

PUBLIC DISCLOSURE

August 17, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PeoplesBank
Certificate Number: 90213

330 Whitney Avenue
Holyoke, Massachusetts 01040

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

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

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the 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. has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following table indicates the performance level of PeoplesBank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			
<p><i>* 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, as the Division does not have a “low satisfactory” rating</i></p>			

The Lending Test is rated Satisfactory.

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- A high percentage of loans are made in the institution’s assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- 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 size.
- The institution uses innovative and flexible lending practices in order to serve assessment area credit needs.
- The institution has made a relatively high level of community development loans.

The Investment Test is rated Outstanding.

- The institution 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.
- The institution exhibits excellent responsiveness to credit and community development needs.
- The institution makes extensive use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are readily accessible to all portions of the 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 and business hours do not vary in a way that inconveniences portions of the assessment areas, particularly low- and moderate-income individuals.
- The institution provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (DOB), covers the period from the prior evaluation dated April 25, 2018, to the current evaluation dated August 17, 2021.

Examiners used the Interagency Large Institution CRA Examination Procedures, which include a Lending Test, Investment Test, and Service Test.

The Lending Test considered the following criteria:

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development lending

The Investment Test considered the following criteria:

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

An institution must achieve at least a Satisfactory rating on the Lending Test to obtain an overall Satisfactory Rating. This evaluation does not include lending activity from any affiliates.

PeoplesBank designated two assessment areas in the Springfield, MA MSA and the Hartford-East Hartford-Middletown, CT MSA. As such, examiners presented full scope analyses of each assessment area and presented ratings for the institution's performance in Massachusetts and Connecticut. Examiners applied greater weight to the institution's performance in the Springfield, MA MSA assessment area when determining overall conclusions due to the volume of branches, deposits, and lending activity. Examiners applied less weight to performance in the Hartford-East Hartford-Middletown, CT MSA assessment area since activities were limited and the bank did not begin operating in Connecticut until December 2018. Therefore, the state rating for Massachusetts carried greater weight than that of Connecticut in arriving at the overall rating.

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 or purchased during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, they provided no material support for conclusions or ratings and examiners did not present them.

Examiners analyzed home mortgage and small business loans originated or purchased from January 1, 2018, through December 31, 2020, which the bank reported on its 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) and CRA loan registers. Examiners presented HMDA and small business data for all three years under the assessment area concentration section. Examiners presented data for 2019 and 2020 under the geographic distribution and borrower profile sections. Examiners did not present analysis for 2018 in these sections because performance was consistent with 2019 and 2020.

PeoplesBank originated or purchased 1,011 HMDA loans totaling \$219.3 million in 2018, 863 loans totaling \$236.0 million in 2019, and 877 loans totaling \$267.7 million in 2020. For small business loans, PeoplesBank originated 98 loans totaling \$15.9 million in 2018, 125 loans totaling \$22.6 million in 2019, and 596 loans totaling \$78.4 million in 2020. 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.

Under the Lending Test, examiners evaluated the bank's use of innovative and flexible loan products and community development lending from April 25, 2018, through August 17, 2021. Under the Investment and Service Tests, examiners considered qualified investments, community development services, and retail services for the same period.

Examiners obtained demographic and economic information referenced in the evaluation from the 2015 American Community Survey (ACS), 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 2019 and 2020 aggregate data, and to ACS demographic data. Examiners compared the bank's small business lending performance to 2019 aggregate data, the most recent year of available CRA data, and to D&B business demographic data.

DESCRIPTION OF INSTITUTION

Background

PeoplesBank is a savings bank headquartered in Holyoke, Massachusetts that operates in western Massachusetts and northern Connecticut. PeoplesBancorp, MHC, a mutually owned, one-bank holding company headquartered in Holyoke, wholly owns PeoplesBank. The bank maintains several subsidiaries including two Massachusetts securities corporations (Arundo, Inc. and PB Partners, Inc.); TNOP, Inc., which holds other real estate owned property; PBHQ Whitney, Inc.,

which manages the bank's headquarters facility; and NEFWC, Inc., an entity formed to manage a low-income housing investment in Springfield, Massachusetts.

The institution received a Satisfactory rating at its previous joint FDIC and Division CRA Performance Evaluation, dated April 25, 2018, based on Interagency Large Institution Examination Procedures.

Operations

PeoplesBank operates 19 branches in Massachusetts and Connecticut. The main office and 13 branches are located in Hampden County, Massachusetts, three branches are located in Hampshire County, Massachusetts, and three branches are located in Hartford County, Connecticut. The bank also operates 44 interactive teller machines (ITMs) and automated teller machines (ATMs), and is part of the Allpoint Surcharge Free network of ATMs, available throughout the United States.

In December 2018, PeoplesBank added four new branches through the acquisition of the First National Bank of Suffield, all of which were located in Hartford County, Connecticut. Subsequently, the bank closed one of those branches. During the evaluation period, PeoplesBank also opened two branches in Hampden County, Massachusetts in 2019 and 2020. The bank closed two branches in Hampshire County and two in Hampden County, Massachusetts. Lastly, the bank relocated two branches in Hampden and Hampshire counties in Massachusetts and one branch in Hartford County, Connecticut. Details regarding the impact of these openings, closures, and relocations on low- and moderate-income geographies and individuals are included under the specific assessment area discussions.

PeoplesBank offers a variety of lending and deposit products for consumers and businesses. Lending products include home mortgage, commercial, and consumer loans, with home mortgage and commercial lending representing the primary business focus. The bank offers home mortgage loans including conventional fixed and variable rate loans, jumbo loans, home equity lines of credit, construction loans, and special loan programs for first-time homebuyers. Commercial loan offerings include fixed loans, term loans, lines of credit, Business Express loans, and government guaranteed loans. PeoplesBank offers various checking and savings deposit products, as well as investment accounts. Alternative banking services include online and mobile banking with electronic bill pay.

Ability and Capacity

As of March 31, 2021, PeoplesBank reported assets of \$3.4 billion, of which loans totaled \$2.4 billion and securities totaled \$401.0 million. According to the bank's Call Report, residential lending represented the largest loan category in the loan portfolio, which is consistent with the previous evaluation. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	143,739	6.1
Secured by Farmland	-	0.0
Secured by 1-4 Family Residential Properties	809,955	34.4
Secured by Multi-family (5 or more) Residential Properties	165,565	7.0
Secured by Non-farm Non-Residential Properties	774,375	32.9
Total Real Estate Loans	1,893,634	80.5
Commercial and Industrial Loans	353,210	15.0
Agricultural Production and Other Loans to Farmers	-	0.0
Consumer	90,403	3.8
Obligations of States and Political Subdivisions in the United States	15,558	0.7
Other Loans	-	0.0
Lease Financing Receivables (net of unearned income)	-	0.0
Less: Unearned Income	-	0.0
Total Loans	2,352,805	100
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0%</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

PeoplesBank designated two contiguous assessment areas in the Springfield, MA MSA and the Hartford-East Hartford-Middletown, CT MSA. The bank's combined assessment areas include 147 census tracts. The bank added the Hartford-East Hartford-Middletown, CT MSA assessment area because of the First National Bank of Suffield acquisition on December 1, 2018. The bank did not make any changes to the Springfield, MA MSA assessment area since the prior evaluation. Examiners presented specific demographic data for each assessment area under the Massachusetts and Connecticut rated area sections.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Satisfactory. PeoplesBank demonstrated adequate performance under the Lending Test. The bank's Lending Test performance in each rated area is consistent with the overall Lending Test rating and conclusions. The following sections summarize the bank's overall performance under each criterion.

Lending Activity

The bank's lending levels reflect adequate responsiveness to assessment area credit needs. Adequate responsiveness in the Massachusetts and Connecticut rated areas supports this conclusion. Refer to the rated area sections for a complete discussion of bank performance under this criterion.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans within the assessment areas. The bank was ranked 8th in overall home mortgage lending in the assessment areas, with mostly large national banks ranking higher. The following table illustrates lending activity inside and outside of the combined assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	723	71.5	288	28.5	1,011	132,944	60.6	86,391	39.4	219,335
2019	713	82.6	150	17.4	863	144,525	61.2	91,476	38.8	236,001
2020	669	76.3	208	23.7	877	139,550	52.1	128,125	47.9	267,675
Subtotal	2,105	76.5	646	23.5	2,751	417,019	57.7	305,992	42.3	723,011
Small Business										
2018	86	87.8	12	12.2	98	12,674	79.7	3,229	20.3	15,903
2019	102	81.6	23	18.4	125	15,358	68.0	7,232	32.0	22,590
2020	486	81.5	110	18.5	596	57,515	73.3	20,916	26.7	78,431
Subtotal	674	82.3	145	17.7	819	85,547	73.2	31,377	26.8	116,924
Total	2,779	77.8	791	22.2	3,570	502,566	59.8	337,369	40.2	839,934
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment areas. Adequate performance in the Massachusetts rated area primarily supports this conclusion. Refer to the rated area sections for a complete discussion of bank performance under this factor.

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes. The bank's adequate performance in both rated areas supports this conclusion. Refer to the rated area sections for a complete discussion of bank performance under this factor.

Innovative and Flexible Lending

PeoplesBank uses innovative and flexible lending practices in order to serve the credit needs of the area's low- and moderate-income individuals and small businesses. All of the bank's innovative and/or flexible lending programs benefit both assessment areas. During the evaluation period, the bank originated 176 loans, totaling \$21.7 million, through innovative or flexible programs that benefited low- and moderate-income individuals. Of those, 106 loans totaling approximately \$18.3 million were through home mortgage programs, and 70 loans totaling approximately \$3.4 million were through programs that benefitted small businesses. These programs benefited low- and moderate-income individuals and small businesses.

The following summary captures the bank's innovative and flexible loan programs offered during the evaluation period.

Home Mortgage Loan Programs

- **First-time Homebuyer (FTHB) Programs:** The bank offers four types of FTHB programs: Advantage, Plus, No Income Limit, and Veterans Service Members. Two of the four FTHB programs (Advantage and Plus) have income limits with a maximum borrower income of \$40,850 and \$98,040 in Massachusetts and \$52,150 and \$125,160 in Connecticut to qualify. The FTHB program features are similar to FHA loans, but are generally more favorable to borrowers. During the evaluation period, PeoplesBank originated 362 loans totaling \$58.1 million under these programs, of which 74 loans totaling \$13.8 million benefitted low- or moderate-income individuals.
- **Equity Builder Program (EBP):** The bank offers the EBP through the Federal Home Loan Bank's (FHLB) Affordable Housing Program. This program offers flexible terms, conditions, and underwriting guidelines to help serve the credit needs of low- and moderate-income homebuyers. The FHLB offers its member banks grants to provide households with less than 80.0 percent of area median income with assistance in areas such as down payment, closing costs, and homebuyer counseling. The program includes a fixed-rate mortgage, and the bank provides a closing cost credit and a waiver of private mortgage insurance. This program also features a forgivable grant from the FHLB for the closing costs and down payment. The bank originated 32 loans totaling \$4.5 million during the evaluation period.

Small Business Loan Programs

- **Business Express Loan Program:** The bank developed this product in 2017 to meet the credit needs of small businesses. An entrepreneur or current small business owner can obtain start-up funding with loan amounts up to \$100,000 and with expedited loan origination processing. During the evaluation period, the bank originated 49 Business Express Loans totaling \$1.7 million.
- **The Small Business Administration (SBA) 7A Program:** This program helps small businesses with expansion, start-up, or typical business expenses. PeoplesBank funds the

loan, and the SBA provides a loan guarantee of 75.0 to 90.0 percent of the total loan amount, depending on how the proceeds are used. These SBA loans offer smaller down payments and flexible terms. During the evaluation period, the bank originated 17 loan totaling \$818,535 through this program.

- **The SBA 504 Certified Development Company (CDC) Program:** This program provides financing for the purchase of fixed assets, such as real estate, buildings, and machinery. The program works by distributing the loan among three parties: the business owner (10.0 percent), the financial institution (50.0 percent), and the SBA (40.0 percent). Eligibility standards include falling within SBA size guidelines for small businesses. The bank originated four loans totaling \$915,300 during the evaluation period.

Community Development Lending

PeoplesBank made a relatively high level of community development loans. During the evaluation period, the bank originated 12 community development loans to eight different organizations totaling approximately \$18.7 million. This represents a significant increase since the prior evaluation when the bank made three loans totaling \$4.2 million. The loans directly benefited assessment area needs of affordable housing, community services, and revitalization and stabilization.

The total dollar amount of community development loans represents 1.0 percent of average total loans. This level of community development lending compared favorably to similarly situated institutions. Refer to the rated area sections for a breakdown of community development lending by assessment area and notable examples.

INVESTMENT TEST

The Investment Test is rated Outstanding. This conclusion is consistent with the performance in the Massachusetts rated area, which was rated Outstanding, but not the Connecticut rated area, which was rated Satisfactory. Examiners placed greater weight on performance in Massachusetts when arriving at overall conclusions.

Investment Activity

PeoplesBank made an excellent level of qualified investments. During the evaluation period, qualified investments, grants, and donations totaled \$34.3 million, which represents 1.1 percent of average total assets and 6.2 percent of average total investments. This level of qualified investments and donations represents an increase since the prior evaluation period when qualified investments totaled \$26.4 million. The following sections address the bank's Investment Test performance.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	5,102	4	17,071	0	0	1	4,412	10	26,585
4/25/2018-12/31/2018	0	0	0	0	0	0	0	0	0	0
2019	1	1,844	0	0	0	0	1	1,760	2	3,604
2020	1	1,955	0	0	0	0	0	0	1	1,955
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	7	8,901	4	17,071	0	0	2	6,172	13	32,144
Qualified Grants & Donations	14	67	303	1,913	15	52	25	125	357	2,157
Total	21	8,968	307	18,984	15	52	27	6,297	370	34,301
<i>Source: Bank Records</i>										

Equity and Debt Security Investments

The bank has made \$32.1 million in qualified equity investments. Approximately \$5.6 million represents new investments made during the evaluation period. Listed below is a qualified equity investment that benefited the broader regional area, including both assessment areas. Equity investments that specifically benefitted the assessment areas are detailed under the rated area sections.

- **Massachusetts Housing Equity Fund (MHEF)** – MHEF is managed by the Massachusetts Housing Investment Corporation (MHIC) to develop and improve affordable housing for low- and moderate-income individuals throughout Massachusetts. This is a prior period investment established in 2011. The current book value of the bank’s investment is \$186,622.

Charitable Contributions

The bank made 357 donations for \$2.2 million during the evaluation period. Of the total donations, 20 donations totaling approximately \$80,995 benefited a broader statewide or regional area that included one or both of the assessment areas. The following are details of notable qualified donations that benefited a broader area.

- **Community Involved in Sustaining Agriculture (CISA)** - This non-profit organization aims to support the local food economy by building resilience among small farms across Western Massachusetts. Programs include technical assistance for small farms, subsidy programs to expand access to local food, and emergency fund support for farms impacted by natural disasters. The bank provided annual support to this organization. This activity promotes economic development by financing small farms.

- **Cambridge Credit Counseling** - This organization aims to help individuals and families resolve their financial challenges throughout New England. Programs include financial education, counseling for reverse mortgages and student loans, and debt consolidation. The bank made annual donations to this organization that helped promote community services for low- or moderate-income individuals.
- **United Way of Central and Northeastern Connecticut** - This organization focuses on helping children and families across the greater Hartford area meet economic and social service challenges. Programs include food and shelter assistance, afterschool and educational support, health access, and workforce development. The bank made donations to this organization in 2021 that helped the organization provide community services to low- and moderate-income individuals.
- **Educational Resources for Children, Inc.** – This organization provides afterschool and enrichment services for Children in Enfield, Connecticut. Initiatives include financial assistance, summer camp scholarships, and free lunch during the summer. These programs primarily benefit students from low- or moderate-income families, which exhibit financial need for these services. The bank’s donations support community services for low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community needs. The bank’s investments directly benefited the needs identified by community contacts, especially in the MA rated area, and supported activities that promote affordable housing and revitalization and stabilization of low- and moderate-income areas. The bank also has made approximately \$50,000 in donations in response to the COVID-19 pandemic to organizations such as food pantries and those that provide emergency healthcare services in low- and moderate-income communities.

Community Development Initiatives

PeoplesBank makes extensive use of innovative and complex investments to support community development initiatives. The bank invested in tax credits for affordable housing and housing in federally designated economic opportunity zones. The bank often performed in a leadership position as the only financial institution involved in some deals.

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 Satisfactory. Again, examiners placed greater weight on performance in Massachusetts when arriving at overall conclusions. The sections below discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the bank’s assessment area.

PeoplesBank operates 19 branches located in Massachusetts and Connecticut. In Massachusetts, the bank operates 16 branches in Amherst, Chicopee (2), East Longmeadow, Holyoke (2), Longmeadow, Ludlow, Northampton, South Hadley, Springfield (4), West Springfield, and Westfield. One of the branches in Springfield is located in a retirement community, is only open from 9:00 am to 1:00 pm on Wednesday, and is generally not accessible to the public. In Connecticut, the bank operates three branches in East Granby, Suffield, and West Suffield. The following table illustrates the distribution of full-service bank branches and deposit-taking Automated Teller Machines (ATMs) and Interactive Teller Machines (ITMs).

Branch and ATM Distribution by Geography Income Level Combined AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs/ITMs	
	#	%	#	%	#	%	#	%
Low	24	16.3	90,131	13.6	2	10.5	8	17.0
Moderate	22	15.0	96,164	14.5	3	15.8	4	8.5
Middle	45	30.6	212,370	32.1	8	42.1	13	27.7
Upper	51	34.7	245,415	37.1	5	26.3	20	42.6
NA	5	3.4	18,064	2.7	1	5.3	2	4.2
Total	147	100.0	662,144	100.0	19	100.0	47	100.0
<i>Source: 2015 ACS Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>								

The bank operates two branches, or 10.5 percent of total branches, in low-income census tracts, which is lower than the percentage of low-income census tracts in the assessment area and is slightly below the percent of the population that resides in those tracts. The bank has three, or 15.8 percent, of its branches in moderate-income tracts, which is slightly above both the percentage of moderate-income tracts and the population residing in moderate-income tracts. The bank has branches in middle-income tracts that are adjacent to low- and moderate-income census tracts. In fact, the vast majority of low- and moderate-income census tracts within the assessment areas are located within two miles of a branch. In addition to opening branches in and near low- and moderate-income census tracts, the bank has also located branches near public transportation to maximize accessibility to the public.

Of the 47 ATM’s and ITM’s located in the assessment area 43 are deposit taking. There are 19 deposit-taking ATMs located at the bank branches and the main office. In addition, the bank maintains eight stand-alone ATMs, four of which are deposit taking. Since the last examination, the bank added 20 ITMs, of which 16 are located at branch locations, and four are stand-alone. ITMs allow customers more ways to transact with a virtual teller with extended hours. The bank maintains three ITMs at branches located in low- and moderate-income census tracts, and an additional stand-alone ITM in a low-income census tract that increase accessibility in these geographies.

The bank operates four additional non-deposit taking ATMs. These are located at the bank's Main Office (Monday through Friday between 7:00 AM – 5:30 PM), Holyoke Community College, Holyoke Medical Center, and on Cabot Street in Holyoke (24 hours). Both the ATMs located at Holyoke Community College and Holyoke Medical Center are located inside the premises and are subject to the building's hours of operation.

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.

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.

During the evaluation period, the bank opened two branches, one in a low-income census tract in Holyoke, and the other in a middle-income census tract in Ludlow. Additionally, the bank merged with the First National Bank of Suffield and acquired four branches in Connecticut, with two branches located in upper-income census tracts (Suffield and West Suffield), and the other two in middle-income census tracts (East Granby and Windsor Locks).

The bank closed five full-service branches since the prior evaluation. In 2019, the bank closed two branches in Holyoke, one situated in a middle-income census tract, and the other located in a low-income census tract. In an effort to continue offering essential retail services to individuals in the low-income area, the bank converted the closed branch in Holyoke to an ATM and ITM location. Additionally, another branch, opened in 2019, is approximately one mile away. In 2021, the bank closed its Windsor Locks, Connecticut branch in middle-income census tract, as well as branches located in an upper-income census tract in Hadley and South Hadley, Massachusetts. The bank also closed a branch located in a retirement community in Longmeadow, which was located in an upper-income tract. The branch was not generally accessible to the public. Lastly, the bank relocated a branch in South Hadley within the same middle-income census tract.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income individuals. 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 5:00 p.m. Monday through Friday, and 8:30 a.m. and 12:00 p.m. on Saturday. Several branches operate 8:30 a.m. to 4:00 p.m. Monday through Wednesday and on Friday, with extended hours until 5:00 p.m. on Thursday, and Saturday hours between 8:30 a.m. and 12:00 p.m. For locations that offer drive-up service, those hours mirror that of the branch. There are drive-up services at two of the three branches located in moderate-income census tracts. The two branches in low-income census tracts do not have drive-up access; however, ITMs are available at both branches, one of which also has drive-up functionality. The bank also operates a drive-up ITM at one branch in a moderate-income census tract, and an additional standalone ITM in a low-

income census tract that has drive-up functionality. The ITMs in these locations offer the same hours and services of those located in middle- and upper-income census tracts. Specifically, the bank’s ITMs offer virtual teller services Monday through Friday between 8:00 a.m. and 7:00 p.m., Saturday between 8:00 a.m. and 2:00 p.m., and Sunday between 10:00 a.m. and 2:00 p.m.

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 several community development organizations. Although the number of service hours provided during the evaluation period is less than the prior evaluation, many of the hours were devoted to financial literacy efforts, a specific and significant need noted by community contacts. Of the total services provided, 24 hours benefited a broader statewide or regional area that includes one or both of the assessment areas.

Employee Involvement

During the evaluation period, bank employees provided 918 volunteer hours to community development organizations. The following table illustrates the bank’s community development service hours by year and purpose. Bank management was unable to provide data for 2018 services that occurred after the date of the previous examination through the end of the year.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
4/25/2018 -12/31/2018	0	0	0	0	0
2019	4	278	9	76	367
2020	0	225	28	82	335
YTD 2021	75	100	4	37	216
Total	79	603	41	195	918
<i>Source: Bank Records.</i>					

The following are examples of services provided in the broader statewide or regional areas:

- **Massachusetts Department of Children and Families (DCF)** – The goal of DCF is to support families and prevent neglect and abuse of children. The bank’s assistant vice president of the St. James Branch in Springfield assisted with a digital financial literacy event hosted by the Massachusetts DCF. These services primarily support low- and moderate-income families.
- **West Hartford Chamber of Commerce** – This organization promotes economic development by providing services and assistance to local businesses across the Greater

Hartford area. The organization provides numerous events, including small business education, workforce and young professional development, and support for minority-owned businesses. Two of the bank's assistant vice presidents presenting at an economic update event for local businesses.

- **Gladys Allen Brigham Community Center** – This multi-service organization focuses on providing development support to youth, particularly young women. The organization operates in Pittsfield, Massachusetts and serves a primarily low- and moderate-income area. Programs include Summer Camp, STEM enrichment programs, and mentorships. A first vice president of the bank served on the Finance Committee of this organization in 2020.
- **Community Investment Corp** – This organization is an economic development lender that provides financing to and aids small businesses in Connecticut and Rhode Island. The financing is coupled with financial expertise to aid startup and small businesses. An assistant vice president of the bank's Commercial and Institutional Banking department provided technical expertise by providing advisory services to the organization.

Technical Assistance

- **Interest on Lawyers' Trust Accounts (IOLTA)** – The bank participates in the IOLTA program. Lawyers place client deposits, such as escrow accounts, in interest bearing accounts. Rather than retaining the interest earned, funds are used in the delivery of legal services to low-income clients across Connecticut and Massachusetts. The bank operated as a "Leadership Institution" under this program, and committed to raising funds at a higher interest rate to go above and beyond the standard eligibility requirements to provide legal aid. IOLTA funds administered over the evaluation period totaled \$217,890.

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

SCOPE OF EVALUATION

Examiners used full-scope examination procedures to review the bank's operations in Massachusetts, which includes an analysis of the bank's performance in the Springfield, MA MSA assessment area. Examiners evaluated and considered loans, qualified investments and donations, and services provided in the bank's Springfield assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

PeoplesBank operates 16, or 84.2 percent, of its 19 branches in the Springfield, MA MSA assessment area. Since the last CRA evaluation, PeoplesBank opened two branches in Massachusetts located in Holyoke and Ludlow. The Holyoke branch is in a low-income census tract and the Ludlow branch is in a middle-income census tract. Additionally, the bank closed five branches during the evaluation period. The bank closed two branches in Holyoke, two branches in Hadley, and a limited purpose branch located in a retirement community in Longmeadow. The assessment area contains the following cities and towns in Hampden and Hampshire Counties.

- **Hampden, MA** – Agawam, Blandford, Brimfield, Chester, Chicopee, East Longmeadow, Granville, Hampden, Holland, Holyoke, Longmeadow, Ludlow, Monson, Montgomery, Palmer, Russell, Southwick, Springfield, Tolland, Wales, West Springfield, Westfield, and Wilbraham.
- **Hampshire County, MA** – Amherst, Belchertown, Chesterfield, Cummington, Easthampton, Goshen, Granby, Hadley, Hatfield, Huntington, Middlefield, Northampton, Pelham, Plainfield, South Hadley, Southampton, Ware, Westhampton, and Williamsburg.

The assessment area comprises 139 census tracts with the following income designations:

- 24 low-income census tracts,
- 22 moderate-income census tracts,
- 43 middle-income census tracts,
- 46 upper-income census tracts,
- 4 tracts with no income designation.

The low-income census tracts are located in Springfield (16) and Holyoke (8). The moderate-income census tracts are located in Springfield (12), Chicopee (6), Ludlow (1), West Springfield (1), Westfield (1), and Ware (1). The tracts with no income designation contain college universities in Amherst and Northampton. The following table illustrates demographic information of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	139	17.3	15.8	29.5	34.5	2.9
Population by Geography	628,800	14.3	15.3	31.0	36.5	2.9
Housing Units by Geography	254,960	14.1	16.0	33.7	36.0	0.1
Owner-Occupied Units by Geography	147,690	4.7	12.4	35.2	47.6	0.0
Occupied Rental Units by Geography	87,841	28.4	21.1	32.0	18.3	0.3
Vacant Units by Geography	19,429	20.9	20.7	30.6	27.4	0.4
Businesses by Geography	40,837	13.9	15.2	28.8	41.2	0.8
Farms by Geography	1,268	3.2	5.7	32.6	58.5	0.0
Family Distribution by Income Level	149,875	24.6	15.7	17.9	41.8	0.0
Household Distribution by Income Level	235,531	27.1	14.5	15.5	42.9	0.0
Median Family Income MSA - 44140 Springfield, MA MSA		\$67,203	Median Housing Value			\$209,221
			Median Gross Rent			\$856
			Families Below Poverty Level			12.0%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown in the previous table, low- and moderate-income census tracts present limited opportunities for home mortgage lending as only 17.1 percent of owner occupied units are in low- and moderate-income census tracts. In addition, approximately 12.0 percent of families are below poverty level, which is a subset of the 24.6 percent of the families that falls within the low-income category. Families in this category face more financial hardship and likely face challenges qualifying for traditional home mortgage loans. The following table shows the updated median family income ranges for 2019 and 2020.

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)				
2019 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
2020 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
<i>Source: FFIEC</i>				

According to 2020 D&B data, 86.7 percent of non-farm businesses in the assessment area have gross annual revenues of \$1.0 million or less. Service industries represent the largest portion of non-farm businesses at 41.1 percent, followed by retail trade at 13.7 percent, and finance/insurance businesses at 9.6 percent. Additionally, 65.3 percent of non-farm businesses operate with four employees or less. Major employers in the assessment area includes Bay State Health,

Massachusetts Mutual Financial Group, Smith and Wesson, C and S Wholesale Grocers, and MGM Springfield.

According to the U.S Bureau of Labor Statistics, unemployment rates in the assessment area increased since the previous evaluation period, as illustrated in the following table. According to Moody’s Analytics, the Springfield, MA MSA experienced a sharp increase in unemployment in 2020 due to the COVID-19 pandemic. The following table reflects unemployment rates in the Springfield, MA MSA compared to statewide and national figures throughout the evaluation period.

Unemployment Rates			
Location	2018	2019	2020
	%	%	%
Springfield, MA MSA	4.3	3.8	9.7
Massachusetts	3.4	2.9	7.4
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the greater Springfield, Massachusetts area is facing challenges in recovering from the impact of COVID-19 in industries such as healthcare, leisure/hospitality, and personal services. The labor market is struggling with unemployment rates that are still elevated and higher than the state or national averages. Additionally, the area has seen a population drop that exceeds regional and national rates. However, the area does benefit from relatively affordable housing for New England and economic stability due to the large presence of healthcare facilities.

Competition

PeoplesBank operates in a highly competitive market for banking services. The presence of large national, regional, and community banks and credit unions creates significant competition in the area. According to 2020 Deposit Market Share data, there were 35 financial institutions with 201 branches in the Springfield, MA MSA assessment area. PeoplesBank ranked second with a deposit market share of 10.0 percent. Bank of America ranked first with 10.7 percent. Banks that trailed behind included TD Bank (3rd) and KeyBank (4th), with market shares of 9.8 percent and 8.7 percent, respectively.

PeoplesBank faces a high level of competition for home mortgage lending from national lenders, mortgage companies, credit unions, and community banks. In 2020, 408 HMDA-reporting lenders originated or purchased 23,564 home mortgage loans in the assessment area. PeoplesBank ranked eighth with a 2.8 percent market share. Lenders that ranked higher were primarily large national lenders, including Quicken Loans, Citizens Bank, Freedom Mortgage Corp., and Wells Fargo Bank.

Community Contacts

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

Examiners contacted a representative from a non-profit organization serving the Springfield, MA MSA. The organization is a community development financial institution. Services include providing financial and business assistance to small business and high-impact community projects. The contact noted a need for financial literacy, and noted that it is most effective when it comes from those directly involved in the community. The contact indicated that financial institutions have been responsive in providing the needed funding to support essential programs and cited a desire for more day-to-day involvement by financial institutions at all levels of the community.

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, economic development, and community services to support low- and moderate-income individuals are primary community development needs in the assessment area.

Springfield and Holyoke represent the communities with the most significant community development needs and opportunities during most of the evaluation period. Homelessness, unemployment, and wellness gaps reflect a significant need for community services and affordable housing for low- and moderate-income people. In addition, support for small businesses and economic development is a critical need in Springfield and Holyoke. Financial literacy represents a significant need in these areas in order to create economic development and help reduce high poverty levels in many of the area's low-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

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

Lending Activity

Lending levels reflect adequate responsiveness to the credit needs of the Springfield, MA MSA assessment area. In 2019, PeoplesBank originated or purchased 661 home mortgage loans totaling \$135.9 million. Lending activity in 2020 was consistent, with the bank originating or purchasing 640 home mortgage loans totaling \$134.1 million.

PeoplesBank originated 77 small business loans totaling \$11.1 million in the assessment area in 2019. In 2020, the number of small business loans increased significantly to 406 loans totaling \$48.6 million due to Paycheck Protection Program (PPP) lending. PPP loans are SBA-backed loans that helped businesses keep their workforce employed during the COVID-19 crisis. The program ended on May 31, 2021.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. The bank's performance in low-income geographies was slightly below aggregate performance, but similar to demographic data in 2019 and 2020. While not shown in the table below, performance was above demographics in 2018 as well. In moderate-income census tracts, the bank's performance was below both aggregate and demographics.

Market share data further supports the adequate performance. In 2020, PeoplesBank ranked 13th out of 145 lenders in low-income census tracts and 20th out of 188 lenders in moderate-income census tracts. PeoplesBank was one of the highest ranked community banks, as the lenders ranking higher were primarily large national banks, mortgage brokers, and credit unions.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.7	6.1	34	5.1	8,834	6.5
2020	4.7	5.5	28	4.4	4,440	3.3
Moderate						
2019	12.4	14.6	69	10.4	9,928	7.3
2020	12.4	12.8	44	6.9	6,187	4.6
Middle						
2019	35.2	35.0	235	35.6	41,942	30.9
2020	35.2	34.0	228	35.6	42,166	31.4
Upper						
2019	47.6	44.3	323	48.9	75,229	55.3
2020	47.6	47.7	340	53.1	81,326	60.6
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	661	100.0	135,933	100.0
2020	100.0	100.0	640	100.0	134,119	100.0

Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. In low-income census tracts, the bank exceeded aggregate performance in 2019 and demographic data in 2019 and 2020. In moderate-income geographies, the bank's performance was below aggregate and demographic data in 2019. While performance in 2020 shows a slight downward trend to 10.3 percent in moderate-income census tracts, the bank originated a much higher volume of small business loans in 2020. This increase was primarily due to PPP lending, which was responsive to the credit needs of small businesses in the assessment area. The bank's excellent performance in low-income geographies supports conclusion.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	14.0	12.4	18	23.4	2,323	20.9
2020	13.9	--	106	26.1	11,274	23.2
Moderate						
2019	15.1	15.4	10	13.0	868	7.8
2020	15.2	--	42	10.3	7,234	14.9
Middle						
2019	28.8	28.9	13	16.9	2,424	21.8
2020	28.8	--	104	25.6	15,443	31.8
Upper						
2019	41.3	43.0	36	46.8	5,521	49.6
2020	41.2	--	153	37.7	14,387	29.6
Not Available						
2019	0.9	0.3	0	0.0	0	0.0
2020	0.8	--	1	0.2	300	0.6
Totals						
2019	100.0	100.0	77	100.0	11,136	100.0
2020	100.0	--	406	100.0	48,638	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels and among businesses of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels. While the bank made a reasonable

number of home mortgage loans to low-income borrowers, the bank trailed aggregate performance and demographic percentages throughout the evaluation period. For moderate-income borrowers, performance also trailed that of aggregate; however, the bank exceeded demographic percentages both years.

Market share data further supports the bank’s reasonable performance. In 2020, PeoplesBank ranked 16th out of 119 lenders that made loans to low-income borrowers and 8th out of 180 lenders that made loans to moderate-income borrowers. The lenders ranking higher were primarily large national banks, mortgage brokers, and credit unions.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	24.7	7.1	33	5.0	2,869	2.1
2020	24.7	5.1	24	3.8	3,053	2.3
Moderate						
2019	15.7	22.1	117	17.7	15,948	11.7
2020	15.7	19.1	115	18.0	17,885	13.3
Middle						
2019	17.9	23.6	175	26.5	31,182	22.9
2020	17.9	23.6	170	26.6	31,089	23.2
Upper						
2019	41.8	30.6	291	44.0	68,693	50.5
2020	41.8	35.0	309	48.3	76,589	57.1
Not Available						
2019	0.0	16.5	45	6.8	17,241	12.7
2020	0.0	17.2	22	3.4	5,504	4.1
Totals						
2019	100.0	100.0	661	100.0	135,933	100.0
2020	100.0	100.0	640	100.0	134,119	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 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 reflects excellent penetration among businesses of different sizes. In 2019, lending to businesses with gross annual revenues of \$1.0 million or less was more than double that of aggregate and exceeded demographics. PPP loans comprised a significant portion of 2020 small business loans, with 86.9 percent without revenue information. Reported revenue was not available for most PPP loans given the program requirements. However, of the loans with reportable revenues the majority were to businesses with gross annual revenues of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	83.0	41.0	65	84.4	8,953	80.4
2020	83.9	--	32	7.9	6,283	12.9
>\$1,000,000						
2019	5.7	--	12	15.6	2,183	19.6
2020	5.3	--	21	5.2	5,067	10.4
Revenue Not Available						
2019	11.2	--	0	0.0	0	0.0
2020	10.8	--	353	86.9	37,288	76.7
Totals						
2019	100.0	100.0	77	100.0	11,136	100.0
2020	100.0	--	406	100.0	48,638	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative and Flexible Lending

PeoplesBank uses innovative and flexible lending practices in order to serve the Springfield, MA MSA assessment area credit needs. The bank showed leadership through responsive in-house programs such as the First Time Home Buyer and Equity Builder programs. These practices help increase home ownership within the assessment area and work to meet some of the most pressing needs and opportunities related to affordable housing.

Community Development Lending

PeoplesBank made a relatively high level of community development loans in the Springfield, MA MSA assessment area. PeoplesBank originated 12 community development loans totaling \$18.7 million that met the needs of affordable housing, community services, and revitalization and stabilization. The total dollar amount of community development loans originated during the evaluation period represents approximately 0.8 percent of total loans. The following table illustrates the bank's community development lending activity.

Community Development Lending										
Assessment Area: Springfield, MA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
4/25/2018-12/31/2018	0	0	4	2,850	0	0	1	200	5	3,050
2019	0	0	0	0	0	0	2	9,170	2	9,170
2020	1	5,000	3	650	0	0	0	0	4	5,650
YTD 2021	1	800	0	0	0	0	0	0	1	800
Total	2	5,800	7	3,500	0	0	3	9,370	12	18,670
<i>Source: Bank Data</i>										

Below are notable examples of the bank’s community development loans.

- In 2020, the bank made a \$5.0 million dollar loan as part of a larger participation loan to help fund the completion of a 38-unit affordable housing development that will benefit low- and moderate-income individuals in a low-income census tract.
- In 2019, the bank made two loans totaling \$9.2 million dollars to finance the construction of a 60-unit residential complex located in a designated opportunity zone. This loan will help revitalize and stabilize the area with the creation of jobs (initial construction, ongoing maintenance and repairs, landscaping, etc.) and housing in a low-income census tract.

INVESTMENT TEST

The Investment Test for Massachusetts is rated Outstanding. The following sections discuss the bank’s performance under each criterion.

Investment Activity

Investment activity in the Springfield, MA MSA assessment area totaled \$34.0 million during the evaluation period. Twelve qualified investments specifically benefitted this area for \$32.0 million. The bank also made 332 donations, totaling \$2.1 million, to organizations in the Springfield Assessment Area.

The following table shows the bank’s qualified grants and donations by year.

Qualified Investments										
Assessment Area: Springfield, MA MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	4,915	4	17,071	0	0	1	4,412	9	26,398
4/25/2018-12/31/2018	0	0	0	0	0	0	0	0	0	0
2019	1	1,844	0	0	0	0	1	1,760	2	3,604
2020	1	1,955	0	0	0	0	0	0	1	1,955
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	6	8,714	4	17,071	0	0	2	6,172	12	31,957
Qualified Grants & Donations	13	42	284	1,865	11	47	24	115	332	2,069
Total	19	8,756	288	18,936	11	47	26	6,287	344	34,026
<i>Source: Bank Records</i>										

Equity and Debt Security Investments

The bank has \$32.0 million in qualified equity investments. \$5.6 million represents new investments. Listed below are examples of qualified investments that benefited the Springfield, MA MSA assessment area.

Current Period Investments

- **Library Commons** – The bank was the sole depository financial institution that invested in this project in 2019. The purpose of the project is to develop 38 units of affordable housing in Holyoke, Massachusetts primarily for low- and moderate-income families. The bank’s commitment totals \$1.8 million in tax credits. This investment supports affordable housing for low- and moderate-income families.
- **Overland Lofts** – The purpose of the project is to develop market-rate housing in downtown Springfield. The property has been vacant since 2012 because of severe damage. The project is located in a low-income federally designated opportunity zone and aligns with the revitalization goals of Springfield to attract residents and support local businesses through development. The bank made a \$1.8 million commitment to this project in 2019 using tax credits. This investment supports revitalization and stabilization of a low-income area.
- **Fannie Mae Mortgage-Backed Security** – The bank purchased a debt security investment of \$2.0 million in 2020. The security is collateralized by a housing project located in Springfield, Massachusetts. All units in the housing project are reserved for families earning less than 60.0 percent of the area median income. This investment supports affordable housing for low- and moderate-income families.

Prior Period Investments

- **Friends of Veritas Massachusetts Development Finance Agency** – The bank maintains a bond to purchase and renovate a preparatory school in Springfield, Massachusetts. The school primarily serves students from low-income families. This investment supports community services for low- and moderate-income individuals. The current book value of the bank’s investment is \$3.0 million.
- **Elms College New Market Tax Credit** – This investment provides funds for Elms College in Holyoke, Massachusetts. The tax credits are offered as part of the Massachusetts Economic Development Incentive Plan (EDIP), to aid in the revitalization and support for local businesses in the state-designated Holyoke Target Area. The bank purchased this tax credit in 2012, and the current value of the bank’s investment is \$4.4 million. This project supports revitalization and stabilization of low- and moderate-income areas.
- **Colonial Estates** – The bank maintains a mortgage backed security in a large multifamily complex in Springfield, Massachusetts that primarily serves low- and moderate-income families. The book value of the bank’s investment is \$2.0 million. This investment promotes affordable housing for low- and moderate-income individuals.

Charitable Contributions

PeoplesBank made 332 donations for \$2.1 million during the evaluation period. Donations primarily benefitted community services for low- and moderate-income individuals. The following are details of notable qualified donations.

- **Revitalize Community Development Corporation** – During the evaluation period, the bank made several donations to this non-profit organization. The aim of the organization is to rehabilitate homes, neighborhoods, community facilities, and public spaces in Springfield, Massachusetts. These donations support revitalization and stabilization of low- and moderate-income areas.
- **Food Bank of Western MA** – The bank provided several donations to this organization during the evaluation period. Headquartered in Hatfield, Massachusetts, the aim of this non-profit is to provide food for families facing hunger. These activities primarily support community services for low- and moderate-income families.
- **Northampton Survival Center** – This organization aims to provide food for low-income families throughout Hampshire County. The bank donated to this organization annually. This activity qualifies as a community service for low- and moderate-income families.
- **Link to Libraries** – The mission of this Hampden-based non-profit is to improve student access to books. The organization focuses its efforts on serving low- and moderate-income areas and school systems, including Holyoke and Springfield. The bank donated to the

organizations capital campaign, improving the availability of community services to low- and moderate-income individuals.

- **Dress for Success Western Massachusetts** – The mission of this non-profit organization, based in Springfield, Massachusetts, is to aid women in achieving economic independence and stability. Services include support in the job search and interview process, such as professional attire, interview preparation, and workforce development. The bank provided multiple donations to this organization, which provides community services to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank provides excellent responsiveness to credit and community needs. The bank's qualified investments have community development purposes that benefit communities throughout the entire assessment area and address key community development needs. The affordable housing and revitalization investments highlight the attention to the Springfield, MA MSA.

Community Development Initiatives

PeoplesBank makes extensive use of innovative and complex investments to support community development initiatives. The bank is proactive in its participation in affordable housing and revitalization projects, often taking a leading role. The bank makes use of a combination of tax credits and debt security investments to meet area needs.

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 readily accessible to all portions of the bank's Springfield, MA MSA assessment area. PeoplesBank operates 16, or 83.3 percent, of its branches throughout the assessment area. Of these branches, two (12.5 percent) are in low-income census tracts and three (18.7 percent) are in moderate-income census tracts. As shown in the following table, this distribution is below the percent of low-income census tracts and percent of the population residing in those tracts; however, the bank provides additional accessibility by operating ITMs at both of the branches located in low-income census tracts, and an additional stand-alone ITM in a low-income census tract in Holyoke. The bank's distribution of branches in moderate-income census tracts exceeds both the percent of moderate-income census tracts in the assessment area and the percent of the population residing in those census tracts. The bank maintains an ITM at one of the branches located in a moderate-income census tract. Further, as stated previously, there is a branch within two miles of all of the low- and moderate-income census tracts in the assessment area.

Branch and ATM Distribution by Geography Income Level Springfield AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs/ITMs	
	#	%	#	%	#	%	#	%
Low	24	17.3	90,131	14.3	2	12.5	8	20.0
Moderate	22	15.8	96,164	15.3	3	18.7	4	10.0
Middle	41	29.5	194,683	31.0	7	43.8	11	27.5
Upper	48	34.5	229,758	36.5	3	18.7	15	37.5
NA	4	2.9	18,064	2.9	1	6.3	2	5.0
Total	139	100.0	628,800	100.0	16	100.0	40	100.0
<i>Source: 2015 ACS Data; Bank Data</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 opened two branches in the assessment area. In 2019, a branch was opened at 1866 Northampton St. in Holyoke, located in a low-income census tract, and in 2020, a branch was opened at 450 Center St. in Ludlow, located in a middle-income census tract and adjacent to low- and moderate-income tracts in Holyoke.

The bank closed four full-service branches since the last examination. In 2019, the bank closed branches located at 596 South St. in Holyoke, situated in a middle-income census tract, and 825 Hampden St. in Holyoke, which was located in a low-income census tract. The closed branch at 825 Hampden St. in Holyoke was converted to a stand-alone ATM and ITM location, to provide continuity of retail services in the assessment area. In 2021, the bank closed branches located at 5 South Maple St. in Hadley, located in an upper-income tract, and 7 College St. in South Hadley, which was located in an upper-income tract.

The bank also closed a branch located in a retirement community in Longmeadow, which was located in an upper-income tract. The branch was not generally accessible to the public. The bank relocated a branch formerly located at 494 Newton St. in South Hadley to a new location at 468 Newton St in South Hadley, remaining in the same 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 Springfield Assessment Area. The bank offers services to low- and moderate-income residents and provides financial education and technical assistance to several community development organizations with a community development purpose.

Employee Involvement

During the evaluation period, bank employees provided 894 volunteer hours using their technical expertise to community development organizations. The following table illustrates the bank’s community development volunteer hours by year and purpose.

Community Development Services Assessment Area: Springfield, MA MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
4/25/2018-12/31/2018					
2019	4	278	3	76	361
2020	0	213	28	82	323
YTD 2021	75	97	1	37	210
Total	79	588	32	195	894
<i>Source: Bank Records.</i>					

The following are examples of services provided in the Springfield, MA MSA Assessment Area:

- **Christina’s House** – This non-profit organization provides transitional housing support for woman and children that are homeless or near homeless in the Springfield area. This program provides an essential community service for low-income individuals. The bank’s assistant vice president of marketing sits on the Board of Directors for this organization.
- **Boys and Girls Club of Chicopee** – The Boys and Girls Club of Chicopee is a non-profit youth organization. Programs include homework help, afterschool care, and summer camps. This 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 regional manager at the bank sat on the Board of Directors for this organization.
- **Community Action Enterprises** – The purpose of this organization is to assist low-income individuals in Springfield achieve economic stability. One program offered by the agency is Volunteer Income Tax Assistance (VITA), a free service to prepare tax forms for individuals

and families that meet the income guidelines. A consumer lending processor at the bank acted as a VITA representative for the 2020 tax year.

- **Martin Luther King Jr. Family Services** – The goal of this non-profit organization is to assist greater Springfield families in pursuit of economic justice and self-sufficiency. Programs include an emergency food pantry, public health initiatives, college preparation, and after school support. The programs offered primarily benefit low-income individuals. A bank manager sits on the Executive Committee of this organization.

Educational Services and Seminars

The following are examples of educational seminars hosted by the bank in the assessment area:

- **Realtor Information Sessions** – Bank employees provided information sessions to local realtors to familiarize them with current offerings for low- and moderate-income individuals. Subjects included the bank’s First Time Homebuyer Product and the Equity Builder Product through the Federal Home Loan Bank. The bank conducted sixteen sessions during the evaluation period, and focused their efforts on collaborating with realtors operating in low- and moderate-income areas.
- **Valley CDC** – In partnership with Valley CDC, the bank conducted nineteen first-time homebuyer seminars. In 2020 and 2021, the bank conducted the seminars virtually in order to continue the service. The first-time homebuyer seminars help low- and moderate-income households secure and maintain housing in Hampshire County. Topics included the application process, basic budgeting, and credit considerations.
- **Way Finders** – During the evaluation period, the bank conducted five first time homebuyer seminars with the Way Finders organization. This organization works closely with the Massachusetts Department of Housing and Community Development to provide transitional and permanent housing solutions for homeless or housing insecure individuals. The seminars were conducted in both English and Spanish to increase accessibility. Approximately 160 people attended the five seminars and primarily benefited low- and moderate-income individuals.

Technical Assistance

Community Rooms – The bank provides its Community Room at the Pedlar Banking Center for local organizations free of charge. The Community Rooms are an extension of the bank’s service to the community and include Wi-Fi access as well as audiovisual equipment. Qualified community development organizations that made use of this technical assistance include the Holyoke Chamber of Commerce, Girls Inc. of Western MA, Entrepreneurship for All, and Big Brothers/Big Sisters of Hampden County.

CONNECTICUT

CRA RATING FOR CONNECTICUT: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

SCOPE OF EVALUATION

Examiners used full-scope examination procedures to review the bank's operations in Connecticut, which includes an analysis of the bank's performance in the Hartford-East Hartford-Middletown, CT MSA assessment area. Examiners evaluated and considered loans, qualified investments and donations, and services originated, made, or provided in the assessment area. Examiners evaluated the lending activity, geographic distribution, and borrower profile factors, focusing on the bank's performance in 2019 and 2020 because the bank did not operate in Connecticut until December 2018, and did not include any of Connecticut in the assessment area until that time.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HARTFORD-EAST HARTFORD-MIDDLETOWN, CT MSA

After acquiring the First National Bank of Suffield in December 2018, PeoplesBank delineated the Hartford-East Hartford-Middletown, CT MSA assessment area. The bank now operates three of its 19 branches in this assessment area. As part of the acquisition, the bank acquired four full-service branches in Hartford County, Connecticut. Subsequently, the bank closed one of the four branches (Windsor Locks) in 2021. The assessment area contains the following cities and towns in the Hartford-East Hartford-Middletown, CT MSA.

- **Hartford County, CT** – East Granby, Suffield, West Suffield, and Windsor Locks.

The assessment area comprises eight census tracts that reflect the following income designations:

- 0 low-income census tracts,
- 0 moderate-income census tracts,
- 4 middle-income census tracts,
- 3 upper-income census tracts,
- 1 census tract with no income designation.

The following table illustrates demographic information of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	50.0	37.5	12.5

Population by Geography	33,344	0.0	0.0	53.0	47.0	0.0
Housing Units by Geography	12,470	0.0	0.0	60.1	39.9	0.0
Owner-Occupied Units by Geography	9,488	0.0	0.0	57.5	42.5	0.0
Occupied Rental Units by Geography	2,301	0.0	0.0	72.2	27.8	0.0
Vacant Units by Geography	681	0.0	0.0	54.9	45.1	0.0
Businesses by Geography	2,997	0.0	0.0	56.3	41.9	1.9
Farms by Geography	145	0.0	0.0	39.3	60.7	0.0
Family Distribution by Income Level	8,282	15.0	17.2	22.4	45.3	0.0
Household Distribution by Income Level	11,789	20.1	13.1	18.8	47.9	0.0
Median Family Income MSA - 25540 Hartford-East Hartford-Middletown, CT MSA		\$88,016	Median Housing Value			\$251,217
			Median Gross Rent			\$1,086
			Families Below Poverty Level			3.1%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The median housing value is \$251,217, and the median family income per the 2015 ACS was \$88,016 in the Hartford-East Hartford-Middletown, CT MSA. While there are no low- or moderate-income census tracts in the assessment area, 15.0 percent of families are low-income and 17.2 percent of families are moderate-income. In addition, approximately 3.1 percent of families are below poverty level, which is a subset of the low-income level category. Families in this category generally face financial hardship and likely have challenges qualifying for traditional residential loans for homes considering the median housing value of \$251,217. The following table shows the updated median family income ranges.

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)				
2019 (\$98,400)	<\$49,200	\$49,200 to <\$78,720	\$78,720 to <\$118,080	≥\$118,080
2020 (\$97,800)	<\$48,900	\$48,900 to <\$78,240	\$78,240 to <\$117,360	≥\$117,360
<i>Source: FFIEC</i>				

According to 2020 D&B data, 85.0 percent of non-farm businesses have gross annual revenues of \$1 million or less. Service industries represent the largest portion of businesses at 34.0 percent, followed by construction at 9.6 percent and retail trade at 9.0 percent. Additionally, 63.6 percent of businesses operate with four employees or less.

According to the U.S Bureau of Labor Statistics, unemployment rates in the Hartford area increased since the previous evaluation as illustrated in the following table. According to Moody's Analytics, the area experienced a sharp increase in unemployment due to the onset of the COVID-19

pandemic. The highest point was in July 2020, when the monthly unemployment rate in the Hartford-West Hartford-East Hartford, CT Metropolitan New England city and town area (NECTA) was 11.4 percent. The following table illustrates annual unemployment rates by location throughout the evaluation period. Overall, unemployment trends in the Hartford area were similar to statewide and national levels.

Unemployment Rates			
Location	2018	2019	2020
	%	%	%
Hartford-West Hartford-East Hartford, CT Metropolitan NECTA	3.9	3.6	7.7
Connecticut	3.9	3.6	7.9
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics, Moody's Analytics

According to Moody's Analytics, the Hartford-East Hartford-Middletown, CT MSA faces challenges such as negative net migration and high energy costs. The MSA's economic strengths include a strong and relatively affordable housing market, well-educated workforce, and lower living and business costs than in Boston or New York. Top employers in the area include Hartford HealthCare, Pratt & Whitney/United Technologies, and University of Connecticut.

Competition

PeoplesBank operates in a competitive market for banking services. The presence of large regional banks, community banks, and credit unions within the assessment area creates competition in the area. According to 2020 Deposit Market Share data, there were six financial institutions with nine branches in the assessment area. PeoplesBank ranked first, followed by 360 Federal Credit Union, Webster Bank, and People's United Bank.

PeoplesBank faces a high level of competition for home mortgage lending from national banks, mortgage companies, credit unions, and community banks. In 2020, 184 lenders originated or purchased 1,790 home mortgage loans in the assessment area. PeoplesBank outperformed most other community banks, ranking 16th among 184 lenders, with a market share of 1.6 percent. The lenders ranking higher were primarily large national banks, mortgage brokers, and credit unions. The bank also faces a high level of competition for small business loans. In 2019, the bank ranked 43rd out of 109 lenders in all of Hartford County with a market share of 0.2 percent.

Community Contact

Examiners contacted an organization in the greater Hartford area that assists first time homebuyers. The contact indicated that affordable home ownership and home repair opportunities are needs within the assessment area. The contact mentioned that population growth in Connecticut has been stagnant. They noted significant income disparity across the state and highlighted that while Connecticut is one of the most affluent states, it houses one of the poorest cities (Hartford). While there are no low- and moderate-income geographies inside the bank's assessment area, the contact noted that affordable housing is a particular need in the low- and moderate-income neighborhoods

across the state. The contact also noted limited affordable housing development and lacking incentives for small businesses to enter the state due to high taxes. Lastly, the contact indicated that financial institutions could offer more home purchase loans and provide financing for the renovation of aging buildings in the urban areas of the state.

Credit and Community Development Needs and Opportunities

Examiners determined the primary needs of the Hartford assessment area based on demographic and economic information, discussions with bank management, and information obtained from community contacts. The primary needs and opportunities identified include affordable housing and economic development. Financial institutions have an opportunity to support community needs through innovative and flexible lending programs, community development loans, investments, and services.

There is an overall need for affordable housing in the area, and low- and moderate-income individuals would benefit from low-cost home mortgage loans, first-time homebuyer programs, and down payment assistance. Additionally, there is a need for economic development given the high number of businesses in the area, high unemployment, and needs elevated by the COVID-19 pandemic. Small businesses affected by the pandemic and individuals struggling to navigate the loan application process would benefit from small dollar loans, financial literacy programs, and multi-lingual loan officers.

CONCLUSIONS ON PERFORMANCE CRITERIA IN HARTFORD-EAST HARTFORD-MIDDLETOWN, CT MSA

LENDING TEST

The Lending Test for Connecticut is rated Satisfactory. As the assessment area does not include any low- and moderate-income geographies, examiners did not evaluate the Geographic Distribution criterion. The following sections provide support for the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect adequate responsiveness to assessment area credit needs. In 2019, PeoplesBank originated or purchased 52 home mortgage loans totaling \$8.6 million. In 2020, PeoplesBank originated or purchased 29 home mortgage loans totaling \$5.4 million.

The bank's small business lending activity further supports this conclusion. The bank originated 25 small business loans totaling \$5.2 million in 2019, with a significant increase to 80 small business loans totaling \$8.8 million in 2020. This increase was primarily due to PPP lending. Given significant competition and the bank's recent assessment area expansion, the bank's lending performance demonstrates adequate responsiveness to assessment area credit needs.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels. The bank's lending performance to low-income borrowers was below aggregate performance and trailed the demographic data; however, the bank's performance in moderate-income borrowers was above both the aggregate and demographic data in 2019 and exceeded demographics in 2020.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	15.0	10.5	3	5.8	133	1.5
2020	15.0	--	0	0.0	0	0.0
Moderate						
2019	17.2	24.5	15	28.8	1,982	23.1
2020	17.2	--	5	17.2	518	9.5
Middle						
2019	22.4	22.9	16	30.8	2,275	26.5
2020	22.4	--	11	37.9	1,439	26.5
Upper						
2019	45.3	28.6	17	32.7	3,962	46.1
2020	45.3	--	13	44.8	3,474	64.0
Not Available						
2019	0.0	13.5	1	1.9	240	2.8
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	52	100.0	8,592	100.0
2020	100.0	--	29	100.0	5,431	100.0

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

Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. The bank's lending performance in 2019 was above aggregate. While performance trailed demographics, the percentage of businesses does not necessarily reflect demand for credit. PPP loans comprised a significant portion of the 80 small business loans made in 2020, with 88.8 percent without revenue information. Reported revenue was not available for most PPP loans given

the program requirements; however, the number of loans made and distribution of those with revenue support the conclusion.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	82.8	46.6	16	64.0	2,565	60.8
2020	84.6	--	4	5.0	1,000	11.3
>\$1,000,000						
2019	6.5	--	9	36.0	1,657	39.2
2020	5.5	--	5	6.3	2,351	26.5
Revenue Not Available						
2019	10.8	--	0	0.0	0	0.0
2020	9.9	--	71	88.8	5,526	62.3
Totals						
2019	100.0	100.0	25	100.0	4,222	100.0
2020	100.0	--	80	100.0	8,877	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative and Flexible Lending

PeoplesBank uses innovative and flexible lending practices in order to serve assessment area credit needs. The bank offers all five of the innovative and flexible loan programs in the Hartford-East Hartford-Middleton, CT MSA assessment area and across the state of Connecticut. Please refer to the overall section for a description of these programs.

Community Development Lending

The institution has made few, if any, community development loans. During the evaluation period, PeoplesBank did not originate any community development loans within the assessment area.

INVESTMENT TEST

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

Investment Activity

The bank has an adequate level of qualified community development investments and grants within the assessment area. The bank made five donations to local organizations in the

assessment area totaling \$6,700, all of which were to local non-profit organizations in support of community services for low- and moderate-income individuals. In addition, the bank made donations that benefitted a broader statewide or regional area including low- and moderate-income geographies outside the assessment area in the Greater Hartford Area. Please see the overall Investment Test section for examples of such donations.

The following are examples of qualified donations made within the assessment area:

- **Friend to Friend** – This non-profit operates a food pantry in the East Granby area. The food pantry provides community services for low- and moderate-income families. The bank made several donations to this organization in 2019 and 2020.
- **Suffield Community Aid** – This organization provides essential health and social services to low- and moderate-income residents of Suffield during periods of need. Programs include budget counseling, food and nutrition, and rental assistance. The bank provided donations to this organization in 2020.

Responsiveness to Credit and Community Development Needs

The bank provides adequate responsiveness to credit and community needs. The bank's qualified donations have community development purposes that address identified community development needs. While the needs in the specific assessment area are limited (as the area is predominately middle- and upper-income), the bank's donations are targeted to aid low- and moderate-income individuals. The bank also addressed specific needs during the COVID-19 pandemic.

Community Development Initiatives

The institution does not use innovative or complex investments to support community development initiatives in the assessment area. Despite this, the donations made by the institution help provide much needed services and support to groups that have limited access to private investments.

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 accessible to essentially all portions of the institution's assessment area. The assessment area does not contain any low- or moderate-income census tracts, which limits the weight attributed to the performance. Banking services are available at any time both online and via ATMs. In addition, branch hours are similar to other local financial institutions and feature

extended hours on select days. PeoplesBank maintains three, or 15.8 percent, of its branches in this assessment area. Of these branches, one (33.3 percent) is located in a middle-income census tract, and two (66.7 percent) are located in upper-income census tracts.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs/ITMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	4	50.0	17,687	53.0	1	33.3	2	28.6
Upper	3	37.5	15,657	47.0	2	66.7	5	71.4
NA	1	12.5	0	0.0	0	0.0	0	0.0
Total	8	100.0	33,344	100.0	3	100.0	7	100.0

Source: 2015 ACS 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. Through the acquisition of First National Bank of Suffield, the bank acquired four branches in middle- and upper-income census tracts in Connecticut. The bank closed one branch in the assessment area in 2021, which was located at 6 National Drive in Windsor Locks in a middle-income census tract. This closure did not adversely affect accessibility for low- or moderate-income geographies or individuals.

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. The assessment area does not contain any low- or moderate-income census tracts, which limits the weight attributed to the performance. Please refer to the Overall Service Test Section for more information.

Community Development Services

The institution provides few, if any, community development services in the assessment area. The bank did not provide any qualified community development services in the assessment area during the evaluation period; however, the bank provided community development services that benefited the broader statewide or regional area, including the low- and moderate-income geographies in the Hartford area where there is a higher level of community development needs. As stated previously, there are no low- or moderate-income areas in the Hartford-East Hartford-Middletown, CT MSA assessment area, which may reflect limited need. Refer to the overall Service Test section for examples.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

SCOPE OF EVALUATION

SCOPE OF EVALUATION		
TIME PERIOD REVIEWED	April 25, 2018 through August 17, 2021	
FINANCIAL INSTITUTION	PRODUCTS REVIEWED	
PeoplesBank	Home Mortgage Loans	Small Business Loans

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Springfield, MA MSA	Full-Scope	0	N/A
Hartford-East Hartford-Middletown, CT MSA	Full-Scope	0	N/A

SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Springfield, MA MSA	Satisfactory	Outstanding	High Satisfactory	Satisfactory
Hartford-East Hartford-Middletown, CT MSA	Satisfactory	Satisfactory	Satisfactory	Satisfactory

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 appropriately responded to any complaint pertaining to the institution’s fair lending performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

The bank’s HMDA LARs for 2019 and 2020 were reviewed to determine if the application flow from the different racial groups within the bank’s assessment area was reflective of the assessment area’s demographics.

According to 2015 ACS data, the bank’s assessment area contains a population of 662,144 individuals, of which 29.1 percent are minorities. The assessment area’s minority population is 6.5 percent Black/African American, 3.0 percent Asian/Pacific Islander, 0.1 percent American Indian, 17.6 percent Hispanic or Latino, and 2.0 percent Other.

The following table details the credit union’s minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2019		2019 Aggregate Data	Bank 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.1	0.3	0	0.0	0.4
Asian	45	4.7	2.4	21	2.1	2.4
Black/ African American	29	3.0	4.7	30	3.0	4.1
Hawaiian/Pacific Islander	1	0.1	0.2	3	0.3	0.1
2 or more Minority	1	0.1	0.1	2	0.2	0.1
Joint Race (White/Minority)	15	1.6	1.0	18	1.8	1.2
Total Racial Minority	92	9.7	8.7	74	7.3	8.5
White	804	84.4	70.0	749	74.0	68.9
Race Not Available	57	6.0	21.3	189	18.7	22.7
Total	953	100.0	100.0	1,012	100.0	100.0
ETHNICITY						
Hispanic or Latino	63	6.6	9.8	82	8.1	9.6
Joint (Hisp/Lat /Not Hisp/Lat)	22	2.3	1.3	13	1.3	1.4
Total Ethnic Minority	85	8.9	11.2	95	9.4	10.9
Not Hispanic or Latino	801	84.1	68.2	682	67.4	66.4
Ethnicity Not Available	67	7.0	20.7	235	23.2	22.6
Total	953	100.0	100.0	1,012	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

In 2019, the bank received 953 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 92, or 9.7 percent, from racial minorities. This was above aggregate data of 8.7 percent. For the same period, the bank received 85, or 8.9 percent, of its applications from ethnic minority consumers. The bank's performance was below aggregate data of 11.2 percent.

In 2020, the bank received 1,012 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 74, or 7.3 percent, of applications from racial minority applicants, a decrease by number and percentage. For the same period, the bank received 95, or 9.4 percent, of applications from ethnic minority applicants, which was below the aggregate data of 10.9 percent. The bank's performance among ethnic minority applicants reflect an increase by both number and percentage.

The bank's outreach and marketing reflect efforts to reach out to ethnic minority borrowers, including Limited English Proficiency Resources in the form of advertisements and First Time Homebuyer Seminars in Spanish. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2019 and 2020, the bank's minority application flow is reasonable.

Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include 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 or systematic pattern of lending resulting in the loss of affordable housing units.

The bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and investments in affordable housing projects has assisted low- and moderate-income individuals to remain in their neighborhoods.

GLOSSARY

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

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

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

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

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

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

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

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. 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 non-profit) 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.