

PUBLIC DISCLOSURE

July 14, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Industrial Bank
Certificate Number: 14679

4812 Georgia Avenue NW
Washington, District of Columbia 20011

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory			
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect adequate responsiveness to the credit needs of the assessment areas.
- The bank made a high percentage of loans in its assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes.
- The bank makes limited use of innovative and/or flexible lending practices in order to serve the assessment areas’ credit needs.
- The bank made an adequate level of community development loans.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments and grants.
- The bank demonstrates excellent responsiveness to credit and community development needs.
- The bank rarely uses innovative and/or complex investments to support community

development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the bank's assessment areas.
- The bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

Discriminatory or Other Illegal Credit Practices

Examiners identified violations of Section 5 of the Federal Trade Commission (FTC) Act regarding Unfair and Deceptive Acts or Practices (UDAP) with respect to credit products offered by the bank during the evaluation period. The bank's overall CRA rating was not lowered based on the nature and extent of the violations and the bank's commitment to remediate impacted customers. Please refer to the Discriminatory or Other Illegal Credit Practices section of this evaluation for additional information.

DESCRIPTION OF INSTITUTION

Background

Industrial Bank (Industrial) is a full-service commercial bank headquartered in Washington, District of Columbia (DC). Industrial is an African American-owned Minority Depository Institution and Community Development Financial Institution (CDFI). IBW Financial Corporation, a one-bank holding company, wholly owns the bank. The bank has two wholly owned subsidiaries; 96 HST LLC, which is a single purpose entity formed to hold real estate located in Largo, Maryland (MD), which is the bank's primary operations center; and One Largo, LLC, which holds real estate adjacent to the bank's primary operations center. The bank also has an operations center in Essex County, New Jersey (NJ). The bank received an "Outstanding" CRA rating from the Federal Deposit Insurance Corporation (FDIC) during its prior evaluation dated April 27, 2022, based on Interagency Large Institution Examination Procedures.

Operations

Industrial operates nine full-service branches in DC, MD, NJ, and New York (NY). There are four branches in DC; two branches in Prince Georges County, MD; two branches in Essex County, NJ; and one branch in New York County, NY. During the evaluation period, Industrial opened one new branch in a low-income census tract in Newark, NJ and one new branch in a moderate-income census tract in DC. The bank has not closed any branches or engaged in any merger or acquisition activity since the prior evaluation.

Industrial offers residential and commercial loan products, which is the bank's primary business focus. The bank also offers a variety of business and consumer deposit accounts including checking, savings, money market, individual retirement accounts, and certificate of deposit accounts. In addition, Industrial offers several institution-branded credit cards through a third-party relationship with TCM Bank, N.A. Alternative banking services include internet and mobile banking, electronic bill pay, 13 deposit-taking automated teller machines (ATMs), and 15 non-deposit-taking ATMs.

Ability and Capacity

As of March 31, 2025, the bank's assets totaled \$754.3 million, loans totaled \$406.1 million, securities totaled \$260.1 million, and deposits totaled \$642.3 million. Since the last evaluation, total assets increased 20.6 percent, total loans increased 33.6 percent, total securities increased 17.6 percent, and total deposits increased 17.2 percent. The bank's residential one-to-four family lending portfolio decreased from 30.6 percent to 21.8 percent of the total loan portfolio since the prior evaluation. The decrease is primarily due to changes in the bank's business strategy. The bank suspended its in-house residential mortgage lending production from November 2021 through March 2022 and again from March 2023 through January 2024.

The following table illustrates Industrial's loan portfolio composition as of March 31, 2025.

Loan Portfolio Distribution as of 03/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	60,394	14.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	88,674	21.8
Secured by Multifamily (5 or more) Residential Properties	35,406	8.7
Secured by Nonfarm Nonresidential Properties	179,673	44.2
Total Real Estate Loans	364,147	89.6
Commercial and Industrial Loans	42,308	10.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	85	<0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	293	0.1
Lease Financing Receivable (net of unearned income)	606	0.2
Less: Unearned Income	1,322	0.3
Total Loans	406,117	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0%.</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. Industrial designates the following two non-contiguous assessment areas within two Multistate Metropolitan Statistical Areas (MSAs):

Multistate MSA 47900: This assessment area consists of all census tracts in DC; Prince George's County in MD; and Arlington County and Alexandria City in Virginia (VA). DC and Prince George's County are in Metropolitan Division (MD) 47764 (Washington, DC-MD), while Arlington County and Alexandria City are in MD 11694 (Arlington-Alexandria-Reston, VA-WV). Both MD 47764 and MD 11694 are in Multistate MSA 47900 (Washington-Arlington-Alexandria, DC-VA-MD-WV).

Multistate MSA 35620: This assessment area consists of all census tracts in Essex County, NJ and New York County, NY. Essex County is in MD 35084 (Newark, NJ), while New York County is in MD 35614 (New York-Jersey City-White Plains, NY-NJ). Both MD 35084 and MD 35614 are in Multistate MSA 35620 (New York-Newark-Jersey City, NY-NJ).

The counties in the assessment area have not changed since the prior evaluation. However, July 2023 changes by the Office of Management and Budget created MD 47764 and MD 11694. Prior to July 2023, all counties in the bank's Multistate MSA 47900 assessment area were in MD 47894 (Washington-Arlington-Alexandria, DC-VA-MD-WV).

Collectively, this evaluation refers to the bank's two assessment areas as the combined assessment area. Based on the location of the bank's branches, each assessment area is also a rated area. Please refer to the rated area sections for additional demographic and economic information on each area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 27, 2022, to the current evaluation dated July 14, 2025. Industrial is an Intermediate Small Bank based on asset size; however, the bank voluntarily reports CRA data, and management requested an evaluation under Interagency Large Institution Examination Procedures. Therefore, examiners used Interagency Large Institution CRA Examination Procedures to evaluate Industrial's CRA performance. These procedures include the Lending, Investment, and Service Tests (see Appendices for a complete description).

The Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each state and each Multistate MSA in which the bank has at least one branch in each state. As such, this evaluation presents a rating for Multistate MSA 47900, a rating for Multistate MSA 35620, and an overall rating for performance in the combined assessment area.

Examiners performed full-scope reviews in each assessment area. Because a majority of the bank's branches, deposits, and loans are in the Multistate MSA 47900 rated area, it received more weight than the Multistate MSA 35620 rated area when determining the overall rating.

Activities Reviewed

Industrial's major product lines, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, are home mortgage and small business loans. Home mortgage and small business loans contributed equal weight to developing overall conclusions due to the similar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, examiners did not include these loan types in this evaluation. Additionally, while this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

This evaluation considered all home mortgage loans Industrial reported on its 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2022, the bank reported 23 home mortgage loans totaling \$15.9 million; in 2023, the bank reported 17 home mortgage loans totaling \$42.2 million; and in 2024, the bank reported 55 home mortgage loans totaling \$55.6 million. Examiners reviewed aggregate data and 2020 United States (U.S.) Census Bureau data for comparison purposes.

This evaluation also considered all small business loans that Industrial reported on its 2022, 2023, and 2024 CRA Loan Registers. In 2022, the bank reported 21 small business loans totaling \$7.6 million; in 2023, the bank reported 19 small business loans totaling \$4.9 million; and in 2024, the bank reported 40 small business loans totaling \$12.7 million. Examiners reviewed aggregate data and D&B demographic data for comparison purposes.

For the Lending Test, this evaluation presents bank loan data for each of the three years analyzed. The Lending Test also considered community development loans and loans originated under the bank's innovative and flexible lending programs since the prior evaluation.

The Investment Test considered qualified investments, donations, and grants made during the current evaluation period, as well as qualified investments made prior to the last evaluation that remain outstanding.

The Service Test includes all community development services the bank has provided since the prior evaluation. Examiners evaluated the bank's retail delivery systems, including branches and alternative delivery systems, and assessed the impact of any change to the branch network during the current evaluation period. This evaluation also considered the bank's retail banking products and services designed for low- and moderate-income individuals and small businesses, including offerings tailored to address specific needs within the assessment areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "Low Satisfactory." Industrial's performance in the more heavily weighed Multistate MSA 47900 rated area exceeds its overall performance, while performance in the Multistate MSA 35620 rated area is below overall performance. The following sections discuss the bank's overall performance in the combined assessment area under each Lending Test criterion. Refer to the individual rated area sections for detailed discussions of the bank's Lending Test performance in each area.

Lending Activity

Industrial's lending levels reflect adequate responsiveness to the credit needs of the assessment areas. This performance criterion considered Industrial's lending in relation to its financial condition and resources.

As of March 31, 2025, loans totaled \$406.1 million and comprised 53.8 percent of total assets and 63.2 percent of total deposits, which are slightly above levels at the previous evaluation, at which time total loans comprised 48.6 percent of total assets and 55.5 percent of total deposits.

The bank's lending levels within the Multistate MSA 47900 rated area decreased since the previous evaluation, while lending levels within the Multistate MSA 35620 rated area remained relatively consistent.

Overall, the bank’s home mortgage and small business lending levels within its assessment areas decreased when compared to the previous evaluation. During the current evaluation period, Industrial made 95 home mortgage loans totaling \$113.6 million and 80 small business loans totaling \$25.1 million in the assessment areas. During the prior evaluation period, the bank made 308 home mortgage loans totaling \$100.7 million and 347 small business loans totaling \$56.3 million in its assessment areas.

Refer to the rated areas sections for detailed performance discussions, including relevant context, trends, and market share information in each area.

Assessment Area Concentration

Industrial made a high percentage of loans within its assessment areas. Please refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	19	82.6	4	17.4	23	15,259	96.2	595	3.8	15,854
2023	14	82.4	3	17.6	17	38,909	92.3	3,242	7.7	42,151
2024	44	80.0	11	20.0	55	53,939	97.0	1,643	3.0	55,582
Subtotal	77	81.1	18	18.9	95	108,107	95.2	5,480	4.8	113,587
Small Business										
2022	15	71.4	6	28.6	21	4,620	61.1	2,947	38.9	7,567
2023	13	68.4	6	31.6	19	3,029	62.2	1,837	37.8	4,866
2024	29	72.5	11	27.5	40	8,111	63.9	4,582	36.1	12,693
Subtotal	57	71.2	23	28.8	80	15,760	62.7	9,366	37.3	25,126
Total	134	76.6	41	23.4	175	123,867	95.2	14,846	4.8	138,713

Source: HMDA Reported Data; CRA Reported Data
 Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. The bank’s performance in Multistate MSA 47900 exceeds the overall performance while performance in Multistate MSA 35620 is below the overall performance. Due to the low volume of loans in the Multistate MSA 35620 rated area throughout the evaluation period, examiners could not draw meaningful conclusions on the geographic distribution of loans in this rated area. Refer to the individual rated area sections for detailed discussions of the bank’s Lending Test performance in each area.

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and business customers of different sizes. The bank’s performance in Multistate MSA 47900 exceeds the overall performance while performance in Multistate MSA 35620 is below the overall performance. Due to the low volume of loans in the Multistate MSA 35620 rated area throughout the evaluation period, examiners could not draw meaningful borrower profile conclusions in this rated area. Refer to the individual rated area sections for detailed discussions of the bank’s Lending Test performance in each area.

Innovative or Flexible Lending Practices

Industrial makes limited use of innovative and/or flexible lending practices in order to serve the credit needs of its assessment areas. During the evaluation period, the bank originated 20 loans totaling \$5.7 million using innovative or flexible loan programs. The following table reflects the number and dollar volume of activity under each innovative or flexible lending program.

Innovative or Flexible Lending Programs										
Type of Program	2022 (Partial)		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Residential										
FHA	0	0	0	0	0	0	4	945	4	945
Greater Washington Urban League	0	0	0	0	1	395	1	284	2	679
Maryland Department of Housing and Community Development	0	0	0	0	0	0	2	663	2	663
Subtotal	0	0	0	0	1	395	7	1,892	8	2,287
Commercial										
SBA 7(a)	0	0	3	215	6	2,155	3	1,027	12	3,397
Total	0	0	3	215	7	2,550	10	2,919	20	5,684
<i>Source: Bank Data</i>										

The Greater Washington Urban League only offers its down payment assistances program in DC, and the Maryland Department of Housing and Community Development only offers its mortgage programs in MD. These programs are discussed in the Multistate MSA 47900 rated area. The Federal Housing Administration (FHA) and Small Business Administration (SBA) loan programs are offered institution wide in both rated areas and primarily benefit small businesses and low- and moderate-income individuals. The FHA and SBA loan programs are discussed below.

- FHA – The bank participates in the FHA’s fixed-rate loan program. The program supports first-time homebuyers by offering low closing costs, a less stringent credit qualification, and down payments as low as 3.5 percent. The bank made four loans totaling \$945,005 under this program.

- SBA 7(a) – SBA-guaranteed loans provide small business financing with more flexible terms than traditional business loans. The 7(a) Loan Guaranty program helps qualified small businesses obtain financing they might not be eligible to obtain through other lending channels. The bank made 12 loans totaling \$3.4 million under this program.

Community Development Loans

The institution has made an adequate level of community development loans. Industrial’s community development lending in Multistate MSA 47900 is consistent with the overall rating, while the bank’s performance in Multistate MSA 35620 is below the overall performance.

During the evaluation period, the bank originated 17 community development loans totaling \$47.1 million. This level of activity represents 6.6 percent of average total assets and 13.0 percent of average total loans since the prior evaluation. Compared to the previous evaluation, the bank made 23 fewer qualified community development loans, with the dollar amount decreasing by \$22.4 million. Industrial was rated a leader in this area at the prior evaluation.

Industrial’s community development loans primarily supported affordable housing in low- and moderate-income areas. Compared to two similarly situated banks, Industrial’s performance fell below both banks by number and dollar amount of qualified community development loans. The following tables illustrate the bank’s community development lending activity by year and purpose and by rated area.

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	2	1,722	0	0	0	0	0	0	2	1,722
2023	4	14,203	1	1,912	0	0	0	0	5	16,115
2024	9	29,196	1	100	0	0	0	0	10	29,296
YTD 2025	0	0	0	0	0	0	0	0	0	0
Total	15	45,121	2	2,012	0	0	0	0	17	47,133

Source: Bank Data

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Multistate MSA 47900	12	39,572	1	100	0	0	0	0	13	39,672
Multistate MSA 35620	2	5,300	1	1,912	0	0	0	0	3	7,212
Regional Activities	1	249	0	0	0	0	0	0	1	249
Nationwide Activities	0	0	0	0	0	0	0	0	0	0
Total	15	45,121	2	2,012	0	0	0	0	17	47,133

Source: Bank Data

The following community development loan benefited the broader regional area:

- In 2024, the bank originated a \$249,000 loan to fund the purchase of a multi-family apartment building in Baltimore County, MD where most units are rented to tenants in the Housing Choice Voucher Program (HCVP) program. The HCVP (formerly Section 8) is a rental assistance program focused on supporting the housing needs of low-income families.

The individual rated area sections provide additional details and notable examples of the bank's community development loans in each area.

INVESTMENT TEST

The Investment Test is rated "Outstanding." Industrial's excellent level of qualified community development investments and grants primarily supports this rating. The bank's performance in the more heavily weighted MSA 47900 rated area is consistent with its overall performance, while performance in the Multistate MSA 35620 rated area is below overall performance. The following sections discuss the bank's overall performance in the combined assessment area under each Investment Test criterion. Please refer to the individual rated area sections for detailed discussions of the bank's Investment Test performance in each area.

Investment and Grant Activity

The institution has an excellent level of qualified community development investments and grants, often in a leadership position. During the evaluation period, the bank made 48 qualified investments totaling approximately \$24.0 million, which includes 20 new investments totaling \$15.4 million, 10 outstanding prior period investments with a current book value of \$8.6 million, and 18 qualified grants and donations totaling \$17,000.

Qualified investment activity represents 3.4 percent of average total assets and 9.3 percent of average total securities since the prior evaluation. Compared to the prior evaluation, the bank's performance increased from 47 to 48 by number and increased \$2.7 million by dollar volume. Compared to two similarly situated banks, Industrial's performance exceeded both banks by number and dollar amount of qualified investments.

The bank's investments and donations primarily supported revitalization and stabilization efforts, affordable housing initiatives that benefit low- and moderate-income individuals, and economic development. The following tables illustrate the bank's qualified investment and grant activity by year and purpose and by rated area.

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	509	0	0	0	0	9	8,109	10	8,618
2022 (Partial)	0	0	0	0	3	1,006	1	1,666	4	2,672
2023	1	3,334	0	0	7	2,018	1	1,796	9	7,148
2024	0	0	0	0	1	500	0	0	1	500
YTD 2025	1	3,530	0	0	5	1,514	0	0	6	5,044
Subtotal	3	7,373	0	0	16	5,038	11	11,571	30	23,982
Qualified Grants & Donations	7	7	9	6	2	4	0	0	18	17
Total	10	7,380	9	6	18	5,042	11	11,571	48	23,999
<i>Source: Bank Data</i>										

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Multistate MSA 47900	7	6,867	6	4	16	5,038	6	4,559	35	16,468
Multistate MSA 35620	2	4	3	2	2	4	2	3,461	9	3,471
Regional Activities	0	0	0	0	0	0	2	1,956	2	1,956
Nationwide Activities	1	509	0	0	0	0	1	1,595	2	2,104
Total	10	7,380	9	6	18	5,042	11	11,571	48	23,999
<i>Source: Bank Data</i>										

The following investments benefited the broader regional area.

- The bank continued holding two municipal district bonds that the Metropolitan District of Baltimore County issued to fund local community projects, infrastructure, and facilities improvements in low- and moderate-income areas. These investments are still outstanding with a current book value of nearly \$2.0 million. Bond proceeds funded community improvements, including the construction of infrastructure in Baltimore County.

The individual rated area sections provide additional details and notable examples of the bank’s community development investments and donations in each area.

Responsiveness to Credit and Community Development Needs

Industrial’s qualified investments and donations exhibit excellent responsiveness to the credit and community development needs of the assessment areas. Of the nearly \$24.0 million in qualified investments, 48.2 percent supported revitalization and stabilization efforts, and 30.8 percent benefitted efforts to create affordable housing in the assessment areas. These investments demonstrate the bank’s responsiveness to the identified community development needs and opportunities in the assessment areas.

Community Development Initiatives

Industrial rarely uses innovative or complex investments to support community development initiatives. While the bank’s qualified investments were responsive to revitalization and stabilization, affordable housing, and economic development needs, they were not particularly innovative or complex.

SERVICE TEST

The Service Test is rated “Outstanding.” Industrial’s performance in the more heavily weighted Multistate MSA 47900 rated area is consistent with its overall performance, while performance in the Multistate MSA 35620 rated area is below overall performance. The following sections discuss the bank’s overall performance in the combined assessment area under each Service Test criterion. Refer to the individual rated area sections for detailed discussions of the bank’s Service Test performance in each area.

Accessibility of Delivery Systems

Industrial’s delivery systems are readily accessible to all portions of the institution’s combined assessment area. Industrial operates 9 full-service branches and 28 ATMs, of which 13 are deposit-taking and 15 are non-deposit-taking. Of these, four branches and seven ATMs are in low-income census tracts, and two branches and three ATMs are in moderate-income census tracts. The distribution of branches in low- and moderate-income census tracts exceeds both demographic comparators, reflecting excellent distribution.

The following table shows census tracts, population, branches, and ATMs by tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	177	16.7	738,867	16.0	4	44.4	7	25.0
Moderate	210	19.8	948,684	20.6	2	22.2	3	10.7
Middle	205	19.3	853,592	18.5	1	11.1	2	7.1
Upper	424	40.0	1,975,363	42.8	2	22.2	11	39.32
NA	44	4.2	96,329	2.1	0	0.0	5	17.9
Total	1,060	100.0	4,612,835	100.0	9	100.0	28	100.0

Source: 2020 U.S. Census Data; Bank Data

The bank also offers other alternative delivery systems that enhance accessibility for its products and services for all geographies, including low- and moderate-income areas and to low- and moderate-income individuals. These delivery systems include telephone banking, online banking, and mobile banking. Telephone banking is accessible through a toll-free number and allows customers to access account balances, transfer funds, and make loan payments. Online banking, through the bank’s website, allows customers to access account information, view balances, transfer funds, and pay bills. The bank’s mobile banking application offers customers similar account

accessibility and actions as its online banking platform, with the additional ability to deposit checks remotely.

Please refer to the individual rated area sections for additional details on the bank's branch and ATM distribution in each area.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank opened one branch in a moderate-income census tract in Multistate MSA 47900 and one branch in a low-income census tract in Multistate MSA 35620. These new locations enhance the availability of banking services to low- and moderate-income residents in those neighborhoods. The bank did not close or relocate any branches during the evaluation period. The individual rated area sections provide additional details regarding changes in branch locations in each area.

Reasonableness of Business Hours and Services

Services, including businesses hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. Loan offerings and deposit offerings are the same at each branch. In addition, lobby hours and drive-up hours are generally the same across the nine branches. The individual rated area sections provide additional details regarding business hours and services in each area.

Community Development Services

Industrial is a leader in providing community development services. The bank's excellent level of services in the Multistate MSA 47900 rated area primarily supports this conclusion. The bank's performance in the Multistate MSA 35620 rated area is below the overall performance.

During the evaluation period, bank directors, officers, and employees provided 241 instances of financial expertise or technical assistance to 42 different community organizations in the combined assessment area. The bank's performance increased from the prior evaluation period, during which time the bank provided 112 services and was considered a leader. The bank's community development services supported community services and affordable housing efforts. Industrial's performance exceeded that of two similarly situated banks.

Industrial provides a majority of its community services through its Justice Exposed Financial Empowerment Program. This program provides an eight-week financial literacy course to incarcerated individuals both in the combined assessment area and nationally. The DC Department of Corrections started this program in 2016 to help participants return to society as capable and productive members of the community. A majority of participants in the program are low- or moderate-income. The program also gives participants an opportunity to open a deposit account. As of the evaluation date, the bank has opened over 300 deposit accounts through this program with approximately \$421,000 in deposits.

The following tables reflect the bank’s community development services by year and purpose, as well as in each rated area during the evaluation period.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (Partial)	0	40	0	0	40
2023	6	22	0	0	28
2024	8	124	0	0	132
YTD 2025	0	41	0	0	41
Total	14	227	0	0	241
<i>Source: Bank Data</i>					

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Multistate MSA 47900	13	155	0	0	168
Multistate MSA 35620	1	5	0	0	6
Regional Activities	0	0	0	0	0
Nationwide Activities	0	67	0	0	67
Total	14	227	0	0	241
<i>Source: Bank Data</i>					

All 67 nationwide activities were part of the bank’s involvement in the Justice Exposed Financial Empowerment Program.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The CRA requires the FDIC to consider any evidence of discriminatory violations or other illegal credit practices by a bank when assigning its overall CRA rating. In determining the effect of evidence of practices on the bank’s assigned rating, the FDIC considers the nature, extent, and strength of evidence of the practices; the policies and procedures in place to prevent the practices; any corrective action the bank has taken or has committed to take, including voluntary corrective action resulting from self-assessment; and any other relevant information.

The FDIC identified violations of Section 5 of the FTC Act – UDAP related to credit products offered by the bank during the evaluation period. The bank promptly corrected the violations, voluntarily committed to taking corrective action, and is providing affected customers with restitution. Bank management also instituted controls to prevent the violations from recurring. Therefore, based on the nature and extent of the violations, and the bank’s commitment to remediate impacted customers, the bank’s overall CRA rating was not lowered.

MULTISTATE MSA 47900

CRA RATING FOR MULTISTATE MSA 47900: **OUTSTANDING**

The Lending Test is rated: **High Satisfactory**

The Investment Test is rated: **Outstanding**

The Service Test is rated: **Outstanding**

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MULTISTATE MSA 47900

Within the Multistate MSA 47900 rated area, the bank has one assessment area consisting of all census tracts in DC; Prince George's County, MD; and Arlington County and Alexandria City, VA. This assessment area accounts for 50.8 percent of the combined assessment area's census tracts, 92.2 percent of the in-assessment area HMDA loans, 77.2 percent of the in-assessment area small business loans, 77.4 percent of the total deposits, 66.7 percent of the total branches, and 60.7 percent of the total ATMs.

Economic and Demographic Data

The assessment area's 539 census tracts reflect the following income designations according to 2020 U.S. Census data:

- 61 low-income census tracts,
- 111 moderate-income census tracts,
- 154 middle-income census tracts,
- 199 upper-income census tracts, and
- 14 census tracts with no income designation.

The following table illustrates select demographic characteristics for the Multistate MSA 47900 assessment area.

Demographic Information of the Assessment Area Multistate MSA 47900						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	539	11.3	20.6	28.6	36.9	2.6
Population by Geography	2,054,856	10.7	21.8	29.5	36.6	1.5
Housing Units by Geography	846,208	11.2	21.1	28.4	38.2	1.2
Owner-Occupied Units by Geography	395,897	5.4	15.6	32.0	46.5	0.5
Occupied Rental Units by Geography	387,937	16.8	26.6	25.0	29.9	1.6
Vacant Units by Geography	62,374	13.7	20.9	26.2	37.2	2.0
Businesses by Geography	264,049	6.5	15.2	33.7	43.1	1.5
Farms by Geography	716	4.9	8.5	25.6	60.1	1.0
Family Distribution by Income Level	411,016	23.0	15.8	19.0	42.2	0.0
Household Distribution by Income Level	783,834	24.4	16.2	18.2	41.3	0.0
Median Family Income MD - 11694 Arlington-Alexandria-Reston, VA-WV MD	\$135,790	Median Housing Value				\$ 477,375
Median Family Income MD - 47764 Washington, DC-MD	\$106,818	Median Gross Rent				\$1,690
				Families Below Poverty Level		7.2%
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Owner-occupied housing units reflect the opportunity institutions have to originate 1-4 family residential mortgage loans. Based on 2020 U.S. Census data, there are 846,208 housing units in the assessment area. Of these, 46.8 percent are owner-occupied, 45.8 percent are occupied rental units, and 7.4 percent are vacant. As shown in the table above, only 5.4 percent (21,378) of the assessment area’s owner-occupied housing units are in low-income census tracts. In contrast, 16.8 percent (65,173) of occupied rental units are in low-income geographies. This data suggests there is a greater opportunity for families to rent than own housing units in low-income geographies, which limits opportunities for lenders to originate 1-4 family residential loans in these census tracts. As shown in the table above, 15.6 percent of owner-occupied housing units are located in moderate-income tracts, which reflects moderate opportunities to originate 1-4 family residential loans in these tracts.

The Geographic Distribution criterion for small business loans considers the distribution of businesses by census tract income level within the assessment area. According to 2024 D&B data, only 6.5 percent of businesses are in low-income census tracts, and 15.2 percent of businesses are in moderate-income census tracts. This suggests limited opportunities to originate small business loans in the low-income tracts and moderate opportunities in the moderate-income tracts.

The Borrower Profile criterion compares the distribution of home mortgage loans to the percentage of low- and moderate-income families. Demographic data shows that 23.0 percent of assessment area families are low-income, including 7.2 percent living below the poverty level, and 15.8 percent are moderate-income. With a median housing value of \$477,375, this data suggests that these families may face difficulties qualifying for a home mortgage loan or supporting a monthly mortgage payment. This limits the bank’s opportunity to originate loans to low- or moderate-income borrowers.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income data to analyze Industrial’s home mortgage lending under the Borrower Profile criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
Arlington-Alexandria-Reston, VA-WV MD Median Family Income (11694)				
2024 (\$164,200)	<\$82,100	\$82,100 To <\$131,360	\$131,360 To <\$197,040	≥\$197,040
Washington, DC-MD MD Median Family Income (47764)				
2024 (\$128,300)	<\$64,150	\$64,150 To <\$102,640	\$102,640 To <\$153,960	≥\$153,960
Washington-Arlington-Alexandria, DC-VA-MD-WV MD Median Family Income (47894)				
2023 (\$150,100)	<\$75,050	\$75,050 To <\$120,080	\$120,080 To <\$180,120	≥\$180,120
2022 (\$139,700)	<\$69,850	\$69,850 To <\$111,760	\$111,760 To <\$167,640	≥\$167,640
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2024 D&B data, 264,049 non-farm businesses operate within this assessment area. GARs for these businesses are as follows:

- 89.0 percent have GARS of \$1.0 million or less,
- 3.2 percent have GARs of more than \$1.0 million, and
- 7.8 percent have no reported revenue.

Non-classifiable establishments represent the largest portion of businesses (32.8 percent); followed by professional, scientific, and technical services (8.9 percent); construction (7.4 percent); and other services (7.2 percent). Of the area businesses, 59.1 percent have four or fewer employees and 96.0 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates at the county, state, and national levels increased between 2022 and 2025. Unemployment trends at the state and county level were generally below the national average, while unemployment rates in DC

were notably higher than the rest of the assessment area. The following table presents annual and current unemployment rates by county as well as state and national levels since 2022.

Unemployment Rates				
Area	2022	2023	2024	June 2025
	%	%	%	%
Alexandria City, VA	2.2	2.2	2.4	3.5
Arlington County, VA	2.0	2.1	2.2	3.4
District of Columbia	4.7	4.8	5.2	6.0
Prince George's County, MD	3.2	2.3	3.3	4.2
State of Maryland	3.0	2.2	3.0	3.8
State of Virginia	2.7	2.7	2.9	3.8
National Average	3.6	3.6	4.0	4.1
<i>Source: Bureau of Labor Statistics</i>				

Competition

The assessment area is a highly competitive market for financial services. According to 2024 FDIC Deposit Market Share data, 43 financial institutions operated 376 branches within this assessment area. Of these institutions, Industrial ranked 20th in total deposits with a 0.5 percent deposit market share.

Aggregate lending data reflects a significant level of competition for home mortgage loans in the assessment area. Based on 2024 market share data, 569 lenders originated or purchased 38,109 home mortgage loans in the assessment area. The top five lenders, Rocket Mortgage LLC; Navy Federal Credit Union; PennyMac Loan Services LLC; Freedom Mortgage Corporation; and United Wholesale Mortgage, LLC accounted for 21.9 percent of the overall market share by number of loans. Industrial ranked 141st out of this group with less than 0.1 percent of the market share.

Significant competition also exists for small business loans in this assessment area. Based on 2023 market share data, the most recent available as of the evaluation date, 171 lenders reported 54,191 originated or purchased small business loans. The five most prominent small business lenders in the assessment area, American Express; J.P. Morgan Chase Bank; Bank of America; Capital One; and Citibank accounted for 76.7 percent of the total market share. Industrial ranked 93rd out of this group with less than 0.1 percent of the market share.

Community Contact

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

Examiners contacted the Chief Executive Officer of a local community development organization specializing in economic development. The organization works towards increasing economic

opportunities in the DC area by providing social and financial capital to low- and moderate-income entrepreneurs. The organization also provides a combination of loans, grants, and technical resources to small businesses and entrepreneurs in the community. The contact identified access to credit and banking services as community needs. The contact also noted there are opportunities for financial institutions to partner with CDFIs and engage within the community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that opportunities exist for financial institutions to engage more deeply with the community, particularly through partnerships with CDFIs. These partnerships could enhance outreach efforts and support initiatives that promote financial inclusion and economic development in underserved areas. Additionally, flexible loan programs, working capital loans, and financial education represent credit and community development needs in this assessment area.

SCOPE OF EVALUATION – MULTISTATE MSA 47900

Examiners used full-scope examination procedures to evaluate the bank’s performance in the Multistate MSA 47900 assessment area. The products and timeframes noted in the overall Scope of Evaluation section apply to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MULTISTATE MSA 47900

LENDING TEST

The Lending Test is rated “High Satisfactory” in the Multistate MSA 47900 assessment area. The bank’s performance under the Lending Activity, Geographic Distribution, and Borrower Profile criterion primarily support this conclusion. The following sections detail the bank’s performance under each Lending Test criterion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs, considering Industrial’s lending in relation to its financial condition and available resources.

Industrial reported 19 home mortgage loans totaling \$15.3 million in 2022, 12 loans for \$36.4 million in 2023, and 40 loans for \$47.9 million in 2024 in this assessment area. Based on 2024 market share data, Industrial ranked 141st out of 569 lenders that reported at least one home mortgage loan in the assessment area. The bank’s market share was less than 0.1 percent by number and equal to 0.2 percent by dollar volume. As previously stated, the top five home mortgage lenders captured 21.9 percent of the total market share, by number of loans, which reflects the competitive nature of the home mortgage market.

Industrial reported 12 small business loans totaling \$3.4 million in 2022, 9 loans totaling \$2.2 million in 2023, and 23 loans totaling \$7.3 million in 2024 in this assessment area. Based on 2023 market share data, the bank ranked 93rd out of 171 lenders that reported at least one small business loan in the assessment area. The bank's market share was less than 0.1 percent by both the number and dollar volume. Most of the institutions ranked higher than Industrial are significantly larger regional and national lenders.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. Industrial's good home mortgage and small business lending performance supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, Industrial's performance in low-income census tracts significantly exceeded aggregate performance and demographic data in 2022, 2023, and 2024. In moderate-income census tracts, the bank's performance each year fell below demographic data and aggregate performance. The bank's performance in the low-income census tracts primarily supports the good performance.

The following table reflects the distribution of home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans Multistate MSA 47900						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	7.9	8.4	11	57.9	7,513	49.2
2023	7.9	8.8	4	33.3	9,250	25.4
2024	5.4	5.7	9	22.5	9,178	19.2
Moderate						
2022	21.7	21.3	3	15.8	799	5.2
2023	21.7	21.0	2	16.7	1,410	3.9
2024	15.6	15.9	5	12.5	7,118	14.9
Middle						
2022	33.3	33.8	4	21.1	6,437	42.2
2023	33.3	33.6	2	16.7	15,374	42.3
2024	32.0	31.7	9	22.5	13,825	28.9
Upper						
2022	36.5	36.0	1	5.3	510	3.3
2023	36.5	36.1	4	33.3	10,345	28.4
2024	46.5	46.4	17	42.5	17,792	37.1
NA						
2022	0.5	0.5	0	0.0	0	0.0
2023	0.5	0.5	0	0.0	0	0.0
2024	0.5	0.4	0	0.0	0	0.0
Total						
2022	100.0	100.0	19	100.0	15,259	100.0
2023	100.0	100.0	12	100.0	36,379	100.0
2024	100.0	100.0	40	100.0	47,913	100.0
<i>Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. In 2022 and 2023, the bank’s lending in low-income census tracts exceeded demographic data and aggregate performance. In 2024, Industrial’s lending performance decreased; however, it still exceeded demographic data.

The bank’s performance in moderate-income census tracts was in line with demographic data and slightly exceeded aggregate performance in 2022. In 2023, the bank’s performance dropped below demographic data and aggregate performance; however, the bank’s performance improved in 2024 and exceeded demographic data. Overall, these trends and comparisons reflect good performance.

The following table reflects the distribution of the bank's small business loans by census tract income level.

Geographic Distribution of Small Business Loans Multistate MSA 47900						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	8.6	7.9	2	16.7	789	23.4
2023	8.9	7.8	3	33.3	971	44.3
2024	6.5	--	2	8.7	682	9.4
Moderate						
2022	25.5	22.7	3	25.0	452	13.4
2023	25.1	22.8	1	11.1	250	11.4
2024	15.2	--	4	17.4	1,713	23.6
Middle						
2022	31.6	31.2	4	33.3	1,507	44.7
2023	30.8	31.2	0	0.0	0	0.0
2024	33.7	--	9	39.1	2,930	40.4
Upper						
2022	32.8	37.3	3	25.0	622	18.5
2023	33.6	37.2	5	55.6	973	44.4
2024	43.1	--	8	34.8	1,934	26.6
NA						
2022	1.5	0.9	0	0.0	0	0.0
2023	1.6	1.0	0	0.0	0	0.0
2024	1.5	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	12	100.0	3,370	100.0
2023	100.0	100.0	9	100.0	2,194	100.0
2024	100.0	--	23	100.0	7,259	100.0
<i>Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes. The bank's good home mortgage and small business lending performance supports this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans represents good penetration among borrowers of different income levels, including low- and moderate-income borrowers. During the evaluation period, all loans that the bank originated where it collected income data were to low-income borrowers. In 2022 and 2024, the bank's lending to low-income borrowers significantly exceeded aggregate performance and demographic data. In 2023, the bank did not collect income data from borrowers on any of its home mortgage loans. Banks are not required to collect and report income data for investment properties secured by residential real estate. The following table shows that Industrial originated a significant portion of home mortgage loans for which borrower income was not required to be collected and is noted as "NA" which means not available. These loans represent investments properties secured by residential real estate.

The following table reflects the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Multistate MSA 47900						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2022	26.9	10.2	9	47.4	3,083	20.2
2023	26.9	9.8	0	0.0	0	0.0
2024	23.0	5.8	20	50.0	6,266	13.1
Moderate						
2022	17.5	22.1	0	0.0	0	0.0
2023	17.5	23.5	0	0.0	0	0.0
2024	15.8	17.0	0	0.0	0	0.0
Middle						
2022	19.1	20.9	0	0.0	0	0.0
2023	19.1	22.0	0	0.0	0	0.0
2024	19.0	22.7	0	0.0	0	0.0
Upper						
2022	36.6	29.6	0	0.0	0	0.0
2023	36.6	27.5	0	0.0	0	0.0
2024	42.2	33.7	0	0.0	0	0.0
NA						
2022	0.0	17.2	10	52.6	12,176	79.8
2023	0.0	17.2	12	100.0	36,379	100.0
2024	0.0	20.7	20	50.0	41,647	86.9
Total						
2022	100.0	100.0	19	100.0	15,259	100.0
2023	100.0	100.0	12	100.0	36,379	100.0
2024	100.0	100.0	40	100.0	47,913	100.0
<i>Source: 2020 Census; Imported Bank Data; 2022, 2023, 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of borrowers reflects good penetration among business customers of different sizes. In 2022, Industrial’s lending to businesses with GARs of \$1.0 million or less was below aggregate performance; however, most of the bank’s small business loans made that year were to businesses with revenues not available. All the loans to businesses with revenues not available were loans to religious organizations that are not required to file tax returns, and therefore, revenue information was not available. The bank’s performance improved in 2023, exceeding the aggregate performance. In 2024, the bank’s performance continued to improve. Performance over the evaluation period fell below demographic data.

The following table reflects the distribution of small business loans by GAR category.

Distribution of Small Business Loans by Gross Annual Revenue Category Multistate MSA 47900						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2022	88.7	49.3	2	16.7	1,072	31.8
2023	89.0	53.0	6	66.7	1,346	61.4
2024	89.0	--	19	82.6	5,354	73.8
> \$1,000,000						
2022	3.4	--	1	8.3	264	7.8
2023	3.4	--	3	33.3	848	38.7
2024	3.2	--	4	17.4	1,905	26.2
Revenue Not Available						
2022	7.9	--	9	75.0	2,034	60.4
2023	7.6	--	0	0.0	0	0.0
2024	7.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	12	100.0	3,370	100.0
2023	100.0	100.0	9	100.0	2,194	100.0
2024	100.0	--	23	100.0	7,259	100.0
<i>Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Innovative or Flexible Lending Practices

Industrial makes limited use of innovative and/or flexible lending practices in order to serve the credit needs of its assessment areas. In addition to the loan programs discussed in the overall Innovative or Flexible Lending Practices section, the bank offers two downpayment assistance programs, only in DC, through the Greater Washington Urban League Down Payment Assistance Program. In addition, the bank offers two home mortgage programs, only in MD, through the Maryland Department of Housing and Community Development (MHCD)/Community Development Administration. The bank made four loans through these programs totaling \$1.3 million during the evaluation period. Below is a description of these programs.

- **Greater Washington Urban League Down Payment Assistance Program** – This organization offers two down payment assistance programs. The Home Purchase Assistance Program (HPAP) enables low- and moderate-income individuals and families to purchase affordable housing in DC. Qualified HPAP applicants can receive up to \$204,000 in financial assistance to purchase single-family houses, condominiums, or cooperative apartments. The Employer Assisted Housing Program (EAHP) helps government employees purchase their first home in DC. Through the EAHP, the Department of Housing and Community Development provides eligible applicants with matching closing cost funds of up to \$1,500, and a deferred second trust loan of up to \$10,000. During the evaluation period, Industrial

made two loans totaling \$678,772 through these programs.

- MHCD/Community Development Administration Program – The Maryland Mortgage Program provides first-time homebuyers with financial assistance for down payment and closing costs. To qualify, homebuyers must meet income and property location eligibility criteria. The Down Payment and Settlement Expense Loan Program also provides borrowers with a deferred second lien loan up to \$7,500. During the evaluation period, Industrial originated two loans totaling \$663,204 under these programs.

Community Development Loans

The institution has made an adequate level of community development loans. During the evaluation period, Industrial originated 13 community development loans totaling \$39.7 million within this assessment area. By number, this total represents 76.5 percent of its total qualified community development loans. The bank’s community development loans primarily supported affordable housing initiatives for low- and moderate-income individuals. When compared to the prior evaluation, Industrial’s community development lending in this area declined by 63.9 percent and 36.3 percent by number and dollar volume, respectively. At the last evaluation, the bank was rated a leader under this criterion.

The following table illustrates the bank’s community development lending activity by year and community development purpose in this assessment area.

Community Development Lending Multistate MSA 47900										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	2	1,722	0	0	0	0	0	0	2	1,722
2023	4	14,203	0	0	0	0	0	0	4	14,203
2024	6	23,647	1	100	0	0	0	0	7	23,747
YTD 2025	0	0	0	0	0	0	0	0	0	0
Total	12	39,572	1	100	0	0	0	0	13	39,672
<i>Source: Bank Data</i>										

Below are notable examples of the bank's community development loans in this assessment area.

- In 2022, the bank made a \$1.4 million loan to purchase a 12-unit housing complex in DC. The majority of units offer rent below the Department of Housing and Urban Development’s Fair Market Rent guidelines.
- In 2023, the bank made an \$8.0 million loan to support the acquisition and construction of a rental property with 33 apartment units. Upon completion, all units will be rented to tenants participating in the Section 8 Housing Assistance Program which provides affordable housing to low- and moderate-income families.

INVESTMENT TEST

The Investment Test is rated “Outstanding” in the Multistate MSA 47900 assessment area. The excellent level of qualified community development investments and grants and excellent responsiveness to credit and community development needs support this rating. The following sections discuss the bank’s performance under each of the Investment Test factors.

Investment and Grant Activity

Industrial has an excellent level of qualified community development investments and donations in the Multistate MSA 47900 assessment area. The bank’s \$16.5 million in qualified investments includes 6 prior period investments with current book values totaling \$4.6 million, 18 current period investments totaling \$11.9 million, and 11 donations totaling \$8,000. This represents 72.9 percent and 68.6 percent of the bank’s total community development investments by number and dollar volume, respectively. Industrial’s performance represents an increase in dollar volume from the previous evaluation, at which time the bank made 36 investments and grants totaling \$10.8 million. Investments primarily supported affordable housing for low- and moderate-income individuals, economic development initiatives, and revitalization and stabilization efforts, while donations supported affordable housing and community service needs in the assessment area.

The following table details the institution’s qualified investments and grants by year and community development purpose.

Qualified Investments Multistate MSA 47900										
Activity Year	Affordable Housing		Community Service		Economic Development		Revitalize or Stabilize		Total #	Total \$(000)
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)		
Prior Period	0	0	0	0	0	0	6	4,559	6	4,559
2022 (Partial)	0	0	0	0	3	1,006	0	0	3	1,006
2023	1	3,333	0	0	7	2,018	0	0	8	5,351
2024	0	0	0	0	1	500	0	0	1	500
YTD 2025	1	3,530	0	0	5	1,514	0	0	6	5,044
Subtotal	2	6,863	0	0	16	5,038	6	4,559	24	16,460
Qualified Grants & Donations	5	4	6	4	0	0	0	0	11	8
Total	7	6,867	6	4	16	5,038	6	4,559	35	16,468

Source: Bank Data

Below are some notable examples of the bank’s qualified investment activities.

- During the evaluation period, the bank made and renewed 16 certificate of deposit accounts totaling \$5.0 million in 6 CDFIs that primarily lend or facilitate lending in the assessment area. These investments promote economic development since the CDFIs finance small businesses and farms in the assessment area.

- In 2023, the bank made a \$500 donation to an organization that assists homeless veterans by providing temporary housing, employment training, and employment opportunities. The donation supported community services.
- In 2024, the bank made a \$1,000 donation to a local housing organization that helps provide affordable housing to low- and moderate-income individuals and families. The donation supported affordable housing.

Responsiveness to Credit and Community Development Needs

Industrial's qualified investments and donations exhibit excellent responsiveness to the credit and community development needs in the Multistate MSA 47900 assessment area. The bank's qualified investments primarily supported affordable housing, economic development, and revitalization and stabilization, which are demonstrated community development needs in the area. In addition, the bank's investments in designated CDFIs and low-income credit unions help facilitate lending to low- and moderate-income individuals, families, and small businesses which the community contact identified as pressing area credit needs.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives. While the bank's qualified investments were responsive to the assessment area's community development needs, they were not particularly innovative or complex.

SERVICE TEST

The Service Test is rated "Outstanding" in the Multistate MSA 47900 assessment area. The bank's performance under the Accessibility of Delivery Systems, Changes in Branch Locations, and Community Development Services criteria primarily support this conclusion. The following sections discuss the bank's performance under each of the Service Test factors.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the assessment area. The bank operates six full-service branches with nine ATMs and eight additional freestanding ATMs throughout the assessment area. As shown in the table below, one branch and one ATM are in a low-income census tract, and two branches and three ATMs are in moderate-income census tracts. The distribution of branches in low- and moderate-income census tracts compares favorably to the demographics, while the distribution of ATMs in these tracts trails the demographics.

Branch and ATM Distribution by Geography Income Level Multistate MSA 47900								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	61	11.3	218,864	10.7	1	16.7	1	5.9
Moderate	111	20.6	447,079	21.8	2	33.3	3	17.6
Middle	154	28.6	605,425	29.5	1	16.7	2	11.8
Upper	199	36.9	752,565	36.6	2	33.3	11	64.7
NA	14	2.6	30,923	1.5	0	0.0	0	0.0
Total	539	100.0	2,054,856	100.0	6	100.0	17	100.0
<i>Source: 2020 ACS Data; Bank Data</i>								

All branches in the assessment area are also contiguous to low- and moderate-income census tracts, making them accessible to residents living in the area's low- and moderate-income census tracts. In addition, all alternative delivery systems detailed in the overall Accessibility of Delivery Systems section above are available in this assessment area. These alternative delivery channels enhance accessibility for all customers, including low- and moderate-income customers.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank opened one new branch with two new ATMs in a moderate-income census tract in this assessment area. This branch is located in DC and is also contiguous to four low-income census tracts, making it accessible to residents living in these tracts. The bank did not close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. Branch hours are convenient and comparable to other local financial institutions. Business hours are 9:00 A.M. to 4:00 P.M., Monday through Friday, with five of six branches offering drive-thru services and Saturday hours from 9:00 A.M. to 1:00 P.M. The Anacostia branch, in a low-income census tract, does not have a drive-thru service due to physical limitations that do not support a drive-thru. In addition, management noted that the Anacostia branch does not have enough customer volume, including foot traffic, to support offering Saturday hours. Despite not offering Saturday hours, the Anacostia branch is accessible to another Industrial branch (within 3.2 miles), which minimizes the adverse impact to customers that visit this branch.

Community Development Services

The bank is a leader in providing community development services. The bank provided 168 instances of community development services in the Multistate MSA 47900 assessment area. This represents 69.7 percent of the total instances of community development services. Compared to the

prior evaluation, the bank's performance improved by 77 instances of financial expertise or technical assistance. Employees provided 13 instances of services supporting affordable housing efforts and 155 services supporting community services for low- and moderate-income individuals during the evaluation period.

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

- In 2023, a bank employee provided financial literacy education to students at a local middle school where most students receive free or reduced lunch.
- In 2024 and 2025, a bank employee provided several instances of community service by helping low- and moderate-income individuals with income tax return preparation.
- In 2025, a bank employee provided financial literacy education, through the bank's Justice Exposed Financial Empowerment Program, to low- and moderate-income individuals recently released from incarceration.

MULTISTATE MSA 35620

CRA RATING FOR MULTISTATE MSA 35620: NEEDS TO IMPROVE

The Lending Test is rated: Needs to Improve

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MULTISTATE MSA 35620

The Multistate MSA 35620 rated area includes one assessment area consisting of all census tracts in Essex County, NJ and New York County, NY. This area accounts for 49.2 percent of the combined assessment area's census tracts, 7.8 percent of the in-assessment area home mortgage loans, 22.8 percent of the in-assessment area small business loans, 22.6 percent of its total deposits, 33.3 percent of its total branches, and 39.3 percent of its total ATMs.

Economic and Demographic Data

The assessment area's 521 census tracts reflect the following income designations:

- 116 low-income census tracts,
- 99 moderate-income census tracts,
- 51 middle-income census tracts,
- 225 upper-income census tracts, and
- 30 census tracts with no income designation.

The following table illustrates select demographic characteristics for the Multistate MSA 35620 assessment area.

Demographic Information of the Assessment Area Multistate MSA 35620						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	521	22.3	19.0	9.8	43.2	5.8
Population by Geography	2,557,979	20.3	19.6	9.7	47.8	2.6
Housing Units by Geography	1,203,213	17.6	17.2	9.6	53.2	2.4
Owner-Occupied Units by Geography	311,522	8.4	11.6	10.0	68.9	1.1
Occupied Rental Units by Geography	737,878	22.4	20.9	10.1	43.8	2.9
Vacant Units by Geography	153,813	13.4	11.3	6.8	66.0	2.6
Businesses by Geography	636,271	11.4	10.6	6.6	63.8	7.7
Farms by Geography	1,301	7.4	6.9	6.5	72.3	7.0
Family Distribution by Income Level	513,448	27.8	13.1	12.9	46.1	0.0
Household Distribution by Income Level	1,049,400	29.4	11.8	12.8	46.0	0.0
Median Family Income MD - 35084 Newark, NJ MD	\$107,827	Median Housing Value			\$ 754,824	
Median Family Income MD - 35614 New York-Jersey City-White Plains, NY-NJ MD	\$85,483	Median Gross Rent			\$1,736	
		Families Below Poverty Level			12.2%	
<i>Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

The Geographic Distribution criterion compares home mortgage lending to the distribution of owner-occupied housing units within the assessment area. This assessment area has 1.2 million housing units. Of these, only 25.9 percent are owner-occupied, 61.3 percent are occupied rental units, and 12.8 percent are vacant. As shown in the table above, only 8.4 percent of total owner-occupied housing units are in low-income geographies, and 11.6 percent are in moderate-income geographies. By comparison, 22.4 percent of occupied rental units are in low-income geographies, and 20.9 percent are in moderate-income geographies. This data suggests there is a greater opportunity for families to rent than own housing units in low- and moderate-income geographies, which limits opportunities for lenders to originate 1-4 family residential loans in these census tracts.

The Geographic Distribution criterion for small business loans considers the distribution of businesses by census tract income level within the assessment area. According to 2024 D&B data, 11.4 percent of businesses are in low-income census tracts, and 10.6 percent of businesses are in moderate-income census tracts. This suggests limited opportunities to originate small business loans in these census tracts.

The Borrower Profile criterion compares home mortgage lending to the percentage of low- and moderate-income families in the assessment area. As shown above, 27.8 percent of families are low-income, including 12.2 percent living below the poverty level, and 13.1 percent are moderate-

income. This data suggests that these families may face difficulty qualifying for a home mortgage loan or supporting a monthly mortgage payment, especially considering the assessment area’s median home value of \$754,824. This data further supports the challenges lenders face in originating loans to low- and moderate-income borrowers.

Examiners used the FFIEC-updated median family income data to analyze home mortgage loans under the Borrower Profile criterion. The following table presents median family income ranges in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
New York-Jersey City-White Plains, NY-NJ MD Median Family Income (35614)				
2024 (\$101,900)	<\$50,950	\$50,950 To <\$81,520	\$81,520 To <\$122,280	≥\$122,280
2023 (\$99,300)	<\$49,650	\$49,650 To <\$79,440	\$79,440 To <\$119,160	≥\$119,160
2022 (\$99,000)	<\$49,500	\$49,500 To <\$79,200	\$79,200 To <\$118,800	≥\$118,800
Newark, NJ MD Median Family Income (35084)				
2024 (\$133,300)	<\$66,650	\$66,650 To <\$106,640	\$106,640 To <\$159,960	≥\$159,960
Newark, NJ-PA MD Median Family Income (35084)				
2023 (\$126,100)	<\$63,050	\$63,050 To <\$100,880	\$100,880 To <\$151,320	≥\$151,320
2022 (\$116,900)	<\$58,450	\$58,450 To <\$93,520	\$93,520 To <\$140,280	≥\$140,280
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2024 D&B data, 636,271 non-farm businesses operate in this assessment area. The following reflects the GARs for these businesses.

- 90.5 percent have GARs of \$1.0 million or less,
- 3.9 percent have GARs of more than \$1.0 million, and
- 5.6 percent have unknown revenues.

Non-classifiable establishments represent the largest portion of businesses (30.6 percent); followed by retail trade (11.6 percent); professional, scientific, and technical services (11.6 percent); other services (6.8 percent); and health care and social assistance (5.7 percent). In addition, 59.1 percent of the area’s businesses have four or fewer employees, and 94.2 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor Statistics indicate that unemployment rates at both the county and state levels fluctuated over the evaluation period. Except for New York County, all unemployment rates increased from 2022 to 2025. Unemployment rates at the county and state

levels exceeded the national average throughout the evaluation period. The following table presents annual and current unemployment rates by county as well as state and national levels since 2022.

Unemployment Rates				
Area	2022	2023	2024	June 2025
	%	%	%	%
Essex County, NJ	4.5	5.1	5.5	6.4
New York County, NY	4.8	4.5	4.8	4.3
State of New York	4.3	4.1	4.3	4.6
State of New Jersey	3.9	4.3	4.5	5.6
National Average	3.6	3.6	4.0	4.1

Source: Bureau of Labor Statistics

Competition

There is a high level of competition for financial services in the assessment area. According to 2024 FDIC Deposit Market Share data, 98 financial institutions operated 726 branches within the assessment area. Of these institutions, Industrial ranked 67th in total deposits, with less than 0.1 percent of the market share.

Aggregate lending data reflects a high level of competition for home mortgage loans in the assessment area. Based on 2024 market share data, 474 lenders originated or purchased 19,487 home mortgage loans in the assessment area. The top five lenders, consisting of large national banks, accounted for 25.8 percent of the market share based on the number of loans originated or purchased. Industrial ranked 273rd with less than 0.1 percent of the market share.

Aggregate lending data reflects a high level of competition for small business loans in the assessment area. Based on 2023 market share data, the most recent available as of the evaluation date, 226 lenders originated or purchased 117,566 small business loans in the assessment area. The top five lenders, consisting of large national banks, accounted for 80.6 percent of the market share based on the number of loans originated or purchased. Industrial ranked 122nd with less than 0.1 percent of the market share.

Community Contacts

Examiners contacted the managing director of a New York County-based non-profit economic development organization that serves both counties in the assessment area. The organization provides training and consulting to small business owners, and it provides capital through micro loans. The contact stressed the importance of having branches that are accessible to low- and moderate-income individuals, and he recommended creating a referral program where, when applicable, banks refer customers they cannot help to local CDFIs. The contact also highlighted a need for more community development services. For example, non-profit organizations benefit from financial education that local banks provide since they often do not have the infrastructure or funding to outsource training. Finally, the contact noted that banks have an opportunity to take more active roles in community development organizations. The contact opined that banks that

have close ties to local community development organizations are typically more engaged in meeting the assessment area's community development and credit needs.

Examiners also reviewed a recent contact with a real estate brokerage located in Essex County, NJ. The brokerage handles residential real estate sales and small business retail properties in the local area. The broker noted that residential properties, on average, are selling very quickly, particularly for properties closer to New York City. The contact stated that the area is seeing numerous luxury rental projects that often contain a small percentage of units set aside for affordable housing. As such, the contact noted that affordable housing remains a challenge. The contact identified two general banking needs in the area. The first need is financial literacy for small business owners who don't understand how to apply for and receive SBA loans. The second need is for smaller banks to offer person-to-person monetary transfers, such as Zelle. The contact also identified lower down payments on Individual Tax Identification Loans and down payment assistance for small conventional residential mortgages as credit needs. The contact stated there is a need for smaller banks to offer loan products for consumers who don't fit the income criteria for conventional mortgage products.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the primary community development needs include financial literacy for small business owners and non-profit organizations, increased collaboration between local banks and community development organizations, affordable housing, and branches physically present in low- and moderate-income neighborhoods. Credit needs include loan products with flexible terms that can benefit low- and moderate-income individuals in this assessment area.

SCOPE OF EVALUATION – MULTISTATE MSA 35620

Examiners used full-scope examination procedures to evaluate the bank's performance in Multistate MSA 35620. The products and timeframes noted in the overall Scope of Evaluation section apply to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MULTISTATE MSA 35620

LENDING TEST

The Lending Test is rated "Needs to Improve" in the Multistate MSA 35620 assessment area. The bank's low lending volume in this assessment area supports this conclusion. The following sections detail the bank's performance under each Lending Test factor.

Lending Activity

Industrial's lending levels reflect poor responsiveness to the assessment area's credit needs considering the bank's lending in relation to its financial condition and available resources. Industrial reported zero home mortgage loans in 2022, two home mortgage loans totaling \$2.5 million in 2023, and four home mortgage loans totaling \$6.0 million in 2024. Based on 2024 market share data, the bank ranked 273rd out of the 474 lenders that reported at least one home mortgage loan in the assessment area.

Industrial reported three small business loans totaling \$1.3 million in 2022, four small business loans totaling \$835,000 in 2023, and six small business loans totaling \$852,000 in 2024. In 2023, the bank ranked 122nd out of the 226 lenders that reported at least one small business loan in the assessment area.

Geographic Distribution

Examiners could not draw meaningful conclusions on the geographic distribution of loans due to the bank's low volume of loans in this assessment area throughout the evaluation period.

Home Mortgage Loans

Industrial did not originate any home mortgage loans in 2022. In 2023, the bank originated one home mortgage loan totaling \$380,000 in a low-income census tract and one home mortgage loan totaling \$2.2 million in a moderate-income census tract. In 2024, the bank originated two home mortgage loans totaling \$5.3 million in a low-income census tract, one home mortgage loan totaling \$180,000 in a moderate-income census tract, and one loan totaling \$550,000 in a middle-income census tract. Given the limited loan volume, examiners could not draw meaningful conclusions on Industrial's penetration of home mortgage loans by tract income level.

Small Business Loans

In 2022, Industrial originated two small business loans totaling \$1.1 million in a low-income tract and one small business loan totaling \$170,000 in a moderate-income tract. In 2023, Industrial originated three small business loans totaling \$815,000 in a low-income tract and one small business loan totaling \$20,000 in a middle-income tract. In 2024, Industrial originated two small business loans totaling \$377,000 in a low-income tract, one loan totaling \$150,000 in a moderate-income tract, one loan totaling \$125,000 in a middle-income tract, and two loans totaling \$200,000 in a tract with unknown income. Given the limited loan volume, examiners could not draw meaningful conclusions on Industrial's penetration of small business loans by tract income level.

Borrower Profile

Examiners could not draw meaningful borrower profile conclusions due to the bank's low volume of loans in this assessment area throughout the evaluation period.

Home Mortgage Loans

In 2022, the bank did not originate any home mortgage loans in this assessment area. In 2023, the bank originated two home mortgage loans totaling \$2.5 million where the bank was not required to collect and report the borrower's income. In 2024, the bank originated four home mortgage loans

totaling \$6.0 million. Of these, two loans totaling \$730,000 were to low-income borrowers and two loans totaling \$5.3 million were loans that the bank was not required to collect and report the borrower's income. Given the limited loan volume, examiners could not draw meaningful conclusions on Industrial's penetration of loans by borrower income level.

Small Business Loans

In 2022, all three of Industrial's small business loan originations totaling \$1.3 million were to businesses with GARs of \$1.0 million or less. In 2023, two of the bank's small business loans totaling \$360,000 were to businesses with GARs of \$1.0 million or less, and two loans totaling \$475,000 were to businesses with GARs greater than \$1.0 million. In 2024, two of six of the bank's small business loans totaling \$255,000 were to businesses with GARs of \$1.0 million or less, and four loans totaling \$597,000 were to businesses with GARs greater than \$1.0 million. Given the limited loan volume, examiners could not draw meaningful conclusions on Industrial's penetration of loans by GAR level.

Community Development Loans

Industrial made a low level of community development loans in this assessment area. The bank originated or purchased three qualified community development loans totaling \$7.2 million during the evaluation period. Two of the three loans totaling \$5.3 million supported affordable housing in Essex County, and one loan totaling \$1.9 million supported community services in New York County. At the prior evaluation, the bank originated four community development loans totaling \$7.3 million in this assessment area.

Below are notable examples of Industrial's qualified community development loans that benefited this assessment area.

- In 2024, Industrial made a \$4.0 million loan to a real estate developer that focuses on urban renewal projects. The loan supported the construction of a mixed-used property in Newark, NJ, that includes 20 low-income residential units, a daycare center, and an after-school learning program. The property is in a low-income census tract and primarily supports affordable housing within the assessment area.
- In 2024, Industrial made a \$1.3 million loan to an organization that runs a facility that combines affordable living, shared spaces for light manufacturing, and below market rate commercial space to support small business and microbusiness owners. The facility operates a 66-unit mixed income housing complex with most of the units offering affordable rents. While the loan's primary purpose is affordable housing, the facility's business development services that support small businesses provide economic development support in this low-income census tract in Essex County, NJ.

INVESTMENT TEST

The Investment Test is rated "Low Satisfactory" in the Multistate MSA 35620 assessment area. The bank's adequate level of qualified community development investments and grants primarily

supports this conclusion. The following sections discuss the bank's performance under each Investment Test criterion.

Investment and Grant Activity

Industrial has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not provided by private investors. The bank's \$3.5 million in qualified investments included two new investments totaling \$3.5 million and seven qualified donations totaling \$9,000. Industrial's performance represents a significant increase from the prior evaluation, where the bank made zero qualified investments and one qualified donation totaling \$1,200 in this assessment area. By dollar volume, investments and donations primarily supported revitalization or stabilization initiatives for low- and moderate-income census tracts. In addition, investments and donations supported affordable housing, community services, and economic development in the assessment area.

Below are notable examples of Industrial's qualified investments that benefited this assessment area.

- In 2022, the bank made a \$1.7 million investment in a bond used to provide economic support and capital improvements in Irvington Township in Essex County, NJ. The investment supports revitalization and stabilization efforts in this low-income census tract.
- In 2023, the bank made a \$1,000 donation to a non-profit organization operating in Newark, NJ which provides affordable housing for low-income families. This donation supports affordable housing.
- In 2024, the bank made a \$1,000 donation to a non-profit organization located in a moderate-income tract in Brooklyn, NY. The organization has a defined mission of serving low- and moderate-income individuals with a goal of ending hunger and poverty. This donation supports community services.

Responsiveness to Credit and Community Development Needs

Industrial exhibits adequate responsiveness to credit and community development needs. The bank's qualified investments supported revitalization and stabilization efforts while the bank's donations supported affordable housing initiatives, community services for low- and moderate-income families, and economic development. These investments demonstrate the bank's responsiveness to identified community development needs, particularly revitalization and stabilization initiatives for low- and moderate-income geographies.

Community Development Initiatives

Industrial rarely uses innovative and/or complex investments to support community development initiatives. While the bank's qualified investments were responsive to community development needs, they were not particularly innovative or complex.

SERVICE TEST

The Service Test is rated “Low Satisfactory” in the Multistate MSA 35620 assessment area. The bank’s performance under each criterion supports this conclusion. The following sections discuss the bank’s performance under each Service Test criterion.

Accessibility of Delivery Systems

Industrial’s delivery systems are accessible to essentially all portions of Multistate MSA 35620. As shown in the following table, Industrial operates three full-service branches in this assessment area that are all in low-income census tracts. The bank also maintains five deposit-taking ATMs within its branches, one offsite non-deposit taking ATM in a low-income census tract, and five non-deposit taking ATMs at JFK Airport, which is in a census tract with no income designation.

Branch and ATM Distribution by Geography Income Level Multistate MSA 35620								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	116	22.3	519,270	20.3	3	100.0	6	54.5
Moderate	99	19.0	501,364	19.6	0	0.0	0	0.0
Middle	51	9.8	248,124	9.7	0	0.0	0	0.0
Upper	225	43.2	1,222,714	47.8	0	0.0	0	0.0
NA	30	5.7	66,507	2.6	0	0.0	5	45.5
Total	521	100.0	2,557,979	100.0	3	100.0	11	100.0

Source: 2020 ACS Data; Bank Data

Industrial also offers alternative delivery systems beyond its branch structure to enhance availability of retail banking services throughout Multistate MSA 35620. All alternative delivery systems detailed in the overall Accessibility of Delivery Systems section above are available in this assessment area. These alternative delivery channels enhance accessibility for all customers, including low- and moderate-income customers.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank opened one branch and one ATM in a low-income census tract in Essex County. This branch is located in Newark, NJ and is also contiguous to six additional low-income census tracts, making it accessible to residents living in these tracts.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. Industrial offers the same loan and deposit products and the same service hours throughout Multistate MSA 35620. Business hours

begin at 9:00 A.M. and conclude at 4:00 P.M. Monday through Friday, and all three branches offer Saturday lobby hours from 9:00 A.M. to 1:00 P.M. One branch, the Parkview branch, offers a drive thru with the same hours, 9:00 A.M. to 4:00 P.M. Monday through Friday, and Saturday from 9:00 A.M. to 1:00 P.M. The two other branches do not offer a drive-thru due to physical limitations that cannot accommodate a drive-thru.

Community Development Services

Industrial provides a limited level of community development services in the Multistate MSA 35620 assessment area. The bank provided six instances of community development services to four different organizations during the evaluation period. The bank's performance improved since the previous evaluation, at which time the bank provided one instance of community development services. Employees provided five instances of service supporting community service needs and one instance of service supporting affordable housing initiatives for low- and moderate-income individuals.

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

- During the evaluation period, the bank provided three instances of financial education to an organization focused on helping disadvantaged children and families break the cycle of poverty.
- One bank employee provided financial literacy education to an organization that helps at-risk and underserved young women in the Newark, NJ area.
- In 2024, a bank employee volunteered to provide financial literacy education to an organization in New York County dedicated to helping low-income and disadvantaged residents and improving the Central Harlem neighborhood.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Industrial Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas: <ul style="list-style-type: none"> • Multistate MSA 47900 • Multistate MSA 35620 	
Time Period Reviewed:	4/27/2022 – 7/14/2025
Products Reviewed: Home Mortgage Loans: 1/1/2022 – 12/31/2024 Small Business Loans: 1/1/2022 – 12/31/2024 Community Development Activities: 4/27/2022 – 7/14/2025	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Multistate MSA 47900	High Satisfactory	Outstanding	Outstanding	Outstanding
Multistate MSA 35620	Needs to Improve	Low Satisfactory	Low Satisfactory	Needs to Improve

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 financial 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 (for example, geographic distribution, borrower profile, 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 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 (for example, 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.