

PUBLIC DISCLOSURE

March 11, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Savers Co-operative Bank
Certificate Number: 26455

270 Main Street
Southbridge, Massachusetts 01550

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA	3
SCOPE OF EVALUATION	7
CONCLUSIONS ON PERFORMANCE CRITERIA	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	19
APPENDICES	20
DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES	20
MINORITY APPLICATION FLOW	20
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA	22
GLOSSARY	23

INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans and small business loans within the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive and CRA-related complaints during the evaluation period; therefore, this factor did not affect the rating.

The Community Development Test is rated Satisfactory.

- The bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank's capacity, and the need and availability of such opportunities throughout the assessment area. The bank's level of community development lending primarily supports this conclusion.

DESCRIPTION OF INSTITUTION

Background

The Savers Co-operative Bank (Savers) is a state-chartered mutual savings bank headquartered in Southbridge, Massachusetts (MA). The Federal Deposit Insurance Corporation (FDIC) and the Division of Banks (Division) last evaluated the bank's CRA performance on January 11, 2021, using the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Institution Examination Procedures. The bank received an overall Satisfactory rating with a Satisfactory rating in both the Lending Test and the Community Development Test.

Operations

Savers operates six full-service branches, including the main office, in the southern part of Worcester County, Massachusetts. Each branch has a deposit-taking automated teller machine (ATM) and offer drive-up teller services. The bank has not opened or closed any branches and no merger or acquisition activities have occurred since the previous evaluation.

The bank's primary business focus continues to be commercial and residential lending. Savers offers a wide range of consumer deposit, savings, and loan products. Home loan products include fixed- and adjustable-rate mortgages, construction loans, home equity loans, and home equity lines of credit. During the evaluation period, the bank participated in government-sponsored residential loan programs, such as the Federal Home Loan Bank (FHLB) Equity Builder Program, to assist low- and moderate-income first-time homebuyers with down payments, closing costs, and home rehabilitation assistance. The bank also originates first-time homebuyer loans through an in-house program. Other consumer loan types include auto loans, collateral loans, unsecured personal loans, and overdraft lines of credit.

For businesses, the bank offers standard business deposit products and a variety of lending products including construction and commercial mortgages, lines of credit and term loans, and business credit cards through Elan Financial Services. As a Preferred Small Business Association (SBA) lender, the bank offers SBA 7(a) loans. The bank also offered loans through the SBA's Paycheck Protection Program (PPP) in 2021. Additionally, the bank participates in the Small Business Banking Partnership with the State of Massachusetts to improve small business lending in the assessment area.

Savers also offers alternative delivery services including ATMs, remote deposit capture, and internet, telephone, and mobile banking. Lastly, the bank offers investment services through LPL Financial.

Ability and Capacity

As of December 31, 2023, assets totaled \$718.2 million, of which loans totaled \$537.7 million and securities totaled \$130.1 million. Deposits totaled \$528.7 million as of the same date. Total assets increased by approximately \$64.8 million, or 9.9 percent, since the prior evaluation. Total securities increased \$77.8 million, or 149.0 percent; loans increased 6.2 percent; and deposits grew 5.7 percent. Loans secured by 1-4 family and multifamily properties comprise 46.7 percent of the loan portfolio, and multifamily lending was the primary driver of loan growth. Commercial loans, which include nonfarm nonresidential loans and commercial and industrial loans, account for the

second largest portion of the bank’s portfolio at 42.2 percent. The following table illustrates the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	17,003	3.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	209,986	39.0
Secured by Multifamily (5 or more) Residential Properties	41,503	7.7
Secured by Nonfarm Nonresidential Properties	226,672	42.2
Total Real Estate Loans	495,164	92.1
Commercial and Industrial Loans	26,493	4.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	16,006	3.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	86	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	537,749	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not add to 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 AREA

Savers designated a single assessment area in the Worcester, MA-CT Metropolitan Statistical Area (MSA). The assessment area includes the following towns and cities in the southern part of Worcester County: Auburn, Charlton, Douglas, Dudley, Grafton, Millbury, Northbridge, Oxford, Southbridge, Sturbridge, Sutton, Uxbridge, Webster, and Whitinsville.

Economic and Demographic Data

The bank did not change its assessment area since the previous evaluation. According to 2015 American Community Survey (ACS) data, the assessment area contained 37 census tracts, with the following income designations:

- 2 low-income tracts,
- 6 moderate-income tracts,
- 16 middle-income tracts, and
- 13 upper-income tracts.

The income designation of census tracts changed based on the 2020 United States (U.S.) Census. The assessment area now contains 40 census tracts with the following income designations:

- 3 low-income tracts,
- 3 moderate-income tracts,
- 21 middle-income tracts, and
- 13 upper-income tracts.

The three low-income census tracts are located in the city of Southbridge (2) and the town of Webster (1). The moderate-income tracts are located in the city of Southbridge (1), the town of Webster (1), and the town of Millbury (1). In addition, the assessment area contains three Opportunity Zones (OZs) which are located in Southbridge (2) and Webster (1). The OZ Program provides incentives for investing in certain census tracts to encourage growth in low-income areas.

The following table illustrates select demographic characteristics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	7.5	7.5	52.5	32.5	0.0
Population by Geography	183,187	5.2	5.2	48.2	41.4	0.0
Housing Units by Geography	73,128	5.5	6.0	48.8	39.7	0.0
Owner-Occupied Units by Geography	49,472	2.3	2.7	50.0	45.1	0.0
Occupied Rental Units by Geography	19,266	13.2	14.2	45.5	27.1	0.0
Vacant Units by Geography	4,390	8.2	7.7	49.1	34.9	0.0
Businesses by Geography	16,139	4.7	5.5	47.2	42.6	0.0
Farms by Geography	517	1.5	2.7	42.9	52.8	0.0
Family Distribution by Income Level	47,403	17.8	16.6	20.5	45.2	0.0
Household Distribution by Income Level	68,738	22.4	14.0	15.6	48.0	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$96,860	Median Housing Value			\$302,328
			Median Gross Rent			\$998
			Families Below Poverty Level			4.3%

Source: 2020 U.S. Census and 2023 D&B Data; Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Owner-occupied housing units provide an indication of the opportunity institutions have to originate 1-4 family residential mortgage loans. As shown in the previous table, there are 73,128 housing units in the assessment area, of which 67.6 percent are owner-occupied, 26.3 percent are occupied rental units, and 6.0 percent are vacant. Only 2.3 percent of owner-occupied units are located in low-income tracts and 2.7 percent are in moderate-income tracts. Given the low volume of owner-occupied housing units in low- and moderate-income tracts, lenders may have limited opportunities to originate 1-4 family residential loans in these geographies.

The Borrower Profile criterion compares the distribution of home mortgage loans to the percentage of low- and moderate-income families. Demographic data indicates that 17.8 percent of assessment area families are low-income, including 4.3 percent living below the poverty level, and 16.6 percent of families are moderate-income. The median housing value in the assessment area is \$302,328. Low-income families, particularly those with income below the poverty level, are unlikely to qualify for a home mortgage loan based on the median housing value in the assessment area.

The following table shows the median family income ranges in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester, MA-CT MSA Median Family Income (49340)				
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
<i>Source: FFIEC</i>				

As shown in the previous table, median family income levels increased throughout the evaluation period. Additionally, according to the U.S. Bureau of Labor Statistics (BLS), unemployment rates at the county, state, and national levels were high in 2021 due to the COVID-19 pandemic, and are still higher than pre-pandemic levels. However, the unemployment rate in the assessment area declined over the evaluation period and is similar to statewide and national unemployment rates.

Notwithstanding the positive trend in the unemployment rates and median family incomes, consumers may face challenges in obtaining home loans due to the significant increases in mortgage interest rates. High interest rates paired with sustained high home prices pose obstacles for low- and moderate-income individuals seeking to purchase homes. The following table shows the unemployment rates in Worcester County, Massachusetts, and Nationwide throughout the evaluation period.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Worcester County	10.3	5.7	3.6
Massachusetts	9.4	5.5	3.8
National Average	8.1	5.3	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to 2023 D&B data, 16,139 non-farm businesses operate in the assessment area. The following reflects the gross annual revenues (GARs) for these businesses.

- 87.4 percent have \$1.0 million or less,
- 4.1 percent have more than \$1.0 million, and

- 8.5 percent have unknown revenues.

The service industry represents the largest portion of businesses at 34.7 percent; followed by non-classifiable establishments (18.5 percent); retail trade (11.5 percent); finance, insurance, and real estate (10.1 percent); and construction (9.9 percent).

According to 2024 Moody's Analytics, major employment sectors in the Worcester MA-CT MSA, include local government, restaurant and other eating-places, and general medical and surgical hospitals. The top three employers are UMass Memorial Health Care, University of Massachusetts Medical School, and Reliant Medical Group.

Competition

The assessment area represents a highly competitive market for financial services. Based on 2023 Peer Deposit Data, there were 15 financial institutions operating 44 branches in the assessment area. UniBank for Savings, Hometown Bank, and Webster Five Cents Savings Bank were the top institutions with a combined market share of 58.4 percent. Savers ranked 4th with a market share of 9.8 percent, outranking local banks of similar asset size and with similar assessment areas. For example, Bay State Savings Bank ranked 14th with 0.9 percent market share.

The assessment area is competitive for home mortgage loans among banks, credit unions, and non-depository lenders. Based on 2022 Peer Mortgage Data, 322 lenders reported 6,472 originated or purchased residential mortgage loans in the assessment area. Savers ranked 11th with 1.9 percent market share, outperforming local banks with a similar asset size and assessment area. Specifically, Bay State Savings Bank ranked 66th and Clinton Savings Bank ranked 106th, each with less than 0.5 percent market share. The top three lenders, UniBank for Savings, CBNA, and Rocket Mortgage, collectively held 13.6 percent of the market share.

The market for small business loans is also competitive. Savers is not required to collect or report its small business loans data; therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. However, aggregate data reflects the competition level for small business loans and is included in this evaluation for performance context. Based on 2022 Peer Small Business Loan Data, which is only available at the full county level, 119 lenders originated or purchased 19,029 small business loans in Worcester County. The top three lenders, American Express National Bank; JPMorgan Chase Bank, N.A.; and Bank of America, N.A., all large national banks, accounted for approximately 44.2 percent market share collectively.

Community Contacts

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

Examiners contacted a representative of a non-profit organization that promotes economic development and fosters small business growth by providing business development services and assistance within the assessment area. The contact expressed that the region's primary challenges

include availability and affordability of housing, particularly for senior citizens. Additionally, recent changes in the housing market conditions have adversely affected affordability for first-time homebuyers. Increased mortgage interest rates, home prices, and reduced inventory present obstacles for any potential homebuyers. The contact also noted that limited employment and workforce training opportunities and a lack of public transportation present additional workforce challenges in the region. The contact expressed a need for more bank involvement with financial education, and a need for financial institutions to engage, collaborate with, and help fund local non-profit organizations.

Examiners also reviewed a recent contact with a local organization serving the assessment area. The organization focuses on creation and preservation of affordable housing for low- and moderate-income families. In addition, the organization initiates and supports neighborhood revitalization throughout Worcester County. The contact noted that the most significant needs for low- and moderate-income families include affordable housing, flexible credit products, financial literacy programs, and financial counseling. Additionally, the contact stated that the housing stock in the area is aging, in need of repairs, and in short supply. The contact stressed that current rent prices are unaffordable especially for low- and moderate-income individuals. The contact emphasized that there are opportunities for financial institutions to collaborate with affordable housing organizations and provide financial literacy courses.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contacts and the bank, as well as available economic and demographic data, to determine the assessment area's primary credit and community development needs.

Examiners determined that affordable housing, community services assisting low- and moderate-income individuals, and economic development are primary community development needs. The high median home values in the area and aging housing stock demonstrate a need for more affordable housing.

Credit and community development opportunities in the assessment area include creation of flexible home loan programs and financial literacy initiatives benefiting low- and moderate-income individuals, particularly in the Southbridge area. Economic development opportunities exist in the form of flexible lending programs and grants to business owners to support job creation and retention.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the FDIC and the Division, covers the period from the prior evaluation dated January 11, 2021, to the current evaluation dated March 12, 2024. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate the bank's performance. These procedures include the CRA Small Bank Lending Test (Lending Test) and the Community Development Test (see Appendices for a complete description).

Activities Reviewed

The bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank did not originate any small farm loans during the evaluation period.

The evaluation considered all home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers for 2021, 2022, and 2023. The bank reported 250 loans totaling \$56.1 million in 2021, 173 loans totaling \$41.3 million in 2022, and 89 loans totaling \$25.3 million in 2023. Management indicated that the volume of home mortgage originations declined in 2022 and again in 2023 due to a high interest rate environment and limited housing inventory in the bank's market. Examiners compared the bank's home mortgage lending performance in 2021 and 2022 to aggregate data under the Geographic Distribution and Borrower Profile criteria. Examiners did not compare the bank's 2023 performance to aggregate lending data, as the data was not yet available. Examiners also compared 2021 home mortgage performance to the 2015 ACS demographic data and compared 2022 and 2023 home mortgage performance to the 2020 U.S. Census demographic data.

Savers is not required to collect or report the small business loan data; however, the bank voluntarily collected its small business loan data throughout the entire evaluation period. Accordingly, the evaluation considered all small business loans originated in 2021, 2022, and 2023. The bank originated 19 small business loans totaling \$1.7 million in 2021, 23 loans totaling \$1.5 million in 2022, and 38 small business loans totaling \$2.4 million in 2023. Since the bank is not required to and does not report small business loan data, examiners did not use aggregate data for comparison. D&B data for 2021, 2022, and 2023 provided a comparison standard for small business lending.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans originated during the evaluation period. The analysis weighed the number of originations more heavily than the dollar volume, as the number of loans more reliably indicates the number of individuals and businesses served. Although the Assessment Area Concentration table presents activity for all three years, examiners did not present 2021 data under the Geographic Distribution or Borrower Profile criteria, as examiners did not identify any trends between 2021 and 2022 that materially affect conclusions. Since the bank originated a larger volume of home mortgage loans than small business loans during the evaluation period, examiners gave greater weight to home mortgage lending when arriving at overall conclusions and ratings.

For the Community Development Test, examiners considered community development loans, qualified investments, and community development services since the prior CRA evaluation date to the current evaluation data.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 ACS, 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. Financial Data is based on the December 31, 2023 Report of Income and Condition (Call Report).

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank demonstrated Satisfactory performance under the Lending Test.

Loan-to-Deposit Ratio

The Loan-to-Deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 90.7 percent over the past 12 calendar quarters from March 31, 2021 to December 31, 2023. The ratio ranged from a high of 100.8 percent, as of December 31, 2023, to a low of 83.6 percent as of March 31, 2022.

Examiners compared the bank's LTD ratio to comparable institutions based on asset size, geographic location, and lending focus. As indicated in the table below, Savers' average net LTD ratio exceeded those of two comparable institutions, and was slightly below one comparable institution.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank Name	Total Assets as of 12/31/2023 (\$000s)	Average Net LTD Ratio (%)
Athol Savings Bank	623,949	72.2
Bay State Savings Bank	520,858	91.7
Clinton Savings Bank	714,079	81.2
Savers Co-operative Bank	718,151	90.7
<i>Source: Reports of Condition and Income 03/31/2021 – 12/31/2023</i>		

Assessment Area Concentration

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

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	170	68.0	80	32.0	250	39,163	69.8	16,943	30.2	56,106
2022	122	70.5	51	29.5	173	28,871	70.0	12,382	30.0	41,253
2023	60	67.4	29	32.6	89	11,609	45.9	13,672	54.1	25,281
Subtotal	352	68.8	160	31.3	512	79,643	64.9	42,997	35.1	122,640
Small Business										
2021	17	89.5	2	10.5	19	1,512	89.6	175	10.4	1,687
2022	17	73.9	6	26.1	23	1,263	82.0	277	18.0	1,540
2023	26	68.4	12	31.6	38	1,731	73.0	640	27.0	2,371
Subtotal	60	75.0	20	25.0	80	4,506	80.5	1,092	19.5	5,598
Total	412	69.6	180	30.4	592	84,149	65.6	44,089	34.4	128,238
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%.</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance in both home mortgage and small business lending supports this conclusion.

Home Mortgage

The distribution of home mortgage loans reflects reasonable dispersion among low- and moderate-income census tracts.

The bank's performance in low-income census tracts was below the aggregate performance and area demographics in 2022. In 2023, the bank's performance exceeded the demographic data. According to 2022 Peer Mortgage Data, Savers ranked 33rd out of 81 lenders that originated or purchased home mortgage loans in low-income census tracts in the assessment area, achieving 0.6 percent market share. Bay State Savings Bank ranked 24th with 1.2 percent market share, originating two loans in the low-income tracts.

The bank's performance in moderate-income census tracts exceeded aggregate performance and demographic data in 2022; however, the bank did not originate any loans in moderate-income tracts in 2023. In 2022, the bank was the top community lender, ranking 5th out of 85 lenders in moderate-income census tracts, and achieving a 3.7 percent market share. Overall, these trends and comparisons reflect reasonable dispersion.

The following table depicts the distribution of home mortgage loans by year and census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.6	1	0.8	3,325	11.5
2023	2.3	--	2	3.3	290	2.5
Moderate						
2022	2.7	3.3	8	6.6	945	3.3
2023	2.7	--	0	0.0	0	0.0
Middle						
2022	50.0	49.2	63	51.6	12,924	44.8
2023	50.0	--	34	56.7	7,639	65.8
Upper						
2022	45.1	44.8	50	41.0	11,678	40.4
2023	45.1	--	24	40.0	3,680	31.7
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	122	100.0	28,871	100.0
2023	100.0	--	60	100.0	11,609	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The distribution of small business loans reflects reasonable dispersion among low- and moderate-income census tracts.

In 2022, the bank’s performance in low-income census tracts exceeded the percentage of businesses located in those tracts. The bank’s performance was similar in 2023, but slightly below demographics. The bank’s performance in moderate-income tracts was similar to demographics in 2022; however, the bank did not originate any small business loans in moderate-income tracts in 2023. The bank’s performance is reasonable, especially considering the level of competition for small business loans in the assessment area.

The following table depicts the distribution of small business loans by census tract income level.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	4.7	1	5.9	10	0.8
2023	4.7	1	3.8	400	23.1
Moderate					
2022	5.5	1	5.9	45	3.6
2023	5.5	0	0.0	0	0.0
Middle					
2022	47.3	2	11.8	216	17.1
2023	47.2	9	34.6	352	20.3
Upper					
2022	42.5	13	76.5	992	78.5
2023	42.6	16	61.5	979	56.6
Not Available					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Totals					
2022	100.0	17	100.0	1,263	100.0
2023	100.0	26	100.0	1,731	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes within the assessment area. The bank’s excellent home mortgage lending performance, which was assigned greater weight when arriving at overall conclusions, primarily supports this conclusion.

Home Mortgage

The distribution of borrowers reflects excellent penetration among individuals of different income levels, including low- and moderate-income individuals.

The bank’s lending to low-income borrowers exceeded aggregate performance in 2022. Savers and aggregate performance trailed demographic data in 2022. As explained within the Description of Assessment Area section, demand and opportunities for lending to low-income families are limited due to high housing values compared to low-income levels. According to 2022 Peer Mortgage Data, the bank ranked 6th out of 93 lenders with 3.5 market share in lending to low-income borrowers. This market ranking exceeds the bank’s overall market ranking of 11th and market share of 1.9 percent. Savers was the second highest ranked community lender. UniBank for Savings, a local institution that is much larger than Savers, ranked 4th with 5.2 percent market share. Bay State

Savings Bank ranked 52nd with 0.5 percent market share. The top three lenders are large credit unions, mortgage companies, or national lenders.

The bank’s performance in lending to moderate-income borrowers exceeded aggregate performance and demographics in 2022. In 2023, the bank’s lending to moderate-income borrowers continued to exceed demographics. Based on 2022 Peer Mortgage Data, Savers ranked 8th out of 181 lenders with 2.6 percent market share and was the second highest ranked community lender in lending to moderate-income borrowers. UniBank for Savings ranked 4th with 4.5 percent market share; Bay State Savings Bank ranked 75th with 0.3 percent market share; and Clinton Savings Bank ranked 97th with 0.1 percent market share. The bank’s performance in lending to moderate-income borrowers in the assessment area, especially compared to other community lenders further supports the conclusion.

The following table depicts the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2022	17.8	6.2	14	11.5	1,207	4.2
2023	17.8	--	5	8.3	248	2.1
Moderate						
2022	16.6	23.2	39	32.0	6,713	23.3
2023	16.6	--	17	28.3	1,512	13.0
Middle						
2022	20.5	24.7	28	23.0	4,754	16.5
2023	20.5	--	15	25.0	2,746	23.7
Upper						
2022	45.2	33.7	35	28.7	11,107	38.5
2023	45.2	--	16	26.7	2,685	23.1
Not Available						
2022	0.0	12.2	6	4.9	5,090	17.6
2023	0.0	--	7	11.7	4,419	38.1
Totals						
2022	100.0	100.0	122	100.0	28,871	100.0
2023	100.0	--	60	100.0	11,609	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less.

In 2022 and 2023, the bank originated a majority of small business loans, by number, to businesses with GARs of \$1.0 million or less; however, performance was below demographics. As explained in the Description of the Assessment Area section, the bank faces significant competition for small business loans in the assessment area. Specifically, 2022 Peer Small Business Data indicated that the top 10 lenders, which were primarily large financial institutions that offer business credit card loans, collectively held 79.5 percent of the market share. Savers does not offer business credit card loans. Given the significant competition for small business loans in the assessment area, performance is reasonable.

The following table illustrates the distribution of small business loans by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	87.1	11	64.7	1,027	81.3
2023	88.1	13	50.0	549	31.7
>\$1,000,000					
2022	4.1	6	35.3	236	18.7
2023	3.8	13	50.0	1,182	68.3
Revenue Not Available					
2022	8.8	0	0.0	0	0.0
2023	8.2	0	0.0	0	0.0
Totals					
2022	100.0	17	100.0	1,263	100.0
2023	100.0	26	100.0	1,731	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Savers demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need for and availability of such opportunities.

Community Development Loans

Savers originated 108 community development loans totaling \$23.4 million during the evaluation period. This volume of community development lending reflects a significant increase compared to the prior evaluation period, during which the bank made 34 community development loans totaling \$9.1 million. The increase is largely attributed to SBA PPP loan originations in 2021. Specifically, of the total community development loans, 100 loans for \$7.2 million were PPP loans. The current level of community development loan activity represents 3.4 percent of average total assets and 4.7 percent of average total loans since the prior evaluation period.

Savers was responsive to opportunities for community development lending. A majority of its qualified loans, by number, supported economic development, which was a primary need in the assessment area. Furthermore, Savers originated more community development loans than three similarly situated institutions.

The following table illustrates the bank’s community development loans by year and purpose.

Community Development Lending										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2021 (Partial)	1	420	0	0	100	7,230	0	0	101	7,650
2022	1	2,294	1	2,030	0	0	5	11,438	7	15,762
2023	0	0	0	0	0	0	0	0	0	0
2024 (YTD)	0	0	0	0	0	0	0	0	0	0
Total	2	2,714	1	2,030	100	7,230	5	11,438	108	23,412

Source: Bank Data

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

- In 2021, Savers originated 100 PPP loans totaling \$7.2 million to small businesses. Of those, the bank originated 18 loans totaling \$873,007 to small businesses in low- or moderate-income census tracts. These loans are considered particularly responsive to community development needs of the assessment area. The PPP loans promoted economic development by providing financing to small businesses to retain their workforce during the COVID-19 pandemic. The borrowers were businesses with GARs of \$1.0 million or less or businesses that met the SBA’s small business size standards by industry under the North American Industry Classification System.
- In 2022, the bank originated a \$3.3 million refinance loan for the renovations of two mixed-use properties, comprised primarily of residential units, located within a low-income census tract in Southbridge. The residential units will provide affordable housing for low- and moderate-income individuals, as monthly rents are below the U.S. Department of Housing and Urban Development (HUD) fair market rents for the area.

- In 2022, Savers participated approximately \$2.0 million in a \$16.9 million dollar refinance loan to a non-profit organization in the assessment area. The proceeds restructured a 2015 Massachusetts Development Finance Agency tax-exempt bond that funded renovations and capital improvements to multiple area facilities. The facilities primarily serve low- and moderate-income families and individuals by providing social services that include health, youth and adult education, infant and child care, and after school and out of school programs supportive of working families. Income-based discounts are available to those who cannot afford membership fees. The loan was responsive to community service needs in the assessment area.
- In 2022, Savers participated approximately \$1.7 million in a \$13.3 million dollar United States Department of Agriculture (USDA) Business and Guaranteed loan to refinance a loan for a lodging and hospitality conference center located in a low-income census tract. Loans extended by the USDA are intended to encourage lenders to partner with borrowers in eligible areas to promote the economic health and development of rural communities. The hotel/conference center is part of a multi-phase master plan to revitalize the site of a former major manufacturer and employer, now known as the Southbridge Innovation Center. The mixed-use project incorporates infrastructure and capital improvements, enhanced public access, residential units, light manufacturing, training center, recreational areas, and river access. The hotel/conference center is anticipated to attract new businesses and residents and create 50-100 new jobs. This loan supported revitalization and stabilization of a low-income census tract.
- In 2022, the bank refinanced a \$6.6 million commercial real estate loan for the purchase and installation of new power plant equipment and originated a \$500,000 line of credit for working capital to a small business within the assessment area. The power plant supplies the Southbridge Innovation Center where the primary utility user is the hotel and conference center, which is located in a low-income redevelopment area. These loans supported revitalization and stabilization of a low-income census tract.

Qualified Investments

Savers made 54 qualified donations totaling \$419,494 during the evaluation period, and maintains one qualified equity investment with a current book value of \$308,891. The total qualified investment activity represents 0.06 percent of average total assets and 0.40 percent of average total securities since the prior evaluation. During the prior evaluation period, the bank made 33 qualified donations totaling \$103,250. A majority of the bank's donations promoted community services for low- and moderate-income individuals, which was a need highlighted by the community contact. The bank's level of qualified investments exceeded two of three similarly situated institutions.

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

Qualified Investments										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Prior Period	1	309	0	0	0	0	0	0	1	309
2021 (Partial)	0	0	13	20	0	0	0	0	13	20
2022	0	0	16	25	0	0	0	0	16	25
2023	0	0	17	41	0	0	0	0	17	41
2024 (YTD)	0	0	6	20	1	5	0	0	7	25
Total	1	309	52	106	1	5	0	0	54	420

Source: Bank Data

The following are notable examples of the bank’s qualified investments and donations.

- ***Fannie Mae Mortgage-Backed Security (FNMA MBS)*** – The bank holds a FNMA MBS made prior to the current evaluation period, which has a current book value of \$308,891. The underlying collateral consists of mortgage loans to low- and moderate-income borrowers in the assessment area.
- ***United Way of South-Central Massachusetts (UWSCM)*** – The bank made multiple annual donations to the UWSCM during the evaluation period. UWSCM’s programs focus on health, education, and financial stability to help low- and moderate-income residents of Charlton, Dudley, Southbridge, Sturbridge, and Webster.
- ***Auburn Youth and Family Services (AYFS)*** – The bank continued its support of this non-profit organization with donations in both 2021 and 2023. AYFS provides counseling services, food distribution, clothing distribution, and emergency assistance to low- and moderate-income youth and families in Auburn.
- ***Our Bright Future*** – Our Bright Future provides after-school programs and summer camps to low-income youth in Webster, Worcester, and Dudley. Students participate in programs related to STEM, sports, financial literacy, and academic assistance. The bank made donations in 2022, 2023, and 2024.
- ***Community Food Collaborative*** – During the evaluation period, the bank made multiple donations to the Community Food Collaborative. This non-profit organization provides fresh produce to the St. John Paul II Food Pantry, which serves low- and moderate-income individuals within the assessment area.

Community Development Services

During the evaluation period, 9 bank employees provided 27 instances of financial expertise or technical assistance to 7 different community development-related organizations. This is a decrease

compared to the number of instances of service provided and the number of organizations served during the prior evaluation period. The bank attributed the decrease to limited opportunities to provide in-person services amidst the COVID-19 pandemic. The bank provided a smaller number of community development services compared to three similarly situated institutions.

The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2021 (Partial)	0	5	1	0	6
2022	0	6	1	0	7
2023	0	6	1	0	7
2024 (YTD)	0	6	1	0	7
Total	0	23	4	0	27

Source: Bank Data

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

- **United Way of South-Central Massachusetts (UWSCM)** – A senior executive served on the Board of Directors for the UWSCM in Southbridge for multiple years during the evaluation period. UWSCM’s programs focus on health, education, and financial stability to help low- and moderate-income residents of Charlton, Dudley, Southbridge, Sturbridge, and Webster.
- **Rachel’s Table** – An Assistant Vice President and Branch Manager served as Chairperson of Rachel’s Table in Worcester for multiple years during the evaluation period. This non-profit organization distributes food to feed hungry families and individuals in the greater Worcester area. Families served by this organization are primarily low- or moderate-income.
- **YMCA Tri-Community Family Branch** – A Senior Vice President served on the Board of Directors for the Tri-Community Family YMCA in Southbridge for multiple years during the evaluation period. This organization provides community services to low- and moderate-income individuals, families, and at-risk youth.

Savers provided other community development services in support of low- and moderate-income individuals in the community, as follows:

- **Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)** – Savers is a participant in the Massachusetts IOLTA Program. Under this program, interest earned on funds held in designated escrow accounts is used to help low-income clients with various legal services.
- **Federal Home Loan Bank (FHLB) Jobs for New England Program** – Savers is a participant in the Jobs for New England Program as defined under the Small Business Act. This program supports small businesses by way of interest rate subsidies that create or retain jobs or otherwise support economic development.

- **Branch Locations and Other Retail Services** – The bank’s retail banking services benefit low- and moderate-income individuals. Specifically, the main office in Southbridge is located in a low-income tract. A 24-hour ATM at the branch provides additional accessibility to banking services in the low-income census tract.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106).

MINORITY APPLICATION FLOW

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2022 and 2023 were reviewed to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 ACS U.S. Census data, the bank's assessment area contained a total population of 183,187 individuals of which 17.6 percent are minorities. This illustrates a demographic change of a 5.5 percent increase in total minorities since the 2015 ACS U.S. Census data. The assessment area's minority and ethnic population consists of 8.9 percent Hispanic or Latino, 2.6 percent Asian, 2.0 percent Black/African American, 0.2 percent American Indian or Alaskan Native and 3.6 percent other.

Population demographic changes under the 2020 ACS U.S. Census data within the bank's assessment area showed an increase of 1.2 percent increase in individuals recorded as other ethnicities, an increase of 2.4 percent in Hispanic individuals, and an increase of 0.2 percent increase in Black/African American individuals and negligible changes within Asian and American Indian or Alaska Native individuals.

The bank's level of applications was compared with that of the 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

RACE	2022		2022 Aggregate Data	2023	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.4	0	0.0
Asian	2	1.4	3.9	1	1.5
Black/ African American	0	0.0	3.0	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	4	2.9	1.3	0	0.0
Total Racial Minority	6	4.3	8.8	1	1.5
White	120	86.3	68.8	56	84.9
Race Not Available	13	9.4	22.5	9	13.6
Total	139	100.0	100.0	66	100.0
ETHNICITY					
Hispanic or Latino	5	3.6	7.2	2	3.0
Joint (Hisp/Lat /Not Hisp/Lat)	4	2.9	1.5	0	0.0
Total Ethnic Minority	9	6.5	8.7	2	3.0
Not Hispanic or Latino	115	82.7	69.0	53	80.3
Ethnicity Not Available	15	10.8	22.2	11	16.7
Total	139	100.0	100.0	66	100.0

Source: U.S. Census 2020, HMDA Aggregate Data 2022, HMDA LAR Data 2022 and 2023

In 2022, the bank received 139 home mortgage loan applications from within its assessment area. Of these applications six, or 4.3 percent, were from racial minority applicants, all of which resulted in originations. The aggregate received 8.8 percent of its applications from minority consumers of which 59.2 percent resulted in originations. Of these applications, six, or 66.7 percent resulted in originations. For the same period, the bank also received 9 applications or 6.5 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, six or 66.7 percent, were originated, compared with an aggregate application rate of 8.7 percent with a 66.7 percent origination rate.

In 2023, the bank received 66 home mortgage loan applications from within its assessment area. Of these applications, one or 1.5 percent was from a racial minority applicant, which resulted in an origination. For the same period, the bank also received two applications or 3.0 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, 50.0 percent, was originated. Though 2023 aggregate data was not available for comparison, fair lending analysis focuses on the most recent year and the data demonstrates the most recent performance trends.

Savers' performance from racial and ethnic minority applicants increased in 2022; however, its performance decreased significantly in 2023. Savers has fair lending controls and strategic efforts that mitigate the performance; however, bank management should remain cognizant of outreach efforts and incorporating strategies to increase the application flow from individuals of different races and ethnicities.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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