

# **PUBLIC DISCLOSURE**

October 16, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Easthampton Savings Bank**  
Certificate Number: 90188

36 Main Street  
Easthampton, Massachusetts 01062

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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 concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION’S CRA RATING:** This institution is rated **High Satisfactory**.

An institution in this group has a highly 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		X
Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a majority of loans within its assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area of home mortgage and small business lending.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and businesses customers of different sizes.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.
- There is no evidence of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units; and
- The institution has an adequate record relative to fair lending policies and practices.

**The Investment Test is rated Satisfactory.**

- The institution has an adequate level of qualified community development investments and grants.
- The institution exhibits reasonable responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

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

- Delivery systems are accessible to essentially all portions of the institution’s assessment area.
- To the extent changes have been made, 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/or to low- or moderate-income individuals.
- Services (including, where appropriate, 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 institution is a leader in providing community development services.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Easthampton Savings Bank (ESB) is a state chartered financial institution that operates in Hampshire and Hampden Counties. ESB’s main office is located at 36 Main Street in Easthampton, MA.

ESB is a wholly owned subsidiary of Hometown Financial Group (HFG). HFG is a \$4.5 billion mutual multi-bank holding company and is the parent company of ESB, Hometown Bank and Abington Bank. Additionally, ESB Investment Corp., ESB Securities Corp., and Mt. Tom Properties LLC are subsidiaries of ESB.

During the last evaluation dated May 17, 2021, the bank received a “High Satisfactory” rating from the Division of Banks, using the FFIEC Large Institution examination procedures.

### **Operations**

In addition to the bank’s headquarters located at 36 Main Street, Easthampton MA, ESB operates ten full-service branches throughout Hampden and Hampshire Counties. Branch locations are in Easthampton, Agawam, Amherst, Belchertown, Hadley, Holyoke, Northampton, South Hadley, Southampton and Westfield, Massachusetts. ESB also operates three Loan Production Offices (LPO) and four standalone ATMS. The LPO’s are located in North Attleboro, Westport, and Westborough. The bank’s stand-alone ATMs are located in Easthampton, Northampton, Leeds, and Westfield MA.

ESB offers various lending products, including residential, commercial, and construction loans. The bank also offers home equity loans and lines of credit. In addition, the bank offers standard personal and business deposit products, including checking, savings, money market and certificates of deposits.

### **Ability and Capacity**

ESB’s assets totaled approximately \$1.9 billion as of June 30, 2023, and included total loans of \$1.5 billion. The following table illustrates the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	24,517	1.6
Secured by Farmland	1,468	0.1
Secured by 1-4 Family Residential Properties	507,748	32.7
Secured by Multifamily (5 or more) Residential Properties	250,977	16.1
Secured by Nonfarm Nonresidential Properties	547,198	35.2
<b>Total Real Estate Loans</b>	<b>1,331,908</b>	<b>85.7</b>
Commercial and Industrial Loans	205,702	13.2
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,665	0.1
Obligations of State and Political Subdivisions in the U.S.	15,686	1.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,554,961</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

### **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution’s CRA performance. ESB has designated a single assessment area in the Springfield, MA Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information relevant to the assessment area.

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

The assessment area includes 139 census tracts located in Hampshire and Hampden Counties in MA located in Springfield, MA MSA. The following table details the cities and towns in the bank’s assessment area.

<b>Hampden County</b>				
Agawam	Blandford	Chicopee	East Longmeadow	Hampden
Holyoke	Longmeadow	Ludlow	Monson	Palmer
Southwick	Springfield	Wales	West Springfield	Westfield
Wilbraham				
<b>Hampshire County</b>				
Amherst	Belchertown	Chesterfield	Easthampton	Granby
Hadley	Hatfield	Huntington	Northampton	Pelham
South Hadley	Southampton	Ware	Westhampton	Williamsburg
Worthington				

The 139 census tracts in the bank’s assessment area reflect the following income designation according to the 2020 US Census Bureau data:

- 17 low-income census tracts
- 30 moderate-income census tracts
- 44 middle-income census tracts
- 43 upper-income census tracts
- 5 census-tracts with no income designation.

The low-income tracts are located in Holyoke and Springfield. Moderate-income tracts are located in Springfield, Chicopee, Holyoke, West Springfield, Westfield, Easthampton, Palmer, and Ware.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	139	12.2	21.6	31.7	30.9	3.6
Population by Geography	628,133	9.1	21.9	31.2	34.8	3.0
Housing Units by Geography	257,827	8.9	23.3	33.0	34.5	0.3
Owner-Occupied Units by Geography	151,712	2.3	16.0	37.0	44.7	0.0
Occupied Rental Units by Geography	88,387	19.1	34.9	26.1	19.2	0.7
Vacant Units by Geography	17,728	14.3	27.7	33.3	23.6	1.1
Businesses by Geography	49,543	10.0	21.5	28.6	38.7	1.2
Farms by Geography	1,496	1.6	9.0	35.2	53.9	0.3
Family Distribution by Income Level	151,099	24.1	16.2	18.2	41.5	0.0
Household Distribution by Income Level	240,099	26.2	15.2	16.1	42.5	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$79,907	Median Housing Value			\$229,947
			Median Gross Rent			\$943
			Families Below Poverty Level			10.1%

*Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income.  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

Examiners used the FFIEC updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories for the Springfield MA, MSA.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Springfield, MA MSA Median Family Income (44140)</b>				
2021 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
2022 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 257,827 housing units in the bank's assessment area. Of these, 151,712 or 58.8 percent are owner-occupied units, and 88,387 or 34.3 percent are occupied rental units and the remaining 17,728 or 6.9 percent are vacant units. Of the 257,827 housing units, 8.9 percent are in low-income census tracts and 23.3 percent are located in moderate-income census tracts. Data obtained from the MA Department of Economic Research, the unemployment rate in Hampden County was 4.9 percent, Hampshire County was 3.4 percent and 3.8 percent for the State of Massachusetts.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to D&B 2022 Business demographic information, there are 49,543 nonfarm businesses in the assessment area. The GAR distribution for these businesses is listed below.

- 86.5 percent have GARs of \$1.0 million or less.
- 4.1 percent have GARs of more than \$1.0 million.
- 9.4 percent have unknown revenues.

Additionally, 83.5 percent of all businesses in the assessment area have GARs less than \$0.5 million. Also, approximately 64.0 percent of businesses have one to four employees and 89.7 percent of businesses have only one location. Given these factors, the majority of businesses in the assessment area are considered very small. Service industries represent 37.6 percent of businesses in the assessment area; followed by non-classifiable establishments (18.2 percent), retail trade (12.4 percent) and finance, insurance, and real estate (10.0 percent).

### **Competition**

The assessment area is highly competitive for home mortgage loans among banks, credit unions and non-depository lenders. In 2021, there were 439 lenders which originated or purchased 36,195 residential mortgage loans. ESB ranked 21<sup>st</sup> in this group with 1.6 percent of the market share by number. In 2022, there were 452 lenders which originated or purchased 25,236 residential mortgage loans. ESB increased its ranking to 18<sup>th</sup> in this group while retaining its 1.6 percent market share. A majority of the institutions with higher rankings were large national and regional banks and non-depositories. Of the institutions that ranked higher than ESB, four institutions were state-chartered banks or credit unions.

Small business aggregate data for 2021 reflects lending information for Hampden and Hampshire Counties. Based on the 2021 small business aggregate data, 121 lenders originated 14,865 small business loans. ESB ranked 8<sup>th</sup> with 3.6 percent of the market share by number. The top five lenders accounted for 45.1 percent of the total market share. Those lenders include American Express National Bank, Bank of America, N.A., JPMorgan Chase Bank, NA, Westfield Bank, and Citibank, N.A.

### **Community Contact**

As part of the evaluation process, examiners contact third parties that are active in the assessment area to assist in identifying the credit and community development needs. This information helps examiners determine whether local financial institutions are responsive to those needs. It also shows available credit and community development opportunities.

Examiners contacted a community service organization that serves both Hampden and Hampshire Counties. The organization focuses on affordable housing and employment support. The contact discussed the lack of homes available for those that are considered low- and moderate-income. The contact also discussed the difficulty that individuals have in meeting current affordable housing program guidelines. As borrowers continue to work increased hours and income, those individuals find it difficult to continue to qualify for stringent affordable housing programs.

Examiners contacted a second organization in the assessment area that focuses on community development. The organization assists its clients with housing, education, lending needs and small business needs. The contact identified affordable housing and small business technical assistance as areas that local financial institutions could assist with. The contact was supportive and welcomed Community Investment Tax Credits, however discussed the missed opportunities available for CRA investments and additional partnerships with institutions.

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

Examiners considered information obtained through conversations with community contacts, available economic and demographic data, and discussions with bank management to determine the assessment area's credit and community development needs. Examiners identified affordable housing, small business technical assistance and financial literacy as the primary needs of the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated May 17, 2021, to the current evaluation dated October 16, 2023. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's performance. These procedures consist of three tests, the Lending Test, the Investment Test and the Service Test.



The Lending Test considered the institution's performance according to the following criteria.

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and flexible lending practices
- Community Development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments and donations
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services.

An institution must achieve at least a Satisfactory rating on the Lending Test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Examiners determined the bank's major product lines to be home mortgages and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. The bank's record of originating home mortgage loans contributed more weight to overall conclusions. No other loan types represent a major product line; therefore, they provide no material support for conclusions or ratings and are not presented.

Examiners considered all home mortgage loans reported on the bank's 2021 and 2022 Home Mortgage Disclosure Act Loan Register (HMDA LARs). In 2021, the bank reported 461 loans totaling \$174.7 million, and 514 loans totaling \$172.3 million in 2022. Examiners compared the bank's Geographic Distribution and Borrower Profile criteria to aggregate data, as well as 2020 US Census Bureau demographic data.

Examiners also considered all small business loans reported on the bank's 2021 and 2022 Community Reinvestment Act (CRA) Loan Registers. The bank reported 640 loans for approximately \$94.7 million in 2021, and 106 loans for \$62.8 million in 2022. The bank's 2021 CRA Loan Register also includes SBA PPP loans that the bank had originated. These SBA PPP loans are the main reason for the bank's increased small business lending in 2021.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although the number and dollar volume are presented, examiners emphasized the performance by number of loans as this is a better indicator of the number of individuals and businesses that were served.

Examiners also reviewed community development loans, investments, and services as well as innovative and flexible lending practices since the prior evaluation date of May 17, 2021.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

ESB's Lending Test performance is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

#### **Lending Activity**

Lending levels reflect good responsiveness to assessment area credit needs. In 2021 and 2022, the bank reported 975 home mortgage loans totaling approximately \$346.9 million and 746 small business loans totaling approximately \$157.5 million. Of this total, 684 home mortgage loans totaling approximately \$474.7 million and 655 small business loans totaling approximately \$97.0 million were inside the assessment area.

The competition section of the Description of the Assessment Area section discusses the bank's market share rankings for home mortgage and small business lending. ESB was among the top 4.8 percent of home mortgage lenders in 2021 and the top 4.0 percent in 2022. ESB also ranked in the top 6.6 percent of small business lenders in 2021. There is a notable decrease in small business lending from year to year. In 2021, the bank originated a large number of PPP loans which disproportionately impacted the small business data. In 2022, the bank's small business lending volume made a return to more typical small business lending.

#### **Assessment Area Concentration**

The bank made a majority of home mortgage and small business loans, by number and dollar amount, within its assessment area.

The following table illustrates the bank’s assessment area concentration.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2021	410	88.9	51	11.1	461	142,130	81.4	32,560	18.6	174,690
2022	274	53.3	240	46.7	514	75,193	43.6	97,081	56.4	172,275
<b>Subtotal</b>	<b>684</b>	<b>70.2</b>	<b>291</b>	<b>29.8</b>	<b>975</b>	<b>217,323</b>	<b>62.6</b>	<b>129,641</b>	<b>37.3</b>	<b>346,965</b>
Small Business										
2021	533	88.8	67	11.2	600	42,993	85.6	7,252	14.4	50,245
2022	71	91.0	7	9.0	78	16,445	86.9	2,488	13.1	18,933
<b>Subtotal</b>	<b>604</b>	<b>89.1</b>	<b>74</b>	<b>10.9</b>	<b>678</b>	<b>59,438</b>	<b>85.9</b>	<b>9,740</b>	<b>14.1</b>	<b>69,178</b>
<b>Total</b>	<b>1,288</b>	<b>77.9</b>	<b>365</b>	<b>22.1</b>	<b>1,653</b>	<b>276,761</b>	<b>66.5</b>	<b>139,381</b>	<b>33.5</b>	<b>416,143</b>
<i>Source: Bank Data</i>										

**Geographic Distribution**

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

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. In 2021, the bank’s lending in low-income census tracts was below the aggregate lending, but in-line with the percentage of owner-occupied housing units. In 2022, The bank’s performance was in-line with the aggregate lending but was above the percentage of owner-occupied housing units. In lending in moderate-income census tracts, the bank’s performance was well below the aggregate performance and demographic data for both 2021 and 2022.

Since the previous examination, the bank has expanded its assessment area to include all of Hampden County, which includes the City of Springfield, MA. Springfield, MA is a highly competitive market which contains 12 low-income census tract and 14 moderate-income census tracts. In 2021, there were 233 lenders that originated or purchased home mortgage loans, and in 2022 that number decreased slightly to 220 lenders. In 2021 and 2022, the top five lenders in Springfield consisted of mortgage lenders and one national bank which accounted for over 25.0 percent of all originated and purchased loans in 2021 and 2022 respectively. This level of competition further supports the bank’s adequate performance as a majority of the bank’s low- and moderate-income census tracts are located in Springfield.

The following table illustrates the bank’s geographic distributions of home mortgage loans.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	4.7	6.2	17	4.1	5,150	3.6
2022	2.3	4.6	11	4.0	12,990	17.3
<b>Moderate</b>						
2021	12.4	13.8	9	2.2	4,100	2.9
2022	16.0	22.3	33	12.0	6,753	9.0
<b>Middle</b>						
2021	35.2	34.5	150	36.6	53,965	38.0
2022	37.0	36.0	107	39.1	27,715	36.9
<b>Upper</b>						
2021	47.6	45.5	234	57.1	78,915	55.5
2022	44.7	37.0	123	44.9	27,736	36.9
<b>Not Available</b>						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>410</b>	<b>100.0</b>	<b>142,130</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>75,193</b>	<b>100.0</b>
<i>Source: 2015 ACS, 2020 US Census Data; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects an adequate distribution throughout the assessment area. As shown in the table below, the bank’s lending in 2021 was below that of the aggregate in low-income census tracts but exceeded the aggregate in moderate income census tracts. When compared to the percentage of businesses in low- and moderate-income census tracts, the bank’s performance in low-income tracts was well below the percentage of businesses and exceeded the percentage of businesses in moderate-income census tracts. The bank’s percentage of lending in low- and moderate-income tracts in 2022 was similar to 2021, performing below demographics in low-income tracts and performing above the demographics in moderate-income tracts.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	13.9	12.8	37	6.9	5,409	12.6
2022	12.2	--	5	7.0	2,126	12.9
Moderate						
2021	15.2	14.9	103	19.3	9,543	22.2
2022	21.6	--	16	22.5	3,756	22.8
Middle						
2021	28.8	30.2	169	31.7	11,542	26.8
2022	31.7	--	18	25.4	4,021	24.5
Upper						
2021	41.2	41.9	222	41.7	16,381	38.1
2022	30.9	--	32	45.1	6,542	39.8
Not Available						
2021	0.8	0.2	2	0.4	118	0.3
2022	3.6	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>533</b>	<b>100.0</b>	<b>42,993</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>71</b>	<b>100.0</b>	<b>16,445</b>	<b>100.0</b>

Source: 2020 D&B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes.

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

The distribution of borrowers reflects an adequate penetration among retail customers of different income levels. In lending to low-income borrowers, the bank was in-line with the aggregate in 2021 and slightly below aggregate in 2022 even though the bank increased its percentage of loans to low-income borrowers from 6.8 percent to 9.1 percent. In lending to moderate-income borrowers, the bank's performance was below that of the aggregate performance, but the bank's percentage of loans exceeded the demographic data for both years respectively. In 2022, the median housing price was \$279,800 in Hampden County and \$369,700 in Hampshire County further supporting the difficulty in originating loans to low-income borrowers in a highly competitive market.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2021	24.7	6.2	28	6.8	6,680	4.7
2022	24.1	11.9	25	9.1	3,081	4.1
Moderate						
2021	15.7	22.4	72	17.6	20,050	14.1
2022	16.2	27.6	59	21.5	10,534	14.0
Middle						
2021	17.9	23.2	107	26.1	30,580	21.5
2022	18.2	24.4	66	24.1	12,756	17.0
Upper						
2021	41.8	31.6	185	45.1	60,885	42.8
2022	41.5	26.9	101	36.9	25,866	34.4
Not Available						
2021	0.0	16.7	18	4.4	23,935	16.8
2022	0.0	9.2	23	8.4	22,957	30.5
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>410</b>	<b>100.0</b>	<b>142,310</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>274</b>	<b>100.0</b>	<b>75,193</b>	<b>100.0</b>
<i>Source: 2015 ACS, 2020 US Census Data; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.</i>						

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

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1.0 million or less. The bank's performance in 2021 far exceeded the performance of the aggregate. In 2022, the bank's performance decreased, which was below the demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2021	83.9	34.1	314	58.9	10,779	25.1
2022	86.5	--	33	46.5	7,389	44.9
<b>&gt;\$1,000,000</b>						
2021	5.3	--	91	17.1	23,439	54.5
2022	4.1	--	38	53.5	9,056	55.1
<b>Revenue Not Available</b>						
2021	10.8	--	128	24.0	8,775	20.4
2022	9.4	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>533</b>	<b>100.0</b>	<b>42,993</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>71</b>	<b>100.0</b>	<b>16,445</b>	<b>100.0</b>
<i>Source: 2020 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available.</i>						

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

ESB uses innovative and/or flexible lending practices in order to serve assessment area credit needs. These programs include government-related subsidies and guarantees. The bank offers several programs designed to assist low- and moderate-income individuals and families with affordable mortgage loan products. The bank also provides small business lending through the Small Business Administration.

During the evaluation period, the bank originated 549 innovative or flexible loans for approximately \$48.2 million, to individuals and business during the evaluation period. Of these innovative and flexible loans, the bank made 91 loans for \$17.9 million through affordable housing programs and 458 loans for approximately \$30.3 million through small business lending.

Innovative or Flexible Lending Programs								
Type of Program	2021		2022		2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Federal Housing Administration	0	0	1	428	2	486	3	914
Freddie Mac Home-Possible	13	2,055	5	1,221	0	0	18	3,276
MassHousing Loans	3	529	11	1,065	0	0	14	1,594
HFG Low-, Moderate-Income Program	0	0	0	0	10	1,979	10	1,979
FHLB Equity Builder Program	1	141	0	0	2	351	3	492
FHLB Housing Our Workforce Program	1	251	0	0	2	364	3	615
HFG Affordable ARM Program	1	191	22	5,063	17	3,788	40	9,042
<b>Total Residential Loans</b>	<b>19</b>	<b>3,167</b>	<b>39</b>	<b>7,777</b>	<b>33</b>	<b>6,968</b>	<b>91</b>	<b>17,912</b>
SBA PPP Loans	458	30,266	0	0	0	0	458	30,266
<b>Totals</b>	<b>477</b>	<b>33,433</b>	<b>39</b>	<b>7,777</b>	<b>33</b>	<b>6,968</b>	<b>549</b>	<b>48,178</b>

*Source: Bank Data*

The following are some examples of innovative and/or flexible lending programs offered by ESB.

#### Home Mortgage Lending Programs

- **Federal Housing Administration (FHA) Loans** – Loans from private lenders that the FHA regulates and insures. The FHA loans offer lower down payment options, expanded qualifying criteria, and no income limits. During the evaluation period, ESB originated 3 loans for approximately \$914,000.
- **MassHousing Mortgage Loans** – MassHousing loans increase affordability to low- and moderate-income borrowers through below market rates, low to no down payment options and flexible underwriting standards. During the evaluation period, the bank originated 14 loans for \$1.6 million.
- **Freddie Mac Home Possible** – The Freddie Mac Home Possible mortgage offers very-low to low-income borrower’s credit options through a low-down payment and credit flexibility for the purchase of a home. During the evaluation period, the bank originated 18 loans for approximately \$3.3 million.
- **Federal Home Loan Bank Housing Our Workforce Program** – The Federal Home Loan Bank of Boston offers the Housing Our Workforce (HOW) grant program. This program offers homebuyers earning 80-120 percent of the area median income with down-payment and closing cost assistance. ESB originated 3 loans for approximately \$615,000 during the evaluation period.



Small Business Lending Programs

- **Small Business Administration PPP Loans** – During the evaluation period, ESB participated in the temporary SBA Paycheck Protection Program. This program was created to incentivize small businesses to keep workers employed during the COVID-19 pandemic. The bank originated 458 loans totaling \$30.3 million.

Community Development Loans

ESB is a leader in making community development loans. The bank originated 44 community development loans for approximately \$84.5 million during the evaluation period. The bank’s overall community development lending by dollar amount increased since the last exam, while the total number of community development loans decreased. At the prior evaluation, ESB originated 66 community development loans totaling approximately \$64.5 million. A large number of the bank’s prior period community development loans originated under the SBA PPP loan program which was unavailable during this exam period.

Of the bank’s 44 qualified community development loans, 30 loans for approximately \$50.5 million were originated within the bank’s assessment area. The remaining 14 loans for approximately \$34.0 million originated outside the bank’s assessment area but were qualified as part of the bank’s efforts in the greater state-wide or regional area.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
5/18/2021-12/31/2021	1	1,097	1	72	0	0	3	7,200	5	8,369
2022	12	19,475	4	2,445	4	7,973	3	3,672	23	33,565
YTD 2023	8	22,949	3	12,122	1	2,748	4	4,702	16	42,521
<b>Total</b>	<b>21</b>	<b>43,521</b>	<b>8</b>	<b>14,639</b>	<b>5</b>	<b>10,721</b>	<b>10</b>	<b>15,574</b>	<b>44</b>	<b>84,455</b>

*Source: Bank Data*

The following are examples of community development loans the bank originated during the evaluation period.

- In 2022, the bank originated a \$4.2 million dollar loan for the construction of 28 affordable housing units located in Amherst, MA.
- In 2022, the bank originated a \$1.2 million dollar loan for the purchase of a commercial property that provides space to a daycare center located in Chicopee, MA. The daycare center provides affordable childcare to families that are considered low- and moderate-income.

- In 2023, the bank originated a \$1.6 million dollar loan for the refinance of two multi-unit apartment buildings located in Springfield, MA. This loan preserves 24 apartment units located in a low-income census tract.
- In 2023, the bank originated a \$2.7 million dollar loan for the expansion of a manufacturing plant located in a moderate-income census tract. The funds from the loan will be used for the renovation and repair of the existing plant as well as for the purchase of the adjacent lot which will be used for expansion.

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

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

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

The bank's HMDA LARs for 2021 and 2022 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2020 US Census Data, the bank's assessment area contained a total population of 628,133 individuals. The minority population represented is 7.4 percent Black/African American, 3.7 percent Asian, 0.4 percent American Indian, 21.2 percent Hispanic or Latino, and 19.6 percent other.

In 2021, the bank received 420 HMDA reportable loan applications within its assessment area. Of these applications, 19 or 4.5 percent were received from minority applicants, 100.0 percent of which resulted in origination. The aggregate received 10.1 percent of its applications from minority consumers, of which 66.9 percent of which resulted in origination. For the same period, the bank received 15 or 3.5 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 100.0 percent were originated. The aggregate received 12.6 percent of loan applications from Hispanic origin with a 61.8 percent origination rate.

In 2022, the bank received 407 HMDA reportable loan applications within its assessment area. Of these applications, 20 or 4.9 percent were received from minority applicants, of which 8 or 40.0 percent resulted in originations. For the same period, the bank received 36 or 8.8 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 15 or 41.7 percent were originated.

The bank's level of lending in 2021 was compared with that of the 2021 aggregate's lending performance. The bank's level of lending in 2022 was analyzed for lending trends. The comparison

of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank’s minority application flow as well as the aggregate lenders in the bank’s assessment area.

Considering the demographic composition of the assessment area, and comparisons to aggregate data in 2021, the bank’s minority application flow is adequate.

<b>MINORITY APPLICATION FLOW</b>					
<b>RACE</b>	<b>Bank 2021 HMDA</b>		<b>2021 Aggregate Data</b>	<b>Bank 2022 HMDA</b>	
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
American Indian/ Alaska Native	0	0.0	0.5	0	0.0
Asian	6	1.4	2.5	7	1.7
Black/ African American	4	1.0	5.5	5	1.2
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	1	0.2	0.2	2	0.5
Joint Race (White/Minority)	8	1.9	1.2	6	1.5
<b>Total Racial Minority</b>	<b>19</b>	<b>4.5</b>	<b>10.1</b>	<b>20</b>	<b>4.9</b>
White	364	86.7	64.9	334	82.1
Race Not Available	37	8.8	25.0	53	13.0
<b>Total</b>	<b>420</b>	<b>100.0</b>	<b>100.0</b>	<b>407</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	14	3.3	11.2	25	6.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.2	1.4	11	2.7
<b>Total Ethnic Minority</b>	<b>15</b>	<b>3.5</b>	<b>12.6</b>	<b>36</b>	<b>8.8</b>
Not Hispanic or Latino	344	81.9	63.9	311	76.4
Ethnicity Not Available	61	14.6	23.5	60	14.8
<b>Total</b>	<b>420</b>	<b>100.0</b>	<b>100.0</b>	<b>407</b>	<b>100.0</b>

*Source: 2020 US Census Data, HMDA Aggregate Data 2021, Bank HMDA LAR Data 2021 and 2022*

## **INVESTMENT TEST**

The Investment Test is rated Satisfactory. The following sections discuss the bank’s overall performance under each criterion.

### **Investment and Grant Activity**

ESB made an adequate level of qualified investments and donations. During the evaluation period, the bank made 236 qualified investments totaling approximately \$ 8.9 million, which includes 9 qualified equity investments of \$ 8.4 million and 227 donations totaling \$579,142. Investment activity increased since the previous evaluation where the bank made investments totaling approximately \$2.8 million.

The dollar amount of qualified investments equates to 0.5 percent of average total assets and 3.1 percent of average total securities. The bank's investment activity supported economic development and affordable housing initiatives. The bank's donations assisted some of the lowest income individuals and areas of its assessment area. ESB investment activity, by number and dollar is comparable to that of similarly situated institutions that received a High Satisfactory on the Investment Test.

### *Equity Investments*

Of the equity investments considered for CRA, 2 totaling \$1.5 million are prior period investments consisting of a mortgage-backed security and an investment in the Access Capital Investment Fund. There were 7 totaling \$6.8 million which are new investments.

The following includes descriptions of qualified investments held by the bank during the evaluation period:

**Access Capital Community Investment Fund (the Fund)** – The Fund seeks to invest in debt securities specifically designed to support a community development purpose. As of the examination, the book value of the bank's 2011 prior period investment in this Fund is \$862,101.

**Freddie Mac Mortgage-Backed Securities**-The bank maintains one prior period mortgage-backed security with a book value of \$681,725 and purchased five new Freddie Mac Mortgage-Backed Securities totaling \$6.8 million. These investments 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.

**Massachusetts Community Investment Tax Credit (CITC)** – The CITC program is designed to enable local residents and stakeholders to work with and through community development corporations (CDCs) to partner with nonprofit, public, and private entities to improve economic opportunities for low- and moderate-income households and other residents in urban, rural, and suburban communities across the Commonwealth. The bank continues its participation in the CITC program as noted in the last evaluation. Through its participation in the CITC program, the bank committed \$8,500 in funding to One Holyoke CDC and Valley CDC. Both organizations work to improve economic opportunities for low- and moderate-income individuals.

### *Donations*

During the evaluation period, the bank made qualified donations totaling approximately \$579,142. The majority of donations benefited community services to low and moderate-income individuals. The follow are examples of qualified donations that benefitted the assessment area.

**The Food Bank of Western Massachusetts**- The Bank's contributions support the Food Bank's capital campaign which provides vital community services to low and moderate-income individuals. The food bank provides food and resources to low and moderate-income individuals and also food to a network of local pantries through the Pioneer Valley.

**CitySpace, Inc.** – CitySpace manages the restoration and revitalization of the Old Town Hall in Easthampton, an underutilized and mostly vacant space to be restored to community space. The project is a collaborative effort between Mass Development Finance Agency, Easthampton Community Preservation Act Funds, and other private and non-profit supporters. The bank’s contribution supports revitalization and stabilization of the Old Town Hall, situated in a moderate-income geography.

**Boys and Girls Club of Greater Westfield-** The Westfield Boys and Girls Club provides affordable childcare and preschool for LMI community members. The Club serves 75% of the youth, from low and moderate-income households. The bank’s contribution supports low and moderate-income individuals in the assessment area.

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

The institution exhibits reasonable responsiveness to credit and community economic development needs. The bank’s continued partnership with the Massachusetts’s Community Investment Tax Credit program is responsive to low and moderate-income individuals in the assessment area. A community contact highlighted CITC investments as an opportunity for investments and commitment in the community. Additionally, the bank made investments in the form of MBS aimed at developing affordable housing in the bank’s assessment area. This is responsive as a community contact highlighted affordable housing as a great need in the assessment area.

### **Community Development Initiatives**

The institution occasionally uses innovative and complex investments to support community development initiatives. The institution primarily relies on mortgage-backed securities, CITC investments, and donations to make qualified investments, which are moderately complex investment vehicles that require notable bank expertise and resources.

## **SERVICE TEST**

ESB’s Service Test is rated High Satisfactory. The sections below discuss the bank’s performance under each criterion.

### **Accessibility of Delivery Systems**

ESB’s service delivery systems are accessible to essentially all portions of the bank’s assessment area.

The bank maintains a total of 11 full-service branches, all of which have at least one ATM. The bank has three branches and five ATMs located in moderate-income census tracts. The percentage of branches and ATMs in moderate-income census tracts is higher than the percentage of moderate-income census tracts and the percentage of the population that is considered moderate-income.

Although the bank does not have any branches or ATMs located in low-income census tracts, the bank’s Holyoke branch abuts a low-income census tract and is easily accessible to four additional low-income tracts. ESB’s Agawam branch is also located within a five-mile radius of the remaining low-income census tracts making this location accessible to those living in those low-income tracts.

The following table illustrates the bank’s distribution of branches and ATMs by tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>												
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>Opened Branches</b>		<b>Closed Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	17	12.2	57,345	9.1	0	0.0	0	0	0	0.0	0	0.0
Moderate	30	21.6	137,255	21.9	3	27.3	5	31.3	0	0.0	0	0.0
Middle	44	31.7	196,138	31.2	5	45.4	6	37.4	0	0.0	0	0.0
Upper	43	30.9	218,674	34.8	3	27.3	5	31.3	0	0.0	1	100.0
Not Available	5	3.6	18,721	3.0	0	0.0	0	0	0	0.0	0	0.0
<b>Total</b>	<b>139</b>	<b>100.0</b>	<b>628,133</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>100.0</b>

*Source: 2020 ACS*

In addition to the branch and ATM network, ESB offers alternative delivery systems to expand retail banking services to all individuals. The bank offers online, mobile, and telephone banking which allows customers to access their accounts 24 hours a day. These services allow customers to obtain account balances, pay bills, transfer funds, and deposit checks without access to the bank’s branch structure. The bank also offers a Customer Care Call Center Monday – Wednesday and Friday from 8:00 AM to 5:00 PM, Thursday 8:00AM to 6:00 PM and Saturday 8:00 AM – 12:00 PM.

**Changes in Branch Locations**

To the extent changes have been made, 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/or to low- or moderate-income individuals. During the evaluation period, ESB did not open or acquire any new branches and closed its branch located in an upper-income census tract at 21 Locust St. Northampton MA.

**Reasonableness of Business Hours and Services**

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All branch locations offer the same loan and deposit products and services. Most of the ESB branch locations offer similar lobby hours Monday – Wednesday 9:00 AM - 4:00 PM, Thursday and Friday 9:00 AM- 5:00 PM and Saturday hours from 8:30 AM – 12:00 PM. The bank’s 241

Northampton St location offers slightly different lobby hours, which are Monday – Friday 9:00 AM - 4:00 PM.

The bank also offers drive-up teller hours at all its branch locations with hours varying slightly. The bank provides drive-thru hours Monday - Friday between 8:00 AM and 5:00 PM, with some locations offering extended hours until 6:00 PM on Thursday. The bank also provides Saturday hours from 8:00 AM – 12:00 PM.

### **Community Development Services**

The institution is a leader in providing community development services. During the evaluation period, 34 bank employees provided approximately 1,009 hours of community service to 50 CRA qualified organizations throughout the bank's assessment area.

The following are examples of the community services provided by bank personnel.

- **West Springfield Boys and Girls Club** – A Vice President of the bank served on the Board of Directors for the West Springfield Boys and Girls Club. The West Springfield Boys and Girls Club assists young people in need to reach their full potential as productive, caring, and responsible citizens.
- **Children's Advocacy Center of Hampshire County** – A Senior Vice President served on the Board of Directors of Children's Advocacy Center of Hampshire County. The Children's Advocacy Center of Hampshire County looks to prevent and end child abuse by providing mental and medical health services, child, and family advocacy programs to Hampshire County.
- **Highland Valley Elder Services, Inc.** – During the evaluation period, five employees of ESB provided 67 hours of financial literacy classes at Highland Valley Elder Services. These money management classes were offered to low- and moderate-income seniors living in Hampshire and Hampden Counties.

## 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 to 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.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (36 Main Street Easthampton, Massachusetts 01062)."

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

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

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