

PUBLIC DISCLOSURE

September 29, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Nave Bank
RSSD No. 5686089

1608 Ave. Juan Ponce de León Suite 200
San Juan, Puerto Rico, 00909

Federal Reserve Bank of New York

33 Liberty Street
New York, New York 10045

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

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INSTITUTION'S CRA RATING

THIS INSTITUTION IS RATED: 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 (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

SUMMARY OF FACTORS SUPPORTING RATING(S)

The following factors support Nave Bank's rating.

- The loan-to-deposit (LTD) ratio was reasonable (considering seasonal variations and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending related activities were in the bank's assessment area.
- The geographic distribution of small business loans reflected reasonable penetration through the assessment area.
- The distribution of borrowers reflected, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.
- The bank did not receive any CRA-related complaints since its inception; therefore, this factor did not affect the rating.

INSTITUTION

DESCRIPTION OF INSTITUTION

Nave Bank (Nave or the bank) is a small, *de novo*, state-member bank headquartered in San Juan, Puerto Rico (PR), with total assets of \$259.2 million as of June 30, 2025. The bank began operations in September 2023 and operates one branch, which also serves as its headquarters. The bank is a wholly owned subsidiary of Nave Holdings Inc.

The bank has a digital focus and currently provides banking services and products to commercial businesses. Offerings include commercial loans, revolving line of credit, and construction loans. The bank also offers a variety of deposit products, including demand deposits, money market deposits, and time deposits.

Based on June 30, 2025, Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (Call Report), Nave's loan portfolio by dollar volume primarily consisted of a mix of commercial & industrial and nonfarm nonresidential secured loans as summarized in the following table.

| Loan Portfolio | | |
|---|------------------|--------------|
| Loan Type | \$(000's) | % |
| 1-4 Family Residential Real Estate | 6,693 | 6.6 |
| Construction, Land Development, and Other Land Loans | 2,100 | 2.1 |
| Multifamily (5 or more units) Residential Real Estate | 0 | 0 |
| Home Equity Line of Credit | 0 | 0 |
| Consumer | 0 | 0 |
| Agricultural Production and Other Loans to Farmers | 0 | 0 |
| Commercial & Industrial | 40,226 | 39.8 |
| Nonfarm Nonresidential Secured | 42,148 | 41.7 |
| Other | 9,896 | 9.8 |
| Total Loans | 101,063 | 100.0 |

Source: Call Report as of June 30, 2025

Based on June 30, 2025, Uniform Bank Performance Report (UBPR), Nave's deposit portfolio by dollar volume was comprised primarily of money market deposits as summarized in the following table.

| Deposit Portfolio | | |
|---|------------------|--------------|
| Deposit Type | \$(000's) | % |
| Demand Deposits | 7,257 | 4.2 |
| All NOW and ATS | 8 | <0 |
| Money Market Deposits | 140,426 | 80.9 |
| Other Savings Deposits | 0 | 0 |
| Time Deposits at or below Insurance Limit | 10,088 | 5.8 |
| Time Deposits Above Insurance Limit | 15,715 | 9.1 |
| Brokered Deposits | 0 | 0 |
| Total Deposits | 173,494 | 100.0 |

Source: UBPR as of June 30, 2025

There were no financial or legal factors that would prevent the bank from fulfilling its responsibilities under the CRA.

Previous Public Evaluation

Nave is a *de novo* institution that commenced operations in September 2023. This is the bank's first Small Institution CRA performance evaluation.

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. Nave delineated one assessment area, which was comprised of the entire municipalities of Bayamon, Caguas, Carolina, Catano, Guaynabo, San Juan, and Trujillo Alto. The assessment area is located within metropolitan statistical area (MSA) 41980 San Juan-Bayamón-Caguas, PR. While the Office of Management and Budget revised multiple MSAs in PR, effective January 1, 2024, none of the revisions impacted the bank's delineated assessment area.

The bank's assessment area was in compliance with the requirements of Section 228.41 of Regulation BB. A map illustrating the bank's assessment area is in Appendix A.

SCOPE OF EVALUATION

Procedures

To assess Nave Bank's CRA performance, examiners applied the FFIEC's Small Institution CRA Examination Procedures. The evaluation considered the performance context, including the bank's asset size, financial condition, market competition, assessment area demographics, and credit and community development needs.

Products

During the evaluation period, examiners analyzed small business loans as this was the bank's primary loan offering. Examiners analyzed small business loan data from September 18, 2023 through December 31, 2024. While Nave is not a small business reporter due to its asset size, examination staff, in accordance with CA Letter 02-03, analyzed the evaluated all small business loans provided by the bank for the evaluation period. The bank originated four small business loans for \$2.8 million in 2024 and did not originate any small business loans in 2023 because it was still in the early stages.

Evaluation Period

The evaluation covered the period from September 18, 2023, when the bank opened for business, to the current evaluation dated December 31, 2024.

Lending Analysis

The analyses of borrower and geographic distribution were based on loans made in Nave's assessment area. To evaluate the geographic distribution, the proportion of small business loan originations in LMI geographies were compared with the proportion of small businesses located in LMI geographies as reported, based on Dun and Bradstreet (D&B) data. The geographic distribution performance in LMI geographies were analyzed separately.

To analyze the borrower characteristics of small business lending, the analysis compared the proportion of loans to businesses with gross annual revenues (GAR) of \$1.0 million or less based on D&B data, to the proportion of all such businesses located in the assessment area. The size of the small business loans was also used as a proxy to identify lending to businesses with GAR of \$1.0 million or less.

The bank's small business data was not compared to aggregate performance as Nave was not required to report small business loans. Peer data was used for the LTD analysis. Demographic and economic information, which also impacted the bank's performance context, is discussed in detail.

Deriving Overall Conclusions

Examiners conducted a full scope review of the assessment area and based the bank's performance entirely on small business loans. Demographic and economic information, which also impacted the bank's performance context, is discussed in detail.

PERFORMANCE CONTEXT

The following demographic and economic information was used to describe this assessment area and to evaluate the context in which the bank operated. The information was obtained from publicly available sources, including the American Community Survey (ACS), Bureau of Labor Statistics (BLS), D&B, FFIEC, U.S.

Census, and U.S. Department of Housing and Urban Development (HUD).

Demographic Characteristics

The assessment area included Bayamón Municipio, Caguas Municipio, Carolina Municipio, Cataño Municipio, Guaynabo Municipio, San Juan Municipio, and Trujillo Alto Municipio. According to the 2020 U.S. Census, the population of this assessment area was 990,180. The assessment area consisted of 340 census tracts, of which 22 or 6.5% were low-income, 43 or 12.6% were moderate-income, 105 or 30.9% were middle-income, 141 or 41.5% were upper-income, and 29 or 8.5% were of unknown-income.

Income Characteristics

Based on the 2020 U.S. Census, the assessment area had 242,810 families, of which 23.5% were low-income (32.0% of which were below the poverty level), 12.8% were moderate-income, 15.1% were middle-income, and 48.7% were upper-income.

The table below depicts the median family income's (MFI) for the assessment area.

| Median Family Income | | | |
|--|-----------------|-----------------|-----------------|
| Area | 2015 MFI | 2020 MFI | % Change |
| Assessment Area | \$32,534 | \$32,725 | 0.6 |
| Bayamón Municipio | \$31,313 | \$32,581 | 4.0 |
| Caguas Municipio | \$30,346 | \$30,920 | 1.9 |
| Carolina Municipio | \$34,856 | \$33,767 | -3.1 |
| Cataño Municipio | \$25,391 | \$24,091 | -5.1 |
| Guaynabo Municipio | \$46,722 | \$45,487 | -2.6 |
| San Juan Municipio | \$28,951 | \$30,091 | 3.9 |
| Trujillo Alto Municipio | \$37,400 | \$39,236 | 4.9 |
| MSA 41980 San Juan-Bayamón-Caguas | \$27,989 | \$28,312 | 1.2 |
| Puerto Rico | \$25,103 | \$25,468 | 1.5 |
| <i>Source: 2015 ACS and 2020 U.S. Census; MFIs have been inflation-adjusted and expressed in 2020 dollars.</i> | | | |

Housing Characteristics

Based on the 2020 U.S. Census, the assessment area had 487,749 housing units, of which 49.8% were owner-occupied, 29.5% were rental, and 20.7% were vacant. Of the total housing units, 5.9% were located in low-income census tracts, 12.3% in moderate-income census tracts, 31.1% in middle-income census tracts, 48.2% in upper-income census tracts, and 2.5% in unknown-income census tracts. In low-income census tracts, 18.4% of housing units were owner-occupied, 62.2% were rental units, and 19.4% were vacant. In moderate-income census tracts, 39.8% of housing units were owner-occupied, 35.9% were rental units, and 24.3% were vacant.

The median age of housing stock in this assessment area was 54 years old, with 8.3% of the stock built before 1950. The median age of housing stock was 60 years in low-income census tracts and 56 years in moderate-income census tracts. According to the 2020 U.S. Census, the median housing value in this assessment area was \$140,501 with an affordability ratio of 19.0. The median gross rent in the assessment area was \$546 per month.

| Housing Characteristics | | | |
|-----------------------------------|---------------------------|--------------------------|------------------------|
| Geographic Area | 2020 Median Housing Value | 2020 Affordability Ratio | 2020 Median Gross Rent |
| Assessment Area | \$140,501 | 19.0 | \$546 |
| Bayamon Municipio | \$129,800 | 20.7 | \$574 |
| Caguas Municipio | \$127,000 | 20.3 | \$569 |
| Carolina Municipio | \$137,200 | 21.4 | \$626 |
| Catano Municipio | \$116,500 | 16.0 | \$474 |
| Guaynabo Municipio | \$173,600 | 20.8 | \$719 |
| San Juan Municipio | \$151,500 | 15.6 | \$505 |
| Trujillo Alto Municipio | \$146,700 | 22.2 | \$537 |
| MSA 41980 San Juan-Bayamón-Caguas | \$122,590 | 19.3 | \$529 |
| Puerto Rico | \$111,200 | 18.9 | \$486 |
| Source: 2020 U.S. Census | | | |

Housing Cost Burden

Housing costs were relatively expensive in this assessment area, indicating that affordable housing for LMI individuals and families continued to be a challenge. According to HUD, within the assessment area, 34.1% of all rental households had rental costs that exceeded 30.0% of their incomes. This trend worsened for LMI rental households to 41.6% and 50.4%, respectively.

According to HUD, within this assessment area, 23.9% of homeowners had housing costs that exceeded 30.0% of their incomes. This trend worsened for LMI homeowners to 45.2% and 39.8%, respectively.

| Housing Cost Burden* | | | | | | |
|---|---------------------|-----------------|-------------|--------------------|-----------------|------------|
| Area | Cost Burden-Renters | | | Cost Burden-Owners | | |
| | Low Income | Moderate Income | All Renters | Low Income | Moderate Income | All Owners |
| Assessment Area | 41.6% | 50.4% | 34.1% | 45.2% | 39.8% | 23.9% |
| Bayamón Municipio | 43.2% | 52.3% | 36.1% | 41.3% | 34.9% | 22.2% |
| Caguas Municipio | 36.5% | 46.1% | 30.9% | 44.4% | 33.3% | 21.0% |
| Carolina Municipio | 44.7% | 55.7% | 33.3% | 49.8% | 45.4% | 27.5% |
| Cataño Municipio | 24.5% | 34.7% | 22.6% | 36.1% | 42.2% | 22.2% |
| Guaynabo Municipio | 28.3% | 22.5% | 22.2% | 42.4% | 41.9% | 21.3% |
| San Juan Municipio | 44.3% | 54.8% | 37.3% | 48.6% | 41.7% | 25.8% |
| Trujillo Alto Municipio | 33.3% | 44.5% | 27.7% | 35.2% | 39.9% | 19.7% |
| MSA 41980 San Juan-Bayamón-Caguas | 36.3% | 43.4% | 29.7% | 40.4% | 31.2% | 21.8% |
| Puerto Rico | 33.2% | 41.9% | 27.6% | 39.1% | 27.2% | 20.3% |
| *Housing Cost Burden is housing cost that equals 30% or more of household income. | | | | | | |
| Source: HUD 2017-2021 Comprehensive Housing Affordability Strategy | | | | | | |

Labor, Employment and Economic Characteristics

According to D&B, there were 8,538 businesses operating in this assessment area in 2024, of which 9.7% were

located in low-income census tracts and 7.9% were located in moderate-income census tracts. Of the total businesses operating in the assessment area, 81.8% were small businesses with GAR of \$1.0 million or less, of which 9.1% were located in low-income census tracts and 7.3% were located in moderate-income census tracts.

Unemployment improved in the assessment area during the evaluation period. According to the BLS, unemployment in the assessment area was 4.3% in 2023 and decreased to 3.9% in 2024. Puerto Rico had an unemployment rate of 5.9% in 2023 and decreased to 5.6% in 2024.

| Unemployment Rates | | |
|--|------|------|
| Area | 2023 | 2024 |
| Assessment Area | 4.3% | 3.9% |
| Bayamón Municipio | 4.6% | 4.1% |
| Caguas Municipio | 4.9% | 5.2% |
| Carolina Municipio | 4.4% | 3.8% |
| Cataño Municipio | 4.5% | 3.9% |
| Guaynabo Municipio | 3.0% | 2.7% |
| San Juan Municipio | 4.5% | 3.9% |
| Trujillo Alto Municipio | 2.7% | 2.3% |
| MSA 41980 San Juan-Bayamón-Caguas | 5.0% | 4.7% |
| Puerto Rico | 5.9% | 5.6% |
| Source: BLS, Local Area Unemployment Statistics. | | |

Additional performance context for this assessment area is provided in the following table.

| Assessment Area Demographics | | | | | | | | |
|---------------------------------|---------------------------|------------------------|------------------------------------|-------|--|-------|---------------------------|-------|
| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 22 | 6.5 | 13,764 | 5.7 | 10,213 | 74.2 | 57,024 | 23.5 |
| Moderate | 43 | 12.6 | 27,733 | 11.4 | 14,161 | 51.1 | 30,987 | 12.8 |
| Middle | 105 | 30.9 | 78,585 | 32.4 | 27,286 | 34.7 | 36,604 | 15.1 |
| Upper | 141 | 41.5 | 118,385 | 48.8 | 23,905 | 20.2 | 118,195 | 48.7 |
| Unknown | 29 | 8.5 | 4,343 | 1.8 | 2,041 | 47.0 | 0 | 0 |
| Total | 340 | 100.0 | 242,810 | 100.0 | 77,606 | 32.0 | 242,810 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | | Rental | | Vacant | |
| | | # | % | % | # | % | # | % |
| Low | 28,698 | 5,269 | 2.2 | 18.4 | 17,868 | 62.2 | 5,561 | 19.4 |
| Moderate | 59,843 | 23,801 | 9.8 | 39.8 | 21,486 | 35.9 | 14,556 | 24.3 |
| Middle | 151,650 | 78,819 | 32.4 | 52.0 | 42,039 | 27.7 | 30,792 | 20.3 |
| Upper | 234,999 | 131,011 | 53.9 | 55.7 | 57,605 | 24.5 | 46,383 | 19.7 |
| Unknown | 12,559 | 4,201 | 1.7 | 33.5 | 4,841 | 38.5 | 3,517 | 28.0 |
| Total | 487,749 | 243,101 | 100.0 | 49.8 | 143,839 | 29.5 | 100,809 | 20.7 |
| | Total Businesses by Tract | | Businesses by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1.0 Million | | Over \$1.0 Million | | Revenue Not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 831 | 9.7 | 634 | 9.1 | 189 | 12.9 | 8 | 8.7 |
| Moderate | 672 | 7.9 | 512 | 7.3 | 154 | 10.5 | 6 | 6.5 |
| Middle | 1,512 | 17.7 | 1,233 | 17.7 | 266 | 18.2 | 13 | 14.1 |
| Upper | 4,814 | 56.4 | 4,008 | 57.4 | 751 | 51.4 | 55 | 59.8 |
| Unknown | 709 | 8.3 | 597 | 8.5 | 102 | 7.0 | 10 | 10.9 |
| Total | 8,538 | 100.0 | 6,984 | 100.0 | 1,462 | 100.0 | 92 | 100.0 |
| | % of Total Businesses: | | | 81.8 | | | 17.1 | 1.1 |
| | Total Farms by Tract | | Farms by Tract & Revenue Size | | | | | |
| | | | Less Than or = \$1.0 Million | | Over \$1.0 Million | | Revenue Not Reported | |
| # | % | # | % | # | % | # | % | |
| Low | 9 | 23.7 | 9 | 24.3 | 0 | 0 | 0 | 0 |
| Moderate | 3 | 7.9 | 3 | 8.1 | 0 | 0 | 0 | 0 |
| Middle | 5 | 13.2 | 4 | 10.8 | 1 | 100.0 | 0 | 0 |
| Upper | 17 | 44.7 | 17 | 45.9 | 0 | 0 | 0 | 0 |
| Unknown | 4 | 10.5 | 4 | 10.8 | 0 | 0 | 0 | 0 |
| Total | 38 | 100.0 | 37 | 100.0 | 1 | 100.0 | 0 | 0 |
| | % of Total Farms: | | | 97.4 | | | 2.6 | 0 |
| Source: 2024 FFIEC and 2024 D&B | | | | | | | | |

Competition

The bank operates in a highly competitive market, facing significant competition from larger, previously established institutions in PR. According to the FDIC Deposit Market share data as of June 30, 2024, there were six financial institutions operating branches in the assessment area. Nave ranked 6th with 0.2% deposit market share.

Although Nave is not subject to CRA data collection and reporting requirements, aggregate data provides insight to the level of demand and competition for small business loans in the assessment area. In 2024, market share data shows that 43 financial institutions originated or purchased 12,936 small business loans in the assessment area. The top 5 lenders accounted for 85.8% of the small business loan market, reflecting a highly competitive environment.

Community Contact

To understand community development and credit needs, examiners conducted an interview with a representative from an economic development organization located in San Juan. The organization provides resources and training to small businesses and entrepreneurs. Specifically, the organization assists with strategic planning, marketing, and acquiring credit. The contact stated that PR is still recovering from the effects of the COVID-19 pandemic and businesses struggle to afford and acquire property insurance following the natural disasters that have impacted PR. In addition, there is a need for more flexible funding options for small and start-up businesses, creating an opportunity for banks to offer small dollar loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overall, Nave's performance under the Lending Test is reasonable. The bank's performance in each criterion supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio was reasonable (considering seasonal variations and lending-related activities) given the bank's size, financial condition, and assessment area credit needs.

The average LTD ratio, calculated from Call Report data for the 8 quarters ending on June 30, 2025, was 41.5%. and the LTD ratio increased over the evaluation period as the bank expanded its lending and deposit activities.

As a *de novo* institution in PR, Nave does not currently have similarly situated peers in this assessment area.

Assessment Area Concentration

A substantial majority of loans and other lending related activities were in the bank's assessment area. During the evaluation period, the bank originated all of its small business loans by number and by dollar volume inside the assessment area.

The bank's lending inside and outside the assessment area is summarized in the table below.

| Lending Inside and Outside the Assessment Area | | | | | | | | |
|--|--------|-------|-----------|-------|---------|---|-----------|---|
| | Inside | | | | Outside | | | |
| Loan Type | # | % | \$(000's) | % | # | % | \$(000's) | % |
| Total Small Business | 4 | 100.0 | 2,797 | 100.0 | 0 | 0 | 0 | 0 |
| TOTAL LOANS | 4 | 100.0 | 2,797 | 100.0 | 0 | 0 | 0 | 0 |
| Source: Bank data, September 18, 2023 to December 31, 2024 | | | | | | | | |

Geographic Distribution of Loans

The geographic distribution of small business loans reflected reasonable penetration through the assessment area.

| Geographic Distribution of Small Business Loans | | | | | | |
|--|------------|-------|-----------|-------|--------------------|--|
| Geographic Income Level | Bank Loans | | | | Total Businesses % | |
| | # | #% | \$(000's) | \$% | | |
| Low | | | | | | |
| 2024 | 1 | 25.0 | 650 | 23.2 | 9.7 | |
| 2023 | 0 | 0 | 0 | 0 | 9.3 | |
| Moderate | | | | | | |
| 2024 | 0 | 0 | 0 | 0 | 7.9 | |
| 2023 | 0 | 0 | 0 | 0 | 7.9 | |
| Middle | | | | | | |
| 2024 | 3 | 75.0 | 2,147 | 76.8 | 17.7 | |
| 2023 | 0 | 0 | 0 | 0 | 18.7 | |
| Upper | | | | | | |
| 2024 | 0 | 0 | 0 | 0 | 56.4 | |
| 2023 | 0 | 0 | 0 | 0 | 55.7 | |
| Unknown | | | | | | |
| 2024 | 0 | 0 | 0 | 0 | 8.3 | |
| 2023 | 0 | 0 | 0 | 0 | 8.4 | |
| Totals | | | | | | |
| 2024 | 4 | 100.0 | 2,797 | 100.0 | 100.0 | |
| 2023 | 0 | 0 | 0 | 0 | 100.0 | |
| Source: 2023-2024 FFIEC; 2023-2024 D&B; 2020 U.S. Census | | | | | | |

In 2024, the bank originated one small business loan in a low-income census tract and no loans in moderate-income census tracts. The remaining three loans were located in middle-income census tracts. This performance is considered reasonable for a *de-novo* institution with early-stage lending activity.

Borrower Profile

The distribution of borrowers reflected, given the demographics of the assessment area, reasonable penetration among businesses of different sizes.

| Borrower Distribution of Small Business Loans | | | | | | |
|---|------------|-------|-----------|-------|--------------------|--|
| Borrower Income Level | Bank Loans | | | | Total Businesses % | |
| | # | #% | \$(000's) | \$% | | |
| \$1.0 Million or Less | | | | | | |
| 2024 | 1 | 25.0 | 650 | 23.2 | 81.8 | |
| 2023 | 0 | 0 | 0 | - | 80.7 | |
| Over \$1.0 Million | | | | | | |
| 2024 | 3 | 75.0 | 2,147 | 76.8 | 17.1 | |
| 2023 | 0 | 0 | 0 | 0 | 18.2 | |
| Revenue Unknown | | | | | | |
| 2024 | 0 | 0 | 0 | 0 | 1.1 | |
| 2023 | 0 | 0 | 0 | 0 | 1.2 | |
| Totals | | | | | | |
| 2024 | 4 | 100.0 | 2,797 | 100.0 | 100.0 | |
| 2023 | 0 | 0 | 0 | 0 | 100.0 | |
| Source: 2023-2024 FFIEC Census; 2023-2024 D&B; 2020 U.S. Census | | | | | | |

The bank originated one small business loan to a business with a GAR of \$1.0 million or less during the evaluation period. This performance is considered reasonable for a *de-novo* institution with early-stage lending activity.

Response to Complaints

The bank did not receive any CRA-related complaints since inception; therefore, this factor did not affect the rating.

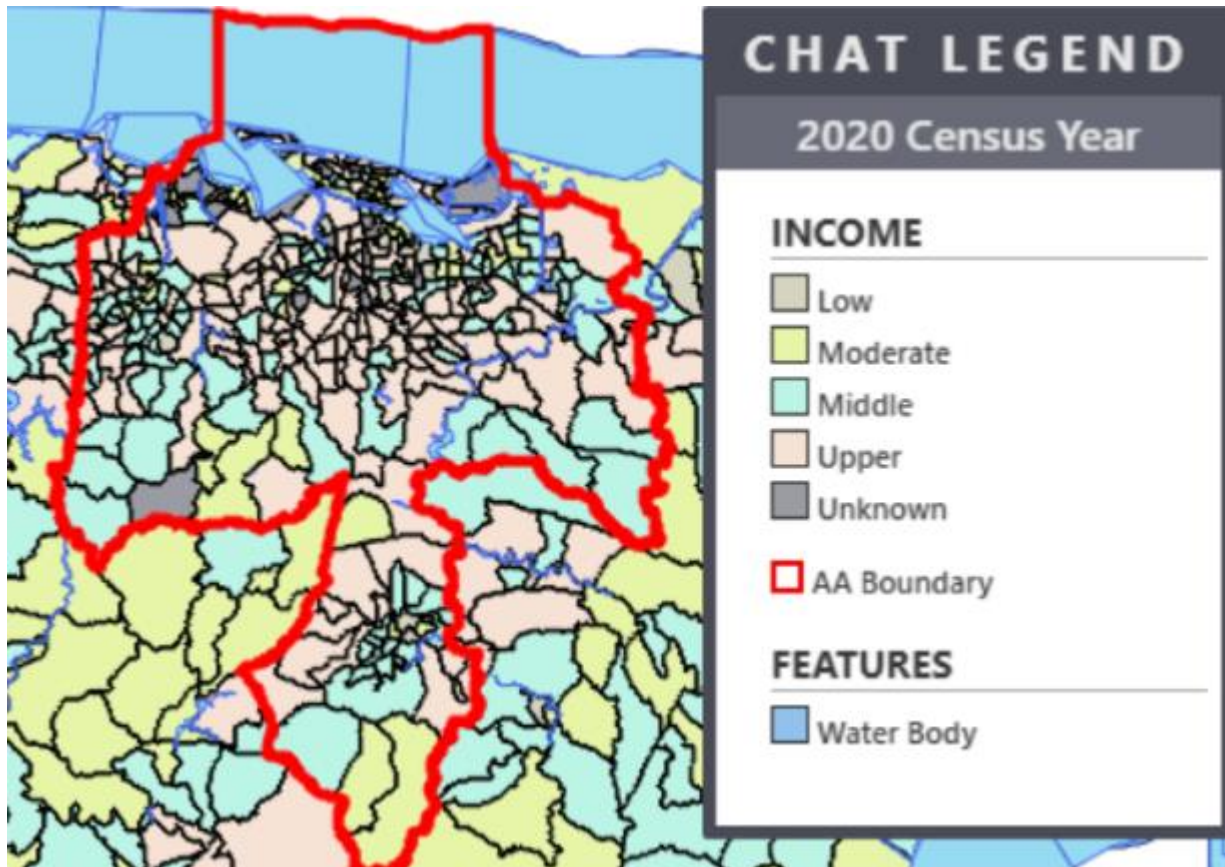
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank was in compliance with the substantive provisions of the anti-discrimination laws and regulations. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs of the assessment area was identified.

APPENDICES

APPENDIX A – ASSESSMENT AREA MAP

MSA 41980 San Juan-Bayamón-Caguas, Puerto Rico



APPENDIX B – 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.

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

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have GAR of \$1.0 million or less; or activities that revitalize or stabilize LMI geographies.

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

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

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

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, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and

total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100.0% tabulations, the count of households always equals the count of occupied housing units.

Housing affordability ratio: The housing affordability ratio is calculated by dividing the median household income by the median housing value. A lower ratio reflects less affordable housing.

Limited scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50.0% of the area median income, or a median family income that is less than 50.0%, in the case of a geography.

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

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

Middle-income: Individual income that is at least 80.0% and less than 120.0% of the area median income, or a median family income that is at least 80.0% and less than 120.0%, in the case of a geography.

Moderate-income: Individual income that is at least 50.0% and less than 80.0% of the area median income, or a median family income that is at least 50.0% and less than 80.0%, in the case of a geography.

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

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

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Federal Financial Institutions Examination Council's (FFIEC) Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1.0 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for the Call Report. These loans have original amounts of \$500,000.0 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120.0% of the area median income, or a median family income that is more than 120.0%, in the case of a geography.