

# **PUBLIC DISCLOSURE**

July 14, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Country Bank for Savings  
Certificate Number: 23992

155 West Street  
Ware, Massachusetts 01082

Division of Banks  
One Federal Street, Suite 710  
Boston, Massachusetts 02110

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Satisfactory**	X		X
Needs to Improve			
Substantial Noncompliance			
<p>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</p> <p>**FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.</p>			

**The Lending Test is rated Satisfactory.**

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a substantial percentage of loans within its assessment areas.
- The geographic distribution of loans reflects poor penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution made an adequate level of community development loans.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the assessment areas.
- To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

Country Bank for Savings (CBS) is a full-service, mutual savings bank headquartered in Ware, Massachusetts. CBS does not have any affiliates or subsidiaries that provide credit-related products, services, or other financial instruments.

At its previous joint performance evaluation, dated June 7, 2022, CBS received an overall Satisfactory rating from the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division). Examiners evaluated the bank's CRA performance using FFIEC Interagency Large Institution Examination Procedures.

### **Operations**

Including its main office, located at 155 West Street in Ware, MA, the bank operates 14 full-service branches located in Belchertown, Brimfield, Charlton, Leicester, Ludlow, Palmer, Paxton, Uxbridge, Worcester (3), Ware, West Brookfield, and Wilbraham, and 7 stand-alone ATMs located in Brookfield, Hardwick, Palmer, Rochdale, Ware (2), and Worcester. The bank also maintains two business centers, intended for commercial loan officers and business clients, in Springfield and Worcester. Since the previous evaluation, the bank relocated its main office, previously located at 75 Main Street in Ware, MA, and closed the associated branch. CBS also closed the former Four Corners branch located in Palmer, MA. The bank also opened three new branches located in Worcester (2) and Uxbridge. Please refer to the individual assessment area sections for details about these changes and the impact on the accessibility of delivery systems.

The bank offers a wide variety of consumer and commercial loan products, with a primary focus on residential lending. Residential lending products include fixed- and adjustable-rate mortgages, construction mortgages, land loans, mobile home loans, and home equity lines of credit. In addition, the bank offers specialized home mortgage loans that are targeted toward meeting the needs of low- and moderate-income individuals. These products include HEAT Loans offered through Mass Save, Home Possible Advantage loans, HomeOne loans, MassHousing loans, and USDA Guaranteed Rural Housing loans. Commercial loan products include commercial real estate mortgages; construction, land development, and equipment loans; commercial and industrial loans; and business lines of credit.

Deposit products include a variety of consumer and business accounts. Consumer accounts include certificates of deposit, money market, and individual retirement accounts, checking accounts including Free Checking, Kasasa Cash Back Checking, Kasasa Cash Checking, 18/65 Checking, and Student Checking, and a variety of savings accounts including Kasasa Saver, Choice Savings (kids savings account), and Statement Savings. Business deposit products include Community Business Checking, Growth Business Checking, Earnings Analysis Checking, Business Interest Checking, Nonprofit Community Checking, Zero Balance Business Checking, and Cannabis Checking accounts.

The bank also offers ATM and debit cards, online and mobile banking, bill pay capabilities, mobile check deposit, night depository services, internet cash management, and currency and coin services. Additionally, the bank participates as a member of the SUM<sup>®</sup> Network, allowing customers access to a wide network of surcharge-free ATMs across the United States.

### **Ability and Capacity**

As of June 30, 2025, the bank's assets totaled \$2.1 billion, deposits totaled \$1.5 billion, securities totaled \$331 million, and loans totaled \$1.7 billion. Since the previous evaluation, assets increased by approximately \$408 million, or 23.4 percent; loans increased by approximately \$573 million, or 52.3 percent; and securities increased by approximately 32.8 million, or 11.0 percent. The majority of this growth occurred in the immediate aftermath of the COVID-19 pandemic as economic activity restarted. The loan portfolio is primarily comprised of residential loans (secured by 1-4 family and multi-family properties) at 46.5 percent and commercial loans (commercial real estate and commercial and industrial loans) at 39.6 percent. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 06/30/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	230,347	13.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	591,077	35.4
Secured by Multifamily (5 or more) Residential Properties	185,570	11.1
Secured by Nonfarm Nonresidential Properties	625,084	37.5
<b>Total Real Estate Loans</b>	<b>1,632,078</b>	<b>97.8</b>
Commercial and Industrial Loans	35,003	2.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	1,590	0.1
Other Loans	308	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,688,979</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 the credit needs of the assessment area.

## DESCRIPTION OF ASSESSMENT AREAS

CBS designated three assessment areas that encompass portions of Hampshire County in the Amherst Town-Northampton, MA Metropolitan Statistical Area (MSA), Hampden County in the Springfield, MA MSA, and Worcester County in the Worcester, MA MSA. In 2024, the bank changed its Worcester, MA MSA assessment area by adding seven new census tracts from the towns of Millbury, Sutton, and Uxbridge in Worcester County. On July 11, 2025, the bank further expanded its assessment areas to include 114 additional census tracts in all three MSAs, including low- and moderate-income CTs in Hampden, Hampshire, and Worcester Counties. The three assessment areas encompass a total of 247 census tracts after these changes. The cities and towns that comprise the bank's assessment areas (including all new towns added within the evaluation period, listed in *italics*) are as follows:

### Amherst Town-Northampton, MA MSA Assessment Area

- **Hampshire County:** *Amherst*, Belchertown, *Hadley*, *Granby*, *South Hadley*, and Ware.

### Springfield, MA MSA Assessment Area

- **Hampden County:** *Agawam*, Brimfield, Chicopee, *East Longmeadow*, *Hampden*, *Holyoke*, *Longmeadow*, Ludlow, Monson, Palmer, Springfield, Wales, *West Springfield*, and Wilbraham.

### Worcester, MA MSA Assessment Area

- **Worcester County:** *Auburn*, *Blackstone*, *Boylston*, Brookfield, Charlton, *Douglas*, *Dudley*, East Brookfield, *Grafton*, Hardwick, *Holden*, *Hopedale*, Leicester, *Mendon*, *Milford*, Millbury, *Millville*, *Northborough*, *Northbridge*, North Brookfield, *Oakham*, *Oxford*, Paxton, *Rutland*, *Shrewsbury*, *Southborough*, *Southbridge*, Spencer, *Sturbridge*, Sutton, *Upton*, Uxbridge, Warren, *Webster*, *Westborough*, *West Boylston*, West Brookfield, and Worcester.

On July 21, 2023, the Office of Management and Budget (OMB) published a revised list of nationwide MSAs, Micropolitan Statistical Areas, and Combined Statistical Areas (CSAs). These revisions impacted the bank's assessment areas by splitting up the Springfield, MA MSA into the Amherst Town-Northampton, MA MSA; the Springfield, MA MSA; and the Greenfield, MA Micropolitan Statistical Area. The Greenfield, MA Micropolitan Statistical Area does not make up any portions of the bank's overall CRA assessment areas. Additionally, the revisions impacted the Worcester, MA MSA by excluding a portion of northeastern Connecticut that was previously part of the MSA.

The regulation requires separate analyses and conclusions for each MSA where the bank operates at least one branch. Examiners evaluated the bank's performance in the Springfield, MA MSA and Amherst Town-Northampton, MA MSA assessment areas and determined that performance was consistent across both assessment areas. Therefore, examiners presented final conclusions for these two assessment areas at the Springfield-Amherst Town-Northampton, MA CSA level. The Worcester, MA MSA is not part of the Springfield-Amherst Town-Northampton, MA CSA;

therefore, examiners analyzed and presented the bank's performance in the Worcester, MA MSA assessment area separately.

This evaluation included full-scope reviews of the bank's performance in the Springfield-Amherst Town-Northampton, MA CSA and Worcester, MA MSA. Examiners assigned greater weight to performance in the Springfield-Amherst Town-Northampton, MA CSA due to the bank's deposit and lending activity and significant branch presence in the Springfield, MA MSA and Amherst Town-Northampton, MA MSA assessment areas. The individual assessment area sections of this evaluation contain specific information related to demographics, economics, and competition for each area.

## **SCOPE OF EVALUATION**

### **General Information**

This performance evaluation, conducted jointly by the FDIC and the Division, covers the period from the previous evaluation dated June 7, 2022, to the current evaluation dated July 14, 2025. Examiners used the FFIEC Interagency Large Institution CRA Examination Procedures to conduct this evaluation. These procedures evaluate the institution under the Lending Test, Investment Test, and Service Test.

### **Activities Reviewed**

Examiners determined that the bank's major product lines include home mortgage and small business loans. Examiners determined this based on the bank's business strategy and the number and dollar volume of loans originated or purchased during the evaluation period. When arriving at overall conclusions, examiners assigned greater weight to home mortgage lending performance based on origination activity and loan portfolio distribution. The bank originated one small farm loan in 2024 totaling \$60,000, but it did not originate any small farm loans in 2022 or 2023. Due to this low volume, examiners could not perform a meaningful analysis of small farm loans as part of the Lending Test.

Examiners analyzed all residential mortgage loan originations and/or purchases reported on the bank's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). CBS reported 593 home mortgage loans totaling \$154.3 million in 2022, 487 loans totaling \$141.2 million in 2023, and 497 loans totaling \$115.6 million in 2024. Examiners compared the bank's lending performance in 2022, 2023, and 2024 to aggregate home mortgage lending data and demographic data from the 2020 U.S. Census. The Assessment Area Concentration table contains data from all three years. Examiners only presented data from 2023 and 2024 under the Geographic Distribution and Borrower Profile criteria, as 2024 was the most recent year with aggregate data available and 2023 data provided trend analysis. However, examiners did not have access to the 2024 HMDA market share data.



Examiners analyzed all small business loan originations reported on the bank's 2022, 2023, and 2024 CRA loan registers. CBS reported 41 small business loans totaling \$8.5 million in 2022, 40 loans totaling \$6.2 million in 2023, and 53 loans totaling \$6.6 million in 2024. Examiners compared small business lending performance in 2022 and 2023 to aggregate small business data and demographic data obtained from Dun & Bradstreet (D&B). Aggregate small business data for 2024 was unavailable at the time of this evaluation; therefore, examiners compared small business lending performance in 2024 to demographic data only. The Assessment Area Concentration table contains data from all three years. For the Geographic Distribution and Borrower Profile criteria, examiners presented data from 2023 and 2024, as 2023 is the most recent year with aggregate data available and 2024 data provided trend analysis.

Under the Lending Test, examiners evaluated qualified community development loans and innovative and/or flexible loans originated from the prior evaluation date to the current evaluation date. Under the Investment Test, examiners evaluated qualified investments and donations, the use of innovative and/or complex investments, and the bank's responsiveness to investment needs and opportunities within the assessment areas during the same period. Under the Service Test, examiners also evaluated retail banking services and community development services during the same timeframe.

For this evaluation, examiners obtained financial data from the June 30, 2025 Call Report, and economic information from the 2020 U.S. Census, D&B data, Moody's Analytics, and the U.S. Bureau of Labor Statistics.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated Satisfactory. Conclusions regarding overall performance are consistent with the bank's performance in each assessment area. The following sections address the bank's overall performance under each Lending Test criterion.

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2023, CBS originated or purchased 442 home mortgage loans within the assessment areas and ranked 11<sup>th</sup> out of 460 active lenders with a 2.0 percent market share. This lending volume established CBS as the highest ranked community bank in the assessment areas.

For small business loans, the bank originated or purchased 35 loans totaling \$3.1 million within the assessment areas. According to 2023 aggregate small business data, the bank ranked 52<sup>nd</sup> out of 130 active lenders, behind in the assessment area. Some community banks that ranked ahead of CBS included Westfield Bank (ranked 11<sup>th</sup>), UniBank for Savings (ranked 15<sup>th</sup>), and Florence Bank (ranked 36<sup>th</sup>). In 2024, the bank originated a similar volume of home mortgage loans inside the assessment areas and slightly increased its small business lending. Specifically, the bank originated

or purchased 444 home mortgage loans and 46 small business loans within the assessment areas. Market share data for 2024 was unavailable at the time of this evaluation.

The bank's overall home mortgage lending activity increased since the prior evaluation, and small business lending activity decreased. However, the significant level of small business lending during the previous evaluation period was a result of the bank originating loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which was discontinued in May 2021. The bank's small business lending activity returned to pre-pandemic levels during this evaluation period.

### **Assessment Area Concentration**

CBS originated a substantial percentage of loans in the assessment areas. The percentage of home mortgage loans inside the assessment area was consistently high, ranging between 88.0 percent and 90.8 percent inside the assessment area, by number. The percentage of small business loans inside the assessment area increased from 2022 to 2023 and then remained consistent from 2023 to 2024, averaging 82.8 percent inside the assessment area by number. The following table shows the bank's home mortgage and small business lending inside and outside of the assessment areas by year.

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										
2022	522	88.0	71	12.0	593	101,138	65.5	53,191	34.5	154,329
2023	442	90.8	45	9.2	487	86,640	61.4	54,535	38.6	141,175
2024	444	89.3	53	10.7	497	89,489	77.4	26,067	22.6	115,556
Subtotal	1,408	89.3	169	10.7	1,577	277,267	68.4	133,793	31.6	411,060
Small Business										
2022	30	73.2	11	26.8	41	6,603	77.9	1,874	22.1	8,477
2023	35	87.5	5	12.5	40	5,090	82.0	1,120	18.0	6,210
2024	46	86.8	7	13.2	53	5,695	86.0	928	14.0	6,623
Subtotal	111	82.8	23	17.2	134	17,388	81.6	3,922	18.4	21,310
Total	1,519	88.8	192	11.2	1,711	294,655	68.1	137,715	31.9	432,370
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

### **Geographic Distribution**

The bank's distribution of loans reflects poor penetration throughout the assessment areas, particularly in low- or moderate-income geographies. Although the bank's geographic distribution performance in the Worcester, MA MSA was adequate, poor performance in the Springfield-Amherst Town-Northampton, MA CSA carried greater weight in arriving at the overall conclusion.

Refer to the individual assessment area sections for detailed discussions of the bank's performance under this factor.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and businesses of different sizes. The bank had consistent performance for this factor in each assessment area. Refer to the individual assessment area sections for detailed discussions of the bank's performance under this factor.

### **Innovative or Flexible Lending Practices**

The institution uses innovative and/or flexible lending practices to serve assessment area credit needs. During the evaluation period, the bank originated 550 innovative or flexible loans totaling \$33.4 million. This is a decrease from the prior evaluation period, during which the bank originated 1,496 loans totaling \$89.0 million. However, the discontinuation of the SBA PPP explains the difference in lending volume between evaluation periods. The bank offered the following programs across both assessment areas.

#### **Residential Loan Programs**

- *First-time Homebuyer (FTHB) Loan Programs* – The bank offered four FTHB loan products: the 30-year fixed-rate mortgage, the 30-year fixed-rate mortgage with no down payment, the 10/1 adjustable-rate mortgage, and the 10/1 adjustable-rate mortgage with no down payment. These in-house programs offer reduced closing costs for borrowers with a new or existing checking account and provide flexible features such as no down payment or no private mortgage insurance. These programs are like products offered by the Federal Housing Administration (FHA) and MassHousing and assist low- and moderate-income borrowers who need loan products with flexible underwriting standards to pursue homeownership opportunities. During the evaluation period, the bank originated 106 FTHB mortgages totaling \$26.8 million.
- *MassSave HEAT Loans* – This program offers interest-free loans for homeowners seeking financing for energy efficiency upgrades such as installation of ENERGY STAR windows, residential solar batteries, and weatherization barriers and/or measures. The program helps meet credit needs of the assessment areas by providing a flexible loan product for borrowers who need home efficiency upgrades. In April 2024, the bank began offering two types of HEAT loans: unsecured HEAT loans with a maximum loan amount of \$15,000 and secured HEAT loans for amounts over \$15,000. Since January 2025, secured HEAT loans have a maximum loan amount of \$25,000. During the evaluation period, the bank originated 292 HEAT loans totaling \$3.5 million. Although not specifically targeted to low- and moderate-income borrowers, the product's affordable terms help meet credit needs of low- and moderate-income families.

- *HomeOne and Home Possible Loans* – Freddie Mac administers these two programs that offer flexible loans with 3.0 percent down payment requirements for qualified borrowers. The HomeOne program is available to first-time homebuyers, and the Home Possible program is available to borrowers with incomes not exceeding 80 percent of median income in their area. During the evaluation period, the bank originated three HomeOne loans totaling \$975,000 and three Home Loans totaling \$767,000.

#### Other Loan Programs

- *Credit Booster* – This in-house program offers opportunities for borrowers to build or repair their credit scores through short-term loans between 12 months and 36 months. Unlike most consumer loan products, borrowers do not receive immediate access to loan proceeds with a Credit Booster loan; the bank holds loan proceeds in a savings account as collateral, and borrowers make payments on the loan balance to receive access to the funds. If borrowers make all payments on time, they receive an interest credit incentive of up to \$50 at the end of the loan term. During the evaluation period, the bank originated 139 Credit Booster loans totaling \$167,000.
- *Small Business Administration (SBA) 504 and 7(a) loans* – The SBA administers these two programs. SBA 504 loans promote business growth through long-term financing for major fixed assets, and SBA 7(a) loans provide financing for short-term or long-term working capital; real estate acquisitions and refinancing; and equipment purchases. Borrowers must meet size and revenue requirements for eligibility. The bank originated two SBA 504 loans totaling \$432,000 and five SBA 7(a) loans totaling \$787,000 during the evaluation period.

#### Community Development Loans

CBS made an adequate level of community development loans. During the evaluation period, the bank originated 21 community development loans totaling \$33.5 million, which represents 0.2 percent of average total assets and 0.2 percent of average total loans since the prior evaluation. The bank's community development lending decreased by number and dollar amount since the previous evaluation period, during which the bank made 33 community development loans totaling \$44.0 million; however, the discontinuation of the SBA PPP program impacted the number of community development loan opportunities compared to the prior evaluation period. CBS's performance trailed two similarly situated institutions selected based on asset size, geographic location, and lending focus.

As CBS demonstrated adequate responsiveness to assessment area credit needs during the evaluation period, examiners considered community development loans that benefitted areas outside of the assessment area in the broader statewide area. CBS originated 18 loans totaling \$18.1 million that directly benefitted one or more of the bank's assessment areas. The remaining three loans, totaling \$15.4 million, benefitted the broader statewide area. Refer to the individual assessment area sections for notable examples of community development loans in each assessment area.

The following tables detail community development lending by year, purpose, and assessment area.

<b>Community Development Lending</b>										
<b>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>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
2022 (Partial)	2	896	0	0	0	0	0	0	2	896
2023	4	5,185	1	2,000	0	0	1	2,300	6	9,485
2024	3	1,898	0	0	0	0	4	7,235	7	9,133
2025 (YTD)	3	861	0	0	0	0	3	13,136	6	13,997
<b>Total</b>	<b>12</b>	<b>8,840</b>	<b>1</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>22,671</b>	<b>21</b>	<b>33,511</b>
<i>Source: Bank Data</i>										

<b>Community Development Lending by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Springfield-Amherst Town-Northampton, MA CSA	5	2,199	0	0	0	0	4	7,171	9	9,370
Worcester, MA MSA	5	2,256	1	2,000	0	0	3	4,500	9	8,756
Statewide	2	4,385	0	0	0	0	1	11,000	3	15,385
<b>Total</b>	<b>12</b>	<b>8,840</b>	<b>1</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>22,671</b>	<b>21</b>	<b>33,511</b>
<i>Source: Bank Data</i>										

The following are examples of notable community development loans that benefited the broader statewide area:

- In 2023, the bank originated a \$15.5 million loan to develop a 40-unit apartment complex in Brookline, MA. Under Massachusetts's 40B statute, the developer set aside 10 units for affordable housing for low- and moderate-income individuals. Because 25.0 percent of the units are set aside for low- and moderate-income individuals, examiners considered the pro-rata share (\$3.9 million) as community development.
- In 2025, the bank originated a \$11.0 million loan to purchase a 53-unit apartment complex in Chelsea, MA. The apartment complex, located in a moderate-income census tract, will offer 21 units below fair market price as established by the Department of Housing and Urban Development (HUD). Because the complex supports neighborhood redevelopment and stabilization initiatives in the moderate-income census tract, this loan qualifies as community development under revitalization and stabilization.

## INVESTMENT TEST

The Investment Test is rated High Satisfactory. The following sections discuss the bank's performance under each criterion. Conclusions regarding overall performance are consistent with the bank's performance in each assessment area. The following sections detail the bank's performance under each criterion.

## **Investment and Grant Activity**

CBS has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by investors. The bank had 398 qualified investments, grants, and donations totaling approximately \$18.7 million during the evaluation period.

The number and dollar amount of investments increased compared to the prior evaluation period, during which the bank had 274 investments, grants, and donations totaling \$11.4 million. The total dollar amount of investments and donations equates to 1.0 percent of average total assets and 5.8 percent of average total securities since the previous evaluation. The bank's performance exceeded that of similarly situated institutions. As the bank was responsive to the needs of the assessment area, examiners also considered donations outside of the assessment areas in the broader statewide or regional area. The following tables illustrate the bank's community development investments by year, purpose, and assessment area.

<b>Qualified Investments</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>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Prior Period	11	6,635	0	0	10	1,710	0	0	21	8,345
2022 (Partial)	3	3,122	0	0	0	0	0	0	3	3,122
2023	4	3,195	0	0	0	0	0	0	4	3,195
2024	2	2,475	0	0	0	0	0	0	2	2,475
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>20</b>	<b>15,427</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,710</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>17,137</b>
Qualified Grants & Donations	18	137	333	1,355	14	72	3	13	368	1,577
<b>Total</b>	<b>38</b>	<b>15,564</b>	<b>333</b>	<b>1,355</b>	<b>24</b>	<b>1,782</b>	<b>3</b>	<b>13</b>	<b>398</b>	<b>18,714</b>
<i>Source: Bank Data</i>										

<b>Qualified Investments by Assessment Area</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Springfield-Amherst Town-Northampton, MA CSA	13	1,936	141	645	7	49	2	12	163	2,642
Worcester, MA MSA	13	4,256	172	644	6	19	1	1	192	4,920
Statewide	12	9,372	20	66	1	4	0	0	33	9,442
Regional	0	0	0	0	10	1,710	0	0	10	1,710
<b>Total</b>	<b>38</b>	<b>15,564</b>	<b>333</b>	<b>1,355</b>	<b>24</b>	<b>1,782</b>	<b>3</b>	<b>13</b>	<b>398</b>	<b>18,714</b>
<i>Source: Bank Data</i>										

### Qualified Investments

The bank has 30 qualified investments totaling approximately \$17.1 million, of which 9 investments totaling approximately \$8.8 were made during the evaluation period. The other 21 investments totaling approximately \$8.3 million were made prior to the current evaluation period. Examiners considered the current book value of the prior period investments. The following are examples of investments that benefit the combined assessment areas or the broader statewide or regional area:

#### *Prior Period Investments*

- **Small Business Investment Corporations (SBICs)** – The bank maintained ten investments in SBIC bonds from a prior period with a total book value of \$1.7 million. The SBIC program supports capital access for small businesses. The bonds help finance small businesses through loans with low interest rates, promoting economic development in the regional area of New England.

#### *New Investments*

- **Mortgage-Backed Securities (MBSs)** – The bank purchased three MBSs totaling \$3.6 million securitizing home mortgages in Worcester and Hampden Counties. The majority of the underlying mortgages were to low- and moderate-income borrowers. These investments qualify as community development by supporting affordable housing for low- and moderate-income individuals across both assessment areas.

### Grants and Donations

The bank made 368 qualified grants and donations totaling approximately \$1.6 million during the evaluation period. Grants and donations primarily benefited community services for low- and moderate-income individuals. The following are descriptions of qualified investments that benefited multiple assessment areas or the broader statewide area that includes the assessment areas:

- **Salvation Army Massachusetts Division** – The organization provides emergency financial assistance across Massachusetts for low- and moderate-income individuals. Programs support needs for essentials including childcare, food, clothing, and furniture. The bank made donations to the organization in 2022 that qualify as community development by providing community services focused on low- and moderate-income families.
- **North Central Massachusetts Habitat for Humanity** – This Leominster-based non-profit organization develops affordable housing for low- and moderate-income residents. Along with developing housing, the organization also provides essentials in the form of used furniture, appliances, and building materials. The bank made a donation in 2024 that qualifies as community development by supporting affordable housing for low- or moderate-income individuals.
- **South Middlesex Opportunity Council** – The organization focuses on serving communities in the Metrowest region of Massachusetts and surrounding areas, including communities in Lowell, MetroWest, Central MA, and Western MA. Activities include housing shelters, childcare, adult learning, and nutritional assistance. The bank made

donations that qualify as community development by supporting community services for low- and moderate-income families.

### **Responsiveness to Credit and Community Development Needs**

CBS exhibits good responsiveness to credit and community development needs. All of the bank's new investments address affordable housing needs, which is a primary need in the bank's assessment areas. Refer to the individual assessment area sections for more information.

### **Community Development Initiatives**

CBS occasionally uses innovative and/or complex investments to support community development initiatives. Investments are comprised of MBSs and SBICs, which are investment vehicles that require bank expertise and resources. Refer to the individual assessment area sections for more information.

### **SERVICE TEST**

The bank's Service Test performance is rated Satisfactory. Conclusions regarding overall performance are consistent with the bank's performance in the Springfield-Amherst Town-Northampton, MA CSA, which received greater weight when arriving at overall conclusions. Performance in the Worcester, MA MSA exceeded overall performance due to positive changes in the assessment area's branching network and the improved accessibility of delivery systems. The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the assessment areas. CBS maintains 14 full-service branches, 24 deposit-taking ATMs and Interactive Teller Machines (ITMs), and 2 commercial business centers across the assessment areas. One branch is located in a low-income census tract, and some branches in middle- and upper-income census tracts are accessible to nearby low- and moderate-income census tracts.

The bank also offers alternative delivery systems that are available across the assessment areas. Customers have access to a variety of alternative delivery systems to remotely conduct bank transactions. Specifically, CBS supports online and mobile banking services to open accounts, check balances, transfer funds, conduct loan and bill pay activities, deposit checks, and manage debit cards. Telephone banking, available through the bank's Customer Care Center, is also available Monday to Friday, 8:00 AM to 6:00 PM, and Saturdays from 9:00 AM to 1:00 PM.

As previously mentioned, CBS supplements its ATM network through participation in the SUM network, allowing customers to conduct surcharge-free transactions at thousands of ATMs across the United States. Additionally, ITMs further expand the bank's delivery systems by allowing customers to video call with a CBS teller, providing greater flexibility for more complex transactions than a standard ATM would. ITMs maintain longer business hours than full-service



branches and, outside of business hours, ITMs maintain 24/7 ATM functionality. The following table shows the distribution of the bank's branch and ATM network by tract income level. Refer to the individual assessment area sections for details about the accessibility of delivery systems in each area.

<b>Branch and ATM/ITM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	34	13.8	129,694	11.4	1	7.1	2	8.3
Moderate	41	16.6	185,440	16.3	0	0.0	1	4.2
Middle	100	40.5	455,066	40.0	9	64.3	16	66.7
Upper	65	26.3	343,575	30.2	4	28.6	5	20.8
NA	7	2.8	23,891	2.1	0	0.0	0	0.0
<b>Total</b>	<b>247</b>	<b>100.0</b>	<b>1,137,666</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data</i>								

### **Changes in Branch Locations**

To the extent changes have been made, the institution's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Please refer to the individual assessment area sections for more information on branch changes during the evaluation period.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals. Business hours are consistent throughout the bank's branching network. Full-service branches are open to customers from 8:30 AM – 4:00 PM, Monday to Wednesday, with hours extending to 6:00 PM on Thursdays and 5:00 PM on Fridays. Branches maintain weekend operating hours from 9:00 AM – 12:00 PM on Saturdays. All branches, except for the Ware branch, maintain ITMs, which offer ITM-specific services from 8:00 AM – 6:00 PM, Monday to Friday, and Saturdays from 9:00 AM – 2:00 PM.

### **Community Development Services**

CBS provides a relatively high level of community development services. Community development services provided during the evaluation period were primarily related to employee participation in financial education and several instances of board or committee involvement with community development-related organizations within the assessment area. Employees engaged in 173 instances of qualified community service to organizations that benefited the assessment areas, as well as 11 instances of service that benefited the broader statewide or regional areas. Since the bank reasonably served the needs of the assessment areas, examiners also considered services that benefited areas outside of the assessment areas but within the broader statewide or regional area.

The volume of community development activities increased compared to the previous evaluation period and CBS performed better than similarly situated institutions. During the evaluation period, the bank provided 84 instances of financial education that were particularly responsive to identified community development needs. The following tables illustrate community development services by year, purpose, and assessment area. Refer to the individual assessment area sections for details about the bank's performance in those areas.

<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>
2022	2	14	2	1	<b>19</b>
2023	2	69	5	2	<b>78</b>
2024	2	48	7	2	<b>59</b>
YTD 2025	1	20	5	2	<b>28</b>
<b>Total</b>	<b>7</b>	<b>151</b>	<b>19</b>	<b>7</b>	<b>184</b>
<i>Source: Bank Data</i>					

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</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>
Springfield-Amherst Town-Northampton, MA CSA	4	79	0	6	<b>89</b>
Worcester, MA MSA	0	67	17	0	<b>84</b>
Statewide Activities	3	5	2	0	<b>10</b>
Regional Activities	0	0	0	1	<b>1</b>
<b>Total</b>	<b>7</b>	<b>151</b>	<b>19</b>	<b>7</b>	<b>184</b>
<i>Source: Bank Data</i>					

The following are examples of notable community development services that benefited both assessment areas or the broader statewide area or regional area:

- **Hartford Community Loan Fund (HCLF)** – HCLF is a not-for-profit community development financial institution (CDFI) in Hartford, CT that acquires and revitalizes single-family, multi-family, or mixed-use blighted residential properties. Additionally, HCLF assists in refinancing properties to prevent foreclosure and funding other community development organizations. An employee of the bank served on the Loan Committee in 2022, supporting regional revitalization and stabilization efforts.
- **North Central Massachusetts Habitat for Humanity** – Habitat for Humanity focuses on rebuilding or rehabilitating residences for purchase by low-income families. A bank employee serves on the Finance Committee and assists with mortgage underwriting to support affordable housing initiatives in the broader statewide area including the assessment areas.

- **Salvation Army Massachusetts Division** – The organization provides emergency financial assistance across Massachusetts for low- and moderate-income individuals. Programs support needs for essentials including childcare, food, clothing, and furniture. Bank staff assisted Salvation Army clients with loan applications for fuel assistance, providing community services to low-income individuals throughout the state.

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

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act, and did not identify any discriminatory or other illegal credit practices.

### **SPRINGFIELD-AMHERST TOWN-NORTHAMPTON, MA CSA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SPRINGFIELD-AMHERST TOWN-NORTHAMPTON, MA CSA**

Examiners performed a full-scope review of the bank's performance in the Springfield-Amherst Town-Northampton, MA CSA, representing an assessment of the bank's performance in both the Amherst Town-Northampton, MA MSA assessment area and Springfield, MA MSA assessment area. This section refers to the two assessment areas combined as the Springfield-Amherst Town-Northampton, MA CSA assessment area. This area encompasses 20 cities and/or towns from parts of Hampshire and Hampden Counties. Since the previous evaluation, the bank expanded this area to include twice as many cities and/or towns as the previous evaluation. The bank primarily expanded westward to add Agawam, East Longmeadow, Hampden, Holyoke, Longmeadow, and West Springfield in Hampden County, and Amherst, Granby, Hadley, and South Hadley in Hampshire County. Examiners gave more weight to the bank's performance in this assessment area when determining the overall rating, as it includes most of the bank's lending and deposit activities and contains the bank's main office.

#### **Economic and Demographic Data**

According to 2020 US Census data, the Springfield-Amherst Town-Northampton, MA CSA assessment area contains 110 census tracts that reflect the following income designations:

- 16 low-income census tracts,
- 24 moderate-income census tracts,
- 40 middle-income census tracts,
- 26 upper-income census tracts, and
- 4 census tracts with no income designation.

Most of the area’s low- and moderate-income census tracts are in the City of Springfield (23), followed by Holyoke (7) and Chicopee (6). The following table illustrates demographic information for the assessment area.

Demographic Information of the Assessment Area Springfield-Amherst Town-Northampton, MA CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	110	14.6	21.8	36.4	23.6	3.6
Population by Geography	504,389	10.6	21.8	38.8	25.6	3.3
Housing Units by Geography	204,129	10.9	22.4	40.8	25.5	0.4
Owner-Occupied Units by Geography	117,130	2.8	15.6	46.3	35.3	0.0
Occupied Rental Units by Geography	73,446	22.4	32.3	33.6	10.8	0.9
Vacant Units by Geography	13,553	18.2	28.0	31.9	20.5	1.4
Businesses by Geography	37,453	12.4	20.3	37.9	27.9	1.4
Farms by Geography	341	1.8	7.9	51.0	38.4	0.9
Family Distribution by Income Level	119,635	25.4	16.4	18.0	40.3	0.0
Household Distribution by Income Level	190,576	27.6	15.1	15.7	41.6	0.0
Median Family Income MSA - 11200 Amherst Town-Northampton, MA MSA Median Family Income MSA - 44140 Springfield, MA MSA		\$97,581 \$74,547	Median Housing Value			\$216,386
			Median Gross Rent			\$915
			Families Below Poverty Level			11.6%
Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.						

According to the previous table, nearly a third of the assessment area’s population is low- or moderate-income. Furthermore, 11.6 percent of families live below the poverty level. This percentage is nearly double the statewide percentage of families below the poverty level at 6.6 percent. The assessment area’s high percentage of families below the poverty level is largely driven by the City of Springfield, where 19.9 percent of families live below the poverty level.

The Geographic Distribution criterion compares the bank’s distribution of home mortgage loans to the distribution of owner-occupied units. The previous table also shows that only 2.8 percent of owner-occupied units are in low-income geographies, and 15.6 percent of owner-occupied units are in moderate-income geographies. The percentages of rental occupied and vacant units, however, are higher. This data suggests that there may be limited opportunities for home mortgage lending, particularly in the low-income census tracts where owner occupancy levels are low.

Examiners used the FFIEC’s median family income level data to analyze home mortgage lending under the Borrower Profile criterion. Based on 2024 FFIEC data, the median family income ranges in the Springfield, MA MSA, as shown in the following table, are lower than in the Amherst Town-Northampton, MA MSA. The median housing value for the assessment area is over three times the

maximum income of low-income families in the Amherst Town-Northampton, MA MSA, and nearly five times the maximum income of low-income families in the Springfield, MA MSA. This data suggests that it may be difficult for low- and moderate-income individuals to qualify for a home mortgage loan, particularly in the Springfield, MA MSA.

<b>Median Family Income Ranges - 2024</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to 120%</b>	<b>Upper ≥120%</b>
Amherst Town-Northampton, MA MSA	<\$59,850	\$59,850 To <\$95,760	\$95,760 To <\$143,640	≥\$143,640
Springfield, MA MSA	<\$44,550	\$44,550 To <\$71,280	\$71,280 To <\$106,920	≥\$106,920
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) to D&B data. According to 2024 D&B data, 37,453 non-farm businesses are in the CSA assessment area. Most of these businesses are small, with 70.6 percent employing four or fewer employees and 89.1 percent operating from a single location. The following reflects the composition of businesses in the CSA assessment area by GAR category:

- 85.8 percent have GARs of \$1.0 million or less,
- 4.2 percent have GARs greater than \$1.0 million, and
- 10.0 percent have unknown revenues.

According to data from U.S. Bureau of Labor Statistics, unemployment rates were consistently higher in Hampden County (Springfield, MA MSA assessment area) than in Massachusetts and nationally during the evaluation period. In contrast, Hampshire County (Amherst Town-Northampton, MA MSA assessment area) had consistently lower unemployment rates than Massachusetts and the nation. The following table reflects unemployment rates in the assessment area, Massachusetts, and the nation for 2023 and 2024.

<b>Unemployment Rates</b>		
<b>Area</b>	<b>2023</b>	<b>2024</b>
	<b>%</b>	<b>%</b>
Hampden County, MA	4.5	5.1
Hampshire County, MA	3.2	3.8
Massachusetts	3.5	4.0
National	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>		

According to Moody's Analytics, the assessment area's primary employment sectors include healthcare and higher education, and the top three employers are BayState Health, MassMutual Financial Group, and General Dynamics Advanced Info Systems. The assessment area struggled to rebound after the COVID-19 Pandemic primarily due to the area's growing population of senior citizens that no longer participate in the workforce, healthcare employers struggling to find replacements for newly retired employees, and local universities experiencing lower enrollment rates.

## **Competition**

According to FDIC Deposit Market Share data, as of June 30, 2024, 20 financial institutions operated 169 full-service branches in the Springfield-Amherst Town-Northampton, MA CSA assessment area. The top three institutions by deposit amount are PeoplesBank; TD Bank, N.A.; and Bank of America N.A. Collectively, these three banks account for almost a third of the market share. CBS ranked 9<sup>th</sup> with a deposit market share of 5.2 percent.

CBS faces a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. According to 2023 aggregate home mortgage data, 335 lenders originated or purchased 9,055 home mortgage loans in the assessment area. CBS ranked 8<sup>th</sup> with a 2.8 percent market share. The top lenders included Citizens Bank, N.A. with a 6.1 percent market share, PeoplesBank with a 4.9 percent market share, and Westfield Bank with a 4.0 percent market share.

CBS also faces a high level of competition for small business loans in the assessment area. In 2023, aggregate small business data showed that 102 lenders originated or purchased 11,720 small business loans in the assessment area. The top lenders included American Express National Bank with a 23.8 percent market share, JPMorgan Chase Bank, N.A. with a 13.7 percent market share, and CitiBank, N.A. with a 10.9 percent market share. Collectively, these three large national institutions comprise almost half of the small business market, which results in high competition among smaller institutions to lend to small businesses. CBS ranked 43<sup>rd</sup> with a market share of 0.2 percent.

## **Community Contacts**

As part of the evaluation process, examiners contact community organizations active in the assessment area to understand credit and community development needs. The information helps determine whether local financial institutions are responsive to these needs. The information also shows available credit and community development opportunities in each assessment area.

Examiners reviewed a recent contact from a local housing organization serving the City of Springfield in Hampden County. The contact identified several community development opportunities, mainly pertaining to affordable housing and revitalization and stabilization. The contact noted that finding affordable housing is a challenge for low- and moderate-income individuals in the area due to high interest rates and home prices. The contact expressed a need for development of 1-4 family housing units below market price and revitalization of existing units. According to the contact, a sizable number of the area's housing units need repairs, yet there are limited lending options for current homeowners to obtain the funds to fix them. Additionally, the contact identified a need for financial education and literacy events such as first-time homebuyer or small business owner seminars, particularly for non-English speakers. During the interview, the contact noted that CBS offers flexible financing through the low downpayment FTHB program and has been proactive about reaching out to community organizations.

Examiners reviewed a second contact from a local community development organization primarily serving Hampshire County. The organization serves low- and moderate-income individuals by

offering homeownership counseling, webinars, home loan modifications, and grants. The organization also serves small businesses in the area through one-on-one business assistance, small business workshops, and start-up business counseling. During the interview, the contact noted that a major issue for the region is affordable housing due to a lack of affordable units in the market and increased interest rates. The contact also noted that the region's population that does not speak English as a first language experiences language barriers that can limit employment opportunities. Additionally, the contact noted that the greatest challenge for start-up businesses is obtaining credit due to low amounts of capital, limited credit history, and traditional underwriting requirements.

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

Examiners considered information gathered from bank management, demographic and economic data, and the community contacts to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing for low- and moderate-income individuals, financial education initiatives, and economic development for small businesses are the primary community development needs. Credit and community development opportunities include offering flexible loan programs for low- and moderate-income individuals and partnering with local economic development organizations to provide funding to small businesses, particularly start-ups. Another community development opportunity includes offering more resources in foreign languages to accommodate the area's demographics.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN SPRINGFIELD-AMHERST TOWN-NORTHAMPTON, MA CSA**

### **LENDING TEST**

The bank demonstrated adequate performance under the Lending Test in the Springfield-Amherst Town-Northampton, MA CSA. The following sections discuss the bank's performance under each criterion.

#### **Lending Activity**

CBS's lending activity demonstrates good responsiveness to assessment area credit needs. In 2023, the bank originated 258 home mortgage loans totaling \$43.2 million, and in 2024, the bank originated or purchased 259 home mortgage loans totaling \$46.0 million. Market share reports provided additional context surrounding bank performance. Examiners determined that Westfield Bank, Florence Bank, and bankESB represent similarly situated institutions (SSIs) considering factors such as asset size, loan composition, and lending activity. Based on 2023 Peer Mortgage Data, the bank was the second highest ranked community bank, ranking 8<sup>th</sup> out of 339 lenders with a 2.8 percent market share.

In 2024, the bank originated or purchased 27 small business loans totaling \$6.6 million, which was a slight increase compared to 2023 when the bank originated or purchased 24 small business loans totaling \$4.5 million and ranked 43<sup>rd</sup> out of 102 lenders with a 0.2 percent market share. The bank's

small business loan activity was below SSIs and decreased since the previous evaluation period; however, the decline in volume generally correlates to the discontinuation of the SBA PPP.

### **Geographic Distribution**

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

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

The geographic distribution of home mortgage loans reflects poor penetration throughout the assessment area. As shown in the following table, the bank's lending in low-income census tracts was below demographic data and aggregate performance in 2023. In 2024, CBS exceeded demographic data and performed consistently with aggregate performance. However, the bank's performance in moderate-income census tracts was significantly below demographic data and aggregate performance for both 2023 and 2024.

<b>Geographic Distribution of Home Mortgage Loans Springfield-Amherst Town-Northampton, MA CSA</b>						
<b>Tract Income Level</b>	<b>% of Owner Occupied Housing Units</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	3.0	5.6	2	0.8	461	1.1
2024	2.8	5.5	14	5.4	3,849	8.4
Moderate						
2023	18.7	23.3	24	9.3	3,108	7.2
2024	15.6	20.4	25	9.7	3,811	8.3
Middle						
2023	35.7	35.0	95	36.8	15,455	35.8
2024	46.3	42.4	123	47.5	18,394	40.0
Upper						
2023	42.6	36.0	137	53.1	24,149	55.9
2024	35.3	31.6	97	37.5	19,907	43.3
NA						
2023	0.0	0.1	0	0.0	0	0.0
2024	0.0	0.2	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>258</b>	<b>100.0</b>	<b>43,173</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>259</b>	<b>100.0</b>	<b>45,961</b>	<b>100.0</b>

*Source: 2020 Census; 2023 and 2024 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.*



### ***Small Business Loans***

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. As shown in the following table, CBS's performance in low-income census tracts exceeded aggregate performance in 2023 and demographic data in 2024; however, performance in moderate-income census tracts was significantly below demographic data in both years, and significantly below aggregate performance in 2023. Given the percentage of moderate-income tracts in the assessment area and the low volume of small business lending in those tracts compared to aggregate performance, the bank's performance is poor.

<b>Geographic Distribution of Small Business Loans Springfield-Amherst Town-Northampton, MA CSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>CRA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	12.8	10.0	3	13.0	1,431	35.5
2024	12.4	--	5	18.5	852	29.4
Moderate						
2023	23.7	23.2	2	8.7	600	14.9
2024	20.3	--	1	3.7	375	12.9
Middle						
2023	26.9	28.2	8	34.8	1,050	26.0
2024	37.9	--	10	37.0	1,275	44.0
Upper						
2023	35.3	38.1	10	43.5	953	23.6
2024	27.9	--	11	40.7	397	13.7
NA						
2023	1.4	0.6	0	0.0	0	0.0
2024	1.4	--	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>4,034</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>27</b>	<b>100.0</b>	<b>2,899</b>	<b>100.0</b>
<i>Source: 2023 and 2024 D&amp;B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### **Borrower Profile**

The distribution of borrowers, given the demographics of the assessment area, reflects good penetration among individuals of different income levels and businesses of different sizes. The good performance in both home mortgage and small business lending supports this conclusion.

### Home Mortgage Loans

The distribution of home mortgage loans reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the lending to low- and moderate-income borrowers exceeded aggregate performance in 2023 and 2024. While the bank's lending to moderate-income borrowers exceeded demographic data for 2023 and 2024, its performance in low-income lending was below demographic data. However, low-income families, earning less than \$59,850 in the Amherst Town-Northampton, MA MSA and \$44,550 in the Springfield, MA MSA, may face difficulty qualifying for a home mortgage under conventional underwriting standards considering the median housing value of \$216,386. Additionally, the high percentage of families living below the poverty level in the assessment area help explain the disparity between lending activity and the percentage of low-income families.

Distribution of Home Mortgage Loans by Borrower Income Level Springfield-Amherst Town-Northampton, MA CSA						
Borrower Income Level	% of Families	HMDA Aggregate % of #	#	%	\$(000s)	%
Low						
2023	26.5	7.2	25	9.7	1,774	4.1
2024	25.4	5.5	32	12.4	2,217	4.8
Moderate						
2023	16.4	24.1	65	25.2	7,305	16.9
2024	16.4	19.9	55	21.2	6,585	14.3
Middle						
2023	17.8	26.1	72	27.9	11,593	26.9
2024	18.0	27.8	78	30.1	13,197	28.7
Upper						
2023	39.4	28.6	88	34.1	20,129	46.6
2024	40.3	30.9	87	33.6	19,757	43.0
NA						
2023	0.0	14.0	8	3.1	2,372	5.5
2024	0.0	15.9	7	2.7	4,205	9.2
Total						
2023	100.0	100.0	258	100.0	43,173	100.0
2024	100.0	100.0	259	100.0	45,961	100.0
Source: 2020 Census; 2023 and 2024 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

### Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. As shown in the following table, while CBS's lending to businesses with GARs of \$1.0 million or less was below demographic data in 2023, the bank's performance was consistent with aggregate performance. In 2024, CBS's lending to businesses with GARs of \$1.0 million or less

increased by number by nearly 20 percentage points, and the percentage by dollar amount exceeded demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category Springfield-Amherst Town-Northampton, MA CSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$(000s)	%
<= \$1,000,000						
2023	86.3	57.0	13	56.5	1,965	48.7
2024	85.8	--	20	74.1	2,548	87.9
> \$1,000,000						
2023	4.2	--	10	43.5	2,069	51.3
2024	4.2	--	7	25.9	351	12.1
Revenue Not Available						
2023	9.5	--	0	0.0	0	0.0
2024	10.0	--	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>4,034</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>27</b>	<b>100.0</b>	<b>2,899</b>	<b>100.0</b>
Source: 2023 and 2024 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

### **Community Development Loans**

The bank made an adequate level of community development loans. During the evaluation period, CBS originated 9 community development loans in the assessment area totaling approximately \$9.4 million. The level of community development loans increased compared to the previous evaluation period, during which the bank originated 6 loans totaling \$3.6 million in the assessment area. The bank's community development loans primarily supported affordable housing and revitalization and stabilization initiatives. The following table illustrates the bank's community development lending in the Springfield-Amherst Town-Northampton, MA CSA assessment area by year and purpose.

Community Development Lending Springfield-Amherst Town-Northampton, MA CSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	2	896	0	0	0	0	0	0	2	896
2023	2	834	0	0	0	0	0	0	2	834
2024	1	469	0	0	0	0	3	6,235	4	6,704
2025 (YTD)	0	0	0	0	0	0	1	936	1	936
<b>Total</b>	<b>5</b>	<b>2,199</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>7,171</b>	<b>9</b>	<b>9,370</b>
Source: Bank Data										

The following are notable examples of community development loans in the assessment area:

- In 2025, the bank originated a \$4 million loan for the construction of a new commercial building in Springfield. The building is in a moderate-income census tract and will serve as a car wash after completion of construction. This loan qualifies under revitalize and stabilize by the establishing of a new business in a moderate-income tract.
- In 2023, the bank originated a \$384,000 loan to finance the purchase of two properties in Palmer with five units each. All units have rents below the fair market price as established by HUD. The loan qualifies as community development by providing affordable housing for low- and moderate-income individuals.

## INVESTMENT TEST

The bank demonstrated good performance under the Investment Test in the Springfield-Amherst Town-Northampton, MA CSA. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

CBS has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by investors. The bank made 163 qualified investments totaling approximately \$2.6 million during the evaluation period. Investment volume in the assessment area increased from the prior evaluation period, during which the bank had 128 qualified investments totaling approximately \$567,000. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments Springfield-Amherst Town-Northampton, MA CSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022 (Partial)	1	1,000	0	0	0	0	0	0	1	1,000
2023	2	855	0	0	0	0	0	0	2	855
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>3</b>	<b>1,855</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1,855</b>
Qualified Grants & Donations	10	81	141	645	7	49	2	12	160	787
<b>Total</b>	<b>13</b>	<b>1,936</b>	<b>141</b>	<b>645</b>	<b>7</b>	<b>49</b>	<b>2</b>	<b>12</b>	<b>163</b>	<b>2,642</b>
<i>Source: Bank Data</i>										

### Qualified Investments

The bank made the following three new investments totaling \$1.9 million in the Springfield-Amherst Town-Northampton, MA CSA.

- **Colonial Estates** – The bank purchased two shares in a MBS in 2023 totaling \$885,000. The security is collateralized by a 500-unit multifamily property in Springfield, MA. Approximately 80 percent of the units are occupied by individuals that earn less than 60.0 percent of the area’s median income. These investments qualify for community development by supporting affordable housing.
- **Museum Park Apartments** – The bank purchased a MBS in 2022 totaling \$1.0 million. The security is collateralized by a 92-unit multifamily property in Springfield, MA. Approximately 74.0 percent of the units are occupied by individuals that earn less than 60.0 percent of the area median income. This investment qualifies for community development by supporting affordable housing.

### Grants and Donations

During the evaluation period, CBS made approximately \$786,000 in qualified donations in Springfield-Amherst Town-Northampton, MA CSA. Donations primarily benefited community services for low- and moderate-income individuals. The following are examples of qualified grants and donations that impact the assessment area:

- **Food Bank of Western Massachusetts** – This Chicopee-based organization supports the food assistance network to alleviate community hunger. Programs include food bank farm maintenance and education initiatives, application assistance for the Supplemental Nutrition Assistance Program (SNAP), a mobile food bank, and senior center collaboration for elder nutrition. The bank’s annual donations qualify for community development by providing community services for low- and moderate-income families.
- **Revitalize Community Development Corporation** – This Springfield-based organization supports the community by performing critical repairs on homes of low-income families and other vulnerable populations (e.g., the elderly, and people with special needs). Alongside home renovations, the organization also provides assistance through nutritional, health and wellness initiatives. The bank’s annual donations qualify for community development by supporting affordable housing for low- and moderate-income families.
- **Quaboag Valley Community Development Corporation** – This organization focuses on serving communities in Hampshire County and their economic needs. Activities include small business financial assistance, workforce training, and individual business development counseling. The bank’s donations qualify for community development by supporting economic development through financing small businesses.

## **Responsiveness to Credit and Community Development Needs**

CBS exhibits good responsiveness to credit and community development needs. The bank's investments are responsive to affordable housing needs, which is a primary need in the assessment area.

## **Community Development Initiatives**

CBS occasionally uses innovative and/or complex investments to support community development initiatives. The new investments in the assessment area are MBSs, a moderately complex vehicle that requires some expertise.

## **SERVICE TEST**

The bank demonstrated adequate performance under the Service Test in the Springfield-Amherst Town-Northampton, MA CSA. The following sections detail the bank's performance under each criterion.

## **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of the assessment area. The following table illustrates the distribution of branches and ATMs/ITMs by census tract income level.

<b>Branch and ATM/ITM Distribution by Geography Income Level Springfield-Amherst Town-Northampton, MA CSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	16	14.5	53,465	10.6	0	0.0	0	0.0
Moderate	24	21.8	109,957	21.8	0	0.0	1	9.1
Middle	40	36.4	195,703	38.8	3	50.0	6	54.5
Upper	26	23.6	128,619	25.5	3	50.0	4	36.4
NA	4	3.6	16,645	3.3	0	0.0	0	0.0
<b>Total</b>	<b>110</b>	<b>100.0</b>	<b>504,389</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>
<i>Source: 2020 ACS; Bank Data</i>								

Although CBS does not have branches in the assessment area's low- or moderate-income census tracts, three branches, located in Ludlow, Palmer, and Ware, are all within a one-mile radius of a low- or moderate-income census tract. The proximity of the Ludlow, Palmer, and Ware branches allow the bank to adequately serve the population of the nearby low- and moderate-income geographies. Additionally, CBS maintains four standalone ITMs in Palmer and Ware that are also in close proximity to low- and moderate-income census tracts. As previously stated, the extended business hours of ITMs provide for additional access to banking services.

Springfield contains a substantial majority of the low- and moderate-income census tracts, accounting for all but two of the assessment area's low- and moderate-income geographies. The remaining two census tracts are in Ware, containing a low-income census tract, and Palmer, containing a moderate-income census tract. As previously stated, although CBS does not maintain a full-service branch in the city of Springfield, it does maintain a business center, located at 1500 Main Street, a low-income census tract. Business centers are accessible by appointment only, and available to serve the bank's commercial customers.

All of the bank's alternative delivery services described in the overall Service Test section are available in the Springfield-Amherst Town-Northampton, MA CSA.

### **Changes in Branch Locations**

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.

Since the previous evaluation, the bank closed the previous main office, located at 75 Main Street, Ware, a low-income census tract, and the Four Corners branch, located at 191 Sykes Street, Palmer, a moderate-income census tract. While the branches closed, CBS continues to operate ATMs at each of the former branch locations. The bank also conducted an analysis of each branch closure that adequately considered the accessibility of its delivery systems to ensure minimal impact to those low- and moderate-income geographies. The Four Corners branch was within two miles of the North Main Street branch, located at 1485 North Main Street, Palmer, MA, which continues to serve the area. The North Main Street branch has similar drive-up capabilities to the Four Corners branch, parking, and is easily accessible via the Palmer Village Bus, which stops just 0.2 miles from the branch. Similarly, the Main Street branch was previously operating less than a mile from the bank's West Street branch.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. All retail branches offer the same loan and deposit products and services. Please refer to the overall Service Test section for more information.

### **Community Development Services**

The bank provides a relatively high level of community development services in the Springfield-Amherst Town-Northampton, MA CSA assessment area. The bank provided 89 instances of community development services during the evaluation period in this area, the majority of which were instances of bank employees administering financial education seminars, activities, and assistance. This reflects an increase from the prior evaluation period, during which the bank provided 49 instances of community development services in the assessment area. During the

current evaluation period, the bank provided 49 instances of financial education were particularly responsive to the community development needs of the assessment area.

Community Development Services Springfield-Amherst Town-Northampton, MA CSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	1	5	0	0	6
2023	1	41	0	2	44
2024	1	23	0	2	26
YTD 2025	1	10	0	2	13
<b>Total</b>	<b>4</b>	<b>79</b>	<b>0</b>	<b>6</b>	<b>89</b>
<i>Source: Bank Data</i>					

The following examples highlight community development services and programs that benefited the assessment area.

- **West Springfield Boys & Girls Club** – This is a non-profit community service organization offering a variety of after-school and summer programming to children of low- and moderate-income families in West Springfield and the surrounding geographies. The West Springfield Club works in partnership with the West Springfield School District, offering before- and after-school programs to low- and moderate-income families. A senior officer served on the Board, supporting community services for low- and moderate-income families.
- **Christina's House** – Christina's House is 501(c)3 public charity providing a home for women and children who are homeless or at risk of homelessness. Several bank employees participated in financial literacy activities at Christina's House, educating and assisting participants on topics such as budget planning, credit building, and ID theft and fraud awareness. These activities supported community services for low- and moderate-income individuals.
- **Credit for Life Fair** – The Credit for Life Fair, funded through the Massachusetts Financial Education Innovation Grant and in partnership with the Division, is a financial education program where students face a series of life scenarios in which they pursue future wants and needs while managing a financial budget. Several CBS staff, including senior staff, volunteered to administer the Credit for Life Fair at Ware High School, joined by Belchertown, Palmer, and Pathfinder High Schools. The majority of students at each school are eligible for free or reduced-price lunches. The bank's activity supported community services for low- and moderate-income individuals.



## **WORCESTER, MA MSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN WORCESTER, MA MSA**

Examiners performed a full-scope review of the bank’s operations in the Worcester, MA MSA assessment area. The bank opened two new branches in Worcester and one new branch in Uxbridge since the prior evaluation. This assessment area includes the mid-southern portion of Worcester County. The Description of Assessment Areas section for the combined assessment area provides a list of all cities and towns included in Worcester, MA MSA assessment area.

#### **Economic and Demographic Data**

According to 2020 U.S. Census data, the Worcester, MA MSA assessment area contains 137 census tracts that reflect the following income designations:

- 18 low-income census tracts,
- 17 moderate-income census tracts,
- 60 middle-income census tracts,
- 39 upper-income census tracts, and
- 3 census tracts with no income designation.

Most of the area’s low- and moderate-income census tracts (28 of 35) are in the City of Worcester. The other low- and moderate-income census tracts are in Southbridge, Webster, Milford, and Millbury. All census tracts with no income designation are within the City of Worcester and contain the College of the Holy Cross and Clark University. The following table illustrates demographic information for the assessment area.

Demographic Information of the Assessment Area Worcester, MA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	137	13.1	12.4	43.8	28.5	2.2
Population by Geography	633,277	12.0	11.9	41.0	33.9	1.2
Housing Units by Geography	244,289	11.9	12.0	43.3	32.2	0.7
Owner-Occupied Units by Geography	147,301	2.9	7.1	48.3	41.7	0.1
Occupied Rental Units by Geography	81,388	26.8	20.4	34.4	16.8	1.6
Vacant Units by Geography	15,600	19.3	15.0	42.2	22.7	0.9
Businesses by Geography	52,515	12.1	11.7	40.2	35.3	0.9
Farms by Geography	421	3.3	2.9	48.2	45.6	0.0
Family Distribution by Income Level	148,610	21.9	15.9	20.4	41.8	0.0
Household Distribution by Income Level	228,689	26.1	14.6	15.7	43.6	0.0
Median Family Income MSA - 49340 Worcester, MA MSA		\$99,320	Median Housing Value			\$303,145
			Median Gross Rent			\$1,123
			Families Below Poverty Level			6.5%
Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.						

The Geographic Distribution criterion compares the bank's home mortgage loans to the distribution of owner-occupied units. According to the previous table, 60.3 percent of the assessment area's total housing units are owner-occupied, and 33.3 percent are rental occupied. The homeownership rate is slightly higher than that of the Springfield-Amherst Town-Northampton, MA CSA assessment area, but remains lower than the national average and other New England metropolitan areas. Moreover, only 2.9 percent and 7.1 percent of owner-occupied units are in the assessment area's low- and moderate-income census tracts. These percentages reflect somewhat limited opportunities for home mortgage lending in geographies of these income levels.

According to the previous table, 23.9 percent of the population resides in low- or moderate-income census tracts. Demographic data for Worcester (which accounts for 32.6 percent of the total assessment area population) differs significantly from that of other cities and towns in the assessment area. Worcester has a population of 206,518, of which 32.3 percent live in low-income census tracts and 29.6 percent live in moderate-income census tracts. Of the 38,609 families living in Worcester, 38.9 percent are low-income, 18.4 percent are moderate-income, and 14.6 percent have incomes below the federal poverty level. 53.6 percent of total housing units in the city are rental occupied, and 76.3 percent of these rental units are in low- or moderate-income census tracts. Despite a lower median housing value of \$220,608 when compared to the entire assessment area's median housing value of \$303,145, low- and moderate-income families in Worcester may still struggle to qualify for residential mortgage loans.

Examiners used the FFIEC's median family income level data to analyze home mortgage lending under the Borrower Profile criterion. The following table shows low-, moderate-, middle-, and upper-income categories for this assessment area. The comparison between the maximum income

of \$57,050 in 2024 for low-income families and the median housing value of \$303,145 suggests that low-income families may face challenges affording homeownership in the assessment area, with median housing prices being over five times higher than the income range for low-income families.

Median Family Income Ranges <sup>1</sup>				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
2023 (\$115,600)	<\$57,800	\$57,800 To <\$92,480	\$92,480 To <\$138,720	≥\$138,720
<b>Worcester, MA MSA Median Family Income (49340)</b>				
2024 (\$114,100)	<\$57,050	\$57,050 To <\$91,280	\$91,280 To <\$136,920	≥\$136,920
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by GAR to D&B data. According to 2024 D&B data, 52,515 businesses operate in the assessment area. Most businesses are small, with 70.6 percent employing four or fewer employees, and 90.7 percent operating from a single location. The following reflects the composition of businesses in the assessment area by GAR:

- 87.7 percent have GARs of \$1.0 million or less,
- 3.9 percent have GARs over \$1.0 million, and
- 8.4 percent have unknown revenues.

According to data from U.S. Bureau of Labor Statistics, unemployment rates in the assessment area closely followed statewide and nationwide trends for the evaluation period, although they remained slightly higher than the national average for both years. Unemployment rates experienced a slight decrease in 2023 but increased again in 2024 in line with increases on a state and national level. The following table reflects unemployment rates in the Worcester, MA MSA; Massachusetts; and the nation for 2023 and 2024.

Unemployment Rates		
Area	2023	2024
	%	%
Worcester, MA MSA	3.6	4.1
Massachusetts	3.5	4.0
National Average	3.4	3.7
<i>Source: Bureau of Labor Statistics</i>		

According to Moody's Analytics, major employers in the Worcester, MA MSA assessment area include UMass Memorial Health Care, MSC Industrial Supply Co., University of Massachusetts Medical School, and Walmart Inc. The area experienced slower job growth because of losses in the

<sup>1</sup> The 2023 MSA delineation changes impacted the Worcester, MA MSA, previously referred to as the Worcester, MA-CT MSA, by removing towns in northeastern CT that were previously part of the MSA. Refer to the "Description of Assessment Areas" section for more information on the 2023 MSA delineation changes.

manufacturing and finance industries, and local higher education institutions also struggled to expand employment opportunities in the short term. Housing prices experienced faster growth than the national average level due to supply constraints.

### **Competition**

CBS operates within a highly competitive market for financial services. According to 2024 Peer Deposit Data, 25 financial institutions operated 151 branches in the assessment area, with CBS ranking 16<sup>th</sup> with a 6.9 percent deposit market share. Bank of America ranked 1<sup>st</sup> with a 16.3 percent market share, Berkshire Bank ranked 2<sup>nd</sup> with a 13.5 percent market share, and TD Bank ranked 3<sup>rd</sup> with a 9.5 percent market share.

CBS faces a high level of competition for home mortgage loans in the assessment area. Based on 2023 aggregate home mortgage data, 409 lenders originated or purchased 12,499 loans in the assessment area, and CBS ranked 19<sup>th</sup> overall. The top three lenders were Citizens Bank, United Wholesale Mortgage, and Rocket Mortgage.

CBS also faces a high level of competition for small business loans in the assessment area. Based on 2023 aggregate small business data, 111 lenders originated or purchased a total of 18,310 loans in Worcester County, and CBS ranked 56<sup>th</sup> overall. The top three lenders were American Express National Bank, JPMorgan Chase Bank, and Citibank.

### **Community Contacts**

Examiners contacted a representative of an organization that assists with economic development and affordable housing activities within the assessment area. The contact identified high capital costs and low return on investment for economic development projects, such as multifamily real estate construction, to be a major challenge in the area. The City of Worcester in particular, which is the assessment area's largest urban center, has experienced rapid population growth over recent years, so there is a need for seasoned developers to plan and initiate affordable housing projects. Developers rely on subsidies from state and municipal governments for these types of projects and require additional financing assistance.

The contact also noted that prospective homebuyers in the assessment area could benefit from down payment assistance programs and loan products with low down payments. Existing homeowners are also in need of flexible loans for energy-related upgrades and lead paint removals, particularly because most existing houses in the assessment area were constructed over 50 years ago.

The contact identified high startup costs, rising costs of goods, and local and state regulatory changes as some of the main challenges impacting small businesses. The contact noted that many startups and small businesses rely on SBA loans for their financing needs, and loan products with more lenient underwriting standards could help new small businesses remain viable during their first few years.

Additionally, the contact indicated that the city of Worcester is an area with a particularly diverse population that speaks over 90 unique languages, and many people with a limited understanding of English are less knowledgeable of the products and services that local financial institutions offer to customers. Therefore, there is potential for financial institutions to connect with these communities through initiatives such as multi-lingual financial education seminars and workshops.

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

Based on information from the community contact, bank management, and demographic data, examiners determined that affordable housing, revitalization projects in low- and moderate-income census tracts, community development investments, and financial education initiatives are all needed in the assessment area. The disparities between property values and the income level of low-income families demonstrate the need for affordable housing. In addition, there is a need for revitalization and stabilization projects in the assessment area. The reliance of residential developers on state subsidies and municipal grants for new housing projects highlights a need for community development investments. Examiners determined that down payment assistance programs and loan products with flexible underwriting standards are major credit needs in the assessment area. Some specific examples of these loan products include first-time homebuyer loans with no down payment requirements, MassSave HEAT loans, and small business loans.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN WORCESTER, MA MSA**

### **LENDING TEST**

CBS demonstrated adequate performance under the Lending Test in the assessment area. The following sections discuss the bank's performance under each criterion.

#### **Lending Activity**

The bank's lending levels represent good responsiveness to assessment area credit needs. In 2023, the bank originated and purchased 184 home mortgage loans totaling \$43.5 million within the Worcester, MA MSA assessment area. The bank maintained consistent performance in 2024, with 185 home mortgage loan originations and purchases totaling \$43.5 million in the assessment area. According to 2023 aggregate home mortgage data, CBS ranked 19<sup>th</sup> out of 409 lenders that originated or purchased at least one loan in the assessment area. This performance is better than the prior evaluation period.

In 2023, CBS originated 12 small business loans totaling \$1.1 million and ranked 56<sup>th</sup> out of 111 lenders. In 2024, the bank originated 19 small business loans totaling \$2.8 million.

In comparison to SSIs in the assessment area, which examiners identified as UniBank for Savings and Cornerstone Bank, the bank ranked lower for home mortgage lending and small business lending. However, examiners noted that while CBS has maintained a presence in portions of Worcester County for several evaluation periods, the bank only recently expanded its footprint in the assessment area

with the opening of three new branches in Worcester (2022 and 2024) and Uxbridge (2024). In contrast, both SSIs are based out of Worcester County and most of their lending activity is in the area. Overall, the bank's lending activity in the assessment area supports good performance.

### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. This conclusion considers the bank's good home mortgage lending and poor small business lending performance.

### ***Home Mortgage***

The geographic distribution of home mortgage lending reflects good penetration throughout the Worcester, MA MSA assessment area. In low-income census tracts, the bank performed above demographic data and aggregate performance in 2023 and above demographic data and only slightly below aggregate performance in 2024. In moderate-income census tracts, the bank's performance was above demographic data but below aggregate performance in 2023, and below demographic data and aggregate performance in 2024. According to 2023 aggregate home mortgage data, the bank ranked 21<sup>st</sup> out of 150 lenders that originated or purchased a loan in low-income census tracts, and 23<sup>rd</sup> out of 185 lenders that originated or purchased a loan in moderate-income census tracts. The bank ranked ahead of UniBank for Savings for lending activity in low-income and moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans Worcester, MA MSA						
Tract Income Level	% of Owner Occupied Housing Units	HMDA Aggregate % of #	#	%	\$ (000s)	%
Low						
2023	2.8	4.2	8	4.4	3,126	7.2
2024	2.9	4.7	8	4.3	2,791	6.4
Moderate						
2023	7.2	9.2	15	8.2	4,980	11.5
2024	7.1	9.0	10	5.4	5,197	11.9
Middle						
2023	46.4	45.2	118	64.1	24,515	56.4
2024	48.3	47.1	122	66.0	24,235	55.7
Upper						
2023	43.6	41.0	42	22.8	10,321	23.7
2024	41.7	38.9	45	24.3	11,305	26.0
NA						
2023	0.1	0.4	1	0.5	525	1.2
2024	0.1	0.3	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>184</b>	<b>100.0</b>	<b>43,467</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>	<b>43,528</b>	<b>100.0</b>
Source: 2020 Census; 2023 and 2024 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

### ***Small Business***

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. In 2023, the bank originated one loan in a low-income census tract and performance was below demographics data and in-line with aggregate performance. In 2024, the bank did not originate any small business loans in low-income census tracts. The bank originated one loan in a moderate-income census tract in 2023, but it did not originate any loans in moderate-income tracts in 2024. The bank's performance in moderate-income census tracts was below demographic data and aggregate performance in both years.

Geographic Distribution of Small Business Loans Worcester, MA MSA						
Tract Income Level	% of Businesses	CRA Aggregate % of #	#	%	\$ (000s)	%
Low						
2023	11.0	8.0	1	8.3	55	5.2
2024	12.1	--	0	0.0	0	0.0
Moderate						
2023	12.2	10.9	1	8.3	100	9.5
2024	11.7	--	0	0.0	0	0.0
Middle						
2023	38.6	39.1	6	50.0	717	67.9
2024	40.2	--	14	73.7	2,666	95.4
Upper						
2023	37.3	41.2	4	33.3	184	17.4
2024	35.3	--	5	26.3	130	4.7
NA						
2023	0.9	0.9	0	0.0	0	0.0
2024	0.9	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	12	100.0	1,056	100.0
2024	100.0	--	19	100.0	2,796	100.0
Source: 2023 and 2024 D&B Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

## **Borrower Profile**

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

### ***Home Mortgage***

The distribution of home mortgage loans in the Worcester, MA MSA assessment area reflects good penetration among individuals of different income levels. For low-income borrowers, the bank's performance significantly exceeded the aggregate performance in 2023 and 2024. The bank's performance was below demographics for both years; however, there are significant disparities between median home values and incomes levels for low-income families in the area, which makes homeownership unaffordable for many families. For moderate-income borrowers, the bank exceeded both demographic data and aggregate performance in 2023 and 2024.



<b>Distribution of Home Mortgage Loans by Borrower Income Level Worcester, MA MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low						
2023	21.2	5.3	25	13.6	1,952	4.5
2024	21.9	4.7	17	9.2	1,841	4.2
Moderate						
2023	15.6	18.9	57	31.0	9,146	21.0
2024	15.9	15.8	41	22.2	5,889	13.5
Middle						
2023	20.0	25.8	40	21.7	8,824	20.3
2024	20.4	23.4	45	24.3	8,952	20.6
Upper						
2023	43.3	38.2	53	28.8	18,188	41.8
2024	41.8	40.5	70	37.8	18,928	43.5
NA						
2023	0.0	11.9	9	4.9	5,357	12.3
2024	0.0	15.6	12	6.5	7,918	18.2
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>184</b>	<b>100.0</b>	<b>43,467</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>	<b>43,528</b>	<b>100.0</b>
<i>Source: 2020 Census; 2023 and 2024 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business***

The distribution of small business loans in the assessment area reflects good penetration among businesses of different sizes. The bank's performance among businesses with GARs of \$1.0 million or less was below demographic data in 2023 but exceeded aggregate performance. The bank's performance increased significantly in 2024, as all but one of the bank's small business loans were to businesses with GARs of \$1.0 million or less. This performance exceeded demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category Worcester, MA MSA						
Gross Revenue Level	% of Businesses	CRA Aggregate % of #	#	%	\$ (000s)	%
<= \$1,000,000						
2023	87.9	55.7	8	66.7	789	74.7
2024	87.7	--	18	94.7	2,771	99.1
> \$1,000,000						
2023	4.0	--	4	33.3	267	25.3
2024	3.9	--	1	5.3	25	0.9
Revenue Not Available						
2023	8.1	--	0	0.0	0	0.0
2024	8.4	--	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,056</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>--</b>	<b>19</b>	<b>100.0</b>	<b>2,796</b>	<b>100.0</b>
Source: 2023 and 2024 D&B Data; 2023 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.						

### **Community Development Loans**

The bank made an adequate level of community development loans. During the evaluation period, CBS originated nine loans totaling \$8.8 million. The volume of community development loans in this assessment area is similar to the previous evaluation period, during which the bank originated nine loans totaling \$12.3 million. The bank was responsive to the assessment area's community development needs by making loans that promoted affordable housing and revitalization or stabilization initiatives. The following table shows the bank's community development lending activity in the Worcester, MA MSA assessment area by year and purpose.

Community Development Lending Worcester, MA MSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	1	476	1	2,000	0	0	1	2,300	3	4,776
2024	1	919	0	0	0	0	1	1,000	2	1,919
2025 (YTD)	3	861	0	0	0	0	1	1,200	4	2,061
<b>Total</b>	<b>5</b>	<b>2,256</b>	<b>1</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>4,500</b>	<b>9</b>	<b>8,756</b>
Source: Bank Data										

The following are notable examples of community development loans in this assessment area:

- In 2023, the bank originated a \$2.3 million loan for the redevelopment of a commercial building in a low-income census tract in Worcester. The loan proceeds are for the acquisition of the vacant property, and redevelopment of the property into a multi-use arts center with classrooms, workshops, and event space. The project will attract new businesses and qualifies as community development by revitalizing and stabilizing of a low-income geography
- In 2024, the bank originated a \$1.0 million loan for the construction of a nine-unit apartment building in Worcester. The building will be in a low-income census tract, and eight of the nine units will be rented to individuals whose income is 80 percent or less of the area median income. The loan qualifies as community development as it will revitalize and stabilize a low-income geography by creating new residential units in and attracting new residents to the area.

## **INVESTMENT TEST**

The bank's demonstrates good performance under the Investment Test in the Worcester, MA MSA. The following sections discuss the bank's performance under each criterion.

### **Investment and Grant Activity**

CBS has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by investors. The bank had 192 qualified investments totaling approximately \$4.9 million during the evaluation period. The following table illustrates the bank's community development investments by year and purpose. The bank did not make any new investments in the assessment area during the evaluation period; however, the bank maintained six prior-period investments with remaining book values totaling \$4.2 million and made \$717,804 in donations and grants, which represents an increase from the previous evaluation, during which the bank made approximately \$550,000 in grants and donations within the assessment area.

Qualified Investments Worcester, MA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	6	4,202	0	0	0	0	0	0	6	4,202
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025 (YTD)	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>4,202</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>4,202</b>
Qualified Grants & Donations	7	54	172	644	6	19	1	1	186	718
<b>Total</b>	<b>13</b>	<b>4,256</b>	<b>172</b>	<b>644</b>	<b>6</b>	<b>19</b>	<b>1</b>	<b>1</b>	<b>192</b>	<b>4,920</b>
<i>Source: Bank Data</i>										

### Qualified Investments

The following are examples of prior-period investments that benefit the assessment area:

- **MBSs** – The bank maintained four MBSs totaling \$1.7 million securitizing home mortgages in Worcester County. The majority of the underlying mortgages were to low- and moderate-income borrowers. These investments qualify for community development by supporting affordable housing for low- and moderate-income individuals.
- **Washington Heights** – The bank maintains two MBSs totaling \$2.5 million that supported a 404-unit multifamily property in Worcester. All the units house individuals that earn less than 60 percent of the area median income. These investments qualify for community development by supporting affordable housing.

### Grants and Donations

During the evaluation period, the bank made 186 qualified grants and donations for \$717,804 that primarily benefited community services for low- and moderate-income individuals. The following are examples of qualified grants and donations in the assessment area:

- **Main South Community Development Corporation** – This Worcester-based organization addresses community needs through economic development and housing development. Programs include the development of affordable commercial space, maintaining 241 units of affordable housing, and administering a volunteer income tax assistance (VITA) site for low- and moderate-income populations. The bank's donation in 2023 qualifies for community development primarily by supporting economic development through small business technical assistance.
- **Worcester County Food Bank** – This non-profit organization aims to alleviate hunger by distributing donated food throughout the community. Programs include food pantry access and advocacy for families who are experiencing food insecurity. The bank's annual

donations qualify for community development by providing community services for low- and moderate-income families.

- **United Way of Central MA** – The organization serves Worcester and surrounding communities. Activities include after-school support, food security initiatives, financial literacy, and tax assistance. The bank’s donations qualify for community development by supporting community services for low- and moderate-income families.

### **Responsiveness to Credit and Community Development Needs**

CBS exhibits good responsiveness to credit and community development needs. The bank’s investments primarily address affordable housing through MBSs, which is a primary need in the assessment area. The bank also made a large donation to the MetroWest/Greater Worcester Habitat for Humanity that was directly responsive to affordable housing needs in the assessment area.

### **Community Development Initiatives**

CBS occasionally uses innovative and/or complex investments to support community development initiatives. The investments maintained in the assessment area are MBSs, a moderately complex vehicle that requires bank expertise.

### **SERVICE TEST**

The bank demonstrated good performance under the Service Test in the Worcester, MA MSA assessment area. The following sections detail the bank’s performance under each criterion.

### **Accessibility of Delivery Systems**

The bank’s delivery systems are accessible to essentially all portions of the institution’s assessment area. CBS operates eight branches located in Charlton, Leicester, Paxton, Uxbridge, West Brookfield, and Worcester (3). All branches maintain an ITM, with the exception of the Leicester branch, which maintains both a walk-up and drive-up deposit-taking ATM only. The following table illustrates the distribution of bank branches and ATM/ITMs by census tract income level.

<b>Branch and ATM/ITM Distribution by Geography Income Level Worcester, MA MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	18	13.1	75,993	12.0	1	12.5	2	15.4
Moderate	17	12.4	75,360	11.9	0	0.0	0	0.0
Middle	60	43.8	259,644	41.0	6	75.0	10	76.9
Upper	39	28.5	214,681	33.9	1	12.5	1	7.7
NA	3	2.2	7,599	1.2	0	0.0	0	0.0
<b>Total</b>	<b>137</b>	<b>100.0</b>	<b>633,277</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data</i>								

The bank operates one full-service branch, which has an attached ITM, in a low-income census tract in the assessment area. An additional standalone ATM is located in the Worcester Public Market, also within a low-income census tract. While the bank does not have branches in moderate-income census tracts, the Grafton Street and Tatnuck Square branches are in close proximity to four moderate-income census tracts in the assessment area.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. CBS opened three new branches in Worcester (2) and Uxbridge since the prior evaluation. Although all three branches are in middle-income census tracts, the Grafton Street branch is immediately adjacent to four moderate-income census tracts. Additionally, the Grafton Street, Tatnuck Square, and Park Avenue branches are in close proximity to bus stops serviced by the Worcester Regional Transit Authority (WRTA). The WRTA will maintain fare-free travel through June of 2026, improving accessibility for low- and moderate-income individuals and families.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All retail branches offer the same loan and deposit products and services. Please refer to the overall section for more information.

### **Community Development Services**

The bank provides a relatively high level of community development services in the Worcester, MA MSA assessment area. CBS provided 84 instances of community development services during the evaluation period in this assessment area. This represents an increase from the 25 instances provided during the previous evaluation period. During the current evaluation period, the bank provided 32 instances of financial education services that were particularly responsive to the community development needs of the assessment area.

<b>Community Development Services Worcester, MA MSA</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>
2022	0	7	2	0	9
2023	0	25	4	0	29
2024	0	25	6	0	31
YTD 2025	0	10	5	0	15
<b>Total</b>	<b>0</b>	<b>67</b>	<b>17</b>	<b>0</b>	<b>84</b>
<i>Source: Bank Data</i>					

The following are examples of community development services that benefited the assessment area.

- **Worcester Business Development Corporation (WBDC)** – The WBDC is a non-profit business organization with a mission to rebuild and revitalize the City of Worcester. The WBDC assists local businesses with the permitting process; grant research, writing, and administration; tax credit approvals; navigating the SBA 504 loan program; and many other services. A senior vice president of the bank serves on the WBDC’s Board of Directors, supporting economic development opportunities for small businesses in the assessment area.
- **In Hour of Need** – This family shelter provides transitional housing and assistance to families with children who are experiencing homelessness. The organization helps families secure permanent housing and provides critical support services. Several members of bank staff administered financial literacy seminars focusing on budgeting, financial planning, and credit booster programs, as well as coaching in one-on-one workshops for low-income individuals and families. These services supported community services for low- and moderate-income individuals and families.
- **YWCA of Central Massachusetts** – This organization serves the needs of women, especially low- and moderate-income women and women experiencing or fleeing the effects of domestic violence. The YWCA hosts a wide variety of programs, including summer camp, after-school, and extended child-care services, young mother support, emergency shelter, transitional housing, and financial education and well-being workshops. A member of the bank’s senior staff serves on the Board of Directors, supporting community services for low- and moderate-income families.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division 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 evaluation. The fair lending review was conducted in accordance with the FFIEC's Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

#### ***MINORITY APPLICATION FLOW***

The bank's HMDA LARs for 2023 and 2024 were reviewed to determine if the application flow from the different racial groups within the bank's assessment areas was reflective of assessment area demographics.

According to the 2020 ACS Census Data, the bank's assessment area contained a total population of 1,137,666 individuals of which 34.8 percent were minorities. The minority population represented is 6.5 percent Asian, 8.0 percent Black/African American, 0.2 percent American Indian, 18.0 percent Hispanic or Latino, and 5.8 percent other.

The bank's level of lending in 2023 and 2024 was compared with that of the 2023 and 2024 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment areas.



MINORITY APPLICATION FLOW						
RACE	Bank 2023 HMDA		2023 Aggregate Data	Bank 2024 HMDA		2024 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	3	0.5	0.6	4	0.6	0.6
Asian	11	1.9	5.5	10	1.6	6.2
Black/ African American	16	2.7	6.9	18	2.9	7.4
Hawaiian/Pacific Islander	2	0.3	0.2	3	0.4	0.2
2 or more Minority	0	0.0	0.2	1	0.2	0.2
Joint Race (White/Minority)	10	1.7	1.5	13	2.1	1.6
<b>Total Racial Minority</b>	<b>42</b>	<b>7.1</b>	<b>14.9</b>	<b>49</b>	<b>7.9</b>	<b>16.3</b>
White	470	79.1	60.1	514	83.2	59.2
Race Not Available	82	13.8	25.1	55	8.9	24.6
<b>Total</b>	<b>594</b>	<b>100.0</b>	<b>100.0</b>	<b>618</b>	<b>100.0</b>	<b>100.0</b>
ETHNICITY						
Hispanic or Latino	25	4.2	12.2	31	5.0	12.1
Joint (Hisp/Lat /Not Hisp/Lat)	7	1.2	1.6	12	1.9	1.8
<b>Total Ethnic Minority</b>	<b>32</b>	<b>5.4</b>	<b>13.8</b>	<b>43</b>	<b>7.0</b>	<b>13.8</b>
Not Hispanic or Latino	481	81.0	63.1	523	84.6	63.1
Ethnicity Not Available	81	13.6	23.1	52	8.4	23.0
<b>Total</b>	<b>594</b>	<b>100.0</b>	<b>100.0</b>	<b>618</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2020 US Census Data, 2023 and 2024 HMDA Aggregate Data, 2023 and 2024 HMDA LAR Data.</i>						

In 2023, the bank received 594 HMDA-reportable loan applications within its assessment areas. Of these, the bank received 42 applications, or 7.1 percent, from racial minority applicants, below aggregate performance of 14.9 percent. Additionally, 32 of the applications within its assessment area, or 5.4 percent, were from ethnic groups of Hispanic origin, below the aggregate ethnic minority application rate of 13.8 percent. In 2024, the bank received 618 HMDA-reportable loan applications within the assessment areas. Of these, 49 applications, or 7.9 percent, were from racial minority applicants, below the aggregate application flow of 16.3 percent. The bank received 43 applications, or 7.0 percent, from ethnic minority groups within its assessment area, below the aggregate rate of 13.8 percent.

The bank has made efforts to reach more demographics by hiring a bi-lingual loan officer, implementing marketing in Spanish, and increasing outreach efforts to traditionally underserved communities. These efforts help to ensure applicants from all demographics have access to credit. Considering the demographic composition of the assessment area, comparisons to aggregate data, and the bank's fair lending controls, the bank's minority application flow in 2023 and 2024 reflect adequate performance.

## **DIVISION OF BANKS LOSS OF AFFORDABLE HOUSING**

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution includes a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units. No systemic patterns were identified.

## **LARGE BANK PERFORMANCE CRITERIA**

### **Lending Test**

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

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

### **Investment Test**

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

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

## **Service Test**

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

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

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

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

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

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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

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

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

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (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.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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



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

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

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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