

PUBLIC DISCLOSURE

November 28, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Savings Bank
Certificate Number: 90291

357 Main Street
Wakefield, Massachusetts 01880

Division of Banks
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Boston, Massachusetts 02118

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

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Savings Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans, in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area reasonable penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development within the assessment area.

DESCRIPTION OF INSTITUTION

Background

The Savings Bank, headquartered in Wakefield, Massachusetts (MA), operates in the northeastern parts of MA in Middlesex and Essex Counties. The Savings Bank is a subsidiary of Wakefield Bancorp, a one-bank mutual holding company. The holding company has three subsidiaries; none engages in retail lending or deposit activities. The Savings Bank received a Satisfactory rating at its previous FDIC and Massachusetts Division of Banks joint Performance Evaluation, dated August 19, 2019. Examiners evaluated the bank's performance based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

In addition to its main office located at 375 Main Street in Wakefield, the bank operates seven full-service branches and one limited-service branch throughout Essex and Middlesex Counties. Branches are located in Andover, Lynnfield (2), Methuen, North Reading, and Wakefield (2). The limited-service branch is at a high school in Wakefield. The Methuen branch is located in a moderate-income census tract. The Savings Bank offers various loan products for both individuals and businesses. Lending products include home mortgage, commercial, and consumer loans. Up until 2021, the bank only accepted loan applications in person. Deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Alternative banking services include online, mobile, and telephone banking and electronic bill pay. The bank also offers automated teller machines (ATM) at its offices as well as freestanding ATMs. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of September 30, 2022, The Savings Bank's assets totaled approximately \$713.5 million, including total loans of \$500.5 million (70.1 percent of total assets) and total securities of \$119.5 million. The Savings Bank had total deposits of \$639 million which increased by 23.0 percent since the previous evaluation. Total assets increased by approximately \$94 million, or 15.2 percent since June 30, 2019 (the last quarter used at the prior evaluation), due to growth in both securities and deposits. Securities increased by approximately \$56 million, or 87.3 percent, while deposits increased by approximately \$119 million or 30 percent since the prior evaluation. The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the portfolio, followed by loans secured by nonfarm nonresidential properties, which is consistent with the prior evaluation. Loan composition has not changed significantly since the prior evaluation. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 09/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	19,888	4.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	336,727	67.3
Secured by Multifamily (5 or more) Residential Properties	53,548	10.7
Secured by Nonfarm Nonresidential Properties	83,086	16.6
Total Real Estate Loans	493,249	98.6
Commercial and Industrial Loans	6,744	1.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	268	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	217	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	500,478	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. The Savings Bank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), which is part of the larger Boston-Cambridge-Newton, MA – New Hampshire Metropolitan Statistical Area (MSA). The following table details the cities and towns in the bank’s assessment area.

Assessment Area Cities and Towns			
Middlesex County			
Wakefield	Melrose	North Reading	Reading
Stoneham	Wilmington		
Essex County			
Andover	Lawrence	Lynnfield	Methuen
Middleton	Saugus		

The following sections discuss demographic and economic information relevant to the assessment area.

Economic and Demographic Data

The Savings Bank’s assessment area consists of 69 census tracts with the following income designations according to 2015 American Community Survey (ACS) data:

- 18 low-income census tracts,

- 6 moderate-income census tracts,
- 27 middle-income census tracts, and
- 18 upper-income census tracts.

The low-income census tracts are in Lawrence (17) and Methuen (1). The moderate-income census tracts are in Lawrence, Methuen (3), and Saugus. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas in the bank’s assessment area. However, there are several opportunity zones, which MA and the United States (U.S.) Department of Treasury designate as areas of economic need.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	26.1	8.7	39.1	26.1	0.0
Population by Geography	350,837	21.5	8.6	39.8	30.0	0.0
Housing Units by Geography	132,157	20.0	9.3	41.5	29.2	0.0
Owner-Occupied Units by Geography	82,892	7.4	8.2	47.7	36.7	0.0
Occupied Rental Units by Geography	42,934	43.6	11.6	30.2	14.6	0.0
Vacant Units by Geography	6,331	25.6	8.3	36.5	29.6	0.0
Businesses by Geography	33,245	14.4	6.6	43.1	35.8	0.0
Farms by Geography	538	7.2	5.6	48.1	39.0	0.0
Family Distribution by Income Level	89,362	26.0	16.7	20.2	37.1	0.0
Household Distribution by Income Level	125,826	28.2	14.6	16.6	40.5	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$365,274
			Median Gross Rent			\$1,090
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2021 D&B data, 33,245 non-farm businesses operate in the assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 88.1 percent have \$1.0 million or less,
- 4.5 percent have more than \$1.0 million, and
- 7.4 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level to D&B data. Service industries represent the largest portion of

businesses at 39.0 percent, followed by non-classifiable establishments at 18.2 percent, and retail trade at 11.0 percent. The majority of non-farm businesses in the assessment area are small, with the majority of businesses (90.7 percent) operating with nine or fewer employees. Additionally, 85.0 percent of businesses have GARs of less than \$0.5 million, and 91.7 percent operate from a single location. The largest employers in the area include Raytheon, Osram Sylvania, and Unifirst.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area increased since the prior evaluation, which is directly attributable to the COVID-19 pandemic. Specifically, in 2020, annual average unemployment rates nearly tripled in Middlesex and Essex Counties, and in MA. However, the economy and labor market are rebounding, as 2021 annual average unemployment rates in Middlesex and Essex Counties, and MA have declined, with further declines in 2022. Specifically, in 2022, the annual average unemployment rates dropped to 2.5 percent in Middlesex County and 3.2 percent in Essex County. The following table reflects unemployment rates in the assessment area compared to the state and national unemployment rates throughout the evaluation period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Middlesex County	6.2	3.1	2.5
Essex County	8.1	4.5	3.2
MA	7.7	4.6	3.4
National Average	8.1	5.3	3.7

Source: U.S. Bureau of Labor Statistics

The Geographic Distribution criterion compares the home mortgage loans to the distribution of owner-occupied housing units. As shown in the Demographic Information of the Assessment Area table, 62.7 percent of the 132,157 housing units are owner-occupied, slightly limiting the bank’s opportunities for home mortgage lending in the assessment area. Of the owner-occupied housing units, only 15.6 percent are located in low- or moderate-income census tracts, limiting the bank’s home mortgage lending opportunities in those tracts.

Examiners used the 2019, 2020, and 2021 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
<i>Source: FFIEC</i>				

As the assessment area’s median housing value is \$365,274, there may be limited opportunities for low- and moderate-income families to qualify for a mortgage under conventional underwriting standards. Additionally, almost half of the families in the assessment area (42.8 percent) are low- and moderate-income families, and approximately 8.1 percent of families live below the poverty line, which represents a subset of low-income families. Therefore, these factors may limit the bank’s home mortgage lending opportunities to low- and moderate-income families.

Competition

The bank operates in a highly competitive market for financial services. According to 2020 Deposit Market Share data, 27 financial institutions operated 108 branches in the bank’s assessment area. Of these institutions, The Savings Bank ranked 6th with a deposit market share of 4.5 percent. The top five financial institutions, Bank of America N.A; Eastern Bank; TD Bank N.A.; Santander Bank N.A.; and Citizens Bank, N.A.: accounted for 60.1 percent of the deposit market share.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies. In 2019, aggregate home mortgage lending data shows 371 lenders originated or purchased 16,111 home mortgage loans in the assessment area. The Savings Bank ranked 30th with a 0.8 percent market share. In 2020, aggregate home mortgage lending data shows 388 lenders originated or purchased 24,566 home mortgage loans in the assessment area. The Savings Bank ranked 32nd with a market 0.8 percent. In 2021, aggregate home mortgage lending data shows 413 lenders originated or purchased 23,561 home mortgage loans in the assessment area. The Savings Bank ranked 30th with a 0.9 percent market share. The Savings Bank was the third ranked Massachusetts community bank trailing Eastern Bank and Salem Five Cents Savings Bank. Guaranteed Rate, Inc.; Rocket Mortgage; and Community Bank NA were the top three lenders.

The Savings Bank is not required to collect or report its small business lending data. However, the bank collected the data, which examiners used to analyze small business lending. The small business loan analysis under the Lending Test does not include comparisons to aggregate data. However, as aggregate data reflects the competition level for small business loans throughout all of Middlesex County and Essex County, it is included for performance context. In 2019, aggregate small business lending data shows 155 lenders originated or purchased 67,025 small business loans. In 2020, data shows that 220 lenders originated or purchased 75,786 small business loans. In 2021, data shows that 208 lenders originated or purchased 78,898 small business loans. This data illustrates a high level of competition. The top three lenders for 2019, 2020, and 2021 were

American Express National Bank; Bank of America, NA; and Citizens Bank, N.A. These lenders collectively held an average of 39.9 percent market share over the three years.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to those needs.

Examiners referenced two community contacts. The first contact, a representative of a housing and community service organization stated that housing costs have rapidly risen, particularly for rental units. The contact also noted that the area maintains limited affordable housing. Further, the contact explained that the area has limited land available for new housing development, and most new housing units are not affordable for low- or moderate-income individuals.

For the second contact, examiners contacted a representative of an economic development agency located in Middlesex County. Similar to the first contact, this contact discussed the need for more affordable housing and housing assistance for low-and moderate-income families. The contact explained that many residents face the risk of eviction or foreclosure, especially as rent and housing prices have increased since the COVID-19 pandemic. Additionally, the contact spoke to the limited opportunity for new affordable housing construction due to high acquisition costs and market conditions. Further, the contact noted that there were small business needs, including start-up financing and micro lending. Lastly, the contact noted that language is a barrier as a significant portion of the population is non-native speakers. The contact believed that a greater number of multilingual activities including financial literacy and home buying seminars would benefit the community.

Credit and Community Development Needs and Opportunities

Considering the information obtained from the community contact, bank management, and demographic and economic data, examiners determined affordable housing, including home purchase assistance for low- and moderate-income individuals is the primary assessment area need. The rising housing costs and the limited number of affordable rental housing units within the assessment area support this need. Consequently, flexible and affordable home loan products represent a primary credit need.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 19, 2019, to the current evaluation dated November 28, 2022. Examiners used the ISI Examination Procedures to evaluate The Savings Bank's CRA performance. As the Appendices describe, the ISI procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to receive an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that 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 originations during the evaluation period. The bank does not originate any agricultural loans; therefore, examiners did not evaluate small farm loans. No other loan type, such as consumer loans, represent a major product line. They provide no material support for conclusions or ratings; therefore, examiners did not present them.

Examiners considered all home mortgage loans reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure (HMDA) Loan Application Registers (LARs). The bank reported 215 home mortgage loans totaling \$79.9 million in 2019, 319 loans totaling \$126.4 million in 2020, and 335 loans totaling \$150.5 million in 2021. Home mortgage lending volume generally increased over the period of 2019 to 2021, with a peak in 2020. Sustained low mortgage interest rates and increased home sales during the evaluation period contributed to the increase. Aggregate data and 2015 ACS data provided a standard of comparison for home mortgage loans.

As an ISI, the bank is not required to and does not report small business loans; however, the bank voluntarily collected all required data; therefore, examiners considered and analyzed all small business loans for 2019, 2020, and 2021. In 2019, the bank originated 38 small business loans totaling \$8.3 million, 222 small business loans totaling \$22.1 million in 2020, and 128 small business loans totaling \$12.3 million in 2021. The large increases in small business lending is due to the Small Business Administration's (SBA) Paycheck Protection Program (PPP). PPP was part of the Coronavirus Aid, Relief, and Economic Security Act of 2020 and was designed to provide businesses with access to low-interest forgivable loans. Loan proceeds assisted with payroll and other business-related costs during the COVID-19 pandemic. SBA discontinued the PPP in mid-2021. As the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. D&B data for 2019, 2020, and 2021 provided a standard of comparison for small business lending.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. The Savings Bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger number and dollar volume when compared to small business lending during the evaluation period.

For the Community Development Test, examiners reviewed community development loans, investments, and services since the prior CRA evaluation dated August 19, 2019, through the current evaluation date of November 28, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Savings Bank demonstrated reasonable performance under the Lending Test. Performance under the LTD Ratio, Borrower Profile, and Geographic Distribution support this conclusion. The following sections address overall bank performance for each Lending Test component.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 83.3 percent over the last 14 calendar quarters from June 30, 2019 to September 30, 2022. The ratio ranged from a low of 72.6 percent as of March 31, 2022, to a high of 95.3 percent as of June 30, 2019. The ratio has been declining since the previous examination and increasing slightly each quarter since March 31, 2022.

Examiners compared the bank's average LTD ratio to that of four similarly situated institutions. Examiners selected the similarly situated institutions based on asset size, lending focus, and geographic location. The following table shows that The Savings Bank's ratio fell below three similarly situated institutions and was above one similarly situated institution.

LTD Ratio Comparison		
Bank	Total Assets as of 9/30/2022 (\$000s)	Net LTD Ratio (%)
The Savings Bank	713,498	77.5
Stoneham Bank	710,189	96.2
Winchester Savings Bank	644,927	89.5
Reading Co-operative Bank	744,293	85.3
Winchester Co-operative Bank	777,491	72.8

Source: Reports of Condition and Income – 06/30/2019 -09/30/22

Assessment Area Concentration

The Savings Bank originated a majority of home mortgage and small business loans by number and dollar volume within its assessment area each year. As previously explained, sustained low mortgage interest rates and increased home sales during the evaluation period contributed to the increase in home mortgage lending. The substantial increase in small business lending volume in 2020 and 2021 was due to the bank's significant involvement with the PPP. Refer to the following table for totals by year and 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	135	62.8	80	37.2	215	50,319	63.0	29,605	37.0	79,924
2020	192	60.2	127	39.8	319	76,413	60.4	50,015	39.6	126,428
2021	202	60.3	133	39.7	335	84,129	55.9	66,331	44.1	150,460
Subtotal	529	60.9	340	39.1	869	210,862	59.1	145,951	40.9	356,813
Small Business										
2019	17	44.7	21	55.3	38	2,862	34.3	5,475	65.7	8,337
2020	157	70.7	65	29.3	222	12,436	56.3	9,660	43.7	22,096
2021	90	70.3	38	29.7	128	7,182	58.3	5,138	41.7	12,320
Subtotal	264	68.0	124	32.0	388	22,480	52.6	20,273	47.4	42,753
Total	793	63.1	464	36.9	1,257	233,342	58.4	166,224	41.6	399,566
<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 home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage and small business loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.

As the following table illustrates, in 2019, 2020, and 2021, lending was less than aggregate performance and demographics in both low- and moderate-income census tracts. Although the bank’s lending was less than aggregate and demographics during all three years, its 2021 lending levels increased from 2020 illustrating a positive trend.

In addition to a positive trend, other factors provide context relative to the bank’s performance. First, the location of the bank’s offices in relation to the low- and moderate-income census tracts likely affected its performance in those areas. Specifically, the Methuen branch is the only location in or abutting low- and moderate-income census tracts. Of the 17 low-income census tracts, the Methuen branch abuts two in Lawrence and of the six moderate-income census tracts; the branch abuts one in Methuen. Despite the branch abutting two low-income census tracts in Lawrence, there are 17 low-income census tracts in Lawrence, where the bank does not maintain a location and faces significant competition. Second, the bank did not offer online loan applications until 2021.

During 2020, the height of the pandemic, the lack of an online loan application medium reduced its lending opportunities.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance% of #	#	%	\$(000s)	%
Low						
2019	7.4	10.2	9	6.7	2,994	6.0
2020	7.4	7.5	4	2.1	6,232	8.2
2021	7.4	9.4	13	6.4	6,969	8.3
Moderate						
2019	8.2	8.0	2	1.5	1,170	2.3
2020	8.2	7.3	4	2.1	1,283	1.7
2021	8.2	7.8	9	4.5	3,264	3.9
Middle						
2019	47.7	45.7	88	65.2	31,033	61.7
2020	47.7	46.2	128	66.7	43,536	57.0
2021	47.7	45.2	116	57.4	45,466	54.0
Upper						
2019	36.7	36.1	36	26.7	15,122	30.1
2020	36.7	38.9	56	29.2	25,362	33.2
2021	36.7	37.6	64	31.7	28,431	33.8
Totals						
2019	100.0	100.0	135	100.0	50,319	100.0
2020	100.0	100.0	192	100.0	76,413	100.0
2021	100.0	100.0	202	100.0	84,129	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area.

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The following table shows that in 2019, 2020, and 2021, the bank's lending in the low-income census tracts was less than demographics. In the moderate-income census tracts, although the bank did not originate any loans in these tracts during 2019, levels in 2020 and 2021 were more in line with demographics. As previously mentioned, the location of the bank's offices in relation to the low- and moderate-income census tracts and the lack of online loan applications for a majority of the evaluation period likely affected its performance in those areas.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	13.7	1	5.9	169	5.9
2020	13.7	7	4.5	1,832	14.7
2021	14.4	2	2.2	374	5.2
Moderate					
2019	6.4	0	0.0	0	0.0
2020	6.5	8	5.1	679	5.5
2021	6.6	5	5.6	283	3.9
Middle					
2019	43.9	15	88.2	2,193	76.6
2020	43.6	99	63.1	7,885	63.4
2021	43.1	52	57.8	3,452	48.1
Upper					
2019	36.0	1	5.9	500	17.5
2020	36.1	43	27.4	2,040	16.4
2021	35.8	31	34.4	3,073	42.8
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Totals					
2019	100.0	17	100.0	2,862	100.0
2020	100.0	157	100.0	12,436	100.0
2021	100.0	90	100.0	7,182	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers.

The following table shows that during the evaluation period, the bank's lending to low-income borrowers was below demographics and aggregate performance. However, low-income families in the assessment area, earning less than \$60,100, most likely have difficulty qualifying for a mortgage under conventional underwriting standards and the bank does not offer alternative financing. Considering the median housing value of \$365,274, 8.1 percent of low-income families in the assessment living below the poverty line, and the fact that the bank's lending in the low-income tracts increased during 2021, the performance is reasonable.

In 2019, the bank's lending to moderate-income borrowers was in line with demographics, but less than aggregate. Conversely, in 2020, the bank's lending to moderate-income borrowers was less than demographics and aggregate. Although the bank's 2020 performance was less than demographics and aggregate, its 2021 lending reflected a positive trend. Given these factors, the performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	26.0	6.4	5	3.7	823	1.6
2020	26.0	5.6	7	3.6	1,337	1.7
2021	26.0	6.8	10	5.0	2,240	2.7
Moderate						
2019	16.7	20.6	25	18.5	7,295	14.5
2020	16.7	19.8	31	16.1	8,267	10.8
2021	16.7	19.9	36	17.8	10,493	12.5
Middle						
2019	20.2	23.1	37	27.4	12,720	25.3
2020	20.2	23.2	50	26.0	17,313	22.7
2021	20.2	23.0	52	25.7	18,534	22.0
Upper						
2019	37.1	37.2	53	39.3	23,873	47.4
2020	37.1	38.9	100	52.1	42,748	55.9
2021	37.1	36.1	92	45.5	41,100	48.9
Not Available						
2019	0.0	12.8	15	11.1	5,608	11.1
2020	0.0	12.5	4	2.1	6,749	8.8
2021	0.0	14.1	12	5.9	11,764	14.0
Totals						
2019	100.0	100.0	135	100.0	50,319	100.0
2020	100.0	100.0	192	100.0	76,413	100.0
2021	100.0	100.0	202	100.0	84,130	100.0

*Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less.

The following table shows that in 2019, the bank originated 23.5 percent of small business loans to businesses with GARs of \$1 million or less. For 2020 and 2021, this percentage dropped to 9.6 percent and 8.9 percent, respectively, which fell significantly below the percentage of businesses with GARs of \$1 million or less in the assessment area.

Examiners noted that the primary reason for the decline in lending to businesses with GARs of \$1 million or less was the large volume of PPP loans that the bank was not required to and did not consider or collect GARs during the application process. Therefore, the Revenue Not Available category includes all PPP loans originated inside the assessment area, which significantly reduces the percentage of loans in the two GAR categories. Therefore, examiners could not conduct meaningful analysis of lending to businesses of different sizes for 2020 and 2021. Instead, examiners used loan size as a proxy for GAR for the PPP loans.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	86.0	4	23.5	459	16.0
2020	87.0	15	9.6	4,020	32.3
2021	88.1	8	8.9	2,446	34.1
>\$1,000,000					
2019	5.7	12	70.6	2,398	83.8
2020	5.2	2	1.3	908	7.3
2021	4.5	2	2.2	105	1.5
Revenue Not Available					
2019	8.3	1	5.9	5	0.2
2020	7.8	140	89.2	7,508	60.4
2021	7.4	80	88.9	4,631	64.5
Totals					
2019	100.0	17	100.0	2,862	100.0
2020	100.0	157	100.0	12,436	100.0
2021	100.0	90	100.0	7,182	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

As shown in the following tables, a significant number of the bank's PPP loans had loan amounts of \$100,000 or less, indicating that the bank is most likely helping to serve the needs of small businesses in the assessment area.

Distribution of PPP Loans by Loan Size (2020)				
Loan Size	Count	Percent	Dollar (000s)	Percent
<\$100,000	122	85.9	5,741	60.6
\$100,000 - \$249,999	16	11.3	2,357	24.9
\$250,000 - \$1,000,000	4	2.8	1,368	14.5
Total	142	100.0	9,466	100.0
<i>Source: 1/1/2020-12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0%</i>				

Distribution of PPP Loans by Loan Size (2021)				
Loan Size	Count	Percent	Dollar (000s)	Percent
<\$100,000	68	85.0	2,177	47.2
\$100,000 - \$249,999	10	12.5	1,793	38.8
\$250,000 - \$1,000,000	2	2.5	646	14.0
Total	80	100.0	4,616	100.0
<i>Source: 1/1/2021-12/31/2021 Bank Data. Due to rounding, totals may not equal 100.0%</i>				

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Savings Bank demonstrates adequate responsiveness to the assessment area's community development needs through qualified community development loans, qualified investments and donations, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to the community development needs and opportunities within its assessment area, examiners considered community development activities outside the assessment area, but within a broader or statewide that includes the assessment area.

Community Development Loans

The Savings Bank originated 16 community development loans totaling approximately \$13.2 million during the evaluation period. This activity level represents 1.9 percent of average total assets and 2.7 percent of average net loans over the evaluation period. This represents an increase in the bank's community development lending by number and dollar amount since the prior evaluation. Previously, the bank originated six community development loans for \$3.8 million. The bank's lending helped address the assessment area's need for affordable housing.

Of the 16 loans originated by The Savings Bank during the current evaluation period, 8 loans for approximately \$5.5 million were inside the bank’s assessment area. The remainder, totaling \$7.7 million benefitted a greater statewide area. The Savings Bank’s community development lending exceeded the community development lending of four similarly situated institutions by number and dollar amount.

The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	3	1,789	0	0	0	0	0	0	3	1,789
2021	10	10,661	0	0	1	100	0	0	11	10,761
YTD 2022	1	626	0	0	0	0	0	0	1	626
Total	14	13,076	0	0	1	100	0	0	15	13,176

Source: Bank Data

The following are examples of the bank’s qualified community development loans:

- In 2021, the bank originated a loan with a qualified amount of \$1.8 million to construct a 30-unit condominium complex in Wakefield. Five units were restricted to households earning 80 percent or less of the area median income. This loan helped create affordable housing within the bank’s assessment area.
- In 2021, the bank originated a loan for \$1.4 million to purchase a mixed-use property within a low-income census tract in Lawrence. The property consists of two commercial units and nine residential units. Two units are two bedroom, one is a one bedroom, and six are three bedroom. The rent for all residential units is less than the Housing and Urban Development (HUD) Fair Market Rent. This loan helped to provide affordable housing as well as revitalize and stabilize a low-income geography.
- In 2021, the bank participated in a \$1.1 million revolving line of credit originated to a local Community Development Financial Institution (CDFI). The community development organization used the funds to provide five loans totaling \$343,500 to small businesses in Lawrence who would not have been able to obtain traditional financing. The bank’s participation was \$100,000. The Savings Bank is one of 11 financial institutions participating in this line of credit, which promoted economic development.

Qualified Investments

The Savings Bank made 128 qualified investments for approximately \$2.0 million. This total includes qualified equity investments of approximately \$1.8 million and donations of \$215,950. This equates to 0.3 percent of average total assets and 2.4 percent of average total securities since the prior evaluation. By dollar, qualified investments increased since the previous evaluation, but by number, declined. The increased dollar amount is due to the bank fulfilling numerous requests to address needs resulting from the pandemic. During the previous evaluation, the bank made 199 qualified investments, totaling \$769,000. The Savings Bank’s dollar volume of qualified investments is greater than that of three of the four similarly situated institutions. The bank’s investments and donations demonstrate its responsiveness, particularly to the needs for affordable housing and community services. The donations for community services were particularly responsive to the needs created by the pandemic. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	464	0	0	0	0	0	0	1	464
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	1	1,325	0	0	0	0	0	0	1	1,325
Subtotal	2	1,789	0	0	0	0	0	0	2	1,789
Qualified Grants & Donations	13	14	105	192	8	10	0	0	126	216
Total	15	1,803	105	192	8	10	0	0	128	2,005

Source: Bank Data

The following are notable examples of the bank’s qualified investments:

Equity Investments

Prior Period Investment

- The bank maintains a prior period investment, in a CDFI Fund. The investment fund assists in creating affordable rental housing, providing economic development, and offering flexible home mortgage financing and down payment assistance. As of November 30, 2022, the book value is \$463,710.

Current Period Investment

- In 2022, the bank purchased a mortgage-backed security totaling approximately \$1.3 million. Mortgages to four low- and moderate-income borrowers within the bank’s assessment area secure the loan.

Qualified Donations

- **YWCA of Northeastern Massachusetts** – This non-profit organization based in Lawrence provides various services to low-income women. These services consist of domestic violence support; including an emergency shelter, financial literacy coaching, transitional housing, low-income housing, health services, and after-school programs for children. The donation assisted in providing access to community services.
- **Emmaus, Inc.** – This community-based non-profit organization provides emergency shelter and develops affordable housing in the Lower Merrimack Valley.
- **Mystic Valley Elder Services** – This non-profit organization offers medical services and programs to low- and moderate-income seniors and low-income disabled adults. The organization offers services at either no cost or a sliding scale based on an individual’s ability-to-pay. Throughout the evaluation period, the bank made multiple grants and donations to support this organization. The grants supported the organization’s Money Management Program.

Community Development Services

The Savings Bank employees and trustees provided 148 instances of financial expertise or technical assistance to 22 different community development-related organizations in the assessment area. These community development services included employee or trustee involvement in community development organizations as well as financial education, and other financial services for low- and moderate-income individuals. Of these services, 20 instances pertained to providing affordable housing and 108 assisted with providing community services. The bank provided 65 instances of community development services during the prior evaluation period. The Savings Bank’s performance exceeded that of four similarly situated institutions.

The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
2019	5	32	5	0	42
2020	5	30	4	0	39
2021	5	25	4	0	34
YTD 2022	5	21	7	0	33
Total	20	108	20	0	148

Source: Bank Data

Employee/Trustee Involvement

The Savings Bank employees and trustees participate in local community development organizations and provide financial and technical expertise to the organizations they serve. The following are examples of the organizations that benefited from bank employee/trustee involvement.

- **The Haven Project** – The Haven Project provides direct services to more than 220 homeless young adults in Lynn and the surrounding communities. The Haven Project assists with several needs such as online learning, educational support, and job training and acquisition. A Trustee serves on the organization’s Advisory Committee.
- **Housing Support, Inc.** – This non-profit housing development corporation maintains ten affordable housing properties throughout Merrimack Valley. Each property houses a targeted group of individuals, such as low-income, homeless, and/or handicapped individuals and families. Individuals are grouped so that the non-profit corporation in conjunction with a local community service organization or government agency provides tailored services to meet their specific needs. A Director served as the organization’s President and a Trustee in 2019, 2020, 2021, and 2022.
- **Lawrence Partnership, Inc.** – This economic development organization and CDFI was formed by various entities to create employment opportunities and upward mobility for low- and moderate-income residents. The organization leverages investment capital and technical assistance to support new and small businesses, which traditionally have difficulty accessing financing. Several bank employees participated with the organization during the evaluation period.

Of the bank’s eight full-service locations, one branch is located in a moderate-income census tract. This branch contains a 24-hour drive-thru ATM, which benefits the area’s low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

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

MINORITY APPLICATION FLOW

Division of Bank examiners reviewed the bank's 2020 and 2021 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 350,837 individuals of which 31.5 percent are minorities. The minority population represented is 1.9 percent Black/African American, 4.8 percent Asian, 0.1 percent American Indian, 22.6 percent Hispanic or Latino, and 1.2 percent other.

Examiners compared the bank's application activity with that of the 2020 and 2021 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 following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2020		2020 Aggregate Data	2021		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	6	2.5	5.6	5	2.1	5.8
Black/ African American	2	0.9	2.3	0	0.0	3.1
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	1	0.4	1.5	3	1.3	1.4
Total Racial Minority	9	3.8	9.8	8	3.4	10.7
White	205	86.9	66.3	194	82.5	62.3
Race Not Available	22	9.3	23.9	33	14.1	27.0
Total	236	100.0	100.0	235	100.0	100.0
ETHNICITY						
Hispanic or Latino	10	4.2	10.7	11	4.7	13.8
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.9	1.2	2	0.9	1.3
Total Ethnic Minority	12	5.1	11.9	13	5.6	15.1
Not Hispanic or Latino	196	83.1	64.7	190	80.9	60.1
Ethnicity Not Available	28	11.8	23.4	32	13.5	24.8
Total	236	100.0	100.0	235	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021

In 2020, the bank received 236 home mortgage loan applications from within its assessment area. Of these applications, the bank received nine, or 3.8 percent, from racial minority applicants, of which 5, or 60.0 percent, resulted in originations. The aggregate received 9.8 percent of its applications from minority consumers, of which it originated 62.0 percent. For the same period, the bank also received 12 applications, or 5.1 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, the bank originated seven or 58.0 percent compared with an aggregate application rate of 11.9 percent with a 58.0 percent origination rate.

In 2021, the bank received 235 home mortgage loan applications from within its assessment area. Of these applications, the bank received eight, or 3.4 percent from racial minority applicants, of which five, or 63.0 percent, resulted in originations. The aggregate received 10.7 percent of its applications from minority consumers, of which it originated 60.0 percent. For the same period, the bank also received 13 applications, or 5.6 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, the bank originated 11 or 84.6 percent, compared with an aggregate application rate of 15.1 percent with a 60.0 percent origination rate.

The Savings Bank remains cognizant of its community outreach and marketing strategies to reach all groups within the assessment area. Considering the assessment area's demographic composition, market competition, and comparisons to aggregate data in 2020 and 2021, the bank's minority application flow is adequate.

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.