

PUBLIC DISCLOSURE

November 28, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Brookfield Savings Bank
Certificate Number: 90258

35 Summer Street
North Brookfield, Massachusetts 01535

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

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

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INSTITUTION RATING

This document is an evaluation of the CRA performance of **North Brookfield Savings Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of **November 28, 2022**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

An institution in the group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income borrowers, in a manner consistent with its resources and capabilities. North Brookfield Savings Bank's performance under this test is summarized below:

- The average net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans by number and dollar volume, within the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration among individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the Lending Test rating.
- Fair lending policies and procedures need improvement.

DESCRIPTION OF INSTITUTION

Background

North Brookfield Savings Bank is a state-chartered mutual savings bank originally chartered in 1854 and is headquartered at 35 Summer Street in North Brookfield, Massachusetts. The bank has one wholly owned subsidiary, North Brookfield Securities Corporation, established for the purpose of conducting securities transactions. The bank received a “Satisfactory” rating at its previous CRA evaluation conducted by the Division, dated September 17, 2018, based on Interagency Small Institution Examination Procedures.

Operations

The bank’s main office and full-service branch at 9 Gilbert Street, North Brookfield, operates in a middle-income census tract. The bank maintains six other full-service branches as well as a separate corporate office center. One branch (Ware) is located in a moderate-income census tract, four branches (East Brookfield, Palmer, Three Rivers, and West Brookfield) are in middle-income census tracts, and one branch (Belchertown) is in an upper-income census tract. The corporate office center at 35 Summer Street includes a loan center and operations center and is in a middle-income census tract. The bank did not open nor close any branches during the evaluation period.

The bank’s branches operate with similar schedules across branches with minor variations from one another, though all maintain minimum office hours of 9:00 a.m. to 4:00 p.m. Monday through Friday with some branches holding extended hours to 5:00 or 6:00 PM one or two nights per week and Saturday morning. With the exception of Palmer, all branches offer drive-up teller services and Saturday hours of 9:00 a.m. to 12:00 p.m. Drive-up teller hours primarily mirror lobby hours while the main branch, East Brookfield, and West Brookfield drive-up tellers have extended hours.

North Brookfield Savings Bank is a full-service financial institution offering personal and business deposit products and services. Loan products include residential mortgages, including fixed, adjustable-rate and first-time home buyer mortgages, construction loans, land loans, and home equity loans and lines of credit. The bank also offers secured and unsecured personal loans, Mass Save HEAT loans, auto and motorcycle loans, boat loans, recreational vehicle loans, credit builder loans, and credit cards. In addition, the bank offers commercial and small business lines of credit, term loans, Small Business Administration (SBA) loans, and commercial real estate loans.

The bank offers deposit products and services, including checking and savings accounts, business checking and savings accounts, certificates of deposit, and money market accounts. Other personal products include individual retirement accounts and student banking accounts. Other services include free online banking and bill payment, mobile banking with deposit and loan payments, mobile banking application, mobile wallet, direct deposit, early payday, debit cards, and free 24-hour telephone banking. ATM availability is expanded globally by the bank’s participation in SUM (surcharge-free), NYCE (surcharge-free), MoneyPass, and Plus networks.

Ability and Capacity

As of September 30, 2022, the bank had total assets of approximately \$362.5 million, total deposits of approximately \$326.3 million, and total loans of \$238.5 million. Since the previous evaluation, total assets increased by 19.4 percent, and total loans increased by 9.3 percent.

The bank is primarily a residential lender, with its loan portfolio primarily being comprised of loans secured by 1-4 family residential properties representing 70.8 percent of all loans, followed by loans secured by commercial real estate representing 13.8 percent. The following table provides additional details regarding the bank's loan portfolio.

Loan Portfolio Distribution as of 09/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, Other and Land Loans	3,851	1.6
Secured by Farmland	2,895	1.2
Secured by 1-4 Family Residential Properties	168,911	70.8
Secured by Multifamily (5 or more) Residential Properties	20,689	8.7
Secured by Nonfarm Nonresidential Properties	32,921	13.8
Total Real Estate Loans	229,267	96.1
Commercial and Industrial Loans	2,680	1.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	6,561	2.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	12	0.0
Less: Unearned Income	0	0.0
Total Loans	238,520	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. North Brookfield Savings Bank designated a single contiguous assessment area that includes 32 census tracts and includes a portion of the Worcester MA-CT MSA (49340) and a portion of the Springfield MA MSA (44140). The assessment area consists of the following twenty towns located in Worcester County: Athol, Barre, Brookfield, Charlton, East Brookfield, Hardwick, Hubbardston, Leicester, New Braintree, North Brookfield, Oakham, Paxton, Petersham, Phillipston, Rutland, Spencer, Sturbridge, Templeton, Warren, and West Brookfield. The two Hamden County municipalities of Brimfield and Palmer, as well as the two Hampshire County municipalities of Belchertown and Ware, are also included in the bank's assessment area.

Economic and Demographic Data

The bank's assessment area consists of 32 census tracts that reflect the following income designations according to the 2015 ACS Census Data:

- 0 low-income tracts
- 5 moderate-income tracts
- 21 middle-income tracts
- 6 upper-income tracts

The moderate-income census tracts were located in Athol (two), Spencer, Ware, and Warren. The bank maintains a branch in Ware. The assessment area contained no majority minority census tracts; however, there are several opportunity zones. The opportunity zones are areas of economic need recommended by the Governor of Massachusetts and approved by the U.S. Department of Treasury. Many of these zones have the lowest median family income within MA. Within the bank's assessment area, there are five census tracts designated as opportunity zones. They are located in Athol (two), Palmer, Spencer, and Ware.

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

Demographic Information of the Assessment Area						
Assessment Area: No Brookfield (32 CTs)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	15.6	65.6	18.8	0.0
Population by Geography	157,161	0.0	14.1	60.9	25.0	0.0
Housing Units by Geography	66,390	0.0	16.1	61.4	22.5	0.0
Owner-Occupied Units by Geography	46,023	0.0	11.9	62.6	25.5	0.0
Occupied Rental Units by Geography	14,192	0.0	26.2	58.0	15.8	0.0
Vacant Units by Geography	6,175	0.0	23.9	60.7	15.4	0.0
Businesses by Geography	9,475	0.0	11.1	59.8	29.1	0.0
Farms by Geography	511	0.0	3.5	66.7	29.7	0.0
Family Distribution by Income Level	41,313	18.4	16.6	21.5	43.4	0.0
Household Distribution by Income Level	60,215	22.7	14.5	17.6	45.2	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$227,090
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$819
			Families Below Poverty Level			5.7%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for North Brookfield Savings Bank are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Springfield, MA MSA Median Family Income (44140)				
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
2021 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
Worcester, MA-CT MSA Median Family Income (49340)				
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
<i>Source: FFIEC</i>				

There are 66,390 housing units in the assessment area. Of these, 69.3 percent are owner-occupied, 21.4 percent are occupied rental units, and 9.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Data

obtained from the U.S. Bureau of Labor and Statistics indicates that the September 2022 unemployment rate, not seasonally adjusted, was 3.1 percent for Massachusetts statewide and 3.3 percent for Worcester County, 4.2 for Hampden County, and 2.7 for Hampshire County.

Competition

North Brookfield Savings Bank faces strong competition from other financial institutions that originated loans within the assessment area. In 2021, 326 lenders reported 8,852 home mortgage loans. North Brookfield Savings Bank ranked 18th, reporting 125 home mortgage loans totaling \$24.4 million. This represents 1.4 percent market share by number. The majority of top ranked lenders are comprised of large community banks and non-depository lenders, such as Rocket Mortgage LLC, Fairway Independent Mortgage Corporation, Cornerstone Bank, Freedom Mortgage Corporation, and United Shore Financial Service, LLC. The top ten lenders in the assessment area had a combined market share of 22.6 percent.

Community Contact

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

Examiners contacted a representative from a nonprofit community development financial institution (CDFI) serving Berkshire, Franklin, Hampden, and Hampshire Counties. The organization provides services to low- and moderate-income people, women, people of color and immigrants in Western Massachusetts. The contact described an increase in start-up small businesses over the last two years by individuals pivoting from jobs lost due to the COVID-19 pandemic. The contact noted the area is comprised of a high Puerto Rican population along with other minorities, leading to a lack of understanding of banks and the banking system. Additionally noted, language and cultural barriers for individuals and small business owners present significant challenges for those with limited English Proficiency (LEP). The contact noted a need for financial institutions to reach out and to develop relationships with these communities. The contact also identified the need for non-traditional forms of lending to small businesses that do not meet traditional lending guidelines as commerce returns to the area following the pandemic. Also, small business entrepreneurs would benefit greatly from financial literacy education administered potentially through CDFI nonprofits or other such organizations.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing, in the form of credit builder programs, and, for both individuals and small businesses, financial literacy and increased community organization partnerships are primary community development needs. Additionally, direct charitable donations would provide helpful support.

Furthermore, pandemic relief through community development programs remains a current need for residents and businesses. Financial institutions have an opportunity to provide much-needed grants to community development organizations that specialize in providing community services to low- and moderate-income individuals who have been negatively impacted by the COVID-19 pandemic. Finally, economic development opportunities exist in the form of loans to small businesses to support job retention of low- and moderate-income individuals and within low- and moderate-income geographies.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period from the prior evaluation dated September 17, 2018, to the current evaluation dated November 28, 2022. The Massachusetts Division of Banks (“Division”) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Small Institution Examination procedures. The procedures encompass the Lending 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
- Fair lending policies and procedures

Loan Products Reviewed

Examiners determined that the bank’s major product line is home mortgage lending. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period.

Examiners evaluated the bank’s home mortgage lending performance from January 1, 2020 to December 31, 2021. Loan data for 2020 and 2021 was obtained from the Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for the respective periods. The bank reported 189 home mortgage loans totaling \$39.3 million in 2020 and 156 loans totaling \$32.1 million in 2021. The bank’s home mortgage lending performance was compared to the 2020 and 2021 aggregate lending data and demographic data.

Demographic information referenced in this evaluation was obtained using 2015 American Community Survey (ACS) data, Dun & Bradstreet and the U.S. Bureau of Labor Statistics (BLS). Financial data about the bank came from the September 20, 2022, Report of Income and Condition (Call Report.) Although the total dollar amounts of loans are discussed, the evaluation focuses on the bank’s lending performance by the number of loans originated during the review period.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

North Brookfield Savings Bank demonstrated satisfactory performance under the Lending Test. Loan-to-Deposit, Assessment Area Concentration, and Geographic Distribution primarily support this conclusion.

Loan-to-Deposit Ratio

The bank's average net loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 83.7 percent over the past 17 calendar quarters from September 30, 2018, to September 30, 2022. This ratio ranged from a high of 94.5 percent as of September 30, 2019, to a low of 71.3 percent as of June 30, 2022, and showed an overall decreasing trend during the evaluation period. The trend was attributed to impacts from the COVID-19 pandemic that included increasing deposit levels from stimulus funds to individuals and businesses as well as decreased loan levels surrounding focus on the Small Business Administration's (SBA) Payroll Protection Program loan program.

The bank's average LTD ratio was compared to that of three similarly situated institutions based on asset size, lending focus, geographic location, and branching structure. North Brookfield Bank's average LTD ratio is above two similarly situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Institution	Total Assets as of 9/30/2022 (\$000s)	Average Net LTD Ratio (%)
Charles River Bank	326,863	76.7
Dean Co-Operative Bank	436,642	80.1
North Brookfield Savings Bank	362,481	83.7
Bay State Savings Bank	497,041	99.9

Source: Reports of Condition and Income 09/30/2018 - 09/30/2022

Assessment Area Concentration

The bank made a majority of its home mortgage loans, by number and dollar volume, within its assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	152	80.4	37	19.6	189	29,349	74.6	9,988	25.4	39,337
2021	125	80.1	31	19.9	156	24,200	75.5	7,874	24.6	32,074
Total	277	80.3	68	19.7	345	53,550	75.0	17,862	25.0	71,412

Source: Bank Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's assessment area includes no low-income census tracts.

As there are zero low-income census tracts within the bank's assessment area, there is no lending performance in low-income census tracts under this criterion. In 2020 and 2021, the bank originated 8.6 and 9.6 percent, respectively, of its home mortgage loans within moderate-income census tracts. This performance is below both the aggregate and demographic performances. While the performance decreased by number year over year, the performance increased by percentage. Market share data further supports the bank's performance in moderate-income census tracts. In 2020, North Brookfield Savings Bank had a market share of 1.9 percent in moderate-income census tracts within the assessment area, ranking 10th out of 172 lenders. The bank's market share declined slightly to 1.8 percent in 2021, with a ranking of 11th with an increased number of lenders in the assessment area of 197.

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

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
Moderate						
2020	11.9	10.2	13	8.6	2,124	7.2
2021	11.9	10.9	12	9.6	1,749	7.2
Middle						
2020	62.6	56.2	118	77.6	21,687	73.9
2021	62.6	57.9	100	80.0	19,820	81.9
Upper						
2020	25.5	33.6	21	13.8	5,539	18.9
2021	25.5	31.2	13	10.4	2,631	10.9
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
Totals						
2020	100.0	100.0	152	100.0	29,350	100.0
2021	100.0	100.0	125	100.0	24,200	100.0

Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Borrower Profile

The bank's performance within distribution of borrowers over the evaluation period reflects, given the demographics of the assessment area, good penetration among individuals of different income levels.

For performance in originations or purchases of home mortgage loans within the assessment area to low-income borrowers, the bank's 2020 performance of 10.5 percent and 2021 performance of 10.4 percent exceeded aggregate performance, however, it trailed the assessment area demographic.

Additional factors support the bank's performance under this criterion. The bank's assessment area does not include any low-income census tracts. The median housing value in the assessment area is \$227,090. Low-income borrowers would likely not be able to qualify for such a mortgage under conventional underwriting standards. In addition, 5.7 percent of families within the assessment area are classified as being below the poverty level.

In 2020, the bank originated 20.4 percent of its home mortgage loans within the assessment area to moderate-income borrowers. This is above both the aggregate and the assessment area demographics. In 2021, the bank's lending to moderate-income borrowers increased to 28.8 percent. This was also above both aggregate and assessment area demographics.

North Brookfield Savings Bank ranked 11th out of 140 lenders that originated or purchased a home mortgage loan in the assessment area to low-income borrowers with 1.8 percent market share, and 11th out of 197 lenders that originated a home mortgage loan to moderate-income borrowers with 1.8 percent market share.

The following table illustrates the bank’s dispersion of home mortgage loans by borrower income level within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	18.4	6.3	16	10.5	1,666	5.7
2021	18.4	7.1	13	10.4	1,618	6.7
Moderate						
2020	16.6	19.6	31	20.4	4,850	16.5
2021	16.6	22.5	36	28.8	6,102	25.2
Middle						
2020	21.5	25.6	39	25.7	7,622	26.0
2021	21.5	24.4	36	28.8	7,011	29.0
Upper						
2020	43.4	32.8	62	40.8	14,364	48.9
2021	43.4	29.8	40	32.0	9,469	39.1
Not Available						
2020	0.0	15.7	4	2.6	847	2.9
2021	0.0	16.2	0	0.0	0	0.0
Totals						
2020	100.0	100.0	152	100.0	29,349	100.0
2021	100.0	100.0	125	100.0	24,200	100.0

Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Response to Complaints

The bank has not received any CRA-related complaints since the last CRA evaluation; therefore, this criterion did not affect the CRA rating.

Fair Lending Policies and Procedures

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

While no violations of anti-discrimination laws were identified, based on these exam procedures, weaknesses were identified in the bank’s record relative to fair lending policies and practices, and the bank is aware of needed improvements within their fair lending program to adhere to regulatory expectations outlined in the Division’s Regulatory Bulletin 1.3-106 and interagency procedures.

Minority Application Flow

The bank’s HMDA LARs for 2020 and 2021 were reviewed to determine if the application flow from the different racial groups within the bank’s assessment area was reflective of the assessment area’s demographics.

According to the 2015 ACS Census Data, the bank’s assessment area contained a total population of 157,161 individuals, of which 5.6 percent are minorities. The minority population represented is 0.7 percent Black/African American, 1.0 percent Asian/Pacific Islander, 0.1 percent American Indian/Alaskan Native, 2.8 percent Hispanic or Latino, and 1.0 percent other.

The bank’s level of lending in 2020 and 2021 was compared with that of the 2020 and 2021 aggregate’s lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank’s minority application flow as well as the aggregate lenders in the bank’s assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2020 HMDA		2020 Aggregate Data	Bank 2021 HMDA		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	2	0.9	0.3	0	0.0	0.4
Asian	0	0.0	1.3	1	0.5	1.4
Black/ African American	0	0.0	1.3	1	0.5	2.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	0.4	1.2	0	0.0	1.0
Total Racial Minority	3	1.3	4.3	2	1.0	5.0
White	187	82.0	74.5	171	84.2	71.8
Race Not Available	38	16.7	21.2	30	14.8	23.2
Total	228	100.0	100.0	203	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	1.3	3.6	1	0.5	4.3
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.4	1.4	0	0.0	1.3
Total Ethnic Minority	4	1.7	5.0	1	0.5	5.6
Not Hispanic or Latino	160	70.2	72.3	155	76.4	70.9
Ethnicity Not Available	64	28.1	22.7	47	23.1	23.5
Total	228	100.0	100.0	203	100.0	100.0
<i>Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021</i>						

In 2020, the bank received 228 HMDA reportable loan applications within its assessment area. Of these applications, three applications or 1.3 percent were received from racial minority applicants. This was below aggregate performance of 4.3 percent of its applications from racial minority applicants. For the same period, the bank received 4 or 1.7 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was also below an aggregate ethnic minority application rate of 5.0 percent.

In 2021, the bank received 203 HMDA reportable loan applications within its assessment area. Of these applications, 2 or 1.0 percent were received from racial minority applicants. The aggregate received 5.0 percent of its applications from racial minority applicants. For the same period, the bank received one application or 0.5 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was below an aggregate ethnic minority application rate of 5.6 percent.

In the minority application flow analysis, examiners also considered the demographic composition of the assessment area, comparisons to aggregate data (increasing trend), and the bank's fair lending controls. Performance in 2020 and 2021 reflect a minority application flow well below aggregate lending. Examiners encourage bank management to be cognizant of business strategies that will aid in improving the minority application flow.

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 institution 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.

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.

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.

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.

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 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.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, requires all financial institution 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 (35 Summer Street North Brookfield, Massachusetts 015351).

[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.