PUBLIC DISCLOSURE

February 18, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

DR Bank
Certificate Number: 58257

1001 Post Road
Darien, Connecticut 06820

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following summarizes the bank's overall performance for the year 2021 under the 2019-2021 CRA Strategic Plan (Strategic Plan), for the years 2022 and 2023 under the 2022-2024 Strategic Plan, and for the year 2024 under the 2024-2026 Strategic Plan. Combined, the Strategic Plans cover the evaluation period. The Strategic Plans established measurable goals intended to help meet the needs within the bank's assessment area through residential and/or small business lending, community development lending, qualified investments, and community development services. The rating is supported by the bank substantially meeting or exceeding goals for Satisfactory performance within the Strategic Plans.

2019-2021 Strategic Plan

- Residential lending, small business lending, and community development activities substantially met the Strategic Plan goals for Satisfactory performance for the year 2021.

2022-2024 Strategic Plan

- Small business lending and community development activities substantially met the Strategic Plan goals for Satisfactory performance for the years 2022 and 2023.

2024-2026 Strategic Plan

- Small business lending and community development activities substantially met the Strategic Plan goals for Satisfactory performance for the year 2024.

DESCRIPTION OF INSTITUTION

Background

DR Bank is a state-chartered commercial bank headquartered in Darien, Connecticut. DR Bank is wholly owned by Alcar, Inc., a single bank holding company. The bank does not have any subsidiary or affiliate relationships relevant to the CRA evaluation. The bank has not engaged in any merger or acquisition activity since the previous CRA evaluation.

The FDIC assigned an overall "Satisfactory" rating at the previous CRA Performance Evaluation dated August 30, 2021, using the FFIEC's Examination Procedures for Institutions with Strategic Plans.

The bank operated under the following three Strategic Plans during the evaluation period:

- 2019-2021 Strategic Plan,
- 2022-2024 Strategic Plan, and
- 2024-2026 Strategic Plan.

Operations

DR Bank operates two full-service branches in Darien and Rowayton (a neighborhood of the City of Norwalk) in the Western Connecticut Planning Region. Both branches maintain 24-hour drive-up deposit-taking automated teller machines (ATMs). Additionally, the Darien branch maintains a deposit-taking ATM in the vestibule of the branch. The bank does not maintain any additional stand-alone ATMs. The bank has not opened or closed any offices since the previous evaluation.

DR Bank offers commercial loans, which include lines of credit, commercial term loans, commercial mortgages, construction loans, and Small Business Administration (SBA) loans. The bank does not offer home mortgage loans; however, in 2021, the bank purchased home mortgage loans for CRA purposes. In June 2023, DR Bank started offering consumer loans via financial technology (fintech) partnerships and now offers the following unsecured consumer loan types: undergraduate and graduate student loans; career-based vocational training program loans; clinician-in-training and clinician-in-practice loans; debt consolidation loans; point-of-sale loans; and personal loans (including small dollar loans).

The bank's personal and commercial deposit products include checking, savings, money market, certificates of deposit (CD), landlord/tenant, attorney trust, Interest on Lawyers' Trust (IOLTA), and individual retirement accounts. DR Bank also offers a high-yield savings account through a national online deposit platform. Alternative delivery systems include internet and mobile banking, electronic bill pay, remote deposit capture, and ATMs.

Availability and Capacity

As of December 31, 2024, DR Bank reported total assets of $692.0 million, total loans of $585.8 million, and total deposits of $569.4 million. Since the previous evaluation, the bank's loan portfolio has experienced significant changes due to the bank's new business strategy. Specifically, while the bank's business strategy still emphasizes commercial lending, it also focuses on originating consumer loans via fintech partnerships. Therefore, as of December 31, 2024, consumer lending represented 52.4 percent of the loan portfolio. Commercial lending, which includes commercial and industrial loans and loans secured by nonfarm, nonresidential properties, represented the second largest portion of the portfolio at 18.4 percent. This is a significant change in loan portfolio distribution since the previous evaluation period, during which commercial lending represented 32.5 percent of the portfolio and consumer lending represented 19.3 percent of the portfolio as of June 30, 2021. Further, consumer lending more than quadrupled by dollar amount since the previous evaluation (from $69.6 million as of June 30, 2021, to $306.9 million as of December 31, 2024). The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	29,933	5.1
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	129,361	22.1
Secured by Multifamily (5 or more) Residential Properties	11,632	2.0
Secured by Nonfarm Nonresidential Properties	102,426	17.5
Total Real Estate Loans	**273,352**	**46.7**
Commercial and Industrial Loans	5,471	0.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	306,949	52.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**585,772**	**100.0**
Source: Reports of Condition and Income		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance.

On July 21, 2023, the Office of Management and Budget (OMB) established a revised delineation for the nation's Metropolitan Statistical Areas (MSAs), Micropolitan Statistical Areas, Combined Statistical Areas (CSAs), and Metropolitan Divisions (MDs) through OMB Bulletin 23-01. The revised delineation reflects the State of Connecticut's change from using counties as the geographic components of MSAs to using planning regions (county equivalents) as the geographic components of MSAs.

For the 2019-2021 and 2022-2024 Strategic Plans, DR Bank designated a single contiguous assessment area encompassing the following cities and towns within the southern portion of

Fairfield County: Darien, Fairfield, Greenwich, New Canaan, Norwalk, Stamford, Westport, and Wilton.

For the 2024-2026 Strategic Plan, DR Bank expanded the assessment area. Specifically, the bank designated a single, contiguous assessment area encompassing the entire Bridgeport-Stamford-Danbury, CT MSA, as well as the City of Shelton in the Naugatuck Valley Planning Region within the Waterbury-Shelton, CT MSA. The Bridgeport-Stamford-Danbury, CT MSA includes the Western Connecticut Planning Region and Greater Bridgeport Planning Region (also referred to as the Metropolitan Planning Region), which encompasses the following cities and towns: Bethel, Bridgeport, Bridgewater, Brookfield, Danbury, Darien, Easton, Fairfield, Greenwich, Monroe, New Canaan, New Fairfield, New Milford, Newtown, Norwalk, Redding, Ridgefield, Sherman, Stamford, Stratford, Trumbull, Weston, Westport, and Wilton.

The following sections discuss demographic and economic information relevant to the assessment area.

Economic and Demographic Data

During the time period covered by the 2019-2021 Strategic Plan, the bank's assessment area reflected 98 census tracts with the following income designations according to 2015 American Community Survey (ACS) data: 6 low-income census tracts, 13 moderate-income census tracts, 23 middle-income census tracts, and 56 upper-income census tracts.

As a result of the 2020 U.S. Census, during the time period covered by the 2022-2024 Strategic Plan, the bank's assessment area reflected 108 census tracts with the following income designations: 6 low-income census tracts, 20 moderate-income census tracts, 21 middle-income census tracts, and 61 upper-income census tracts.

For the 2024-2026 Strategic Plan, the bank expanded the assessment area, which now consists of 234 census tracts with the following income designations according to the 2020 United States (U.S.) Census data: 34 low-income census tracts, 47 moderate-income census tracts, 56 middle-income census tracts, 94 upper-income census tracts, and 3 census tracts with no income designation. The low-income census tracts in the assessment area are in Bridgeport (22), Stamford (5), Danbury (5), Norwalk (1), and Stratford (1). The moderate-income census tracts are in Bridgeport (12), Stamford (11), Norwalk (8), Danbury (6), Stratford (5), Bethel (2), Greenwich (1), Shelton (1), and New Milford (1). There are no underserved or distressed nonmetropolitan middle-income census tracts within the assessment area. The assessment area contains 17 Qualified Opportunity Zones (QOZs). QOZs are economically distressed communities approved by the U.S. Department of Treasury with the goal of promoting economic development and job creation. The QOZs are in Bridgeport (8), Stamford (5), Norwalk (3), and Danbury (1).

The following table illustrates select demographic characteristics of the bank's assessment area during the most recent 2024-2026 Strategic Plan.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	234	14.5	20.1	23.9	40.2	1.3
Population by Geography	987,196	12.7	22.2	25.9	39.1	0.2
Housing Units by Geography	386,700	12.6	22.7	27.0	37.6	0.2
Owner-Occupied Units by Geography	238,905	5.3	17.1	30.5	47.0	0.0
Occupied Rental Units by Geography	117,111	26.5	33.7	19.9	19.4	0.5
Vacant Units by Geography	30,684	16.3	23.9	26.2	33.3	0.3
Businesses by Geography	197,831	10.8	21.4	22.3	45.4	0.1
Farms by Geography	5,018	11.3	23.3	25.0	40.4	0.0
Family Distribution by Income Level	247,523	24.5	15.1	17.8	42.7	0.0
Household Distribution by Income Level	356,016	26.3	15.3	15.6	42.8	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Danbury, CT MSA		$119,192	Median Housing Value			$505,357
Median Family Income MSA - 47930 Waterbury-Shelton, CT MSA		$93,107	Median Gross Rent			$1,598
			Families Below Poverty Level			6.2%

Source: 2020 U.S. Census and 2024 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

As shown in the previous table, according to 2024 D&B data, 197,831 non-farm businesses operated in the assessment area. Most businesses are small, with 62.7 percent employing four or fewer employees and 95.2 percent operating from a single location. The following reflects the breakdown of businesses in the assessment area by gross annual revenue (GAR) category:

- 92.5 percent have GARs of $1.0 million or less,
- 2.6 percent have GARs greater than $1.0 million, and
- 4.9 percent have unknown revenues.

The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories in the Bridgeport-Stamford-Danbury, CT MSA and Waterbury-Shelton, CT MSA throughout the evaluation period.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Bridgeport-Stamford-Danbury, CT MSA Median Family Income (14860)				
2021 ($121,100)	<$60,550	$60,550 to <$96,880	$96,880 to <$145,320	≥$145,320
2022 ($135,900)	<$67,950	$67,950 to <$108,720	$108,720 to <$163,080	≥$163,080
2023 ($142,800)	<$71,400	$71,400 to <$114,240	$114,240 to <$171,360	≥$171,360
2024 ($146,500)	<$73,250	$73,250 to <$117,200	$117,200 to <$175,800	≥$175,800
Waterbury-Shelton, CT MSA Median Family Income (47930)				
2024 ($107,000)	<$53,500	$53,500 to <$85,600	$85,600 to <$128,400	≥$128,400
Source: FFIEC				

Competition

There was strong competition for financial products and services in the bank's assessment area during the evaluation period. According to FDIC Deposit Market Share data as of June 30, 2023, 23 financial institutions operated 164 full-service offices within the bank's assessment area. Of these institutions, DR Bank ranked 14th with a 0.8 percent deposit market share. According to the FDIC Deposit Market Share data as of June 30, 2024, 26 financial institutions operated 274 full-service offices within the bank's assessment area. Of these institutions, DR Bank ranked 16th with a 0.8 percent deposit market share. The top five lenders in the assessment area were all large national banks that collectively held approximately 74.5 percent of the market share.

Examiners considered competition for home mortgage lending in the assessment area in 2021, as the 2019-2021 Strategic Plan included residential lending performance goals. DR Bank was not required to report its home mortgage loan data in 2021 and elected not to do so. However, aggregate data reflects the competition level for home mortgage loans and is included here for performance context. Specifically, according to 2021 aggregate home mortgage lending data, 487 lenders originated or purchased 34,796 loans in the assessment area. The top five lenders were all large national banks or mortgage companies that collectively held approximately 26.4 percent of the market share. The vast majority of lenders (94.9 percent) held less than one percent market share. Overall, there was a high level of competition for home mortgage lending.

Due to its asset size, DR Bank was not required to collect or report its small business loan data and elected not to do so. However, aggregate data reflects the competition level for small business loans at the county level and is included here for performance context. There was a high level of competition for small business lending in the assessment area during the evaluation period. According to aggregate small business lending data, 195 lenders originated or purchased 43,731 small business loans in 2021, 149 lenders originated or purchased 36,807 small business loans in 2022, and 144 lenders originated or purchased 34,823 small business loans in 2023. The top lenders were large national banks that held a vast majority of the market share. For example, in 2023, the top five lenders were all large national banks that collectively held approximately 76.9 percent of the market share.

Community Contact

As part of the evaluation process, examiners contact community organizations active in the assessment area to understand the area's credit and community development needs. The information helps determine whether local financial institutions are responsive to these needs. The information also shows what credit and community development opportunities are available.

Examiners reviewed a recent contact from a community development organization that provides support services and financial education to local businesses, helping to create and grow jobs and businesses in the assessment area. The contact stated that business knowledge and financial literacy, particularly regarding the financial and technical aspects of running a business, such as filing taxes and obtaining access to capital, are challenges. The contact stated that business lending requires a substantial amount of paperwork and that more flexible products, such as low dollar loan programs, would help start-up and expanding small businesses obtain easier access to capital.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, bank management, and demographic and economic data to determine the assessment area's primary credit and community development needs. Examiners determined that the primary community development needs in the assessment area are affordable housing for low- and moderate-income individuals and financial literacy for existing and start-up small businesses. Examiners determined that the primary credit need is flexible loans to support small businesses, particularly start-up businesses. Opportunities exist for financial institutions to originate flexible small business loans and to make qualified investments to meet the needs of small businesses.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from August 30, 2021, through February 18, 2025. Examiners conducted a full-scope review of the bank's CRA performance using the FFIEC's Examination Procedures for Institutions with Strategic Plans. Under a Strategic Plan, financial institutions tailor CRA goals and objectives to address community needs consistent with the institution's business strategy, operational focus, and capacity and constraints. Banks are required to specify annual measurable goals for helping to meet the credit and community economic development needs of the assessment area or broader statewide or regional area covered by the plan.

The FDIC approved the bank's most recent Strategic Plan on February 14, 2024, with an effective date of January 1, 2024, through December 31, 2026.

Activities Reviewed

The 2019-2021, 2022-2024, and 2024-2026 Strategic Plans were in effect during the evaluation period, which covers a four-year period from January 1, 2021, through December 31, 2024.

Examiners did not analyze the bank's 2021 performance during the previous evaluation because the 2019-2021 Strategic Plan included annual performance goals, and only a partial year had occurred as of August 30, 2021. Therefore, examiners analyzed the bank's 2021 performance during the current evaluation. Further, examiners did not analyze the bank's 2025 performance during the current evaluation, as the 2024-2026 Strategic Plan includes annual performance goals, and only a partial year had occurred as of February 18, 2025.

The 2019-2021 Strategic Plan is the only Strategic Plan in effect during the evaluation period that includes residential lending performance goals. DR Bank was not a Home Mortgage Disclosure Act (HMDA) reporter in 2021; however, the bank voluntarily collected relevant HMDA data, which allowed examiners to analyze the bank's full universe of residential loans for 2021. In 2021, DR Bank purchased 81 residential loans totaling approximately $66.1 million.

DR Bank was not required to collect or report small business loan data during the evaluation period; however, the bank voluntarily collected relevant CRA data, which allowed examiners to analyze the bank's full universe of small business loans for 2021, 2022, 2023, and 2024.

- In 2021, DR Bank originated 68 small business loans totaling approximately $12.3 million.
- In 2022, DR Bank originated 16 small business loans totaling approximately $4.3 million.
- In 2023, DR Bank originated 18 small business loans totaling approximately $4.5 million.
- In 2024, DR Bank originated 20 small business loans totaling approximately $5.4 million.

The higher volume of small business loans originated in 2021 compared to the rest of the evaluation period was due to the bank offering Small Business Association (SBA) Payment Protection Program (PPP) loans. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the PPP to help businesses retain workers and staff during the economic hardship resulting from the COVID-19 pandemic. Of the 68 small business loans originated in 2021, 55 were PPP loans. The PPP ended on May 31, 2021.

For the community development goals, examiners considered the bank's community development loans, qualified investments, and community development services from January 1, 2021, through December 31, 2024.

The following summarizes the performance goals under each Strategic Plan.

<u>2019-2021 Strategic Plan</u>
DR Bank's 2019-2021 Strategic Plan includes goals under the following categories:

Residential Lending:
- *Goal 1 – Geographic Distribution, Residential Mortgage Loans*
- *Goal 2 – Borrower Income Distribution, Residential Mortgage Loans*

Small Business Lending:
- *Goal 3 – Geographic Distribution, Small Business Loans*
- *Goal 4 – Borrower Profile, Small Business Loans*

Community Development:
- *Goal 5 – Community Development Loans*
- *Goal 6 – Qualified Investments*
- *Goal 7 – Community Development Services*

<u>2022-2024 Strategic Plan</u>
DR Bank's 2022-2024 Strategic Plan includes goals under the following categories:

Small Business Lending:
- *Goal 1 – Geographic Distribution, Small Business Loans*
- *Goal 2 – Borrower Profile, Small Business Loans*

Community Development:
- *Goal 3 – Community Development Loans*
- *Goal 4 – Qualified Investments*
- *Goal 5 – Community Development Services*

<u>2024-2026 Strategic Plan</u>
DR Bank's 2024-2026 Strategic includes goals under the following categories:

Small Business Lending:
- *Goal 1 – Geographic Distribution, Low-income Census Tracts, Small Business Loans*
- *Goal 2 – Geographic Distribution, Moderate-income Census Tracts, Small Business Loans*
- *Goal 3 – Borrower Profile, Small Business Loans*

Community Development:
- *Goal 4 – Community Development Loans*
- *Goal 5 – Qualified Investments*
- *Goal 6 – Community Development Services*

The Strategic Plans all set forth annual measurable goals for Satisfactory and Outstanding performance. The Conclusions on Performance Criteria section further details the bank's goals. Examiners reviewed the bank's performance under each goal and considered each goal's importance to the overall Strategic Plan in arriving at the overall rating.

CONCLUSIONS ON PERFORMANCE CRITERIA

DR Bank's overall performance in helping to meet the needs of its assessment area in a manner consistent with its performance established by the Strategic Plans is Satisfactory. Overall, the bank substantially met or exceeded the established goals for Satisfactory performance. The bank's CRA performance for the year 2021 is determined by the percentage of loans originated and/or purchased in the assessment area for the residential lending and small business lending goals, and the number or dollar amount of community development loans, qualified investments, and community development services for the community development goals outlined in the 2019-2021 Strategic

Plan. The bank's CRA performance for years 2022, 2023, and 2024 is determined by the percentage of loans originated in the assessment area for the small business lending goals, and the number or dollar amount of community development loans, qualified investments, and community development services for the community development goals outlined in the 2022-2024 Strategic Plan (for 2022 and 2023) and 2024-2026 Strategic Plan (for 2024). The following sections address the bank's CRA performance relative to each goal established in the corresponding Strategic Plan.

2021 Performance under the 2019-2021 Strategic Plan

The bank substantially met the Strategic Plan goals for Satisfactory performance for 2021 in its assessment area. The bank met or exceeded Satisfactory performance for four of its seven goals. Specifically, the bank met or exceeded the Satisfactory goals under Goal 1, 3, 5, and 6. The bank did not meet its Satisfactory goals under Goal 2, 4, and 7. While the bank did not meet three of the goals, the bank's performance was only slightly below each of the three goals for Satisfactory performance. Additionally, due to low volume of home mortgage and small business lending in 2021, the performance goal percentages for Goals 2 and 4 are volatile, which examiners considered in drawing the overall conclusion. While the bank did not meet the Satisfactory performance for all goals, examiners determined that the bank substantially met the goals for Satisfactory performance and determined the overall performance for 2021 to be Satisfactory.

2022 and 2023 Performance under the 2022-2024 Strategic Plan

The bank substantially met the Strategic Plan goals for Satisfactory performance for 2022 and 2023 in its assessment area. In 2022, the bank met Satisfactory performance for four of its five goals. Specifically, the bank met or exceeded Satisfactory performance under Goal 1, 2, 4, and 5. The bank did not meet its Satisfactory goal under Goal 3 regarding community development lending in 2022. In 2023, the bank met or exceeded all five goals for Satisfactory performance. The bank exceeded the goals for Outstanding performance under Goal 3 regarding community development lending and Goal 4 regarding qualified investments.

Lending Activity within Assessment Area:
Under the Strategic Plan, DR Bank committed to originating at least 15 small business loans in 2022 and 16 small business loans in 2023. The bank originated 15 and 17 small business loans in 2022 and 2023, respectively.

Small Business Lending:
Goal 1 – To achieve Satisfactory performance under this goal, the bank must originate 10.0 percent of small business loans in low-income census tracts and 20.0 percent of small business loans in moderate-income census tracts within its assessment area. To achieve Outstanding performance under this goal, the bank must originate 20.0 percent and 30.0 percent of small business loans in low- and moderate-income census tracts in its assessment area, respectively. As shown in the following table, in 2022 and 2023, the bank did not make any loans in low-income census tracts. However, in both years, the bank significantly exceeded its Outstanding goal for lending in moderate-income census tracts. Overall, the bank met Satisfactory performance for this goal.

Geographic Distribution of Small Business Loans						
Tract Income Level	Satisfactory Goals	Outstanding Goals	DR Bank Performance			
	%	%	#	%	$(000s)	%
Low						
2022	10.0	20.0	0	0.0	0	0.0
2023	10.0	20.0	0	0.0	0	0.0
Moderate						
2022	20.0	30.0	8	53.3	1,580	40.7
2023	20.0	30.0	7	41.2	1,550	40.3
Source: 2022-2024 Strategic Plan; Bank Records 1/1/2022 to 12/31/2023						

Goal 2 – To achieve Satisfactory performance under this goal, the bank must originate 40.0 percent of the small business loans made within the assessment area to businesses with GARs of $1.0 million or less in each year. As shown in the table below, the bank exceeded its Satisfactory goal in both years.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Annual Revenue Level	Satisfactory Goals	Outstanding Goals	DR Bank Performance			
	%	%	#	%	$(000s)	%
≤ $1,000,000						
2022	40.0	80.0	8	53.3	1,405	36.2
2023	40.0	80.0	9	52.9	1,100	28.6
Source: 2022-2024 Strategic Plan; Bank Records 1/1/2022 to 12/31/2023						

<u>*Community Development Lending*</u>*:*

Goal 3 – To achieve Satisfactory performance under this goal, the bank must originate and/or purchase $2.1 million in community development loans each year. To achieve Outstanding performance under this goal, the bank must originate and/or purchase $6.5 million in community development loans each year. As shown in the table below, the bank did not make any community development loans in 2022; therefore, the bank did not meet its Satisfactory goal. In 2023, the bank exceeded its goal for Outstanding performance. Since the bank achieved its community development lending goal for Satisfactory performance within the assessment area in 2023, examiners also considered community development loans made in the bank's broader statewide and regional area, which are reflected in the table below. The following table shows the bank's community development loans by year and purpose.

Community Development Lending										
Strategic Plan Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	3	4,560	0	0	2	2,643	1	953	**6**	**8,156**
Total	**3**	**4,560**	**0**	**0**	**2**	**2,643**	**1**	**953**	**6**	**8,156**
Source: 2022-2024 Strategic Plan; Bank Records 1/1/2022 to 12/31/2023										

The following are notable examples of the bank's community development loans in 2023.

- The bank renewed a $2.5 million line of credit to a Community Development Financial Institution (CDFI) to facilitate the development of affordable housing and homeownership opportunities for low- and moderate-income individuals within the assessment area.
- The bank originated a $953,053 cash-out refinance to provide renovations to a minority and women-owned restaurant in a moderate-income census tract in New York. The restaurant has been closed since the onset of the COVID-19 pandemic. Upon completing the renovations and re-opening, the restaurant will create new jobs and serve the community. This loan supported the revitalization and stabilization of a moderate-income census tract in the broader regional area.

Qualified Investments:
Goal 4 – To achieve Satisfactory performance under this goal, the bank must maintain $500,000 in qualified investments each year. To achieve Outstanding performance under this goal, the bank must maintain $800,000 in qualified investments each year. The book value of prior period investments as of December 31st for each previous year counts towards the qualified investment annual goals. To ensure the bank is continually investing in qualified investments, the bank must make at least $50,000 in new qualified investments each year to achieve Satisfactory performance, and at least $100,000 in new qualified investments each year to achieve Outstanding performance.

As of 2022, the bank maintained three prior period investments with book values totaling $650,000. The bank made one new investment of $50,000 in 2022. As of 2023, the bank maintained four prior period investments with book values totaling $700,000. The bank made one new investment of $100,000 in 2023. The bank made $48,000 in donations in 2022 and $36,000 in donations in 2023. Overall, the bank exceeded its Satisfactory goal in 2022 and exceeded its Outstanding goal in 2023. The following table shows the bank's qualified investments by year and purpose.

Qualified Investments										
Strategic Plan Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	1	300	0	0	2	350	0	0	**3**	**650**
2022	2	52	3	18	2	28	0	0	**7**	**98**
2023	1	100	4	28	1	8	0	0	**6**	**136**
Subtotal	**4**	**452**	**7**	**46**	**5**	**386**	**0**	**0**	**16**	**884**
Source: 2022-2024 Strategic Plan; Bank Records 1/1/2022 to 12/31/2023										

The following are notable examples of the bank's qualified investments in 2022 and 2023.

- In 2022 and 2023, the bank made two investments totaling $150,000 in a CDFI that supports the development and rehabilitation of affordable housing for low- and-moderate income individuals in the assessment area.
- In 2022 and 2023, the bank donated a total of $3,500 to a battered women's shelter that provides essential services, such as financial education, career support, and pre- and post-birth care, for women and their children in the assessment area. These donations supported community services for low- and moderate-income individuals in the assessment area.

Community Development Services:
Goal 5 – To achieve Satisfactory performance under this goal, the bank must provide 10 instances of community development services each year. As shown in the table below, the bank met this goal in 2022 and exceeded this goal in 2023. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Strategic Plan Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
2022	1	7	2	0	**10**
2023	1	8	2	0	**11**
Total	**2**	**15**	**4**	**0**	**21**
Source: 2022-2024 Strategic Plan; Bank Records 1/1/2022 to 12/31/2023					

The following are notable examples of the bank's community development services.

- In 2022 and 2023, a bank employee served on the Board of Directors for a local community development organization that supports the development of women-owned small businesses by providing mentorship and financial literacy classes on business planning and networking. This service promoted economic development in the assessment area.
- In 2022 and 2023, two bank employees provided nine financial literacy classes to students at Westhill High School. The majority of students that attend the school are eligible for free or reduced lunch. This service promoted community services for low- and moderate-income individuals in the assessment area.
- In 2022, a bank employee provided financial scam prevention courses to senior citizens at the Stamford Green low-income housing unit, which is located in a low-income census tract and serves low- and moderate-income individuals in the assessment area. This service promoted community services for low- and moderate-income individuals in the assessment area.

<u>2024 Performance under the 2024-2026 Strategic Plan</u>

The bank substantially met the Strategic Plan goals for Satisfactory performance for 2024 in its assessment area. The bank met or exceeded Satisfactory performance for four of its six goals. Specifically, the bank met or exceeded Satisfactory performance for Goal 2, 3, 4, and 5. The bank did not meet Satisfactory performance for Goal 1 regarding small business lending in low-income census tracts or Goal 6 regarding community development services.

Lending Activity within Assessment Area:
Under the Strategic Plan, DR Bank must originate at least 16 small business loans in the assessment area in 2024. The bank originated 16 small business loans within the assessment in 2024.

Small Business Lending:
Goal 1 – To achieve Satisfactory performance under this goal, the bank must originate 10.0 percent of small business loans in low-income census tracts within the assessment area. As shown in the following table, the bank did not originate any small business loans in low-income tracts; therefore, the bank did not meet this goal in 2024.

Goal 2 – To achieve Satisfactory performance under this goal, the bank must originate 20.0 percent of small business loans in moderate-income census tracts within the assessment area. To achieve Outstanding performance under this goal, the bank must originate 25.0 percent of small business loans in moderate-income census tracts within the assessment area. As shown in the table below, the bank significantly exceeded its goal for Outstanding performance in 2024.

Geographic Distribution of Small Business Loans						
Tract Income Level	**Satisfactory Goals**	**Outstanding Goals**	**DR Bank Performance**			
	%	**%**	**#**	**%**	**$(000s)**	**%**
Low (Goal 1)						
2024	10.0	20.0	0	0.0	0	0.0
Moderate (Goal 2)						
2024	20.0	25.0	7	43.8	1,350	39.1
Source: 2024-2026 Strategic Plan; Bank Records 1/1/2024 to 12/31/2024						

Goal 3 – To achieve Satisfactory performance under this goal, the bank must originate 40.0 percent of the small business loans made within the assessment area to businesses with GARs of $1.0 million or less. As shown in the following table, the bank significantly exceeded its goal for Satisfactory performance in 2024.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Annual Revenue Level	**Satisfactory Goals**	**Outstanding Goals**	**DR Bank Performance**			
	%	**%**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2024	40.0	80.0	12	75.0	1,750	50.7
Source: 2024-2026 Strategic Plan; Bank Records 1/1/2024 to 12/31/2024						

Community Development Lending:
Goal 4 – To achieve Satisfactory performance under this goal, the bank must originate and/or purchase $3.1 million in community development loans. In 2024, the bank exceeded its goal for Satisfactory performance. Since the bank achieved its community development lending goal for Satisfactory performance within the assessment area, examiners also considered community development loans made in the bank's broader statewide and regional area, which are reflected in the table below. The following table shows the 2024 community development loans by purpose.

Community Development Lending										
Strategic Plan Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2024	5	2,640	0	0	1	2,250	0	0	**6**	**4,890**
Source: 2024-2026 Strategic Plan; Bank Records 1/1/2024 to 12/31/2024										

The following is a notable example of the bank's community development loans in 2024.

- The bank renewed a $2.3 million line of credit to a community development organization that provides financing to support the growth and development of small businesses in the assessment area, including minority and women-owned small businesses and those located in low- and moderate-income tracts. This line of credit supports economic development in the assessment area.

Qualified Investments:
Goal 5 – To achieve Satisfactory performance under this goal, the bank must make $200,000 in new qualified investments in 2024. As shown in the following table, the bank exceeded its goal for Satisfactory performance.

Qualified Investments										
Strategic Plan Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$ (000s)**
2024	2	102	4	11	3	111	0	0	**9**	**224**
Source: 2024-2026 Strategic Plan; Bank Records 1/1/2024 to 12/31/2024										

The following are notable examples of the bank's qualified investments in 2024.

- The bank made a $95,000 investment in the Southwestern Connecticut Segmented Loan Pool, which provides financing to small businesses in the assessment area. This investment supported the growth and development of small businesses, promoting economic development in the assessment area.
- The bank donated to an organization that provides an enhanced quality of life for vulnerable low- and moderate-income senior citizens in the assessment area through education on theft, elder abuse, and neglect. The bank's donation supported community services for low- and moderate-income individuals in the assessment area.

Community Development Services:
Goal 6 - To achieve Satisfactory performance under this goal, the bank must provide 12 instances of community development services. As shown in the following table, the bank did not meet this goal; however, the bank's performance, at 10 instances of community development services, was slightly below the goal for Satisfactory performance.

Community Development Services					
Strategic Plan Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	**#**	**#**	**#**	**#**
2024	1	8	1	0	**10**
Source: 2024-2026 Strategic Plan; Bank Records 1/1/2024 to 12/31/2024					

The following are notable examples of the bank's community development services in 2024.

- Two bank employees provided financial literacy presentations promoting the FDIC Money Smart Program to low-income children through a local organization. This service promotes community services for low-income individuals within the assessment area.
- A bank employee served on the Loan Committee for a community development organization that provides small dollar loans to individuals in need. The recipients of the small dollar loans must participate in one-on-one financial education and counseling. This service promotes community services for low- and moderate-income individuals within the assessment area.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:

(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 <u>financial</u> services; and

(3) Has not been considered in the evaluation of the bank'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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.