute 82.8 percent of all small business loans by number, and 29.6 percent of all small business loans by dollar volume. Since the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. Rather 2021 D&B demographic data provided a standard of comparison for small business loans.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the tables throughout this evaluation present both the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. When arriving at overall conclusions

and ratings, examiners gave more weight to the bank’s home mortgage lending performance given the bank’s business focus, origination activity, and the loan portfolio distribution.

For the Community Development Test, examiners reviewed community development loans, investments, and services since the prior CRA evaluation, dated January 14, 2019, to the current evaluation date of April 4, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Eagle Bank demonstrated reasonable performance under the Lending Test. Performance under the LTD Ratio, Assessment Area Concentration, and Borrower Profile support this conclusion. The following sections address overall bank performance for each Lending Test component.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s average net LTD ratio for the past 12 calendar quarters (beginning with quarter-end March 31, 2019, through quarter-end December 31, 2021), was 81.4 percent. During the evaluation period, the bank’s quarterly LTD ratios varied from a low of 76.9 percent on June 30, 2021, to a high of 87.5 percent on December 31, 2019. Although the ratio increased gradually during 2019, it has been declining since 2020. Eagle Bank experienced a significant increase in deposits due to federal and state government pandemic distributions and a decline in lending, which attributed to a downward trending LTD ratio during the review period.

Although the bank’s ratio is lower than the three similarly situated institutions, it is still reasonable. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
Eagle Bank	551,705	81.4
StonehamBank A Co-operative	684,707	98.3
Middlesex Federal Savings	545,574	97.8
Everett Co-operative Bank	666,492	96.2
<i>Source: Reports of Condition and Income 03/31/2019 – 12/31/2021</i>		

Assessment Area Concentration

Eagle Bank originated a majority of home mortgage and small business loans, both by number and dollar volume, within its assessment area. Home mortgage lending volume increased by 38.8 percent from 2018 to 2021. Sustained low mortgage interest rates and increased home sales during

the period contributed to the steady increase in home mortgage lending. Please see the following table for more information.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	64	59.3	44	40.7	108	42,538	56.4	32,832	43.6	75,370
2019	64	55.2	52	44.8	116	36,950	53.4	32,260	46.6	69,209
2020	94	63.5	54	36.5	148	43,785	56.8	33,361	43.2	77,146
2021	89	55.6	71	44.4	160	58,230	55.7	46,357	44.3	104,587
Subtotal	311	58.5	221	41.5	532	181,503	55.6	144,809	44.4	326,312
Small Business										
2021	26	89.7	3	10.3	29	4,424	81.3	1,017	18.7	5,441
Subtotal	26	89.7	3	10.3	29	4,424	81.3	1,017	18.7	5,441
Total	337	60.1	224	39.9	561	185,927	56.0	145,826	44.0	331,753
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the assessment area. The bank’s excellent performance of home mortgage lending and reasonable performance of small business lending support this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table shows that in 2020, the bank’s performance exceeded aggregate performance and the percentage of owner-occupied housing units in low- and moderate-income census tracts. Lending in low- and moderate-income census tracts declined in 2021, but remained above demographics.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.0	5.0	13	13.8	7,649	17.5
2021	5.0	--	6	6.7	2,246	3.9
Moderate						
2020	23.2	21.9	34	36.2	14,681	33.5
2021	23.2	--	28	31.5	10,849	18.6
Middle						
2020	44.9	45.4	27	28.7	11,953	27.3
2021	44.9	--	29	32.6	18,237	31.3
Upper						
2020	26.9	27.7	20	21.3	9,501	21.7
2021	26.9	--	26	29.2	26,898	46.2
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	94	100.0	43,785	100.0
2021	100.0	--	89	100.0	58,230	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table shows that in 2021, the bank's lending exceeded the percentage of businesses in low-income census tracts, but trailed the percentage of businesses in moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.8	6	23.1	480	10.8
Moderate	24.3	5	19.2	1,008	22.8
Middle	42.3	5	19.2	1,117	25.2
Upper	23.6	10	38.5	1,819	41.1
Total	100.0	26	100.0	4,424	100.0
<i>Source: 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage lending and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows that in 2020, lending to low-income borrowers was more than double aggregate performance. In 2020 and 2021, lending to low-income borrowers was significantly below the percentage of low-income families in the assessment area. However, low-income families in the assessment area, earning less than \$60,100, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$394,609. Additionally, 8.1 percent of the families in the assessment area live below the poverty level. Therefore, the disparity between the bank's lending performance to low-income families and demographics is reasonable, as the bank has limited lending opportunities to these families.

In 2020, lending to moderate-income borrowers exceeded both aggregate and demographics. In 2021, the bank's performance was consistent and continued to exceed the percentage of moderate-income families in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	26.4	4.4	9	9.6	2,342	5.4
2021	26.4	--	7	7.9	1,650	2.8
Moderate						
2020	18.0	18.5	20	21.3	5,465	12.5
2021	18.0	--	20	22.5	6,270	10.8
Middle						
2020	20.6	24.4	24	25.5	8,521	19.5
2021	20.6	--	14	15.7	4,226	7.3
Upper						
2020	35.0	41.0	25	26.6	12,091	27.6
2021	35.0	--	23	25.8	14,117	24.2
Not Available						
2020	0.0	11.8	16	17.0	15,365	35.1
2021	0.0	--	25	28.1	31,968	54.9
Totals						
2020	100.0	100.0	94	100.0	43,785	100.0
2021	100.0	--	89	100.0	58,230	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. The following table shows that in 2021, the bank originated the majority of its small business loans to businesses with GARs of \$1.0 million or less, but fell significantly below the percentage of businesses in the assessment area. However, with the high level of competition for small business loans within the assessment area and the low level of small business lending in general, performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.2	14	53.8	430	9.7
>\$1,000,000	4.4	11	42.3	3,978	89.9
Revenue Not Available	7.3	1	3.8	16	0.4
Total	100.0	26	100.0	4,424	100.0
<i>Source: 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank has not received any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Eagle Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Eagle Bank demonstrated adequate responsiveness to opportunities for community development lending. During the evaluation period, Eagle Bank originated two community development loans totaling \$4.0 million and representing 0.8 percent of average total assets and 1.1 percent of average total loans. The bank originated three community development loans totaling \$2.0 million during the prior evaluation. Although the number of community development loans decreased since the prior evaluation, the dollar volume increased. When compared to similarly situated institutions based on the number of community development loans, the bank trailed three similarly situated institutions. When compared by the dollar amount, the bank exceeded two similarly situated institutions and fell below one similarly situated institution. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	2	4,000	0	0	0	0	0	0	2	4,000
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	2	4,000	0	0	0	0	0	0	2	4,000

Source: Bank Data

The following are details regarding the bank's community development loans.

- In 2020, the bank originated two loans totaling \$4.0 million to purchase and renovate a residential apartment complex for low- and moderate-income seniors. The loans have a primary purpose of providing affordable housing for low- and moderate-income individuals as the residential units are subsidized by the federal government's Housing and Urban Development Division.

Qualified Investments

Eagle Bank demonstrated adequate responsiveness to opportunities for community development investments. Eagle Bank made 45 qualified investments totaling \$407,650, which includes two prior period equity investments totaling \$300,000 and 43 donations totaling \$107,650. This dollar amount of qualified investments equates to 0.1 percent of average total assets and 0.5 percent of average total securities. At the prior evaluation, the bank made 61 qualified investments totaling \$405,807. Although the number of qualified investments declined slightly since the last evaluation, the dollar amount increased. When compared to similarly situated institutions, the bank outperformed one institution and fell below two others in qualified investments. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	250	0	0	1	50	0	0	2	300
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	1	250	0	0	1	50	0	0	2	300
Qualified Grants & Donations	12	30	31	78	0	0	0	0	43	108
Total	13	280	31	78	1	50	0	0	45	408

Source: Bank Data

Equity Investments

The following are the two prior period equity investments.

- ***Access Capital Strategies Community Investment Fund*** – This fund invests in mortgage-backed securities where the underlying mortgages were made to low-income individuals in the assessment area. The bank purchased this investment in 1999 and the current book value is \$250,000 as of December 31, 2021.
- ***Everett Development and Financial Corporation (EDFC)*** – EDFC is a MA state agency that promotes economic development in the City of Everett. EDFC provides financing to small businesses to repair and improve properties. To qualify for a loan, the small business must be located in Everett and create jobs. All census tracts in Everett are low- or moderate-income. The majority of businesses served are small businesses with revenues of less than \$1 million. The bank purchased this investment in 1983 and the current book value is \$50,000 as of December 31, 2021.

Donations

The following are notable examples of the bank’s qualified donations.

- **Bread of Life (BOL)** – BOL is a non-profit organization that addresses food insecurity for the homeless and low-income residents of Chelsea, Everett, Malden, Medford, Melrose, North Reading, Saugus, Stoneham, Reading, Revere, Winchester, Wakefield, and Winthrop. Services provided include evening meals held four nights a week in Malden, food pantries in Everett and Malden, grocery delivery to low- and moderate-income senior citizens, and food delivery to at-risk teens and homeless families sheltered in local motels.
- **Mystic Valley Elder Services (MVES)** – MVES is a non-profit organization that provides in-home and community-based elder services to communities north of Boston, including Chelsea, Everett, Malden, Medford, Melrose, North Reading, Reading, Revere, Stoneham, Wakefield, and Winthrop. MVES’s services include health, nutrition, educational, and transportation programs for low- and moderate-income older adults, adults living with disabilities, and caregivers.
- **Caritas Communities** – Caritas Communities serves the housing needs of low-income individuals through the development and long-term management of affordable rooming houses. There are two lodging houses in Arlington; two in Everett; and one in Chelsea, Melrose, Salem, and Wakefield.

Community Development Services

Eagle Bank demonstrated adequate responsiveness to opportunities for community development services. During the evaluation period, Eagle Bank provided 52 instances of financial expertise or financial assistance to 14 community development organizations within the assessment area. Although the number of organizations decreased slightly since the prior evaluation, activity level increased. During the prior evaluation, the bank provided 39 instances to 15 organizations. When compared to similarly situated institutions, the bank outperformed two institutions and fell below one other in community development services.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	17	2	0	19
2020	0	14	2	0	16
2021	0	15	2	0	17
YTD 2022	0	0	0	0	0
Total	0	46	6	0	52

Source: Bank Data

The following are notable examples of employee involvement in community development services.

- ***Somerville Community Corporation (SCC)*** – SCC is a membership organization that provides services and organizes community groups that support low- and moderate-income Somerville residents. SCC provides affordable housing, workforce skill development training, financial literacy, and first-time homebuyer classes. A vice president is a supporting member.
- ***Boston Bull Pen Project*** – This non-profit organization partners with social service professionals, including groups devoted to caring for homeless individuals and families, veterans, at-risk youth, and others in need. The organization primarily serves low- and moderate-income individuals. A senior vice president is a board member and officer. Additionally, a vice president assists this organization with financial record keeping and online banking.
- ***North End/West End Neighborhood Service Center (Center)*** – Action for Boston Community Development, Inc., a multi-service non-profit organization facilitates the Center. This location serves low- and moderate-income residents in Boston and several neighboring cities and towns. In addition to basic social services offered to individuals and families, the Center offers individual case management, food pantries, fuel assistance, food stamp application assistance, special workshops, and financial education classes. A senior vice president is a board member and participates on the board advisory committee.

Financial Education

During the evaluation period, the bank participated in several financial literacy education events. The following are some notable examples.

- ***Everett High School*** - Bank employees participated in two financial literacy events at Everett High School. In 2019, a number of bank employees participated in a mock interview day. The mock interview prepared students for real life job interviews and promoted workforce development. In 2021, eight employees participated in the Get Smart about Credit Event. This event raised awareness regarding the importance of personal financial skills and approximately 80 students attended. Both events were held at Everett High School, which is located in a low-income census tract. In addition, a majority of students are eligible for free or reduced-price lunch.
- ***Action for Boston Community Development, Inc. (ABCD)*** - In 2019, in conjunction with the ABCD, two bank employees participated in three separate financial education presentations to seniors. Topics included financial literacy, managing income and expenses, and the top 10 financial scams targeting the elderly. Approximately 30 individuals attended each presentation. ABCD is a non-profit organization that primarily serves low- and moderate-income individuals.
- ***Everett, MA Branches*** - Eagle Bank operates two branches and two ATMs in low-income census tracts, which also border other low- and moderate-income tracts. These branches and

ATMs demonstrate the availability of banking services to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the prior evaluation. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

MINORITY APPLICATION FLOW

Examiners reviewed the bank’s 2020 and 2021 HMDA LARs to determine if the bank’s application flow from different racial and ethnic groups reflected the assessment area’s demographics. According to 2015 ACS Census data, the bank’s assessment area contains a population of 1,065,324 individuals, of which 29.5 percent are minorities. The assessment area’s minority population is 5.2 percent Black/African American, 7.2 percent Asian, 0.1 percent American Indian, 14.3 percent Hispanic or Latino, and 2.6 percent Other. The following table details the bank’s minority application flow and aggregate data in its assessment area.

RACE	2020		2020 Aggregate Data	2021	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.4
Asian	17	10.4	8.2	6	2.6
Black/ African American	1	0.6	2.1	4	1.8
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	1	0.4
Joint Race (White/Minority)	0	0.0	1.7	0	0.0
Total Racial Minority	18	11.0	12.5	12	5.3
White	110	67.5	63.6	143	63.0
Race Not Available	35	21.5	23.9	72	31.7
Total	163	100.0	100.0	227	100.0
ETHNICITY					
Hispanic or Latino	14	8.6	6.5	7	3.1
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.2	1	0.4
Total Ethnic Minority	14	8.6	7.7	8	3.5
Not Hispanic or Latino	110	67.5	67.9	138	60.8
Ethnicity Not Available	39	23.9	24.4	81	35.7
Total	163	100.0	100.0	227	100.0
<i>Source: HMDA Aggregate Data (2020), HMDA LAR Data (2020 and 2021)</i>					

In 2020, the bank received 163 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 18, or 11.0 percent, from racial minorities. This was comparable to aggregate data, which indicates the bank received 12.5 percent of applications from racial minorities. For the same period, the bank received 14 applications, or 8.6 percent from applicants delineated as an ethnic minority. The bank's performance was comparable to aggregate data, which indicates that the bank received 7.7 percent of applications from the same demographic.

The bank's 2021 loan data exhibited a decrease in minority application flow by number and percentage. The bank received 227 HMDA-reportable loan applications from within its assessment area. The bank received 12 applications, or 5.3 percent, from racial minorities. The bank received eight applications from ethnic minority applicants in 2020, or 3.5 percent.

The bank's minority application flow is comparable to aggregate lending trends. Considering the assessment area's demographic composition, comparisons to 2020 aggregate data and the number of applications received, the bank's minority application flow is reasonable.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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