

# **PUBLIC DISCLOSURE**

January 24, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Adams Community Bank  
Certificate Number: 90140

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Adams, Massachusetts 01220

Division of Banks  
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Federal Deposit Insurance Corporation  
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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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**. An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Outstanding by the FDIC and the Division.**

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

**The Community Development Test is rated High Satisfactory by the Division and Satisfactory by the FDIC.** While both agencies agree on the bank's Community Development Test performance, Part 345 of the FDIC's Rules and Regulations does not provide a High Satisfactory rating for this performance test.

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

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division), assesses the CRA performance of Adams Community Bank (ACB) from the prior evaluation dated October 1, 2018, through the current evaluation dated January 24, 2022. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Institution Examination Procedures, consisting of the Small Bank Lending Test and the Community Development Test, to evaluate the bank's CRA performance.

The Lending Test considered the following criteria:

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-Related Complaints

The Community Development Test considered the following criteria:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

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

### **Loan Products Reviewed**

As part of the Lending Test, examiners selected home mortgage and small business loans for review based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Examiners did not consider small farm loans or consumer loans due to the nominal percentage of small farm and consumer loans in the bank's loan portfolio. The volume of home mortgage loans originated since the prior evaluation substantially exceeded the volume of small business loans. Therefore, examiners assigned greater weight to home mortgage lending performance when determining overall conclusions.

Examiners analyzed home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) as part of the Lending Test. The bank reported 560 loans totaling \$102.6 million in 2018, 526 loans totaling \$101.4 million in 2019, and 711 loans totaling \$169.7 million in 2020. Examiners compared the bank's lending activity to aggregate lending data for each year and demographic data from the 2015 American Community Survey (ACS). Because lending performance was similar from year to year, this

evaluation only presents the bank's 2020 lending performance, the most recent year for which aggregate data is available, under the Geographic Distribution and Borrower Profile criteria. Although this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals or businesses served.

Due to its asset size, the bank is not required to collect or report small business loan data, nor did it choose to do so. Accordingly, examiners selected a sample of small business loans for analysis. In 2019, the bank originated 66 small business loans totaling approximately \$7.9 million. Of those loans, examiners selected a sample of 34 loans totaling \$5.5 million for analysis. In 2020, the bank originated 387 small business loans totaling approximately \$27.5 million, of which examiners selected a sample of 46 loans totaling \$4.7 million. The increase in small business lending activity from 2019 to 2020 was a result of the bank's origination of 322 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling \$19.2 million. Examiners compared the bank's small business lending activity to D&B data.

As part of the Community Development Test, examiners considered the number and dollar amount of qualified community development loans and investments, and the number of community development services from the prior evaluation dated October 1, 2018, through the current evaluation dated January 24, 2022.

## DESCRIPTION OF INSTITUTION

### **Background**

ACB is a state-chartered savings bank. The bank is headquartered in Adams, Massachusetts, and serves all of Berkshire County. ACB received a Satisfactory rating at the previous CRA Performance Evaluation dated October 1, 2018, which was conducted jointly by the Division and FDIC using Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

ACB operates eight branches. The main office is located in Adams, Massachusetts, and seven other branches are located in Adams, Cheshire, Lanesboro, Lee, Lenox, North Adams, and Williamstown, Massachusetts. The bank has not opened or closed any branches since the previous examination and has not engaged in any merger or acquisition activity. Each branch has a non-deposit taking automated teller machine (ATM), and there is a stand-alone non-deposit taking ATM in Williamstown.

ACB offers a variety of residential loans and consumer loans including home mortgage loans, home equity loans, first time homebuyer's loans, Veterans Affairs (VA) loans, United States Department of Agriculture (USDA) loans, and personal loans. Business loans include commercial real estate loans, commercial lines and letters of credit, SBA loans, and equipment loans. The institution also provides a variety of deposit products that include consumer checking and savings accounts, commercial checking and savings accounts, money market deposit accounts, certificates of deposit, and individual retirement accounts. Additionally, the bank offers various alternative systems for delivering banking services such as telephone banking, online banking, and mobile banking.

### **Ability and Capacity**

As of September 30 2021, assets totaled approximately \$861.1 million. Loans totaled \$631.8 million, representing 73.4 percent of total assets. Deposits totaled \$764.7 million. Since the previous CRA performance evaluation, the bank's assets increased by approximately 56.9 percent from \$548.7 million to \$861.1 million. The bank is primarily a residential lender, as residential real estate makes up 88.5 percent of the loan portfolio. 7.9 percent of the portfolio is commercial loans, which is a similar composition to the prior evaluation. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	14,790	2.3
Secured by Farmland	35	0.0
Secured by 1-4 Family Residential Properties	547,836	86.7
Secured by Multifamily (5 or more) Residential Properties	11,446	1.8
Secured by Nonfarm Nonresidential Properties	33,252	5.3
<b>Total Real Estate Loans</b>	<b>607,359</b>	<b>96.1</b>
Commercial and Industrial Loans	16,507	2.6
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	7,409	1.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	509	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>631,784</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires that each financial institution define one or more assessment areas in which examiners evaluate the institution’s CRA performance. ACB designated a single assessment area in the Pittsfield, MA Metropolitan Statistical Area (MSA) (38340). The assessment area consists of the entirety of Berkshire County, Massachusetts. The bank has not changed the assessment area since the previous examination.

### **Economic and Demographic Data**

ACB’s assessment area includes 39 census tracts with the following income designations:

- 3 low-income tracts
- 4 moderate-income tracts
- 20 middle-income tracts
- 12 upper-income tracts

The low-income census tracts are located in Pittsfield. The moderate-income tracts are located in North Adams (3) and Pittsfield (1).

The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	39	7.7	10.3	51.3	30.8	0.0
Population by Geography	129,288	8.4	11.4	50.5	29.7	0.0
Housing Units by Geography	68,385	9.0	10.7	50.5	29.8	0.0
Owner-Occupied Units by Geography	37,899	3.1	10.2	55.5	31.2	0.0
Occupied Rental Units by Geography	17,341	23.9	15.9	40.3	19.9	0.0
Vacant Units by Geography	13,145	6.1	5.5	49.8	38.6	0.0
Businesses by Geography	10,651	13.7	6.8	41.9	37.6	0.0
Farms by Geography	380	1.8	4.5	48.9	44.7	0.0
Family Distribution by Income Level	33,021	21.3	17.6	20.5	40.6	0.0
Household Distribution by Income Level	55,240	25.2	15.3	17.3	42.2	0.0
Median Family Income MSA - 38340 Pittsfield, MA MSA		\$66,604	Median Housing Value			\$227,590
			Median Gross Rent			\$771
			Families Below Poverty Level			9.7%

*Source: 2015 ACS and 2020 D&B Data*

*Due to rounding, totals may not equal 100.0%*

*(\*) The NA category consists of geographies that have not been assigned an income classification.*

Examiners used the 2019 and 2020 FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The median family income in the Pittsfield, MA MSA increased from \$81,700 in 2019 to \$88,800 in 2020. The following table presents the low-, moderate-, middle-, and upper-income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Pittsfield, MA MSA Median Family Income (38340)</b>				
2019 (\$81,700)	<\$40,850	\$40,850 to <\$65,360	\$65,360 to <\$98,040	≥\$98,040
2020 (\$88,800)	<\$44,400	\$44,400 to <\$71,040	\$71,040 to <\$106,560	≥\$106,560
<i>Source: FFIEC</i>				

According to 2020 D&B data, there were 10,651 non-farm businesses in the assessment area. Gross annual revenues (GARs) for these businesses are listed below.

- 83.5 percent have \$1 million or less.
- 5.4 percent have more than \$1 million.
- 11.1 percent have unknown revenues.

The analysis of commercial loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at or 40.5 percent; followed by non-classifiable businesses (16.2 percent); retail trade (14.9 percent); finance, insurance, and real estate (8.4 percent); and construction (8.3 percent). The majority of non-farm businesses in the assessment area are small businesses, and 63.9 percent of businesses operate with four or less employees. In addition, 82.4 percent of businesses have GARs of less than \$0.5 million, and 91.0 percent of businesses operate from a single location.

**Competition**

The assessment area represents a competitive market for financial services. According to FDIC Deposit Market Share data, 10 financial institutions operated 53 full-service branches within the bank’s assessment area. Of these institutions, ACB ranked second with 11.1 percent deposit market share.

The assessment area is competitive for home mortgage loans among banks, credit unions, and non-depository lenders. In 2019, 192 lenders reported 3,396 originated or purchased residential mortgage loans. ACB ranked second in this group with 14.5 percent market share by number. In 2020, 234 lenders reported 4,749 originated or purchased residential mortgage loans. ACB ranked second in this group with 14.1 percent market share.

ACB is not required to collect or report its small business loan data; therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to help assess credit and community development needs. The information obtained helps to determine whether local financial institutions are responsive to these needs and shows what credit and community development opportunities, if any, are available.

Examiners contacted a local organization that focuses on economic development and revitalization of low- and moderate-income areas. The contact emphasized the need for development in low- and moderate-income areas. In addition, the contact explained the importance of local institutions collaborating with area non-profits to build trust in the banking system among low- and moderate-income individuals. The contact further noted that financial institutions in the area have been responsive in supplying donations to benefit economic development.

## **Credit and Community Development Needs and Opportunities**

Examiners identified the primary credit and community development needs of the assessment area based on demographic and economic information, discussions with management, and information obtained from the community contact. Examiners determined the primary credit needs of the community to be affordable housing and economic development. Community development needs include financial assistance for housing/rental expenses, fuel assistance programs, costs related to medical treatment and supplies, and food assistance for low- and moderate-income individuals and families. The COVID-19 pandemic heightened these needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

ACB demonstrated outstanding performance under the Lending Test. Excellent performance under the Geographic Distribution and Borrower Profile criteria, a more than reasonable LTD ratio, and the origination of a substantial majority of loans within the bank's assessment area support this conclusion.

### Loan-to-Deposit Ratio

The bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 97.6 percent over the past 12 calendar quarters from December 31, 2018 to September 30, 2021. The net LTD ranged from a high of 105.9 percent as of December 31, 2018 to a low of 82.0 percent as of September 30, 2021. As shown in the table below, examiners compared the average net LTD ratio to those of similarly situated institutions based on asset size, product lines, and market area.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name</b>	<b>Total Assets as of 9/30/2021 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Adams Community Bank</b>	<b>861,094</b>	<b>97.6</b>
Greenfield Co-operative Bank	808,523	73.2
Lee Bank	514,282	90.2

*Source: Consolidated Reports of Condition and Income*

In 2020 and 2021, an influx of deposits during the COVID-19 pandemic led to a downward trend in the bank's net LTD ratio. As of March 31, 2021, the net LTD ratio was still 102.7 percent, but declined to the low of 82.0 percent by September 30, 2021. This trend is comparable to that experienced by similarly situated institutions; however, ACB's current and average net LTD ratio remains higher than those institutions.

### Assessment Area Concentration

The bank originated a substantial majority, by both number and dollar amount, of home mortgage and small business loans inside the assessment area. The following table illustrates the bank's home mortgage and small business lending activity inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	522	93.2	38	6.8	560	94,564	92.2	8,017	7.8	102,581
2019	492	93.5	34	6.5	526	94,686	93.4	6,733	6.6	101,419
2020	671	94.4	40	5.6	711	155,041	91.3	14,689	8.7	169,731
<b>Subtotal</b>	<b>1,685</b>	<b>93.8</b>	<b>112</b>	<b>6.2</b>	<b>1,797</b>	<b>344,291</b>	<b>92.1</b>	<b>29,439</b>	<b>7.9</b>	<b>373,730</b>
Small Business										
2019	26	76.5	8	23.5	34	4,307	77.9	1,220	22.1	5,527
2020	45	97.8	1	2.2	46	4,516	95.3	225	4.8	4,741
<b>Subtotal</b>	<b>71</b>	<b>88.8</b>	<b>9</b>	<b>11.2</b>	<b>80</b>	<b>8,822</b>	<b>85.9</b>	<b>1,446</b>	<b>14.1</b>	<b>10,268</b>
<b>Total</b>	<b>1,756</b>	<b>93.6</b>	<b>121</b>	<b>6.4</b>	<b>1,877</b>	<b>353,114</b>	<b>92.0</b>	<b>30,885</b>	<b>8.0</b>	<b>383,998</b>
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance in home mortgage lending primarily supports this conclusion.

#### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects excellent dispersion among low- and moderate-income census tracts. The following table illustrates the bank's dispersion of home mortgage loans by census tract income level within the assessment area.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	3.1	3.1	14	2.1	1,616	1.0
Moderate						
2020	10.2	7.9	64	9.5	8,298	5.4
Middle						
2020	55.5	52.1	371	55.3	72,873	47.0
Upper						
2020	31.2	36.8	222	33.1	72,253	46.6
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>671</b>	<b>100.0</b>	<b>155,041</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2020, ACB’s performance in low-income census tracts was slightly below aggregate performance and demographics; however, in the same year, ACB’s performance in moderate-income census tracts exceeded aggregate and was comparable to demographic data. This performance is comparable to the previous evaluation. Furthermore, ACB was the leading community bank in lending in both low- and moderate-income census tracts in 2020. Specifically, the bank ranked third of 22 lenders that originated or purchased a home mortgage loan in low-income tracts, achieving a 9.4 percent market share. The two lenders ranked ahead of ACB included a large credit union and a mortgage company with 24.8 and 17.4 percent market share, respectively. In the same year, the bank ranked second of 24 lenders that originated or purchased a home mortgage loan in moderate-income census tracts, achieving a 17.0 percent market share. A large credit union ranked first with 29.0 percent of market share.

***Small Business Loans***

The distribution of small business loans reflects reasonable dispersion among low- and moderate-income census tracts. The following table illustrates the bank’s performance by census tract income level.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>		<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
	2019	13.6	2	7.7	658	15.3
	2020	13.7	3	6.7	346	7.7
Moderate						
	2019	6.6	2	7.7	250	5.8
	2020	6.8	3	6.7	745	16.5
Middle						
	2019	42.6	14	53.8	2,115	49.1
	2020	41.9	22	48.9	1,833	40.6
Upper						
	2019	37.1	8	30.8	1,284	29.8
	2020	37.6	17	37.8	1,591	35.2
Not Available						
	2019	0.0	0	0.0	0	0.0
	2020	0.0	0	0.0	0	0.0
<b>Totals</b>						
	<b>2019</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>4,307</b>	<b>100.0</b>
	<b>2020</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>4,516</b>	<b>100.0</b>
<i>Source: 2019 and 2020 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, the bank's performance in low-income census tracts was below the percentage of businesses located in those tracts. In the same year, the bank's performance in moderate-income census tracts exceeded the percentage of businesses. Performance was similar in 2020. While the bank's lending in low-income census tracts was below the percentage of businesses located in those tracts, there is high competition from larger national banks for small business loans in those areas. The bank's lending performance is reasonable considering its performance in moderate-income census tracts and the competition it faces in the assessment area.

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The bank's excellent home mortgage lending performance primarily supports this conclusion.

### ***Home Mortgage Loans***

The bank's lending performance reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table illustrates the bank's home mortgage lending by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	21.3	10.4	83	12.4	9,781	6.3
Moderate						
2020	17.6	18.7	151	22.5	22,802	14.7
Middle						
2020	20.5	18.7	145	21.6	26,122	16.8
Upper						
2020	40.6	40.5	266	39.6	88,992	57.4
Not Available						
2020	0.0	11.6	26	3.9	7,344	4.7
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>671</b>	<b>100.0</b>	<b>155,041</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

In 2020, the bank’s performance in lending to both low- and moderate-income borrowers exceeded aggregate performance. The bank’s performance also exceeded the percent of moderate-income families. The bank was a leader in lending to low- and moderate-income borrowers within the assessment area during the evaluation period, further demonstrating excellent performance. In 2020, the bank ranked second of 26 lenders in lending to low-income borrowers and second of 26 lenders in lending to moderate-income borrowers. In both cases, the lead lender was a large credit union. Further, the bank offers home mortgage loans through an affordable first-time homebuyer program, the Federal Home Loan Bank (FHLB) Equity Builder Program, and VA and USDA loan programs, all of which promote homeownership for low-and moderate-income families and individuals.

***Small Business***

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. The following table illustrates the percentage of loans to businesses with GARs of \$1.0 million or less.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2019	82.3	20	76.9	2,708	62.9
2020	83.5	22	48.9	1,892	41.9
<b>&gt;\$1,000,000</b>					
2019	5.8	6	23.1	1,599	37.1
2020	5.4	13	28.9	2,213	49.0
<b>Revenue Not Available</b>					
2019	11.9	0	0.0	0	0.0
2020	11.1	10	22.2	412	9.1
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>4,307</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>4,516</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

In 2019, the percent of sampled small business loans to businesses with GARs of \$1.0 million or less was slightly below the percent of businesses in that category; however, the bank made a majority of sampled small business loans to businesses in that category. In 2020, the bank's performance declined and was below the percentage of businesses with GARs of \$1.0 million or less; however, the bank continued to meet the credit needs of small businesses by originating PPP loans during the COVID-19 pandemic. Banks were not required to collect revenue information for PPP loans. As shown in the table, the 2020 sample included 10 loans without available revenue information, all of which were PPP loans. Furthermore, the bank faces competition from larger institutions in its assessment area to originate small business loans. Given these factors, the bank's lending performance is reasonable.

**Response to Complaints**

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

**COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates **more than reasonable responsiveness** to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

## Community Development Loans

ACB originated 21 community development loans totaling approximately \$4.6 million during the evaluation period. Community development loans represented 0.7 percent of average total assets and 0.8 percent of average net loans as of September 30, 2021. The total number and dollar amount of loans is higher than the total community development loans qualified during the previous evaluation period. Examiners compared the bank's level of community development lending to two similarly situated institutions. Both institutions originated community development loans representing 0.4 percent of average total assets and 0.5 percent of average net loans, which are slightly below ACB's ratios.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/1/2018-12/31/2018	0	0	0	0	0	0	0	0	0	0
2019	1	32	0	0	1	250	0	0	2	282
2020	1	50	0	0	3	415	0	0	4	465
2021	5	453	1	1,496	9	1,889	0	0	15	3,838
YTD 2022	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>535</b>	<b>1</b>	<b>1,496</b>	<b>13</b>	<b>2,554</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>4,585</b>

*Source: Bank Data*

Below are notable examples of community development loans:

- In 2019, the bank originated a \$250,000 SBA 504 loan for the purchase of a property to be developed into a food market in Lenox, Massachusetts. This project will support permanent job creation and retention among low- and moderate-income individuals.
- In 2021, the bank originated a \$230,000 loan for the purchase of a multi-family residential property with six units in Pittsfield, Massachusetts. All six units have affordable monthly rent based on the U.S. Department of Housing and Urban Development's Fair Market Rents. This project helped to maintain the number of affordable housing units available to low- and moderate-income residents within the assessment area.
- In 2021, the bank originated a \$1.5 million dollar loan for the acquisition of a health care facility located in a low-income census tract in North Adams, Massachusetts. This project helped to provide community services to low- and moderate-income residents within the assessment area.

## **Qualified Investments**

During the evaluation period, ACB made 49 qualified investments for approximately \$491,750, consisting entirely of donations. This dollar amount equates to 0.7 percent of average total assets and 1.0 percent of average total securities over the evaluation period. Examiners compared ACB's qualified investment activity to two similarly situated institutions. The bank's percentages of qualified donations to average total assets and average total securities were above the percentages to those of similarly situated institutions. The comparable institutions' qualified investments ranged from 0.02 percent to 0.04 percent of average total assets and ranged from 0.17 percent to 0.2 percent of average total securities. Donations have increased over the prior evaluation period when the bank made 27 donations for a total of \$269,455.

The majority of the bank's donations, helped promote community services for low- and moderate-income people and the revitalization and stabilization of low- and moderate-income geographies. These qualified donations demonstrate the bank's responsiveness to the needs of the low- and moderate-income individuals and geographies within the assessment area. The following table details qualified investments by year and purpose.

<b>Qualified Donations</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
10/1/2018-12/31/2018	0	0	10	25,000	0	0	0	0	<b>10</b>	<b>25,000</b>
2019	1	5,000	5	89,750	0	0	0	0	<b>6</b>	<b>94,750</b>
2020	2	2,500	16	85,250	1	10,000	3	201,000	<b>22</b>	<b>298,750</b>
2021	2	3,500	6	49,750	1	5,000	2	15,000	<b>11</b>	<b>73,250</b>
YTD 2022	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Total</b>	<b>5</b>	<b>11,000</b>	<b>37</b>	<b>249,750</b>	<b>2</b>	<b>15,000</b>	<b>5</b>	<b>216,000</b>	<b>49</b>	<b>491,750</b>
<i>Source: Bank Data</i>										

Below are notable examples of qualified donations:

- **Berkshire Community Action Council** – Berkshire Community Action provides a variety of community services such as emergency and social service programs, fuel assistance, food and clothing programs, Volunteer Income Tax Assistance program, and referral programs for low-income individuals and families in crisis. The bank's 2020 donation benefited the fuel assistance program and was responsive to community service needs of low- and moderate-income individuals within the assessment area.
- **Berkshire Family YMCA (BFYMCA)** – This non-profit community service organization provides accessible and affordable social services programs for children, adults, seniors, and families in the community. BFYMCA primarily serves low- and moderate-income neighborhoods and does not turn anyone away due to inability to pay. Both BFYMCA locations are located within low- and moderate-income census tracts (a low-income tract in Pittsfield and a moderate-income tract in North Adams). The bank's donations in 2020 and 2021 helped cover childcare costs for employees of the Berkshire

Medical Center during the Covid-19 pandemic. These donations were responsive to identified community service needs of low- and moderate-income individuals.

- **Community Development Corporation of South Berkshire** – The Community Development Corporation of South Berkshire works to increase the number of affordable housing units and to stimulate regional job creation in Berkshire County by developing affordable housing, supporting local businesses, and conducting community outreach. The bank’s 2021 donation supported post-pandemic counseling for small businesses including minority- and women-owned business. This donation was responsive to the economic development needs of the assessment area.
- **Food Banks** – The bank made multiple contributions that supported many food banks and related organizations in the assessment area including the Al Nelson Friendship Center Food Pantry, Berkshire Food Project, Breaking Bread, Lee Food Pantry, Lenox Ecumenical Food Pantry, and the Williamstown Food Pantry. These organizations provide food and essentials free of charge to residents in need. The bank’s donations during the evaluation period were particularly responsive to food security needs identified during the COVID-19 pandemic.

#### *COVID-19-Related Donations*

- **Berkshire Medical Center (BMC)** – BMC is a private, nonprofit community teaching hospital. The hospital is located in a low-income census tract in Pittsfield, MA and serves Berkshire County residents. BMC has a High Public Payer percentage of approximately 73.5 percent, indicating that a high percentage of patient service revenue is attributed to Medicare, Medicaid, and other government payers. A majority of patients served by BMC are likely low- and moderate-income individuals. The bank made a substantial donation for personal protective equipment and COVID-relief supplies in response to the COVID-19 pandemic. This donation helped promote community services for low- and moderate-income individuals in the assessment area and was responsive to community service needs heightened by the COVID-19 pandemic.
- **Berkshire United Way Emergency Response Fund** – The Berkshire United Way established the COVID-19 Emergency Response Fund in March 2020 to support low-income families, communities of color, immigrants, and seniors. The fund awarded grants to organizations or initiatives that provide community services such as food pantries, health care, and housing. The bank’s donation was responsive to community service needs of low- and moderate-income individuals within the assessment area.

#### **Community Development Services**

During the evaluation period, 10 bank employees provided 37 instances, or 1,081 hours, of financial expertise or technical assistance to 11 different community development-related organizations in the assessment area. The number of services provided was slightly lower than the previous evaluation period when 13 employees provided services to 14 organizations. Examiners compared the bank’s level of community development services to two similarly

situated institutions, which provided a similar level of services. The following table illustrates the number of community development services by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
10/1/2018-12/31/2018	0	0	0	0	<b>0</b>
2019	4	7	0	0	<b>11</b>
2020	4	8	0	0	<b>12</b>
2021	4	10	0	0	<b>14</b>
YTD 2022	0	0	0	0	<b>0</b>
<b>Total</b>	<b>12</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>37</b>
<i>Source: Bank Data</i>					

The following are notable examples of community development services.

- **Berkshire Housing Development Corporation** – This private nonprofit organization aims to improve the lives of Berkshire County residents by creating affordable housing, providing housing services and programs, and helping communities to access and administer community development projects. A Senior Vice President served as a Board member each year during the evaluation period.
- **Lenox Housing Authority** – Operating under the Massachusetts Department of Housing and Community Development, the Lenox Housing Authority oversees 102 affordable housing units rented to low- and moderate-income individuals, seniors, and disabled persons. A Vice President served as a Board member each year during the evaluation period.
- **Northern Berkshire United Way (NBUW)** – This nonprofit helps provide financial stability, education, and health services to low- and moderate-income individuals, particularly in times of need. Two Vice Presidents and a Senior Vice President served as Board members each year during the evaluation period. The Senior Vice President also chaired the Allocations Committee.

***Other Services***

- **Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)** – ACB participates in the Massachusetts IOLTA Program. This program, mandated by the Supreme Judicial Court, requires lawyers and law firms to establish interest-bearing accounts for client deposits. The interest earned is used to fund law-related public service programs to help low-income clients. The bank remitted approximately \$10,918 in IOLTA funds during the evaluation period.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the bank's overall CRA rating.

## APPENDIX

### **Fair Lending Policies and Procedures**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the FFIEC Interagency Fair Lending Examination Procedures.

Based on these procedures, no evidence of disparate treatment was noted.

### ***Minority Application Flow***

Examiners reviewed the bank's 2019 and 2020 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to ACS U.S Census data, the bank's assessment area contained a total population of 129,288 individuals of which 10.3 percent are minorities. The assessment area's minority and ethnic population is 3.9 percent Hispanic or Latino, 2.7 percent Black/African American, 1.5 percent Asian, 0.2 percent American Indian, and 2.0 percent other.

The following table exhibits the bank's minority application flow compared to aggregate lenders in the assessment area.

MINORITY APPLICATION FLOW						
RACE	2019		2019 Aggregate Data	2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	3	0.4	0.1	6	0.6	0.3
Asian	7	1.0	1.0	15	1.4	1.4
Black/ African American	4	0.6	1.4	9	0.9	1.4
Hawaiian/Pacific Islander	0	0.0	0.2	2	0.2	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	7	1.0	1.2	13	1.2	1.5
<b>Total Racial Minority</b>	<b>21</b>	<b>2.9</b>	<b>4.0</b>	<b>45</b>	<b>4.3</b>	<b>4.9</b>
White	650	88.9	78.6	913	86.7	76.3
Race Not Available	60	8.2	17.4	95	9.0	18.8
<b>Total</b>	<b>731</b>	<b>100.0</b>	<b>100.0</b>	<b>1,053</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	<b>24</b>	<b>3.3</b>	<b>3.1</b>	<b>38</b>	<b>3.6</b>	<b>3.2</b>
Joint (Hisp/Lat /Not Hisp/Lat)	6	0.8	1.0	12	1.1	1.2
<b>Total Ethnic Minority</b>	<b>30</b>	<b>4.1</b>	<b>4.1</b>	<b>50</b>	<b>4.7</b>	<b>4.4</b>
Not Hispanic or Latino	633	86.6	77.8	876	83.2	75.1
Ethnicity Not Available	68	9.3	18.1	127	12.1	20.5
<b>Total</b>	<b>731</b>	<b>100.0</b>	<b>100.0</b>	<b>1,053</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: HMDA Aggregate Data (2019 and 2020), HMDA LAR Data (2019) and (2020)</i>						

In 2019, the bank received 731 home mortgage loan applications from within its assessment area. Of these applications 21, or 2.9 percent, were received from racial minority applicants, and 16, or 76.2 percent, were originated by the bank. The aggregate received 4.0 percent of all applications from racial minority applicants and approximately 59.2 percent were originated. For the same period, the bank received 30 applications, or 4.1 percent, from ethnic groups of Hispanic origin. Of these applications, 19, or 63.3 percent, were originated. Aggregate lenders received 4.1 percent of its applications from ethnic minority applicants and 65.1 percent were originated.

In 2020, the bank received 1,053 home mortgage loan applications from within its assessment area. Of these applications, 45 or 4.3 percent were received from racial minority applicants and 51.1 percent were originated. The aggregate received 4.9 percent from racial minority applicants and 58.4 percent were originated. For the same period, the bank received 50 applications, or 4.7 percent, from ethnic minority applicants and 60.0 percent were originated. The aggregate received 4.4 percent of its applications from ethnic minority applicants and 63.0 percent were originated.

The bank's minority application flow is adequate. The bank's patterns are comparable to aggregate lenders, and the origination rate does not reflect any statistically significant pattern of disparate treatment.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

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

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

### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

**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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

**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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

**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 Areas (CBSAs):** 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**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 Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**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:** 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.