

PUBLIC DISCLOSURE

June 4, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Greenfield Savings Bank
Certificate Number: 90206

400 Main Street
Greenfield, Massachusetts 01301

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Outstanding. An institution in this group has an excellent 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.

Greenfield Savings Bank's outstanding performance under the Lending Test and good performance under the Community Development Test support the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Outstanding.

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

The Community Development Test is rated High Satisfactory from the Division.

The Community Development Test is rated Satisfactory from the FDIC.

Note: Although the Division and FDIC agree on Community Development Test conclusions, the FDIC does not have a High Satisfactory rating.

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

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the Commonwealth of Massachusetts Division of Banks (Division) and Federal Deposit Insurance Corporation (FDIC), considered activity from the previous evaluation dated February 24, 2015, to the current evaluation dated June 4, 2018. Examiners used the Interagency Intermediate Small Bank CRA Examination Procedures to evaluate Greenfield Savings Bank's CRA performance. These procedures include the CRA Small Bank Lending Test and the Community Development Test.

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

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments and community development services
- The responsiveness of such activities to the community development needs of the assessment area

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

Loan Products Reviewed

Examiners determined that the bank's 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 loans originated during the evaluation period. The Lending Test does not present small farm loans and consumer loans because they do not represent major product lines.

This evaluation considered all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 457 home mortgage loans totaling \$90.5 million in 2016 and 491 home mortgage loans totaling \$107.8 million in 2017. Examiners compared bank 2016 lending to 2016 HMDA aggregate data, which includes all reported loans in the assessment area from lenders subject to HMDA reporting requirements. While the Lending Test assessed 2017 home mortgage lending to identify performance trends, 2016 home mortgage lending received greater weight because it is the most recent year for which HMDA aggregate data is available.

Examiners also used demographic data from the 2010 United States (U.S.) Census and the 2015 American Community Survey (ACS) to assess bank HMDA lending. The 2015 ACS updated 2010 U.S. Census demographic data and became available for comparative purposes in 2017.

Lending Test tables include demographic data from the 2010 U.S. Census as a comparison for 2016 HMDA lending. Performance tables also include 2015 ACS demographic data as a comparison for 2017 HMDA lending.

Additionally, examiners assessed the bank's small business lending. Under the CRA, small business loans include commercial real estate loans and commercial and industrial loans with original loan balances of \$1 million or less. The bank made 156 small business loans totaling \$22.1 million in 2016 and 142 small business loans totaling \$16.7 million in 2017. D&B data for 2016 and 2017 provided a standard of comparison for assessing small business lending performance. The evaluation did not consider CRA aggregate data for small business loans because intermediate small banks are not required to report small business loans.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions because of the substantially higher volume of originations during the review period compared to small business loans. Furthermore, home mortgage loans represent a substantially larger portion of the loan portfolio. Examiners considered both the number and dollar volume of home mortgage and small business loans; however, the Lending Test emphasizes the number of loans, as the number of loans better indicates the number of individuals and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated February 24, 2015.

DESCRIPTION OF INSTITUTION

Background

Greenfield Savings Bank was established as a Massachusetts chartered mutual savings bank in 1869 and is wholly owned by GSB, MHC, a mutual holding company. The bank is headquartered in Greenfield, Massachusetts and primarily serves Franklin County and north central Hampshire County. Separately, the bank has two wholly owned subsidiaries, GSB Securities Corporation and Shelburne Securities Corporation. Neither subsidiary is involved in retail lending.

Greenfield Savings Bank received a Satisfactory rating at its previous joint Division and FDIC CRA Performance Evaluation dated February 24, 2015, based on Interagency Large Bank CRA Examination Procedures at the bank's request.

Operations

Greenfield Savings Bank operates ten banking locations, a main office in Greenfield and four full service branches (Conway, Shelburne Falls, South Deerfield, and Turner Falls) in Franklin County, and five full service branches (Amherst, Hadley, and Northampton) in Hampshire County. Three of the five branches in Hampshire County are new since the previous evaluation. The Main Street branch in Northampton and the North Pleasant Street branch in Amherst both opened on June 5, 2017. The Russell Street branch in Hadley opened on May 7, 2018.

The bank offers loan products including home mortgage, commercial and consumer loans. It also provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. The bank also offers investment advisory services. Alternative banking services include internet and mobile banking, ten bank-owned automated teller machines (ATMs) and three interactive teller machines (ITMs). The ITMs function as ATMs and allow customers to interact with bank tellers remotely.

Ability and Capacity

Greenfield Savings Bank's assets totaled \$832 million as of March 31, 2018, and included total loans of \$678.9 million and total securities of \$95.2 million. From December 31, 2014 to March 31, 2018, the bank's assets increased by 19.6 percent. Additionally, net loans increased by 28.4 percent and total deposits increased by 35.7 percent. The following table illustrates the loan portfolio.

| Loan Portfolio Distribution as of 03/31/2018 | | |
|---|-----------------|---------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 20,964 | 3.1 |
| Secured by Farmland | 76 | 0.0 |
| 1-4 Family Residential | 478,023 | 70.4 |
| Multi-family (5 or more) Residential | 54,316 | 8.0 |
| Commercial Real Estate | 93,946 | 13.8 |
| Total Real Estate Loans | 647,325 | 95.3 |
| Commercial and Industrial | 28,495 | 4.20 |
| Consumer | 543 | 0.1 |
| Other | 2,522 | 0.4 |
| Less: Unearned Income | - | - |
| Total Loans | 678,885 | 100.00 |
| <i>Source: Report of Condition and Income</i> | | |

Greenfield Savings Bank is primarily a residential real estate lender. Loans secured by one-to-four family residential real estate and multi-family residential real estate represent the largest portion of the bank's loan portfolio at 78.4 percent. The next largest percentages are loans secured by non-residential, non-farm real estate at 13.8 percent, and commercial and industrial loans at 4.2 percent. Overall, the loan portfolio distribution and lending focus remained consistent from the previous evaluation.

Examiners did not identify any legal or financial impediments that would prevent the bank from meeting assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance is evaluated. Greenfield Savings Bank's assessment area, as currently defined, meets the technical requirements of the CRA regulation.

The assessment area encompasses nearly all of Franklin County, a non-metropolitan area of Massachusetts, and parts of Hampshire County, which is part of the Springfield, MA Metropolitan Statistical Area (MSA). Franklin and Hampshire Counties are contiguous and part of the Springfield-Greenfield Town, MA Combined Statistical Area (CSA); therefore, examiners evaluated Greenfield Savings Bank's CRA performance within one overall assessment area.

Economic and Demographic Data

While the bank's designated assessment area has not changed since the previous examination, census tract income designations have changed from 2016 to 2017 due to the 2015 ACS.

For 2016, the census tracts represent the following income designations according to the 2010 U.S. Census:

- 1 low-income census tract
- 4 moderate-income census tracts
- 18 middle-income census tracts
- 8 upper-income census tracts
- 2 unknown income census tracts

Amherst contained the one low-income tract while Greenfield (2), Montague, and Northampton contained the moderate-income tracts. For 2017, the census tracts represent the following income designations according to the 2015 ACS:

- 1 low-income census tract
- 1 moderate-income census tract
- 17 middle-income census tracts
- 10 upper-income census tracts
- 4 unknown income census tracts

Specifically, there are three less moderate-income census tracts and two additional unknown income census tracts in 2017 than 2016. While the bank's assessment area reflects one low-income census tract for both 2016 and 2017, the low-income census tract in 2016 is in Amherst while the low-income tract in 2017 is in Greenfield. Additionally, Montague contained the one moderate-income tract in 2017.

Finally, the bank opened three new branches since the previous examination, all of which are located in towns that were previously part of the bank's assessment area; therefore, a revision to the assessment area was not necessary. There are no underserved or distressed nonmetropolitan middle-income geographies within the bank's assessment area, nor is there a designated disaster area. The following table provides additional assessment area economic and demographic information.

| Demographic Information of the Assessment Area | | | | | | |
|---|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 33 | 3.0 | 3.0 | 51.5 | 30.3 | 12.1 |
| Population by Geography | 140,097 | 2.0 | 3.0 | 49.5 | 32.6 | 12.9 |
| Housing Units by Geography | 56,088 | 2.0 | 3.5 | 58.3 | 35.6 | 0.6 |
| Owner-Occupied Units by Geography | 31,806 | 1.1 | 2.5 | 59.2 | 37.1 | 0.0 |
| Occupied Rental Units by Geography | 19,414 | 3.8 | 5.0 | 56.7 | 33.4 | 1.3 |
| Vacant Units by Geography | 4,868 | 0.9 | 3.6 | 59.6 | 34.2 | 1.7 |
| Businesses by Geography | 10,037 | 1.2 | 2.4 | 54.2 | 39.2 | 3.1 |
| Farms by Geography | 492 | 0.4 | 0.8 | 68.3 | 29.9 | 0.6 |
| Family Distribution by Income Level | 28,257 | 18.4 | 15.7 | 20.7 | 45.2 | 0.0 |
| Household Distribution by Income Level | 51,220 | 24.9 | 15.2 | 16.7 | 43.2 | 0.0 |
| Median Family Income – Springfield, MA MSA | | \$67,381 | Median Housing Value | | | \$265,308 |
| Median Family Income – MA Non-MSA | | \$73,868 | Median Gross Rent | | | \$981 |
| | | | Families Below Poverty Level | | | 7.6% |
| Source: 2015 ACS and 2017 D&B Data (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

Housing units within the assessment area totaled 56,088, of which 56.7 percent are owner-occupied, 34.6 percent are occupied rental units, and 0.1 percent are vacant. The assessment area's median housing value is \$265,308 and the median family income (MFI) is \$73,868, which makes housing affordability a moderate challenge in the assessment area for low- and moderate-income borrowers.

Examiners used 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 illustrates the low-, moderate-, middle-, and upper-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) | | | | |
| 2016 (\$68,000) | <\$34,000 | \$34,000 to <\$54,400 | \$54,400 to <\$81,600 | ≥\$81,600 |
| 2017 (\$66,600) | <\$33,300 | \$33,300 to <\$53,280 | \$53,280 to <\$79,920 | ≥\$79,920 |
| MA Nonmetropolitan Median Family Income (99999) | | | | |
| 2016 (\$77,600) | <\$38,800 | \$38,800 to <\$62,080 | \$62,080 to <\$93,120 | ≥\$93,120 |
| 2017 (\$80,000) | <\$40,000 | \$40,000 to <\$64,000 | \$64,000 to <\$96,000 | ≥\$96,000 |
| <i>Source: FFIEC</i> | | | | |

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. Of the 10,037 businesses in the assessment area, 81.9 percent have GARs of \$1 million or less, 5.6 percent have GARs of more than \$1 million, and 12.5 percent did not report revenue data.

Additionally, the largest employers in the area are the University of Massachusetts, Cooley Dickinson Hospital, and Yankee Candle. Combined, these employers employ more than 10,000 individuals. Education and Health Service industries represent the largest portion of businesses at 26.5 percent; followed by Government at 19.1 percent; Retail Trade at 10.6 percent; and Leisure and Hospitality Services at 9.3 percent.

Unemployment rates in Hampshire County and Franklin County were slightly below state and national averages throughout the review period. The following table illustrates unemployment rates for Hampshire and Franklin Counties and state and national averages.

| Unemployment Rates | | | | |
|---|------|------|------|------------|
| Area | 2015 | 2016 | 2017 | March 2018 |
| | % | % | % | % |
| Hampshire County | 4.5 | 3.6 | 3.4 | 3.4 |
| Franklin County | 4.4 | 3.5 | 3.3 | 3.6 |
| State | 4.8 | 3.9 | 3.7 | 3.8 |
| National Average | 5.3 | 4.9 | 4.4 | 4.1 |
| <i>Source: Bureau of Labor Statistics</i> | | | | |

Competition

Greenfield Savings Bank operates in a competitive environment. According to the FDIC Deposit Market Share data as of June 30, 2017, 15 financial institutions operated 73 full-service branches within Franklin and Hampshire Counties. Of these institutions, Greenfield Savings Bank ranked fourth with an 11.2 percent deposit market share. Florence Bank and Greenfield Co-operative Bank represent the bank's primary competitors. Florence Bank ranked first with an 18.7 percent deposit market share, and Greenfield Co-operative Bank ranked fifth with an 8.6 percent deposit market share.

Additionally, there is a high level of competition for home mortgage loans among banks, credit unions, and non-depository lenders. In 2016, 183 lenders originated or purchased 3,150 residential mortgage loans in the assessment area. Greenfield Savings Bank ranked first with a market share of 12.2 percent. The top five lenders accounted for 46 percent of the total market.

Community Contact

As part of the evaluation process, third parties active in the assessment area were contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

Examiners contacted a non-profit organization whose mission is to assist low- and moderate-income people and the underserved populations in Hampshire County. The organization focuses

on housing services, affordable housing development, and small business development. The contact expressed concern about the limited residential homes available in the area they serve, including a shortage of affordable housing. Additionally, the contact identified technical assistance for small businesses as a community need.

Examiners also contacted an economic development non-profit organization, which provides business development education, access to capital, and commercial office and manufacturing space. The contact expressed concern about the availability of broadband and the low per capita wages in Greenfield. Other community needs include transportation, commercial space for business growth, the lack of business education, and access to capital for startups and new businesses. In general, the contact noted the need for more economic development to improve employment opportunities for low- and moderate-income individuals.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that small business development, in the form of education and technical assistance, is a primary community development need. Additionally, affordable housing and economic development represent significant community development needs. Home mortgage loans represent a primary credit need, particularly loans with flexible underwriting for first-time homebuyers. Finally, small business loans, including those for start-up businesses, represent a primary credit need for the assessment area. Opportunities exist for banks to address the area's credit and community development needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Greenfield Savings Bank demonstrated excellent performance under the Lending Test. Geographic Distribution and Borrower Profile primarily support this conclusion. In particular, the bank is a leader in providing home purchase loans in moderate-income tracts and to low- and moderate-income borrowers.

Loan-to-Deposit Ratio

Greenfield Savings Bank's LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. Examiners analyzed the bank's LTD ratio for the past 13 quarters from March 31, 2015 to March 31, 2018.

The bank averaged an LTD ratio of 102.9 percent during that period. The ratios ranged from a low of 98.1 percent to a high of 106.3 percent, remaining generally stable during the evaluation period. Additionally, examiners compared the bank's LTD ratio to that of three similarly situated banks that operate in the same geographic area and are predominantly residential real estate lenders. Greenfield Savings Bank maintained a ratio greater than those comparable institutions.

The following table illustrates the bank ratio compared to the other institutions.

| Loan-to-Deposit Ratio Comparison | | |
|---|-----------------------------------|--------------------------------------|
| Institution | Total Assets \$ (000s) | Average Net LTD Ratio (%) |
| Greenfield Savings Bank | \$832,000 | 102.9 |
| Florence Bank | \$1,340,503 | 90.5 |
| Easthampton Savings Bank | \$1,341,261 | 87.4 |
| Greenfield Co-operative Bank | \$603,768 | 75.0 |
| <i>Source: Reports of Condition and Income 03/31/2015 through 03/31/2018.</i> | | |

Assessment Area Concentration

The bank made a substantial majority of home mortgage loans and small business loans inside the assessment area. The following table illustrates bank lending inside and outside the assessment area.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|---|-----------------|------|---------|------|------------|---------------------------------|------|---------|------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2016 | 385 | 84.2 | 72 | 15.8 | 457 | 74,926 | 82.8 | 15,540 | 17.2 | 90,466 |
| 2017 | 406 | 82.7 | 85 | 17.3 | 491 | 89,521 | 83.0 | 18,287 | 17.0 | 107,808 |
| Subtotal | 791 | 83.4 | 157 | 16.6 | 948 | 164,447 | 82.9 | 33,827 | 17.1 | 198,274 |
| Small Business | | | | | | | | | | |
| 2016 | 145 | 92.9 | 11 | 7.1 | 156 | 20,561 | 93.2 | 1,512 | 6.9 | 22,073 |
| 2017 | 122 | 85.9 | 20 | 14.1 | 142 | 13,857 | 82.7 | 2,889 | 17.3 | 16,746 |
| Subtotal | 267 | 89.6 | 31 | 10.4 | 298 | 34,418 | 88.7 | 4,401 | 11.3 | 38,819 |
| Total | 1,058 | 84.9 | 188 | 15.1 | 1,246 | 198,865 | 83.9 | 38,228 | 16.1 | 237,093 |
| Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0 | | | | | | | | | | |

Market share data reflects the bank ranked first among lenders in the assessment area for home mortgage loans originations in 2016, with a market share of 12.2 percent.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts, as the low-income tract did not contain lending opportunities and has a nominal number of housing units.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Home mortgage lending in moderate-income census tracts exceeded both the aggregate performance and demographic data in 2016. The bank originated 13.2 percent of its home mortgage loans in moderate-income census tracts, which is above the aggregate performance of 9.4 percent and above the percentage of owner-occupied housing units of 7.6 percent.

Market share data further supports the bank's reasonable performance in 2016. The bank ranks first by number of loans in moderate-income geographies. The bank made 51 loans for a market share of 17.2 percent. Greenfield Savings Bank showed particular leadership in extending home purchase loans in these tracts. The bank made 34 such loans in 2016, nearly tripling the second ranked lender.

In 2017, the number of loans made in a moderate-income census tract decreased, but the shift in tract income designations caused by the 2015 ACS explains the decrease. The bank made a

similar percentage of loans as the percentage of owner-occupied units in moderate-income census tracts. The following table illustrates the bank's excellent dispersion of loans.

| Geographic Distribution of Home Mortgage Loans | | | | | | |
|---|-----------------------------------|------------------------------|------------|--------------|---------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 0.0 | 0.1 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 1.1 | -- | 2 | 0.5 | 165 | 0.2 |
| Moderate | | | | | | |
| 2016 | 7.6 | 9.4 | 51 | 13.2 | 6,786 | 9.1 |
| 2017 | 2.5 | -- | 8 | 2.0 | 1,134 | 1.3 |
| Middle | | | | | | |
| 2016 | 59.9 | 58.0 | 248 | 64.4 | 46,459 | 62.0 |
| 2017 | 59.2 | -- | 295 | 72.7 | 61,924 | 69.2 |
| Upper | | | | | | |
| 2016 | 32.5 | 32.5 | 86 | 22.3 | 21,681 | 28.9 |
| 2017 | 37.1 | -- | 101 | 24.9 | 26,298 | 29.4 |
| Not Available | | | | | | |
| 2016 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 0.0 | -- | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 385 | 100.0 | 74,926 | 100.0 |
| 2017 | 100.0 | -- | 406 | 100.0 | 89,521 | 100.0 |
| Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 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 reasonable dispersion throughout the assessment area. The bank originated 15.2 percent of its small business loans in moderate-income census tracts in 2016, which is similar to the percentage of businesses of 16.1 percent. Additionally, the bank originated 2.5 percent of its small business loans in moderate-income census tracts in 2017, which is similar to the percentage of businesses of 2.4 percent. While the bank did not make any small business loans in a low-income census tract in 2016 and 2017, the small percentage of businesses in the low-income census tract reflects the lack of opportunities to lend in this geography. The following table illustrates the bank's reasonable dispersion of loans.

| Geographic Distribution of Small Business Loans | | | | | |
|--|-----------------|-----|-------|----------|-------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Low | | | | | |
| 2016 | 1.8 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 1.2 | 0 | 0.0 | 0 | 0.0 |
| Moderate | | | | | |
| 2016 | 16.1 | 22 | 15.2 | 2,194 | 10.7 |
| 2017 | 2.4 | 3 | 2.5 | 586 | 4.2 |
| Middle | | | | | |
| 2016 | 49.7 | 91 | 62.8 | 14,396 | 70.0 |
| 2017 | 54.2 | 77 | 63.1 | 9,040 | 65.2 |
| Upper | | | | | |
| 2016 | 31.5 | 32 | 22.1 | 3,971 | 19.3 |
| 2017 | 39.2 | 40 | 32.8 | 3,563 | 25.7 |
| Not Available | | | | | |
| 2016 | 0.9 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 3.1 | 2 | 1.6 | 668 | 4.8 |
| Totals | | | | | |
| 2016 | 100.0 | 145 | 100.0 | 20,561 | 100.0 |
| 2017 | 100.0 | 122 | 100.0 | 13,857 | 100.0 |
| Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data, "--" data not available. | | | | | |

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's excellent home mortgage lending performance primarily supports this conclusion. The bank was the clear bank leader in making home purchase loans to low- and moderate-income borrowers. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with gross annual revenue of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. The bank originated 8.8 percent of its home mortgage loans within its assessment area in 2016 to low-income borrowers, which exceeds the aggregate performance of 6.5 percent. While the comparison to aggregate data reflects well on the bank's performance, 2016 market share data for home purchase loans best highlights the bank's leadership in meeting the credit needs of low-income families. Greenfield Savings Bank ranked first with 16 home purchase loans to low-income borrowers, doubling the volume of both Greenfield Co-operative Bank and Florence Bank. The bank also ranked first overall in lending to low-income borrowers.

In 2017, the number and percentage of home mortgage loans to low-income borrowers decreased. Management attributed this decrease to temporarily discontinuing a first-time homebuyer program for low-income borrowers. The bank introduced the program early in the evaluation period, helping many low-income borrowers purchase homes in 2015 and 2016. Management indicated it was assessing the program's long-term effectiveness in meeting low-income borrower credit needs.

While lending to low-income borrowers fell short of the percentage of low-income families, the percentage of low-income families is not a good indicator of lending opportunity. Many low-income families do not have sufficient income to qualify for home purchase loans based on the assessment area's home prices.

Additionally, home mortgage lending to moderate-income borrowers was similar to the aggregate performance and exceeded the demographic performance. However, 2016 market share data best highlights the bank's leadership in meeting the credit needs of moderate-income borrowers. Greenfield Savings Bank ranked first with 37 home purchase loans, nearly doubling the 19 loans each from Florence Bank and Greenfield Co-operative Bank. The following table illustrates the bank's overall HMDA lending by borrower income level.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|--|----------------------|---|------------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2016 | 19.4 | 6.5 | 34 | 8.8 | 3,264 | 4.4 |
| 2017 | 18.4 | -- | 18 | 4.4 | 1,877 | 2.1 |
| Moderate | | | | | | |
| 2016 | 16.6 | 18.0 | 69 | 17.9 | 9,289 | 12.4 |
| 2017 | 15.7 | -- | 68 | 16.7 | 9,674 | 10.8 |
| Middle | | | | | | |
| 2016 | 20.2 | 23.5 | 90 | 23.4 | 13,717 | 18.3 |
| 2017 | 20.7 | -- | 84 | 20.7 | 13,784 | 15.4 |
| Upper | | | | | | |
| 2016 | 43.8 | 42.6 | 168 | 43.6 | 37,120 | 49.5 |
| 2017 | 45.2 | -- | 206 | 50.7 | 46,665 | 52.1 |
| Not Available | | | | | | |
| 2016 | 0.0 | 9.4 | 24 | 6.2 | 11,536 | 15.4 |
| 2017 | 0.0 | -- | 30 | 7.4 | 17,521 | 19.6 |
| Totals | | | | | | |
| 2016 | 100.0 | 100.0 | 385 | 100.0 | 74,926 | 100.0 |
| 2017 | 100.0 | -- | 406 | 100.0 | 89,521 | 100.0 |
| Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 | | | | | | |

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. Lending to small businesses with GARs of \$1 million or less fell slightly below demographics in 2016. The bank originated 74.5 percent of its small business loans in 2016 to small businesses with gross annual revenues of \$1 million or less compared to 81.9 percent of businesses in this revenue category. The bank's percentage increased to 79.5 percent in 2017, which is closer to the business demographic. The following table illustrates the reasonable penetration.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|---|------------------------|------------|--------------|-----------------|--------------|
| Gross Revenue Level | % of Businesses | # | % | \$(000s) | % |
| <=\$1,000,000 | | | | | |
| 2016 | 81.9 | 108 | 74.5 | 13,176 | 64.1 |
| 2017 | 81.6 | 97 | 79.5 | 9,507 | 68.6 |
| >1,000,000 | | | | | |
| 2016 | 5.6 | 37 | 25.5 | 7,385 | 35.9 |
| 2017 | 5.6 | 25 | 20.5 | 4,350 | 31.4 |
| Revenue Not Available | | | | | |
| 2016 | 12.5 | 0 | 0.0 | 0 | 0.0 |
| 2017 | 12.7 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | |
| 2016 | 100.0 | 145 | 100.0 | 20,561 | 100.0 |
| 2017 | 100.0 | 122 | 100.0 | 13,857 | 100.0 |
| <i>Source: 2016 & 2017 D&B Data; 1/1/2016 – 12/31/2017 Bank Data; 2016 CRA Aggregate Data; “—” data not available</i> | | | | | |

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Greenfield Savings Bank demonstrated good responsiveness to the assessment area's community development needs through community development loans, qualified investments, and community development services. The bank was particularly responsive and innovative in meeting the needs of its community, exemplified by the new investments and services initiated during the evaluation period. Examiners also considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Greenfield Savings Bank originated 21 community development loans totaling approximately \$9.9 million during the evaluation period. This level of activity represents 1.5 percent of net loans as of March 31, 2018. Of the 21 community development loans, 15 loans totaling \$3.6 million created, improved, or retained employment for low- or moderate-income individuals. The economic development loans in particular respond to assessment area needs discussed by a community contact.

Community development lending includes three loans totaling \$166,000 to entities located in a broader statewide area that includes the assessment area. As the bank has been responsive to assessment area community development needs, examiners considered these loans under the Community Development Test. The following table illustrates the bank's community development lending activity by year and purpose.

| Community Development Loans | | | | | | | | | | |
|------------------------------------|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize Or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| 02/25/2015-12/31/2015 | 1 | 512 | 0 | 0 | 2 | 302 | 0 | 0 | 3 | 814 |
| 2016 | 0 | 0 | 2 | 4,150 | 0 | 0 | 0 | 0 | 2 | 4,150 |
| 2017 | 0 | 0 | 3 | 1,588 | 11 | 2,968 | 0 | 0 | 14 | 4,331 |
| YTD 2018 | 0 | 0 | 0 | 0 | 2 | 368 | 0 | 0 | 2 | 368 |
| Totals | 1 | 512 | 5 | 5,728 | 15 | 3,638 | 0 | 0 | 21 | 9,888 |

Source: Bank records

Below are notable examples of community development loans:

- In 2017, the bank made an \$880,000 loan to purchase and improve a property in Greenfield, allowing the borrower to expand its business from Ashfield, Massachusetts. The business employs 21 full- and part-time employees, predominately from moderate-income households, and provides vocational training and certification to allow employees to increase their earning capacity. The loan directly contributed to an increase in the number of full-time employees.
- The bank made three loans totaling \$1.6 million to a Hampshire County organization focused on advocating for and supporting victims of domestic violence. This

organization assists some of the most vulnerable members of the community through housing, social service assistance, and counseling. Most of the organization's clients are from low-income households. This loan is notable in that the bank provided technical assistance in concert with the loan, helping the organization to strategize and achieve the most sustainable financial position.

- The bank extended the term of a \$4 million line of credit in 2016 to a charitable foundation serving all of Massachusetts and the broader regional area. The foundation extends grants to programs and projects benefitting low- and moderate-income individuals.
- In 2016, the bank originated a \$175,000 loan to a start-up business aiming to open a restaurant. The restaurant is located in Northampton, Massachusetts and created three full-time positions held by low- or moderate-income individuals. The loan was used for equipment purchases, property improvements, and working capital.
- The bank also participates in the Small Business Administration's 504 program. This program encourages economic development by guaranteeing financing, which expands employment opportunities. The bank participated in two SBA 504 projects, originating four loans totaling \$669,860.

Qualified Investments

Greenfield Savings Bank made 104 qualified investments totaling approximately \$3.4 million, equaling 0.4 percent of total assets as of March 31, 2018.

The bank's wholly owned subsidiary has two CRA-qualified debt security investments in its portfolio totaling \$2.8 million. Both investments are in the form of Massachusetts Development Finance Agency Industrial Revenue Bonds (IRB). The bank purchased one IRB during the evaluation period for \$1.9 million, while the other is a prior period investment with a current book value of \$932,738.

The bonds are part of a Refunding Project to assist a small business in Greenfield in expanding and creating new jobs. The small business manufactures complex machine components, and the jobs created are likely to be individuals from low- or moderate income households. The investments are notable in that they respond directly to the area's economic development needs, creating jobs with the potential for upward mobility.

The remainder of the bank's qualified investments occurred in the form of grants to local organizations, totaling \$602,110. The following table details qualified investments by year and purpose.

| Qualified Investments | | | | | | | | | | |
|-----------------------|--------------------|----------|--------------------|------------|----------------------|--------------|-------------------------|----------|------------|--------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize Or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Prior Period | 0 | 0 | 0 | 0 | 1 | 933 | 0 | 0 | 1 | 933 |
| 02/25/2015-12/31/2015 | 2 | 2 | 26 | 113 | 3 | 36 | 0 | 0 | 31 | 151 |
| 2016 | 1 | 1 | 31 | 145 | 3 | 37 | 0 | 0 | 35 | 183 |
| 2017 | 1 | 5 | 29 | 217 | 6 | 46 | 0 | 0 | 36 | 268 |
| YTD 2018 | 0 | 0 | 0 | 0 | 1 | 1,900 | 0 | 0 | 1 | 1,900 |
| Totals | 4 | 8 | 86 | 475 | 14 | 2,952 | 0 | 0 | 104 | 3,435 |
| Source: Bank records | | | | | | | | | | |

Below are notable examples of the bank's qualified donations:

- *Community Action of Pioneer Valley: Microloan Program* – This organization helps low-income individuals achieve economic stability and security. The microloan program was developed in partnership with Greenfield Savings Bank, a direct response to needs identified by a bank Branch Manager. Greenfield Savings Bank approached Community Action to start the program, which provides qualified applicants with one-year loans of up to \$500. The loans provide emergency assistance for transportation, food, or an unexpected bill. Greenfield Savings Bank is the primary sponsor of this program in addition to being one of the developers. The bank has a multi-year commitment to provide grants supporting the microloan program.
- *Franklin County CDC* – This Community Development Corporation plays a significant role in the economic development of the region, focusing on assisting small businesses, farms, and startups. The CDC provides technical assistance, a venture center with operational space for startups, and financing for small businesses. Greenfield Savings Bank recently substantially increased their annual donations to Franklin County CDC, providing critical funds for operational costs.
- *LifePath* – LifePath provides and coordinates a range of services to low-income elderly individuals to postpone or prevent institutional care. The organization provides Meals on Wheels food assistance, money management assistance, and income-restricted supportive housing. The Bank donated annually to this organization.
- *Baystate Franklin Medical Center (BFMC)* – A hospital operating in Greenfield, this medical center provides essential services to the population. BFMC is a Community Disproportionate Share Hospital, focusing on low-income individuals. Greenfield Savings Bank provided annual contributions during the evaluation period.
- *Greenfield Community College (GCC)* – The majority of students attending GCC receive Pell Grants, indicating the school population primarily consists of low- and moderate-

income individuals. Greenfield Savings Bank provided annual contributions to GCC during the evaluation period.

Additionally, bank management founded a charitable foundation in 2017 geared to meet community needs in the Greenfield area, a designated opportunity zone by the Commonwealth of Massachusetts. The bank provided the initial charitable contribution to the foundation. While not specifically outlined to meet CRA standards, initiating the foundation exemplifies Greenfield Savings Bank's commitment to community development in the area.

Community Development Services

During the evaluation period, bank employees provided 102 instances of financial expertise or technical assistance to 36 different community development-related organizations in the assessment area. The following table illustrates the community development services by year and purpose.

| Community Development Services | | | | | |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| Activity Year | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals |
| | # | # | # | # | # |
| 02/25/2015-12/31/2015 | 4 | 16 | 1 | 0 | 21 |
| 2016 | 5 | 18 | 3 | 0 | 26 |
| 2017 | 5 | 14 | 4 | 0 | 23 |
| YTD 2018 | 4 | 26 | 2 | 0 | 32 |
| Total | 18 | 74 | 10 | 0 | 102 |
| <i>Source: Bank records</i> | | | | | |

Employee Involvement

Bank employees are involved in local community development organizations in multiple capacities. Employees provide service through membership and participation, providing financial expertise to the organizations they serve. The following are some organizations that benefited from the dedicated service of bank employees.

- *Franklin County Technical School Building Society (FCTSBS)* – Greenfield Savings Bank established a Building Society Program, which purchases land and funds the building of homes for the benefit of the students' vocational training. This program reflects an innovative and responsive approach to meeting an area need. Franklin County Technical School is a Title I school, defined by a large population of low- and moderate-income students. In recent years, the school lacked resources to purchase land or a home for vocational students to build or renovate. Greenfield Savings Bank extended the initial credit used to begin the first project, which received credit as a community development loan. The bank president is also president of the FCTSBS and remains involved in the strategic planning of the organization.
- *Franklin County CDC* – This local CDC plays a significant role in the economic development of the region, focusing on assisting small businesses, farms, and startups.

The CDC provides technical assistance, a venture center with operational space for startups, and financing for small businesses. Several bank officers are involved with the CDC. A bank vice president is the vice chair of the Board, and two other vice presidents serve on the finance committee and the loan committee, respectively.

- *Dress for Success Western Massachusetts* – A manager served as a mentor for clients of this organization in 2017. This program helps low-income individuals achieve economic independence. As a mentor, the bank representative assists clients in navigating a successful career path and provides advice on financial matters.
- *Pioneer Valley Habitat For Humanity* – A bank vice president served as the Chair of this organization, which increases affordable homeownership in Franklin and Hampshire Counties. The same bank officer also participated on the family selection committee in 2015.
- *Amherst Survival Center* – This organization connects low-income individuals from Franklin and Hampshire Counties to food, healthcare, and other basic services. A branch manager participated in the capital campaign committee in 2015.
- *Community Action: VITA Tax Prep* – Community Action helps low-income individuals achieve economic stability. The VITA program provides free tax assistance for people with lower incomes, ensuring they receive all available benefits. A manager and a vice president provided several sessions of tax assistance to community members in 2018.

Homeownership and Other Financial Education

The bank also provided educational workshops to local schools and organizations. The workshops provided financial literacy covering multiple topics. Several examples of such workshops are below.

- *Valley CDC* – This organization seeks to improve the quality of life for low- and moderate-income individuals through small business assistance, housing services, and affordable housing development. Three employees of Greenfield Savings Bank participated in 16 First-time Homebuyer program sessions. Topics covered include the application process, credit score and budgeting, and the responsibilities of homeownership.
- *Elder Fraud Prevention* – Greenfield Savings Bank coordinated with several senior centers in response to increasing concerns of financial exploitation of the elderly. A bank officer led seven elder fraud seminars primarily benefitting low- and moderate-income individuals.
- *Franklin County Sheriff's Office* – A loan-servicing specialist developed and implemented a financial literacy program for inmates of the correctional system. The program assists pre-release inmates in making sound financial decisions. In addition to developing the program alongside a committee, the bank representative led two presentations to inmates during the evaluation period.

Other Services

- *Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)* – Greenfield Savings Bank participates in the Massachusetts IOLTA Program. This program, mandated by the Supreme Judicial Court, requires lawyers and law firms to establish interest-bearing accounts for client deposits. The interest earned is used to fund law-related public service programs that help low-income clients.
- *Branch Locations* – The institution maintains one location in a moderate-income census tract. All locations offer low-cost deposit accounts for their clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

Fair Lending Policies and Procedures

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

MINORITY APPLICATION FLOW

Examiners reviewed Greenfield Savings Bank's 2016 and 2017 HMDA LARs to determine if the minority application flow reflected the assessment area's demographics.

For 2016, according to the 2010 U.S. Census data, the bank's assessment area had a population of 138,430, of which 14.6 percent are minorities. The assessment area's minority population includes 0.2 percent American Indian, 4.6 percent Asian/Pacific Islander, 2.4 percent Black, 5.0 percent Hispanic, and 2.4 percent other race.

For 2017, according to 2015 ACS data, the bank's assessment area has a population of 140,097, of which 15.9 percent are minorities. The assessment area's 2017 minority population includes 0.2 percent American Indian/Alaskan Native, 5.7 percent Asian/Pacific Islander, 2.5 percent Black, 5.4 percent Hispanic, and 2.0 percent other race.

Examiners compared Greenfield Savings Bank's 2016 and 2017 residential lending to 2016 and 2017 aggregate data. This comparison assists in deriving reasonable expectations for the minority application rate. Refer to the following table for information regarding the bank's minority application flow as well as the aggregate.

| MINORITY APPLICATION FLOW | | | | | | |
|--------------------------------|------------|--------------|---------------------------|------------|--------------|---------------------------|
| RACE | Bank 2016 | | 2016 Aggregate Data | Bank 2017 | | 2017 Aggregate Data |
| | # | % | % | # | % | % |
| American Indian/ Alaska Native | 0 | 0.0 | 0.2 | 1 | 0.2 | 0.4 |
| Asian | 13 | 2.3 | 2.6 | 9 | 1.7 | 2.3 |
| Black/ African American | 2 | 0.4 | 0.8 | 3 | 0.6 | 0.9 |
| Hawaiian/Pacific Islander | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.0 |
| 2 or more Minority | 0 | 0.0 | 0.1 | 1 | 0.2 | 0.1 |
| Joint Race (White/Minority) | 12 | 2.2 | 1.9 | 16 | 3.0 | 1.9 |
| Total Minority | 27 | 4.9 | 5.7 | 30 | 5.7 | 5.6 |
| White | 419 | 75.3 | 78.6 | 411 | 77.4 | 76.6 |
| Race Not Available | 110 | 19.8 | 15.7 | 90 | 17.0 | 17.8 |
| Total | 556 | 100.0 | 100.0 | 531 | 100.0 | 100.0 |
| ETHNICITY | | | | | | |
| Hispanic or Latino | 8 | 1.4 | 1.8 | 9 | 1.7 | 1.6 |
| Joint (Hisp/Lat /Not Hisp/Lat) | 5 | 0.9 | 1.1 | 13 | 2.5 | 1.1 |
| Not Hispanic or Latino | 425 | 76.4 | 81.3 | 407 | 76.7 | 78.7 |
| Ethnicity Not Available | 118 | 21.2 | 15.9 | 102 | 19.2 | 18.6 |
| Total | 556 | 100.0 | 100.0 | 531 | 100.0 | 100.0 |

Source: HMDA Aggregate Data 2016 and 2017, HMDA LAR Data 2016 and 2017

In 2016, the bank received 556 HMDA reportable loan applications within its assessment area. Of these applications, 27 were received from racial minority applicants. The bank's racial minority application flow of 4.9 percent was comparable to the aggregate performance of 5.7 percent for the same racial demographics. The bank received 13 applications, or 2.3 percent, representing the Hispanic or Latino and Joint (Hispanic/Latino-Not Hispanic/Latino) ethnic groups in 2016. The bank's application flow was similar to the aggregate performance of 2.9 percent. The bank's 2016 origination rate for racial minority applications was 59.3 percent, and for ethnic minority applications the origination rate was 46.2 percent, which was below the bank's overall origination rate of 69.2 percent. By comparison, 2016 aggregate lenders had a racial minority origination rate of 68.2 percent, an ethnic minority origination rate of 65.4 percent, and an overall origination rate of 67.8 percent.

In 2017, the bank received 531 HMDA reportable loan applications. Of these applications, 30 were received from racial minority applicants. The bank's application flow increased by 0.8 percent over the 2016 for applications received from minorities. The bank received 22 applications, or 4.2 percent, representing the Hispanic or Latino and Joint (Hispanic/Latino-Not Hispanic/Latino) ethnic groups in 2017. Both the racial and ethnic minority application flow of the bank are above aggregate lenders, at 5.6 and 2.7 percent respectively. The bank's 2017 origination rate for racial minority applications was 70.0 percent, and for ethnic minority applications the origination rate was 77.2 percent, which is comparable to the bank's overall origination rate of 76.5 percent. By comparison, 2017 aggregate lenders had a racial minority origination rate of 66.5 percent, an ethnic minority origination rate of 82.1 percent, and an overall origination rate of 73.9 percent.

Minority application flow exhibits proactive outreach to all racial demographics in the assessment area. This is portrayed by the bank's minority application flow increasing in comparison to aggregate lending data between 2016 and 2017. The bank's minority origination

rate in 2016 is lower than aggregate lenders origination rates of the same demographic, but the bank continues to utilize fair lending controls to ensure consistent application and underwriting processes. The bank remains cognizant of the need to continue its monitoring efforts to meet its fair lending policy. The bank's minority application flow is deemed adequate.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (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 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).

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 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, 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 and the Federal Deposit Insurance Corporation, at 400 Main Street, Greenfield, MA 01301."

[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.