

PUBLIC DISCLOSURE

May 17, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Easthampton Savings Bank
Certificate Number: 859002

36 Main Street
Easthampton, Massachusetts 01062

Division of Banks
1000 Washington Street, 10th 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 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 **High Satisfactory**. An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of Florence Savings Bank with respect to the Lending, Investment, and Service Tests.

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 weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

The Lending Test is rated High Satisfactory.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank originated a majority of loans within its combined assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader of community development loans.

The Investment Test is rated Satisfactory.

- The institution has an adequate level of qualified community development investments and grants.
- The institution exhibits adequate responsiveness to credit and community economic development needs.

- The institution occasionally uses innovative and complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Florence Bank's service delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 19, 2017, to the current evaluation dated May 17, 2021. Examiners used the Interagency Large Institution Examination Procedures to evaluate Easthampton Savings Bank's (ESB) performance.

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

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

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- 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 two major product lines are home mortgage 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 due to the larger volume of originations compared to small business lending during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. They provided no material support for conclusions or ratings; therefore, examiners did not present them.

Examiners considered all home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 360 loans totaling \$89.0 million in 2018, 381 loans totaling \$92.4 million in 2019, and 580 loans totaling \$144.0 million in 2020. Examiners compared the bank's 2019 performance under the Geographic Distribution and Borrower Profile criteria to aggregate data and examined 2020 for trends. Examiners also compared the bank's 2019 home mortgage performance to the 2015 American Community Survey (ACS) demographic data.

Examiners also considered all small business loans reported on the bank's 2018, 2019, and 2020 Community Reinvestment Act (CRA) Loan Registers. The bank reported 86 loans totaling \$17.2 million in 2018, 106 loans totaling \$27.2 million in 2019, and 616 loans totaling \$60.8 million in 2019. Examiners compared the bank's 2019 small business lending performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Aggregate data is not yet available for 2020. Examiners also compared 2019 and 2020 small business lending performance to D&B business demographic data.

Although examiners analyzed 2018 home mortgage and small business lending, 2018 lending was similar to 2019 and 2020 performance; therefore, examiners did not present 2018 performance under the Geographic Distribution and Borrower Profile criteria.

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

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices since the prior evaluation date of June 19, 2017.

DESCRIPTION OF INSTITUTION

Background

ESB is a state chartered bank that operates in Hampshire and Hampden counties in Western Massachusetts (MA). The bank's main office is located in Easthampton, MA.

ESB is a wholly owned subsidiary of Hometown Financial Group, Inc under the holding company Hometown Financial Group, MHC. Hometown Financial Group, Inc.'s other subsidiaries include Abington Bank and Hometown Bank. Additionally, other subsidiaries not chartered by the Massachusetts Division of Banks are ESB Investment Corporation, ESB Securities Corporation and Mt. Tom Properties, LLC.

The institution received a "High Satisfactory" rating from the Division during its prior evaluation dated January 12, 2015, based on Interagency Large Institution Examination Procedures.

Operations

ESB operates 11 full-service branches throughout eastern MA including its main office. ESB opened two additional branches since the prior evaluation. All new branches are in MA, in the cities of Holyoke and Northampton. The bank has eleven full-service on-site ATM's and four stand-alone cash-dispensing ATM's in Easthampton, Leeds, Northampton, and Westfield.

ESB equally emphasizes residential and commercial banking and offers various products and services that serve businesses as well as consumers. Consumer deposit services include various checking, savings, money market deposit accounts, certificates of deposit, credit and debit cards, and individual retirement account savings. Alternative banking services include personal online and mobile banking, mobile banking deposit, peer-to-peer payment service, touch/face ID, and ebusiness online and mobile banking. Consumer lending products include home mortgage loans, home equity loans and lines of credit, personal loans, automobile and boat loans, credit-builder installment loans, and overdraft protection. The bank also offers government deposit accounts, lending options and cash management services. Business lending includes commercial real estate loans, construction loans, commercial term loans, commercial lines of credit, and small business lending including Small Business Administration guaranteed loans. The bank also offers financial planning services through a partnership with LPL Financial.

Ability and Capacity

As of March 31, 2021, the bank had total assets of \$1.6 billion, which included total loans of \$1.2 billion and total securities of \$163 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	23,350	1.9
Secured by Farmland	972	0.1
Secured by 1-4 Family Residential Properties	438,225	36.5
Secured by Multifamily (5 or more) Residential Properties	86,302	7.2
Secured by Nonfarm Nonresidential Properties	451,779	37.6
Total Real Estate Loans	1,000,628	83.3
Commercial and Industrial Loans	180,783	15.0
Agricultural Production and Other Loans to Farmers	983	0.1
Consumer Loans	4,636	0.4
Obligations of State and Political Subdivisions in the U.S.	14,112	1.2
Total Loans	1,201,091	100.0
<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 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 79 census tracts located in Hampshire and a portion of Hampden Counties in MA. The following table details the twenty-one cities and towns in the bank’s assessment area.

Assessment Area Cities and Towns	
Hampden County, MA	
Agawam	Chicopee
Holyoke	West Springfield
Hampshire County, MA	
Amherst	Belchertown
Chesterfield	Easthampton
Granby	Hadley
Hatfield	Huntington
Northampton	Pelham*
South Hadley	Southampton
Ware*	Westhampton
Williamsburg(Goshen)	Worthington*
<i>* Added since the previous evaluation</i>	

The cities and towns in Hampden and Hampshire Counties are located in the Springfield, MA Metropolitan Statistical Area (MSA). The bank does not have any branches outside of the Springfield, MA MSA.

The 79 census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) US Census:

- 8 low-income tracts,
- 9 moderate-income tracts,
- 28 middle-income tracts,
- 30 upper-income tracts, and
- 4 census tracts with no income designation.

The following areas have concentrated numbers of low-and moderate-income census tracts: Holyoke and Chicopee. The census tracts with no income designation are Amherst College, Hampshire College, Smith College, and University of Massachusetts.

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. Other than the COVID-19 Pandemic there were no new Federal Emergency

Management Agency designated Major Disaster declarations during the evaluation period that impacted Hampshire or Hampden Counties. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the date of designation. Furthermore, there are 10 cities and towns throughout Hampshire and Hampden Counties that contain designated Opportunity Zones within the assessment area. The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	79	10.1	11.4	35.4	38.0	5.1
Population by Geography	356,055	7.4	11.2	38.2	38.1	5.1
Housing Units by Geography	144,591	7.6	12.6	41.9	37.7	0.2
Owner-Occupied Units by Geography	83,513	2.7	8.1	41.6	47.6	0.0
Occupied Rental Units by Geography	51,327	14.9	18.6	43.3	22.7	0.5
Vacant Units by Geography	9,751	11.3	19.9	37.3	30.7	0.8
Businesses by Geography	24,007	6.8	12.5	38.4	40.9	1.4
Farms by Geography	780	1.7	3.5	40.5	54.4	0.0
Family Distribution by Income Level	81,966	21.4	15.4	18.8	44.4	0.0
Household Distribution by Income Level	134,840	24.9	14.6	16.1	44.4	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$223,701
			Median Gross Rent			\$871
			Families Below Poverty Level			9.3%
<i>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B data, there were 24,787 businesses in the assessment area. Gross annual revenues (GARs) for these businesses follow.

- 83.9 percent have \$1 million or less
- 5.4 percent have more than \$1 million
- 10.7 percent have unknown revenues

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. D&B demographic data indicates that as of 2020, 80.1 percent of businesses in the assessment area have sales of less than \$500,000, 62.7 percent of businesses have four or fewer employees, and 87.9 percent of businesses operate from a single location. These factors indicate that the majority of businesses in the assessment area are very small. Service

industries represent the largest portion of businesses at 39.9 percent; followed by non-classifiable establishments (15.6 percent); retail trade (13.6 percent); and finance, insurance, and real estate (8.6 percent).

Examiners use the Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories, which are based on the 2019 and 2020 FFIEC-updated median family income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Springfield, MA MSA Median Family Income (44140)				
2019 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
<i>Source: FFIEC</i>				

According to the mass.gov website, major employers in the assessment area include Baystate Health, City of Holyoke, General Dynamics Techsight, Hampden County Correctional, Massachusetts Mutual Life Insurance, and C & S Wholesale Grocers, Inc. All but one are located in Hampden County. Seven out of the ten largest employers in Hampden County operate in Springfield, MA.

According to the United States Bureau of Labor Statistics, the average unemployment rate in 2020 was 7.2 percent in Hampshire County, MA and 10.4 percent in Hampden County, MA. Hampshire County was below the MA state average of 8.9 percent while Hampden County was above. Both Counties were above the national rate of 6.7 percent. In 2019, the average unemployment rates in the assessment area steadily trended a little below the state average and sharply increased during the COVID-19 pandemic in 2020. The rate began declining significantly along with state averages in the July 2020 timeframe, however remained slightly above the state average.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 16 financial institutions operated 109 offices in the assessment area. Of these, ESB ranked 6th with 1.5 percent deposit market share. The top four banks were Keybank National Association (N.A.), Bank of America, National Association (N.A.), Peoplesbank, and Westfield Bank with a collective market share of 50.8 percent.

The bank also operates in a competitive market for loans and ranked 5th, with 3.74 percent market share, among the top lenders. In 2020, 310 lenders originated or purchased 11,715 home mortgage loans in the bank’s assessment area. The top five lenders, Quicken Loans, Inc.; HarborOne Mortgage; LLC; Polish National (N.A.); Peoplesbank; and Easthampton Savings Bank captured 22.0 percent of the market share. In 2019, 276 lenders originated or purchased 8,681 home

mortgage loans in the bank's assessment area. The top five lenders, Peoplesbank; Polish national (N.A.); Quicken Loans, LLC; and Florence Bank captured 21.9 percent of the market share. ESB ranked 8th with 3.5 percent of the market share.

Small business aggregate data reflects lending information for whole counties; therefore, the aggregate small business data considers all lenders in Hampden and Hampshire counties. Based on 2018 small business aggregate data (the most recent year available), 90 lenders made 12,541 small business loans. The bank ranked 27th out of this group of lenders, with a 0.6 percent market share. The five most prominent small business lenders accounted for 53.5 percent of total market share including American Express, N.A.; Citibank, N.A.; Chase Bank USA, N.A.; Lake Forest Bank and Trust; and Bank of America, N.A..

Community Contact

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

Examiners contacted a representative of a community action organization that serves Western Massachusetts. The organization works to end poverty through programs including food & nutrition, energy assistance, residential and commercial property, education and childcare, youth and adult, and community outreach. The contact suggested that financial institutions could increase offerings of affordable lending options, investment for home purchases and property renovation for low- and moderate-income borrowers as well as for small business start-ups. Additionally, the contact noted a need for financial institutions to provide additional financial literacy programs. A financial literacy topic of need would address increasing consumers' ability and confidence to use mobile apps and their security.

Examiners contacted a second representative from a community development corporation that serves Western Massachusetts. With a focus on preserving affordable housing, this organization performs critical repairs, modifications and rehabilitation on homes and non-profit facilities of low-income families, the elderly and veterans and others. The contact indicated there is a need for larger-scale neighborhood rehabilitation projects and the accompanying investment opportunities. Such projects would address, for example, safety, rehabilitated playgrounds, and neighborhood curb appeal, in addition to the rehabilitated residential properties

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that financing affordable housing construction projects, participating in affordable housing lending programs, and providing financial literacy education represent primary needs in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Lending Activity

This performance criterion considers the volume of the Bank's lending in relation to its financial condition and resources. The bank's lending levels reflect excellent responsiveness to assessment area credit needs. Across 2019 and 2020, the bank originated 1,683 small business and home mortgage loans totaling \$324.5 million. Of these, 583 small business loans totaling approximately \$60.4 million and 742 home mortgage loans totaling \$158.2 million were located within the assessment area.

During 2019, the most recent year for which aggregate data is available, Easthampton Savings Bank attained a good market rank for HMDA lending inside the assessment area. The bank ranked eighth among 276 lenders with a 3.5 percent market share. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include Polish National Credit Union, Quicken Loans, and CBNA. Easthampton Savings Bank ranked fifth among state chartered institutions, after Peoplesbank, Westfield Bank, Florence Bank, and HarborOne.

The increase in small business loans between 2019 and 2020 can be credited to the bank's performance with the PPP loan program. Easthampton Savings Bank was the top ranked lender in Hampshire County for the program, and was the fourth ranked lender for the combined counties of Hampshire and Hampden.

Assessment Area Concentration

The bank originated a majority of loans within its assessment area. The table below highlights Easthampton Savings Bank's lending inside and outside the 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										
2018	293	81.4	67	18.6	360	74,135	83.3	14,865	16.7	89,000
2019	304	79.8	77	20.2	381	61,381	66.4	31,065	33.6	92,447
2020	438	75.5	142	24.5	580	96,847	67.2	47,176	32.8	144,023
Subtotal	1,035	78.3	286	21.7	1,321	232,363	71.4	93,106	28.6	325,469
Small Business										
2018	53	61.6	23	26.7	86	10,786	62.8	6,401	37.2	17,187
2019	75	70.8	31	29.2	106	14,812	54.4	12,420	45.6	27,232
2020	508	82.5	108	17.5	616	45,547	74.9	15,295	25.1	60,842
Subtotal	636	78.7	172	21.3	808	71,145	67.6	34,116	32.4	105,261
Total	1,671	78.5	458	21.5	2,129	303,508	70.5	127,222	29.5	430,730
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the assessment area. The bank's adequate home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of loan in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Examiners gave more weight to the comparison of 2019 bank performance to 2019 aggregate demographic data, due to 2020 aggregate demographic data not being available. The following table shows the bank's performance in low-income census tracts in 2019 was comparable to both aggregate performance and the percentage of owner-occupied housing units. In 2020, the bank's performance decreased by 1.2 percentage points, underperforming the total percentage of owner-occupied housing units in low-income census tracts by 1.3 percentage points. Market share data supports the bank's reasonable performance in low-income census tracts. In 2019, the bank ranked sixth out of 60 lenders for lending in low-income census tracts within the assessment area, with a 3.3 percent market share.

In moderate-income census tracts, the bank's 2019 performance trailed the aggregate performance by 8.4 percent and the total percentage of owner-occupied housing units by 7.1 percent. In 2020, the bank's performance rose by 1.7 percent, continuing to trail the total percentage of owner-occupied housing units in moderate-income census tracts. Since the previous examination, the bank has opened a branch in a moderate-income census tract, further supporting the bank's reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.7	2.8	8	2.6	680	1.1
2020	2.7	--	6	1.4	1,319	1.4
Moderate						
2019	8.1	9.4	3	1.0	283	0.5
2020	8.1	--	12	2.7	2,220	2.3
Middle						
2019	41.6	42.7	129	42.4	22,106	36.0
2020	41.6	--	154	35.2	32,524	33.6
Upper						
2019	47.6	45.1	163	53.6	37,163	60.5
2020	47.6	--	266	60.7	60,785	62.8
Not Available						
2019	0.0	0.0	1	0.3	1,150	1.9
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	304	100.0	61,381	100.0
2020	100.0	--	438	100.0	96,847	100.0

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table shows that in 2019 the bank's level of lending in low-income census tracts exceeded the demographic comparator by 4.6 percentage points. In 2020, the bank's performance declined by 5.8 percentage points.

In 2019, the bank's lending in moderate-income census tracts trailed the demographic comparator by 10.7 percentage points. In 2020, the bank's level of lending in moderate-income

census tracts increased, by 1.7 percentage points, but still trailed the demographic comparator by 9.5 percentage points.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	6.1	8	10.7	2,198	14.8
2020	6.8	25	4.9	3,031	6.7
Moderate					
2019	12.0	1	1.3	202	1.4
2020	12.5	15	3.0	1,858	4.1
Middle					
2019	39.1	36	48.0	7,635	51.5
2020	38.4	237	46.7	23,354	51.3
Upper					
2019	41.8	30	40.0	4,777	32.3
2020	40.9	231	45.5	17,304	38.0
Not Available					
2019	0.9	0	0.0	0	0.0
2020	1.4	0	0.0	0	0.0
Totals					
2019	--	75	100.0	14,812	100.0
2020	100.0	508	100.0	45,547	100.0
<i>Source: 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank’s performance in home mortgage and small business lending support this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. According to 2019 data, the bank trailed aggregate performance by 1.5 percent to low-income borrowers and by 2.0 percent to moderate-income borrowers; however, the high performing lenders in the assessment area ahead of Easthampton Savings Bank are predominantly national

banks, credit unions, and mortgage companies. In 2019, the bank ranked 9th of 117 lenders in lending to low-income borrowers with a market share of 3.0 percent. The bank ranked 11th out of 168 lenders with a market share of 3.1 percent.

The bank also trailed the total percentage of low-income borrowers, however, 9.3 percent of families within the assessment area are below the poverty level, and with a median housing value of \$223,701, and these families would likely not qualify for a mortgage. The 2020 aggregate data was not available at the time of the review, however, the percentage of loans to low-income borrowers increased by 0.4 percentage points, to 5.0 percent. The percentage of loans to moderate-income borrowers decreased by 5.6 percentage points, to 13.2 percent.

Borrower Profile of Home Mortgage Loans						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.4	6.1	14	4.6	1,102	1.8
2020	21.4	--	22	5.0	3,191	3.3
Moderate						
2019	15.4	20.8	57	18.8	7,021	11.4
2020	15.4	--	58	13.2	9,135	9.4
Middle						
2019	18.8	24.4	84	27.6	12,819	20.9
2020	18.8	--	115	26.3	21,742	22.5
Upper						
2019	44.4	33.0	136	44.7	26,960	43.9
2020	44.4	--	226	51.6	58,029	59.9
Not Available						
2019	0.0	15.6	13	4.3	13,479	22.0
2020	0.0	--	17	3.9	4,750	4.9
Totals						
2019	100.0	100.0	304	100.0	61,381	100.0
2020	100.0	--	438	100.0	96,847	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that 58.7 percent of small business loans originated in 2019 were to businesses with GARs of \$1 million or less. In 2020, the

percentage decreased to 46.1 percent. The decrease in the bank’s performance between 2019 and 2020 can be explained by the large amount of PPP loans, which do not require GAR reporting and are reflected in the Revenue Not Available category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	--	44	58.7	8,248	55.7
2020	83.5	234	46.1	9,912	21.8
>1,000,000					
2019	--	28	37.3	6,109	41.2
2020	5.5	93	18.3	21,784	47.8
Revenue Not Available					
2019	--	3	4.0	455	3.1
2020	11.0	181	35.6	13,851	30.4
Totals					
2019	--	75	0.0	14,812	100.0
2020	100.0	508	0.0	45,547	100.0
<i>Source: 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Innovative and Flexible Lending

The bank uses innovative and/or flexible lending programs to serve assessment area credit needs. Programs involve government-related subsidies and guarantees. The bank offers several programs designed to assist low- and moderate-income individuals with affordable home mortgage, home improvement and credit building products. The bank also offers loan programs to provide credit to small businesses, including programs offering government guarantees.

The bank originated 403 innovative and flexible loans, totaling \$72.5 million, to individuals and businesses during the evaluation period. Of these innovative and flexible loans, the bank made 360 loans for \$61.1 million through affordable housing programs, 11 loans for \$2.7 million through small business lending programs, and 32 qualified loans for \$8.7 million through the Small Business Administration (SBA) Paycheck Protection Program (PPP).

Total loan volume during this evaluation significantly increased since the previous evaluation due to SBA PPP loans in 2020 and 2021. However, aside from PPP lending, the bank originated 360 innovative and flexible loans, totaling \$61,059 million, to individuals and businesses.

Innovative or Flexible Lending Programs								
Type of Program	2018		2019		2020		Totals	
	#	\$(000s)	#	\$(00000s)	#	\$(000s)	#	\$(000s)
DoubleDown Loan Program	0	0	1	1	18	17	19	18
FHLB Equity Builder Program	0	0	2	30	2	30	4	60
Mass. SB Banking Partnership	36	5,001	58	10,567	46	4,278	140	19,846
MassHousing Loan Program	0	0	0	0	0	0	0	0
OneHolyoke CDC NIP Program	0	0	4	21	0	0	4	21
FTHB Affordable Loan Program	21	4,302	37	7,247	81	18,445	139	29,994
Affordable Loan Program-Portfolio	31	6,767	17	3,261	6	1,092	54	11,120
Subtotal Residential Loans	88	16,070	119	21,127	153	23,862	360	61,059
Paycheck Protection Program	0	0	0	0	32	8,736	32	8,736
SBA 7(a)	1	250	0	0	0	0	1	250
SBA 504	0	0	6	1,251	4	1,194	10	2,445
Subtotal Commercial Loans	1	250	6	1,251	36	9,930	43	11,431
Totals	89	16,320	125	22,378	189	33,792	403	72,490
<i>Source: Bank Records</i>								

The following highlights the various innovative and flexible loan programs offered by the bank.

Home Mortgage Lending Programs

- **OneHolyoke Community Development Corporation (CDC), Neighborhood Improvement Loan Program** – Funded through with Federal Community Development Block Grant fund through OneHolyoke CDC, a Massachusetts certified CDC, grants in the form of rebates assist income-eligible 1-4 family homeowners in the City of Holyoke to make qualified home improvements. During 2017-YTD 2021, the bank originated six loans for \$29,410.
- **Federal Home Loan Bank of Boston (FHLB) Home Equity Builder Program** – This program offers member banks grants to assist low- and moderate-income households with down payments and closing costs, rehabilitation assistance, and homebuyer counseling. During 2017 –YTD 2021, the bank provided five loans for \$71,000 through this program.
- **First Time Home Buyer Program** – This in-house conventional fixed rate program designed is for first time homebuyers purchasing a 1-4 family home or condominium. It features reduced closing costs, low down payment, and flexible qualifying guidelines. For 2017-YTD 2021, the bank originated 223 loans for \$49.2 million.
- **Affordable Housing Program** – This in-house affordable home mortgage is designed with a 7/3 adjustable rate with a low initial rate and requires as little as three percent down payment. For 2017-YTD 2021, the bank originated 118 for \$23.5 million.

- **DoubleDown Loan Program** – This in-house program, designed for consumers to build or enhance credit, offers a bank-funded account-secured small loan up to \$950 with zero percent interest rate and no fees. Loan proceeds may be used for personal, family, or household purposes. With a record of on-time payments, the consumer may retain the principal and interest at the end of the term. During the evaluation period, the bank originated 27 loans for \$24,400.
- **MassHousing Mortgage Loans** – MassHousing offers an affordable, fixed-rate mortgage with down payment assistance and discounted mortgage insurance for low-income, first-time homebuyers and those who purchase in designated Gateway Cities, including multiple cities in the assessment area. The bank implemented this program in 2021 and originated its first loan for \$253,000.

Small Business Lending Programs

- **Massachusetts Small Business Banking Partnership Program** – Through cash deposits from the Massachusetts Treasury to banks, this program promotes small business growth by providing capital support with loans up to a maximum of \$10 million. From 2017 through YTD 2021, the bank originated 169 loans for \$24.6 million.

In addition to the previously mentioned SBA-guaranteed program, ESB responded to the COVID-19 pandemic by offering the SBA PPP in 2020 and 2021. The PPP incentivized small businesses to keep workers employed during the pandemic related shutdown. The bank originated approximately 592 loans totaling approximately \$60.5 million through the PPP in 2020.

Community Development Lending

Easthampton is a leader of community development loans. The bank originated 67 community development loans, totaling approximately \$67.1 million, inside the assessment area during the evaluation period. The number and dollar amount of community development loans have increased significantly since the previous examination. At the prior evaluation, the bank originated 28 community development loans, totaling \$15.6 million. The current level of activity represents 4.7 percent of average total assets and 6.1 percent of average total loans since the prior CRA evaluation. The following table details the bank’s community development lending by community development purpose and by year.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	0	0	4	504	0	0	0	0	4	504
2018	2	396	2	163	2	12,845	1	25,500	7	38,904
2019	1	4,500	1	107	0	0	0	0	2	4,607
2020	0	0	4	802	30	16,168	0	0	34	16,970
2021	0	0	0	0	19	4,502	0	0	19	4,502
Total	3	4,896	11	1,576	51	33,515	1	25,500	66	64,487

Source: Bank Data

The following are notable examples of Easthampton’s community development loans

- In 2018, the bank originated a \$25.5 million loan to be used towards the redevelopment of an industrial park in Chicopee into a complex of apartments and commercial and retail space.
- In 2019, the bank originated a \$4.5 million loan to be used towards the construction of a 31 unit subsidized apartment complex.
- In 2020 and 2021, the bank originated 49 PPP loans totaling \$20.7 million that were able to be qualified for community development credit. The PPP incentivized small businesses to keep workers employed during the pandemic.

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

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

According to 2015 ACS data, the bank’s assessment area contains a population of 356,055 individuals, of which 21.3 percent are minorities. The assessment area’s minority population is 2.7 percent Black/African American, 3.6 percent Asian/Pacific Islander, 0.1 percent American Indian, 13.0 percent Hispanic or Latino, and 1.9 percent Other.

The following table details the bank’s minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2019		2019 Aggregate Data	Bank 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.3
Asian	3	0.7	2.3	8	1.2	2.2
Black/ African American	6	1.4	1.7	0	0.0	1.9
Hawaiian/Pacific Islander	1	0.2	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	3	0.5	0.1
Joint Race (White/Minority)	8	1.9	1.2	16	2.4	1.4
Total Racial Minority	18	4.2	5.7	27	4.1	6.0
White	383	88.5	75.0	566	84.7	73.2
Race Not Available	32	7.4	19.3	75	11.2	20.9
Total	433	100.0	100.0	668	100.0	100.0
ETHNICITY						
Hispanic or Latino	14	3.2	6.1	19	2.8	6.1
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.5	1.4	8	1.2	1.4
Total Ethnic Minority	16	3.7	7.5	27	4.0	7.5
Not Hispanic or Latino	367	84.8	73.1	512	76.7	70.7
Ethnicity Not Available	50	11.6	19.4	129	19.3	21.7
Total	433	100.0	100.0	668	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

In 2019, the bank received 433 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 18, or 4.2 percent, from racial minorities. This was below aggregate data of 5.7 percent. Of the 18 applications to racial minority applicants, 61.1 percent were originated. For the same period, the bank received 16, or 3.7 percent, of its applications from ethnic minority consumers. The bank’s performance was below aggregate data of 7.5 percent. Of these 16 applications from ethnic applicants, 62.5 percent were originated.

In 2020, the bank received 668 HMDA-reportable loan applications from within its assessment area, representing an increase in applications of 54.3 percent over 2019. Of these applications, the bank received 27, or 4.1 percent, of applications from racial minority applicants. This was below aggregate data of 6.0 percent and demonstrated the percentage declined slightly from 2019 to 2020. For the same period, the bank received 27, or 4.0 percent, of applications from ethnic minority applicants which was below the aggregate data of 7.5 percent.

The bank’s racial minority application flow performed below aggregate data in 2019 and 2020 and decreased in year-over-year performance. Ethnic minority application flow slightly increased from 2019 to 2020 yet was below aggregate performance. Given the increased volume of HMDA-reportable applications, the below-aggregate performance is an indication that racial and ethnic minorities are not sharing in the increased number of applications. The bank’s business strategy and outreach efforts outreach throughout the assessment area and in Springfield help mitigate risk presented by the racial and ethnic minority application flow trend.

INVESTMENT TEST

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

Investment Activity

The institution has an adequate level of qualified community development investments and grants. Easthampton Savings Bank's qualified investments during the evaluation period totaled \$2.6 million, which is 1.4 percent of its average total securities and 0.2 percent of its average total assets. The following table shows the bank's qualified investments, grants, and donations.

Activity Year	Qualified Investments									
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	0	0	9	22	1	5	0	0	10	27
2018	2	6	30	150	2	4	1	1	35	160
2019	0	0	46	87	1	3	2	1	49	91
2020	2	3	33	102	4	24	0	0	42	129
YTD 2021	0	0	13	33	0	0	0	0	13	33
Subtotal	2	9	131	394	8	36	3	2	149	441
Qualified Equity Investments	2	1,896	3	28	1	245	0	0	6	2,169
Total	4	1,905	134	422	9	281	3	2	155	2,610
<i>Source: Bank Data</i>										

The bank has approximately \$2.6 million in qualified equity investments. \$798,630 represents new investments since the previous evaluation. A current period equity investments helped affordable housing.

The following are notable examples of qualified investments and donations.

Equity and Debt Security Investments

Current Period Investments

- The bank invested \$796,130 in mortgage backed securities for homes in low- and moderate-income census tracts.
- The bank invested \$2,500 in a community investment tax credit assisting a non-profit dedicated to improving housing for low- and moderate-income Holyoke residents.

Prior Period Investments

- The bank has \$1.1 million outstanding invested in mortgage backed securities for homes in low- and moderate-income census tracts.
- The bank has \$25,000 outstanding in community investment tax credits.

Charitable Contributions

- **Amherst Survival Center** – The bank made donations to the Amherst Survival Center in 2018, 2019, and 2020. The organization provides food and social service to those in poverty and to the homeless.
- **Easthampton Community Center** – The bank made donations to the Easthampton Community Center in 2020 and 2021. The organization provides such services as a food pantry, community care kitchen, and a clothing closet to residents of the greater Easthampton area.
- **OneHolyoke CDC** – The bank made donations to OneHolyoke CDC in 2017, 2019, and 2021. The organization is dedicated to improving housing for low- and moderate-income Holyoke residents.
- **West Springfield Boys & Girls Club** – The bank made donations to the West Springfield Boys & Girls Club in 2019 and 2020. The Boys & Girls Club provides childcare and educational programs and social support for children.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community economic development needs. The bank's qualified investments, especially donations, have community development purposes that benefit communities throughout the entire assessment area that address key community development needs. The most investments and donations by dollar amount and count benefit affordable housing and community service respectively, two needs identified for the assessment area. Additionally needs such as economic development and revitalization and stabilization are also met by qualified investments.

Community Development Initiatives

The institution occasionally uses innovative and complex investments to support community development initiatives. The bank used both grants and investment in loan funds to support community development needs.

SERVICE TEST

Easthampton Savings Bank's Service Test rating is High Satisfactory. The sections below discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Easthampton Savings Bank's service delivery systems are accessible to essentially all portions of the institution's assessment area. The following table shows the bank's branch structure and ATM network by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	8	10.1	26,353	7.4	1	9.1	1	6.7
Moderate	9	11.4	39,811	11.2	1	9.1	1	6.7
Middle	28	35.4	136,126	38.2	5	45.5	7	46.7
Upper	30	38.0	135,701	38.1	4	36.4	6	40.0
NA	4	5.1	18,064	5.1	0	0.0	0	0.0
Totals	79	100.0	356,055	100.0	11	100.0	15	100.0

*Source: 2015 ACS & Bank Data
Due to rounding, totals may not equal 100.0%*

As displayed in the table, the branch and ATM distribution is comparable to the percentage of the population in low- and moderate-income geographies. In total, the bank operates 15 ATM's within the assessment area. All branches have at least one ATM. In addition to the branch network, the bank provides a variety of alternative delivery systems such as personal online and mobile banking, mobile banking deposit, peer-to-peer payment service, touch/face ID, and ebusiness online and mobile banking. With the variety of services, consumers and businesses can access their accounts 24 hours a day to perform various transactions.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and to low- and moderate-income individuals. Since the prior evaluation, the bank opened two full-service branches. Of these two new branches, one is located in a low-income census tract and one is located in an upper-income census tract. The bank has not closed any branches since the last CRA evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Generally,

lobby hours in all branch locations do not vary materially on weekdays; however, the only three branches not open on Saturdays (located in Springfield, West Springfield, and Chicopee) are all located in moderate-income census tracts. The presence of ATMs in these branches partially offsets the limited hours. These ATMs are capable of performing most transactions tellers are able to and always accessible to customers. The ability to process many transactions through online and mobile applications further offsets the restricted hours of branches in moderate-income census tracts.

Community Development Services

The institution is a leader in providing community development services. During the evaluation period, the bank provided 116 instances of community service to 35 community development organizations that support affordable housing, community service, economic development and neighborhood revitalization efforts.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	2	6	1	2	11
2018	3	32	1	0	36
2019	3	43	1	0	47
2020	2	19	1	0	22
Total	10	100	4	2	116
<i>Source: Bank Data</i>					

A few examples of notable community development services provided by bank employees are listed below.

- **Community Action Pioneer Valley** – Numerous bank employees volunteered in 2017, 2018, 2019, and 2020 for the Community Action Pioneer Valley’s free income tax preparation for low- and moderate-income taxpayers.
- **Massachusetts Housing Partnership** – The Massachusetts Housing Partnership is a statewide public nonprofit that works to help increase the supply of affordable housing in Massachusetts. The bank’s President served on the board of the organization in 2019 and 2020.
- **Valley CDC** – The Valley CDC works to empower low- and moderate-income people to control and improve the quality of their lives. Bank employees have served as Treasurer in 2017 and as Vice President of the Board in 2018, 2019, and 2020.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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

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

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

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