

# **PUBLIC DISCLOSURE**

September 30, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

PeoplesBank  
Certificate Number: 90213

330 Whitney Avenue  
Holyoke, Massachusetts 01040

Division of Banks  
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Boston, Massachusetts 02110

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

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

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## INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>**FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings and for rated areas in Massachusetts as the Division of Banks does not have a “low satisfactory” rating. For institutions with rated areas outside of Massachusetts, this jointly issued public evaluation uses the terms “high satisfactory” and “low satisfactory” for the Lending, Investment, and Service Test ratings.</i></p>			

**The Lending Test is rated Satisfactory.**

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution made an adequate percentage of home mortgage and small business loans made in the assessment areas.
- The geographic distribution of home mortgage loans and small business loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution made an adequate level of community development loans.

**The Investment Test is rated Outstanding.**

- The institution has an excellent level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community development needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly in low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

PeoplesBank is a mutually chartered bank headquartered in Holyoke, Massachusetts. It was founded in 1885 as a mutual savings bank and converted to stock ownership in 2003. The bank primarily operates in western Massachusetts and the northern part of Connecticut. The bank is wholly owned by PeoplesBancorp, MHC, a mutually owned, one-bank holding company. The bank also maintains five wholly owned subsidiaries, none of which engage in retail banking activities.

PeoplesBank received a Satisfactory rating at its previous joint Federal Deposit Insurance Corporation (FDIC) and Commonwealth of Massachusetts Division of Banks (Division of Banks) CRA Performance Evaluation dated August 17, 2021, based on Interagency Large Institution Examination Procedures.

### **Operations**

PeoplesBank operates its main office and 17 full-service branches across western Massachusetts (MA) and northern Connecticut (CT). In Massachusetts, the bank operates 13 branches in Hampden County (10) and Hampshire County (3). In Connecticut, the bank operates four branches in Hartford County. The bank also operates deposit-taking automated teller machines (ATMs) and interactive teller machines (ITMs) at all 17 full-service branches and at 5 remote locations. The bank's ATMs are available 24 hours, 7 days per week. ITMs have extended hours Monday through Friday and limited hours on Saturday and Sunday. In addition, the bank operates withdrawal-only ATMs located at the main office and Holyoke Community College. The bank participates in the Allpoint ATM network, which provides bank customers with surcharge-free ATM use at participating ATMs throughout the United States.

PeoplesBank closed four branches since the prior evaluation period; one in West Suffield, CT in 2022; one in Springfield, MA in 2022; and two in Springfield and Chicopee, MA in 2024. The Springfield branch that closed in 2022 was a limited purpose branch at a nursing home. The bank also opened two new branches in Hartford County, CT in West Hartford in August 2021 and South Windsor, CT in June 2023.

PeoplesBank offers a variety of lending products for its consumers. The bank's lending products include home mortgage, commercial, and consumer loans, with home mortgage and commercial loans being primary product lines. Home mortgage loans include conventional fixed- and adjustable-rate loans, home equity lines of credit, construction loans, land loans, jumbo loans, investment property mortgages, and energy efficiency home equity loans. The bank has a first-time homebuyer program that includes low down payments and closing cost credits. For business customers, the bank offers mortgages for owner-occupied or investment real estate, construction loans for building and renovation projects, term loans for expansion of business or upgrade of facilities, lines of credit, and letters of credit. PeoplesBank is also a preferred Small Business Administration (SBA) lender, offering guaranteed 7a, 504, SBA Express, and Patriot Express loans for small business customers. During the evaluation period, the bank also offered loans under the

SBA's Payroll Protection Program (PPP) in 2021 until the program ended on May 31, 2021. Those loans helped businesses keep their workforce employed during the COVID-19 pandemic.

PeoplesBank also offers a variety of deposit products for consumers and businesses, including checking, savings, certificate of deposit, money market, and individual retirement accounts. The bank also provides Interest on Lawyers Trust Accounts (IOLTAs), the interest of which helps to provide legal services for low- and moderate-income individuals that cannot afford such services, as well as landlord/tenant accounts to manage security deposits. The bank also offers Visa debit cards, wire transfers, treasury checks, money orders, safe deposit boxes, night deposit, notary services, and fraud protection. The bank offers additional services to business customers, such as cash management services, account reconciliation, electronic payments reporting, payroll services, merchant services, ACH origination, electronic payments, and automatic sweeps to both lines of credit and investment accounts.

Alternative delivery services include ATMs, ITMs, direct deposit, online banking, online bill pay, mobile banking, mobile remote deposit capture, eStatements, 24-hour telephone banking, and bank-to-bank transfers.

### **Ability and Capacity**

According to the June 30, 2024 Consolidated Report of Condition and Income (Call Report), assets totaled \$4.4 billion, including \$3.4 billion in total loans and \$564.1 million in total securities. Deposits totaled \$3.6 billion. Since the prior evaluation, total assets and total loans increased by \$1.0 billion each. Total securities increased by \$163.1 million, and total deposits increased by \$891.7 million. Residential 1-4 family home mortgage lending represented the largest portion of the bank's loan portfolio, which is consistent with the prior evaluation period. The following table illustrates the bank's loan portfolio distribution.

<b>Loan Portfolio Distribution as of 6/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	83,759	2.5
Secured by Farmland	519	0.0
Secured by 1-4 Family Residential Properties	1,343,554	40.1
Secured by Multifamily (5 or more) Residential Properties	371,730	11.1
Secured by Nonfarm Nonresidential Properties	838,047	25.0
<b>Total Real Estate Loans</b>	<b>2,637,609</b>	<b>78.7</b>
Commercial and Industrial Loans	377,173	11.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	329,119	9.8
Obligations of State and Political Subdivisions in the U.S.	7,355	0.2
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>3,351,256</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. PeoplesBank designated two contiguous assessment areas<sup>1</sup> in Massachusetts and Connecticut, which each represent a rated area.

The Springfield MSA Assessment Area contains all cities and towns in both Hampshire and Hampden Counties in Massachusetts. These counties comprised the Springfield, MA Metropolitan Statistical Area (MSA) until OMB Bulletin No. 23-01 issued July 21, 2023, delineated new metropolitan boundaries; Hampshire County now comprises the Amherst Town-Northampton, MA MSA and Hampden County solely comprises the Springfield, MA MSA (Springfield MSA), and both MSAs comprise the Springfield-Amherst Town-Northampton, MA Combined Statistical Area (CSA). Because the evaluation primarily focuses on lending activity before 2024, assessment area demographics listed in the evaluation are based on 2023 metropolitan boundaries unless stated otherwise. When referring to the Springfield MSA throughout the evaluation, the area includes both Hampden and Hampshire County.

The Hartford MSA Assessment Area contains the 11 cities and towns of Bloomfield, East Granby, East Hartford, Hartford, Manchester, South Windsor, Suffield, West Hartford, West Suffield, Windsor, and Windsor Locks in Hartford County, which is in the Hartford-East Hartford-Middletown, CT MSA (Hartford MSA) in Connecticut.

Refer to the Massachusetts and Connecticut rated area sections for additional information.

Since the prior evaluation period, the bank expanded the Hartford MSA assessment area. The bank opened a branch in West Hartford, CT in August 2021, which expanded the assessment area to include West Hartford, Hartford, Bloomfield, and Windsor, CT. The bank opened another branch in South Windsor, CT in June 2023, prompting the addition of South Windsor, East Hartford, and Manchester, CT to the assessment area.

As a result of the 2020 United States Census (2020 Census), the number of census tracts and the income designations of some census tracts changed compared to 2015 American Community Survey (ACS) data. Individual rated area sections include details about the composition of census tracts and specific economic and demographic data.

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<sup>1</sup> Collectively, the bank's two assessment areas are referred to as the combined assessment area.

## SCOPE OF EVALUATION

### General Information

This performance evaluation, which was conducted jointly by the FDIC and the Division of Banks, covers the period from the prior evaluation dated August 17, 2021, to the current evaluation dated September 30, 2024. Examiners used the Interagency Large Institution CRA Examination Procedures, which include a Lending Test, Investment Test, and Service Test. This evaluation does not include lending activity from any affiliates.

Examiners performed a full-scope analysis of the activities in each assessment area and presented ratings for the institution's performance in Massachusetts and Connecticut, along with an overall CRA rating. A significant majority of the bank's lending, branch, and deposit activities took place in the Springfield MSA assessment area in Massachusetts; therefore, examiners applied greater weight to the institution's performance in Massachusetts when arriving at the overall CRA rating. The following table shows the breakdown of the bank's loans, deposits, and branches by rated area:

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$ (000s)	%	\$ (000s)	%	#	%
Massachusetts	413,547	83.0	3,213,974	88.6	13	76.5
Connecticut	84,959	17.0	411,791	11.4	4	23.5
<b>Total</b>	<b>498,506</b>	<b>100.0</b>	<b>3,625,765</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>

*Source: 2021, 2022, and 2023 HMDA and CRA Data; FDIC Summary of Deposits (06/30/2024)*

### Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans based on its business strategy and the number and dollar volume of loans originated and/or purchased during the evaluation period. The bank did not originate any small farm loans during the evaluation period.

Examiners analyzed home mortgage and small business loans originated or purchased from January 1, 2021 through December 31, 2023, which the bank reported on its 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) and CRA loan registers (CRA LRs). Examiners presented HMDA and small business data for all three years under the assessment area concentration and lending activity sections. Examiners presented lending data for 2022 and 2023 under the geographic distribution and borrower profile sections, as performance during these years was representative of the bank's performance throughout the evaluation period.

PeoplesBank originated or purchased 1,001 home mortgage loans totaling \$511.9 million in 2021, 1,278 loans totaling \$399.7 million in 2022, and 970 loans totaling \$331.9 million in 2023. For small business loans, PeoplesBank originated 542 loans totaling \$72.7 million in 2021, 130 loans totaling \$34.8 million in 2022, and 434 loans totaling \$96.7 million in 2023. The drop in small business lending from 2021 to 2022 is primarily attributed to the end of the SBA PPP. Examiners



placed more weight on home mortgage lending when drawing conclusions due to higher origination activity compared to small business lending during the evaluation period.

Examiners reviewed community development information from the date of the prior evaluation date of August 17, 2021, to the current evaluation date of September 30, 2024. Under the Lending Test, examiners evaluated the bank's use of innovative and flexible loan products and community development lending for that period. Examiners also considered qualified investments under the Investment Test and community development services and retail services under the Service Test for the same period.

Examiners obtained demographic and economic information referenced in the evaluation from the 2020 United States Census (2020 Census), D&B, Moody's Analytics, and the United States (U.S.) Bureau of Labor Statistics (BLS). Examiners compared the bank's home mortgage lending performance to 2022 and 2023 aggregate data, and to 2020 Census demographic data. Examiners compared the bank's small business lending performance to 2022 aggregate data, which was the most recent year of aggregate data available to examiners, and to 2023 D&B business demographic data.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated Satisfactory. This rating is consistent with the bank's performance in the Massachusetts and Connecticut Rated areas. The following comments summarize overall lending performance under each criterion.

#### **Lending Activity**

Lending levels reflect good responsiveness to assessment area credit needs. The bank's lending activity in Massachusetts was consistent with overall performance, while performance in Connecticut was lower than overall performance. Refer to the rated area sections for details on bank performance under this criterion.

#### **Assessment Area Concentration**

PeoplesBank made an adequate percentage of loans inside its combined assessment area. As shown in the following table, the bank originated or purchased a majority of its home mortgage loans inside the combined assessment area. The bank did not originate or purchase a majority of home mortgage loans by dollar amount inside the combined assessment area; however, examiners placed a higher emphasis on the number of loans as it is a greater indicator of the number of borrowers the bank served.

The bank also originated or purchased a majority of small business loans inside its assessment area by number and dollar amount in 2021 and 2022. In 2023, the bank originated or purchased well below a majority of small business loans inside the combined assessment area by both number and

dollar amount. This is attributed to a significant number of loan purchases outside the combined assessment area.

The following table reflects the bank's lending inside and outside the combined assessment area during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage										
2021	616	61.5	385	38.5	1,001	191,494	37.4	320,397	62.6	511,890
2022	872	68.2	406	31.8	1,278	200,019	50.0	199,693	50.0	399,712
2023	586	60.4	384	39.6	970	106,991	32.2	224,932	67.8	331,923
Subtotal	2,074	63.8	1,175	36.2	3,249	498,504	40.1	745,022	59.9	1,243,525
Small Business										
2021	423	78.0	119	22.0	542	52,230	71.9	20,435	28.1	72,665
2022	96	73.8	34	26.2	130	22,264	64.0	12,540	36.0	34,804
2023	75	17.3	359	82.7	434	17,586	18.2	79,146	81.8	96,732
Subtotal	594	53.7	512	46.3	1,106	92,080	45.1	112,121	54.9	204,201
Total	2,668	61.3	1,687	38.7	4,355	590,584	40.8	857,143	59.2	1,447,726
Source: HMDA Reported Data; CRA Reported Data										

## **Geographic Distribution**

The geographic distribution of home mortgage loans and small business loans reflects adequate penetration throughout the assessment areas. The bank's performance in Massachusetts is consistent with the overall conclusion, but performance in Connecticut was below the overall conclusion. As noted previously, the bank's Massachusetts performance received greater weight when determining overall conclusions. Refer to the rated area sections for details on bank performance under this criterion.

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's performance was consistent in both rated areas. Refer to the rated area sections for details on bank performance under this criterion.

## **Innovative or Flexible Lending Practices**

The bank uses innovative and/or flexible loan programs to serve assessment area credit needs. PeoplesBank made 317 loans totaling \$86.4 million through these programs, which are offered

across both assessment areas, during the evaluation period. The following summarizes the bank's innovative and/or flexible loan programs offered during the evaluation period.

- **First-Time Homebuyer (FTHB) Programs:** The bank offers three types of FTHB programs with both fixed- and adjustable-rate terms. The programs are Standard, Advantage, and Plus. The Advantage and Plus programs have income limits based on median income levels for low- and moderate-income applicants. FTHB program features include low down payment requirements, closing cost credits for the Advantage and Plus programs, and a homebuyer workshop. During the evaluation period, PeoplesBank originated 313 loans totaling \$85.7 million under these programs, of which 155 loans totaling \$34.9 million benefited low- or moderate-income individuals specifically through the Advantage or Plus programs.
- **Equity Builder Program (EBP):** The bank offers the EBP through the Federal Home Loan Bank's (FHLB) Affordable Housing Program. The FHLB offers its member banks grants to provide households with less than 80.0 percent of area median income with assistance for down payments, closing costs, and homebuyer counseling. The program includes a fixed-rate mortgage, and the bank provides closing cost credits and a waiver of private mortgage insurance. The bank originated four loans totaling \$733,800 during the evaluation period.

### **Community Development Loans**

PeoplesBank made an adequate level of community development loans. The bank's community development lending performance was consistent across both rated areas.

During the evaluation period the bank originated 14 qualified community development loans for approximately \$49.5 million, which represents an increase compared to the prior evaluation period when the bank made 12 qualified community development loans totaling approximately \$18.7 million. The bank's community development loans represent 1.7 percent of average net loans since the prior evaluation and were responsive to community development lending opportunities. The bank's community development lending levels and ratios were slightly below comparable institutions.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
8/17/2021-12/31/2021	2	11,850	1	347	0	0	0	0	3	12,197
2022	0	0	2	17,987	0	0	1	780	3	18,767
2023	3	1,336	1	250	0	0	0	0	4	1,586
YTD 2024	1	10,667	3	6,243	0	0	0	0	4	16,910
<b>Total</b>	<b>6</b>	<b>23,853</b>	<b>7</b>	<b>24,827</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>780</b>	<b>14</b>	<b>49,460</b>
<i>Source: Bank Data</i>										

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

<b>Community Development Lending</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Massachusetts	4	12,003	7	24,827	0	0	1	780	<b>12</b>	<b>37,610</b>
Connecticut	2	11,850	0	0	0	0	0	0	<b>2</b>	<b>11,850</b>
<b>Total</b>	<b>6</b>	<b>23,853</b>	<b>7</b>	<b>24,827</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>780</b>	<b>14</b>	<b>49,460</b>
<i>Source: Bank Data</i>										

Refer to rated area sections for examples of community development loans and comments on the bank's responsiveness to community development lending opportunities within each rated area.

## INVESTMENT TEST

The Investment Test is rated Outstanding. The bank's performance in Massachusetts was consistent with overall performance, while performance in Connecticut was lower than overall performance. Examiners placed greater weight on performance in Massachusetts when arriving at overall conclusions. This section presents the bank's overall performance in the combined assessment area. Refer to rated area sections for additional details.

### Investment and Grant Activity

PeoplesBank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, PeoplesBank made 695 qualified investments and grants totaling approximately \$36.7 million, which reflects an increase from the previous evaluation period's total of \$34.0 million. This level of qualified investments exceeds one other similarly situated institution was comparable to one other institution.

In total, the bank's current level of investments and grants represents 1.0 percent of average total assets and 6.7 percent of average total securities, which is similar to the prior evaluation period when investments represented 1.1 percent of average total assets and 6.2 percent of average total securities.

The following table illustrates the bank's qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	5,136	5	20,864	0	0	1	463	11	26,463
8/17/2021-12/31/2021	0	0	0	0	0	0	0	0	0	0
2022	1	2,297	0	0	0	0	1	962	2	3,259
2023	0	0	1	3,326	0	0	0	0	1	3,326
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>7,433</b>	<b>6</b>	<b>24,190</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,425</b>	<b>14</b>	<b>33,048</b>
Qualified Grants & Donations	34	232	574	2,649	11	95	62	695	681	3,671
<b>Total</b>	<b>40</b>	<b>7,665</b>	<b>580</b>	<b>26,839</b>	<b>11</b>	<b>95</b>	<b>64</b>	<b>2,120</b>	<b>695</b>	<b>36,719</b>
<i>Source: Bank Data; Rounding may affect totals</i>										

The following table illustrates the bank's qualified investments by rated area and purpose.

Qualified Investments by Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Massachusetts	32	7,622	486	23,046	9	90	59	1,045	586	31,803
Connecticut	8	42	93	467	2	5	5	1,075	108	1,589
Regional Activities	0	0	1	3,326	0	0	0	0	1	3,326
<b>Total</b>	<b>40</b>	<b>7,665</b>	<b>580</b>	<b>26,839</b>	<b>11</b>	<b>95</b>	<b>64</b>	<b>2,120</b>	<b>695</b>	<b>36,719</b>
<i>Source: Bank Data; Rounding may affect totals</i>										

### Investments

The bank has 14 qualified investments totaling \$33.0 million. Of these, 3 investments totaling \$6.6 million are new since the prior evaluation. The bank also maintains 11 prior period investments totaling \$26.5 million. The following is a qualified investment that benefited both assessment areas.

- ***Solar Energy Investment*** – In 2023, PeoplesBank invested in a solar energy project benefiting both Massachusetts and Connecticut. The project totaled approximately \$8.4 million and was a collaboration between several other institutions, with PeoplesBank's participation representing approximately 39.3 percent or \$3.3 million. The project qualifies under the Federal Energy Investment Tax Credit Program and reduces federal income taxes by offering a 30 percent tax credit to owners for the cost of purchasing clean energy property. This investment primarily supported a solar energy project that reduces utility costs to approximately 200 low-income individuals. The investment promoted community services for low-income residents in both Massachusetts and Connecticut.

### Grants and Donations

PeoplesBank provided qualified grants and donations through their Community Care Program. The Community Care Program provides funding across the Massachusetts and Connecticut rated areas with a strategic focus on academic excellence, community vibrancy, and environmental sustainability. A total of \$3.6 million in qualified grants and donations were provided. This is an increase from the prior evaluation period's \$2.1 million in qualified grants and donations. Most qualified grants and donations supported community service organizations serving low-and moderate-income individuals.

Refer to rated area sections for additional examples of qualified investments and donations.

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits excellent responsiveness to credit and community development needs. Community contacts identified affordable housing as a critical need in the bank's assessment areas, and the bank provided \$7.7 million through investments, grants and donations to promote affordable housing. Overall, the bank's qualified investments helped create over 250 affordable housing units across Massachusetts and Connecticut. Additionally, the combined assessment area contains a significant population of low- and moderate-income individuals and families. Most of the bank's qualified investments and donations support community services for low- and moderate-income individuals and families, which is responsive to area needs.

### **Community Development Initiatives**

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The bank's CRA investment portfolio consists of low-income housing tax credit investments, revenue bonds, federal energy tax credit investments, and mortgage-backed securities. Investments require the collaboration of multiple funding partners and sources, are competitive to obtain, and require technical expertise. Additionally, the bank acted as the sole financial institution in an investment in solar energy tax credits and often delivers investments as a leader. The diversity of PeoplesBank's qualified investments compares favorably to similarly situated institutions.

## **SERVICE TEST**

The Service Test is rated High Satisfactory. This conclusion is consistent with the performance in the Massachusetts rated area; however, performance in the Connecticut rated area was lower. Examiners placed greater weight on performance in Massachusetts when arriving at overall ratings and conclusions. The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the combined assessment area. PeoplesBank operates 17 branches located in Massachusetts and Connecticut. The bank maintains

deposit-taking ATMs and ITMs at each branch location and at five remote locations in Massachusetts.

The following table illustrates the distribution of full-service bank branches and ATMs or ITMs.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	46	18.0	144,615	14.0	1	5.9	1	4.5
Moderate	53	20.7	222,115	21.4	3	17.6	4	18.2
Middle	88	34.4	376,941	36.4	7	41.2	11	50.0
Upper	59	23.0	269,809	26.1	5	29.4	5	22.8
NA	10	3.9	22,072	2.1	1	5.9	1	4.5
<b>Total</b>	<b>256</b>	<b>100.0</b>	<b>1,035,552</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data</i>								

The bank's distribution of branches and ATM/ITMs in low- and moderate-income census tracts is below the percentage of low- and moderate-income census tracts and below the percentage of the population in those tracts. However, in addition to having one branch in a low-income tract and three branches in moderate-income tracts, the bank's other branches are all within a reasonable distance of additional low- and moderate-income census tracts throughout the combined assessment area. The majority of the bank's branches in middle- and upper-income tracts are within a two-mile radius to low- and moderate-income census tracts. Refer to rated area sections for more detailed information.

The previous table only accounts for 22 distinct locations with ATMs or ITMs, not the number of actual machines. Some bank branches and remote ATM/ITM locations contain multiple machines. The bank's ITMs have extended hours, with access to a virtual employee Monday to Friday from 8:00 a.m. to 7:00 p.m., Saturdays from 8:00 a.m. to 2:00 p.m., and Sundays from 10:00a.m. to 2:00 p.m. Five ITMs are located at branches in low- and moderate-income census tracts, and one stand-alone ITM is in a moderate-income census tract. The extended hours increase accessibility in those low- and moderate-income census tracts as well as in the low- and moderate-income census tracts nearby. The bank also operates two additional non-deposit taking ATMs located at the bank's main office and at Holyoke Community College. The ATM located at Holyoke Community College is located inside the premises and is limited to the college hours.

In addition to the branch, ATM, and ITM network, PeoplesBank offers alternative delivery systems to expand retail banking service access to all individuals. The bank offers online and mobile banking with electronic bill pay, as well as telephone banking. Additionally, the bank partners with Allpoint ATMs, allowing the bank's customers access to over 55,000 ATMs without any fees, further expanding its accessibility.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank opened two branches in Connecticut and closed three branches in Massachusetts and one in Connecticut. Please refer to the rated area sections for detailed discussions of the bank's performance under this criterion.

### **Reasonableness of Business Hours and Services**

Services do not vary in a way that inconveniences certain portions of the combined assessment area, particularly low- and moderate-income individuals. This conclusion is consistent across both rated areas. All branches offer the same loan and deposit products and services. Although branch hours vary slightly depending on location, most branches operate between 8:30 a.m. and 4:00 p.m. Monday through Friday, and 8:30 a.m. and 12:00 p.m. on Saturday. The main office operates 8:30 a.m. to 4:00 p.m. Monday through Wednesday and Friday, with extended hours until 5:00 p.m. on Thursday. The main office location does not offer retail banking and therefore is not considered a branch; however, this location is a loan processing center. Six branch locations offer drive-up services with hours that mirror the branches. The bank's ITM locations offer virtual teller services between 8:00 a.m. and 7:00 p.m. Monday through Friday, 8:00 a.m. and 2:00 p.m. on Saturday, and 10:00 a.m. and 2:00 p.m. on Sunday.

### **Community Development Services**

The bank provides a relatively high level of community development services. The bank offers services to low- and moderate-income individuals and provides financial education and technical assistance to community development organizations.

During the evaluation period, bank employees provided 1,421 volunteer hours to community development organizations throughout the assessment area. This was an increase in volunteer hours provided by the bank compared to the prior evaluation period when the bank provided 918 hours of qualified community development services. The following table illustrates the bank's community development service hours by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
8/18/2021 - 12/31/2021	20	45	1	8	<b>74</b>
2022	0	527	66	22	<b>615</b>
2023	90	330	13	25	<b>458</b>
YTD 2024	70	158	33	13	<b>274</b>
<b>Total</b>	<b>180</b>	<b>1,060</b>	<b>113</b>	<b>68</b>	<b>1,421</b>
<i>Source: Bank Data</i>					



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

<b>Community Development Services by Rated Area</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Massachusetts	180	987	73	56	<b>1,296</b>
Connecticut	0	48	40	12	<b>100</b>
Regional Activities	0	25	0	0	<b>25</b>
<b>Total</b>	<b>180</b>	<b>1,060</b>	<b>113</b>	<b>68</b>	<b>1,421</b>
<i>Source: Bank Data</i>					

A significant majority of service hours supported community services for low- and moderate-income individuals and families, which is responsive to area community development needs. Refer to the rated area sections for details and examples of community development services.

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

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

## STATE OF MASSACHUSETTS

### CRA RATING FOR MASSACHUSETTS: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

Within the Massachusetts rated area, PeoplesBank has one assessment area (Springfield MSA) consisting of municipalities across Hampshire and Hampden Counties. The bank has a majority of its branches, loans, and deposits in this assessment area. The following table reflects the towns and cities in the Springfield MSA assessment area.

Springfield MSA Assessment Area					
Agawam	Amherst	Belchertown	Blandford	Brimfield	Chicopee
Easthampton	East Longmeadow	Goshen	Granby	Hadley	Hampden
Hatfield	Holyoke	Huntington	Longmeadow	Ludlow	Monson
Northampton	Palmer	Russell	South Hadley	Southampton	Southwick
Springfield	Wales	Ware	West Springfield	Westfield	Westhampton
Wilbraham	Worthington				

Refer to the overall Scope of Evaluation section for data sources used for examiner analysis in this section.

#### Economic and Demographic Data

According to 2020 U.S. Census data, the assessment area has 139 census tracts with the following income designations:

- 17 low-income census tracts,
- 30 moderate-income census tracts,
- 44 middle-income census tracts,
- 43 upper-income census tracts, and
- 5 census tracts with no income designation.

Springfield (12) and Holyoke (5) contain all low-income census tracts in the area. Springfield (14) and Chicopee (6) have the highest concentration of the assessment area's moderate-income census tracts. The following table illustrates demographic characteristics of the Springfield MSA assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	139	12.2	21.6	31.7	30.9	3.6
Population by Geography	628,133	9.1	21.9	31.2	34.8	3.0
Housing Units by Geography	257,827	8.9	23.3	33.0	34.5	0.3
Owner-Occupied Units by Geography	151,712	2.3	16.0	37.0	44.7	0.0
Occupied Rental Units by Geography	88,387	19.1	34.9	26.1	19.2	0.7
Vacant Units by Geography	17,728	14.3	27.7	33.3	23.6	1.1
Businesses by Geography	53,775	10.0	21.6	28.5	38.8	1.1
Farms by Geography	1,626	2.0	9.7	34.7	53.4	0.2
Family Distribution by Income Level	151,099	24.1	16.2	18.2	41.5	0.0
Household Distribution by Income Level	240,099	26.2	15.2	16.1	42.5	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$79,907	Median Housing Value			\$229,947
			Median Gross Rent			\$943
			Families Below Poverty Level			10.1%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied units. Despite low-income census tracts containing 8.9 percent of all housing units, these geographies contain only 2.3 percent of owner-occupied housing units. Similarly, moderate-income census tracts contain a lower percentage of owner-occupied units compared to their share of total housing units. This data demonstrates the opportunities for financial institutions to make home mortgage loans in the area's low- and moderate-income census tracts.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The previous table indicates that 40.3 percent of area families are low- or moderate-income. Furthermore, 38.5 percent of low-income families have incomes below the poverty level, which reflects a high percentage of low-income families that would not likely qualify for a home mortgage considering the median housing value in the assessment area. The following table reflects low-, moderate-, middle, and upper-income categories in the Springfield MSA.

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)				
2022 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
2023 (\$94,600)	<\$47,300	\$47,300 to <\$75,680	\$75,680 to <\$113,520	≥\$113,520
Source: FFIEC				

According to 2023 D&B data, 53,775 non-farm businesses operate in the Springfield MSA assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 87.1 percent have \$1.0 million or less,
- 3.9 percent have more than \$1.0 million, and
- 9.0 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.3 percent; followed by non-classifiable establishments at 18.5 percent; retail trade at 12.2 percent; finance, insurance, and real estate at 10.3 percent; and construction at 7.3 percent. In addition, 64.1 percent of area businesses have four or fewer employees, and 90.0 percent operate from a single location. Significant employers in the assessment area include Baystate Health, General Dynamics Techsight, Massachusetts Mutual Life Insurance, and MGM Springfield.

The following table indicates county, state, and national unemployment rates during the evaluation period. Unemployment rates in all areas decreased throughout the evaluation period.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Hampden County, MA	7.1	4.8	4.3
Hampshire County, MA	4.4	3.3	2.9
MA Statewide	5.3	3.7	3.4
National Average	5.4	3.6	3.6
Source: Bureau of Labor Statistics			

## **Competition**

The bank operates in a competitive market for financial services within the Springfield MSA assessment area. According to FDIC Deposit Market Share data as of June 30, 2024, 20 financial institutions operated 169 offices in the assessment area. PeoplesBank ranked 1<sup>st</sup> with a 15.8 percent market share; followed by TD Bank, N.A. with 12.4 percent; and Bank of America with 11.9 percent.

PeoplesBank faces a high level of competition for home mortgages from national banks, community banks, non-depository mortgage lenders, and credit unions in the Springfield MSA assessment area. In 2023, 408 lenders originated 17,762 home mortgage loans in the assessment area for

approximately \$3.8 billion. The top three lenders in the assessment area were Citizens Bank, N.A. with a 6.4 percent market share, followed by PeoplesBank with 4.5 percent, and Westfield Bank with 4.3 percent. The high number of lenders active in the assessment area results in significant competition for home mortgage loans, particularly in low- and moderate-income census tracts where opportunities for making home mortgage loans are more limited due to lower owner-occupancy rates.

The bank also faces a high level of competition for small business loans from national banks and other community banks in the Springfield MSA assessment area. In 2022, 110 lenders originated 13,094 small business loans in the assessment area for approximately \$389.9 million. The top three lenders were large national banks that issue business credit cards; these lenders had average loan sizes below \$15,000 and originated 15.9 percent of all small business loans.

### **Community Contact**

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

Examiners contacted a representative of a community development financial institution (CDFI) serving unbanked and underbanked individuals and families in western central Massachusetts. The contact expressed that affordable housing is a concern for the Springfield MSA assessment area. Available housing stock is limited, expensive, and often in need of significant repair. The contact expressed that rents are increasing, creating a significant barrier for borrowers to save towards the purchase of a residence. Additionally, the contact expressed that large down payments, high interest rates, and expensive closing costs are all barriers for low- and moderate-income families. The contact noted that there is a significant need for first-time homebuyer education, as well as for down payment assistance and relaxed credit requirements for prospective low- and moderate-income borrowers.

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

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services for low- and moderate-income families represent the most significant community development needs in the Massachusetts rated area. The high percentage of low- and moderate-income families, including the 10.1 percent of families with incomes below the poverty level, supports the significant needs and opportunities for community services. Credit needs include mortgage products designed to help low- and moderate-income borrowers purchase a home.

## **SCOPE OF EVALUATION – MASSACHUSETTS**

Please refer to the overall Scope of Evaluation section for a description of the evaluation period, products reviewed, and the weighting of each product. Examiners used full-scope procedures to evaluate the bank's performance in the Springfield MSA assessment area, which was the only assessment area in the Massachusetts rated area during the evaluation period.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS**

### **LENDING TEST**

PeoplesBank demonstrated satisfactory performance under the Lending Test in Massachusetts. The following sections summarize the bank's performance under each criterion.

#### **Lending Activity**

Lending levels reflect good responsiveness to assessment area credit needs. In 2021, PeoplesBank originated 580 home mortgage loans totaling \$165.7 million in the Springfield MSA assessment area. According to 2021 aggregate HMDA data, the bank ranked 12<sup>th</sup> with a 2.4 percent market share out of 403 lenders that made 24,532 loans. In 2022 and 2023, PeoplesBank's market rankings improved, and the bank was ranked among the top three lenders in the assessment area. Specifically, in 2022, PeoplesBank's home mortgage lending increased by number to 797 loans but decreased in dollar amount to \$155.0 million. The bank's 2022 market ranking improved to 2<sup>nd</sup> with a 4.9 market share out of 384 lenders that made 16,176 loans. In 2023, the bank made 525 loans totaling \$92.8 million and ranked 3<sup>rd</sup> with a 4.7 percent market share among 356 lenders that made 11,212 loans.

In 2021, PeoplesBank originated 353 small business loans totaling \$41.8 million in the Springfield MSA assessment area, ranking 4<sup>th</sup> with a 2.4 percent market share out of 121 lenders that made 14,780 loans. As noted previously, the high volume of small business loan originations in 2021 was primarily attributed to PPP lending, which was responsive to credit needs in the assessment area resulting from the COVID-19 pandemic. In 2022, the bank originated 82 small business loans totaling \$18.8 million and ranked 20<sup>th</sup> with a 0.6 percent market share out of 110 reporting lenders making 13,007 loans. In 2023, the bank's lending decreased by number and dollar amount to 59 loans totaling \$14.3 million. 2023 aggregate data was not available at the time of the evaluation. Small business lending activity in 2022 and 2023 returned to a level more similar to the bank's historic small business lending activity. For example, the bank had originated 77 small business loans totaling \$11.1 million in the Springfield MSA assessment area in 2019 during the prior evaluation period.

#### **Geographic Distribution**

The geographic distribution of home mortgage loans in the Springfield MSA reflects adequate penetration throughout the assessment area. The following sections assess the bank's home mortgage and small business lending distribution by census tract income level.

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Springfield MSA assessment area. In 2022, PeoplesBank's lending in low-income census tracts was slightly below demographics and below aggregate performance. Bank performance improved in 2023, with the percentage of loans in low-income census tracts exceeding demographics while remaining slightly below aggregate performance. The bank's performance in moderate-income census tracts was below the aggregate performance and demographics in both years, showing slight improvement by percentage from 2022 to 2023.

Market share reports reflected favorably on the bank's performance and support the conclusion. Specifically, in low-income census tracts, PeoplesBank ranked tied 10<sup>th</sup> out of 132 lenders in 2022 and tied 4<sup>th</sup> out of 126 lenders in 2023, outperforming other local banks. In moderate-income census tracts, PeoplesBank ranked 7<sup>th</sup> out of 220 lenders in 2022, and 8<sup>th</sup> out of 215 lenders in 2023.

Geographic Distribution of Home Mortgage Loans Assessment Area: Springfield MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.3	4.0	14	1.8	1,942	1.3
2023	2.3	4.5	16	3.0	6,695	7.2
Moderate						
2022	16.0	20.7	90	11.3	12,921	8.3
2023	16.0	20.4	69	13.1	8,677	9.3
Middle						
2022	37.0	36.3	327	41.0	55,743	36.0
2023	37.0	36.1	207	39.4	30,682	33.1
Upper						
2022	44.7	38.9	366	45.9	84,418	54.5
2023	44.7	39.0	233	44.4	46,767	50.4
Not Available						
2022	0.0	0.1	0	0.0	0	0.0
2023	0.0	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>797</b>	<b>100.0</b>	<b>155,024</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>525</b>	<b>100.0</b>	<b>92,822</b>	<b>100.0</b>
Source: Bank Data; 2022 & 2023 HMDA Aggregate Data; 2020 U.S. Census "--" data not available; Due to rounding, totals may not equal 100.0%.						

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

The geographic distribution of small business loans reflects adequate penetration throughout the Springfield MSA assessment area. The bank's lending in low-income census tracts was consistent with aggregate performance and slightly below demographics in 2022. The bank originated the same percentage of loans in low-income tracts in 2023, which was slightly below demographics.

Bank lending in the moderate-income tracts exceeded the aggregate and demographics in 2022 and was consistent with demographics in 2023.

<b>Geographic Distribution of Small Business Loans Assessment Area: Springfield MSA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	10.0	8.5	7	8.5	534	2.8
2023	10.0	--	5	8.5	367	2.6
Moderate						
2022	21.5	21.2	22	26.8	6,067	32.3
2023	21.6	--	13	22.0	2,652	18.5
Middle						
2022	28.6	30.1	20	24.4	6,378	34.0
2023	28.5	--	15	25.4	3,130	21.8
Upper						
2022	38.7	39.7	31	37.8	4,648	24.8
2023	38.8	--	26	44.1	8,199	57.1
Not Available						
2022	1.2	0.5	2	2.4	1,150	6.1
2023	1.1	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>18,777</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>59</b>	<b>100.0</b>	<b>14,348</b>	<b>100.0</b>
<i>Source: Bank Data; 2022 CRA Aggregate Data; 2022 &amp; 2023 D&amp;B Data "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's adequate home mortgage and small business lending support this conclusion.



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

The distribution of home mortgage loans in the Springfield MSA assessment area reflects adequate penetration among individuals of different income levels. Bank lending to low-income borrowers was similar to aggregate performance in 2022 and exceeded it in 2023. As noted previously, area home values and the percentage of low-income families living under the federal poverty level limit the number of low-income borrowers who could qualify for home mortgage loans and afford the cost of purchasing and maintaining homeownership. This explains why the percentage of low-income families was well above both bank and aggregate percentages on loans to low-income borrowers.

For lending to moderate-income borrowers, the bank trailed the aggregate performance but exceeded demographics in both 2022 and 2023. Market share data further supports the bank's adequate performance in moderate-income tracts. The bank ranked 5<sup>th</sup> in 2022 among 214 lenders and 7<sup>th</sup> in 2023 among 175 lenders who originated or purchased a loan to a moderate-income borrower.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b> <b>Assessment Area: Springfield MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	24.1	7.7	61	7.7	6,011	3.9
2023	24.1	6.9	58	11.0	5,182	5.6
Moderate						
2022	16.2	26.9	165	20.7	23,373	15.1
2023	16.2	23.0	92	17.5	10,628	11.5
Middle						
2022	18.2	24.4	199	25.0	33,435	21.6
2023	18.2	26.3	147	28.0	19,039	20.5
Upper						
2022	41.5	28.0	334	41.9	83,554	53.9
2023	41.5	30.4	199	37.9	43,976	47.4
Not Available						
2022	0.0	13.0	38	4.8	8,650	5.6
2023	0.0	13.5	29	5.5	13,998	15.1
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>797</b>	<b>100.0</b>	<b>155,024</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>525</b>	<b>100.0</b>	<b>92,822</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; 2022 &amp; 2023 HMDA LAR, 2022 &amp; 2023 HMDA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0%.</i>						

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

The distribution of small business loans in the Springfield MSA reflects adequate penetration among businesses of different sizes. The bank's 2022 lending performance to businesses with GARs of \$1.0 million or less was similar to aggregate performance. Despite a decline in the number of loans in 2023, the percentage of loans to businesses with GARs of \$1.0 million or less was consistent with 2022. The bank's performance was below demographics in both years; however, market share data also supports adequate penetration among businesses of different sizes. The bank ranked 20<sup>th</sup> in lending to small businesses in 2022, and other than two community banks, higher ranked lenders were all large national banks, most of which originate business credit cards. PeoplesBank does not offer business credit cards.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> <b>Assessment Area: Springfield MSA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2022	86.2	52.5	41	50.0	4,908	26.1
2023	87.1	--	30	50.8	3,817	26.6
<b>&gt;\$1,000,000</b>						
2022	4.2	--	41	50.0	13,869	73.9
2023	3.9	--	29	49.2	10,531	73.4
<b>Revenue Not Available</b>						
2022	9.6	--	0	0.0	0	0.0
2023	9.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>18,777</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>59</b>	<b>100.0</b>	<b>14,348</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; 2022 &amp; 2023 CRA Reported Data; 2022 CRA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

### **Community Development Loans**

PeoplesBank made an adequate level of community development loans. The bank originated 12 community development loans totaling \$37.6 million in the Springfield MSA assessment area or the broader statewide area in Massachusetts. The dollar volume of community development loans increased from \$18.7 million during the prior evaluation period, while the number of loans remained the same. This total includes one loan for \$8.5 million that benefited the broader statewide area. The following table illustrates the bank's community development loans in the assessment area by community development purpose and year.

Community Development Lending Assessment Area: Springfield MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/18/2021 - 12/31/2021	0	0	1	347	0	0	0	0	1	347
2022	0	0	2	17,987	0	0	1	780	3	18,767
2023	3	1,336	1	250	0	0	0	0	4	1,586
YTD 2024	1	10,667	3	6,243	0	0	0	0	4	16,910
<b>Total</b>	<b>4</b>	<b>12,003</b>	<b>7</b>	<b>24,827</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>780</b>	<b>12</b>	<b>37,610</b>
<i>Source: Bank Records</i>										

The following are notable examples of the bank's community development loans in the Springfield MSA assessment area.

- In 2022, the bank made a \$9.5 million loan to a local food bank to construct a new headquarters and warehouse. This new facility allows the food bank to operate, store, and distribute food to low- and moderate-income families and individuals in Hampden and Hampshire Counties.
- In 2024, the bank made a \$10.7 million loan to build 60 affordable housing units backed by Low-Income Housing Tax Credits and Mass Housing. These units will provide affordable housing for low- and moderate-income families.

## INVESTMENT TEST

PeoplesBank demonstrated Outstanding performance under the Investment Test. The bank's excellent performance in the Investment and Grants Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this conclusion. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has an excellent level of qualified community development investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the bank made 586 qualified investments, grants, and donations totaling approximately \$31.8 million, of which \$28.8 million were investments and \$3.0 million were grants and donations. PeoplesBank investments were responsive to assessment area needs, therefore, examiners considered investments outside of the Springfield MSA assessment area that benefited the broader statewide area. Of the total qualified investments, one investment of \$2.3 million benefited the broader statewide area.

Qualified Investments Assessment Area: Springfield MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	5,135	5	20,865	0	0	1	463	11	26,463
8/18/2021 - 12/31/2021	0	0	0	0	0	0	0	0	0	0
2022	1	2,297	0	0	0	0	0	0	1	2,297
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>7,432</b>	<b>5</b>	<b>20,865</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>463</b>	<b>12</b>	<b>28,760</b>
Qualified Grants & Donations	26	190	481	2,181	9	90	58	582	574	3,043
<b>Total</b>	<b>32</b>	<b>7,622</b>	<b>486</b>	<b>23,046</b>	<b>9</b>	<b>90</b>	<b>59</b>	<b>1,045</b>	<b>586</b>	<b>31,803</b>
<i>Source: Bank Data</i>										

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

- ***Library Commons*** – PeoplesBank maintains a \$1.9 million investment in a 38-unit affordable housing development in Holyoke. The investment is a combination of Low-Income Housing Tax credits and Historic Tax Credits and supports affordable housing in the assessment area.
- ***Mass Housing Equity Funds*** – PeoplesBank maintains two investments totaling \$1.5 million in Mass Housing Equity Funds. The investment supports the preservation of 61 affordable housing units in Springfield.
- ***Friend of Veritas*** – PeoplesBank maintains a \$2.4 million tax exempt bond through Massachusetts Development Finance Agency. Bond proceeds are used for the improvements to a school in Springfield. The school is in a low-income census tract and primarily serves students from low-income families. This investment supports community services for low- and moderate-income individuals in the assessment area.
- ***Windrush Commons*** – In 2022, PeoplesBank purchased \$2.2 million in Low-Income Housing Tax Credits benefitting the broader statewide area, including the Springfield MSA. The investment supported affordable housing and produced 49 affordable housing units.

The following are notable examples of qualified grants and donations.

- ***EforAll Holyoke*** – The bank made multiple donations totaling \$37,500 to EforAll Holyoke, a nonprofit organization that helps create employment in economically challenged cities through entrepreneurship in small businesses. The programs assist in starting and growing a business through intensive business training, mentorship, and an extended professional network. The Holyoke area office serves the Pioneer Valley and delivers programs in both

English and Spanish. The bank's donations support economic development.

- ***The Food Bank of Western Mass*** – Throughout the evaluation period, the bank made multiple donations totaling \$227,505 to The Food Bank of Western Massachusetts, which distributes food to member programs in Berkshire, Franklin, Hampden, and Hampshire counties. The bank's donations support community services to low-and moderate-income individuals and families.
- ***Valley Community Development Corporation (Valley CDC)*** – Valley CDC addresses community development needs in Hampden, Hampshire, and Franklin counties through building and preserving affordable housing, and by providing homeownership assistance and small business development services. Throughout the evaluation period, the bank's donations to Valley CDC totaled \$85,000 to support affordable housing development.

### **Responsiveness to Credit and Community Development Needs**

The bank provides excellent responsiveness to credit and community development needs. The bank's new qualified investment in a Low-Income Housing Tax Credit supports the creation of 49 units of affordable housing in the broader statewide area. Additionally, a majority of the bank's CRA qualified grants and donations supported community development service organizations that primarily benefit low and moderate-income individuals. These organizations are vital to providing community services and rely on grant funding requests through avenues like the PeoplesBank Community Cares Program. These investments and donations were particularly responsive to the area's primary community development needs.

### **Community Development Initiatives**

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The bank's qualified investments include Mass Development Bonds, Low-Income Housing Tax Credits, and Solar Energy investments, require the collaboration of multiple funding partners and sources, are competitive to obtain, and require technical expertise.

### **SERVICE TEST**

The Service Test for Massachusetts is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the Springfield MSA assessment area. Branch distribution and alternative delivery systems for the assessment area are consistent with the institution overall. PeoplesBank operates 13, or 77.8 percent, of its branches throughout Massachusetts. Of these branches, one (7.7 percent) is in a low-income census tract and three (23.1 percent) are in moderate-income census tracts.

As shown in the following table, the bank's distribution of branches and ATM/ITMs is below the percent of low-income census tracts and the percent of the population residing in those census tracts. Examiners noted that one branch and its four on-site ATM/ITMs were re-designated from a low-income tract to a middle-income tract as a result of the 2020 Census demographic data change. The bank's distribution of branches and ATM/ITMs in moderate-income census tracts exceeds both the percentage of moderate-income census tracts in the assessment area and the percentage of the population residing in moderate-income census tracts. Additionally, the bank operates ITMs in low- and moderate-income census tracts that offer extended hours and Sunday hours to increase accessibility in those areas.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Assessment Area: Springfield MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	16	11.5	53,253	8.5	1	7.7	1	5.0
Moderate	27	19.4	123,995	19.7	3	23.1	4	20.0
Middle	56	40.3	254,223	40.5	6	46.2	11	55.0
Upper	35	25.2	177,941	28.3	2	15.4	2	10.0
NA	5	3.6	18,721	3.0	1	7.7	2	10.0
<b>Total</b>	<b>139</b>	<b>100.0</b>	<b>628,133</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0 percent.</i>								

### **Changes in Branch Locations**

To the extent changes have been made, the institutions opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

During the evaluation period the bank closed two branches in the Springfield MSA assessment area. Specifically, in 2024, the bank closed the branches located at 1936 Memorial Drive in Chicopee and a branch located at 1240 Sumner Avenue in Springfield, both of which were in middle-income census tracts. The bank continues to operate ITMs at these locations.

During the previous evaluation period, the branch located at 1866 Northampton Street in Holyoke was in a low-income census tract. However, due to 2020 U.S. Census demographic data updates, this branch is now in a middle-income census tract.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Please refer to the overall Service Test Section for more information.

## **Community Development Services**

The bank provides a relatively high level of community development services in the assessment area. The bank offers services to low- and moderate-income residents and provides financial education and technical assistance to several qualifying community development organizations. During the evaluation period, bank employees provided 1,296 hours of community development services that benefited the Springfield MSA assessment area. The following table illustrates the bank's community development volunteer hours by year and purpose.

<b>Community Development Services Assessment Area: Springfield MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
8/18/2021 - 12/31/2021	18	43	1	8	70
2022	0	494	63	22	579
2023	92	318	0	16	426
YTD 2024	70	132	9	10	221
<b>Total</b>	<b>180</b>	<b>987</b>	<b>73</b>	<b>56</b>	<b>1,296</b>
<i>Source: Bank Data</i>					

The following are notable examples of community development services.

- **Pioneer Valley Habitat for Humanity** – This organization assists in rehabilitating or building homes for low-income families that need housing in Hampshire and Franklin Counties. A bank employee serves as a Board member for this organization. This service promotes affordable housing in the assessment area.
- **Alano Club of Springfield** – This non-profit organization supports the recovery and well-being of alcoholics and individuals battling a drug addiction by providing space for support meetings, educational, and recreational activities. The organization's clients are primarily low- and moderate-income individuals. A bank senior manager served on the Board of Directors for this organization. This service promotes the availability of community services for low- and moderate-income people in the assessment area.
- **Revitalize Community Development Corporation** – This organization aims to rehabilitate homes, neighborhoods, community facilities, and public spaces in Western Massachusetts. This organization provides support in addressing poor housing conditions, food insecurity, and chronic health conditions. This organization serves the community by revitalizing and stabilizing low- and moderate-income geographies in the area. A bank vice president serves on the Board of Directors for this organization.
- **Agawam Housing Authority** – This organization owns and operates six different public housing developments in Agawam that include 242 units designated primarily for low- and moderate-income individuals. A bank officer served on the Board of Directors for this organization. This service helped promote affordable housing in the assessment area.

## CONNECTICUT

### CRA RATING FOR CONNECTICUT: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CONNECTICUT

Within Connecticut, PeoplesBank has one assessment area, the Hartford MSA Assessment Area, consisting of 11 out of the 29 cities and towns in Hartford County. The bank maintains a small portion of its branches, loans, and deposits in this assessment area. The bank expanded its presence in this assessment area during the evaluation period with the opening of two branches in Hartford (August 2021) and South Windsor (June 2023).

The Hartford MSA Assessment Area contains the 11 cities and towns of Bloomfield, East Granby, East Hartford, Hartford, Manchester, South Windsor, Suffield, West Hartford, West Suffield, Windsor, and Windsor Locks.

The bank added Bloomfield, East Hartford, Hartford, Manchester, South Windsor, West Hartford, and Windsor to this assessment area since the previous evaluation. Refer to the overall Scope of Evaluation section for data sources used for examiner analysis in this section.

#### Economic and Demographic Data

According to 2020 U.S. Census data and 2023 metropolitan area boundaries, the assessment area has 117 census tracts with the following income designations:

- 30 low-income census tracts,
- 26 moderate-income census tracts,
- 32 middle-income census tracts,
- 24 upper-income census tracts, and
- 5 census tracts with no income designation.

The cities of Hartford, East Hartford, and Manchester contain all 30 low-income census tracts and 22 of the 26 moderate-income census tracts in the assessment area. These three cities are adjacent to each other in the southernmost portion of the assessment area.

The following table illustrates demographic characteristics of the Hartford MSA assessment area.



Demographic Information of the Assessment Area						
Assessment Area: Hartford MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	117	25.6	22.2	27.4	20.5	4.3
Population by Geography	407,419	22.4	24.1	30.1	22.5	0.8
Housing Units by Geography	172,241	24.1	24.9	30.2	20.6	0.2
Owner-Occupied Units by Geography	87,328	7.8	21.3	38.4	32.5	0.0
Occupied Rental Units by Geography	70,502	41.5	29.4	21.5	7.5	0.1
Vacant Units by Geography	14,411	38.3	24.3	23.3	12.0	2.1
Businesses by Geography	64,606	19.2	23.3	34.7	22.1	0.7
Farms by Geography	1,246	12.5	18.5	36.9	32.1	0.0
Family Distribution by Income Level	97,370	29.3	18.3	19.7	32.7	0.0
Household Distribution by Income Level	157,830	31.4	15.9	16.7	36.0	0.0
Median Family Income MSA - 25540 Hartford-West Hartford-East Hartford, CT MSA		\$102,081	Median Housing Value			\$219,034
			Median Gross Rent			\$1,125
			Families Below Poverty Level			10.1%
Source: 2020 U.S. Census, 2023 D&B Data, and FFIEC Estimated Median Family Income; (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied units. Only 7.8 percent of owner-occupied housing units are in low-income census tracts, resulting in limited opportunities for home mortgage lending in those census tracts.

Examiners used the FFIEC updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The previous table indicates that 47.6 percent of area families are low- or moderate-income. Furthermore, 34.5 percent of low-income families have incomes below the poverty level, which reflects a high percentage of low-income families that would not likely qualify for a home mortgage considering the median housing value in the assessment area. The following table reflects low-, moderate-, middle, and upper-income categories in the Hartford MSA assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Hartford-East Hartford-Middletown, CT MSA Median Family Income (25540)				
2022 (\$113,200)	<\$56,600	\$56,600 to <\$90,560	\$90,560 to <\$135,840	≥\$135,840
2023 (\$118,700)	<\$59,350	\$59,350 to <\$94,960	\$94,960 to <\$142,440	≥\$142,440
Source: FFIEC				

According to 2023 D&B data, 64,606 non-farm businesses operate in the Hartford MSA assessment area. The following reflects GARs for these businesses.

- 89.3 percent have \$1.0 million or less,
- 3.1 percent have more than \$1.0 million, and
- 7.6 percent have unknown revenues.

Service industries represent the largest portion of businesses at 34.9 percent; followed by non-classifiable establishments (25.2 percent); finance, insurance, and real estate (11.7 percent); retail trade (9.9 percent); and construction (5.8 percent). In addition, 61.3 percent of area businesses have four or fewer employees, and 92.4 percent operate from a single location. Significant employers in the assessment area include Pratt & Whitney, Hartford Hospital, Hartford Financial Services Group, and The Hartford.

The following table indicates county, state, and national unemployment rates during the evaluation period. Unemployment rates in all areas decreased throughout the evaluation period.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Hartford County, CT	6.7	4.2	3.8
CT Statewide	6.4	4.1	3.8
National Average	5.4	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 19 financial institutions operated 93 offices in the assessment area. PeoplesBank ranked 8<sup>th</sup> with a 1.4 percent market share. The top three financial institutions were Bank of America, N.A. with 66.2 percent, followed by Manufacturers and Traders Trust Company with 9.4 percent, and Webster Bank, N.A. with 6.8 percent.

PeoplesBank faces a high level of competition for home mortgages from national banks, mortgage lenders, credit unions, and community banks in the assessment area. In 2023, 364 lenders originated 11,759 home mortgage loans totaling \$2.9 billion. The top three assessment area lenders were First World Mortgage Corporation (3.7 percent); Bank of America, N.A. (2.3 percent); and American Eagle FCU (1.8 percent).

The bank also faces a high level of competition for small business loans. In 2022, 125 lenders originated 24,884 small business loans in the assessment area for approximately \$731.8 million. The top three lenders were large national banks that issue business credit cards; these lenders had average loan sizes below \$28,000 and originated 43.5 percent of all assessment area small business loans.

## **Community Contact**

Examiners contacted a representative of a Connecticut community service organization that operates in the assessment area. The organization provides energy assistance to low- and moderate-income families, senior citizens, and people with chronic medical conditions. The contact discussed the difficulty for low- and moderate-income families to access energy assistance programs, which are important to offset rising utility costs. The contact also discussed the difficulties in accessing affordable energy in urban areas due to a lack of alternative sources of energy.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services for low- and moderate-income families represent the primary community development needs in the assessment area. The population of low- or moderate-income individuals and families supports the need for community services. Affordable housing is also a major concern in the bank's assessment area due in part to rising property values. Additionally, high energy costs contribute to affordable housing and community service needs. Credit needs include home mortgage loans with down payment assistance or low down payment options.

## **SCOPE OF EVALUATION – CONNECTICUT**

Please refer to the overall Scope of Evaluation section for a description of the evaluation period, products reviewed, and the weighting of each product. Examiners used full-scope procedures to evaluate the bank's performance in the Hartford MSA assessment area. The bank has less branches, lending, and deposits in this area; therefore, the Connecticut rated area received less weight than Massachusetts in determining the overall CRA rating.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN CONNECTICUT**

### **LENDING TEST**

PeoplesBank demonstrated satisfactory performance under the Lending Test in Connecticut. The following sections summarize the bank's performance under each criterion.

### **Lending Activity**

Lending levels reflect adequate responsiveness to assessment area credit needs in the Hartford MSA assessment area. In 2021, PeoplesBank originated 36 home mortgage loans totaling \$25.8 million. The bank ranked 78<sup>th</sup> with a 0.2 percent market share out of 386 lenders. In 2022, the bank's home mortgage lending increased to 75 loans totaling \$45.0 million, and the bank ranked 36<sup>th</sup> with a 0.8 percent market share out of 370 lenders. The bank's home mortgage lending decreased in 2023 to 61 loans totaling \$14.1 million. Despite the decrease, the bank's ranking improved again to 28<sup>th</sup> with a 0.8 percent market share out of 308 lenders.

In 2021, PeoplesBank originated 70 small business loans totaling \$10.4 million, ranking 31<sup>st</sup> among 166 reporting lenders with a 0.3 market share. The bank's lending to small businesses decreased in 2022 to 14 loans totaling \$3.5 million due to the end of the PPP, and the bank ranked 46<sup>th</sup> among 125 lenders with a 0.1 percent market share. In 2023, the bank originated 16 loans totaling \$3.2 million. Aggregate data for 2023 was not yet available as of the evaluation date. Small business lending activity in 2022 and 2023 returned to a level more similar to the bank's historic small business lending activity. For example, the bank had originated 25 small business loans totaling \$4.2 million in the Hartford MSA assessment area in 2019 during the prior evaluation period.

### **Geographic Distribution**

The geographic distribution of loans in the Hartford MSA assessment area reflects poor penetration throughout the assessment area. Poor performance for both home mortgage and small business loans supports this conclusion.

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

The geographic distribution of home mortgage loans reflects poor penetration throughout the assessment area. PeoplesBank's lending performance in low-income census tracts trailed both the aggregate performance and area demographics in all three years. As noted previously, all 30 low-income tracts are within Hartford (26), East Hartford (2), and Manchester (2). All bank branches in Connecticut, except the West Hartford branch, are located near the Massachusetts border and a considerable distance from the cities containing low-income census tracts.

The bank's performance in moderate-income census tracts was also below aggregate performance and demographics in 2022 and decreased in 2023 when the bank made only one loan in a moderate-income census tract. The bank's performance was significantly below both aggregate performance and demographics in 2023. The bank's limited lending and declining trend in moderate-income census tracts primarily contributed to its poor performance under this factor.

<b>Geographic Distribution of Home Mortgage Loans</b> <b>Assessment Area: Hartford MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	7.8	10.1	4	5.3	315	0.7
2023	7.8	11.6	4	6.6	919	6.5
Moderate						
2022	20.1	18.8	5	6.7	1,912	4.3
2023	20.1	20.7	1	1.6	190	1.3
Middle						
2022	39.6	38.5	22	29.3	34,670	77.1
2023	39.6	38.2	21	34.4	6,464	45.6
Upper						
2022	32.5	32.6	44	58.7	8,098	18.0
2023	32.5	29.4	35	57.4	6,597	46.6
Not Available						
2022	0.0	0.1	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>44,996</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>14,170</b>	<b>100.0</b>
<i>Source: Bank Data, 2022 &amp; 2023 HMDA Aggregate Data; 2020 U.S. Census</i> <i>"--" data not available; Due to rounding, totals may not equal 100.0%.</i>						

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

The geographic distribution of small business loans in the Hartford MSA assessment area reflects poor penetration throughout the assessment area. In 2022, the bank's performance in low-income census tracts was below demographics and aggregate performance. In 2023, the bank's performance in low-income census tracts improved, exceeding demographics. However, in moderate-income census tracts, the bank made only one loan in 2022 and no loans in 2023. Bank performance was below demographics and the aggregate performance in 2022 and below demographics in 2023.

Geographic Distribution of Small Business Loans Assessment Area: Hartford MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.6	14.4	1	7.1	500	14.3
2023	19.2	--	4	25.0	1,493	46.1
Moderate						
2022	23.4	24.2	1	7.1	50	1.4
2023	23.3	--	0	0.0	0	0.0
Middle						
2022	34.9	36.8	7	50.0	1,775	50.9
2023	34.7	--	3	18.8	875	27.0
Upper						
2022	22.4	24.1	5	35.7	1,162	33.3
2023	22.1	--	9	56.2	870	26.9
Not Available						
2022	0.7	0.5	0	0.0	0	0.0
2023	0.7	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	14	100.0	3,487	100.0
2023	100.0	--	16	100.0	3,238	100.0
Source: Bank Data; 2022 CRA Aggregate Data; 2022 & 2023 D&B Data; "--" data not available; Due to rounding, totals may not equal 100.0%						

### **Borrower Profile**

The distribution of borrowers in the Hartford MSA assessment area reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes.

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

The distribution of home mortgage loans in the Hartford MSA reflects adequate penetration among individuals of different income levels.

Bank lending to low-income borrowers in 2022 was below demographics and aggregate performance. The number and percentage of loans to low-income borrowers increased slightly in 2023 but remained below demographics and aggregate performance. As noted previously, economic and demographic factors such as the high median housing value and percentage of families below the poverty level result in more limited opportunities to lend to low-income borrowers. This helps explain the difference between bank and aggregate performance and

demographics. Also, during the evaluation period the bank's market ranking increased from 92<sup>nd</sup> in 2022 to 41<sup>st</sup> in 2023 in lending to low-income borrowers.

The bank's performance in lending to moderate-income borrowers in 2022 exceeded both aggregate performance and demographics. The bank's lending to moderate-income borrowers decreased in 2023 and was below demographics and aggregate. Despite inconsistency in performance year-over-year, performance is adequate considering the bank's positive trend in lending to low-income borrowers in 2023, good performance in lending to moderate-income borrowers in 2022, economic factors, and high competition in the assessment area.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Hartford MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	29.1	13.4	2	2.7	100	0.2
2023	29.1	12.7	3	4.9	190	1.3
Moderate						
2022	18.3	27.5	24	32.0	3,325	7.4
2023	18.3	30.8	4	6.6	495	3.5
Middle						
2022	19.6	21.0	14	18.7	2,104	4.7
2023	19.6	21.3	13	21.3	1,423	10.0
Upper						
2022	33.0	23.5	24	32.0	5,668	12.6
2023	33.0	22.8	33	54.1	7,282	51.4
Not Available						
2022	0.0	14.5	11	14.7	33,798	75.1
2023	0.0	12.5	8	13.1	4,780	33.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>44,996</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>14,170</b>	<b>100.0</b>
<i>Source: Bank Data, 2022 &amp; 2023 HMDA Aggregate Data; 2020 U.S. Census</i>						
<i>"--" data not available; Due to rounding, totals may not equal 100.0%.</i>						

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

The distribution of small business loans in the Hartford MSA assessment area reflects adequate penetration among businesses of different sizes, particularly to businesses with GARs of \$1.0 million or less.

The bank's lending to businesses with GARs of \$1.0 million or less was below aggregate performance and demographics in 2022; however, performance improved in 2023 when the bank

originated 50.0 percent of loans to businesses with GARs of \$1.0 million or less, and the bank's performance was more comparable to historical aggregate performance in the area. Given the significant competition for small business loans in the assessment area, as well as the bank's positive trend in performance, performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Hartford MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	88.2	50.0	5	35.7	1,827	52.4
2023	89.3	--	8	50.0	1,090	33.7
>\$1,000,000						
2022	3.5	--	9	64.3	1,660	47.6
2023	3.1	--	5	31.3	1,785	55.1
Revenue Not Available						
2022	8.3	--	0	0.0	0	0.0
2023	7.6	--	3	18.8	363	11.2
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>3,487</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>16</b>	<b>100.0</b>	<b>3,238</b>	<b>100.0</b>
Source: Bank Data; 2022 CRA Aggregate Data; 2022 & 2023 D&B Data "--" data not available; Due to rounding, totals may not equal 100.0%						

### **Community Development Loans**

PeoplesBank made an adequate number of community development loans in the Hartford MSA assessment area or broader statewide area in Connecticut. The bank made the following two community development loans, totaling \$11.9 million, that both supported affordable housing.

- In 2021, the bank made an \$8.3 million loan supporting affordable housing. The loan refinanced an 88-unit HUD Section 8 elderly housing complex in West Hartford. This loan supported an identified community development need within the assessment area.
- In 2021, the bank provided a \$3.6 million loan to refinance a 53-unit HUD Section 8 elderly housing complex in Norwich, which is outside the bank's assessment area but within the broader statewide area of Connecticut.

These loans were responsive to community development needs and represent an increase in activity compared to the prior evaluation period when the bank did not make any community development loans in the assessment area.



## INVESTMENT TEST

PeoplesBank demonstrated Satisfactory performance under the Investment Test in the Connecticut rated area. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

PeoplesBank has an adequate level of qualified community development investments and grants. During the evaluation period the bank made 108 qualified investments, grants, and donations totaling \$1.6 million in the Hartford MSA assessment area. In 2022, the bank made a new investment of \$962,000 in solar energy tax credits that supported revitalization and stabilization, as the investment offsets energy costs to businesses and residents in primarily low- and moderate-income geographies and benefits low and moderate-income individuals. The bank also made 107 grants and donations totaling \$627,120. Most grants and donations supported community service organizations benefiting low- and moderate-income individuals. This is an improvement in both number and dollar amount compared to the previous evaluation period, when the bank made \$6,700 in qualified donations.

The following table illustrates the bank's investments, grants, and donations in the Hartford MSA assessment area by year and purpose.

Qualified Investments Assessment Area: Hartford MSA										
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
8/18/2021 – 12/31/2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	1	962	1	962
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>962</b>	<b>1</b>	<b>962</b>
Qualified Grants & Donations	8	42	93	467	2	5	4	113	107	627
<b>Total</b>	<b>8</b>	<b>42</b>	<b>93</b>	<b>467</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>1,075</b>	<b>108</b>	<b>1,589</b>
<i>Source: Bank Data</i>										

Below are notable examples of qualified grants and donations in the Hartford MSA assessment area.

- **Connecticut Foodshare** – Connecticut Foodshare supports individuals and families by distributing nutritious food through local partner programs to alleviate hunger. The bank's donations totaling \$25,000 supported community services to low- and moderate-income individuals in the Hartford MSA assessment area.

- ***SINA, Inc.*** – SINA, Inc based in Hartford, CT, works to restore vacant and deteriorated buildings to become safe and affordable rental housing. The bank made donations totaling \$30,000 that helped defray costs associated with the increased cost of materials, labor, and insurance of these buildings. The bank’s contributions supported the revitalization and stabilization of low- and moderate-income areas in the assessment area.
- ***Habitat for Humanity of North Central Connecticut (HFHNCC)*** – HFHNCC provides affordable homeownership opportunities for families. The bank’s contributions totaled \$28,000 over the evaluation period. Most grant funds were allocated towards construction-related costs associated with building five energy efficient homes. This program fills a unique gap in the community by providing homeownership opportunities to working families who cannot afford a conventional mortgage. The bank’s contribution supported affordable housing to low- and moderate-income individuals and families.

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits adequate responsiveness to credit and community development needs. Through the PeoplesBank Community Cares Program, the bank made grants to existing and new relationships during the evaluation period. Most qualified grants and donations benefited organizations that supported low-and moderate-income individuals through a range of community services, and some bank donations supported affordable housing needs. Examiners identified community services and affordable housing as primary community development needs in the assessment area.

### **Community Development Initiatives**

The bank occasionally uses innovative and complex investments to support community development initiative in this assessment area. The bank’s new solar energy tax credit investment is an example of a complex investment that required multiple funding sources, and PeoplesBank was the sole financial institution in this transaction.

## **SERVICE TEST**

The Service Test for Connecticut is rated Satisfactory. The following sections discuss the bank’s performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the institution’s assessment area. Approximately 47.8 percent of the assessment area consists of low- or moderate-income census tracts, which is an increase from the previous evaluation period when there were no low- and moderate-income census tracts in the bank’s assessment area. PeoplesBank maintains 4, or 22.2 percent, of its branches in this assessment area. Of these branches, the bank maintains one branch located in a middle-income census tract, and three branches located in upper-income census tracts. While the bank does not have a branch in a low- or moderate-income census tract, the bank’s South

Windsor and West Hartford branches are located within a five-mile radius of a majority of the low- and moderate-income census tracts in the assessment area.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Assessment Area: Hartford MSA</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs/ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	30	25.6	91,362	22.4	0	0.0	0	0.0
Moderate	26	22.2	98,120	24.1	0	0.0	0	0.0
Middle	32	27.4	122,718	30.1	1	25.0	2	22.2
Upper	24	20.5	91,868	22.5	3	75.0	7	77.8
NA	5	4.3	3,351	0.8	0	0.0	0	0.0
<b>Total</b>	<b>117</b>	<b>100.0</b>	<b>407,419</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>

*Source: 2020 U.S. Census Data; Bank Data*

### **Changes in Branch Locations**

To the extent changes have been made, the institutions opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank closed one branch in the assessment area in 2022, which was located at 1380 Mountain Road in West Suffield in an upper-income census tract. Additionally, the bank opened two new branches since the prior evaluation. In 2021, the bank opened a branch located at 10 LaSalle Road in West Hartford, which is in an upper-income census tract, and in 2023, the bank opened a branch located at 25 Cedar Avenue in South Windsor, which is also an upper-income census tract. Examiners noted that both new branches are within a five-mile radius of most of the low-and moderate-income tracts in the assessment area.

### **Reasonableness of Business Hours and Services**

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income individuals. Please refer to the Overall Service Test Section for more information.

### **Community Development Services**

The bank provides an adequate level of community development services in the Hartford MSA assessment area. During the evaluation period, bank employees provided one hundred hours of community development services that benefited the Hartford MSA assessment area. Performance improved compared to the prior evaluation period when the bank did not provide any community development services that directly benefited the assessment area.

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

Community Development Services Assessment Area: Hartford MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/18/2021 - 12/31/2021	0	0	0	0	0
2022	0	31	3	0	34
2023	0	12	13	9	34
YTD 2024	0	5	24	3	32
<b>Total</b>	<b>0</b>	<b>48</b>	<b>40</b>	<b>12</b>	<b>100</b>
<i>Source: Bank Data</i>					

The following are notable examples of community development services provided in the Hartford MSA assessment area:

- **Aurora Women and Girls Foundation** – This organization educates and empowers women and girls in the Greater Hartford Region. The organization provides grants and research on important information for women such as health, leadership, education, and workforce participation. This organization serves as a community service to low- and moderate-income individuals in the Greater Hartford Region. A vice president at the bank prepared financial literacy materials and a budgeting workshop for this organization.
- **Betty Knox Foundation** – The organization provides workforce training, implements city cleanup and gardening programs, and works with other community organizations that support the City of Hartford and the environment. This organization provides community services that benefit low- and moderate- individuals in Hartford. A vice president at the bank serves on the Board of Directors for this organization.
- **Boys & Girls Clubs of Hartford** – The Boys and Girls Club of Hartford is a non-profit youth organization that offers programs for homework help, afterschool care, and summer camps. The program operates in and primarily serves students from low- and moderate-income areas. This activity promotes community service for low- and moderate-income individuals. A vice president at the bank served as a mentor to low- and moderate-income individuals that attend the Boys and Girls Club.

## **APPENDICES**

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

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. 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 FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

### **MINORITY APPLICATION FLOW**

The bank's HMDA LARs for 2022 and 2023 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. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2022 and lending trends in 2023, the bank's minority application flow is reasonable.

According to the 2020 US Census Data, the bank's assessment area contained a total population of 1,035,552 individuals of which 44.4 percent are minorities. The minority population represented is 16.8 percent Black/African American, 6.2 percent Asian, 0.2 percent American Indian, 22.2 percent Hispanic or Latino, and 5.3 percent other.

In 2022, the bank received 1,217 HMDA reportable loan applications within its assessment area. Of these applications, 115 or 9.5 percent were received from minority applicants. The aggregate received 15.7 percent of its applications from minority consumers. For the same period, the bank received 134 or 11.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was compared to an aggregate ethnic minority application rate of 14.5 percent with a 54.8 percent origination rate.

In 2023, the bank received 880 HMDA reportable loan applications within its assessment area. Of these applications, 78 or 8.9 percent were received from minority applicants. For the same period, the bank received 127 or 14.5 percent of all applications from ethnic groups of Hispanic origin within its assessment area.

The bank's level of lending in 2022 was compared with that of the 2022 aggregate's lending performance. The bank's level of lending in 2023 was analyzed for lending trends. 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 2023 HMDA		2023 Aggregate Data	Bank 2024 HMDA		2024 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	7	0.6	0.5	8	0.9	0.8
Asian	36	3	3.1	24	2.7	2.8
Black/ African American	47	3.9	10.2	26	3	6.6
Hawaiian/Pacific Islander	3	0.2	0.3	6	0.7	0.3
2 or more Minority	3	0.3	0.2	5	0.6	0.3
Joint Race (White/Minority)	19	1.6	1.5	9	1	1.4
<b>Total Racial Minority</b>	<b>115</b>	<b>9.5</b>	<b>15.7</b>	<b>78</b>	<b>8.9</b>	<b>12.2</b>
White	913	75	58.3	648	73.6	62.4
Race Not Available	189	15.5	26.0	154	17.5	25.4
<b>Total</b>	<b>1,217</b>	<b>100.0</b>	<b>100.0</b>	<b>880</b>	<b>100.0</b>	<b>100.0</b>
ETHNICITY						
Hispanic or Latino	111	9.1	12.4	115	13.1	13.5
Joint (Hisp/Lat /Not Hisp/Lat)	23	1.9	1.5	12	1.4	1.8
<b>Total Ethnic Minority</b>	<b>134</b>	<b>11</b>	<b>13.9</b>	<b>127</b>	<b>14.5</b>	<b>15.3</b>
Not Hispanic or Latino	894	73.5	62.6	591	67.2	61.5
Ethnicity Not Available	189	15.5	23.5	162	18.4	23.2
<b>Total</b>	<b>1,217</b>	<b>100</b>	<b>100.0</b>	<b>880</b>	<b>100.0</b>	<b>100.0</b>
Source: 2020 US Census Data, HMDA Aggregate Data 2023, HMDA LAR Data 2023 and 2024						

## DIVISION OF BANKS LOSS OF AFFORDABLE HOUSING

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution includes a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units. No systemic patterns were identified. Additionally, the bank's leadership in community development lending for affordable housing projects and developing and participating in flexible lending programs support excellent performance for this criterion. The bank's investment initiatives also reflect a commitment to helping individuals stay in their homes.

## **LARGE BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.



## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>	<b>Rating</b>
MA	Satisfactory	Outstanding	High Satisfactory	Satisfactory
CT	Satisfactory	Satisfactory	Satisfactory	Satisfactory

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Core Based Statistical 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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

**Home Mortgage 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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area (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.