PUBLIC DISCLOSURE

December 1, 2025

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Monson Savings Bank
Certificate Number: 90245

146 Main Street
Monson, Massachusetts 01057

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

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

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

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

DESCRIPTION OF INSTITUTION

Background

Monson Savings Bank (MSB) is a state-chartered mutual savings bank headquartered in Monson, Massachusetts (MA). Monson Financial Services, a mutual holding company, owns 100.0 percent of the stock of MSB via Monson Financial Services Corporation, a mid-tier stock holding company. The bank continues to maintain one subsidiary, Monson Securities Corporation, which does not offer credit products or services.

MSB received a Satisfactory rating from the Massachusetts Division of Banks and FDIC during its prior CRA evaluation dated May 31, 2022, using Interagency Intermediate Small Institution Examination Procedures. The bank was rated Satisfactory for the Lending Test and Outstanding for the Community Development Test.

Operations

Including its main office at 146 Main Street in Monson, the bank operates five full-service branches throughout Hampden and Hampshire Counties in the following towns: East Longmeadow (1), Hampden (1), Monson (1), Ware (1), and Wilbraham (1). All five branches offer automated teller machines (ATMs) and drive-up services. Additionally, the bank has a Loan and Operations Center located in Hampden County. Since the prior examination, the bank has not opened or closed any branches or ATMs.

The bank offers home mortgage, commercial, and consumer lending products, primarily focusing on residential mortgage lending. Deposit products include checking and saving accounts, certificates of deposit, and individual retirement accounts. Other banking services include online, mobile, telephone banking, electronic bill pay, remote deposit capture, and ATMs.

Ability and Capacity

As of September 30, 2025, MSB had total assets of $747.8 million, total deposits of approximately $670.7 million, and total loans of $607.0 million. Compared to the prior examination, total assets increased by 21.5 percent, deposits increased by 20.2 percent, and total loans increased by 38.1 percent.

Loan Portfolio Distribution as of 09/30/2025		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	33,891	5.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	302,540	49.8
Secured by Multifamily (5 or more) Residential Properties	84,532	13.9
Secured by Nonfarm Nonresidential Properties	143,072	23.6
Total Real Estate Loans	**564,035**	**92.9**
Commercial and Industrial Loans	38,623	6.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,648	0.3
Obligations of State and Political Subdivisions in the U.S.	2,310	0.4
Other Loans	357	<0.1
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**606,973**	**100.0**
Source: Reports of Condition and Income		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more assessment areas within which it will focus its lending efforts and examiners will evaluate its CRA performance. On July 21, 2023, the Office of Management and Budget (OMB) established revised delineations of the nation's Metropolitan Statistical Areas (MSA), Micropolitan Statistical Areas, and Combined Statistical Areas (CSA) through OMB Bulletin 23-01. The revised delineations reflect the introduction of the Amherst Town-Northampton, MA MSA, which separated parts of the Springfield MA, MSA. The Amherst Town-Northampton, MA MSA encompasses all of Hampshire County, and the Springfield, MA MSA encompasses all of Hampden County. Examiners used the revised delineations for this evaluation.

MSB's designated assessment area consists of cities and towns located primarily in the Springfield, MA MSA and the Amherst Town-Northampton, MA MSA. Since the prior evaluation, the bank's CRA and Fair Lending Committee formally approved the addition of Chicopee and Holyoke into the assessment area as of May 15, 2025. The bank's current assessment area includes following cities and towns:

- **Springfield, MA MSA** – Agawam, Brimfield, Chicopee, East Longmeadow, Hampden, Holyoke, Longmeadow, Ludlow, Monson, Palmer, Springfield, Wales, West Springfield, and Wilbraham
- **Amherst Town-Northampton, MA MSA** – Belchertown and Ware

The CRA requires separate performance analyses and conclusions for each MSA in which the bank maintains a branch. The Springfield, MA MSA and Amherst Town-Northampton, MA MSA are located within the Springfield-Amherst Town-Northampton, MA CSA. Examiners analyzed the bank's performance in each MSA separately and determined the bank's performance was consistent across each assessment area. Therefore, examiners presented the bank's performance on a consolidated basis under the Springfield-Amherst Town-Northampton, MA CSA.

<u>Economic and Demographic Data</u>

According to the 2020 U.S. Census data, the assessment area consists of 97 census tracts with the following income designations:

- 16 low-income census tracts,
- 24 moderate-income census tracts,
- 33 middle-income census tracts,
- 23 upper-income census tracts, and
- 1 census tract with no income designation.

The low-income tracts are in the following towns: Holyoke (5), Springfield (10), and Ware (1). The moderate-income tracts are in Chicopee (6), Holyoke (2), Palmer (1), Springfield (13), and West Springfield (2). Springfield, Holyoke, and Chicopee contain 36 of the assessment area's 40 low- and moderate-income census tracts. These cities are located in the densely populated western portion of the assessment area while the bank's branch locations are in the less populated central and eastern portions of the assessment area. There are no underserved or distressed nonmetropolitan middle-income census tracts within the assessment area.

The assessment area contains 15 Opportunity Zones in the cities of Agawam (1), Chicopee (1), Holyoke (2), Ludlow (1), Palmer (1), Springfield (7), Ware (1), and West Springfield (1). Opportunity Zones are distressed communities designated by the state and certified by the U.S. Treasury Department. The Opportunity Zones program offers tax incentives to the public and private stakeholders to facilitate private economic development, job creation, and growth in low- or moderate-income census tracts.

The following table illustrates demographic information of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**N/A* % of #**
Geographies (Census Tracts)	97	16.5	24.7	34.0	23.7	1.0
Population by Geography	435,541	12.2	25.3	35.5	26.8	0.3
Housing Units by Geography	181,406	12.3	25.2	35.8	26.3	0.4
Owner-Occupied Units by Geography	103,219	3.2	17.7	41.3	37.8	0.0
Occupied Rental Units by Geography	66,036	25.0	35.9	28.5	9.7	0.9
Vacant Units by Geography	12,151	20.3	31.3	27.7	19.7	1.1
Businesses by Geography	32,631	14.2	23.3	32.0	29.8	0.7
Farms by Geography	228	2.6	11.8	32.0	52.2	1.3
Family Distribution by Income Level	107,450	25.7	16.6	17.9	39.9	0.0
Household Distribution by Income Level	169,255	27.5	15.2	15.9	41.4	0.0
Median Family Income MSA - 11200 Amherst Town-Northampton, MA MSA		$97,581	Median Housing Value			$203,261
Median Family Income MSA - 44140 Springfield, MA MSA		$74,547	Median Gross Rent			$889
			Families Below Poverty Level			12.2%
Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.						

The Geographic Distribution criterion compares home mortgage loans by census tract income level to the distribution of owner-occupied housing units by census tract income level. The number of owner-occupied housing units in each tract income category reflects the level of opportunities for making owner-occupied home mortgage loans in those tracts. As shown in the previous table, with low-income geographies containing only 3.2 percent of the area's owner-occupied housing units, there is limited opportunity for lenders to make home mortgage loans in these geographies.

Examiners use FFIEC-updated Median Family Income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the median family income ranges in the assessment area during the evaluation period.

MFI Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥ 120%**
Amherst Town-Northampton, MA MSA				
2024 ($119,700)	< $59,850	$59,850 to < $95,760	$95,760 to < $143,640	>= $143,640
Springfield, MA MSA				
2022 ($91,300)	< $45,650	$45,650 to < $73,040	$73,040 to < $109,560	>= $109,560
2023 ($94,600)	< $47,300	$47,300 to < $75,680	$75,680 to < $113,520	>= $113,520
2024 ($89,100)	< $44,550	$44,550 to < $71,280	$71,280 to < $106,920	>= $106,920
Source: FFIEC				

Low-income families represent 25.7 percent of all families in the assessment area, and 47.5 percent of these low-income families have incomes below the poverty line. With such a significant portion of low-income families below the poverty line, low-income families are likely to have difficulty qualifying for traditional home mortgage loans.

According to 2024 D&B data, 32,631 non-farm businesses operate in the assessment area. Non-classifiable establishments represent the greatest percentage of businesses in the assessment area at 16.4 percent, followed by other services (except public administration) at 13.3 percent, and professional, scientific, and technical services at 8.9 percent. In addition, 70.7 percent of area businesses have four or fewer employees, and 89.2 percent operate from a single location.

The following reflects the gross annual revenues (GARs) for these businesses.

- 85.9 percent have $1.0 million or less,
- 4.3 percent have more than 1.0 million.
- 9.8 percent have unknown revenues.

According to the U.S. Bureau of Labor Statistics (BLS), unemployment rates in both Hampden and Hampshire Counties generally followed similar statewide and national trends, with all geographies experiencing modest increases in 2024. The national average remained stable between 2022 and 2023 and increased to 4.0 percent in 2024. These trends indicate short-term improvement in labor market conditions followed by modest upward pressure on unemployment in 2024 at the local, state, and national level. Hampden County had higher rates than Hampshire County, Massachusetts, and the U.S. The following table shows unemployment rates for 2022, 2023, and 2024 at the county, state, and national levels.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Hampshire County	3.5	3.2	3.8
Hampden County	4.8	4.5	5.1
Massachusetts	3.6	3.5	4.0
National Average	3.6	3.6	4.0
Source: U.S. Bureau of Labor Statistics			

According to Moody's Analytics, the Springfield MSA offers stability from a large healthcare presence and below-average employment volatility. Weaknesses in the job market include underrepresentation in technology, persistent out-migration of skilled youth, and low labor force participation. Top employers in the area include Baystate Health, MassMutual Financial Group, and General Dynamics Advanced Info Systems.

The Amherst Town-Northampton, MA MSA maintains a large university presence and a highly educated workforce. However, the Amherst Town-Northampton, MA MSA faces similar challenges regarding university student out-migration post-graduation and underrepresentation in white-collar industries, including technology and finance. Top employers in the area include the University of Massachusetts, Amherst College, and Smith College.

Competition

The bank operates in a highly competitive market for financial services. According to the June 30, 2025 FDIC Deposit Market Share Report, 18 financial institutions operated 108 branches in the assessment area. PeoplesBank, TD Bank, N.A., Bank of America, N.A., Westfield Bank, and Country Bank for Savings were the top five institutions with a combined deposit market share of 63.0 percent. MSB ranked 9th with a 5.2 percent market share. Most financial institutions in the deposit market share report were large or national banks.

The bank faces a high level of competition for home mortgages from national lenders, mortgage companies, credit unions, and community banks. According to the 2024 Home Mortgage Disclosure Act (HMDA) aggregate data, 310 lenders originated or purchased 8,989 mortgages in the assessment area. MSB ranked 30th with a market share of 1.5 percent and exceeded one similarly situated institution, Greenfield Co-operative Bank, (ranked 46th with a 0.5 percent market share). The top five lenders were Fairway Independent Mortgage Corporation, Westfield Bank, Citizens Bank, N.A., PeoplesBank, and Rocket Mortgage, LLC with a combined market share of 22.3 percent.

The bank is not required to collect or report its small business loan data; therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, examiners analyzed 2024 peer small business data to evaluate the level of demand and competition for small business loans in the assessment area. According to the 2024 CRA aggregate data, 99 lenders originated or purchased 12,740 small business loans in the assessment area. The top five lenders were American Express National Bank, JPMorgan Chase Bank, N.A., Citibank, N.A.; Capital One, N.A., and Bank of America, N.A. with a combined market share of 62.1 percent.

Community Contacts

As part of the evaluation process, examiners contact third parties who are 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 assists in determining available credit and community development opportunities in the bank's assessment area.

Examiners contacted an economic development organization that offers assistance to new and existing small businesses in Berkshire, Franklin, Hampden, and Hampshire Counties. The contact highlighted that access to credit remains a significant challenge for low- and moderate-income individuals pursuing small business entrepreneurship. The contact mentioned that low- and moderate-income communities would benefit from a creative and flexible pathway to economic mobility and support for business creation.

Examiners also contacted a housing ministry that provides affordable housing services to low-income families in Hampden County. The contact mentioned the combination of rising property values, stagnant wages, and a shortage of available housing units limit affordable housing opportunities for low- and moderate-income individuals in the assessment area. These factors create significant financial barriers and stifle affordable housing opportunities for such individuals. The contact indicated that financial institutions could support affordable housing activities by offering sustained financial assistance to organizations that support affordable housing.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, information from the bank, demographic and economic data to determine the combined assessment area's primary credit and community development needs. Examiners determined that affordable housing, community services for low- and moderate-income individuals, and economic development for small businesses represent the primary community development needs. Examiners determined that loans to support affordable housing projects and small businesses are the primary credit needs. Opportunities exist for financial institutions to offer flexible financing for affordable housing projects, and to provide downpayment assistance options for low- and moderate-income individuals. In addition, opportunities exist to offer flexible and creative financing options to support small businesses and facilitate economic development.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 31, 2022, to the current evaluation dated December 1, 2025. Examiners used the FFIEC Intermediate Small Institution Examination Procedures to evaluate Monson Savings Bank's CRA performance. These procedures consist of the Lending Test and Community Development Test. Please refer to the Appendices for a complete description of each test

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. The bank did not originate a significant portion of consumer loans and did not originate any small farm loans throughout the evaluation period. Therefore, examiners did not include small farm or consumer loans in the analysis, as they provided no material support for conclusions or ratings.

Examiners analyzed the home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application register (LARs) for 2022, 2023, and 2024. Monson Savings Bank reported 300 loans totaling $107.4 million in 2022, 152 loans totaling $45.9 million in 2023, and 142 loans totaling $61.3 million in 2024. Examiners presented all three years of home mortgage lending data in the Assessment Area Concentration table. For the Geographic Distribution and Borrower Profile criteria, examiners presented the bank's 2023 and 2024 home mortgage lending performance, as 2024 is the most recent year for which aggregate data was available, and included 2023 data for trend analysis. Examiners also compared the 2023 and 2024 home mortgage lending performance to the 2020 U.S. Census demographic data.

As an Intermediate Small Institution, MSB is not required to collect and report small business loan data. However, the bank voluntarily collected small business data during the evaluation period; therefore, examiners considered all small business loans originated in 2022, 2023, and 2024. The bank originated 96 loans totaling $19.7 million in 2022, 97 loans totaling $21.9 million in 2023, and 79 loans totaling $16.0 million in 2024. Similar to home mortgage loans, examiners presented all three years of small business lending data in the Assessment Area Concentration table. For the Geographic Distribution and Borrower Profile criteria, examiners presented the bank's 2023 and 2024 small business lending performance. As the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. D&B data for 2023 and 2024 provided a standard of comparison for small business lending.

For the Lending Test, examiners analyzed and presented the number and dollar volume of home mortgage and small business loans. However, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and businesses served. When determining the overall conclusions, examiners assigned greater weight to home mortgage lending performance, as the volume of home mortgage loans originated exceeded the volume of small business loans.

For the Community Development Test, examiners considered the number and dollar amount of qualified community development loans and investments and the number of community development services from the prior evaluation through the current evaluation period.

Examiners obtained demographic and economic information referenced in this evaluation from the 2020 U.S. Census, D&B, and the U.S. BLS. Financial data is based on the September 30, 2025, Report of Condition and Income (Call Report).

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank demonstrated Satisfactory performance under the Lending Test. The bank's performance under each Lending Test criteria supports this conclusion. The following sections summarize the bank's performance under each criterion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Examiners analyzed the bank's LTD ratio for the past 14 calendar quarters from June 30, 2022, to September 30, 2025. The bank's average quarterly LTD ratio was 89.9 percent, ranging from a low of 79.4 percent as of June 30, 2022, to a high of 93.5 percent as of December 31, 2023. The bank's LTD ratio is higher than comparable institutions, as shown in the table below. Examiners selected comparable institutions based on their asset size, geographic location, and loan composition.

LTD Ratio Comparison		
Bank	**Total Assets as of 09/30/2025 ($000s)**	**Average Net LTD Ratio (%)**
Monson Savings Bank	**747,779**	**89.9**
Athol Savings Bank	581,401	87.1
Bay State Savings Bank	681,203	77.9
Greenfield Co-operative Bank	835,875	69.1
Source: Reports of Condition and Income 06/30/2022 - 09/30/2025		

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar amount, within the assessment area. The following table illustrates the bank's home mortgage and small business lending inside and outside of the assessment area by loan category and year.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollar Amount of Loans $(000)**				**Total $(000)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$**	**%**	**$**	**%**	
Home Mortgage										
2022	194	64.7	106	35.3	300	65,934	61.4	41,416	38.6	107,350
2023	91	59.9	61	40.1	152	23,656	51.5	22,291	48.5	45,947
2024	85	59.9	57	40.1	142	31,097	50.7	30,249	49.3	61,346
Subtotal	**370**	**62.3**	**224**	**37.7**	**594**	**120,687**	**56.2**	**93,956**	**43.8**	**214,643**
Small Business										
2022	82	85.4	14	14.6	96	15,225	77.1	4,512	22.9	19,737
2023	58	59.8	39	40.2	97	12,440	56.8	9,471	43.2	21,911
2024	60	75.9	19	24.1	79	12,147	75.8	3,870	24.2	16,017
Subtotal	**200**	**73.5**	**72**	**26.5**	**272**	**39,812**	**69.0**	**17,853**	**31.0**	**57,665**
Total	**570**	**65.8**	**296**	**34.2**	**866**	**160,499**	**58.9**	**111,809**	**41.1**	**272,308**
Source: HMDA Reported Data; Bank Data										

<u>Geographic Distribution</u>

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance in home mortgage lending primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table illustrates the bank's dispersion of home mortgage loans by census tract income level within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner Occupied Housing Units**	**HMDA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	3.4	6.2	3	3.3	440	1.9
2024	3.2	6.0	3	3.5	118	0.4
Moderate						
2023	21.2	25.6	14	15.4	3,003	12.7
2024	17.7	22.4	14	16.5	4,045	13.0
Middle						
2023	21.2	25.6	14	15.4	3,003	12.7
2024	17.7	22.4	14	16.5	4,045	13.0
Upper						
2023	39.8	33.6	54	59.3	15,357	64.9
2024	37.8	33.1	47	55.3	14,686	47.2
NA						
2023	0.0	0.1	0	0.0	0	0.0
2024	0.0	0.2	0	0.0	0	0.0
Total						
2023	**100.0**	**100.0**	**91**	**100.0**	**23,656**	**100.0**
2024	**100.0**	**100.0**	**85**	**100.0**	**31,097**	**100.0**
Source: 2020 Census; Bank Data; 2023, 2024 HMDA Aggregate Data						

The bank's performance of lending to low- and moderate-income borrowers was consistent from 2023 to 2024, with slightly increasing percentages considering the smaller number of total loans from year to year. While the bank's performance of lending to low-income borrowers was consistently below aggregate data, it was relatively consistent with demographic data each year. Although the bank's performance in moderate-income tracts was below aggregate performance and demographic data in 2023, its percentage increased and was comparable to demographic data in 2024.

HMDA market share reports for 2023 and 2024 provide additional context that supports reasonable performance. In 2023, 126 lenders made 481 home mortgage loans in low-income tracts and 213 lenders made 2,110 home mortgage loans in moderate-income tracts. MSB ranked 40th with a 0.83 percent market share and 42nd with a 0.66 percent market share in low- and moderate-income tracts respectively. In 2024, 130 lenders made 543 home mortgage loans in low-income tracts and 202 lenders made 2,015 home mortgage loans in moderate-income tracts. MSB ranked 44th with 0.55 percent market share and 36th with a 0.69 percent market share in low- and moderate-income tracts respectively.

In 2023, The top five lenders for moderate-income tracts were Citizens Bank, N.A., Pennymac Loan Services, LLC, Movement Mortgage, LLC., Fairway Independent Mortgage Corp., and United Wholesale Mortgage, LLC., which collectively originated or purchased 515 mortgages and held 24.4 percent of the market share. Considering the high level of competition in the assessment area, the location of MSB branches relative to low- and moderate-income tracts, trends in bank performance, and market share data, performance is reasonable overall.

Small Business Loans
The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The following table illustrates the bank's performance by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2023	14.7	1	1.7	500	4.0
2024	14.2	4	6.7	2,704	22.3
Moderate					
2023	27.2	10	17.2	3,450	27.7
2024	23.3	7	11.7	1,572	12.9
Middle					
2023	25.7	6	10.3	774	6.2
2024	32.0	7	11.7	2,180	18.0
Upper					
2023	31.8	40	69.0	7,666	61.6
2024	29.8	42	70.0	5,691	46.9
NA					
2023	0.7	1	1.7	50	0.4
2024	0.7	0	0.0	0	0.0
Total					
2023	**100.0**	**58**	**100.0**	**12,440**	**100.0**
2024	**100.0**	**60**	**100.0**	**12,147**	**100.0**
Source: 2023, 2024 D&B Data; Bank Data					

As shown in the previous table, the bank's small lending in low-income census tracts was significantly below demographic data in 2023 and 2024. In addition, the bank's performance of lending in moderate-income tracts was also below demographic data both years. These comparisons and trends reflect poor performance of small business lending in the assessment area's low- and moderate-income census tracts.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage lending primarily supports this conclusion.

__Home Mortgage Loans__

The distribution of borrowers reflects reasonable penetration among individuals of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**HMDA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	27.6	7.5	6	6.6	525	2.2
2024	25.7	5.2	4	4.7	139	0.5
Moderate						
2023	16.6	24.9	14	15.4	1,737	7.3
2024	16.6	19.5	11	12.9	1,212	3.9
Middle						
2023	18.1	26.5	19	20.9	4,319	18.3
2024	17.9	28.4	20	23.5	4,509	14.5
Upper						
37.7	26.8	41	45.1	14,196	60.0	37.7
39.9	30.7	34	40.0	13,205	42.5	39.9
NA						
2023	0.0	14.3	11	12.1	2,879	12.2
2024	0.0	16.2	16	18.8	12,032	38.7
Total						
2023	**100.0**	**100.0**	**91**	**100.0**	**23,656**	**100.0**
2024	**100.0**	**100.0**	**85**	**100.0**	**31,097**	**100.0**
Source: 2020 Census; Bank Data; 2023, 2024 HMDA Aggregate Data						

Similar to trends in aggregate performance and demographic data, MSB's lending activity to low- and moderate-income borrowers generally decreased throughout the evaluation period. As shown in the table above, the bank's lending to low-income borrowers was comparable to aggregate performance and below the percentage of families in 2023 and 2024. While the bank's lending to moderate-income borrowers was below aggregate performance in 2023 and 2024, performance was comparable to demographic data in 2023.

Examiners considered the percentage of low-income families living below the poverty level and the median family incomes of low- and moderate-income families compared to the median home value in 2024. A low-income family living below the poverty level would face difficulties qualifying for a mortgage under conventional underwriting standards. These factors help explain the gap between the percentage of low-income families compared to the bank and aggregate performance.

Market share data for 2023 and 2024 further support reasonable performance. In 2023, 110 lenders made 617 loans to low-income borrowers, and 167 lenders made 2,050 loans to moderate-income borrowers. MSB ranked 26th with a 0.97 percent market share and 36th with a 0.68 percent market share in lending to low- and moderate-income borrowers, respectively. In 2024, 98 lenders made 469 loans to low-income borrowers, and 163 lenders made 1,754 loans to moderate-income borrowers within the assessment area. MSB ranked 29th with a 0.85 percent market share and 37th with a 0.63 percent market share for low- and moderate-income borrowers, respectively.

In 2024, The top five lenders, including Fairway Independent Mortgage Corp., Citizens Bank, N.A., Rocket Mortgage, LLC., United Wholesale Mortgage, LLC., and PeoplesBank, collectively made 528 mortgages, and held 30.1 percent of the market share of lending to moderate-income borrowers. Overall, the bank's trends and comparisons, as well as market share data further support reasonable performance.

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GARs of $1.0 million or less was below the percentage of businesses of this GAR level in 2023 and 2024.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<= $1,000,000					
2023	86.4	37	63.8	3,964	31.9
2024	85.9	28	46.7	3,271	26.9
> $1,000,000					
2023	4.3	21	36.2	8,476	68.1
2024	4.3	32	53.3	8,876	73.1
Revenue Not Available					
2023	9.3	0	0.0	0	0.0
2024	9.9	0	0.0	0	0.0
Total					
2023	**100.0**	**58**	**100.0**	**12,440**	**100.0**
2024	**100.0**	**60**	**100.0**	**12,147**	**100.0**
Source: 2023, 2024 D&B Data; Bank Data					

While MSB's performance was consistently below demographic data, the bank originated nearly half of all small business loans each year to businesses with GARs of $1.0 million or less. This performance is comparable to the previous evaluation.

Further, similarly situated institutions maintained comparable performance. For two institutions, performance of lending to businesses with GARs of $1.0 million or less was below the percentage of businesses with GARs of this level and was also approximately half of total loans.

Although the bank is not a CRA reporter, examiners reviewed 2024 aggregate data to consider the level of competition and demand for small business loans in the assessment area. The 2024 Small

Business Market Share Report revealed strong competition for small business loans within the assessment area. Specifically, the top five lenders were national credit card lenders that captured 62.1 percent of reported small business loans in the assessment area. These factors support reasonable small business lending performance.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates excellent responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

The bank originated 36 community development loans totaling approximately $14.4 million during the evaluation period. Community development loans accounted for 2.1 percent of average total assets and 2.6 percent of average net loans during the review period. This performance reflects an increase in dollars when compared to the prior evaluation, at which time the bank made 52 community development loans for $9.9 million.

The bank's community development loans, by number, primarily supported economic development initiatives, demonstrating its responsiveness to the assessment area's community development needs and opportunities. Since the bank was responsive to the community development credit needs within its assessment area, examiners also considered community development loans made outside of the assessment area. Of the 36 loans originated by MSB during the current evaluation period, 33 loans for approximately $12.1 million were located within the bank's assessment area and 3 loans totaling $2.2 million were located outside the bank's assessment area but benefited a broader state-wide or regional area that includes the assessment area. When compared to similarly situated institutions, MSB's community development lending exceeded one similarly situated institution by number and dollar volume. The following table illustrates the bank's community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2022 (Partial)	1	394	0	0	3	93	1	410	**5**	**897**
2023	0	0	0	0	10	591	1	1,200	**11**	**1,791**
2024	2	2,858	0	0	7	177	0	0	**9**	**3,035**
2025 (YTD)	5	8,321	0	0	4	100	2	234	**11**	**8,655**
Total	**8**	**11,573**	**0**	**0**	**24**	**961**	**4**	**1,844**	**36**	**14,378**
Source: Bank Data										

Below are notable examples of the bank's community development loans:

- In 2022, the bank originated a $1.2 million loan for the acquisition of two commercial buildings that housed a medical office and a private-duty, eldercare agency that provides in-home care. These buildings are situated in a federally designated opportunity zone in Springfield, MA. This loan qualifies for community development as it supports revitalization and stabilization within a low-income census tract that is also a designated opportunity zone.

- In 2024, the bank originated a $1.5 million loan for the purchase of five properties located in Holyoke and Springfield, MA. All 32 residential units were below the Department of Housing and Urban Development (HUD) HUD Fair Market rental rates for the area. This loan qualifies for community development as it provides affordable housing to low- and moderate-income individuals.

- In 2025, MSB originated a $4.8 million loan for the purchase of five properties located in Holyoke, MA. The mixed-use properties consisted of 72 residential units, and one unit utilized as a business. All 72 residential units were below HUD Fair Market rental rates for the area. This loan qualifies for community development as it provides affordable housing to low- and moderate-income individuals.

- During the evaluation period, the bank originated 23 loans for approximately $952,000 through the Massachusetts Capital Access Program. These loans provide funding for startups, expansion of existing businesses, or permanent working capital to businesses with 200 or fewer employees. These loans qualify for community development as they support economic development to small businesses that provide jobs for low- and moderate-income individuals, or within low- and moderate-income geographies.

<u>Qualified Investments</u>

Monson Savings Bank made 157 qualified investments totaling approximately $1.7 million. This represents a significant increase from the previous evaluation, when the bank had 94 qualified investments for $935,000. The bank's equity investments total $1.3 million, and qualified donations total $437,000. This level of qualified investments represents 0.3 percent of average total assets and 2.3 percent of average total securities since the prior evaluation.

The bank's community development investment level is above all but one similarly situated institution. These qualified investments and donations demonstrate the bank's responsiveness to the affordable housing and community service needs within the assessment area. As the bank was responsive to the community development needs within its assessment area, examiners considered community development investment activity in the broader regional or statewide area.

The following table details qualified investments by year and purpose.

Community Development Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	1	658	0	0	0	0	0	0	**1**	**658**
2022 (Partial)	0	0	0	0	0	0	0	0	**0**	0
2023	0	0	0	0	0	0	0	0	**0**	0
2024	1	653	0	0	0	0	0	0	**1**	653
2025 (YTD)	0	0	0	0	0	0	0	0	**0**	0
Subtotal	2	1,311	0	0	0	0	0	0	**2**	**1,311**
Qualified Grants & Donations	9	31	120	328	13	36	9	41	**155**	**437**
Total	**11**	**1,342**	**120**	**328**	**13**	**36**	**9**	**41**	**157**	**1,748**
Source: Bank Data										

Equity Investments

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

- **Fannie Mae Mortgage-Backed Security (MBS) –** The bank maintains an investment purchased in 2018, which has a current book value of $658,056. The investment is secured by a loan for a 500-unit property in Springfield, MA. The property is primarily occupied by low- and moderate-income residents, as approximately 80 percent of the tenants earn less than 60.0 percent of the median income. This investment qualifies as community development through supporting affordable housing for low- and moderate-income individuals.

- **Federal Home Loan Mortgage Corp MBS –** The bank purchased a mortgage-backed security in 2024 totaling $652,660. The security is collateralized by three residential loans to moderate-income borrowers within the assessment area. This activity qualifies for community development through supporting affordable housing for low- and moderate-income individuals.

Qualified Donations

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

- **Caring Health Center** – The mission of the health center, located in Springfield, MA, is to eliminate health disparities by providing affordable healthcare for residents. Services include Primary Care, Behavioral Health, and Women Infants and Children (WIC) resources. The healthcare center is in a middle-income census tract and primarily serves low- and moderate-income residents of the surrounding low- and moderate-income areas. The bank's donation to the organization qualifies for community development by providing community services for low- and moderate-income individuals.

- **Food Bank of Western Massachusetts –** This local non-profit organization aims to increase food security and access to individuals in need. Programs include food distribution, community meals, and a mobile food bank in low- and moderate-income census tracts. The bank donated to this organization annually to support low- and moderate-income individuals. This activity qualifies for community development by providing community services for low- and moderate-income individuals.

- **Greater Springfield Habitat For Humanity –** The goal of the organization is to develop affordable housing for low-income individuals, as well as renovate and furnish housing for individuals in need. The bank donated to this organization through the evaluation period. This activity qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

- **Western Massachusetts Economic Development Council –** This organization aims to develop the economy through job growth and workforce development. Programs include recruiting and training coordination, technical assistance for small businesses in obtaining financing, and regional data resources. The bank's donations throughout the evaluation period qualify for community development by providing economic development through financing small businesses.

Community Development Services

Monson Savings Bank employees, officers, and directors provided 270 instances of financial expertise or technical assistance over a period of 3,050 hours to 38 different community development-related organizations. These services primarily supported organizations that provide community services for low- and moderate-income individuals.

The bank's level of community development services reflects a significant increase since the previous evaluation. Specifically, the number of instances increased three-fold, and the number of hours nearly doubled. Monson Savings Bank exceeded the performance of similarly situated institutions both by number of instances and hours.

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

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2022 (Partial)	0	194	130	0	**324**
2023	0	817	300	0	**1,117**
2024	0	852	154	17	**1,023**
2025 (YTD)	16	498	72	0	**586**
Totals	**16**	**2,361**	**656**	**17**	**3,050**
Source: Bank Data					

The following points illustrate notable examples of the bank's community development services..

Employee and Director Involvement

- **East of the River 5 Town Chamber of Commerce –** East of the River 5 exists to promote collaboration between small businesses and community members in a five-town region within the assessment area. The organization fosters business growth by providing technical assistance and education on a variety of business topics. The bank's business development officer serves on the organization's Board of Directors. This qualifies for community development by supporting economic development.

- **Hearts for Heat –** Hearts for Heat is a community-based charitable organization dedicated to providing heat to qualified residents of the Town of North Brookfield. This Low-Income Home Energy Assistance Program (LIHEAP) assists low-income individuals and families with the cost of heating their homes during the winter season. The bank's Vice President of Marketing serves on the Board of the organization. This qualifies for community development by providing community services to low- and moderate-income individuals.

- **I Found Light Against All Odds –** I Found Light Against All Odds has a mission to create a safe, stable, and nurturing home environment for young women who are housing-insecure and in need of shelter and supportive services. In addition to the support for women, the organization provides tools for financial assistance and education. A commercial loan officer serves on the Board of the organization. This qualifies for community development by providing community services to low- and moderate-income individuals.

- **Quaboag Valley Business Assistance Corp (QVBAC) –** The QVBAC provides grants, loans, and support to help small businesses grow and prosper. This includes hands-on support with business plan development, financial projections, and loan application preparation. A bank commercial credit officer serves as a Board and committee member for the organization. This qualifies for community development by supporting economic development.

- **United Way of Pioneer Valley (UWPV) –** UWPV mobilizes people and resources to strengthen communities by providing essential social services to low- and moderate-income individuals and communities in the assessment area. The organization supports financial literacy, education, tax assistance, fuel assistance, and workforce development. The bank's Chairman of the Board serves on the Board of the UWPV. This qualifies for community development by supporting community services to low- and moderate-income individuals.

- **Western Mass Economic Development Council** – The Western Mass Economic Development Council's mission is to stimulate and facilitate a vigorous regional economy. The goal is to improve the region's economy through quality job growth, capital investment, and economic advocacy. The bank's Board Chairman serves as treasurer on the Board of the organization. This qualifies for community development by supporting economic development in the assessment area.

Financial Literacy Education

- **Follow My Steps Foundation** – Follow My Steps was created to help youth in under-resourced communities to build career skills and develop and enhance financial literacy. The organization has developed a mentorship program that matches young professionals and students in thematic programs that assist with financial literacy, networking, time management, and healthy living. A bank VP of Retail Branch Administration volunteers with the organization for their financial literacy programs. This qualifies for community development by providing community services to low- and moderate-income individuals.

- **Quabbin Wire** – Bank employees provide a financial literacy class to employees of Quabbin Wire, a manufacturing company in the assessment area. The class focused on budgeting and investing, and the majority of the company's employees that attended were of moderate-income levels. This qualifies for community development by providing community services to low- and moderate-income individuals.

Other Community Development Services

- **Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)** – The bank is a participant in the Massachusetts IOLTA Program. This program requires lawyers and law firms to establish interest-bearing accounts for client deposits which are for a short period of time. The pooled interest on IOLTA accounts makes improvements to the administration of justice and supports the delivery of legal services to low-income clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

DIVISION OF BANKS 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. 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. The bank has a good record relative to fair lending policies and procedures.

Minority Application Flow

The bank's HMDA LARs for 2023 and 2024 were reviewed to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 ACS U.S. Census data, the bank's assessment area contained a total population of 281,251 individuals of which 41.9 percent are minorities. The assessment area's minority and ethnic populations consist of 0.2 percent American Indian or Alaska Native, 3.6 percent Asian, 11.2 percent Black or African American, 0.1 percent Native Hawaiian or Pacific Islander, 27.2 percent Hispanic or Latino, and 5.1 percent Other Race.

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

MINORITY APPLICATION FLOW						
RACE	2023		2023 Aggregate Data	2024		2024 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.7	0	0.0	0.9
Asian	0	0.0	2.7	3	2.6	3.0
Black/ African American	2	1.8	8.4	7	6.1	9.6
Hawaiian/Pacific Islander	1	0.9	0.3	0	0.0	0.4
2 or more Minority	0	0.0	0.3	1	0.9	0.3
Joint Race (White/Minority)	2	1.8	1.4	2	1.7	1.4
Total Racial Minority	**5**	**4.5**	**13.8**	**13**	**11.3**	**15.6**
White	86	76.8	58.4	85	73.9	58.3
Race Not Available	21	18.7	27.8	17	14.8	26.1
Total	**112**	**100.0**	**100.0**	**115**	**100.0**	**100.0**
ETHNICITY						
Hispanic or Latino	3	2.7	17.1	10	8.7	17.4
Joint (Hisp/Lat /Not Hisp/Lat)	4	3.6	1.7	5	4.4	1.8
Total Ethnic Minority	**7**	**6.3**	**18.8**	**15**	**13.1**	**19.2**
Not Hispanic or Latino	85	75.9	56.7	82	71.3	57.7
Ethnicity Not Available	20	17.8	24.5	18	15.6	23.1
Total	**112**	**100.0**	**100.0**	**115**	**100.0**	**100.0**
Source: ACS U.S. Census 2020, HMDA Aggregate Data 2023 and 2024, HMDA LAR Data 2023 and 2024						

In 2023, the bank received 112 home mortgage loan applications from within its assessment area. Five of these applications were received from racial minority applicants. The bank's racial minority application performance was below that of aggregate lenders. For the same period, the bank received seven applications from ethnic groups of Hispanic origin within its assessment area. The bank's ethnic minority application flow was similarly below that of aggregate lenders.

The bank's minority application flow performance improved considerably in 2024. The bank's applications from racial minority consumers more than doubled by number and percentage. The bank's applications from ethnic minority consumers similarly doubled by number and percentage

The bank's lending patterns correspond to a historical lending footprint in nonminority areas with relatively recent expansion into majority minority areas with increased competition. The bank's percentage of 2024 home mortgage applications from racial minority applicants within the assessment area demonstrated an increase over 2023's lending by both number and percentage. The bank's performance in ethnic minority application flow similarly increased in 2024. The bank's lending outreach and marketing strategies reflect effort to increase activity in areas with significant concentrations of majority minority census tracts (e.g., Springfield).

Considering the assessment area's demographic composition, economic data, and market competition, the bank's minority application flow is considered reasonable.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
3) The geographic distribution of the bank's loans;
4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

1) The number and amount of community development loans;
2) The number and amount of qualified investments;
3) The extent to which the bank provides community development services; and
4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
  (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 <u>financial</u> services; and
(3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

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

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

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

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

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

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

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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