

PUBLIC DISCLOSURE

January 14, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Athol Savings Bank
Certificate Number: 90146

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Athol, Massachusetts 01331

Division of Banks
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Federal Deposit Insurance Corporation
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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 **Satisfactory** by the FDIC and **High Satisfactory** by the Commonwealth of Massachusetts Division of Banks (Division). An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

While both agencies agreed on the bank's overall performance, Part 345 of FDIC Rules and Regulations does not provide for a High Satisfactory overall rating.

The Lending Test is rated Satisfactory by the FDIC and High Satisfactory by the Division.

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

The Community Development Test is rated Satisfactory by the FDIC and High Satisfactory by the Division.

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

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the FDIC and the Division, covers the period from the prior evaluation dated July 11, 2017, to the current evaluation date of January 14, 2020. Examiners conducted the evaluation using Intermediate Small Bank Examination Procedures to evaluate the bank's CRA performance. The procedures include the CRA Small Bank Lending Test and the Community Development Test. Please refer to the appendices for more information on each Test.

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

Activities Reviewed

As part of the Lending Test, examiners considered home mortgage and small business loans based on the bank's business strategy and the number and dollar volume of loan originations during the evaluation period. The bank's home mortgage loan originations were weighted more when determining overall conclusions due to the larger loan volume and business focus when compared to small business loan originations. Although the Lending Test reflects the number and dollar volume of loans, examiners gave more weight to the number of loans as it better indicates the number of individuals and businesses served.

The bank is required to record and submit home mortgage data pursuant to the Home Mortgage Disclosure Act (HMDA). Examiners analyzed all home mortgage loans reported on the bank's 2017 and 2018 HMDA Loan Application Registers. In 2017, home mortgage lending included 164 home mortgage loans totaling approximately \$31.1 million. In 2018, home mortgage lending included 151 home mortgage loans totaling approximately \$23.6 million. While examiners analyzed the bank's 2017 and 2018 home mortgage lending, they only presented the bank's 2018 home mortgage lending activity, because the bank's 2017 lending performance was consistent with its 2018 lending performance. Because the bank reports its home mortgage loan data pursuant to HMDA, examiners compared its 2017 and 2018 HMDA lending performance to the 2017 and 2018 aggregate lending data, respectively. In addition, examiners compared the institution's home mortgage lending performance under the Geographic Distribution and Borrower Profile criteria to the 2015 American Community Survey (ACS) demographic data.

The bank is not required to, and has not elected to, report small business data; however, the bank did collect the data. Therefore, examiners analyzed all small business loan activity in 2017 and 2018. Bank records indicate 42 small business loan originations totaling approximately \$6.5 million in 2017 and 58 small business loan originations totaling approximately \$9.2 million in 2018. While examiners analyzed 2017 and 2018 small business lending data, they only presented the bank's small business loan activity in 2018, because its 2017 lending performance was consistent with its 2018 lending performance. Examiners considered D&B demographic data when evaluating small business lending activities. Examiners did not use aggregate data, as the bank does not report small business loan activity.

Examiners did not consider small farm or consumer lending because the bank did not originate any small farm loans during the evaluation period and the percentage of consumer loans in the loan portfolio is nominal.

Examiners considered the bank's community development loans, qualified investments, and community development services since the prior CRA evaluation dated July 11, 2017, for the Community Development Test.

DESCRIPTION OF INSTITUTION

Background

Athol Savings Bank (ASB), established in 1867, is a state-chartered mutual savings bank headquartered in Athol, Massachusetts. The FDIC and the Division jointly conducted the previous CRA Evaluation as of July 11, 2017 using Interagency Intermediate Small Institution Examination Procedures. The FDIC rated the bank Satisfactory and the Division rated the bank High Satisfactory at the previous evaluation.

Operations

The bank operates seven full-service branches in Worcester County, Massachusetts. The branches are located in Athol (2), Ashburnham, Baldwinville, Barre, Gardner, and Winchendon. The bank did not open or close any branches since the previous evaluation. The bank does not have any affiliates or subsidiaries that engage in retail banking services.

The bank offers commercial, home mortgage, and consumer loans, with a focus on residential lending. The bank also provides checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative services include online banking, automated teller machines, and mobile banking. The bank offers several specialized loan products and programs including United States Department of Agriculture (USDA) loans, first time home buyers loans, a Low-to Moderate-Income Loan Program, MassSave HEAT loans, and credit building loan options.

Ability and Capacity

As of September 30, 2019, the bank's assets totaled \$448.5 million and deposits totaled \$375.9 million. The loan portfolio consisted of \$302.4 million in total loans, which represented 67.4 percent of total assets. During the evaluation period, total assets increased by 8.5 percent and total loans increased by 7.6 percent.

The bank is primarily a residential real estate lender with home mortgage loans representing approximately 76.4 percent of the loan portfolio. Commercial real estate loans and commercial and industrial loans represent approximately 17.3 percent of the loan portfolio. The following table illustrates the loan portfolio as of September 30, 2019.

Loan Portfolio Distribution as of 9/30/2019		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	5,531	1.8
Secured by Farmland	309	0.1
Secured by 1-4 Family Residential Properties	226,047	74.8
Secured by Multi-family (5 or more) Residential Properties	4,878	1.6
Secured by Non-farm Non-Residential Properties	45,190	14.9
Total Real Estate Loans	281,955	93.3
Commercial and Industrial Loans	7,124	2.4
Consumer	13,283	4.4
Total Loans	302,362	100.0
<i>Source: Reports of Condition and Income</i>		

There were no apparent financial or legal impediments limiting the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment area(s) within which its CRA performance will be evaluated. The bank designated its assessment area to include 27 municipalities in Franklin, Middlesex, and Worcester Counties in Massachusetts. Worcester County is part of the Worcester, MA-CT MSA 49340, Middlesex County is part of the Cambridge-Newton-Framingham, MA MD 15764, and Franklin County is a Non-MSA. The following table reflects the municipalities in the assessment area by county.

Worcester County (Worcester, MA-CT MSA):			
Ashburnham	Athol	Barre	Gardner
Hardwick	Holden	Hubbardston	New Braintree
Oakham	Paxton	Petersham	Phillipston
Princeton	Royalston	Rutland	Sterling
Templeton	Westminister	Winchendon	
Franklin County (Non-MSA):			
Erving	Leverett	New Salem	Orange
Shutesbury	Wendell	Warwick	
Middlesex County (Cambridge-Newton-Framingham, MA MD):			
Ashby			

The assessment area did not change since the previous evaluation.

Economic and Demographic Information

The assessment area consists of 31 census tracts that reflect the following income designations according to 2015 ACS data:

- 1 low-income census tract

- 8 moderate-income census tracts
- 11 middle-income census tracts
- 11 upper-income census tracts

The low-income census tract is located in Gardner. The moderate-income census tracts are located in Orange, Athol, and Gardner. The assessment area does not include any underserved middle-income census tracts. However, seven census tracts are part of the Federal Opportunity Zone Program. According to the Internal Revenue Service (IRS), an Opportunity Zone is a recognized economically-distressed community. The IRS implemented the program in 2018 to promote economic development and job creation in distressed communities through tax incentives. There are seven census tracts in the assessment area that are designated Opportunity Zones. They are located in Athol, Erving, Gardner, and Orange.

The U.S. Census Bureau updates census data every five years. The most recent update was the 2015 ACS, which was effective in 2017. As a result, the assessment area had several census tract designations change since the previous evaluation. Changes include a net gain of one low-income census tract, one moderate-income census tract, and two upper-income census tracts, and a net loss of four middle-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	3.2	25.8	35.5	35.5	0.0
Population by Geography	145,972	1.4	23.3	33.6	41.7	0.0
Housing Units by Geography	61,232	1.7	25.4	34.4	38.6	0.0
Owner-Occupied Units by Geography	42,772	0.5	19.7	34.8	45.0	0.0
Occupied Rental Units by Geography	12,115	5.5	44.1	29.8	20.7	0.0
Vacant Units by Geography	6,345	2.3	27.8	39.8	30.0	0.0
Businesses by Geography	7,670	1.9	22.5	29.8	45.8	0.0
Farms by Geography	403	0.2	7.9	43.4	48.4	0.0
Family Distribution by Income Level	38,037	18.5	16.9	22.7	41.9	0.0
Household Distribution by Income Level	54,887	22.7	14.7	18.4	44.2	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$225,254
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$828
Median Family Income Non-MSAs - MA		\$73,868	Families Below Poverty Level			6.0%
<i>Source: 2015 ACS Census and 2018 D&B Data</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The majority of the housing units are owner-occupied; however, only 0.5 percent of the owner-occupied housing units are located in the area's low-income census tract. The lack of owner-occupied housing stock in low-income census tracts could impact the bank's ability to originate loans in low-income areas.

The 2017 and 2018, Federal Financial Institutions Examination Council (FFIEC) estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for applicable metropolitan and statewide nonmetropolitan areas

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
Worcester, MA-CT MSA Median Family Income (49340)				

2017 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
MA NA Median Family Income (99999)				
2017 (\$80,000)	<\$40,000	\$40,000 to <\$64,000	\$64,000 to <\$96,000	≥\$96,000
2018 (\$80,700)	<\$40,350	\$40,350 to <\$64,560	\$64,560 to <\$96,840	≥\$96,840
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2018 D&B data, the assessment area consisted of 8,073 non-farm businesses with the following GAR levels.

- 85.5 percent have \$1 million or less
- 4.3 percent have more than \$1 million
- 10.2 percent have unknown revenues

Competition

The assessment area is moderately competitive for financial services. According to 2018 Peer Branch and Deposit Data, 13 financial institutions operate 27 main offices or branches in the assessment area. Of these institutions, ASB ranked 1st with a 25.9 percent deposit market share.

According to 2018 HMDA aggregate data, there is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2018, 290 lenders originated or purchased 5,005 residential mortgage loans. ASB ranked 7th with a market share of 2.4 percent. The three most prominent home mortgage lenders accounted for 14.9 percent of the total market share. Workers Credit Union was the highest ranked mortgage lender, followed by Digital Federal Credit Union, and Village Mortgage Company.

Although small business peer data is only available on the county level, it still provides insight to the level of competition for small business loans in the assessment area. According to 2018 small business aggregate data, 136 lenders originated 56,377 small business loans within the full counties that comprise the bank’s assessment area. Additionally, the data within Worcester County alone, the county the bank predominately serves, 92 lenders originated 14,718 small business loans. This information supports the conclusion that small business lending in the assessment is competitive.

Community Contact

As part of the evaluation, examiners contact third parties active in the assessment area to understand the credit and community development needs of the area. The information helps to determine whether local financial institutions are responsive to the credit and community development needs and opportunities in the assessment area. Examiners contacted two community development organizations that serve the assessment area.

The first organization is a non-profit that focuses on affordable housing development, homebuyer education, and providing resources to small businesses. The contact identified opportunities for financial institutions to assist with debt consolidation, down-payment assistance, credit counseling, and financial literacy programs. The contact also identified a need for commercial credit products to rehabilitate and renovate commercial properties.

The second contact is an economic development organization that focuses on fostering small business development through financial education, providing affordable commercial space, and increasing accessibility to state and federal resources. The contact identified a need for working capital as well as loans to rehabilitate commercial properties. The contact further identified the need for financial literacy programs dedicated to small business owners interested in expanding.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, management, and demographic and economic data, examiners identified the primary community development need of the assessment area to be economic development for small businesses. Opportunities to support economic development include investments in the federally designated Opportunity Zones, working capital credit, renovation loans for aging commercial real estate, and financial literacy programs for small business owners. Examiners also identified a need for credit counseling for homeowners.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

ASB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio averaged 84.1 percent over the past 8 quarters from September 30, 2017 to September 30, 2019. The ratio ranged from a high of 90.3 percent as of June 30, 2018 to a low of 78.7 percent as of June 30, 2019. The ratio was relatively consistent throughout the evaluation period. Examiners compared the average net LTD ratio to that of similarly situated institutions. ASB's net LTD ratio was comparable to both similarly situated institutions. Examiners selected the comparable institutions based on asset size, geographic location, and lending focus. The following table illustrates the net LTD ratio for the bank and similarly situated institutions:

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2019 (\$000s)	Average Net LTD Ratio (%)
Athol Savings Bank	448,485	84.0
Greenfield Co-operative Bank	555,919	78.4
Clinton Savings Bank	463,195	93.3
<i>Source: Reports of Condition and Income 9/30/2017 - 9/30/2019</i>		

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar volume, 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										
2017	125	76.2	39	23.8	164	13,937	44.8	17,205	55.2	31,142
2018	111	78.2	31	21.8	142	14,164	65.4	7,495	34.6	21,658
Subtotal	236	77.1	70	22.9	306	28,101	53.2	24,700	46.8	52,800
Small Business										
2017	34	81.0	8	19.0	42	3,615	56.0	2,835	44.0	6,450
2018	46	79.3	12	20.7	58	6,610	71.8	2,592	28.2	9,202
Subtotal	80	80.0	20	20.0	100	10,225	65.3	5,427	34.7	15,652
Total	316	77.8	90	22.2	406	38,326	56.0	30,127	44.0	68,452
Source: Bank Data Evaluation Period: 1/1/2017 - 12/31/2018										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance of home mortgage lending supports this conclusion. Examiners considered the composition of the bank's assessment area, which only includes a single low-income census tract, affording limited lending opportunities in low-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The bank's 2018 performance in the low-income census tract was similar to the aggregate performance and percentage of owner-occupied housing units. In moderate-income census tracts, the bank's lending significantly exceeded both the aggregate performance and percentage of owner-occupied housing units, representing excellent performance.

The following table illustrates the dispersion of home mortgage loans by census tract income level within the assessment area in 2018.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.5	0.6	1	0.8	25	0.2
Moderate						
2018	19.7	21.1	42	35.6	4,764	31.1
Middle						
2018	34.8	31.3	56	47.5	7,616	49.7
Upper						
2018	45.0	46.9	19	16.1	2,907	19.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	118	100.0	15,311	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's 2018 performance in the low-income census tract was comparable to the percentage of businesses in that tract. Furthermore, the bank's lending performance in moderate-income tracts compared favorably to the percentage of businesses in those tracts. The following table illustrates the dispersion of small business loans by census tract income designation in the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	1.9	1	2.2	205	3.1
Moderate					
2018	22.5	12	26.1	680	10.3
Middle					
2018	29.8	24	52.2	4,987	75.4
Upper					
2018	45.8	9	19.6	738	11.2
Not Available					
2018	0.0	0	0.0	0	0.0
Totals					
2018	100.0	46	100.0	6,610	100.0

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data;

Borrower Profile

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

Home Mortgage Loans

The bank's performance reflects reasonable penetration of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers. In 2018, lending to low-income borrowers was similar to aggregate performance, but below the demographic. However, a low-income family in this area may have difficulty qualifying for a mortgage under conventional underwriting standards considering the median housing value of \$225,254. Additionally, 6.0 percent of families live below the poverty level. These factors contribute to the limited lending opportunities to low-income families. In 2018, the bank's lending to moderate-income borrowers exceeded aggregate performance and the demographic data. The bank's first time homebuyer program, which focuses on providing closing cost assistance to low- and moderate-income borrowers who purchase a home inside of the assessment area, help strengthened the bank's performance to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.5	9.4	10	8.5	729	4.8
Moderate						
2018	16.9	22.4	36	30.5	3,425	22.4
Middle						
2018	22.7	26.1	37	31.4	4,507	29.4
Upper						
2018	41.9	29.2	29	24.6	5,439	35.5
Not Available						
2018	0.0	12.9	6	5.1	1,212	7.9
Totals						
2018	100.0	100.0	118	100.0	15,311	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Although the bank's performance was below the demographics, there is strong competition in the assessment area for loans to business with GARs of \$1 million or less. In addition, the bank originated a significant majority of its small business loans to businesses with GARs of \$1 million or less. The following table illustrates the percentage of small business loans originated in the assessment area to business with GARs below and above \$1 million.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	85.5	35	76.1	3,946	59.7
>\$1,000,000					
2018	4.3	11	23.9	2,664	40.3
Revenue Not Available					
2018	10.2	0	0.0	0	0.0
Totals					
2018	100.0	46	100.0	6,610	100.0

Source: 2018 D&B Data; 1/1/2018 - 12/31/2018 Bank Data; "--" data not available.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

ASB's community development performance demonstrates good responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community services. Examiners considered the institution's capacity and the need and availability for community development activities in the assessment area.

Community Development Loans

ASB originated 40 community development loans for approximately \$9.4 million during the evaluation period. This level of activity represents approximately 3.2 percent of average net loans over the evaluation period. The majority of the community development loans supported the economic development of small businesses. The bank provided working capital loans to assist small businesses in maintaining daily operations. In addition, the bank originated numerous loans in federally-designated Opportunity Zones within the assessment area.

The bank's community development lending also includes three loans for approximately \$1.2 million to entities located in a broader statewide area. Since the bank has been responsive to the assessment area's community development needs, examiners considered these additional loans under the Community Development Test. The following table illustrates the bank's community development lending activity by year and purpose inside the assessment area.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize Or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
7/11/17-12/31/17	1	90	1	100	2	275	0	0	4	465
2018	2	236	2	850	12	1,800	3	1,012	20	3,896
2019	2	716	0	0	12	3,059	0	0	13	3,775
YTD 2020	0	0	0	0	0	0	0	0	0	0
Totals	5	1,032	3	950	26	5,134	3	1,012	37	8,136

Source: Bank records

Below are notable examples of community development loans.

- In 2019, the bank extended a \$1.2 million line of credit to a small business in Athol. The business uses the line of credit for working capital to allow it to grow and provide jobs to low- and moderate-income individuals in Athol and the surrounding communities.

- In 2018, the bank participated \$750,000 in a \$4.0 million loan to construct a new healthcare facility in a town adjacent to Athol. The facility focuses on substance and behavioral issues. The new facility will serve low- and moderate-income families. Additionally, the creation of the facility will generate new jobs for low- and moderate-income people in the assessment area.
- In 2017 and 2018, the bank extended credit totaling \$200,000 to a local community organization. The organization is located in a moderate-income census tract, and provides essential health and wellness services to low- and moderate-income individuals.

Qualified Investments

ASB made 69 qualified investments for approximately \$8.6 million, which equates to 2.0 percent of average total assets. Of the 69 qualified investments, 65 were qualified donations to community development-related organizations totaling \$190,366. The remaining qualified investments were equity investments totaling \$8.4 million, which equates to 9.1 percent of average securities since the last evaluation. The following table illustrates qualified investments by year and purpose.

Qualified Investments by Year										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	0	-	4	16	0	0	0	0	4	16
2017 (Partial)	1	2	5	34	0	0	0	0	6	36
2018	2	3	30	69	0	0	0	0	32	72
2019	1	3	22	63	0	0	0	0	23	66
2020 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	4	7	61	183	0	0	0	0	65	190
Equity Investments	0	0	0	0	4	8,400	0	0	4	8,400
Total	4	7	61	183	4	8,400	0	0	69	8,590

Source: Bank Data

Qualified Donations

Below are notable examples of the bank's qualified donation activities.

- *Athol Hospital* - The Athol Hospital is a community health care facility that primarily serves low- and moderate-income individuals. The contribution helped the expansion of the health care facility, expanding health care services and enhancing the quality of care available to low- and moderate-income individuals.
- *Athol YMCA* - The Athol YMCA is a non-profit community service organization that provides childcare programs as well as wellness programs and services targeted to low- and moderate-income individuals in the area. The contributions provided scholarships for children of low- and moderate-income families to attend Athol YMCA's Camp Wiyaka and Preschool programs.

- *North Central United Way’s Community Impact Fund* - North Central United Way’s Community Impact Fund supports 40 programs and initiatives related to education, health, and financial stability for low- and moderate-income individuals throughout four regions located in North Central Massachusetts. The contributions directly supported the Athol Area Division Community Impact Fund and the Greater Gardner Division Community Impact Fund.

Equity Investments

During the evaluation period, the bank continued to invest in one equity investment totaling \$2.0 million and made additional investments in three equity investments totaling \$6.4 million. Each of these investments promotes economic development through loan pools supporting Small Business Development Companies recognized by the Small Business Administration (SBA). While each loan pool is comprised of loans nationwide, a portion of the loans are located in the bank’s broader regional area. As a result, the bank receives CRA credit for this investment in proportion to the amount of lending that occurs in the broader regional area.

Community Development Services

Bank employees and trustees provided 59 instances of financial or technical assistance to 13 different community development organizations in the assessment area. The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2017 (Partial)	0	9	1	0	10
2018	6	13	1	0	20
2019	2	16	1	0	19
2020 (YTD)	0	9	1	0	10
Total	8	47	4	0	59
<i>Source: Bank Data</i>					

Bank employees are involved in local community development organizations in multiple capacities. The following organizations benefited from bank employee involvement.

- *The Salvation Army Community Center* – The Salvation Army Community Center is a non-profit organization that provides emergency housing, food, and clothing relief for low- and moderate-income individuals. Two bank employees manage monetary donations and grants for the organization.
- *Montachusett Home Care* – Montachusett Home Care is a non-profit organization that provides in-home care services to low- and moderate-income elderly and disabled individuals. A bank employee provides money management services on the organization’s advisory council.

- *Valuing Our Children* – Valuing Our Children provides childcare services, parenting education, and support in navigating federal income based programs. The organization is located in a moderate-income census tract and serves low- and moderate-income families. A bank employee serves as the Treasurer.

Additionally, the bank created the Save\$um Banking and Schools Program as part of the FDIC Youth Banking Network. Employees provide financial education and access to savings accounts for students at Athol Community Elementary School, at which the majority of students are eligible for free or reduced lunch.

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 institution's overall CRA rating.

APPENDICES

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 Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. No evidence of disparate treatment was noted based on these procedures.

MINORITY APPLICATION FLOW

Examiners reviewed ASB’s 2017 and 2018 HMDA LAR data to determine if the bank’s application flow from the different racial and ethnic groups reflected the assessment area’s demographics.

According to the 2015 ACS U.S. Census Data, the bank’s assessment area contained a population of 145,972 individuals of which 7.1 percent are minorities. The assessment area’s minority and ethnic population is 1.0 percent Black/African American, 1.2 percent Asian, 0.2 percent American Indian, 3.7 percent Hispanic or Latino, and 1.1 percent Other.

Refer to the following table for information on the bank’s minority application flow as well as aggregate data in the bank’s assessment area.

RACE	Bank 2017		2017 Aggregate Data	Bank 2018		2018 Aggregate Date
	#	%	%	#	%	%
American Indian/ Alaska Native	4	2.3	0.6	0	0.0	0.4
Asian	2	1.1	1.2	1	0.4	1.3
Black/ African American	1	0.6	1.1	1	0.4	1.2
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.0
2 or more Minority	0	0.0	0.0	1	0.4	0.1
Joint Race (White/Minority)	5	2.8	1.2	2	0.9	1.1
Total Racial Minority	12	6.8	4.1	5	2.1	4.0
White	150	85.2	74.6	202	87.5	77.4
Race Not Available	14	8.0	21.3	24	10.4	18.6
Total	176	100.0	100.0	231	100.0	100.0
ETHNICITY						
Hispanic or Latino	1	0.6	2.5	3	1.3	3.0
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.7	1.5	0	0.0	1.1
Total Ethnic Minority	4	2.3	4.0	3	1.3	4.1
Not Hispanic or Latino	156	88.6	74.6	182	78.8	76.3
Ethnicity Not Available	16	9.1	21.5	46	20.3	19.7
Total	176	100.0	100.0	231	100.0	100.0

In 2017, the bank received 176 HMDA reportable loan applications from within its assessment area. The bank received twelve applications from racial minority applicants, a minority application rate of 6.8 percent. Aggregate lenders received 4.1 percent of applications from racial minority applicants. Four applications, or 2.3 percent, were received from ethnic groups of Hispanic origin in its assessment area as compared to the aggregate's ethnic minority application rate of 4.0 percent.

In 2018, the bank received 231 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received five, or 2.1 percent of its applications, from racial minority applicants. Aggregate lenders received 4.0 percent of all applications from racial minority applicants. For the same period, the bank received three applications, or 1.3 percent, from ethnic groups of Hispanic origin in its assessment area as compared to the aggregate that received 4.1 percent of its applications from the same demographic.

The bank's performance for applications to racial minorities was above aggregate data in 2017 and trended below aggregate in 2018. Examiners reviewed three quarters of 2019 HMDA data for additional context. The bank's racial minority application flow appeared to increase to 4.7 percent during this period. Similarly, the ethnic minority application flow increased to 3.1 percent. The bank provides outreach and advertising throughout the demographic and regularly monitors their minority application flow. As a result, their performance appears to be adequate.

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 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;
- 4) The geographic distribution of the bank's loans; 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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution's retail banking services under § 345.24(d).

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban

and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant

from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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.