

# **PUBLIC DISCLOSURE**

October 14, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Newburyport Five Cents Savings Bank  
Certificate Number: 90251

63 State Street  
Newburyport, Massachusetts 01950

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION .....	7
CONCLUSIONS ON PERFORMANCE CRITERIA .....	8
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	18
DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES .....	19
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA .....	21
GLOSSARY .....	22

## 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 more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution 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 Outstanding.**

- The institution demonstrated excellent 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.

## DESCRIPTION OF INSTITUTION

### **Background**

Newburyport Five Cents Savings Bank (NFSB), headquartered in Newburyport, Massachusetts (MA), is a state-chartered savings bank. NFSB is a wholly owned subsidiary of River Run Bancorp, Inc. (RRB), a three-bank holding company. RRB also owns Pentucket Bank (Haverhill, MA) and Rollstone Bank (Fitchburg, MA). NFSB has two subsidiaries that buy, hold, and sell securities: Newburyport Five Securities Corporation I and Newburyport Five Securities Corporation II. Additionally, the bank has an affiliate, the Newburyport Bank Charitable Foundation Inc.

The Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division) previously evaluated the bank's CRA performance as of November 29, 2021, using the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Institution (ISI) Examination Procedures. The bank received a Satisfactory rating.

### **Operations**

In addition to its main office in Newburyport, NFSB operates eight full-service branches. The branches are in Amesbury, Newbury, Newburyport, and Salisbury, in MA; and Dover, Exeter, Hampton, and Portsmouth in New Hampshire (NH). All branches are in the Boston-Cambridge-Newton, MA-NH Multistate Metropolitan Statistical Area (MSA). The MSA includes the Cambridge-Newton-Framingham, MA and Rockingham County-Strafford County, NH Metropolitan Divisions (MD). Each full-service branch maintains a 24-hour drive-up interactive teller machine (ITM). Additionally, the bank has three limited-service branches located in Amesbury and Salisbury in MA and Portsmouth in NH. Since the previous evaluation, the bank closed a limited-service branch in Newburyport, MA in March 2022; renovated and re-opened a full-service branch as a limited-service branch in Portsmouth, NH in November 2024; and opened an ITM at the Salisbury Beach Pavilion in May 2023. Renovating and re-opening a full-service branch as a limited-service branch in Portsmouth, NH did not negatively impact moderate-income areas as the bank operates an additional full-service branch in Portsmouth, NH.

NFSB offers home mortgage, commercial, and consumer loans with a continued primary focus on residential and commercial lending. Additionally, the bank offers government loan programs such as Federal National Mortgage Association (Fannie Mae) – Home Ready mortgage loans, Veterans Administration loans, and Small Business Administration (SBA) loans. Further, the bank offers special lending programs for first-time homebuyers. Additionally, the bank offers standard personal and business deposit products.

### **Ability and Capacity**

As of June 30, 2025, NFSB reported total assets of \$1.6 billion, of which loans totaled \$1.3 billion. Deposits totaled \$1.3 billion. Real estate loans secured by nonfarm nonresidential properties make up the largest portion of the bank's loan portfolio, followed by real estate loans secured by 1-4 family residential properties. This is a slight change from the previous evaluation in which real

estate loans secured by 1-4 family residential properties made the largest portion, followed by nonfarm nonresidential properties. The following table illustrates a breakdown of the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of 06/30/2025</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	90,582	6.8
Secured by Farmland	885	0.1
Secured by 1-4 Family Residential Properties	472,273	35.2
Secured by Multifamily (5 or more) Residential Properties	127,558	9.5
Secured by Nonfarm Nonresidential Properties	480,909	35.8
<b>Total Real Estate Loans</b>	<b>1,172,207</b>	<b>87.4</b>
Commercial and Industrial Loans	138,641	10.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	24,285	1.7
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	7,413	0.6
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>1,342,546</b>	<b>100.00</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

NFSB designated one contiguous assessment area in the Boston-Cambridge-Newton, MA-NH Multistate MSA, which covers portions of Essex County in MA and portions of Rockingham and Strafford counties in NH. The assessment area consists of the following nine MA towns: Amesbury, Georgetown, Groveland, Merrimac, Newbury, Newburyport, Rowley, Salisbury, and West Newbury. The bank’s assessment area contains the following 26 NH towns: Brentwood, Dover, Durham, East Kingston, Epping, Exeter, Greenland, Hampton, Hampton Falls, Kensington, Kingston, Lee, Madbury, New Castle, Newmarket, Newfields, Newton, Newington, North Hampton, Portsmouth, Rollinsford, Rye, Seabrook, Somersworth, South Hampton, and Stratham. The assessment area has not changed since the previous examination; however, the number of census tracts in the assessment area increased due to the Office of Management and Budget’s 2022 remapping changes.

### **Economic and Demographic Data**

NFSB’s assessment area consists of 68 census tracts that reflect the following income designations:

- 8 moderate-income tracts,

- 37 middle-income tracts,
- 22 upper-income tracts, and
- 1 tract with no income designation

The eight moderate-income tracts are in Amesbury and Salisbury in MA and Dover (2), Portsmouth, Seabrook, and Somersworth (2) in NH.

The assessment area contains four tracts designated as Qualified Opportunity Zones (QOZs). QOZs are economically distressed communities approved by the United States (U.S.) Department of Treasury, with the intent of spurring economic development and creating jobs. The QOZs are in Dover, Durham, Seabrook, and Somersworth in NH. The following table illustrates select demographic characteristics of the assessment area using the 2020 U.S. Census data.

<b>Demographic Information of the Assessment Area</b>							
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>N/A* % of #</b>	
Geographies (Census Tracts)	68	0.0	11.8	54.4	32.4	1.5	
Population by Geography	281,251	0.0	13.0	55.3	31.3	0.3	
Housing Units by Geography	124,987	0.0	13.8	56.7	28.8	0.7	
Owner-Occupied Units by Geography	80,732	0.0	11.5	56.6	31.5	0.4	
Occupied Rental Units by Geography	32,560	0.0	21.7	55.6	22.7	0.1	
Vacant Units by Geography	11,695	0.0	7.8	60.9	27.1	4.2	
Businesses by Geography	38,131	0.0	11.6	49.5	38.6	0.3	
Farms by Geography	456	0.0	6.4	46.7	46.5	0.4	
Family Distribution by Income Level	72,438	16.8	19.5	22.3	41.3	0.0	
Household Distribution by Income Level	113,292	23.2	16.5	19.4	40.9	0.0	
Median Family Income MD - 15764 Cambridge-Newton-Framingham, MA MD	\$121,481 \$107,377	Median Housing Value				\$	399,325
Median Family Income MD - 40484 Rockingham County-Strafford County, NH MD		Median Gross Rent				\$	1,268
		Families Below Poverty Level					3.7%
<i>Source: 2020 Census And 2024 D&amp;B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>							

According to 2024 D&B data, 38,131 businesses operate in the assessment area. The following reflects the gross annual revenues (GARs) for these businesses.

- 89.6 percent have \$1.0 million or less,
- 3.2 percent have more than \$1.0 million, and
- 7.2 percent have unknown revenues

Non-classifiable establishments represent the largest portion of businesses at 20.8 percent; followed by professional, scientific, and technical services (12.1 percent); and real estate rental and leasing (8.2 percent). In addition, 68.5 percent of area businesses have four or fewer employees and 92.6 percent operate from a single location.

Examiners used the 2022, 2023, and 2024 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥ 120%</b>
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
2024 (\$146,600)	<\$73,300	\$73,300 To <\$117,280	\$117,280 To <\$175,920	≥\$175,920
2023 (\$146,200)	<\$73,100	\$73,100 To <\$116,960	\$116,960 To <\$175,440	≥\$175,440
2022 (\$138,700)	<\$69,350	\$69,350 To <\$110,960	\$110,960 To <\$166,440	≥\$166,440
<b>Rockingham County-Strafford County, NH MD Median Family Income (40484)</b>				
2024 (\$138,600)	<\$69,300	\$69,300 To <\$110,880	\$110,880 To <\$166,320	≥\$166,320
2023 (\$135,200)	<\$67,600	\$67,600 To <\$108,160	\$108,160 To <\$162,240	≥\$162,240
2022 (\$122,500)	<\$61,250	\$61,250 To <\$98,000	\$98,000 To <\$147,000	≥\$147,000
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The preceding table shows that 64.6 percent of the area’s 124,987 housing units are owner-occupied. In contrast, of the housing units in the moderate-income census tracts, 11.5 percent are owner-occupied. The larger percentage of rental units in the moderate-income census tracts indicates much greater opportunity to rent than to own. The assessment area’s median housing value is \$399,325.

As the following table illustrates, unemployment rates in the assessment area increased during the evaluation period. This trend is similar to statewide and national unemployment.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2023</b>	<b>2024</b>	<b>August 2025</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Essex County, MA	3.5	4.1	4.4
Rockingham County, NH	2.4	2.8	2.9
Strafford County, NH	2.0	2.3	2.6
MA	3.5	4.0	4.8
NH	2.3	2.6	3.0
National Average	3.6	4.0	4.3
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

The assessment area is competitive for financial services. According to FDIC Deposit Market share data as of June 30, 2025, 24 financial institutions operated 84 branches. Of these, NFSB ranked 3<sup>rd</sup> with an 11.9 percent market share. TD Bank ranked 1<sup>st</sup> with a 20.9 percent market share, followed by Institution for Savings in Newburyport and Its Vicinity with a 13.8 percent market share.

The bank faces a high level of competition for home mortgage loans from national banks, credit unions, mortgage companies, and other state-chartered community banks in the assessment area. In 2024, 366 lenders reported 10,260 residential mortgage loans. NFSB ranked 19<sup>th</sup> with 1.4 percent market share. Community Bank, N.A. ranked 1<sup>st</sup> with 7.3 percent market share, followed by CMG Mortgage Incorporated with 5.4 percent market share and Service Federal Credit Union with 5.2 percent market share.

There is also a high level of competition for small business loans, particularly from national banks, in the assessment area. NFSB is not required to collect or report its small business loan data. Nonetheless, the bank collected the data, but did not report it. Therefore, the small business loan analyses under the Lending Test does not include comparisons against aggregate data. This evaluation; however, references the aggregate data, as it indicates the level of demand for small business loans. Aggregate data is only available at the county level; therefore, the data represents all of Essex, Rockingham, and Strafford counties. In 2023, the top seven lenders were national banks with a total market share of 76.1 percent. American Express National Bank captured the greatest share at 30.1 percent.

## **Community Contact**

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

Examiners met with a community service organization that serves the assessment area. The organization provides individuals and families with local, state, private, and federal resources as well as opportunities to overcome poverty.

The contact discussed many challenges the community faces including the high cost of housing and utilities, food insecurity, and a general lack of economic mobility. The contact highlighted several organization-sponsored programs that local financial institutions support including utility-cost support (particularly in the winter), early child and adult education, digital literacy, and English as a second language. The contact stated that many financial institutions are receptive to community needs and host programs to address local issues.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable home mortgage loans are a primary credit need of the assessment area. Further, affordable housing and community services for low- and moderate-income individuals are primary community development needs.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated November 29, 2021, to the current evaluation dated October 14, 2025. Examiners used ISI Examination Procedures to evaluate NFSB's performance. These procedures consist of the Lending and Community Development Tests. Please refer to the appendices for a complete description of the testing criteria. Examiners used full-scope procedures to assess NFSB's performance in its single assessment area.

### **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 and purchases during the evaluation period. When determining the overall conclusions, examiners assigned greater weight to home mortgage lending performance, as the number of home mortgage originations exceeded the volume of small business loans. Examiners neither considered small farm loans because the bank originated one small farm loan during the evaluation period nor consumer loans as they did not represent a major product line. Therefore, examiners did not present them, as they provided no material support for conclusions or ratings.

Examiners analyzed the home mortgage loans reported on the bank's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). NFSB reported 250 loans totaling \$144.2 million in 2022, 189 loans totaling \$122.1 million in 2023, and 178 loans totaling \$118.2 million in 2024. Due to the high interest rate environment and high home prices, home mortgage lending declined during the evaluation period. Examiners compared the bank's 2022, 2023, and 2024 home mortgage lending performance to aggregate data for each year under the Geographic Distribution and Borrower Profile criteria. Examiners also compared the 2022, 2023, and 2024 home mortgage lending performance to the 2020 U.S. Census demographic data.

As an ISI, NFSB 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 originations in 2022, 2023, and 2024. The bank originated 66 loans totaling \$16.5 million in 2022, 75 loans totaling \$19.3 million in 2023, and 93 loans totaling \$28.8 million in 2024. Examiners compared the bank’s small business lending performance to D&B data.

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 greater indicator of the number of individuals and businesses served.

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.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The bank demonstrated Satisfactory performance under the Lending Test. The following sections summarize the bank’s performance under each criterion.

#### **Loan-to-Deposit Ratio**

The LTD ratio is more than reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data, averaged 102.1 percent over the past 15 calendar quarters from December 31, 2021 to June 30, 2025. The LTD ratio ranged from a high of 111.1 percent as of December 31, 2023 to a low of 94.8 percent as of March 31, 2022. The bank’s average LTD ratio for the evaluation period was higher than the average of three similarly situated institutions (SSIs) as shown in the following table. Examiners selected SSIs based on geographic location and lending focus.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2025 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Newburyport Five Cents Savings Bank</b>	<b>1,615,728</b>	<b>102.1</b>
Pentucket Bank	1,084,078	94.8
North Shore Savings Bank	2,962,088	90.1
BankProv	1,540,793	99.6
<i>Source: Reports of Condition and Income 12/31/2021 - 06/30/2025</i>		

**Assessment Area Concentration**

The bank originated a majority of home mortgage and small business loans, by number and dollar amount, within the assessment area. Home mortgage lending inside the assessment area fluctuated throughout the evaluation period. In 2023, purchasing loans secured by collateral located outside the assessment area resulted in less than a majority of lending by both number and dollar amount occurring within the assessment area. Similarly, in 2024, as several HMDA-reportable commercial real estate originations were secured by property located outside the assessment area, this resulted in less than a majority of originations by dollar being inside the assessment area.

Small business lending inside the assessment area also fluctuated during the evaluation period. In particular, in 2024, lending activity inside the assessment area by dollar declined and represented less than a majority. The following table illustrates the bank’s home mortgage and small business lending inside and outside of the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2022	147	58.8	103	41.2	250	78,240	54.3	65,910	45.7	144,150
2023	87	46.0	102	54.0	189	50,451	41.3	71,666	58.7	122,117
2024	113	63.5	65	36.5	178	57,100	48.3	61,096	51.7	118,196
<b>Subtotal</b>	<b>347</b>	<b>56.2</b>	<b>270</b>	<b>43.8</b>	<b>617</b>	<b>185,791</b>	<b>48.3</b>	<b>198,672</b>	<b>51.7</b>	<b>384,463</b>
Small Business										
2022	49	74.2	17	25.8	66	10,382	62.9	6,134	37.1	16,516
2023	54	72.0	21	28.0	75	12,880	66.9	6,380	33.1	19,260
2024	53	57.0	40	43.0	93	13,252	45.9	15,594	54.1	28,846
<b>Subtotal</b>	<b>156</b>	<b>67.7</b>	<b>78</b>	<b>32.3</b>	<b>234</b>	<b>36,514</b>	<b>58.6</b>	<b>28,108</b>	<b>41.4</b>	<b>64,622</b>
<b>Total</b>	<b>513</b>	<b>61.8</b>	<b>352</b>	<b>38.2</b>	<b>851</b>	<b>224819</b>	<b>53.3</b>	<b>227414</b>	<b>46.7</b>	<b>452,233</b>

*Source: HMDA Reported Data; CRA Collected Data*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts when evaluating geographic distribution.

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion.

Lending in the moderate-income tracts fluctuated throughout the evaluation period. In 2022, the bank’s performance was below both demographics and aggregate. However, performance improved in 2023, surpassing demographics and aggregate by six percent. Although performance declined in 2024, it remained comparable to demographics and aggregate performance. Lending to moderate-income individuals declined in 2024 due to rising interest rates and high home prices. The following table shows the distribution of home mortgage loans in the assessment area.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner- Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
<b>Moderate</b>						
2022	11.5	11.0	14	9.5	5,509	7.0
2023	11.5	11.3	15	17.2	5,740	11.4
2024	11.5	11.1	11	10.0	5,485	9.6
<b>Middle</b>						
2022	56.6	59.5	98	66.7	52,798	67.5
2023	56.6	58.3	53	60.9	31,702	62.8
2024	56.6	59.7	78	69.0	42,811	75.0
<b>Upper</b>						
2022	31.5	29.0	35	23.8	19,933	25.5
2023	31.5	30.0	17	19.5	12,388	24.6
2024	31.5	28.8	24	21.2	8,804	15.4
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>78,240</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>50,451</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>57,100</b>	<b>100.0</b>
<i>Source: 2020 Census Data; HMDA Reported Data; HMDA Aggregate Data</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion in the assessment area. The bank’s performance was below demographics throughout the evaluation period. Since the bank is not a CRA reporter, examiners cannot directly compare its performance to aggregate CRA data. However, aggregate CRA data provides additional insight into the level of loan demand. Specifically, 2022, 2023, and 2024 aggregate CRA data, respectively shows that all lenders combined made 10.3 percent, 11.6 percent, and 10.5 percent, respectively of loans in the moderate-income census tracts. This data reflects loan demand in the moderate-income tracts that is generally

consistent with demographics, but higher than the bank’s performance in those areas in 2022 and 2023 and significantly higher in 2024.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
2024	0.0	0	0.0	0	0.0
<b>Moderate</b>					
2022	11.4	4	8.2	482	4.6
2023	11.4	5	9.3	1,061	8.2
2024	11.6	3	5.7	730	5.5
<b>Middle</b>					
2022	50.4	29	59.2	6,279	60.5
2023	50.0	32	59.3	7,176	55.7
2024	49.5	35	66	9,618	72.6
<b>Upper</b>					
2022	37.9	16	32.7	3,621	34.9
2023	38.3	17	31.5	4,643	36.1
2024	38.6	15	28.3	2,904	21.9
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>10,382</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>12,880</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>13,252</b>	<b>100.0</b>
<i>Source: 2022, 2023, and 2024 D&amp;B Data; Bank Data</i>					

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels and business customers of different sizes. The bank’s reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income individuals and small business loans to businesses with GARs of \$1.0 million or less.

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

The distribution of home mortgage loans reflects reasonable penetration to individuals of different income levels. Throughout the evaluation period, NFSB’s lending to low- and moderate-income borrowers was less than aggregate and demographics. However, as noted within the Description of Assessment Area section, due to the high housing costs compared to low- and moderate-income levels, opportunities to lend to low- and moderate-income families are limited. Additionally,

according to 2024 Market Share data, of the 328 lenders, NFSB was the highest-ranked community lender (11<sup>th</sup>) in lending to low-income individuals and the second-highest community lender (15<sup>th</sup>) in lending to moderate-income individuals.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	16.8	7.6	6	4.1	1,191	1.5
2023	16.8	7.0	5	5.8	1,141	2.3
2024	16.8	6.3	5	4.4	644	1.1
<b>Moderate</b>						
2022	19.5	18.8	20	13.6	5,635	7.2
2023	19.5	18.3	10	11.5	2,164	4.3
2024	19.5	17.1	16	14.2	3,163	5.5
<b>Middle</b>						
2022	22.3	23.9	35	23.8	13,071	16.7
2023	22.3	24.4	14	16.1	4,831	9.6
2024	22.3	25.5	22	19.5	6,587	11.5
<b>Upper</b>						
2022	41.3	39.0	51	34.7	32,506	41.6
2023	41.3	39.2	29	33.3	18,535	36.7
2024	41.3	40.1	45	39.8	23,959	42.0
<b>Income Not Available</b>						
2022	0.0	10.7	35	23.8	25,837	33.0
2023	0.0	11.1	29	33.3	23,780	47.1
2024	0.0	11.0	25	22.1	22,747	39.8
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>147</b>	<b>100.0</b>	<b>78,240</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>87</b>	<b>100.0</b>	<b>50,451</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>57,100</b>	<b>100.0</b>
<i>Source: 2020 Census Data; HMDA Reported Data; HMDA Aggregate Data</i>						

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

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank extended a majority of its small business loans to businesses with GARs of \$1.0 million or less. Although the bank's lending was less than the percentage of businesses with GARs of \$1.0 million or less, aggregate data at 47.9

percent, 51.1 percent, and 51.0 percent, respectively for 2022, 2023, and 2024 illustrates that demand was significantly less than demographics.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2022	89.4	27	55.1	3,019	29.1
2023	89.9	31	57.4	7,093	55.1
2024	89.6	34	64.2	8,479	64.0
<b>&gt; \$1,000,000</b>					
2022	3.7	19	38.8	6,207	59.8
2023	3.6	23	42.6	5,787	44.9
2024	3.2	18	34.0	4,723	35.6
<b>Revenue Not Available</b>					
2022	6.8	3	6.1	1,156	11.1
2023	6.5	0	0.0	0	0.0
2024	7.3	1	1.9	50	0.4
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>10,382</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>12,880</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>13,252</b>	<b>100.0</b>
<i>Source: 2022, 2023, and 2024 D&amp;B Data; Bank Data</i>					

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

NFSB demonstrated excellent responsiveness to the assessment area’s community development needs through community development loans, investments, and services. The bank was a leader in responding to lending, investment, and service opportunities.

### **Community Development Loans**

NFSB originated or participated in 22 community development loans totaling approximately \$56.8 million during the evaluation period. The bank participated in several loans and was the lead bank in two transactions, totaling \$3.3 million, which assisted in increasing the community development impact. The bank’s community development lending activity declined from the previous evaluation’s 33 loans for \$72.3 million, primarily due to the bank’s prior and significant activity in SBA’s temporary Payment Protection Program loans. As the bank responded to the community

development lending opportunities in the assessment area for affordable housing and community services, examiners also considered community development lending activity in the broader regional and statewide area. The bank originated 13 loans totaling approximately \$47.5 million.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
11/29/21-12/31/21	2	2,238	0	0	0	0	0	0	2	2,238
2022	3	6,323	2	5,500	1	2,320	2	16,300	8	30,443
2023	3	8,915	3	4,825	0	0	0	0	6	13,740
2024	6	10,427	0	0	0	0	0	0	6	10,427
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>27,903</b>	<b>5</b>	<b>10,325</b>	<b>1</b>	<b>2,320</b>	<b>2</b>	<b>16,300</b>	<b>22</b>	<b>56,848</b>

*Source: Bank Data*

The following are notable examples of the bank’s qualified community development loans.

- In 2021, the bank participated in a \$30.0 million loan to develop an 84-unit dwelling located in Newburyport, MA. Approximately 25.0 percent of the units are affordable for households earning 80 percent of the median income. The bank’s participation totaled \$8.0 million, and the qualified community development portion of the loan is \$2.0 million. This project qualifies as a community development loan as it supports affordable housing.
- In 2022, the bank originated a \$2.3 million SBA loan. Proceeds were used to purchase a maintenance business located in Dover, NH. The small business employs 26 maintenance technicians. The Bureau of Labor Statistics defines wages of individuals in this line of work as moderate-income. This origination supports economic development by financing small businesses that support permanent job retention, for low- or moderate-income individuals.
- In 2022, the bank participated in a \$11.3 million loan to redevelop a commercial property in Lawrence, MA. The redevelopment is part of the Lawrence Urban Renewal Plan (Plan). The bank’s participation totaled \$7.3 million. This loan qualifies as community development as the Plan focuses on economic development, job creation, improved quality of life, and fiscal stability.

## Qualified Investments

During the evaluation period, NFSB made 161 qualified investments totaling approximately \$17.5 million. The bank's equity and debt security investments total approximately \$16.6 million and qualified donations total \$846,000. This represents a significant increase (by dollar amount) from the previous evaluation when the bank had 227 investments totaling \$4.9 million.

The bank's community development investments exceeded those of SSIs. The bank's qualified community development investments represent approximately 9.4 percent of average total investments over the evaluation period and approximately 1.1 percent of average total assets over the evaluation period. As the bank responded to the opportunities for qualified investments, examiners considered community development investment activity in the broader regional and statewide area.

The following table illustrates community development 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	1	1,000	0	0	0	0	0	0	1	1,000
11/29/21-12/31/21	0	0	0	0	0	0	0	0	0	0
2022	2	35	1	5	0	0	0	0	3	40
2023	4	6,374	2	10	1	10	0	0	7	6,394
2024	1	25	0	0	1	1,000	0	0	2	1,025
YTD 2025	1	8,177	0	0	0	0	0	0	1	8,177
<b>Subtotal</b>	<b>9</b>	<b>15,611</b>	<b>3</b>	<b>15</b>	<b>2</b>	<b>1,010</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>16,636</b>
Qualified Grants & Donations	7	19	124	745	16	82	0	0	147	846
<b>Total</b>	<b>16</b>	<b>15,630</b>	<b>127</b>	<b>760</b>	<b>18</b>	<b>1,092</b>	<b>0</b>	<b>0</b>	<b>161</b>	<b>17,482</b>

*Source: Bank Data*

## Equity Investments

The following are notable examples of the bank's qualified investments.

- **Massachusetts Housing Partnership (MHP)**– The MHP is a public non-profit organization that aims to increase access to affordable housing across MA. The bank made two investments: one in 2023 for \$6.1 million and one in 2025 for approximately \$8.2 million. These investments qualify as community development through supporting affordable housing for low- and moderate-income individuals.
- **Community Capital Management Community Impact Bond Fund (Fund)**– The bank maintains a \$1.25 million investment in a CRA Qualified Investment Fund (Fund). The Fund reinvests monies from financial institutions into fixed-income securities that support community development activities. The investment is focused on mortgage-backed

securities for low- and moderate-income borrowers. The bank increased its investment in 2023 from a prior period investment of \$1.0 million. This activity qualifies for community development as it supports affordable housing for low- and moderate-income individuals.

- **New Hampshire Community Development Financing Agency (CDFA)** – The bank purchased four tax credits through the CDFFA totaling \$25,000 in 2022 and 2023. The four organizations that benefitted from the CDFFA investments were either community service organizations that provide services to low- and moderate-income individuals or focused on providing small business financing and technical assistance. The bank’s activity qualifies for community development by supporting community services for low- and moderate-income individuals and economic development by financing small businesses.

### Donations

The following are examples of qualified donations.

- **Our Neighbor’s Table** – This Amesbury, MA based non-profit organization aims to increase food security and access to individuals in need. Programs include food distribution, community meals, and a grocery program. The annual donation helps to support programs benefiting low- and moderate-income individuals.
- **Habitat For Humanity** – The bank donated to the MA and NH chapter. The organization’s mission is to develop affordable housing for low-income individuals, as well as to renovate and furnish housing for individuals in need. This activity qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

### Community Development Services

During the evaluation period, NFSB provided 222 instances of community development services totaling 6,935 hours. This activity exceeded the bank’s activity during the previous evaluation where the bank provided 6,453 hours of community development services. The bank’s community services responded to the opportunities and needs identified by the community contact and examiners considered community development service activity in the broader regional and statewide area. The bank’s total level of community development services exceeded that of SSIs.

The following table illustrates community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/29/21-12/31/21	0	13	0	0	13
2022	3	46	14	0	63
2023	6	36	16	0	58
2024	3	33	17	0	53
YTD 2025	1	26	8	0	35
<b>Total</b>	<b>13</b>	<b>154</b>	<b>55</b>	<b>0</b>	<b>222</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

Employee Involvement

- **The Housing Partnership** – The Housing Partnership, a non-profit organization in Portsmouth, NH strives to provide affordable housing. The organization manages several affordable properties and offers first time homebuyer classes. A vice president served on the Board. This service qualifies for community development by supporting affordable housing.
- **Granite State Development Corporation (Granite State)** – Granite State is statewide community development corporation which underwrites and manages SBA 504 loans. Small businesses use these loans to obtain financing which might not otherwise be available conventionally and support job creation and retention. A loan officer serves on the committee and reviews SBA 504 loan applications. This service qualifies for community development by promoting economic development for small businesses.
- **SCORE Seacoast (SCORE)** – SCORE, a nationwide organization helps small business owners gain insights and skills needed to grow their businesses. Bank loan officers assist the NH chapter by educating business owners on SBA programs and activities. This activity qualifies for community development by promoting economic development for small businesses.

Financial Education

- **Link House** - Link House, a non-profit organization in Newburyport, NH provides behavioral health services to help those struggling with drug and alcohol addiction. Link House supports adults, teens, and children from low-income households with counseling and community reintegration programs. Bank officers present financial literacy classes to residents. This service qualifies for community development by providing community services to low-income individuals.
- **Pettingill House** - Pettingill House, a community service agency located in Salisbury, MA provides food pantries for low- and moderate-income individuals, substance abuse

programs, and senior support programs. Bank officers serve seniors at the organization by working against elder financial exploitation. This service qualifies for community development by providing community services to low-income individuals.

#### Technical Assistance

- **Moderate-Income Branches** – The Salisbury branch is in a moderate-income census tract. This branch provides essential retail services for a moderate-income community. This service qualifies for community development by supporting community services for low- and moderate-income individuals.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment, and the bank has a reasonable record relative to fair lending policies and procedures.

### **Minority Application Flow**

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

According to 2020 U.S. Census data, the bank's assessment area contained a total population of 281,251 individuals, of which 10.6 percent are minorities. This illustrates an increase of 3.3 percent in total minorities since the 2015 American Community Survey data. The assessment area's minority and ethnic populations consist of 2.7 percent Asian; 2.9 percent Hispanic or Latino; 6.0 percent Other Race; and less than one percent American Indian or Alaskan Native, Black/African American, and Hawaiian/Pacific Islander individuals.

Population demographic changes under the 2020 U.S. Census data within the bank's assessment area showed an increase of 0.9 percent in Hispanic individuals, an increase of 0.3 percent in Asian individuals; an increase of 4.0 percent in individuals recorded as Other Race; and no change in American Indian, Alaskan Native, or Black/African American individuals.

Examiners compared the bank's application level to 2024 aggregate. This comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage loan applicants. Please refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

<b>Minority Application Flow</b>						
<b>RACE</b>	<b>2023</b>		<b>2023 Aggregate Data</b>	<b>2024</b>		<b>2024 Aggregate Data</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
American Indian/ Alaska Native	0	0	0.3	0	0	0.2
Asian	0	0	1.6	2	1.4	1.9
Black/ African American	0	0	0.7	0	0.0	0.7
Hawaiian/Pacific Islander	0	0	0.0	0	0.0	0.1
2 or more Minority	0	0	0.1	0	0.0	0.0
Joint Race (White/Minority)	0	0	1.2	1	0.7	1.3
<b>Total Racial Minority</b>	<b>0</b>	<b>0</b>	<b>3.9</b>	<b>3</b>	<b>2.1</b>	<b>4.2</b>
White	88	65.7	76.1	107	74.3	77.0
Race Not Available	46	34.3	20.0	34	23.6	18.8
<b>Total</b>	<b>134</b>	<b>100.0</b>	<b>100.0</b>	<b>141</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
Hispanic or Latino	2	1.5	1.8	7	4.9	1.9
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.8	1.4	0	0.0	1.2
<b>Total Ethnic Minority</b>	<b>3</b>	<b>2.3</b>	<b>3.2</b>	<b>7</b>	<b>4.9</b>	<b>3.1</b>
Not Hispanic or Latino	84	64.9	76.0	99	68.7	77.0
Ethnicity Not Available	44	32.8	20.8	38	26.4	19.9
<b>Total</b>	<b>134</b>	<b>100.0</b>	<b>100.0</b>	<b>144</b>	<b>100.0</b>	<b>100.0</b>

*Source: U.S. Census 2020, HMDA 2023 and 2024 Aggregate Data, 2023 and 2024 HMDA LAR Data*

In 2023, the bank received 134 home mortgage loan applications from within its assessment area. None of these applications were received from racial minority applicants. The aggregate received 3.9 percent of its applications from minority applicants. For the same period, the bank received three applications, or 2.3 percent, from ethnic groups of Hispanic origin within its assessment area. This was comparable to the aggregate application rate.

In 2024, the bank received 144 home mortgage loan applications from within its assessment area. Three applications were received from racial minority applicants. The bank's performance was below the aggregate application flow of 4.2 percent. For the same period, the bank received seven applications, or 4.9 percent, from ethnic groups of Hispanic origin within its assessment area. This exceeded the application flow of aggregate lenders among ethnic minority borrowers.

The bank's percentage of 2024 home mortgage applications from racial minority applicants within the assessment area demonstrated an increase over 2023's lending. The bank's performance in ethnic minority application flow similarly increased in 2024 and exceeded aggregate performance. The bank's outreach and marketing do not reflect exclusion of any demographics in the assessment area. 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 community development lending, investment, and service needs.

## 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 financial 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.