

PUBLIC DISCLOSURE

June 7, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Country Bank for Savings
Certificate Number: 23992

75 Main Street
Ware, Massachusetts 01082

Division of Banks
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Federal Deposit Insurance Corporation
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New York, New York 10118

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

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **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><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>**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.</i></p>			

The Lending Test is rated Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a high percentage of loans within its assessment area.
- The geographic distribution of loans reflects poor penetration throughout the assessment area.
- The distribution of borrowers reflects adequate 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 bank made a significant level of qualified community development investments and donations.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Satisfactory.

- The bank's delivery systems are reasonably accessible to essentially all portions of the assessment area.
- The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate -income geographies and to low- and moderate-income individuals.
- The bank's services and 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.
- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Background

Country Bank for Savings (CBS) is a mutual savings bank headquartered in Ware, Massachusetts (MA) and operates throughout Hampden, Hampshire, and Worcester Counties. The bank does not have any subsidiaries that offer credit-related products or services. The FDIC and the Massachusetts Division of Banks (Division) last evaluated the bank's CRA performance on January 24, 2019 using Interagency Large Institution CRA Examination Procedures. The bank received an overall Satisfactory rating, with the Lending Test rated Satisfactory, the Investment Test rated High Satisfactory, and the Service Test rated Satisfactory.

Operations

The bank operates 13 full-service branches throughout the assessment areas and interactive teller machines (ITMs) in Leicester, and Ware. The bank also operates four stand-alone automated teller machines (ATMs) in Brookfield, Hardwick, Palmer, and Rochdale. Further, the bank maintains commercial business centers in Springfield and Worcester. The business centers are not open to the public, but allow commercial loan officers to work closer to their clients in these areas. The Springfield business center opened in October 2021 and is located in a low-income census tract. Since the previous examination, the bank closed two branches. One was within the Walmart in Ware, MA, and it was replaced with the aforementioned ITM. The second closed branch had limited hours and was located in a middle-income tract in Charlton, MA. The bank has not opened any branches or experienced any mergers or acquisitions since the previous evaluation.

CBS offers a wide range of residential lending products, including fixed- and adjustable-rate mortgages, home equity loans and lines of credit, MassHousing loans, United States Department of Agriculture (USDA) loans, and a first-time homebuyer program. Additionally, the bank offers commercial real estate loans and commercial and industrial loan products. The bank also offered Paycheck Protection Program (PPP) loans to small businesses during the COVID-19 pandemic. The bank offers standard personal and business deposit products, as well as personal rewards checking products. Alternative banking services include remote deposit capture; 24-hour online, mobile, and text banking; and online account opening. All bank branches have drive-up ATMs.

Ability and Capacity

As of March 31, 2022, the bank had total assets of \$1.7 billion and total deposits of \$1.4 billion. Total assets have not changed significantly from the previous evaluation. The bank has total loans of \$1.1 billion, representing 62.1 percent of total assets. As the following table indicates, residential mortgage loans (49.6 percent), consisting of one-to-four family and multi-family loans, account for the largest portion of the bank’s loan portfolio. Commercial loans (43.4 percent), which include nonfarm nonresidential loans and commercial and industrial loans, represent a slightly lower percentage of the portfolio.

Loan Portfolio Distribution as of 3/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	68,176	6.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	465,923	42.5
Secured by Multi-family (5 or more) Residential Properties	77,696	7.1
Secured by Non-farm Non-Residential Properties	444,587	40.6
Total Real Estate Loans	1,056,382	96.4
Commercial and Industrial Loans	30,529	2.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	7,276	0.7
Obligations of States and Political Subdivisions in the United States	1,758	0.2
Other Loans	158	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,096,103	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial or legal impediments that would limit the bank’s ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREAS

CBS designated two assessment areas: the Springfield, MA Metropolitan Statistical Area (MSA) assessment area, which encompasses parts of Hampden and Hampshire Counties, and the Worcester, MA-CT MSA assessment area, which encompasses parts of Worcester County. The bank included the following cities and towns within each assessment area:

Springfield, MA MSA

- Hampshire County – Belchertown and Ware
- Hampden County – Brimfield, Chicopee, Holland/Wales, Ludlow, Monson, Palmer, Springfield, and Wilbraham

Worcester, MA-CT MSA

- Worcester County – Brookfield, Charlton, East Brookfield, Hardwick/New Braintree, Leicester, North Brookfield, Paxton, Spencer, Warren, West Brookfield, and Worcester

The bank's assessment areas have not changed since the previous evaluation. Examiners performed a full-scope review of the bank's performance in both assessment areas given the number of branches and volume of activity in each area. CBS operates its main office and seven branches across the Springfield, MA MSA and five branches in the Worcester, MA-CT MSA. The bank's performance in the Springfield, MA MSA contributed slightly more weight when determining overall conclusions, as the bank's main office and a majority of its lending, deposits, and branches are located within this assessment area. Refer to the individual assessment area sections of this evaluation for information related to the competition, economics, and demographics of each area.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the FDIC and the Division, covers the bank's CRA performance from the prior evaluation dated January 24, 2019 through the current evaluation dated June 7, 2022. Examiners used the Interagency Large Institution CRA Examination Procedures.

Activities Reviewed

Examiners determined the bank's major product lines include home mortgage and small business loans based on its business strategy and the number and dollar volume of loans originated or purchased during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, they provided no material support for conclusions or ratings and examiners did not present them.

Examiners analyzed all residential mortgage loan originations reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). CBS originated 411 HMDA loans totaling \$113.2 million in 2019, 493 loans totaling \$146.8 million in

2020, and 401 loans totaling \$130.3 million in 2021. Examiners compared the bank's HMDA data from 2019 and 2020 to aggregate data and the bank's HMDA data from all three years to demographic data. Examiners only presented the bank's 2020 and 2021 data in the Geographic Distribution and Borrower Profile tables, as 2020 is the most recent year for which aggregate data is available. Examiners included 2021 data in the presentation to demonstrate trend analysis. The Assessment Area Concentration factor presents all three years of data.

Examiners analyzed all small business loan data derived from the bank's 2019, 2020, and 2021 CRA loan registers. CBS originated 54 small business loans totaling \$6.8 million in 2019, 517 loans totaling \$43.0 million in 2020, and 321 loans totaling \$22.6 million in 2021. The bank's small business lending activity includes 488 PPP loans totaling \$45.9 million in 2020, and 297 totaling \$24.3 million in 2021. Examiners compared the bank's 2019 and 2020 performance to aggregate, as those were the most recent years available. Examiners presented all three years of performance in the Geographic Distribution and Borrower Profile tables, as the bank's small business lending volume increased significantly following the introduction of the PPP program. Examiners compared all three years of performance to demographic data.

When arriving at Lending Test conclusions, examiners placed more weight on home mortgage lending performance due to the bank's business focus, origination activity, and loan portfolio distribution. When drawing performance conclusions, examiners emphasized the bank's home mortgage lending and small business lending in 2020, as these are the most recent years of available aggregate data for the respective product types.

Under the Lending Test, examiners also evaluated the bank's community development lending and innovative and/or flexible lending practices from January 24, 2019 through the current evaluation dated June 7, 2022. Under the Investment and Service Tests, examiners considered qualified investments, retail services, and community development services for the same period. Examiners also considered prior-period qualified investments that were still outstanding at the start of the evaluation. The Service Test also considered the bank's delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings and closings during the evaluation period. Examiners also conducted a review of retail banking products and services targeted to low- and moderate-income individuals or small businesses and/or tailored to meet specific needs within the assessment areas.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 American Community Survey (ACS), 2021 D&B, Moody's Analytics, and the United States (U.S.) Bureau of Labor Statistics. The March 31, 2022 Report of Income and Condition (Call Report) provided the financial data.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CBS demonstrated Satisfactory performance under the Lending Test. This conclusion is consistent with performances in both assessment areas. The following sections address the bank's overall performance under each Lending Test criterion.

Lending Activity

The bank's lending levels represent good responsiveness to assessment area credit needs. In 2020, the bank originated and purchased 362 home mortgage loans within the combined assessment area. According to 2020 HMDA aggregate data, the bank ranked 10th of 385 lenders, with a 1.8 percent market share. The bank was the highest ranked community bank in the area. As for small business loans, the bank originated and purchased 405 loans in 2020 within the assessment area. According to 2020 aggregate CRA data, the bank ranked 23rd of 385 lenders in the area, with a 1.2 percent market share. The bank's performance was consistent with other community lenders and is notable because of significant competition from large national lenders.

Aggregate data is not available for 2021; therefore, examiners cannot compare the bank's 2021 lending performance to other institutions in the combined assessment area. In 2021, the bank originated 282 home mortgage loans and 253 small business loans. Although lending volumes declined slightly compared to 2020, the bank's performance is consistent with assessment area needs.

Assessment Area Concentration

The bank originated a high percentage of loans within its combined assessment area. For home mortgage lending, the bank increased its lending percentages in the assessment area by number and dollar amount from 2019 to 2020. In 2021, the number and dollar amount of home mortgage loans declined slightly. The bank's purchase of jumbo mortgage loans outside of the assessment area resulted in the lower percentage by dollar amount.

For small business lending, the bank increased its lending percentages in the assessment by number and dollar amount from 2019 to 2020. In 2021, the number and dollar amount of small business loans declined. The significant increase in small business lending in 2020 and 2021 was due to the bank's PPP loan origination activity. The following table highlights the bank's lending inside and outside of the combined assessment area by loan category.

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										
2019	246	59.9	165	40.1	411	53,289	47.1	59,915	52.9	113,204
2020	362	73.4	131	26.6	493	79,629	54.2	67,170	45.8	146,799
2021	282	70.3	119	29.7	401	68,866	52.9	61,418	47.1	130,284
Subtotal	890	68.2	415	31.8	1,305	201,784	51.7	188,503	48.3	390,287
Small Business										
2019	37	68.5	17	31.5	54	3,890	57.3	2,904	42.7	6,794
2020	405	78.3	112	21.7	517	27,575	64.2	15,383	35.8	42,958
2021	253	78.8	68	21.2	321	14,700	65.2	7,856	34.8	22,556
Subtotal	695	77.9	197	22.1	892	46,165	63.8	26,143	36.2	72,308
Total	1,585	72.1	612	27.9	2,197	247,949	53.6	214,646	46.4	462,596
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The bank’s geographic distribution of loans reflects poor penetration throughout the assessment areas, particularly to low- or moderate-income geographies. Although the bank’s geographic distribution performance was adequate in the Worcester, MA-CT MSA assessment area, the bank’s poor performance in the Springfield, MA MSA assessment area received slightly greater weight, resulting in overall poor performance. Refer to the individual assessment area sections of this evaluation for a detailed discussion of the bank’s performance under this factor.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among individuals of different income levels and businesses of different sizes. The bank had consistent performance for this factor in both assessment areas. Refer to the individual assessment area sections of this evaluation for a detailed discussion of the bank’s performance under this factor.

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. During the evaluation period, the bank originated 1,496 innovative or flexible loans totaling approximately \$89.0 million that benefitted low- and moderate-income individuals or small businesses.

A majority of the bank's innovative or flexible lending activity involved PPP loans and deferral or forbearance modifications to provide flexibility to borrowers affected by the COVID-19 pandemic. The modifications assisted low- and moderate-income individuals and families and small businesses undergoing financial hardship. They illustrate the bank's efforts to continue to provide credit during the pandemic. Specifically, the bank made 785 PPP loans totaling \$70.2 million and offered deferral or forbearance for 82 loans, many of which received deferral extensions based on continued financial hardship. Detailed below are the bank's innovative or flexible lending activities. The bank offered all of the programs in both assessment areas.

Residential Loan Programs

First-time Homebuyer (FTHB) Program – The bank offers this in-house program to provide a comparable product to MassHousing loans and Federal Housing Administration (FHA) loans. The program offers reduced closing costs and interest rates, with more flexible underwriting criteria for first-time homebuyers residing within the assessment area. During the evaluation period, the bank originated 57 FTHB loans totaling \$10.7 million, the majority of which they made to low- or moderate-income borrowers.

HomePossible – This Freddie Mac program assists low- and moderate-income first-time homebuyers. The program finances home purchases for income-eligible borrowers with a reduced down payment of three percent of the purchase price. The bank originated five loans totaling \$686 thousand during the evaluation period.

MassHousing – MassHousing is a quasi-public authority designated to increase affordable homeownership opportunities for low- and moderate-income individuals, veterans, and first-time homebuyers in MA. Mortgages and rehabilitation loans offer below market interest rates, low to no down payment options, and flexible underwriting standards. During the evaluation period, the bank originated one MassHousing mortgage totaling \$178 thousand and one MassHousing Rehab loan totaling \$178 thousand.

MassSave HEAT Loan – These loans offer interest-free financing opportunities for energy-efficient home upgrades, including window replacement, installation of solar hot water systems, or other weatherization measures. The bank originated 486 HEAT loans totaling \$4.2 million during the evaluation period, many of which the bank made to low- and moderate-income borrowers.

USDA Rural – The USDA administers a program that assists approved lenders in providing low- and moderate-income households the opportunity to own dwellings in eligible rural areas. The program requires no down payment for those who qualify. During the evaluation period, the bank originated 13 USDA loans totaling \$2.7 million.

Other Loan Programs

Credit Booster – The bank established this in-house lending program to help borrowers build and repair their credit. The bank holds loan funds as collateral until the borrower makes payments and then reports the payments to credit bureaus to build or improve the borrower's credit. Once the

borrower makes their final payment, the bank removes the hold and the funds are available to the borrower. If the borrower makes payments on time, they receive an interest credit up to \$50 when they pay off the loan. During the evaluation period, the bank originated 148 loans totaling \$189 thousand.

Small Business Administration (SBA) PPP loans – PPP loans are SBA-guaranteed and designed to help small businesses maintain their workforce during the COVID-19 pandemic. The SBA will forgive the loans if recipients meet all employment retention criteria and use the funds according to established guidelines. The loans offer below-market interest rates, six-month payment deferrals, no origination fees, and no collateral requirements. During the evaluation period, the bank originated 785 PPP loans totaling \$70.2 million.

COVID-19 Pandemic payment forbearance – In response to the COVID-19 pandemic, the bank offered loan payment forbearance and interest deferment to borrowers experiencing financial hardship. The program included three to six months of payment forbearance and interest deferment depending on the loan type. During the evaluation period, the bank provided forbearance to 82 borrowers, many of which received extensions or additional rounds of deferment due to continued hardship.

Community Development Loans

CBS made an adequate level of community development loans. The bank originated 33 loans totaling \$44.0 million, which represents 2.6 percent of average total assets and 3.6 percent of average total loans. The bank made a significant number of community development loans under the PPP, which qualified as revitalization and stabilization or economic development. The bank’s community development lending increased by number of loans, but declined by dollar volume from the previous examination where 17 loans for \$98.3 million qualified as community development. CBS outperformed two similarly situated institutions, but was below the performance of one similarly situated institution.

As CBS was responsive to assessment area credit needs, examiners qualified loans originated outside of the assessment areas that benefitted the broader statewide or regional area. CBS originated 15 loans totaling \$15.9 million that directly benefitted one of the bank’s assessment areas, and the remaining 18 loans totaling \$28.1 million that benefitted a broader statewide or regional area. See the individual assessment area sections of this evaluation for notable examples of community development loans in each assessment area.

Community Development Lending										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	7	6,682	1	1,520	0	0	1	1,400	9	9,602
2020	6	4,041	0	0	5	11,031	2	1,093	13	16,165
2021	1	310	1	1,223	4	5,933	1	5,000	7	12,466
2022 (YTD)	3	4,709	0	0	0	0	1	1,085	4	5,794
Total	17	15,742	2	2,743	9	16,964	5	8,578	33	44,027

Source: Bank Data; Due to rounding, totals may not equal

The following are examples of notable community development loans that benefitted a broader statewide area including the assessment areas.

- In 2019, the bank originated a \$1.4 million loan to purchase and renovate a mixed-use property in a moderate-income census tract in Webster, MA. The property contains 27 apartments with rent rolls below fair market rents and 8 retail/office spaces, some of which were vacant. This loan receives credit for revitalizing and stabilizing a moderate-income geography, as the purchase and renovation of the building helped attract new and retain existing residents and businesses.
- In 2019, the bank originated a \$1.5 million loan to purchase a building for an adult daycare center in Chelmsford, MA. The loan financed a non-profit organization's purchase of an office building for the adult daycare center. Medicaid reimburses all community services provided through the center, and the organization targets low-income persons and other underserved communities to provide resources on a low- to no-cost basis. The loan receives credit for providing community services to low- and moderate-income individuals.

INVESTMENT TEST

The Investment Test is rated High Satisfactory. This conclusion is consistent with bank performance in both assessment areas. The following sections discuss the bank's overall performance under each criterion.

Investment and Grant Activity

The bank made a significant level of qualified investments and donations. During the evaluation period, the bank made 257 qualified investments and donations totaling \$3.6 million, and maintained 17 qualified investments made during a prior period with a current book value of \$7.8 million. This activity represents 0.6 percent of average total assets since the prior evaluation. The bank's performance declined compared to the previous evaluation, where the bank made 384 qualified investments totaling \$19.4 million. The bank's qualified investments by dollar amount is within the range of similarly situated institutions, all of which had a significant level of qualified investments. Although the bank did not have any new qualified investments during 2020, 2021, and 2022, the bank supported the needs of the community via qualified grants and donations during the time, which was particularly responsive to the COVID-19 pandemic. The following table illustrates the bank's total qualified investments.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	7	3,627	0	0	10	4,171	0	0	17	7,798
2019 (Partial)	2	2,438	0	0	0	0	0	0	2	2,438
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022 (YTD)	0	0	0	0	0	0	0	0	0	0
Subtotal	9	6,065	0	0	10	4,171	0	0	19	10,236
Qualified Grants & Donations	16	104	228	1,006	10	34	1	0	255	1,144
Total	25	6,169	228	1,006	20	4,205	1	0	274	11,380

Source: Bank Records

Equity Investments

Qualified equity investments, including the current book value of prior period investments and qualified grants and donations made during the evaluation period totaled approximately \$11.4 million, equating to 3.6 percent of average total securities. The following are descriptions of qualified investments that benefitted multiple assessment areas or the statewide or regional area that includes the assessment areas.

Prior Period Investments

- CBS maintains ten Small Business Investment Corporation (SBIC) bonds from the prior period, with a total book value of \$4.2 million as of March 31, 2022. The bonds help finance small businesses through loans with low interest rates. These bonds promote economic development, including in low- and moderate-income census tracts within the assessment areas. The rates are set according to the cost of funds to the Federal government.
- CBS maintains seven CRA targeted mortgage backed securities (MBS) with a total book value of \$3.6 million as of March 31, 2022. These MBS are securitized by home mortgage loans originated in the bank's assessment area. The majority of underlying mortgages in each MBS were to low- and moderate-income borrowers and support affordable housing.

Current Period Investments

- During the evaluation period, the bank purchased two additional CRA targeted MBS totaling \$2.4 million. These MBS are securitized by home mortgage loans originated in the bank's assessment areas. A majority of underlying mortgages in each MBS were to low- and moderate-income borrowers and support affordable housing efforts.

Donations and Grants

During the evaluation period, the bank made qualified donations totaling approximately \$1.1 million. The majority of donations benefitted community services to low- and moderate-income

individuals. The following are examples of qualified donations that benefitted multiple assessment areas or the statewide or regional area that includes the assessment areas.

- **The Literacy Project** – This project provides free basic education and high school equivalency classes to adults at five locations in Western Massachusetts. The services provided primarily support low-and moderate-income individuals. These donations were responsive to the needs for community services within the assessment areas.
- **Massachusetts Wonderfund, Inc.** – This organization serves children engaged with the MA Department of Children and Families (DCF). The bank’s partnership allows the organization to work directly with social workers to meet the individual needs of children. The bank’s donation was responsive to the needs for community services within the assessment areas, as the services provided primarily support low-and moderate-income individuals.
- **Quaboag Valley Community Development Corporation (QVCDC)** – This organization is a member-based non-profit organization committed to economic development and helping small businesses grow and prosper. The QVCDC serves the 15 towns of the Quaboag Region and Southern Worcester County. The bank’s donations were responsive to the needs for economic development within the assessment areas, as they promoted permanent job creation, retention, and improvement through technical assistance and support services to small businesses.
- **Massachusetts Coalition for the Homeless** – This organization is committed to tackling issues that affect families and individuals who are experiencing homelessness or at-risk of losing their homes. The bank’s donations to the organization and to the organization’s Build a Bed for Every Child program were responsive to the needs for community services within the assessment areas, as the services provided primarily support low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community economic development needs. During the evaluation period, the bank made two new investments and maintained seven prior period investments in the form of MBS aimed at developing affordable housing in the bank’s assessment areas and the broader regional area. The bank also maintained ten prior period investments in SBICs aimed at promoting economic development within the assessment areas. Community contacts highlighted both affordable housing and economic development as primary community development needs within the assessment areas. Refer to the individual assessment area sections of this evaluation for a detailed discussion of the bank’s performance.

Community Development Initiatives

The institution occasionally uses innovative and complex investments to support community development initiatives. The bank used both MBS and SBICs to support community development

needs, which are moderately complex investment vehicles that require notable bank expertise and resources. Refer to the individual assessment area sections of this evaluation for a detailed discussion of the bank's performance.

SERVICE TEST

The Bank's Service Test rating is Satisfactory. This conclusion is consistent with bank performance in both assessment areas. 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 institution's assessment areas. Alternative delivery systems supplement the bank's branches. The bank has 13-full service branches, 19 ATMs/ITMs, and 2 commercial business centers. The bank's delivery systems are generally consistent across both assessment areas. See the individual assessment area sections of this evaluation for more detail on the bank's delivery systems for each area.

In addition to the branches, and the ATM/ITM networks, CBS offers alternative delivery systems to expand retail banking service access to all individuals. Over the evaluation period, the bank launched a more robust online account opening platform with 24/7 technology and accessibility from mobile devices. These services not only benefit low- and moderate-income individuals and/or geographies, they also increase the accessibility of delivery systems to all customers throughout the assessment area, including those geographies without a nearby branch.

Further, the bank employs eight individuals who speak at least one language other than English and one employee who understands American Sign Language. Most employees who speak foreign languages work in branches that are accessible to low- and moderate income census tracts. These language services are critical, as a large portion of low- and moderate-income individuals in the assessment areas are first-generation Americans, where English may not be their first language. The bank's language services enhance accessibility to bank products and services and promotes economic inclusion among first-generation immigrants and other consumers who may otherwise have limited financial resources.

Changes in Branch Locations

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. The bank's performance is consistent across both assessment areas. Since the last examination, the bank closed two full-service branches, one in each assessment area. See the individual assessment area sections of this evaluation for more detail.

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 or individuals.

All full-service branches offer the bank’s complete line of products and services and a majority offer drive-up service. The bank’s ITMs offer earlier opening hours at 8:00 a.m., whereas, most physical branches open at 8:30 a.m. during the week. Saturday hours are extended for ITMs until 2:00 p.m., where most branches close at 12:00 p.m.

Although the bank’s ITMs are located in middle-income census tracts, both are adjacent to several moderate-income census tracts. Additionally, while the expanded ITM hours do not solely benefit low- and moderate-income customers or geographies, they benefit all customers and enhance accessibility of services to all parts of the assessment area.

Community Development Services

CBS provides a relatively high level of community development services, primarily through employee involvement on boards of various community organizations and the provision of educational seminars. During the evaluation period, bank employees provided 100 instances of qualified development services. Employees devoted time to community development organizations supporting community services, economic development, and revitalization and stabilization efforts.

The volume of community development services increased since the previous evaluation, where bank employees contributed 65 instances of qualified services. Additionally, the bank’s performance is consistent with similarly situated institutions. The following table details services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	0	18	5	3	26
2020	0	21	5	3	29
2021	0	19	3	2	24
2022 (YTD)	0	17	2	2	21
Total	0	75	15	10	100
<i>Source: Bank Data</i>					

The following are some examples of notable community development services that benefitted the combined assessment area or a broader statewide or regional area:

- **Quaboag Valley Community Development Corporation** – As noted previously, QVCDC is non-profit organization committed to economic development and helping small business prosper and grow. Two bank Board members served as Trustees. This involvement is a continued commitment from the prior evaluation period, is responsive to both the Worcester, MA-CT MSA and Springfield, MA MSA, and promotes economic development.
- **Quaboag Valley Business Assistance Corporation (QVBAC)** – QVBAC is a partner organization to QVCDC and provides a wide range of programs and services to small businesses. CBS is among four state-chartered banks who participate in the QVBAC's revolving loan fund. The fund provides flexible financing to small businesses that otherwise may not receive traditional business financing. Two Board members served on the Board for QVBAC as President/Trustee and Loan Committee Member. This participation is responsive to both assessment areas and promotes economic development.
- **Salvation Army** – The Salvation Army serves both assessment areas and supports the unemployed, homeless, and families facing an unexpected crisis. A bank vice president served as a Board member and Treasurer, supporting community development services to low- and moderate-income individuals.
- **Southern Middlesex Opportunity Council (SMOC)** – SMOC is a multi-service agency whose mission is to improve the quality of life for low-income or disadvantaged individuals. SMOC offers programs for education, workforce development, financial assistance, and housing services. SMOC's service territory includes Greater Springfield, Worcester County, and Northern Middlesex County. A bank vice president serves on the organization's Loan Fund Advisory Council. This is a continued relationship since the last evaluation and supports community services to low- and moderate-income individuals.

Other Services

- **Massachusetts Community & Banking Council (MCBC) Basic Banking** – The bank is a participant in the Basic Banking for Massachusetts program. This voluntary program was launched in 1994 to expand access to bank products and services and to encourage low- and moderate-income individuals to establish banking relationships.
- **Interest on Lawyers Trust Account (IOLTA) Program** – The bank participates in the IOLTA program. Interest paid on these accounts is used to provide legal assistance to low- and moderate-income individuals in need of legal services.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

SPRINGFIELD, MA MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SPRINGFIELD, MA MSA ASSESSMENT AREA

Examiners performed a full-scope review of the bank’s Springfield, MA MSA assessment area. This area encompasses 10 cities or towns from parts of Hampshire County and Hampden County, including, Belchertown, Brimfield, Chicopee, Holland/Wales, Ludlow, Monson, Palmer, Springfield, Ware, and Wilbraham. This area includes a majority of the bank’s lending and deposit activities, and contains the majority of the bank’s branches. Examiners gave more weight to the bank’s performance in this assessment area when determining the overall rating.

Economic and Demographic Data

The Springfield, MA MSA assessment area contains 66 census tracts that reflect the following income designations according to 2015 ACS data:

- 16 low-income
- 20 moderate-income
- 20 middle-income, and
- 10 upper-income

No census tract designations have changed since the prior evaluation. Most low- and moderate-income census tracts are concentrated in the City of Springfield. The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Springfield, MA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	66	24.2	30.3	30.3	15.2	0.0
Population by Geography	299,643	21.3	28.4	34.0	16.3	0.0
Housing Units by Geography	124,012	20.1	29.1	35.4	15.4	0.0
Owner-Occupied Units by Geography	67,068	7.0	25.2	44.1	23.7	0.0
Occupied Rental Units by Geography	46,428	37.2	33.8	23.9	5.2	0.0
Vacant Units by Geography	10,516	28.1	32.8	30.7	8.3	0.0
Businesses by Geography	18,659	24.8	28.9	27.4	19.0	0.0
Farms by Geography	468	6.6	14.3	41.5	37.6	0.0
Family Distribution by Income Level	73,443	30.7	17.9	17.5	33.9	0.0
Household Distribution by Income Level	113,496	31.4	15.7	16.1	36.8	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$172,598
			Median Gross Rent			\$818
			Families Below Poverty Level			16.1%
<i>Source: 2015 ACS and 2021 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The population within the assessment area is 49.7 percent low- or moderate-income. Of the families in the area, 16.1 percent live below the poverty level. The median housing value was \$172,598 and of the 124,012 housing units within the assessment area, a majority (54.1 percent) were owner occupied, 37.4 percent were rental occupied, and 8.5 percent were vacant. Moody's Analytics states that in 2022 the housing market began to underperform in the Springfield, MA MSA, with slower house price gains and low levels of homebuilding.

The demographics of the City of Springfield are different from the towns making up the remainder of the assessment area. The City of Springfield has a population of 153,947 persons, of which 41.4 percent are low-income and 33.9 percent are moderate-income. Of the 35,648 families in Springfield, 25.8 percent are below the poverty level. The population of the City of Springfield makes up the majority of the assessment area's population and contains significantly more low- and moderate-income persons than the combined assessment area. Additionally, although the City of Springfield has a lower median housing value of \$138,560, a higher percentage of housing units are rental occupied (47.2 percent) compared to other parts of the assessment area.

The high urban low- and moderate-income populations and percentage of families below the poverty level indicate challenges for homeownership. Families below the poverty level are unlikely to qualify for home mortgage loans based on area home prices. Further, the large rental population in Springfield and low owner-occupancy rates are also barriers to home ownership.

The following table illustrates the median family income ranges for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
2021 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
<i>Source: FFIEC</i>				

According to 2021 D&B data, 18,659 non-farm businesses and 468 farms are located in the assessment area. Of those, 84.7 percent have gross annual revenues (GARs) of \$1 million or less. Service industries represent the largest industry in the area at 38.9 percent; followed by Retail Trade at 14.0 percent; and Finance, Insurance & Real Estate at 10.1 percent. Additionally, 89.3 percent of businesses own their property and 64.9 percent operate with four employees or less.

According to the U.S. Bureau of Labor Statistics, unemployment rates increased significantly during the 2020 COVID-19 pandemic. The assessment area experienced higher unemployment rates than the state and national averages. There was improvement in 2021; however, the assessment area is still recovering from the high unemployment during the height of the pandemic. The table below illustrates the average annual unemployment rates at the assessment area, state, and national levels.

Unemployment Rates			
Location	2019	2020	2021
	%	%	%
Springfield, MA MSA	3.8	9.6	6.5
Massachusetts	3.1	9.5	5.8
National	3.7	8.1	5.4
<i>Source: Bureau of Labor Statistics</i>			

According to Moody's Analytics, the Springfield, MA MSA was facing a recession in 2020 due to the COVID-19 pandemic business closures and restrictions. In 2021, the economic outlook improved with the easing of restrictions; however, some businesses closed permanently during the pandemic. In 2022, the economy is still in recovery, with job recovery in healthcare, education, and government sectors. However, hard hit sectors such as leisure/hospitality, finance, and professional business services are still experiencing job losses. Additionally, the unemployment rate remains higher than the national rate, with a shrinking labor force since 2021, as remote work enables more out-migration from the area. Top employers in the area include Baystate Health, MassMutual Financial Group, Smith & Wesson, and General Dynamics Advanced Info Systems.

Competition

CBS operates within a competitive market for financial services. Based on 2020 Peer Deposit Data, there were 25 financial institutions operating 83 branches in the assessment area. CBS ranked 2nd with 10.8 percent deposit market share and was the highest ranked community bank. TD Bank ranked 1st with 12.1 percent market share and People's United Bank ranked 3rd with 7.2 percent market share.

The market for home mortgage loans is also competitive. Based on 2020 Peer Mortgage Data, 301 lenders originated or purchased 10,060 loans in the assessment area. CBS ranked 11th with 2.4 percent market share and was the highest ranked community lender. The top three lenders in the area were Quicken Loans with 7.0 percent market share, Citizens Bank with 4.8 percent, and Freedom Mortgage Corporation with 4.1 percent.

Aggregate small business lending data is only available at the full county level for the assessment area. Based on 2020 Peer Small Business data, there were 109 small business lenders who originated 14,321 loans in the assessment area. CBS ranked 18th with 1.9 percent market share. The top three lenders make up 31.6 percent of the market share, including American Express, Westfield Bank, and Bank of America.

Community Contact(s)

As part of the CRA evaluation, examiners contact organizations active in the assessment area to better understand and assess credit and community development needs and opportunities. Obtained information helps determine the responsiveness of local financial institutions to identified needs.

The examiners contacted a community development financial institution (CDFI) within the assessment area that supports community development efforts including economic development, affordable housing, and community services. The contact noted a wealth gap between the suburban and urban parts of area. Residents in the City of Springfield are more economically disadvantaged, and many surrounding towns have poor housing stock. The contact noted the challenges with opening businesses in areas outside of the city that have lower foot traffic, and mentioned that Springfield presents economic advantages for businesses due to the volume of commuters that come to the city for work.

Additionally, the contact mentioned a need for financial institutions to re-build trust in the minority community, as many of these residents maintain distrust in the banking industry. The contact mentioned that collaborating with local organizations to provide financial literacy to these groups could help rebuild some of that trust. The contact further noted that financial institutions in the area have been responsive in supplying donations to benefit economic development, but additional assistance is needed.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and demographic data, examiners determined that affordable housing, economic development, revitalization of low- and moderate -income portions of Springfield, and community services for low- and moderate-income individuals are all needed in the assessment area. Relatively high levels of poverty and unemployment demonstrate a need for community services and economic development. In addition, high property values demonstrate needs for affordable housing. The large percentage of businesses with GARs of \$1 million or less demonstrates potential for economic development within the assessment area. The high concentration of low- and moderate-income tracts in urban areas coupled with the poor housing stock, as mentioned by the contact, demonstrate a need for revitalization and stabilization.

With regard to credit needs, examiners noted a need for home mortgage and down payment assistance loans to support low- and moderate-income first time homebuyers. Additionally, there is a need for affordable home improvement loans and credit products that support small businesses. Banks have the opportunity to support these needs via income-based first time homebuyer programs, HEAT loans, and PPP or other small business loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SPRINGFIELD, MA MSA ASSESSMENT AREA

LENDING TEST

The bank 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 2020, the bank originated and purchased 237 home mortgage loans for \$47.5 million within the Springfield, MA MSA assessment area. According to 2020 aggregate mortgage data, the bank ranked 11th of 301 lenders, with 2.4 percent market share. The bank was the highest ranked community bank in the area. As for small business loans, the bank originated and purchased 273 loans within the assessment area. According to 2020 aggregate small business data, the bank ranked 18th of 109 lenders in the area, with 1.9 percent market share. The bank's performance is consistent with other community lenders in the assessment area and is notable because of significant competition from large national lenders.

Aggregate data is not available for 2021; therefore, examiners cannot compare the bank's lending activities in that year to other institutions in the assessment area. However, the bank originated 194 home mortgage loans in 2021 for \$42.4 million and 178 small business loans for \$11.1 million. Although lending volumes declined compared to 2020, the bank's performance is consistent with assessment area needs.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area. The bank's poor home mortgage lending primarily supports this conclusion.

Home Mortgage

The geographic distribution of home mortgage loans reflects poor penetration throughout the assessment area. The bank's performance in low-income census tracts was significantly below aggregate in 2020 and below demographic performance in both 2020 and 2021. Additionally, the bank's percentage of loans by number in low-income census tracts declined from 2020 to 2021.

The bank's performance in moderate-income census tracts was similar, with the bank's lending falling significantly below aggregate in 2020 and below demographic performance in both years. Additionally, the number and dollar volume of loans in moderate-income census tracts decreased from 2020 to 2021.

Several factors explain the bank's performance. The bank added the City of Springfield to its assessment area in 2019, which represents the majority of the low- and moderate-income census tracts within the Springfield, MA MSA assessment area. Since then, the bank has expanded their marketing to the City of Springfield and surrounding cities in an effort to meet the needs of this area. Despite the marketing efforts, the bank has struggled to compete with more well-known institutions in the city, as the bank does not have a branch in the city and does not offer FHA loans.

The bank has made efforts to meet the credit needs of the area through consumer HEAT loans, which are not included in the table below, as they are not HMDA-reportable loans. Based on data provided by the bank, they originated 17 HEAT loans in 2020 within the cities of Springfield and Chicopee, of which 8 or 47.1 percent were in low- or moderate-income census tracts. In 2021, the bank originated 11 HEAT loans across the two cities, of which 4 or 36.4 percent were in low- or moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans							
Assessment Area: Springfield, MA MSA							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2020	7.0	8.4	3	1.3	307	0.6
	2021	7.0	--	2	1.0	468	1.1
Moderate							
	2020	25.2	25.3	17	7.2	3,391	7.1
	2021	25.2	--	13	6.7	2,304	5.4
Middle							
	2020	44.1	42.4	134	56.5	25,258	53.1
	2021	44.1	--	100	51.5	20,209	47.6
Upper							
	2020	23.7	23.9	83	35.0	18,582	39.1
	2021	23.7	--	79	40.7	19,461	45.9
Totals							
	2020	100.0	100.0	237	100.0	47,538	100.0
	2021	100.0	--	194	100.0	42,442	100.0
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>							

Small Business

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. The bank's number and dollar volume of small business lending changed significantly throughout the three-year period, with lower volumes in 2019 compared to 2020 and 2021. This reflects the change in product offerings throughout the examination period, as the bank offered PPP loans in 2020 and 2021.

The bank's performance in low-income census tracts was below aggregate in 2019 and 2020, and below demographics in all three years. Performance in low-income tracts in 2021 also demonstrated a decline in the number and dollar volume of loans. The bank's performance in moderate-income census tracts demonstrates the increase in lending volume due to the addition of PPP loans, as the number and dollar volume of loans in these tracts increased in 2020 and 2021. However, the bank's lending performance was significantly below aggregate and demographic performance in 2019 and 2020.

Geographic Distribution of Small Business Loans						
Assessment Area: Springfield, MA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	24.4	22.3	2	8.7	225	8.6
2020	24.5	25.0	10	3.7	748	3.8
2021	24.8	--	3	1.7	251	2.3
Moderate						
2019	28.9	28.2	2	8.7	220	8.4
2020	29.1	28.0	24	8.8	1,498	7.7
2021	28.9	--	20	11.2	1,667	15.0
Middle						
2019	27.2	28.7	11	47.8	1,543	58.8
2020	27.3	28.4	137	50.2	9,032	46.2
2021	27.4	--	81	45.5	4,056	36.5
Upper						
2019	19.4	20.8	8	34.8	637	24.3
2020	19.2	18.6	102	37.4	8,282	42.3
2021	19.0	--	74	41.6	5,127	46.2
Totals						
2019	100.0	100.0	23	100.0	2,625	100.0
2020	100.0	100.0	273	100.0	19,560	100.0
2021	100.0	--	178	100.0	11,101	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's adequate home mortgage lending performance primarily supports this conclusion.

Home Mortgage

The distribution of borrowers reflects adequate penetration among retail customers of different income levels. Although, the bank's performance among low-income borrowers was below aggregate and demographic performance in 2020, lending activity increased by number and dollar volume in 2021. Additionally, based on 2020 Peer Mortgage Data, CBS ranks 21st out of 138 lenders who originated home mortgage loans to low-income borrowers in the area. CBS had 1.6 percent market share and was the second highest-ranking community bank in the area.

In 2020, the bank’s performance with moderate-income borrowers was below aggregate performance, but was consistent with demographics. Additionally, the bank’s number and dollar volume of lending to moderate-income borrowers increased in 2021, and the percentage of these loans exceeded demographic data. According to the 2020 Peer Mortgage Data, CBS ranks 20th of 188 lenders who originated home mortgage loans to moderate-income borrowers in the area. CBS had 1.5 percent market share and was the second highest-ranking community bank in the area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Springfield, MA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	30.7	7.3	12	5.1	1,202	2.5
2021	30.7	--	14	7.2	1,742	4.1
Moderate						
2020	17.9	23.6	42	17.7	6,173	13.0
2021	17.9	--	46	23.7	8,050	19.0
Middle						
2020	17.5	24.3	73	30.8	12,107	25.5
2021	17.5	--	51	26.3	10,568	24.9
Upper						
2020	33.9	25.7	101	42.6	25,289	53.2
2021	33.9	--	77	39.7	20,520	48.3
Not Available						
2020	0.0	19.1	9	3.8	2,767	5.8
2021	0.0	--	6	3.1	1,561	3.7
Totals						
2020	100.0	100.0	237	100.0	47,538	100.0
2021	100.0	--	194	100.0	42,441	100.0

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

Small Business

The distribution of small business loans reflects adequate penetration among businesses of different sizes. In 2019, the bank’s performance among businesses with GARs of \$1 million or less significantly exceeded aggregate performance, but fell slightly below demographics; however, this demographic ratio is not entirely indicative of lending opportunities. Additionally, in 2019 the bank ranked 22nd of 98 lenders who originated loans to businesses with GARs of \$1 million or less. The bank’s ranking was consistent with other community banks.

In 2020, the bank’s performance was significantly below aggregate and demographic percentages. The bank’s performance in 2021 was similar in volume to 2020. However, the aggregate comparison does not entirely reflect the bank’s performance, as the bank originated a high volume of PPP loans in 2020 and 2021, for which revenues were not collected or reported. The PPP loan table on the following page supplements the bank’s 2020 and 2021 performance analysis.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Springfield, MA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	82.1	38.7	18	78.3	2,057	78.4
2020	83.1	33.0	8	2.9	1,256	6.4
2021	84.4	--	6	3.4	770	6.9
>\$1,000,000						
2019	5.9	--	5	21.7	568	21.6
2020	5.4	--	6	2.2	2,434	12.4
2021	4.8	--	1	0.6	127	1.1
Revenue Not Available						
2019	12.1	--	0	0.0	0	0.0
2020	11.5	--	259	94.9	15,870	81.1
2021	10.8	--	171	96.1	10,204	91.9
Totals						
2019	100.0	100.0	23	100.0	2,625	100.0
2020	100.0	100.0	273	100.0	19,560	100.0
2021	100.0	--	178	100.0	11,101	100.0
<i>Source: 2019, 2020, & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

As revenues were not available for PPP loans, examiners evaluated PPP loans using loan size as a proxy for the size of the business. A majority of PPP loans originated in both 2020 and 2021 had loan sizes of less than or equal to \$100,000, indicating that the bank was helping to serve the needs of small businesses in the assessment area.

Distribution of PPP Loans by Loan Size				
Loan Size	2020		2021	
	Count	%	Count	%
<=\$100,000	218	84.2	145	84.8
\$100,001-\$250,000	32	12.4	19	11.1
\$250,001-\$500,000	4	1.5	4	2.3
\$500,001-\$1,000,000	5	1.9	3	1.8
Total	259	100.0	171	100.0
<i>Source: Bank Data</i>				
<i>Due to rounding, totals may not equal 100.0%</i>				

Community Development Loans

The bank made an adequate level of community development loans. CBS originated six community development loans in the assessment area totaling nearly \$3.6 million during the evaluation period. The level of community development loans increased slightly compared to the previous evaluation, where the bank originated three loans totaling \$3.4 million in the assessment area. The following table illustrates the bank’s community development lending in the Springfield, MA MSA assessment area.

Community Development Lending										
Assessment Area: Springfield, MA MSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	3	1,862	0	0	0	0	0	0	3	1,862
2020	2	1,410	0	0	0	0	0	0	2	1,410
2021	1	310	0	0	0	0	0	0	1	310
2022 (YTD)	0	0	0	0	0	0	0	0	0	0
Total	6	3,582	0	0	0	0	0	0	6	3,582
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal</i>										

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

- In 2019, the bank originated a \$1.4 million loan to purchase a 24-unit apartment complex in Palmer. Based on rent rolls, all units have rents below fair market price as established by the Department of Housing and Urban Development (HUD). The loan qualifies as community development by promoting affordable housing for low- and moderate-income individuals.
- In 2020, the bank originated a \$1.3 million loan to refinance four multifamily properties located across the assessment area. Based on rent rolls the majority of the units have rents below fair market prices as established by HUD. Additionally, the cash-out from the refinance was used for construction and improvements to the existing properties. The loan qualifies by promoting affordable housing for low- and moderate-income individuals.

INVESTMENT TEST

The bank demonstrated good performance under the Investment Test in the assessment area. The sections below detail the bank’s performance under each criterion.

Investment and Grant Activity

The bank made a significant level of donations in the Springfield MA, MSA assessment area. Donations and grants that targeted this area totaled \$566,530, which represents 49.5 percent of total donations. Most donations and grants in the area benefited organizations that provide community services to low- and moderate-income individuals. The following table illustrates the bank’s community development qualified donations within the Springfield, MA MSA assessment area.

Qualified Donations Assessment Area: Springfield, MA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2019 (Partial)	3	4,100	33	98,860	5	16,065	0	0	41	119,025
2020	0	0	46	146,565	2	5,750	0	0	48	152,315
2021	4	51,000	23	200,319	0	0	0	0	27	251,319
2022 (YTD)	0	0	12	43,871	0	0	0	0	12	43,871
Total	7	55,100	114	489,615	7	21,815	0	0	128	566,530

*Source: Bank Records
Due to rounding, totals may not equal*

The following are examples of organizations that received qualified donations.

- **Springfield Rescue Mission** – This organization serves low-income individuals by providing safe shelter, hot meals, and clean clothing. The bank’s donations to the organization were responsive to the needs for community services targeted to low- and moderate-income individuals.
- **Greater Springfield Habitat for Humanity** – Habitat for Humanity is a nonprofit organization that helps families build and improve housing. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. The bank’s donations to the organization were responsive to the needs for affordable housing within the assessment area.
- **The Food Bank of Western Massachusetts** – This organization provides sustenance to individuals, families, seniors, children, and people with disabilities throughout Western Massachusetts. The bank’s donations to the organization were responsive to the needs for community services targeted to low- and moderate-income individuals within the assessment area.

- **Christina’s House** – This organization works to meet the needs of women and their children who are homeless or at risk of homelessness in the Springfield area. The bank’s donations to the organization were responsive to the needs for community services targeted to low- and moderate-income individuals within the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs of the Springfield, MA MSA assessment area. The bank’s donations and grants primarily provided community services to low- and moderate-income individuals. Community contacts indicated that donations and grants were a critical need, particularly during the COVID-19 pandemic.

Community Development Initiatives

The bank rarely uses innovative and/or complex investments to support community development initiatives in the Springfield, MA MSA assessment area. Investments that directly targeted the area consisted of donations and grants.

SERVICE TEST

The bank demonstrated adequate performance under the Service Test in the assessment area. The sections below 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 this assessment area. As previously mentioned, the lack of a branch in the City of Springfield explains why the percentage of branches in low- and moderate-income tracts trails demographic data. While the bank does not have a branch in Springfield, the bank is able to serve business clients through its business center located in downtown Springfield. The following table illustrates the distribution of full-service branches and deposit taking ATMs in the Springfield, MA MSA assessment area.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Springfield, MA MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	16	24.2	63,778	21.3	0	0.0	0	0.0
Moderate	20	30.3	85,073	28.4	1	12.5	1	10.0
Middle	20	30.3	102,008	34.0	4	50.0	6	60.0
Upper	10	15.2	48,784	16.3	3	37.5	3	30.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	66	100.0	299,643	100.0	8	100.0	10	100.0

Source: 2015 ACS Data; Bank Data

Several factors explain the low distribution of branches in low- and moderate-income census tracts compared to the demographics of the assessment area. The City of Springfield has among the highest concentrations of low- and moderate-income census tracts in the assessment area, and the bank did not maintain a branch or deposit-taking ATM in the city. While the bank does not have any branch presence in Springfield, the bank is able to serve business clients through its business center located in downtown Springfield. In addition to Springfield, other areas such as Chicopee, Spencer, and Warren include concentrations of moderate-income census tracts where the bank does not maintain a presence.

The bank's main office at 75 Main Street in Ware, MA is located in a moderate-income census tract that is also designated as an opportunity zone. These zones are recommended by the Governor of MA and approved by the U.S. Department of Treasury. Opportunity zones are areas of economic need, and many have the lowest median family income within MA. This location demonstrates accessibility of banking services available to low and moderate-income individuals and businesses.

Each of the bank's full-service branches has a 24-hour ATM. Additionally, there is one standalone ATM located in a middle-income census tract in Palmer, MA. Since the last evaluation, the bank added an ITM at the Virtual Banking Center located at the Walmart Super Center in Ware, MA. ITMs provide customers more ways to transact with extended hours beyond normal branching hours. Virtual tellers are available during normal branching hours and provide support, Monday to Friday from 8:00 a.m. to 6:00 p.m. and on Saturdays from 9:00 a.m. to 2:00 p.m. While these services are not targeted to low- and moderate-income persons or geographies, they benefit and increase accessibility for all customers in the assessment area.

Changes in Branch Locations

The bank'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 and to low- and moderate-income individuals. The bank converted the 352 Palmer Branch in Ware into a virtual banking center, which continues to provide access to consumer banking needs. As part of the conversion, the bank opened an ITM at this location.

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 individuals. The bank's business hours and services within the area are consistent with those discussed in the overall section.

Community Development Services

The bank provides a relatively high level of community development services in the Springfield, MA MSA assessment area. The bank provided 49 instances of community development services during the evaluation period in this area. This is an increase from 36 instances noted in the last

evaluation. The bank maintained existing relationships with some organizations and established new relationships with other organizations.

Community Development Services					
Assessment Area: Springfield, MA MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	10	0	3	13
2020	0	10	0	2	12
2021	0	10	0	2	12
YTD 20	0	10	0	2	12
Total	0	40	0	9	49

Source: Bank Data

Below are two examples of notable community development services that benefited the area. Both activities support community services to low-and moderate-income individuals.

- **Christina’s House** – This organization provides transitional housing for women and their children in Springfield. The homes provide emotional, spiritual, physical support and education for program families as they transition from homelessness to permanent and stable living environments. CBS’ involvement with Christina’s House is new since the last evaluation. A bank executive serves as a Board Member for the organization.
- **Springfield Partners for Community Action** – This organization supports low-income families in the Greater Springfield area through financial services and educational programs aimed at economic stability. Programs offered include credit counseling, affordable housing services, financial literacy workshops, tax preparation services, and emergency fuel and food assistance. The bank continues its commitment to this organization from the last evaluation. During the evaluation period, a bank vice president served as Board Treasurer and participated on the Finance Committee.

WORCESTER, MA-CT MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WORCESTER, MA-CT MSA ASSESSMENT AREA

Examiners performed a full-scope review of the bank’s Worcester, MA-CT MSA assessment area. This area encompasses part of Worcester County and includes the cities/towns of Brookfield, Charlton, East Brookfield, Hardwick/New Braintree, Leicester, North Brookfield, Paxton, Spencer, Warren, West Brookfield, and Worcester. The bank has a significant volume of lending and deposit activities in this area. However, since this area contains a slightly lower volume of the bank’s activities and branches, it received less weight when determining the overall rating.

Economic and Demographic Data

The Worcester, MA-CT MSA assessment area contains 57 census tracts with the following income designations:

- 13 low-income census tracts
- 14 moderate-income census tracts
- 23 middle-income census tracts
- 4 upper-income census tracts, and
- 3 census tracts with no income designation

Since the previous evaluation, there have been no changes to the census tract income designations. A majority of the low- and moderate-income census tracts is located in the City of Worcester, and two moderate-income census tracts are located in Spencer and Warren. The three census tracts with no income designation are located in the City of Worcester and contain the College of the Holy Cross and Clark University. The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Worcester, MA-CT MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	22.8	24.6	40.4	7.0	5.3
Population by Geography	247,840	22.3	24.3	43.7	7.7	1.9
Housing Units by Geography	102,473	23.0	25.5	43.2	6.8	1.5
Owner-Occupied Units by Geography	47,504	8.6	19.5	59.7	12.0	0.2
Occupied Rental Units by Geography	45,502	37.7	29.9	27.5	2.3	2.6
Vacant Units by Geography	9,467	24.9	34.4	35.4	2.7	2.6
Businesses by Geography	18,343	18.8	23.6	39.9	8.1	9.6
Farms by Geography	400	8.8	14.5	61.0	14.2	1.5
Family Distribution by Income Level	56,167	31.4	18.9	19.6	30.1	0.0
Household Distribution by Income Level	93,006	34.3	16.3	17.2	32.2	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Housing Value			\$207,071
			Median Gross Rent			\$917
			Families Below Poverty Level			13.4%
<i>Source: 2015 ACS and 2021 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The population of the assessment area is 46.6 percent low- or moderate-income, with 13.4 percent of total families below the poverty level, which represents more than a third of low-income families. The median housing value is \$207,071; families with low incomes likely may not qualify for home mortgages based on the area's home prices. Of the 102,473 housing units in the area, 46.4 percent are owner-occupied, 44.4 percent are rental-occupied, and 9.2 percent are vacant.

The City of Worcester contains 44 census tracts, which is over a third of the assessment area and contains the majority of the low- to moderate-income census tracts. As a result, the demographics of the City of Worcester differ from the suburban portions of the assessment area. The city has a lower median housing value of \$195,361, but has a higher rental occupancy rate at 51.6 percent. Additionally, 57.2 percent of the population is low- to moderate-income, with a family poverty rate of 17.2 percent. The higher percentage of rental occupancy and higher percentage of families below the poverty level indicate a challenging environment for making home mortgage loans compared to the suburban portions of the assessment area.

The following table illustrates the median family income for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040

Source: FFIEC

According to 2021 D&B data, there were 18,343 non-farm businesses and 400 farms located in the assessment area. Of those, 86.3 percent operate with GARs of \$1 million or less. The largest industry is Services at 40.5 percent, followed by Retail Trade at 12.1 percent, and Finance, Insurance & Real Estate at 9.8 percent. Additionally, 89.3 percent of businesses own their property and 64.7 percent employ four or less individuals.

According to the U.S. Bureau of Labor Statistics, unemployment rates peaked in 2020 during the height of the COVID-19 pandemic. The area was still recovering in 2021 with relatively high unemployment rates, but the assessment area has remained consistent with the state and national averages.

Unemployment Rates			
Location	2019	2020	2021
	%	%	%
Worcester, MA-CT MSA	3.3	9.0	5.8
Massachusetts	3.1	9.5	5.8
National	3.7	8.1	5.4

Source: Bureau of Labor Statistics

Based on Moody’s Analytics information from 2022, the Worcester, MA-CT MSA is still in recovery from the economic impact of the COVID-19 pandemic. The large healthcare and manufacturing industries have begun to recover lost jobs; however, leisure and hospitality industries area still suffering from the pandemic. The City of Worcester has many universities that affect the recovery. Educational jobs recovered somewhat in 2021 due to the resumption of in-person learning, but did not made a full recovery due to the permanent closure of Becker College in 2021.

The city has a falling college-age population, which has curtailed enrollment and job gains. Additionally, housing price growth is below average in the region and residential construction is behind the nation. The City of Worcester’s low cost of living makes it a desirable area for commuters working in Boston and Cambridge. However, the remote work environment has curtailed, meaning commuters will spend less time and money during the week in the city, as they return to work in person.

Competition

The Worcester, MA-CT MSA assessment area is a competitive market for financial services. Based on 2020 Peer Deposit Share data, out of 22 institutions CBS ranked 8th with 4.1 percent market share. The top three institutions were Berkshire Bank with 14.7 percent deposit market share, Peoples United Bank with 13.9 percent market share, and TD Bank with 12.4 percent market share. Large institutions and community banks have a larger physical presence and deposit market share in this area compared to CBS.

The market for lending services is similarly competitive. According to 2020 Peer Mortgage Data, CBS ranked 21st out of 315 lenders with 1.2 percent market share. CBS was the second highest ranked community bank. Large national institutions dominate the market; Quicken Loans ranked first with 6.4 percent market share, Fairway Independent Mortgage Company was second with 5.0 percent market share, and Wells Fargo Bank was third with 3.7 percent market share.

Aggregate small business data is only available at the county level. Based on 2020 Peer Small Business data, there were 139 lenders in the assessment area and CBS ranked 26th with 0.7 percent market share. Large banks and credit card lenders dominate the market for small business loans. The top three lenders were American Express National Bank with 14.9 percent market share, Bank of America with 9.8 percent market share, and Synchrony Bank with 6.7 percent market share. The highest-ranking community bank was UniBank for Savings, which was ranked 10th with a 3.7 percent market share.

Community Contact(s)

Examiners performed a community contact with an affordable housing organization in the assessment area that also focuses on neighborhood development. The contact described a deep need for affordable housing in the assessment area, particularly for residents with lower incomes and fixed incomes. The contact expressed that the COVID-19 pandemic exacerbated this need because home prices have increased significantly and housing stock is low. As a result, low-income buyers are competing for homes with investors and cash buyers.

The contact indicated that MassHousing loans, First Time Homebuyer programs, and low-down payment programs are needed to support low-income buyers. Further, the contact mentioned that financial education and technical assistance would help residents, particularly in languages other than English given the high immigrant population in Worcester.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and demographic data, examiners determined that affordable housing and revitalization and stabilization efforts are needed in the assessment area. These needs are demonstrated by the high poverty level, low housing stock, and competitive housing market in the area, particularly during the COVID-19 pandemic. These needs can be met through community development loans and investments for low- and moderate-income areas and persons.

With respect to credit needs, individuals in this assessment area are in significant need of income-based first time homebuyer programs and down payment assistance programs, such as Mass Housing loans and FHA loans. Additionally, the COVID-19 pandemic has created a need for credit programs that support individuals and businesses experiencing hardship, such as small dollar loans, loan forbearance or payment deferrals, and PPP loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WORCESTER, MA-CT MSA ASSESSMENT AREA

LENDING TEST

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

Lending Activity

The bank's lending activity demonstrates good responsiveness to assessment area credit needs. The bank made 125 home mortgage loans totaling \$32.1 million in 2020. Based on 2020 Peer Mortgage Data, the bank ranked 21st of 315 lenders with a 1.2 percent market share. The bank was the second highest ranked community lender. The bank originated or purchased 132 small business loans totaling \$8.0 million in 2020, ranking 26th of 139 lenders with a 0.7 percent market share. The bank's small business loan activity was consistent with other community banks.

Since 2021 aggregate data was unavailable at the time of the evaluation, examiners considered the bank's lending volumes in 2020. In 2021, the bank originated or purchased 88 home mortgage loans totaling \$26.4 million within the assessment area, which is a decline from the previous year. The bank originated or purchased 75 small business loans totaling \$3.6 million in 2021, which also represents a decline from the previous year. Despite the reduction in lending, the bank's performance in 2021 is consistent with 2019 performance, indicating the volume of lending in 2020 may have been elevated because of historically low interest rates and the PPP lending program.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area. CBS's adequate home mortgage performance primarily supports this conclusion.

Home Mortgage

The geographic distribution of home mortgage lending reflects adequate penetration throughout the assessment area. The bank's performance in low-income census tracts was below aggregate in 2020, and below demographic data in 2020 and 2021. In 2021, the bank's lending percentage by number and dollar amount of loans originated in low-income census tracts remained relatively consistent to 2020.

The bank’s home mortgage lending performance in moderate-income census tracts was considerably higher. In 2020, the bank’s lending in moderate-income tracts was higher than aggregate and demographic data. The bank’s performance in 2021 in moderate-income census tracts reflected a decline in the number and dollar volume of home mortgage loans, and the bank’s performance dropped below demographics. The 2020 Peer Mortgage Data indicates CBS was the top performing community bank in moderate-income census tracts. The bank’s elevated performance in moderate-income census tracts compensates for lesser performance in low-income census tracts, leading to an overall adequate performance for this factor.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Worcester, MA-CT MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	8.6	10.8	6	4.8	1,238	3.9
2021	8.6	--	5	5.7	1,534	5.8
Moderate						
2020	19.5	19.7	30	24.0	9,304	29.0
2021	19.5	--	12	13.6	8,110	30.7
Middle						
2020	59.7	56.3	68	54.4	15,493	48.3
2021	59.7	--	58	65.9	12,704	48.1
Upper						
2020	12.0	12.9	21	16.8	6,057	18.9
2021	12.0	--	13	14.8	4,077	15.4
Not Available						
2020	0.2	0.3	0	0.0	0	0.0
2021	0.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	125	100.0	32,092	100.0
2021	100.0	--	88	100.0	26,425	100.0

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

Small Business

The geographic distribution of the bank’s small business lending reflects poor penetration throughout the assessment area. CBS’s performance in low-income census tracts is below aggregate and demographic data in 2019 and 2020. In 2021, the bank only originated three small business loans in low-income tracts, which was significantly below demographics.

The bank did not originate any small business loans in moderate-income tracts in 2019, but lending volumes increased in 2020 when the PPP became available. In 2020, despite the increase in the overall volume of small business loans, the bank's performance in moderate-income census tracts remained below aggregate and demographic percentages. Additionally in 2021, the bank's volume of small business loans further declined and performance remained below demographics in moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: Worcester, MA-CT MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	18.0	16.7	1	7.1	580	45.8
2020	18.0	19.5	4	3.0	314	3.9
2021	18.8	--	3	4.0	87	2.4
Moderate						
2019	23.3	24.1	0	0.0	0	0.0
2020	23.5	24.2	17	12.9	638	8.0
2021	23.6	--	7	9.3	348	9.7
Middle						
2019	40.5	41.5	11	78.6	629	49.7
2020	40.4	40.0	81	61.4	5,627	70.2
2021	39.9	--	47	62.7	2,260	62.8
Upper						
2019	8.5	10.0	1	7.1	6	0.5
2020	8.2	8.1	25	18.9	1,079	13.5
2021	8.1	--	15	20.0	343	9.5
Not Available						
2019	9.7	7.6	1	7.1	50	4.0
2020	9.9	8.2	5	3.8	357	4.5
2021	9.6	--	3	4.0	561	15.6
Totals						
2019	100.0	100.0	14	100.0	1,265	100.0
2020	100.0	100.0	132	100.0	8,015	100.0
2021	100.0	--	75	100.0	3,599	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

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

Home Mortgage

The bank's distribution of home mortgage loans reflects adequate penetration among borrowers of different income levels. For low-income borrowers, the bank's performance in 2020 was below demographics, but it was generally consistent with aggregate performance. Additionally, the bank's performance to low-income borrowers in 2021 reflects an increase in the number, and dollar volume of home mortgage loans. Based on 2020 Peer Mortgage Data, CBS ranked 23rd of 135 lenders in originating home mortgage loans to low-income borrowers, which was consistent with other community lenders.

For moderate-income borrowers, the bank's performance in 2020 was slightly above aggregate and demographics. In 2021, the number of loans made to moderate-income borrowers declined, but the percentage of these loans slightly increased. The bank's performance in 2021 exceeded demographics. Based on 2020 Peer Mortgage Data, CBS ranked 21st of 186 lenders in originating home mortgage loans to moderate-income borrowers, which was consistent with other community lenders.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Worcester, MA-CT MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	31.4	7.3	9	7.2	1,111	3.5
2021	31.4	--	11	12.5	1,215	4.6
Moderate						
2020	18.9	24.6	32	25.6	6,156	19.2
2021	18.9	--	23	26.1	4,552	17.2
Middle						
2020	19.6	25.6	31	24.8	6,367	19.8
2021	19.6	--	14	15.9	3,502	13.3
Upper						
2020	30.1	25.5	38	30.4	11,082	34.5
2021	30.1	--	31	35.2	8,887	33.6
Not Available						
2020	0.0	16.9	15	12.0	7,375	23.0
2021	0.0	--	9	10.2	8,270	31.3

Totals						
2020	100.0	100.0	125	100.0	32,091	100.0
2021	100.0	--	88	100.0	26,426	100.0

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

Small Business

The distribution of small business loans reflects adequate penetration among businesses of different sizes. In 2019, the bank's performance among businesses with GARs of \$1 million or less was higher than aggregate and demographics. Based on 2019 Peer Small Business Data, CBS ranked 24th of 120 lenders who originated loans to businesses with revenue of \$1 million or less. CBS's ranking was consistent with other community lenders. In 2020, the bank's lending to businesses with GAR of \$1 million or less fell well below both aggregate and demographics. In 2021, the bank's lending remained below demographics and decreased in volume. The introduction of the PPP loans in 2020 and 2021 explains the decrease in volume of loans originated to businesses with GAR of \$1 million or less. Business revenues were not collected or reported for PPP loans and the bank originated a high volume of these loans in both years. The PPP loan table on the following page supplements the bank's 2020 and 2021 performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Worcester, MA-CT MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	83.8	43.3	12	85.7	855	67.6
2020	84.9	32.2	6	4.5	496	6.2
2021	86.0	--	4	5.3	521	14.5
>\$1,000,000						
2019	5.8	--	2	14.3	410	32.4
2020	5.3	--	0	0.0	0	0.0
2021	4.6	--	2	2.7	95	2.6
Revenue Not Available						
2019	10.4	--	0	0.0	0	0.0
2020	9.9	--	126	95.5	7,519	93.8
2021	9.4	--	69	92.0	2,983	82.9
Totals						
2019	100.0	100.0	14	100.0	1,265	100.0
2020	100.0	100.0	132	100.0	8,015	100.0
2021	100.0	--	75	100.0	3,599	100.0

Source: 2019, 2020, & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

As revenue is unavailable for PPP loans, examiners evaluated the bank’s performance using loan amount as a proxy for GAR. A majority of PPP loans originated in 2020 and 2021 had loan sizes of less than or equal to \$100,000. This indicates the bank is helping to serve the needs of small businesses in the assessment area.

Distribution of PPP Loans by Loan Size				
Loan Size	2020		2021	
	Count	%	Count	%
<=\$100,000	106	84.1	62	89.9
\$10,001-\$250,000	17	13.5	6	8.7
\$250,001-\$500,000	1	0.8	0	0.0
\$500,001-\$1,000,000	2	1.6	1	1.4
Total	126	100.0	69	100.0
<i>Source: Bank Data</i>				
<i>Due to rounding, totals may not equal 100.0%</i>				

Community Development Loans

The bank made an adequate level of community development loans. CBS originated nine community development loans totaling \$12.3 million during the evaluation period. The number of community development loans increased slightly compared to the previous examination, where the bank originated seven loans in the assessment area. The dollar volume of these loans declined significantly since the last evaluation from \$51.0 million to \$12.3 million. The following table illustrates the bank’s community development lending in the Worcester, MA-CT MSA assessment area.

Community Development Lending										
Assessment Area: Worcester, MA-CT MSA										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	2	920	0	0	0	0	0	0	2	920
2020	2	598	0	0	0	0	0	0	2	598
2021	0	0	0	0	0	0	1	5,000	1	5,000
2022 (YTD)	3	4,709	0	0	0	0	1	1,085	4	5,794
Total	7	6,226	0	0	0	0	2	6,085	9	12,311
<i>Source: Bank Data</i>										

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

- In 2022, the bank originated a \$1.5 million loan to purchase an apartment building in Worcester, MA. The building contained six units, all of which were rented to tenants below fair market rent and support affordable housing efforts.

- In 2022, the bank originated a \$2.5 million loan to purchase two residential apartment buildings in a moderate-income census tract in Worcester, MA. The property has 16 units, all of which rent below fair market rates. The loan supports affordable housing.

INVESTMENT TEST

The bank’s Investment Test performance in the Worcester, MA-CT MSA assessment area is good. The sections below detail the bank’s performance under each criterion.

Investment and Grant Activity

The bank made a significant level of qualified investments and donations in the Worcester MA-CT, MSA assessment area. Equity investments that directly targeted the Worcester, MA-CT MSA assessment area included one MBS for \$1.4 million. Donations and grants that directly targeted this area totaled \$549,995, which represents 48.1 percent of total donations. Most donations and grants in the Worcester, MA-CT MSA assessment area benefited organizations that provide community services to low- and moderate-income individuals. The following table illustrates the bank’s community development donations within the Worcester, MA-CT MSA assessment area.

Qualified Donations Assessment Area: Worcester, MA-CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2019 (Partial)	2	2,750	29	67,095	2	3,000	0	0	33	72,845
2020	1	3,000	33	190,000	2	11,000	0	0	36	204,000
2021	3	18,000	32	212,700	0	0	0	0	35	230,700
2022 (YTD)	2	23,000	11	19,450	0	0	0	0	13	42,450
Total	8	46,750	105	489,245	4	14,000	0	0	117	549,995

Source: Bank Records

The following are examples of organizations that received qualified donations.

- **Worcester County Food Bank** – This organization works to create a hunger-free community in Worcester County by providing donated food to those in need and through advocacy for policies and programs that reduce hunger. The bank’s donations to the organization were responsive to the needs for community services targeted to low- and moderate-income individuals within the assessment area.
- **CASA Project of Worcester County** – This non-profit organization is committed to speaking for the best interest of abused and neglected children in the Worcester County Courts. The bank’s donations to the organization were responsive to the needs for community services targeted to low- and moderate-income individuals within the assessment area.

- **Oak Hill Community Development Corporation (CDC)** – This CDC was founded in response to concerns about the high cost of housing and increasing difficulties for home ownership and economic opportunity for those living in underserved neighborhoods of Worcester. The bank’s donations to the organization were responsive to the needs for affordable housing within the assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs of the Worcester, MA-CT MSA assessment area. The bank’s donations and grants primarily provided community services to low- and moderate-income individuals. Community Contacts stated that grants and donations are a critical need within the assessment area.

Community Development Initiatives

The bank rarely uses innovative and/or complex investments to support community development initiatives in the Worcester, MA-CT MSA assessment area. Investments that directly targeted the area consisted of a MBS, donations, and grants.

SERVICE TEST

CBS’s Service Test performance in the Worcester, MA-CT MSA assessment area is adequate. The sections below detail the bank’s performance under each criterion.

Accessibility of Delivery Systems

The bank’s delivery systems in the Worcester, MA-CT, MSA assessment area are reasonably accessible to essentially all portions of this assessment area. The following table illustrates the distribution of full-service branches and deposit taking ATMs in the area.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Worcester, MA-CT MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	13	22.8	55,346	22.3	1	20.0	1	11.0
Moderate	14	24.6	60,253	24.3	0	0.0	0	0.0
Middle	23	40.4	108,274	43.7	2	40.0	6	67.0
Upper	4	7.0	19,176	7.7	2	40.0	2	22.0
NA	3	5.3	4,791	1.9	0	0.0	0	0.0
Total	57	100.0	247,840	100.0	5	100.0	9	100.0

Source: 2015 ACS Data; Bank Data

Worcester has a high concentration of low and moderate-income census tracts. The bank provides access to banking services through its one branch in a low-income area in Worcester. The bank is also in the process of opening a second branch in Worcester. The bank plans to open this branch in

July 2022. This new branch will greatly increase access to the bank's services for low- and moderate-income individuals due to its location. The bank also serves business customers through its business center at 315 Main Street in Worcester, MA, which is situated in a low-income area. This office provides commercial loan officers with a space to meet with and serve the needs of their clientele.

Each of the bank's full-service branches have a 24-hour ATM. Additionally, the bank operates three standalone ATMs in middle-income census tracts in Brookfield, Hardwick, and Rochdale. Since the last evaluation, the bank added an ITM at its' Virtual Banking Center located at the Leicester Branch, which is adjacent to the City of Worcester. ITMs provide customers more ways to transact with extended hours beyond normal branching hours. Virtual tellers are available during normal branching hours and provide support, Monday to Friday from 8:00 a.m. to 6:00 p.m. and on Saturdays from 9:00 a.m. to 2:00 p.m. While these services are not targeted to low- and moderate-income persons or geographies, they benefit and increase accessibility for all customers in the assessment area.

Changes in Branch Locations

To the extent that changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. In January 2021, the bank closed its' Overlook Life Care Community branch in a middle-income tract at 88 Masonic Road in Charlton, MA. The branch was located at a senior living community, had limited hours, and was not accessible to the public. The bank made the decision to close the office location based on rising costs and decreasing branch transactions. The impact of this branch closure was lessened, as the Bank's Charlton full-service branch is located within one mile.

Reasonableness of Business Hours and Services

The bank's business hours and services within the Worcester, MA-CT MSA assessment area are consistent with the hours and services at its other branches. They do not vary in a way that inconveniences certain individuals and businesses from within this portion of the assessment area, particularly within low- and moderate-income geographies and to low- and moderate-income individuals.

Community Development Services

The bank provides a relatively high level of community development services in the Worcester, MA-CT MSA assessment area. The bank provided 25 instances of community development services during the evaluation period in this area. This is an increase from 11 community development services in the last evaluation. The number of activities in this portion of the assessment is less than the Springfield, MA MSA, as this portion of the assessment are contains fewer branches and lending activity.

Community Development Services Assessment Area: Worcester, MA-CT MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	3	1	0	4
2020	0	6	1	0	7
2021	0	6	1	0	7
YTD 2022	0	6	1	0	7
Total	0	21	4	0	25
<i>Source: Bank Data</i>					

Below are two examples of notable community development services that benefited the Worcester, MA-CT MSA assessment area:

- **Worcester Business Development Corporation (WBDC)** – This certified CDC is a collaboration between public and private sectors to create a healthy economy in the Worcester area by assisting businesses and promoting employment opportunities. This is a new relationship established since the last examination. A bank vice president serves as a Board Member for the organization. The bank’s participation with WBDC supports economic development by supporting small businesses within low- and moderate-income census tracts within the assessment area.
- **Greater Worcester Community Foundation** – This Foundation provides grants to individuals, businesses, and organizations to improve the quality of life in Worcester County. The organization provides support for community development services to low- and moderate-income individuals within the assessment area. A bank employee serves as a Board Member for this organization.

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106). A review of the bank's public comment file indicated the bank received one complaint pertaining to an upcoming branch closure. The bank responded timely, appropriately and addressed the consumer's concerns.

Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners noted no evidence of disparate treatment.

MINORITY APPLICATION FLOW

Division of Bank examiners reviewed the bank's 2020 and 2021 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the assessment area contained a total population of 547,483 individuals of which 36.8 percent are minorities. The assessment area's minority and ethnic population is 21.5 percent Hispanic or Latino, 9.7 percent Black/African American, 3.4 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, and 2.1 percent other.

Examiner compared the bank's lending level to the aggregate for 2020. This comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority residential 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 area.

MINORITY APPLICATION FLOW					
RACE	2020		2020 Aggregate Data	2021	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.5	0	0
Asian	2	0.4	3.5	0	0
Black/ African American	3	0.6	7.4	6	1.5
Hawaiian/Pacific Islander	0	0.0	0.1	0	0
2 or more Minority	0	0.0	0.2	0	0
Joint Race (White/Minority)	2	0.3	1.2	0	0
Total Racial Minority	7	1.3	12.9	6	1.5
White	311	57.6	62.1	179	44.8
Race Not Available	222	41.1	25.0	215	53.7
Total	540	100.0	100.0	400	100.0
ETHNICITY					
Hispanic or Latino	2	0.4	13.0	5	1.3
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.2	1.3	4	1.0
Total Ethnic Minority	3	0.6	14.3	9	2.3
Not Hispanic or Latino	308	57.1	61.8	177	44.3
Ethnicity Not Available	229	42.3	23.9	214	53.4
Total	540	100.0	100.0	400	100.0

Source: HMDA Aggregate Data (2020), HMDA LAR Data (2020 and 2021)

In 2020, the bank received 540 HMDA-reportable loan applications from within its assessment area. Of these applications, 7, or 1.3 percent were received from racial minority applicants, of which 5 or 71.0 percent were originated. The aggregate received 12.9 percent from minority applicants and 50.0 percent were originated. For the same period, the bank received 3 applications or 0.6 percent

from ethnic groups of Hispanic origin within its assessment area, and 100.0 percent were originated versus the aggregate that received 14.3 percent from Hispanic applicants and 50.0 percent were originated.

In 2021, the bank received 400 HMDA-reportable loan applications from within its assessment area. Of these applications, 6, or 1.5 percent were received from racial minority applicants, of which 3 or 50.0 percent were originated. For the same period, the bank received 9 applications or 2.3 percent from ethnic groups of Hispanic origin within its assessment area, of which 7 or 78.0 percent were originated.

The bank provides outreach to all segments of the population. Despite these efforts, the 2020 and 2021 data reflect a less than reasonable racial minority application flow. The bank is encouraged to continue marketing and conducting outreach to all demographics and monitoring application activity from ethnic and racial minorities.

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.