

PUBLIC DISCLOSURE

October 9, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Newburyport Five Cents Savings Bank
Certificate Number: 90251

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Newburyport, Massachusetts 01950

Division of Banks
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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.

Newburyport Five Cents Savings Bank's (NFSB or the bank), satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio of 116.8 percent is more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- The bank made majority of home mortgage (71.2 percent) and small business (64.3 percent) loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, including low- and moderate-income geographies.
- The distribution of borrowers reflects 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 during the evaluation period; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs of its 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.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 13, 2015, to the current evaluation dated October 9, 2018. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate the bank's performance. These procedures include two tests: the Small Bank Lending Test and the Community Development Test.

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

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

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans and qualified investments.
- The number of instances the bank performed a qualified community development service.
- The responsiveness of such activities to the community development needs of the assessment area

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

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. This evaluation does not discuss these loan types any further, as they provide no material support for conclusions or ratings.

Bank records indicated that the product mix remained consistent throughout the evaluation period. Its lending focus changed slightly during the evaluation period as the bank enhanced its focus on small business lending during 2017. This evaluation considered all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2016, the bank reported 315 originations totaling \$131.4 million, and for 2017, the bank reported 251 originations totaling \$90.7 million. From 2016 to 2017, the number of home mortgage originations declined. This is due in part to rising home prices and interest rates and is in line with similarly-situated institutions. Examiners compared the bank's 2016 performance to 2016 aggregate data and to 2010 United States (U.S.) Census demographic data. For 2017, examiners compared the bank's performance to 2017 aggregate

data and to the 2015 American Community Survey (ACS) demographic data and considered trends in performance.

The bank is not required to report small business lending as an ISI. However, the bank collects small business lending data for its own purposes. Examiners analyzed the 2016 and 2017 small business loan data. The year to date 2018 small business data was unavailable at evaluation time. In 2016, the bank originated 108 small business loans totaling \$22.1 million. In 2017, the bank originated 96 small business loans totaling \$20.9 million. A small business loan has an original loan amount of \$1 million or less and is secured by non-farm non-residential properties or classified as a commercial and industrial loan.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans as the number is a better indicator of the number of businesses and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated July 13, 2015.

Interstate Banking and Branching Efficiency Act

The Interstate Banking and Branching Efficiency Act of 1994 requires ratings and conclusions for each Multi-State Metropolitan Statistical Area (MSA) in addition to the rating and conclusions for overall performance. As NFSB's assessment area and branches are entirely within the Boston-Cambridge-Newton, Massachusetts-New Hampshire Multi-State MSA and, examiners presented a single rating and conclusions that apply to the overall and Multi-State MSA performance.

DESCRIPTION OF INSTITUTION

Background

NFSB is a mutual savings institution based in Massachusetts and wholly owned by Newburyport Five Cents Bankcorp. The bank also has two subsidiaries that are security corporations. The bank's headquarters is at 63 State Street in Newburyport, Massachusetts. In addition to the main office, NFSB operates eight full-service branches: one in Newburyport, Massachusetts; one in Salisbury, Massachusetts; one in Newbury, Massachusetts; two in Amesbury, Massachusetts; one in Dover New Hampshire, and two in Portsmouth, New Hampshire. There is also a limited-service office at an assisted living facility in Newburyport, Massachusetts, to serve residents of the facility.

The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, conducted jointly by the Massachusetts Division of Banks (Division) and the FDIC, dated July 13, 2015. The Division and FDIC followed Interagency ISI Examination Procedures to conduct the evaluation.

Operations

NFSB offers various deposit products, including checking accounts, savings accounts, and certificates of deposit. The bank also offers lending products such as fixed- and adjustable-rate mortgages for the purchase, refinance, and construction of residential property. The bank also offers a first-time homebuyers program. NFSB also offers a full line of commercial credit products. The bank offers secured and unsecured consumer loans, including home equity lines of credit, home improvement, automobile loans, boat loans, personal loans, and overdraft lines of credit.

NFSB provides alternative banking services include online banking, telephone banking, mobile banking, and text banking. The bank also provides electronic bill pay and Automatic Teller Machine (ATM)/debit cards. An ATM is at each full-service branch. Since the prior evaluation, the bank opened a new branch in Dover, New Hampshire on September 26, 2018. This branch is in a moderate-income census tract. There has been no merger or acquisition activity since the prior evaluation.

Ability and Capacity

The bank's assets totaled approximately \$866.7 million as of June 30, 2018, which included total loans of approximately \$682.0 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of June 30, 2018		
Loan Category	\$(000s)	%
Construction and Land Development	103,384	15.2
Secured by Farmland	866	0.0
Secured by 1-4 Family Residential Properties	337,094	49.4
Secured by Multifamily (5 or more) Residential Properties	23,626	3.5
Secured by Nonfarm Nonresidential Properties	198,802	29.2
Total Real Estate Loans	663,772	97.3
Commercial and Industrial Loans	16,854	2.5
Agricultural Loans	1,180	0.2
Consumer Loans	81	0.0
Other Loans	31	0.0
Less: Unearned Income	0	0.0
Total Loans	681,918	100
<i>Source: Reports of Condition and Income</i>		

No financial or legal impediments exist that would limit or impede the bank's ability to meet the credit needs of its community or delineated AA.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more Assessment Area (AA) within which its CRA performance is evaluated. NFSB designated one contiguous AA in the Boston-Cambridge-Newton, MA-NH Multi-MSA. As noted previously, the Multi-State MSA encompasses the entire AA. The AA conforms to CRA requirements. It consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, and does not reflect illegal discrimination. At the last examination, the bank maintained two separate AAs, one in New Hampshire and one in Massachusetts. The bank added 33 census tracts since the previous CRA evaluation to connect the two AAs into one contiguous AA.

Included in the AA are the following Massachusetts towns: Amesbury, Newbury, Newburyport, Salisbury, and West Newbury. The following New Hampshire towns are located in the AA: Brentwood, Dover, Durham, East Kingston, Epping, Exeter, Greenland, Hampton, Hampton Falls, Kensington, Kingston, Lee, Madbury, Newfields, Newington, Newmarket, Newton, North Hampton, Portsmouth, Rollinsford, Rye, Seabrook, Somersworth, South Hampton, and Stratham

The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The AA encompasses 56 census tracts with the following income designations according to the 2015 ACS:

- 0 low-income tracts,
- 11 moderate-income tracts,
- 30 middle-income tracts, and
- 15 upper-income tracts.

The 2015 ACS Census adjusted the income designation of some census tracts within the assessment area when compared to the 2010 U.S. Census data. The number of moderate-income tracts increased by one (2671.01 Salisbury). This tract was previously designated as middle-income. Middle-income tracts increased by three, (2683.00 Newburyport MA, 2691.00 Newbury MA, 1074.00). These tracts were previously upper-income. The upper-income tracts increased by three (0691.00 Portsmouth, NH, 0697.00 Portsmouth, NH, 0710.00 Rye, NH). These tracts were previously designated as middle-income.

The percentage of owner-occupied housing units and the percentage of businesses in moderate-income census tracts increased slightly, from 11.8 percent to 14.9 percent and 12.1 percent to 16.3 percent respectively, when compared to the 2010 U.S. Census data. This may signify increased lending opportunities in these areas. The table on the following page provides additional assessment area economic and demographic information.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	0.0	19.6	53.6	26.8	0.0
Population by Geography	244,012	0.0	17.9	57.8	24.3	0.0
Housing Units by Geography	108,662	0.0	21.6	55.7	22.7	0.0
Owner-Occupied Units by Geography	67,374	0.0	14.9	59.7	25.4	0.0
Occupied Rental Units by Geography	30,604	0.0	29.7	53.5	16.8	0.0
Vacant Units by Geography	10,684	0.0	41.1	36.4	22.5	0.0
Businesses by Geography	21,354	0.0	16.3	58.4	25.3	0.0
Farms by Geography	642	0.0	11.1	56.2	32.7	0.0
Family Distribution by Income Level	62,111	18.6	18.2	21.9	41.3	0.0
Household Distribution by Income Level	97,978	23.7	16.0	19.2	41.2	0.0
Median Family Income FFIEC-Estimated Median Family Income for 2015 MSA - 15764 Cambridge- Newton-Framingham, MA Metropolitan Division (MD)		\$100,380	Median Housing Value Median Gross Rent Families Below Poverty Level			\$321,768 \$1,074 4.4%
Median Family Income FFIEC-Estimated Median Family Income for 2015 MSA - 40484 Rockingham County-Strafford County, NH MD		\$90,150				
Source: 2015 ACS Data, 2017 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2017 D&B data, there were 21,354 businesses. Gross annual revenues (GARs) for these businesses are below:

- 82.8 percent have \$1 million or less.
- 6.9 percent have more than \$1 million.
- 10.3 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. The top three industries in the assessment area are service industries at 45.7 percent; retail trade at 14.1 percent; and finance, insurance, and real estate at 8.4 percent. All other industries individually represent less than 8.0 percent of the total. Of the businesses in the assessment area, 69.8 percent have four or fewer employees, and 88.4 percent operate from a single location. In addition, of the businesses with a GAR with \$1 million or less, 77.7 percent have a GAR of less than \$500,000. These demographics show that the majority of businesses within the assessment area are small and have few employees. The top three employers in the area are Salisbury University in Salisbury, Massachusetts, Anna Jacques Hospital in Newburyport, Massachusetts; and Dianne's Fine Desserts in Newburyport, Massachusetts.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the 2016 and 2017 New Hampshire unemployment rates were 2.9 percent and 2.7 percent, respectively. The Massachusetts unemployment rates for the same time were 4.9 percent and 4.4 percent, respectively.

Examiners used the 2016 and 2017 FFIEC-updated estimated 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 for the Cambridge-Newton-Framingham, Massachusetts MD and for the Rockingham County-Strafford County, New Hampshire MD.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, Massachusetts MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
Rockingham County-Strafford County, New Hampshire MD Median Family Income (40484)				
2016 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2017 (\$93,800)	<\$46,900	\$46,900 to <\$75,040	\$75,040 to <\$112,560	≥\$112,560
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				

There are 24,792 housing units in the Cambridge-Newton-Framingham, Massachusetts MD portion of the assessment area, of which 16,360 are owner-occupied, 5,637 are occupied rental units, and 2,525 are vacant. There are 83,870 units in the Rockingham County-Strafford County, New Hampshire MD portion of the assessment area, of which 50,744 are owner-occupied, 24,967 are occupied rental units, and 8,159 are vacant. The median housing values are relatively high, with the Cambridge-Newton-Framingham, Massachusetts MD portion of the assessment area at \$382,334 and the Rockingham County-Strafford County, New Hampshire MD portion at \$303,865.

Competition

The assessment area is highly competitive. According to the FDIC Deposit Market Share data as of June 2018, 127 financial institutions operated 1,516 full-service branches with the Cambridge-Boston-Newton MSA. Of these institutions, NFSB ranked 44th with a 0.2 percent deposit market share. Only the top 14 institutions had a market share greater than one percent and 13 of the institutions are national institutions.

There is a high competition level for home mortgage loans among large national and regional banks, mortgage companies, community banks, and credit unions in the area. In 2017, 383 lenders reported 12,172 residential mortgage loans originated or purchased. NFSB ranked 17th and was the highest savings bank, with a market share of 1.8 percent. The three most prominent home mortgage lenders accounted for 14.1 percent of total market share.

The bank is not required to collect or report its small business loan data, and although the bank collected the data, it did not report. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data; however, reflects the level of demand for small business loans and is therefore included. The 2016 aggregate data shows that 123 institutions reported 28,648 small business loans in the AA. The number of institutions and loans reported indicates a high degree of competition.

Community Contact

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

Examiners contacted two community and economic development organizations in the assessment area. The first contact identified the need for small business gap financing, noting that although grants are available for small businesses; these grants do not fully address the credit needs of the local small businesses. The second contact identified a need for helping the unbanked through credit rebuilding programs and financial education. Additionally, the second contact noted the need for community services for supporting low- and moderate-income individuals and families. Both contacts noted that local community banks have been responsive to the credit and community development needs of the local community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business loans, affordable housing, and community services for low- and moderate-income individuals represents the primary needs in the assessment area. Real estate prices in the area are high, limiting the opportunities for low- and moderate-income individuals to become homeowners. Opportunities for financial institutions to meet these needs include providing credit to small businesses and organizations that develop affordable housing units and assisting community service organizations that support low- and moderate-income individuals in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

NFSB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 116.8 percent over the past 12 calendar quarters from September 30, 2015 to June 30, 2018. The ratio ranged from a low of 111.2 percent as of December 31, 2015, to a high of 123.1 percent as of March 31, 2018. The bank maintained a higher ratio than those of similarly situated institutions, as shown in the following table. Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 06/30/2018 \$(000s)	Average Net LTD Ratio (%)
Newburyport Five Cents Savings Bank	866,695	116.8
Institution for Savings	3,396,056	92.6
Optima Bank & Trust	510,324	92.2
Pentucket Bank	739,135	91.4
<i>Source: Reports of Condition and Income 09/30/15 through 06/30/18</i>		

Assessment Area Concentration

NFSB made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment area. In 2017, the bank's HMDA lending decreased.. This is due in part to rising interest rates and a decrease in the number of mortgage refiances. Conversely, small business lending increased. This is attributed to the bank's heightened strategic focus on small business lending. Refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	235	74.6	80	25.4	315	102,655	78.1	28,800	21.9	131,455
2017	168	66.9	83	33.1	251	62,805	69.2	27,945	30.8	90,750
Subtotal	403	71.2	163	28.8	566	165,460	74.5	56,745	25.5	222,205
Small Business*										
2016	51	47.2	57	52.8	108	7,892	35.7	14,226	64.3	22,118
2017	78	81.3	18	18.7	96	15,264	73.1	5,605	26.9	20,869
Subtotal	129	64.3	75	35.8	204	23,156	54.4	19,831	45.6	42,987
Total	532	67.8	238	32.3	770	188,616	64.5	76,576	35.6	265,192
Source: 2016 and 2017 of HMDA Reported Data, (*) 2016 and 2017 Bank Records										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts, as the assessment area contains no low-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. In 2016, the bank's performance in moderate-income census tracts compared reasonably to the aggregate level. In 2017, lending in the moderate-income tracts increased; however, the total number of originations decreased. This increase is partially due to the opening of the Dover branch as it is in a moderate-income tract. Although the bank's lending is less than the aggregate in 2016 and 2017, the increase in percentage of originations in 2017 is significant as the bank's overall HMDA-reportable lending decreased by 20.6 percent from 2016 to 2017. Considering these factors, the bank's performance reflects reasonable performance.

Market share data further supported the bank's reasonable performance. In 2016, the bank ranked 17th in lending in moderate-income census tracts with a 1.6 percent market share. In 2017, the bank increased its market share in lending to moderate-income tracts to 2.3 percent, ranking 12th. These market rankings are relatively consistent with NFSB's overall market rank in the assessment area of 12th in 2016 and 17th in 2017.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2016	11.8	8.9	19	8.1	6,794	6.6
2017	14.9	16.9	15	8.9	5,408	8.6
Middle						
2016	60.1	62.2	123	52.3	58,012	56.5
2017	59.7	60.1	103	61.3	35,918	57.2
Upper						
2016	27.4	27.6	93	39.6	37,849	36.9
2017	25.4	23.0	50	29.8	21,479	34.2
Total						
2016	100.0	100.0	235	100.0	102,655	100.0
2017	100.0	100.0	168	100.0	62,805	100.0
<i>Source: 2010 U.S. Census & 2015 ACS Census; 2016 and 2017 HMDA Reported Data; 2016-2017 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. In 2016, small business lending was not the bank's primary lending focus. The bank made no loans to small businesses in moderate-income census tracts. In 2017, the bank's performance demonstrated a significant upward trend originating 14.1 percent of their small business loans in moderate-income tracts in line with their strategic focus. Furthermore, the bank's performance in 2017 compares reasonably to small business demographics.

In 2016, the bank's lending focus was primarily HMDA focused. The bank increased their small business lending focus in 2017 and targeted small business lending within their AA. With the addition of staff and resources, small business lending increased from 51 loans within the assessment area in 2016 to 78 loans in 2017. The positive trend of increased small business lending within the bank's AA, including lending in moderate-income tracts supports a reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2016	12.1	0	0.0	0	0.0
2017	16.3	11	14.1	1,146	7.5
Middle					
2016	59.5	38	74.5	5,115	64.8
2017	58.4	46	59.0	10,811	70.8
Upper					
2016	27.6	13	25.5	2,777	35.2
2017	25.3	21	26.9	3,307	21.7
Total					
2016	100.0	51	100.0	7,892	100.0
2017	100.0	78	100.0	15,264	100.0
Source: 2016 - 2017 D&B Data, Bank Records					

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate data.

Home mortgage lending in 2016 to low-income borrowers, at 3.8 percent, is reasonable when compared to the aggregate data of 3.9 percent. In 2017, the bank made 4.2 percent of its loans by number to low-income borrowers, falling slightly below the aggregate of 5.1 percent.

The bank's lending to moderate-income borrowers in 2016, at 13.2 percent, was slightly below aggregate at 14.4 percent. In 2017, the bank made 8.9 percent of its loans to moderate-income borrowers, falling well below the aggregate performance of 17.5 percent.

The bank's lending to low- and moderate-income borrowers decreased by number from 2016 to 2017. This correlates to the bank's overall HMDA-reportable lending decrease of 20.6 percent from 2016 to 2017.

The opportunities for lending to low- and moderate-income borrowers in the assessment area are limited. The poverty level of 4.4 percent and the median family income compared to the median housing value supports this conclusion. Furthermore, market share data further supports the bank's reasonable performance under this criterion. NFSB's ranking in lending to low-income borrowers was 19th in 2016 with a 1.5 percent and 22nd in 2017 with a 1.5 percent market share. NFSB's ranking in lending to moderate-income borrowers was 15th in 2016 with a 1.9 percent and 31st in 2017 with a 0.8 percent market share. As previously noted, top market share lenders within the assessment area consist of large national banks and mortgage companies.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	17.6	3.9	9	3.8	1,176	1.1
2017	18.6	5.1	7	4.2	578	0.9
Moderate						
2016	18.5	14.4	31	13.2	6,148	6.0
2017	18.2	17.5	15	8.9	2,490	4.0
Middle						
2016	23.0	23.1	29	12.3	6,993	6.8
2017	21.9	23.5	28	16.7	6,310	10.0
Upper						
2016	41.0	44.4	111	47.2	45,670	44.5
2017	41.3	41.5	92	54.8	39,105	62.3
Income Not Available						
2016	0.0	14.2	55	23.4	42,668	41.6
2017	0.0	12.4	26	15.5	14,322	22.8
Totals						
2016	100.0	100.0	235	100.0	102,655	100.0
2017	100.0	100.0	168	100.0	62,805	100.0
Source: 2010 U.S. Census & 2015 ACS Data; 2016 and 2017 HMDA Reported Data; 2016-2017 HMDA Aggregate Data, "--" data not available.						

Small Business Loans

As the following table demonstrates, the bank outperformed demographics in originations to businesses with GARs of \$1 million or less in 2016. In 2017, the bank's originations were in-line with demographics. Additionally, the bank increased its lending to businesses with GARs of \$1 million or less by 31.2 percent and more than doubled the dollar amount. This increase resulted from the bank's enhanced strategic focus on small business lending. This level of lending reflects excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	82.7	44	86.3	5,721	72.5
2017	82.8	64	82.1	11,563	75.8
>\$1,000,000					
2016	6.9	7	13.7	2,171	27.5
2017	6.9	14	17.9	3,701	24.2
Revenue Not Available					
2016	10.4	0.0	0.0	0.0	0.0
2017	10.3	0.0	0.0	0.0	0.0
Total					
2016	100.0	51	100.0	7,892	100.0
2017	100.0	78	100.0	15,264	100.0
Source: 2016 - 2017 D&B Data; 2016 -2017 Bank Data; -- " data not available					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

NFSB demonstrated adequate 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.

Community Development Loans

The bank originated 13 community development loans totaling approximately \$7.7 million during the evaluation period. This represents an increase from the previous examination, which noted ten loans for \$3.7 million. This activity level represents 1.0 percent of average total assets and 1.2 percent of average total loans since the prior CRA evaluation.

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

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	1	430	0	0	0	0	0	0	1	430
2016	3	1,857	3	714	1	278	0	0	7	2,849
2017	1	200	0	0	1	1,600	0	0	2	1,800
YTD 2018	0	0	2	1,750	1	823	0	0	3	2,573
Total	5	2,487	5	2,464	3	2,701	0	0	13	7,652

Source: Bank Records

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

- During the evaluation period, the bank originated three SBA 504 Certified Development Company (CDC) loans totaling \$2.7 million. These programs offer financing for qualified businesses that are ineligible for traditional bank financing. SBA 504 loans provide growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.
- The bank originated a \$1 million loan to construct a 15-unit apartment complex in Newburyport. Rents are set to be affordable for low- and moderate-income individuals.
- The bank extended a \$145,000 multi-family loan under the Massachusetts Housing Partnership 40B Program. This program requires that the deed be restricted to affordable housing for low- and moderate-income individuals and families.

Qualified Investments

NFSB made 107 qualified investments totaling approximately \$1.4 million during the evaluation period. This total includes qualified equity investments and tax credits purchased through the New Hampshire Community Development Finance Agency (CDFA). The total also includes approximately \$352,000 in donations provided by the bank, the Newburyport Five Cents Savings Bank Charitable Foundation (Foundation), and the Richard A. Eaton Charitable Foundation, Inc. (REC Foundation). At the prior examination, the bank had 121 qualified investments totaling approximately \$1.4 million. Although the number of investments decreased, the dollar volume remained consistent.

Of the total dollar amount of donations, approximately 96.9 percent benefited organizations that provide services focused on low- and moderate-income individuals throughout the entire assessment area. These investments demonstrate the bank's responsiveness to community development needs of the assessment area.

The following table illustrates the bank's community development investments and donations 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	11	0	0	0	0	0	0	1	11
2015	1	13	0	0	0	0	0	0	1	13
2016	3	467	1	15	1	9	0	0	5	491
2017	2	553	3	26	0	0	0	0	5	579
YTD 2018	1	10	1	5	0	0	0	0	2	15
Subtotal	8	1,054	5	46	1	9	0	0	14	1,109
Qualified Grants & Donations	1	11	92	341	0	0	0	0	93	352
Total	9	1,065	97	387	1	9	0	0	107	1,461
<i>Source: Bank Records</i>										

Investments

The bank has an \$11,000 prior period and a \$1.0 million new equity investment in the CRA Qualified Investment Fund (Fund). The bank invested \$437,000 in 2016 and \$553,000 in 2017. The Fund accumulates money from numerous financial institutions and reinvests the funds into qualified CRA investments. The Fund invests in fixed-income securities that specifically support community development activities. NFSB's specific investments supported affordable housing for low- and moderate-income individuals. The Fund's proceeds benefitted the assessment or broader regional area that also included the assessment area. In addition to the

equity investment, the bank purchased nine tax credits during the evaluation period through the New Hampshire CDFA. By law, CDFA is restricted to providing support to non-profit community development organizations, cooperatives, and some municipal entities.

Donations

The bank provides donations through three avenues. First is the Foundation which started in 2003 as a nonprofit charitable foundation to carry out the bank's long history of community involvement. The Foundation provides grants to nonprofit organizations within the greater Newburyport and seacoast areas. Second is the REC Foundation which started in May 2012. The REC Foundation provides the local school athletic departments monetary support to purchase uniforms, materials, and to make athletics more affordable for local families. Of the total qualified donations, \$20,000 was through the REC Foundation. The bank specifically marks the grants to provide financial assistance to students whose families are of low- or moderate-income. Lastly, the bank provides donations directly as NFSB.

Examples of notable donations made by NFSB and the Foundation include the following.

- The Pettengill House, Inc.: This nonprofit community service agency provides support, services, and education to local men, women, and children. The organization, which receives 100 percent of its funding from grants and donations, provides basic emergency assistance to local residents and operates a food pantry. In addition, this organization delivers hot meals to residents in need. The majority of the organization's recipients are low- or moderate-income individuals. The bank made several donations throughout the evaluation period, totaling \$105,395.
- Housing Support Inc.: This nonprofit 501(c)3 housing development corporation provides housing and related support services to low-income, homeless, and disabled individuals in Merrimack Valley. NFSB donated \$20,000 in 2017.
- Our Neighbor's Table: The organization provides groceries, fresh food, and toiletries to hundreds of households and delivers groceries and hot meals to homebound individuals. The organization is a Greater Boston Food Bank member and primarily services low- and moderate-income individuals. The Foundation donated \$15,299 during the evaluation period to this organization.

Community Development Services

During the current evaluation period, 9 employees provided 14 qualified instances, totaling 445 hours of financial expertise or technical assistance to 5 different community development-related organizations in the assessment area.

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

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2015	0	0	0	0	0
2016	20	249	0	0	269
2017	0	78	0	0	78
YTD 2018	0	72	26	0	98
Total	20	399	26	0	445
<i>Source: Bank Records</i>					

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

- The Pettengill House, Inc.: As noted in the Investments section, this nonprofit community service agency provides support, services, and education to local men, women, and children. The majority of the organization's recipients are low- or moderate-income individuals. Two employees serve on the Board and other committees.
- Salvation Army: This organization provides numerous services targeted to low- and moderate-income individuals and families. These services include providing shelter, food, education, and support services. Three employees serve on the Board.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the bank's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The bank maintains a written fair lending policy and supports the fair lending process through consistently applying its policy and accompanying procedures.

MINORITY APPLICATION FLOW

Examiners reviewed NFSB's 2016 and 2017 HMDA LARs to determine if the application flow from different racial groups within the bank's assessment area reflected assessment area demographics.

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

MINORITY APPLICATION FLOW						
RACE	Bank 2016		2016 Aggregate Data	Bank 2017		2017 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	2	0.7	1.3	1	0.5	1.2
Black/ African American	1	0.3	0.3	0	0.0	0.4
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.0	0	0.0	0.0
Joint Race (White/Minority)	1	0.3	0.9	2	0.9	0.9
Total Minority	4	1.3	2.8	3	1.4	2.7
White	236	76.4	79.5	178	82.8	77.4
Race Not Available	69	22.3	17.7	34	15.8	19.8
Total	309	100.0	100.0	215	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	1.0	0.9	1	0.5	1.1
Not Hispanic or Latino	237	76.7	80.4	180	83.7	78.1
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.7	0.7	2	0.9	0.7
Ethnicity Not Available	67	21.7	18.0	32	14.9	20.1
Total	309	100.0	100.0	215	100.0	100.0

According to 2015 ACS U.S. Census data, the assessment area contained 244,012 individuals, of which 7.8 percent are minorities. The assessment area's minority and ethnic population is 0.9 percent Black/African American, 2.6 percent Asian, 0.1 percent American Indian, 2.1 percent Hispanic or Latino, and 2.1 percent other race.

In 2016, the bank received 309 HMDA-reportable loan applications from within its assessment area. Of these applications, it received 4 or 1.3 percent from minority applicants. Aggregate data illustrates that the bank received 2.8 percent of loan applications from racial minorities in the assessment area. The bank received 5 or 1.7 percent of its applications from ethnic groups of Hispanic and Latino origin. The aggregate received 1.6 percent of applications from Hispanic and Latino applicants.

In 2017, the bank received 215 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 3 or 1.4 percent from minority applicants. The aggregate received 2.7 percent of loan applications from racial minorities in the assessment area. The bank received three or 1.4 percent of its applications from ethnic groups of Hispanic and Latino origin, compared against aggregate data showing 1.8 percent of applications received from Hispanic and Latino applicants.

Examiners noted the potential difficulties in receiving applications from racial and ethnic minorities given the relatively limited number residing in the assessment area. Considering the assessment area's demographic composition and comparisons to aggregate data in 2016 and 2017, the bank's minority application flow is adequate.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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

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

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

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