

# **PUBLIC DISCLOSURE**

November 2, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

North Easton Savings Bank  
Certificate Number: 90259

20 Eastman Street  
South Easton, Massachusetts 02375

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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

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

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

- The bank's 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 and small business loans in its assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout its assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated 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, conducted jointly by the FDIC and the Commonwealth of Massachusetts Division of Banks (Division), assesses North Easton Savings Bank's CRA performance from the prior evaluation, dated November 13, 2017, through the current evaluation, dated November 2, 2020. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Bank (ISB) Examination Procedures, consisting of the Small Bank Lending Test and the Community Development Test, to evaluate the bank's CRA performance.

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

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

### **Activities Reviewed**

As part of the Lending Test, examiners considered home mortgage and small business loans based on the bank's business strategy and the number and dollar volume of loan originations during the evaluation period. Examiners did not consider small farm or consumer lending within the scope of the evaluation due to the nominal percentage of small farm and consumer loans in the bank's loan portfolio. The bank's volume of home mortgage loans exceeded its volume of small business loans. Therefore, examiners weighed home mortgage lending performance higher when determining overall conclusions.

Examiners analyzed home mortgage lending reported on the bank's 2017, 2018, and 2019 Home Mortgage Disclosure Act (HMDA) loan application registers as part of the Lending Test. The bank reported 213 loans totaling \$73.0 million in 2017, 146 loans totaling \$46.9 million in 2018, and 414 loans totaling \$116.6 million in 2019. Examiners compared the bank's lending activity to aggregate lending data for each year reviewed, respectively, and demographic data from the 2015 American Community Survey (ACS). The bank's lending performance in 2017 was consistent with its 2018 lending performance. As a result, this evaluation only presents the bank's 2018 and 2019 lending

performance under the Geographic Distribution and Borrower Profile criteria. A merger in 2019 notably changed the bank's lending composition, leading to a substantial increase in home mortgage loan originations. Examiners emphasized 2019 performance when determining conclusions since it is the most recent year of available aggregate data. Although the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of individuals and businesses served.

Due to its asset size, the bank is not required to collect or report small business loan data, nor did it choose to do so. Accordingly, examiners selected a sample of small business loans from the most recent full calendar year in order to determine lending performance for this product type. The bank originated 38 small business loans totaling \$7.0 million in 2019, and examiners analyzed and presented a sample of 30 of those loans totaling \$5.0 million. Examiners compared the bank's small business lending activity to D&B data.

As part of the Community Development Test, examiners considered the number and dollar amount of qualified community development loans, investments, and services throughout the evaluation period, which spans from the prior evaluation date of November 13, 2017, through the current evaluation date of November 2, 2020.

## DESCRIPTION OF INSTITUTION

### **Background**

North Easton Savings Bank is a state-chartered, mutual savings bank headquartered in South Easton, Massachusetts. North Easton Savings Bank operates three wholly owned subsidiaries, none of which engages in retail banking. North Easton Savings Bank merged with Mutual Bank of Whitman, Massachusetts, a state-chartered mutual bank, effective April 29, 2019.

The Division and the FDIC jointly conducted the prior CRA Performance Evaluation using ISB Examination Procedures on November 13, 2017, and assigned a “Satisfactory” rating.

### **Operations**

The bank’s main office is located in South Easton; however, it is not a full-service branch. Through the merger with Mutual Bank, North Easton Savings Bank expanded its branch network from 9 full-service branches to 18 full-service branches. The branches are located in Brockton (2), Carver (1), Easton (1), Halifax (1), Hanson (1), Mansfield (1), Middleboro (1), North Attleborough (1), North Easton (2), Norton (2), Plymouth (1), South Easton (2), and Whitman (2). Each branch has an automated teller machine (ATM), and there are additional stand-alone ATMs located in Brockton, East Bridgewater, Hanover, Wheaton College in Norton, and Raynham. All of the additional stand-alone ATMs accept deposits, except the ATM in Norton. The bank has not closed any branches since the previous evaluation.

North Easton Savings Bank offers home mortgage loans, home equity lines of credit (HELOCs), home equity loans, home improvement loans, and personal loans. Business loans include commercial real estate loans, commercial lines and letters of credit, working capital plans, and equipment and vehicle financing. The institution provides a variety of deposit products that include consumer checking and savings accounts, commercial checking and savings accounts, money market deposit accounts, certificates of deposit, and individual retirement accounts. Additionally, the bank offers various account access services, such as online and mobile banking with bill pay.

### **Ability and Capacity**

As of September 30, 2020, the bank had assets totaling \$1.3 billion, total loans of \$843.9 million representing 67.4 percent of total assets, and total deposit of \$1.1 billion. The bank’s total assets, loans, and deposits more than doubled primarily due to the merger with Mutual Bank. As of March 31, 2019, Mutual Bank had \$523.6 million in total assets, and North Easton Savings Bank had \$565.7 million in total assets.

Loans secured by 1-4 family residential properties decreased from 84.0 percent at the prior evaluation, to 59.5 percent as of September 30, 2020. The bank’s loan portfolio of commercial loans (loans secured by nonfarm nonresidential properties and commercial and industrial loans), increased from 8.4 percent at the prior evaluation, to 28.8 percent as of September 30, 2020. The changes in the loan portfolio are due to the merger. The following table illustrates bank’s loan portfolio as of September 30, 2020.

<b>Loan Portfolio Distribution as of 9/30/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	50,357	5.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	504,450	59.5
Secured by Multi-family (5 or more) Residential Properties	21,377	2.5
Secured by Non-farm Non-Residential Properties	153,023	18.0
<b>Total Real Estate Loans</b>	<b>729,207</b>	<b>85.9</b>
Commercial and Industrial Loans	91,605	10.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	27,911	3.3
Obligations of States and Political Subdivisions in the United States	0	0.0
Other Loans	0	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>848,723</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

There were no financial, legal, or other impediments observed that would limit the bank's ability to meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. North Easton Savings Bank designated its assessment area to include 35 contiguous municipalities in Bristol, Norfolk, Plymouth, and Barnstable Counties in Massachusetts. The assessment area expanded from eight municipalities across Bristol, Norfolk, and Plymouth Counties at the previous evaluation. The following table includes the Metropolitan Statistical Areas (MSAs), counties, and towns that encompass the bank’s assessment area.

<b>Barnstable County (Barnstable Town, MA MSA)</b>			
Bourne			
<b>Bristol County (Providence Warwick, RI-MA MSA)</b>			
Attleboro	Easton	Mansfield	North Attleborough
Norton	Raynham	Rehoboth	Taunton
<b>Norfolk County (Boston-Cambridge-Newton, MA-NH MSA)</b>			
Avon	Foxborough	Holbrook	Plainville
Sharon	Stoughton		
<b>Plymouth County (Boston-Cambridge-Newton, MA-NH MSA)</b>			
Abington	Bridgewater	Brockton	Carver
East Bridgewater	Halifax	Hanover	Hanson
Kingston	Lakeville	Middleborough	Norwell
Pembroke	Plymouth	Plympton	Rockland
Wareham	West Bridgewater	Whitman	

The Barnstable County MSA, Boston-Cambridge-Newton MSA, and Plymouth County MSA are all part of the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Examiners conducted full-scope reviews of the Barnstable County MSA, Boston-Cambridge-Newton MSA, and Plymouth County MSA and determined the bank’s performance was consistent in each MSA. As a result, examiners presented the bank’s lending performance using the Boston-Worcester-Providence, MA-RI-NH-CT CSA.

### **Economic and Demographic Data**

According to 2015 ACS data, the assessment area consists of 143 census tracts with the following income designations:

- 6 low-income census tracts
- 26 moderate-income census tracts
- 65 middle-income census tracts
- 44 upper-income census tracts
- 2 census tracts without an income designation

The low-income census tracts are located in Brockton (5) and Taunton (1). The moderate-income census tracts are located in Attleboro (3), Bourne (1), Brockton (10), Carver (1), Holbrook (1),



Middleborough (1), North Attleborough (1), Plymouth (2), Stoughton (1), Taunton (3), and Wareham (2). The two census tracts without an income designation are located in Bridgewater, one of which is a correctional facility and the other is Bridgewater State College. The expanded assessment area added 8 moderate-income census tracts, 46 middle-income census tracts, 22 upper-income census tracts, and 2 census tracts without an income designation.

Furthermore, the assessment area includes 11 census tracts designated as opportunity zones as part of the Federal Opportunity Zone Program, which promotes redevelopment in economically depressed areas. The opportunity zone census tracts are located in Bourne (1), Bridgewater (1), Brockton (4), North Attleborough (2), Rockland (1), Taunton (1), and Wareham (1). This indicates community development opportunities exist for revitalization and stabilization in these areas.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	143	4.2	18.2	45.5	30.8	1.4
Population by Geography	728,486	3.3	15.9	44.9	35.2	0.7
Housing Units by Geography	288,312	3.4	17.4	46.9	32.3	0.1
Owner-Occupied Units by Geography	194,681	1.1	12.2	49.4	37.2	0.0
Occupied Rental Units by Geography	68,694	9.4	29.4	38.3	22.7	0.2
Vacant Units by Geography	24,937	5.0	24.2	50.9	19.9	0.0
Businesses by Geography	53,104	3.3	13.3	47.0	36.2	0.2
Farms by Geography	1,590	0.8	11.2	50.1	37.9	0.0
Family Distribution by Income Level	185,174	19.8	16.7	20.9	42.7	0.0
Household Distribution by Income Level	263,375	21.9	14.3	17.1	46.7	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$80,751	Median Housing Value			\$301,481
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Gross Rent			\$1,071
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			5.9%

*Source: 2015 ACS and 2019 D&B Data. Due to rounding, totals may not equal 100.0%*

The low percentage of owner-occupied units in low-income census tracts indicates limited opportunities to originate home mortgage loans within these census tracts. In addition, 5.9 percent of assessment area families are below the poverty level. Families below the poverty level would not likely qualify for home mortgage loans, meaning the percentage of low-income families in the assessment area overstates home mortgage loan demand for families in this income category.

Examiners used the FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories by MSA or Metropolitan Division (MD).

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Barnstable Town, MA MSA Median Family Income (12700)</b>				
2018 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
2019 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
<b>Boston, MA MD Median Family Income (14454)</b>				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2018 (\$80,600)	<\$40,300	\$40,300 to <\$64,480	\$64,480 to <\$96,720	≥\$96,720
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
<i>Source: FFIEC</i>				

The median housing value of \$301,481 is approximately three times the median family incomes of each MSA or MD. In the low- and moderate-income areas, the median housing value is even less affordable. For example, the median housing value in Brockton is four times the median family income. Therefore, low- and moderate-income individuals may have difficulty qualifying for conventional loan products. This presents the need for affordable housing options within the assessment area.

According to the United States (U.S.) Bureau of Labor Statistics, the 2019 statewide annual unemployment rate was 2.9 percent. Unemployment rates in each county align closely with statewide unemployment rates. Annual unemployment rates steadily decreased since the prior evaluation from 2017 to 2019. However, unemployment rates nationwide, including in Massachusetts, increased in April 2020 due to the COVID-19 pandemic and have remained relatively high. The table below outlines the county, state, and national unemployment rates during the evaluation period.

<b>Unemployment Rates</b>				
<b>Area</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>September 2020</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Barnstable County	4.7	4.3	3.9	9.0
Bristol County	4.8	4.3	3.7	10.1
Norfolk County	3.3	3.0	2.5	9.2
Plymouth County	3.9	3.5	3.0	9.8
Massachusetts	3.7	3.4	2.9	9.5
National Average	4.1	3.9	3.7	7.9
<i>Source: Bureau of Labor Statistics</i>				

According to Moody’s Analytics as of October 2020, the major industries for employment in each MSA or MD are as follows. In the Boston, MA MD and Providence-Warwick, RI-MA MSA, the major industries are education and health services, professional and business services, and government. In the Barnstable Town, MA MSA, the major industries are leisure and hospitality services, education and health services, and government.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank’s small business loans to the distribution of businesses by gross annual revenue (GAR) level. According to 2019 D&B data, there were 53,104 non-farm businesses in the assessment area. GAR levels for these businesses are below.

- 84.9 percent have \$1 million or less
- 5.7 percent have more than \$1 million
- 9.4 percent have unknown revenues

**Competition**

The assessment area is highly competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 27 financial institutions operated 204 full-service branches within the assessment area. North Easton Savings Bank ranked 8<sup>th</sup> with a 5.2 percent market share. The top three financial institutions were two larger community banks and one national bank; they had a combined market share of 42.7 percent.

The assessment area is highly competitive for home mortgage lending activities. According to 2019 aggregate data, 465 lenders originated or purchased 35,411 home mortgage loans within the assessment area. North Easton Savings Bank ranked 31<sup>st</sup> with a 1.0 percent market share. The top three financial institutions were nationwide institutions with a combined market share of 14.4 percent.

**Community Contacts**

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 of the area. This information

helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities. As part of this examination, examiners used two contacts.

Examiners contacted a representative of an affordable housing organization in the area. The contact identified the significant need for affordable housing and community services. The need for affordable housing includes rental housing and homes for purchase. For community services, the contact highlighted the need for credit repair programs and financial education.

Examiners also contacted a representative of an economic development corporation located in Brockton. The contact identified opportunities for supporting small businesses such as investing in economic development funds. The contact also indicated the need for job training based on higher poverty and unemployment levels.

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

Considering information from community contacts and bank management, as well as demographic and economic data, examiners determined that affordable housing and community services are the primary community development opportunities of the assessment area. Examiners also identified a need for financial education and non-traditional credit products for low- and moderate-income individuals.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

North Easton Savings Bank demonstrated reasonable performance under the Lending Test. The bank's performance under each criterion supports this conclusion.

#### Loan-to-Deposit Ratio

The bank's net LTD ratio 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 82.4 percent over the past twelve quarters, from December 31, 2017 to September 30, 2020. The net LTD ranged from a low of 77.3 percent as of September 30, 2020 to a high of 86.7 percent as of June 30, 2019. The bank's net LTD ratio has been relatively stable over the evaluation period, with a slight increase in 2019 due to the merger with Mutual Bank. In 2020, an influx of deposits during the COVID-19 pandemic has led to a downward trend in the net LTD ratio, from 85.8 percent as of March 30, 2020 to 77.3 percent as of September 30, 2020.

As shown in the table below, examiners compared the bank's average net LTD ratio to average net LTD ratios from similarly situated institutions based on asset size and market area. Although its ratio is lower than comparable banks, it is still within a reasonable range considering the bank sells loans on the secondary market.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank Name</b>	<b>Total Assets as of 9/30/2020 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>North Easton Savings Bank</b>	<b>1,251,586</b>	<b>82.4</b>
Bank Five	1,216,888	88.9
Bridgewater Savings Bank	712,150	88.1
Norwood Bank	628,903	100.6

*Source: Consolidated Reports of Condition and Income*

#### Assessment Area Concentration

The bank originated a majority, by both number and dollar amount, of home mortgage and small business loans inside its assessment area. The following table illustrates the bank's home mortgage and small business lending activity inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	159	74.7	54	25.3	213	46,056	63.1	26,989	36.9	73,045
2018	113	77.4	33	22.6	146	33,996	72.4	12,946	27.6	46,942
2019	341	82.4	73	17.6	414	90,514	77.6	26,096	22.4	116,610
<b>Subtotal</b>	<b>613</b>	<b>79.3</b>	<b>160</b>	<b>20.7</b>	<b>773</b>	<b>170,566</b>	<b>72.1</b>	<b>66,031</b>	<b>27.9</b>	<b>236,597</b>
Small Business										
2019	26	86.7	4	13.3	30	4,343	87.1	641	12.9	4,984
<b>Total</b>	<b>639</b>	<b>79.6</b>	<b>164</b>	<b>20.4</b>	<b>803</b>	<b>174,909</b>	<b>72.7</b>	<b>66,672</b>	<b>27.7</b>	<b>240,581</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

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

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

The distribution of home mortgage loans reflects reasonable dispersion among low- and moderate-income census tracts. The bank showed an improved performance from 2018 to 2019, with the increase in loan volume attributed to the merger with Mutual Bank. Furthermore, the bank's number of branches doubled due to the merger, increasing its resources to reach the expanded assessment area. The following table illustrates the bank's dispersion of home mortgage loans by census tract income level within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.1	1.8	1	0.9	764	2.2
2019	1.1	1.5	4	1.2	1,154	1.3
Moderate						
2018	12.2	13.7	7	6.2	1,359	4.0
2019	12.2	12.8	44	12.9	8,964	9.9
Middle						
2018	49.4	48.5	26	23.0	8,904	26.2
2019	49.4	48.5	176	51.6	41,440	45.8
Upper						
2018	37.2	36.0	79	69.9	22,970	67.6
2019	37.2	37.2	117	34.3	38,956	43.0
Not Available						
2018	0.0	0.1	0	0.0	0	0.0
2019	0.0	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>33,996</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>341</b>	<b>100.0</b>	<b>90,514</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

In 2018, the bank's lending in low-income census tracts was below the aggregate lending performance and demographics. However, in 2019, the bank's lending performance improved, and was comparable to the demographics and aggregate lending performance. The increasing trend in 2019 supports the bank's reasonable performance.

In 2018, the bank's lending in moderate-income census tracts was below the aggregate lending performance and demographics. However, in 2019, the bank's lending in moderate-income census tracts improved, and was slightly above both aggregate lending performance and demographics in those tracts.

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

The distribution of small business loans reflects reasonable dispersion among low- and moderate-income census tracts. The following table illustrates the bank's performance by census tract income level.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2019	3.3	2	7.7	150	3.5
Moderate					
2019	13.3	1	3.9	168	3.9
Middle					
2019	47.5	14	53.8	2,545	58.6
Upper					
2019	35.8	9	34.6	1,480	34.1
Not Applicable					
2019	0.2	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>4,343</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

In 2019, the bank’s small business lending exceeded the total percentage of businesses located in low-income census tracts, but compared unfavorably to the total percentage of business located in moderate-income census tracts. While the bank’s lending in moderate-income census tracts was below the percentage of business located in those tracts, it competes against larger national banks for small business loans in these areas. In addition, the bank could have nearly matched the percentage of businesses in moderate-income tracts with two additional loans. Therefore, the bank’s lending performance is reasonable considering its lending in low-income census tracts and the competition it faces in the moderate-income census tracts.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank’s home mortgage lending performance primarily supports this conclusion.

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

The bank’s lending performance reflects reasonable penetration to individuals of different income levels, including low- and moderate-income borrowers. The following table illustrates the bank’s home mortgage lending by borrower income level.



Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	19.8	5.7	3	2.7	211	0.6
2019	19.8	5.1	15	4.4	1,923	2.1
Moderate						
2018	16.7	20.6	12	10.6	1,928	5.7
2019	16.7	20.1	56	16.4	10,478	11.6
Middle						
2018	20.9	25.9	14	12.4	3,159	9.3
2019	20.9	25.6	83	24.3	19,405	21.4
Upper						
2018	42.7	34.4	73	64.6	23,441	69.0
2019	42.7	32.8	125	36.7	41,485	45.8
Not Available						
2018	0.0	13.4	11	9.7	5,257	15.5
2019	0.0	16.5	62	18.2	17,223	19.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>113</b>	<b>100.0</b>	<b>33,996</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>341</b>	<b>100.0</b>	<b>90,514</b>	<b>100.0</b>

*Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%*

The bank's performance is reasonable based its improved lending performance from 2018 to 2019, and market share data. In 2018, the bank's lending to low-income borrowers was below both aggregate and demographic data. In 2019, the bank's lending to low-income borrowers improved and was comparable to aggregate performance. As noted in the Description of Assessment Area section, the percentage of low-income families is not representative of the demand and opportunity for home mortgage loans to this group, considering 5.9 percent of the population in the assessment area is below the poverty level. In addition, the median housing value in the assessment area is \$301,481 and low-income borrowers may have difficulty qualifying for conventional mortgages. Furthermore, market share data further supports the bank's reasonable lending performance to low-income borrowers. According to 2019 market share data, the bank maintained a 0.8 percent market share and ranked 31<sup>st</sup> out of 150 lenders that originated or purchased a home mortgage loan to low-income borrowers within the assessment area.

The bank's lending to moderate-income borrowers was below the aggregate and demographics in 2018. In 2019, the bank significantly improved its performance when lending to moderate-income borrowers, essentially matching the percentage of families, but was still below aggregate lending performance. Market share data supports the bank's reasonable lending performance to moderate-income borrowers. The bank maintained a 0.8 percent market share and ranked 30<sup>th</sup> out of 228

lenders when lending to moderate-income borrowers. The top lenders to both low- and moderate-income borrowers are significantly larger institutions.

In addition, in an effort to overcome challenges with lending to low- and moderate-income borrowers, the bank formed a relationship with and purchased loans from Habitat for Humanity of Greater Plymouth during the evaluation period. Habitat for Humanity provides permanent affordable housing to low- and moderate-income families. The bank purchased five loans in August 2018 with a combined balance of \$294,034.

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less. The following table illustrates the bank’s small business lending by GAR level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2019	83.6	14	53.8	1,800	41.4
>\$1,000,000					
2019	6.4	12	46.2	2,543	58.6
Revenue Not Available					
2019	10.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>4,343</b>	<b>100.0</b>

*Source: 2019 D&B Data; Bank Data.; Due to rounding, totals may not equal 100.0%*

In 2019, the bank made more than half of its small business loans to businesses with GARs of \$1 million or less. While the bank’s lending performance compares unfavorably to the percentage of businesses with GARs of \$1 million or less in the assessment area, the number of businesses with GARs of \$1 million or less is not a true measure for demand. Furthermore, the bank faces competition from larger institutions in its assessment area to originate small business loans. Given these factors, the bank’s lending performance is reasonable.

**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

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

### Community Development Loans

The bank originated six community development loans totaling approximately \$2.8 million during the evaluation period. This activity level represents 0.3 percent of average total assets and 0.5 percent of average total loans since the prior CRA evaluation, which is similar to the previous evaluation. These efforts are responsive to the community development needs of the assessment area. The following table illustrates the bank’s community development loans by purpose and year.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	4	1,684	0	0	0	0	0	0	4	1,684
YTD 2020	0	0	0	0	0	0	2	1,110	2	1,110
<b>Total</b>	<b>4</b>	<b>1,684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,110</b>	<b>6</b>	<b>2,794</b>

*Source: Bank Records*

The following are notable examples of community development loans.

- In 2020, the bank originated an \$860,000 community development loan to a branch of the Commonwealth of Massachusetts’s workforce development program located in a designated opportunity zone. The organization’s primary purpose is to revitalize and stabilize the moderate-income area by providing job training and connecting job seekers with employers.
- In 2019, the bank originated two loans totaling \$4.1 million to build a 36-unit apartment complex. The development includes nine units designated as affordable housing, resulting in community development loan credit of \$1.0 million. The apartment complex is part of the Commonwealth of Massachusetts’ 40B housing program promoting affordable housing development.

### Qualified Investments

During the evaluation period, the bank made 131 qualified investments totaling approximately \$2.0 million, which includes 2 equity investments totaling \$1.7 million and 129 donations totaling \$298,944. This activity accounts for 0.2 percent of average total assets, and the equity investments account for 0.6 percent of total investments, which is similar to the previous evaluation. In

addition, the bank allocated the majority of its investment dollars to affordable housing, which is a primary assessment area need. The following table illustrates the bank’s community development investments by purpose and year.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	1	1,600	0	0	0	0	0	0	1	1,600
YTD 2020	0	0	0	0	1	100	0	0	1	100
<b>Subtotal</b>	<b>1</b>	<b>1,600</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,700</b>
Qualified Grants & Donations	14	51	111	241	0	0	4	7	129	299
<b>Total</b>	<b>15</b>	<b>1,651</b>	<b>111</b>	<b>241</b>	<b>1</b>	<b>100</b>	<b>4</b>	<b>7</b>	<b>131</b>	<b>1,999</b>

Source: Bank Records

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

**Equity Investments**

- In 2019, the bank invested \$1.6 million in a 10-year bond that supports a 49-unit affordable housing development. All of the 49 units are for low- and moderate-income individuals, which is particularly responsive to the community development needs of the assessment area.
- In 2020, the bank invested \$100,000 in a loan fund managed by a non-profit organization. The loan fund promotes economic development by providing non-traditional lending to small businesses.

**Donations**

- **Habitat For Humanity** – This organization builds affordable housing for low- and moderate-income individuals within the assessment area. The organization also offers homeownership education programs.
- **Health Imperatives** – This organization supports the health and well-being of low-income families and individuals in Southeastern Massachusetts. The community services provided include emergency shelter and crisis counseling for survivors of domestic violence.
- **Father Bill’s & MainSpring** – This organization’s purpose is to end and prevent homelessness in Southern Massachusetts. It provides community services such as emergency housing, permanent housing, and job training to low- and moderate-income individuals struggling with homelessness.

**Community Development Services**

During the evaluation period, bank employees provided 43 instances of financial expertise or technical assistance to community development organizations, which is lower than the previous evaluation. However, the opportunity to provide community development services was limited in 2020, as the COVID-19 pandemic prevented employees from performing certain activities in person. The bank demonstrated its commitment to seeking community development services throughout the assessment area. The following table illustrates the bank’s community development services by purpose and year.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	0	3	0	0	3
2018	0	5	0	3	8
2019	6	16	0	4	26
YTD 2020	1	2	0	3	6
<b>Total</b>	<b>7</b>	<b>26</b>	<b>0</b>	<b>10</b>	<b>43</b>

*Source: Bank Records*

Bank employees are involved in local community development organizations in multiple capacities. The following organizations are examples of bank employee involvement in community development services.

- **Brockton Redevelopment Authority** – This quasi-public agency focuses on revitalizing and stabilizing Brockton by developing affordable housing for low- and moderate-income individuals and commercial complexes in the downtown Brockton area to promote economic development. An Assistant Vice President served as treasurer for the agency throughout the evaluation period.
- **Brockton Credit for Life Fair** – This program promotes financial literacy through annual financial education events funded by the Financial Education Innovation Fund. The events at Brockton High School primarily benefited low- and moderate-income students, as the majority of students at the high school are economically disadvantaged and receive free or reduced priced lunch. Five bank employees presented at the annual event during the evaluation period.
- **Help Us Get Safe (H.U.G.S.)** – This non-profit organization focuses on eliminating family violence in Easton. The organization’s community services include financial assistance, emergency supplies, emergency shelter, and legal assistance for low- and moderate-income individuals. Two employees at the bank served as treasurers during the evaluation period.

### *Other Services*

- **Basic Banking for Massachusetts** - The bank continued its participation in this program during the evaluation period. The program is voluntary for financial institutions and helps expand access to banking products and services to low- and moderate-income individuals. The bank offers checking and savings accounts that meet the Massachusetts Community and Banking Council guidelines for low-cost accounts.
- **Federal Home Loan Bank Equity Builder Program** - The Federal Home Loan Bank Equity Builder Program provides grant money for down payment and closing cost assistance to low- and moderate-income homebuyers to purchase their primary residence. Buyers must complete an approved homebuyer-counseling program. The bank continued to offer loans under this program during the evaluation period.
- **Live in Our Community Area Loan Program (L.O.C.A.L.)** - The bank developed this program to provide discounted rates and low closing costs to low- and moderate-income borrowers within the bank's assessment area.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet community credit needs.

## DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

### *Minority Application Flow*

Examiners reviewed the bank's 2018 and 2019 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S. Census data, the bank's assessment area contains a population of 728,486 individuals, of which 17.4 percent are minorities. The assessment area's minority population is 7.9 percent Black/African American, 2.2 percent Asian, 0.1 percent American Indian, 4.1 percent Hispanic or Latino, and 3.1 percent Other.

In 2018, the bank received 167 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 11, or 6.6 percent, from racial minorities. Compare to aggregate data, which indicates 12.7 percent of applications were received from racial minorities. For the same period, the bank received 4 applications, or 2.4 percent, from Hispanic applicants. The aggregate data indicated 4.5 percent of applications were received from Hispanic applicants.

In 2019, the bank received 460 HMDA-reportable loan applications from within its assessment area. Of all HMDA-reportable applications received in 2019, the bank received 29, or 6.3 percent, from racial minorities. Compare to aggregate data, which indicates 11.9 percent of applications were received from racial minorities. For the same period, the bank received 7 applications, or 1.5 percent, from Hispanic applicants. Aggregate data indicates 4.4 percent of total applications were received from Hispanic applicants in 2019.

The following table details the bank's minority application flow and aggregate data in its assessment area.

<b>MINORITY APPLICATION FLOW</b>						
<b>RACE</b>	<b>Bank 2018</b>		<b>2018 Aggregate Data</b>	<b>Bank 2019</b>		<b>2019 Aggregate Data</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	4	2.4	2.2	6	1.3	2.2
Black/ African American	3	1.8	8.6	17	3.7	8.1
Hawaiian/Pacific Islander	0	0.0	0.2	1	0.2	0.2
2 or more Minority	1	0.6	0.2	0	0.0	0.1
Joint Race (White/Minority)	3	1.8	1.2	5	1.1	1.1
<b>Total Minority</b>	<b>11</b>	<b>6.6</b>	<b>12.7</b>	<b>29</b>	<b>6.3</b>	<b>11.9</b>
White	128	76.6	66.4	261	56.7	65.0
Race Not Available	28	16.8	20.9	170	37.0	23.1
<b>Total</b>	<b>167</b>	<b>100.0</b>	<b>100.0</b>	<b>460</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	3	1.8	3.6	2	0.4	3.4
Not Hispanic or Latino	126	75.4	74.3	264	57.4	72.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.6	0.9	5	1.1	1.0
Ethnicity Not Available	37	22.2	21.2	189	41.1	23.5
<b>Total</b>	<b>167</b>	<b>100.0</b>	<b>100.0</b>	<b>460</b>	<b>100.0</b>	<b>100.0</b>

*Source: 2018 and 2019 HMDA Data, 2015 ACS Data*

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

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

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

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

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

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

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and

rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a

population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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