

PUBLIC DISCLOSURE

January 17, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

St. Anne's Credit Union of Fall River
Certificate Number: 67605

286 Oliver Street
Fall River, MA 02724

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

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

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INSTITUTION RATING

This document is an evaluation of the CRA performance of **St. Anne's Credit Union of Fall River (credit union)** prepared by the Division, the institution's supervisory agency as of **January 17, 2022**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: St Anne's Credit Union of Fall River is rated "**High Satisfactory.**" An institution in this group has a good 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.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the credit union's Lending Test and Community Development Test performance.

The Lending Test is rated High Satisfactory

- The credit union's average net loan-to-share ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- A substantial majority of the credit union's loans are inside the assessment area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- and moderate-income).
- The credit union did not receive any CRA-related complaints; therefore, this factor did not affect the Lending Test rating. The credit union has an adequate record relative to fair lending policies and practices and a reasonable percentage of applications received from ethnic and racial minority applicants in the assessment area.

The Community Development Test is rated Satisfactory.

- The credit union demonstrated adequate responsiveness to the community development needs of its assessment area through community development services and qualified donations. Examiners considered the institution's capacity, and the need and availability of such opportunities throughout the assessment area.

DESCRIPTION OF INSTITUTION

Background

St. Anne's Credit Union Fall River was established 1936 as a community credit union chartered by the Commonwealth of Massachusetts. The credit union is committed to serving the credit needs of people who reside, work, attend school, have a place of business, or family members of such persons and organizational members in (i) the Massachusetts counties of Barnstable, Bristol, and Plymouth; (ii) the Rhode Island counties of Bristol, Newport, and Providence; and (iii) the following additional towns in Rhode Island: Coventry, East Greenwich, Warwick, West Warwick, and North Kingstown. The credit union currently serves approximately 56,607 members.

The Credit Union received a "High Satisfactory" rating during the previous evaluation by the Division of Banks dated October 22, 2018.

Operations

Services are delivered through a network of 9 branch locations. The credit union's main office is in Fall River, Ma and has two additional branches in Fall River. Other branch locations are in Dartmouth, Fairhaven, New Bedford, Somerset, Swansea, and Westport.

During the examination period, the credit union opened a full-service branch at 610 State Road, Westport, MA on January 15, 2021, and opened a Loan Production Office at 55 Long Pond Road, Plymouth, MA on September 13, 2021.

The credit union offers both personal and business accounts to members. Members can open checking accounts, savings accounts, certificates of deposits, individual retirement accounts, as well as business checking accounts. Services offered include online banking and mobile banking. In addition to deposit accounts, credit union offers mortgage loans, home equity loans and lines of credit, personal and new and used auto loans. These loans can be applied for online and in person. Also, business lending offers commercial real estate loans and business lines of credit

The credit union employs a number of individuals who speak at least one language outside of English, including Portuguese, and Spanish. Given the assessment area's diversity, these services are useful in providing assistance to those who are not proficient in English.

Ability and Capacity

The credit union has grown in asset size since the last examination, from \$954 million in assets to approximately \$1.2 billion as of the September 30, 2021 call report. The credit union has total share and deposits of approximately \$1.1 billion. The credit union is primarily a residential mortgage lender by dollar volume. Loans secured by first liens and junior liens on 1-4 family residential properties account for 56.5 percent of total loans. Additionally, commercial loans represented the second largest portion of the loan portfolio at 30.0 percent and followed by new and used auto loans. The following table illustrates the distribution of the credit union's loan portfolio.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$	%
Non-Federally Guaranteed Student Loans	0	0.0
Unsecured credit card loans	0	0.0
All Other Unsecured Loan/Lines of Credit- includes SBA PPP Loans	7,030,244	1.0%
New Vehicle Loans	25,132,469	3.7%
Used Vehicle Loans	57,304,194	8.4%
Secured Non-Real Estate Loans/Lines of Credit	1,355,655	0.2%
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential	313,411,756	46.2%
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential	70,034,560	10.3%
All Other Real Estate Loans/Lines of Credit	359,899	0.1%
Commercial Loans/Lines of Credit Real Estate Secured	194,250,412	28.6%
Commercial Loans/Lines of Credit Not Real Estate Secured	9,623,199	1.4%
Total Loans	678,502,388	100.00%
<i>Source: Reports of Income and Condition</i>		

There were no significant financial or legal impediments identified that would limit the credit union's ability to help meet its assessment area's credit or community development needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The credit union designated an assessment area that includes counties of Bristol, MA, Bristol, RI and Newport, RI.

Economic and Demographic Data

The assessment area includes 160 census tracts. These census tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 22 low-income tracts,
- 35 moderate-income tracts,
- 44 middle-income tracts,
- 57 upper income tracts, and
- 2 tracts without an income designation.

The concentrations of low- and moderate -income census tracts dispersed throughout the assessment area and are located in Attleboro, Taunton, New Bedford, Fairhaven, Fall River and Newport, RI. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the credit union's assessment area. However, there are several opportunity zones within the assessment areas. Opportunity zones are federal and state designated areas identified as areas of economic need, with many opportunity zones having the lowest median family income within MA. A Branch location in Fall River is within a designated opportunity zone.

Table A – Demographic Information of the Assessment Area						
Assessment Area: St. Anne’s Credit Union						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	160	13.8	21.9	27.5	35.6	1.2
Population by Geography	684,602	9.4	17.4	28.4	44.9	0.0
Housing Units by Geography	293,643	10.7	19.4	28.6	41.3	0.0
Owner-Occupied Units by Geography	166,861	3.0	11.9	32.3	52.8	0.0
Occupied Rental Units by Geography	99,306	22.3	31.7	23.6	22.4	0.0
Vacant Units by Geography	27,476	15.8	20.8	24.0	39.4	0.0
Businesses by Geography	50,712	9.3	12.7	29.3	48.8	0.0
Farms by Geography	1,526	3.7	8.3	23.5	64.5	0.0
Family Distribution by Income Level	172,613	21.8	16.3	18.7	43.1	0.0
Household Distribution by Income Level	266,167	25.2	14.3	15.8	44.7	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$80,751	Median Housing Value			\$285,201
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Gross Rent			\$882
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			9.0%
Median Family Income Non-MSAs - MA		\$89,768				
<i>Source: 2010 U.S. Census, 2020 D&B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2010 US Census data, the percentage of families below the poverty level in the assessment area is 9.0 percent. This may limit these families from qualifying for a home mortgage loan, which limits lending opportunities. In addition, 14.9 percent of the owner-occupied units are located in low- and moderate-income census tracts. The low owner-occupancy rates, particularly in low-income census tracts at 3.0 percent, indicates limited owner-occupied home mortgage lending opportunities in those census tracts. The percentage of vacant properties in low and moderate-income census tracts, however, demonstrates opportunities for rehabilitating and renovating properties in the assessment area.

Examiners used the FFIEC- updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-and upper-income categories. These categories are based on the 2019 and 2020 FFIEC-updated median family income for each MD in the assessment area.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<i>Source: FFIEC</i>				

Competition

The credit union operates in a highly competitive market for home mortgage loans. In 2020, 445 lenders originated 34,710 home mortgage loans in the assessment area. The credit union is ranked 9th market. The top lenders in the market include Residential Mortgage Services, Inc.; Quicken Loans, LLC; Baycoast Mortgage Company; and Citizens Bank, NA.

Community Contact

The examination team reached out to a community organization serving the City of Taunton, to obtain context on the assessment area. The contact focuses on developing the community through housing assistance and rehabilitation, small business technical assistance, and downtown revitalization. The contact also participates in a consortium improving housing in Bristol and Plymouth County communities.

The contact noted the most pressing need is the housing crisis. Homeless or near-homeless populations struggle to find acceptable housing that is up to sanitary code for federal funding. This situation impacts not only low- and moderate-income families, but even middle-income families find it difficult to obtain acceptable housing. The contact noted that transitional housing projects in Bristol County are very beneficial for very low-income families and help stabilize their housing if even for a limited time. Support for projects and programs like these meet a clear need. The contact also mentioned that some financial institutions have implemented gap financing for rehabilitation projects, working in tandem with local municipal initiatives to ensure adequate housing for families.

The contact felt a few local institutions are very involved in the community, through innovative grants, retail services and branch presence and would welcome more participation. The contact encourages institutions to reach out to community organizations in the area not just to donate, but to develop initiatives to maximize community impact.

Credit and Community Needs and Opportunities

Considering information from the community contact, credit union management, and demographic and economic data, examiners determined that affordable housing and financial education represent primary credit needs for the assessment area. The Credit Union continues to be involved with financial education seminars with a focus on Credit for Life Fairs, and first-time homebuyer education.

SCOPE OF EVALUATION

General Information

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

Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate St. Anne’s Credit Union of Fall River. These procedures include two tests: the Lending Test and the Community Development Test.

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

- 1) The credit union’s loan-to-share 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 credit union’s assessment area(s);
- 3) The credit union’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;
- 4) The geographic distribution of the credit union’s loans; and
- 5) The credit union’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).

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 credit union 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.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS) and the U.S. Bureau of Labor Statistics (BLS). Credit Union financial data reflects the September 30, 2021, Call Report.

Loan Products Reviewed

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

Home mortgage lending data analyzed included full-year data from January 1, 2019, through December 31, 2020. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union, pursuant to HMDA. The HMDA data was compared to aggregate lender data inside of the assessment area as well as pertinent demographics.

Community Development Activity Reviewed

For the Community Development Test, qualified community development loans, donations and outreach activities were considered.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

St. Anne's Credit Union demonstrated good performance under the Lending Test. The institution's good geographic distribution and substantial majority of originations within the assessment area, combined with the good penetration among individuals of different income levels, reasonable loan-to-share ratio, and reasonable fair lending program, support this conclusion.

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-share ratio for the last eight quarters is reasonable given the institution's size, financial condition, and assessment area credit needs.

The credit union's net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 80.1 percent over the past eight calendar quarters from December 31, 2019, through September 30, 2021. The ratio ranged from a high of 100.3 percent as of December 31, 2019, to a low of 62.2 percent as of September 30, 2021. The falling trend of the ratio was driven by two factors; Total shares and deposits increased approximately \$260 million from December 31, 2019 to September 30, 2021, and total loans decreased by approximately \$155 million. The share growth is attributed to COVID-19 stimulus and increased savings among members. The loan decrease is due to lending categories that comprise large portions of the portfolio (i.e. indirect auto loan purchases and commercial loan participations) decreasing in activity during the pandemic. Loans in these categories have been maturing and the current market has not resulted in new loans. However, the credit unions loan volume in residential and consumer products has been improving, reflecting reasonable performance in this criterion.

The credit union's average net LTS ratio over the previous 8 quarters was compared to that of two similarly situated institutions. The institution selection is based on geographic location, lending

focus, and branching structure. St. Anne’s Credit Union’s average net LTS ratio is reasonably comparable to both institutions used in this comparison.

Loan-to-Share Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTS Ratio (%)
St. Anne’s Credit Union	1,268,188	80.1
Sharon Crescent United Credit Union	1,214,608	83.6
Liberty Bay Credit Union	705,500	88.7
<i>Source: Reports of Income and Condition 12/31/2019 through 9/30/2021</i>		

Assessment Area Concentration

The institution originated a substantial majority of loans within its assessment area. The share of loans increased from 2019 to 2020. The table below highlights St. Anne’s Credit Union’s lending inside and outside the assessment area by loan category.

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										
2019	683	90.6	71	9.4	754	108,554	86.1	17,528	13.9	126,081
2020	712	92.2	60	7.8	772	129,152	82.8	26,791	17.2	155,943
Total	1,395	91.4	131	8.6	1,526	237,705	84.3	44,319	15.7	282,024
<i>Source: Credit Union Data</i>										

Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the assessment area. The credit union’s performance in low-income census tracts is comparable to the aggregate lending percentage in 2019, and trends above aggregate lending in 2020. The credit union’s lending also exceeds the demographic of owner-occupied housing in low-income areas for both years.

In moderate-income census tracts, the credit union’s activity exceeds aggregate lending and demographic lending in 2019 by several percentage points. While aggregate lending trended down in 2020, the credit union’s performance improved to almost double the aggregate lending percentage of loans to moderate income borrowers.

Market share performance supports excellent performance in 2020. The credit union’s lending in low- and moderate-income census tracts has a market share of 2.6 percent and is the highest ranked

credit union in the assessment area at 10th out of 267 lenders. This compares favorably to its overall rank and market share of 12th and 1.7 percent, respectively.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.0	4.1	25	3.7	5,708	5.3
2020	3.0	2.9	30	4.2	4,155	3.2
Moderate						
2019	11.9	12.3	104	15.2	13,629	12.6
2020	11.9	10.6	116	16.3	19,565	15.1
Middle						
2019	32.3	30.3	331	48.5	46,852	43.2
2020	32.3	30.1	338	47.5	59,470	46.0
Upper						
2019	52.8	53.3	223	32.7	42,365	39.0
2020	52.8	56.3	228	32.0	45,962	35.6
Totals						
2019	100.0	100.0	683	100.0	108,554	100.0
2020	100.0	100.0	712	100.0	129,152	100.0

Source: 2015 ACS; Credit Union Data, HMDA Aggregate Data

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels. Examiners focused on low- and moderate-income borrowers.

Home mortgage lending to low-income borrowers was above aggregate lending trends in 2019 and 2020. The credit union’s lending to low-income borrowers decreased by number and percentage from 2019 to 2020. However, the credit union’s performance remained above aggregate performance for 2020. The percentage of loans to low-income borrowers is less than the percentage of low-income families (for both the institution and aggregate lenders), which reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards.

The credit union’s performance to moderate-income lenders was comparable to aggregate lenders in 2019 and was slightly above the demographic of moderate-income families. The credit union’s performance improved significantly in 2020 by number, dollar amount and percentage. Coupled with deteriorating performance among moderate-income borrowers for aggregate lenders, the credit union’s relative performance exhibited strength.

Market share performance supports strong performance in 2020. The credit union’s lending to low- and moderate-income borrowers has a market share of 2.4 percent and is the highest ranked credit union in the assessment area at 8th out of 271 lenders. This compares favorably to its overall rank and market share of 12th and 1.7 percent, respectively.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.8	4.2	55	8.1	3,242	3.0
2020	21.8	4.1	33	4.6	3,284	2.5
Moderate						
2019	16.3	17.1	116	17.0	14,110	13.0
2020	16.3	16.2	148	20.8	21,926	17.0
Middle						
2019	18.7	23.9	192	28.1	28,866	26.6
2020	18.7	23.7	214	30.1	36,503	28.3
Upper						
2019	43.1	39.1	302	44.2	56,347	51.9
2020	43.1	41.6	307	43.1	64,528	50.0
Not Available						
2019	0.0	15.7	18	2.6	5,989	5.5
2020	0.0	14.4	10	1.4	2,911	2.3
Totals						
2019	100.0	100.0	683	100.0	108,554	100.0
2020	100.0	100.0	712	100.0	129,152	100.0

Source: 2015 ACS; Credit Union Data, HMDA Aggregate Data

Response to Complaints and Fair Lending Policies and Procedures

The credit union did not receive any CRA-related complaints during the evaluation period; therefore, this aspect of the criterion did not impact the CRA rating.

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 credit union’s public comment file indicated the credit union received no complaints pertaining to the institution’s CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

Examiners also reviewed the credit union’s 2019 and 2020 HMDA LARs to determine if the credit union’s application flow from different racial and ethnic groups reflected the assessment area’s demographics.

According to 2015 ACS data, the credit union’s assessment area contains a population of 684,602 individuals, of which 14.9 percent are minorities. The assessment area’s minority population is 3.2 percent Black/African American, 2.0 percent Asian/Pacific Islander, 0.1 percent American Indian, 6.2 percent Hispanic or Latino, and 3.4 percent Other.

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

MINORITY APPLICATION FLOW						
RACE	Credit Union 2019		2019 Aggregate Data	Credit Union 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	3	0.3	0.2	2	0.2	0.2
Asian	4	0.4	1.7	10	0.8	1.9
Black/ African American	15	1.4	3.9	9	0.7	3.9
Hawaiian/Pacific Islander	2	0.2	0.2	2	0.2	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	7	0.7	1.1	12	1.0	1.2
Total Racial Minority	31	3.0	7.2	35	2.9	7.4
White	891	86.0	72.6	1,144	91.1	72.1
Race Not Available	114	11.0	20.2	77	6.0	20.5
Total	1,035	100.0	100.0	1,256	100.0	100.0
ETHNICITY						
Hispanic or Latino	23	2.2	3.4	15	1.2	3.2
Joint (Hisp/Lat /Not Hisp/Lat)	5	0.5	0.9	10	0.8	1.1
Total Ethnic Minority	28	2.7	4.3	25	2.0	4.3
Not Hispanic or Latino	851	82.2	75.1	1,096	87.3	74.1
Ethnicity Not Available	156	15.1	20.6	135	10.7	21.6
Total	1,035	100.0	100.0	1,256	100.0	100.0

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

In 2019, the credit union received 1,035 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 31, or 3.0 percent, from racial minorities. This was below aggregate data of 7.2 percent. For the same period, the credit union received 28, or 2.7 percent, of its applications from ethnic minority consumers. The credit union’s performance was below aggregate data of 4.3 percent. Nineteen of the 31 racial minority applications resulted in originations, a rate of 61.3 percent, and 15 of the 28 ethnic minority applications resulted in originations at a rate of 53.6 percent. This is below the overall origination rate of 66.0 percent. The credit union’s performance is also below that of aggregate lenders, which trends above a 59.3 percent origination rate for racial and ethnic minority applicants.

The credit union's performance decreased in 2020. The credit union received 1,256 HMDA-reportable loan applications from within its assessment area. Of these applications, the credit union received 35, or 2.9 percent, of applications from racial minority applicants. This is below aggregate lending trends, which received 7.4 percent of its applications from racial minority individuals. The credit union received 25, or 2.0 percent, of applications from ethnic minority applicants which was below the aggregate performance of 4.3 percent. Sixteen of the 35 racial minority applications resulted in originations, a rate of 45.7 percent, and nine of the 25 ethnic minority applications resulted in originations at a rate of 36.0 percent. This is below the overall origination rate of 56.6 percent. The credit union's performance is also below that of aggregate lenders, which trends above a 57.0 percent origination rate for racial and ethnic minority applicants.

Overall, the credit union's minority application performance is below that of aggregate performance. However, the credit unions additional fair lending controls and strategic efforts mitigate the performance. The credit union's marketing and outreach efforts incorporate strategies to ensure that individuals of different races and ethnicities feel welcome.

COMMUNITY DEVELOPMENT TEST

St. Anne's Credit Union demonstrates adequate responsiveness to the community development needs of its assessment area through qualified community development loans, donations and community development services.

Examiners considered the institution's capacity and the need and availability of such opportunities. Community development activities were evaluated from October 22, 2018, through January 18, 2022, the start date of the current examination.

Community Development Loans

The credit union originated 15 community development loans totaling \$15.3 million during the evaluation period. The majority of the loans involved commercial real estate and provided financing to attract and retain business and residences in low-income areas of the assessment area. While the loans revitalized and stabilized low-income neighborhoods in the assessment area, the commercial real estate offered below market HUD rents therefore providing affordable rental housing benefits.

Qualified Investments

During the evaluation period, the credit union's charitable contributions totaled \$446,568, of which \$178,689 were considered qualified for CRA. The qualified investments demonstrate the credit union's responsiveness to the needs of low- and moderate-income individuals and geographies within the assessment area. The credit union continues its commitment to many of the same organizations as noted in the previous exam and include the Boys and Girls Club of Fall River, Steppingstone Inc., and St. Vincent's.

Community Development Services

During the evaluation period, St. Anne's Credit Union employees demonstrated a commitment to financial education. The credit union participated in 71 virtual and in person financial education seminars. This is a notable increase in financial education events compared to the last exam where there were 23 financial seminars. Financial education courses bring a distinct curriculum tailored to youth and adults as the needs differ among these groups. For middle and high- school students, courses include Credit for Life Fairs and focus on budgeting and savings, credit and managing checking accounts. Adult classes focus on being a first-time homebuyer and credit building and repair. In addition, the credit union offers free financial literacy and credit counseling services to members via the website.

Credit Union employees, managers, and directors participated on 11 boards and committees of organizations focused on community services and economic development serving the assessment area's low and moderate-income individuals. Examples of Board involvement are noted below

Steppingstones, Inc.- Steppingstone, Inc. is a multi-service nonprofit organization that focuses on behavioral health and homeless services. The organization strengthens the quality of life among individuals and families or the community through comprehensive client center programs and services that enhance well-being and promote independence. A Sr. Vice President participates on the Board of Steppingstone, Inc.

Greater Fall River Community Food Pantry- The Food Pantry distributes food free-of-charge to residents of Fall River, Massachusetts and the seven surrounding communities of Somerset, Swansea, Little Compton, Tiverton, Westport, Freetown, and Assonet. A Sr. Vice President participates as a Board Member.

United Way of Greater Fall River- The United Way of Greater Fall River serves the Massachusetts communities of Fall River, Somerset, Swansea, Assonet, Westport and Rhode Island communities of Tiverton and Little Compton. The United Way is a fundraising organization and also a community partner with a focus to target impact areas of health and human services, hunger and homelessness. Credit Union Management participate on the Board of the United Way.

Other Services

- The credit union's main branch at 286 Oliver Street in Fall, River and 2031 South Main Street in Fall, River are both in a moderate-income census tracts. In addition, the branch at 93 Adams Street in Fairhaven is situated in an opportunity zone. The branch locations support the availability of banking services to low- and moderate-income individuals and areas of economic need.

To serve the credit needs of non-English speaking individuals, services are offered in multiple languages. The credit union website is offered in English, Spanish and Portuguese. Language services enhance customer accessibility to products and services and promotes economic inclusion among first-generation immigrants and other consumers who may otherwise have limited financial resources, many of which are low- or moderate-income individuals and families.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 286 Oliver Street, Fall River, MA 02724".

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.