Walden Mutual Bank

ANNUAL REPORT: A LOOK BACK AT OUR 2024

PUBLISHED ON 5.22.25

2024: A Year in Review

HIGHLIGHTS

A GROWING COMMUNITY

Each stakeholder group in the community we're building grew in 2025 – from our team (15 last year to 22 now) to our individual depositors (from 1,600 last year to more than 2,200 now) to our community of organizations (from 264 last year to more than 450 now).

$85.6M

LOANS

- Closed 83 new loans, and now have more than $85M in net loans
- 61% of our loans have gone to women-owned/operated businesses
- 22% have gone to small farms
- 47% of the time, we're the only loan offer on the table from a bank – part of our vision for serving people and businesses that have historically been underserved.

$123M

TOTAL ASSETS

Our assets grew by more than 50% year-over-year, to an end-of-year total of more than $123M.

$31K

BRIDGE BUILDING

We were successful in using our account benefits to invest money back into our local food ecosystem. Our Summer Farm Dividend provided more than $31,000 in cash to local co-ops, farm stands, and other farms and food businesses. Through our Partner Perks program, we've provided nearly $9,000 in cashback to our partners for purchases they've made at our partner businesses.

6x

INTEREST

Paid more than 6x the national savings rate average in 2024. As a mutual, we're working to maximize value for our community of partner-owners - including through interest and savings on fees.

1st

OUR FIRST PROFITABLE MONTH

As our books closed on the month of November, we crossed an important milestone – our first profitable month. Next up? A profitable year, which we plan to achieve in 2025.

CEO Reflections

Optical Distortion, Inc., was an aptly-named company formed in North Carolina in 1975, which later became a Harvard Business School case study. The case describes the inhumane practice of debeaking laying hens, by which baby chickens' beaks are burned off to prevent infighting associated with the formation of a pecking order. Optical Distortion offered an alternative: By placing contact lenses that replicated the effects of glaucoma in the chicks' eyes, farmers could eliminate debeaking entirely. Insert contacts, and voila: They no longer pecked each other. Data showed reduced stress, enhancing the farmer's ability to grow chickens faster with less feed. The resulting projected profits to the farmer were considerable - almost too good to be true in a low margin industry. The case has most MBA students salivating over the potential; the economics were so compelling it seemed the product would sell itself.

And yet the company failed… largely because they could not get around most farmers' unwillingness to consider an idea as ridiculous as placing contact lenses in a baby chicken's eyes. Neither the product nor the context was new or innovative - contact lenses were depicted by Leonardo da Vinci in 1508 and had been widely used for over 100 years by the time Optical Distortion came along. And, Darwin surmised that chickens were domesticated some 7,000 years ago. But the new use case combining the two (and distorting rather than improving eyesight) was innovative - so much so that it was considered outlandish. Using an old tool in a new way is a delightful way to create value for society, and a long-proven model for (re) inventing the future.

My friend Curt tells me we are operating in humanity's "second oldest profession." There is nothing new about our foundational business model. And there is nothing new about food, farming, and other natural resource-based businesses. Our impact assessment encourages our partners to utilize a stakeholder-oriented model that far predates the more recent shareholder value-driven variety. But there is something quite new about this *combination*: using the form of a startup bank (which itself is rare) with mutual ownership to achieve defined impacts within our food, agriculture and natural resource ecosystem.

Herein lies our challenge: How to convince a farmer to put contact lenses on their chickens?

The answer is not to build a contact lens company that happens to sell a variety for chickens, or to try to get a company that sells debeaking supplies to sell contact lenses. The task is to help farmers build an entirely new mental model around what they are trying to accomplish. In our case, we are not "just a bank", we are certainly not a normal startup, and neither are we a non-profit[1].

Despite our desire to move opportunistically at a startup pace, in many places we have the heavy process and policies, structure, and hierarchical organizational chart of a much more well-established company - often without the resources to fully support this infrastructure. Despite having a very deliberate impact model akin to a non-profit organization, we are still dependent upon making a profit. Profit proves the viability of our model and unlocks access to the capital required to fuel continued growth (and the associated impact) and ultimately gives us a right to exist. Despite having essentially the same business model as your local community bank (we take deposits and make loans), we have a very different focus. We are driven by our commitment to our mission, as represented by our brand; we are a digital bank; we are focused on a very specific lending target; and we are governed by a different mutual capital structure with a much wider group of stakeholders (investors, corporators, founding depositors). No other bank in the country has this particular combination.

So, we are still doing the hard work of building a new mental model for what we do…first with our team, then with all of you, and then with the broader ecosystem to which we aim to contribute.

2024 included many highlights you'll see noted in this year's report, but there are a few that I wanted to direct special attention to.

Our Seedlings program is just getting off the ground, but it is another demonstration of the role a bank can play as an agent for change. The basics of credit are collateral, cash flow, and character. The first two are relatively straightforward - does the business have adequate profit to pay off the loan (cash flow), and if that were to change at

1 Not to be confused with a lack of profit

some point in the future, are there adequate assets behind the loan to pay off the debt (collateral)? Character, however, is a softer and more nuanced equation. The bank is mostly concerned with how the operator will act when things are not going quite as planned. Since banks originate a very high volume of deals each year (increasingly so in an era of banking consolidation[2]), a personal relationship is not always possible the way it once was. So, banks tend to rely on "shorthands" for character - which usually means a FICO score. While the relationship-based local bank lending model of the post-war years had its own discriminatory problems[3], reducing someone's character to a number also seems obviously problematic. Many studies have found FICO scores reinforce generational racial wealth gaps, and suffer from serious inaccuracies, particularly among disadvantaged populations (especially those that simply lack credit history)[4]. The implication is that many creditworthy would-be borrowers among small farms and businesses are left behind.

In late 2024 as part of a first pilot, we invited six food- and-farm-based businesses, all with less than $100,000 in revenue, to join our loan-readiness Seedlings program, co-developed in partnership with the Hannah Grimes Center for Entrepreneurship in Keene, NH. The program relies on a peer cohort set-up in which participants develop and critique each other's growth projections and cash flow forecasts - exactly the type of scrutiny their businesses would get in front of our own loan committee. At scheduled intervals, participants review each other's readiness to receive a loan, data which the bank will collect and analyze. As we prove and iterate on the lending model, these loans will, at first, rely on outside investor guarantees. However, our hypothesis is that a well-designed peer review process will yield more informative data to support the underwriting of a loan than a FICO score might. And because it relies largely on peers instead of bank resources, we believe it to be a model that we can replicate and scale with the help of many area non-profits with similar missions to support small farms and business development. If you are interested in supporting this program by pledging a CD as a guarantor, please do reach out.

I continue to be inspired each day by my colleagues, and we have added some amazing people in the past year (8 of our current 17 employees joined us in the last 12 months): Patrick Hostetter, Matt DiSciacca, Nairy Sajonian on lending; Greg Doolittle on compliance and audit; Mel Foden, Megan Pigsley, and Elisabeth Lamarche on partner experience; Heather Baldyga on portfolio management; Brett Hill and Pat Monahan on credit; and Avril Kenney on technology. All of these folks feel like they have been here for years, and they have jumped right into the task of building our new "mental model."

We also get to learn from some of the most impactful leaders of our era, who are doing important work - from Justin Strausbuger of Full Plates Full Potential (the driving force behind Maine's first-in-the-country School Meals for All program) to Dave Potter's 200-year-old, fifth generation Potter's Farm, to Shizu Okusa of Apothekary who is reinventing natural plant-based medicine for all. We've supported the re-emergence of small-town general stores, craft vinegar, direct-from-the-boat fish, local produce distribution, human breastmilk distribution for premature infants, urban food gardens, grain growers, mills and bakers, solar installations, agrovoltaics, local distilling and many others. These are exactly the types of things we set out to fund, many overlooked by traditional banks.

We remain deeply committed to building this place for the long-term, and continue to be grateful for your partnership in that endeavor.

Sincerely,

Charley

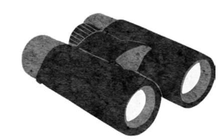
Charley Cummings
PRESIDENT & CEO

2
In 2024 the U.S. now has about half as many banks as we did just 20 years ago.

3
Leading to the passage of the Community Reinvestment Act (CRA), signed into law by President Carter in 1977. CRA was designed to counter decades of "redlining" discriminatory mortgage lending practices prevalent among banks at the time.

4
There are many, many examples here, but one published recently: Laura Blatter and Scott Nelson: *How Costly is Noise? Data and Disparities in Consumer Credit*, General Economics, May 2021. https://arxiv.org/abs/2105.07554

Our Ambitions



LOOKING BACK

Our priorities a year ago revolved around profitability, building out more impact measurement infrastructure, and growing our team while maintaining our culture. 12 months later, we've got a lot to be proud of.

1. TURNING THE CORNER ON PROFITABILITY

November 2024 was our first profitable month. While there's plenty of room to grow, that's an important proof point about the long-term viability of our model.

2. HARDENING OUR IMPACT MEASUREMENT INFRASTRUCTURE

In 2024, we deployed a sweeping overhaul of our Walden Impact Assessment tool, improving its adaptability, the quality of its content, and its efficiency. We also refined the criteria we use to evaluate loans, loan purchases, and investments to ensure that every deposit dollar we deploy aligns with the spirit of our mission.

3. ONGOING HIRING & CULTURE

2024 brought new faces and much progress on our culture-related goals. We continue to evolve our ways of working to embrace flexibility, ensuring that members of our team can contribute and feel a sense of belonging wherever they're working from. Once a quarter, our entire team convenes in Concord, NH for two days in-person – and once a month, our executive team spends a day together in-person collaborating. Both practices have been useful complements to our time apart working remotely. Our performance and development infrastructure has also matured, having added 360-degree reviews, self-evaluations, quarterly performance goals and associated financial incentives, performance ratings, and a series of new cultural norms (like "mirroring & testing", same day email replies, and "complete asks").

LOOKING AHEAD

Over the course of the rest of this calendar year, here are things we're focused on.

1. GALVANIZING OUR IMPACT STRATEGY

We're ramping up our commercial growth engine in 2025, increasing our focus on deploying our deposit dollars as capital to mission-aligned organizations. With relatively fewer deals as we found our early footing, most borrowers felt squarely aligned with our mission. As we scale, there are more potential loans that fall in the grey. We've begun to map how we'll approach those decisions – when loans fall outside of our region, for example, or in industries that are adjacent to our local food ecosystem – but those frameworks will be tested in 2025 in ways our business has not required before. We'll use this report to explain some of those frameworks in more detail, so you can help keep us accountable to our commitments.

2. FROM A PROFITABLE MONTH TO A PROFITABLE YEAR

It's our conviction that profitability and growth are key drivers of our impact. If our model isn't financially sustainable, that represents an existential threat to its impact – and the larger we responsibly grow, the more change we can affect in the communities we serve. 2025 is a key milestone on both fronts. We expect to grow our balance sheet by another 30%+ this calendar year, and turn a profit on an annual basis for the first time.

3. ONGOING HIRING & CULTURE

We have ambitious hiring plans in 2025, with particular concentration on our lending team – ensuring we have the right representatives out in the world, such that any mission-aligned organization in our region or beyond that's looking for financing understands our unique value. To that same end, we're also re-organizing several of our departments into a centralized "partner" group that we hope further accentuates our differentiation. We'll continue iterating on our remote work model, optimizing for productivity and a sense of belonging.

The path we are charting is a long one that takes patience and perseverance, but we could not think of better partners in the journey than you.

The Rest *of* the Story

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Our Business And Our Impact

KINGSTON, NEW YORK

Keap Candles

WHO THEY ARE

After an early career at YouTube, founder Harry Doull jumped ship to help start Keap Candles in response to a philosophical question: In an always-on world, how can we reconnect with ourselves and restore our balance with nature? To his mind, candles make for essential companions during small moments of rest and reflection - acts of quiet resistance in the face of an extractive system. Each component of every candle poured is thoughtfully designed with that mission in mind; from the beeswax used to adhere the wick to the glass (easier to remove at the end of the candle's life) to their compostable packaging.

LOAN OVERVIEW

Line of credit to help fund seasonal purchases of materials and other operating expenses.

IN HARRY'S WORDS

"We had other banking relationships, and I would say they felt a little bit like dealing with Verizon or some other big conglomerate monopoly. Our point of contact kept changing, and none of them were that knowledgeable about our business or about the services that would really make sense for us...[At Walden] Charley knows my business inside out and is able to be a truly integrated advisor for our whole business. When we speak, we're not just running through the list of loan products on offer."

Our Theory of Change

INTRODUCTION

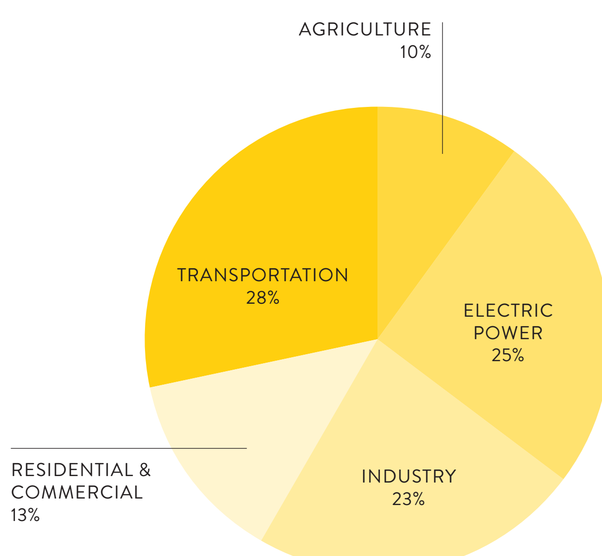
What is a "Theory of Change"? It's more than a mission statement or a "why we're here"; it's a profound and comprehensive statement of what we want to change in the world, and how we intend to do it.

It's our conviction that by using the tools and model of a bank, we can help build more resilient, sustainable, and economically viable local food ecosystems – a key part of creating a more sustainable future.

What follows is an attempt to build a fuller articulation of that conviction **from the ground up** - addressing questions of focus (why food?), form (why a bank?), and function (how?) along the way - and clarifying what our unique contributions are to the ecosystems we serve.

BACKGROUND

Before Walden Mutual was a bank, it was an unformed desire to participate in the creation of a more sustainable future. Businesses drive huge impacts (both of the beneficial and destructive natures) on our environment, with industries that deal in natural resources leading the way (at least in terms of greenhouse gas emissions):



Total greenhouse gas (GhG) emissions by sector, from EPA.gov; as of 2022

While other industries like transportation, electric power, and "industry" lead GhG emissions, the overwhelming majority of those industries' footprints trace back to fossil fuel use (ex. ~60% of electric power is generated by the burning of fossil fuels). Agriculture is distinct amongst those sectors. While fossil fuels are inputs to many agricultural processes (ex. they're the basis of chemical fertilizers; oil and gas fuels equipment that's involved in production, processing, and transport; etc.), large scale conventional agriculture (including concentrated animal feeding operations) directly generates a large amount of GhG (specifically methane) as a byproduct. On the other hand, agriculture also holds tremendous potential for ecological benefit through carbon sequestration. Careful land management can ultimately reduce net GhG emissions.

Agriculture (and food production generally) is also distinct from transportation and other carbon emission-intensive industries in its cultural primacy. Food is a connective tissue that runs across cultures, communities, and families – to the point that food can often play a role in individual conceptions of identity[1]. If you were starting a company to help shape a more sustainable future, what could be more impactful than affecting change in our food ecosystem?

1
https://citeseerx.ist.psu.edu/

OUR MISSION

We enable anyone to make positive and lasting change in our local food ecosystem.

STRUCTURE

Importantly, our mission comes first – and any discussion of our form follows. **We considered a range of structures**, each providing different potential benefits and drawbacks in achieving our mission, before choosing our form as a bank.

MISSION-DRIVEN FOOD BRAND OR PRODUCER

Food operators can directly intervene to affect change, but their scope of impact is limited to their own operations and category, and their markets are extremely competitive.

NON-PROFIT

Non-profits benefit from an ideological purity (no grappling with the drive for profit) and can work across the entire ecosystem, but reliance on non-recurring sources of capital (like fundraising and grants) can make scaling beyond a specific threshold difficult.

FUND

Investment funds benefit from a lot less regulatory scrutiny than we manage, but their cost of capital can also mitigate potential impact. Investors in a fund expect a specific return and have a particular appetite for scale, versus deposit interest rates at an FDIC-insured bank are generally lower and allow for natural scale.

BANK

Advantages

- ✓ ANYone can participate with $1 in a bank account.
- ✓ Lending provides opportunity to positively impact large number of organizations of many scopes and sizes in a meaningful way.
- ✓ Relatively small number of compelling options for consumers looking for banks that align with their values and offer table stakes level of customer experience...not to mention meet consumer desire to connect with mission-aligned businesses (developing a functional ecosystem along the way).
- ✓ FDIC-insured deposits provide differentiated advantage on cost of capital (relative to other non-bank food/ag lenders).
- ✓ Business model lends itself to scaling – with larger lending portfolios yielding more impact, and the opportunity to deploy a multiple of the capital available in other forms.
- ✓ Mutual structure specifically enables 1) long-term incentives for investors as counterweight to pressure to generate short-term returns, and 2) democratic, cooperative participation by wider range of stakeholders.

Limitations

- ✕ Depositor money means limitations in lending to the "neediest" cases – our risk profile is very different than that of a non-profit.
- ✕ Intense regulatory obligations.
- ✕ Banking industry is predicated on minimizing risk; assumes mis-behavior and profit-over-everything intent (such that banks with a mission orientation have to deal with regulations and consumer expectations shaped by a track record of abuse).

OUR TOOLS

Our form as a state-chartered FDIC-insured bank is a key part of our design. We view our three primary tools as:

→ Capital and financial services, critical because of their capacity to drive change at the systemic level.

→ Our mutual (or cooperative) governance model, which holds us accountable to our long-term commitments – and provides credibility to our claims.

→ Our role as a connective bridge between the ecosystem's many participants...to develop a more vibrant, resilient and sustainable food system.

IMPACT THROUGH LENDING

While we take seriously our opportunities to positively impact communities through our own internal operations (including our hiring and internal culture) and our base of individual depositors, our largest opportunity to realize our mission comes through our lending – deploying our capital to businesses and organizations in and around the local food ecosystem.

We have three discrete objectives within lending which shape our impact:

QUALIFYING BORROWERS

We screen the businesses and organizations who borrow from us to ensure that they each meet a minimum threshold of mission-alignment.

TRACKING PROGRESS OVER TIME

We use our Walden Impact Assessment (WIA) to benchmark each borrowers' placement in their social and environmental impact journey at the time of loan closing – and then we track progress over time by readministering the WIA periodically. The WIA also often starts conversations about opportunities for improvement, as borrowers become aware of new ideas and best practices.

SHARING BEST PRACTICES

We view our marketing platform as a pedestal on which we place borrowers whose success and excellence deserves sharing. Whether through storytelling (on our blog or social media for example) or events (where borrowers share best practices with each other), we aspire to elevate leading examples of social and environmental responsibility.

Theory *of* Change

Our conviction is that by using the tools and model of a bank (which, importantly, allows anyone to participate), we can help build more resilient, sustainable, and economically viable local food ecosystems – a key part of creating a more sustainable future.

Note our use of the word "ecosystem." Food systems do not operate in isolation. They require the support of service providers, equipment manufacturers, non-profits and many other community-focused, impact-driven organizations. For that reason, we intentionally draw a wide circle around the types of organizations that are aligned with our mission, inclusive of both industry and geography. While our focus remains on New England and New York, food ecosystems within our region undoubtedly benefit from thriving food ecosystems elsewhere through the general reshaping of market expectations (towards more local, sustainable options) and the sharing of best practices and learnings.

Our theory of change is also concerned with "additionality." Put simply - what would the world look like if we were not here? If the answer is "about the same," how much change can we claim to be driving?

OUR UNIQUE CONTRIBUTIONS ARE:

We lend to people and places where others don't or won't, and we lower the cost of capital for our community's most impactful organizations.

By being focused on a few verticals, we are developing expertise that will allow us to make differentiated underwriting decisions. That enables us to lend to impactful businesses that may otherwise not have access to credit (hence our publicly published metric of number of loans where we were the only offer on the table). By focusing on our natural resource ecosystem – food, energy, and other related industries – we maximize our impact on sustainability. Intensive users of natural resources are the places where behavioral change is most impactful. Even where there are competitive offers, by offering them credit, we lower their overall cost of capital and further their growth.

We are expanding the pool of stakeholder-oriented businesses.

Our Impact Assessment is new territory for many businesses – especially small ones. Often, they have not considered many of the topics: Do they pay living wages? Are they using energy efficient infrastructure? Do they have a non-financial mission at the heart of their organization? Our Impact Assessment allows us the opportunity to measure the progress of these businesses against a constant and standardized set of environmental and social metrics, driving consistency and accountability. Driving awareness - which we are in a unique position to do - opens conversations with organizations about the next step in their social and environmental journey.

We measure (and will ultimately seek to incentivize) social and environmental progress.

Over time, we expect to see the composite impact score of our borrowing portfolio improve. Even if we were not the driver of those improvements, this can still be very impactful (for all the reasons above). Over the longer term, we will offer best practices and toolkits that equip our borrowers to make forward progress. We currently offer financial support for those interested in B Corp and other third-party certifications. As our balance sheet grows, we have the opportunity to offer differentiated loan rates or discounted fees based on documented improvements.

GEORGETOWN, MARYLAND

Dolcezza Gelato

WHO THEY ARE

Robb Duncan studied engineering at Georgia Tech before starting a career in software development that included stops in San Francisco, Sao Paulo, Portland, and Buenos Aires. While in Argentina, he found two passions – his future wife, Violeta Edelman; and gelato. They eventually relocated to Washington D.C. and founded Dolcezza. Dolcezza is distinguished by its emphasis on partnerships with particular farms that live up to high standards of quality. They have six retail locations, can be found in over 100 restaurants, as well as on the shelves of over 2,500 grocery stores (including Whole Foods) – and also ship directly to consumers from their factory.

LOAN OVERVIEW

Line of credit intended to provide cash flow relief during normal seasonal cycles (e.g. it's harder to sell ice cream in the winter!).

IN ROBB'S WORDS

"Our past experience with banks was the typical corporate & institutional experience, where there is no 'real' relationship. Even when they say they value community and relationships...their actions spoke very differently than their words. After our first meeting with Charley, we knew Walden was very different; we'd finally found a bank who values the local community of farmers and makers. Sharing values with your banker? That's something I never thought possible."

Our Team

Back row (L-R)

Tyler Puckett – *Product Manager*
Megan Pigsley – *Partner Experience Officer*
Greg Doolittle – *Vice President – Audit, BSA, & Compliance Officer*
Patrick Monahan – *Senior Credit Analyst*
Nick Sohn – *Chief Technology Officer*
Joe York – *Senior Vice President – Partners & Impact*
Sarah Day – *Commercial Lender*
Victor Ranfos – *Accounting & Operations Specialist*

Front row (L-R)

Charley Cummings – *Chief Executive Officer*
Cara Kores – *Senior Loan Administrator*
Mel Foden – *Partner Onboarding Manager*
Leslie Fincke – *Business Development Officer*
Patrick Hostetter – *Agriculture Lender*
Tiffany Galvin – *Operations Specialist*
Christine Bascetta – *Chief Commercial Officer*
Brett Hill – *Senior Vice President – Credit & Risk*
Avril Kenney – *Integration Engineer*
Debbie Morin – *Chief Financial Officer*

Not pictured: Matt DiSciacca - *Agriculture Loan Officer*, Heather Baldyga - *Portfolio Manager*, Elisabeth Lamarche - *Partner Experience Associate*, Nairy Sojonian - *Senior Commercial Lender*

Our Board of Directors

The Impact Committee of our Board of Directors is composed of leaders from the intersection of banking, food, sustainability, and community development – and oversees our social and environmental performance, holding us accountable to our commitments.

Vince Siciliano
Board Chair

Charley Cummings*

Bob Burke*

Mike Claflin

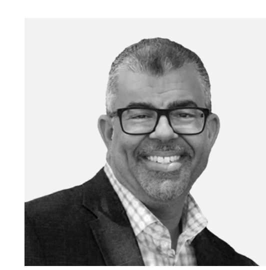
Radhika Dholakia-Lipton

Susan LeDuc*

Alexandra Lunt*

Dulcie Madden Lipoma

Matthew Meisel



Anthony Poore*

Stephen Taylor

Sherry Young*

** Members of the Impact Committee of our Board of Directors*

FINICKY.FARM

NORTHFIELD, MASSACHUSETTS

Finicky Farm

WHO THEY ARE

Husband and wife team Jesse and Desiree Robertson-Dubois both attended Hampshire College before beginning extensive careers in farming and agriculture - experiences that planted seeds for a future vision of a different kind of operation. Finicky Farms is a part of the growing and innovative *agrovoltaic* industry - where agriculture is combined with solar energy production. They graze sheep and goats, managing pasture and producing meat along the way, while solar arrays provide shade and generate clean energy.

LOAN OVERVIEW

Mortgage to purchase property they'd previously rented - to accelerate growth and increase their profitability.

IN JESSE'S WORDS

"Working with Walden has been great, because for our family, coming into the opportunity to buy a place of our own finally in mid-life, having mostly farmed for a lot of our lives, we didn't have a lot of capital to run out there and buy a farm. Having a big part of our business be related to solar grazing, normal financing through the Farm Services Agency wasn't available to us in the same way it would've otherwise been...and Walden was willing to be flexible and see the value in this kind of unique business model."

02

Our Results from the Past Year

Financial Results

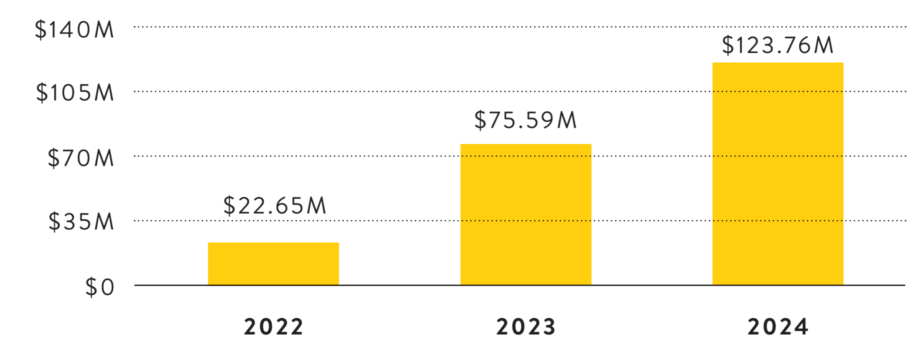
BALANCE SHEET (IN THOUSANDS)

			Pre-Opening 2022	2023	2024
Assets					
	Cash	$	568	307	651
	Investments		16,079	39,912	35,752
	Net Loans		4,675	33,802	85,644
	Other		1,332	1,576	1,719
	Total Assets	**$**	**22,655**	**75,597**	**123,766**
Liabilities and Equity					
	Deposits	$	445	55,515	107,030
	Other Liabilities		721	868	878
	Equity		24,375	24,375	24,240
	Retained Earnings		(2,886)	(5,161)	(8,382)
	Total Liabilities & Equity	**$**	**22,655**	**75,597**	**123,766**

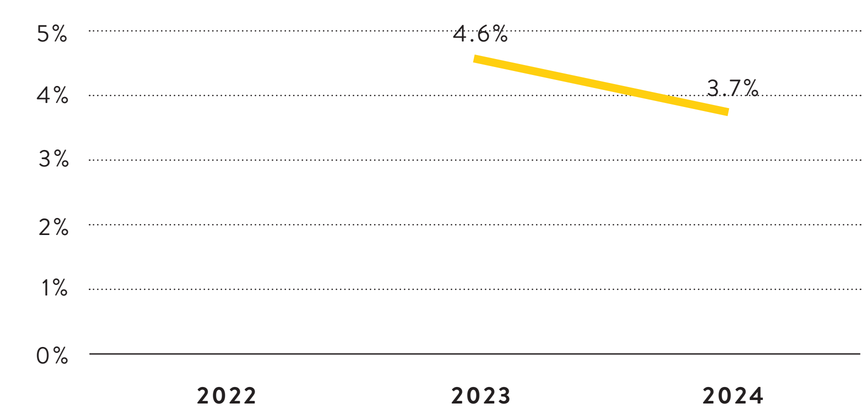
INCOME STATEMENT (IN THOUSANDS)

			Pre-Opening 2022	2023	2024
Interest Income/Expense					
	Interest Income	$	284	3,008	6,617
	Interest Expense		1	786	2,734
Provision for Loan Losses			51	413	2,663
Other Income			0	50	75
Other Expense					
	Salaries & Benefits	$	1,335	1,851	2,162
	Occupancy & Equipment		161	361	568
	Marketing & Professional		195	767	796
	Systems & Processing		97	698	662
	Other		105	457	463
	Total Expense	$	1,893	4,134	4,651
Net Income (Loss)		**$**	**(1,661)**	**(2,275)**	**(3,356)**

Total Assets



Net Interest Margin



COMMENTARY

Net interest margin is the difference between the yield generated by our assets (loans and investments) and the yield we pay on our deposits. It's influenced significantly by the macroeconomic environment. In general, deposit yields adjust faster than loan yields – meaning that when rates go down, net interest margin looks better (relatively higher loan yields with cheaper deposits) than it does when rates go up (relatively lower loan yields with more expensive deposits). That's part of the story with our net interest margin in 2023 and 2024 – where rates were at historic lows at our opening, and gradually increased over the course of 2024.

Our Impact Metrics

PARTNER-BORROWERS

Metric	FY2022	FY2023	FY2024
Number of Loans in Portfolio Allocated to:			
Small Farms	41%	27%	22%
Low/Moderate Income Areas	13%	16%	21%
Loans Where We're the Only Offer	33%	14%	47%
Acres of Farmland Funded	2,826	7,459	141.5
Walden Impact Assessment Submissions	18	36	33
Walden Impact Assessment Change in Average Score	--	-1%	-5%
BIPOC	4%	14%	30%
LGBTQIA+	8%	17%	15%
Women	25%	61%	61%

COMMENTARY

This year saw our loan portfolio diversify in multiple ways. The portion of loans to BIPOC owners and operators more than doubled, for example – but we also sought out partner businesses of a wider range of shapes and sizes, as evidenced by the larger portion of deals where we were the only bank offer (47% this year vs. 14% last) and the relative drop in our borrowers' Impact Assessment scores. Also, while 2023 included several loans to large (1,000+ acre) agricultural operations (ex. Stone House Grain and Dharma Lea in New York, Regen Custom Beef and Beam Farms in North Carolina), 2024 included more loans to consumer-facing food brands, organizations in the sustainability industry, and infrastructure businesses elsewhere in the food supply chain – which drove the much smaller "acres of farmland funded" figure this year. You'll notice that our opening highlights section touted the 85 loans closed in 2024, which is greater than the 33 new submissions we received of our Impact Assessment. A range of factors drive that result: Only new relationships take the Impact Assessment, there's a one-to-many relationship between borrowers and loans, and some loan types (small business loans under $150K, loan purchases) aren't subject to the requirement to complete it. Also worth noting: As mentioned earlier, we deployed a new version of our Impact Assessment mid-year. As a result, we're resetting many of our internal benchmarks on borrower impact performance – as we collect new data.

INDIVIDUALS

Metric	FY2022	FY2023	FY2024
Summer Farm Dividend Redemption Rate	N/A	17.9%	18.5%
Special Deposit Dividend Rate	0%	0%	0%
Core Deposit Interest Paid Relative to Market	6.7x	6.3x	6.2x

OURSELVES

Scope	FY2022	FY2023	FY2024
B Impact Assessment Score Administered Tri-Annually	91.3	108.2	--
Total Emissions	209.3 MTs	121.0 MTs	149.2 MTs
Scope 1 – Sources Controlled or Owned by Us	5.8% of total	9.2% of total	6.9% of total
Scope 2 – Indirect Emissions from Purchased Energy	2.1%	2.8%	2.0%
Scope 3 – Indirect Emissions Affecting Value Chain	92.2%	88.0%	91.1%
Full time Equivalent (FTE) Employees *At Time of Publishing*	11	15	22
Scope 3 Emmissions/FTE	17.5 MTs	7.1 MTs	6.2 MTs

COMMENTARY

1. This metric helps to define our differentiated impact – what the region might look like without us, and our success in servicing organizations historically left behind by financial institutions.

2. Our carbon emissions footprint grew moderately, as our team continued to expand. We've migrated to a primarily remote/hybrid work model, reducing emissions tied to our purchased energy and employee commutes to the office. With that said, more people means more equipment and more total commutes. Our Scope 3 emissions are calculated based on our spend within our supply chain (primarily technology vendors), as well as emissions from employee travel and commuting. Financed emissions – or the emissions of the organizations we made loans to – are not included in the Scope 3 calculation.

03

End Notes

End Notes

[1] Here are more detailed descriptions of the metrics we are focused on, including why they are included and how we calculate the results:

Number of Loans in Portfolio Attributed to:
– People who are Black or Indigenous, and People of Color
– Members of the LGBTQIA+ community
– Women
Why: A measure of equity – ensuring that we meet communities facing structural or historical disadvantages where they are
How: % of closed loans allocated to businesses owned by people from specified communities (based on submitted survey data)

Number of Loan in Portfolio Attributed to:
– Small Farms
– Low Income Areas
Why: The Community Reinvestment Act stipulates that we specifically track this part of our portfolio as a measure of community impact
How:
% of closed loans allocated to small farms % of closed loans to organizations located in low-income areas

Loans Where We're the Only Offer
Why: Helps to define our differentiated impact – what the region might look like without us
How: % of closed loans where we were the only offer from a bank (based on submitted survey data)

Acres of Farmland Funded
Why: Ties our impact back to our area's bio-region
How: Sum of farm acreage associated with closed farm loans

Walden Impact Assessment Submissions
Why: Our Impact Assessment is the core of our strategy for advancing the conversation on social and environmental responsibility with our borrowers. The more organizations engage with it, the wider the reach of our impact.
How: A simple count of the number of submissions received from borrowers with a closed loan

Walden Impact Assessment Change in Average Score
Why: This provides a signal regarding changes in the type of organization we're lending to - and where they are in their social and environmental responsibility journey
How: The difference between the average Impact Assessment score for all borrower submissions in a given year. Keep in mind the changes to our Impact Assessment that were made in 2024, which reset many of our internal benchmarks for borrower impact measurement.

Summer Farm Dividend Redemption Rate
Why: Reinforces connection between individuals and local farms/food businesses (through provision of a $100 credit)
How: # of Dividend recipients/all individual partners

Special Deposit Dividend Rate
Why: Measures return of value to our community (specifically our Special Deposit investors). Will remain at 0% until we have our first profitable year
How: $ of profit returned to Special Deposit investors/ total Special Deposit balances

Interest Paid Relative to Market
Why: Another measure of return of value to our community of owners – one of our highest priorities as a mutual
How: Average retail Grow Local interest rate for that calendar year versus FDIC's average savings interest rate as of the first period reported in the following year (i.e. January 2023, January 2024, etc.) – expressed as a ratio

CARBON EMISSIONS

Scope 1 – Sources Controlled or Owned by Us

This is mostly composed of the emissions generated by operating our office in Concord, NH (excluding the purchase of utilities)

Scope 2 – Indirect Emissions from Purchased Energy

This covers all the emissions from our purchase of utilities for the operation of our office

Scope 3 – Indirect Emissions Affecting Value Chain

This includes:
- Construction improvements to our office, office equipment, one-time set-up fees associated with software purchases, and other capital goods
- Employee commutes
- The recurring fees we pay on the software we license, normal office supplies, and other purchased goods and services
- Business travel

“To live undestructively in an economy that is overwhelmingly destructive would require of any one of us, or of any small group of us, a great deal more work than we have yet been able to do.

How could we divorce ourselves completely and yet responsibly from the technologies and powers that are destroying our planet?

The answer is not yet thinkable, and it will not be thinkable for some time -- even though **there are now groups and families and persons everywhere in the country who have begun the labor of thinking it.**”

– Wendell Berry in “The Unsettling of America”

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