

# **PUBLIC DISCLOSURE**

July 22, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Provident Bank  
Certificate Number: 90141

5 Market Street  
Amesbury, Massachusetts 01913

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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

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

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## INSTITUTION RATING

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

The Provident Bank's (TPB'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 more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business and home mortgage loans inside the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

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

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated September 26, 2016, to the current evaluation dated July 22, 2019. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate TPB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

### CRA Assessment Areas

The Interstate Banking and Branching Efficiency Act (IBBEA) requires separate discussions and ratings of CRA performance in each Multistate Metropolitan Statistical Area (MSA) and state in which the bank maintains a branch. Examiners assign an overall rating of the bank's overall performance in all these areas combined (referred to as the combined assessment area throughout this evaluation), as well as individual ratings for each state and each Multistate Metropolitan Area. Examiners also determine if a full-scope or limited-scope review should be conducted of the statistical areas. Bank performance is weighted based on the significance of bank lending and qualified community development activities in each area compared to the bank's overall activities, the level of competition, and opportunities in each area.

TPB maintains branches in the Boston-Cambridge-Newton, Massachusetts (MA)–New Hampshire (NH) MSA #14460 (Multistate MSA) and the Manchester-Nashua, NH MSA #31700 (Manchester MSA). As required by IBBEA, examiners performed full-scope reviews of the bank's performance in both assessment areas and provided a Multistate MSA and a NH state rating in addition to an overall CRA rating.

As shown in the following table, a majority of bank lending activity, deposits, and branches exist in the Multistate MSA. Therefore, the bank's performance in the Multistate MSA assessment area received the greatest weight in determining overall ratings.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	#	%	\$(000s)	%	#	%
Multistate MSA	172	87.3	698,642	92.1	6	85.7
Manchester MSA	25	12.7	60,244	7.9	1	14.3
<b>Total</b>	<b>197</b>	<b>100.0</b>	<b>758,886</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>

*Source: Bank Records; FDIC Summary of Deposits (6/30/18);*

### **Loan Products Reviewed**

Examiners determined that the bank's major product line is commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. To a lesser extent, the bank originates home mortgage loans. Small farm and consumer loans do not represent significant business lines offered by TPB; therefore, examiners did not analyze these products. Also, this evaluation does not include any lending activity performed by affiliates. Given the bank's lending strategy and loan volume, its small business lending performance received the greatest weight in determining overall ratings. Commercial loans include loans reported on the Call Report as secured by nonfarm nonresidential properties and commercial and industrial loans.

TPB is not required to report small business loan data and did not; however, the bank collects small business data. In 2016, the bank originated 251 loans totaling approximately \$51.4 million. In 2017, the bank originated 203 loans totaling approximately \$51.1 million. In 2018, the bank originated 185 loans totaling approximately \$57.4 million. This evaluation assesses the bank's 2017 and 2018 performance by comparing it to D&B business demographic data for those years.

The bank originated a small number of Home Mortgage Disclosure Act (HMDA) reportable loans during the evaluation period. The bank originated 28 loans totaling \$17.8 million in 2016. The bank originated 36 loans totaling \$16.9 million in 2017 and 27 loans totaling \$14.3 million in 2018. This evaluation assesses the bank's 2017 and 2018 performance by comparing it to aggregate data and demographics for the respective year. The majority of the bank's HMDA reportable loans do not include income information as the bank extended these loans to non-natural persons; therefore, examiners are unable to draw meaningful conclusions for the Borrower Profile section.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. Although number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated September 26, 2016.

## DESCRIPTION OF INSTITUTION

### **Background**

TPB is headquartered in Amesbury, MA and operates in northeastern MA and southern NH in Essex County, MA; Rockingham County, NH; and Hillsborough County, NH. TPB is owned by Provident Bancorp, Inc., a one-bank holding company also located in Amesbury. TPB operates two wholly owned subsidiaries, Provident Security Corporation and 5 Market Street Security Corporation. Both corporations buy, hold, and sell securities. The institution received a Satisfactory rating at its previous joint FDIC and Division of Banks (Division) Performance Evaluation, dated September 26, 2016, based on Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

TPB operates six full-service branches throughout Essex County, MA and Rockingham County, NH; which are both part of the Multistate MSA. The bank also operates one full-service branch in Hillsborough County, NH, which is part of the Manchester MSA. TPB also has loan production offices (LPOs) in Nashua, NH; Portsmouth, NH; Hingham, MA; Dedham, MA; and Boston, MA. The three MA LPOs are new since the previous evaluation.

### **Operations**

TPB operates six full-service branches throughout Essex County, MA and Rockingham County, NH; which are both part of the Multistate MSA. The bank also operates one full-service branch in Hillsborough County, NH, which is part of the Manchester MSA. TPB also has loan production offices (LPOs) in Nashua, NH; Portsmouth, NH; Hingham, MA; Dedham, MA; and Boston, MA. The three MA LPOs are new since the previous evaluation.

TPB offers various commercial loan products as well as a limited selection of home equity and consumer loan products. The bank also offers a variety of deposit services for businesses and individuals that includes checking, savings, money market deposit accounts, and certificates of deposit, as well as investment advisory and trust services. Alternative banking services include internet and mobile banking, electronic bill pay, and seven bank-owned automated teller machines (ATMs) located at the branches. The bank closed one full-service branch located in Hampton, NH since the prior evaluation. No merger or acquisition activities occurred since the previous evaluation.

### **Ability and Capacity**

Assets totaled approximately \$998 million as of March 31, 2019, and included total loans of \$871 million and securities totaling \$50 million. The loan portfolio is illustrated in the following table.

<b>Loan Portfolio Distribution as of 03/31/19</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	49,763	5.7
Secured by Farmland	1,927	0.2
Secured by 1-4 Family Residential Properties	92,441	10.6
Secured by Multifamily (5 or more) Residential Properties	31,468	3.6
Secured by Nonfarm Nonresidential Properties	294,739	33.9
<b>Total Real Estate Loans</b>	<b>470,338</b>	<b>54.0</b>
Commercial and Industrial Loans	380,912	43.7
Agricultural Loans	0	0.0
Consumer Loans	19,246	2.2
Other Loans	630	0.1
Less: Unearned Income	<b>0</b>	<b>0.0</b>
<b>Total Loans</b>	<b>871,126</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. TPB designated two non-contiguous assessment areas: the Multistate MSA assessment area and the Manchester MSA assessment area. The Multistate MSA assessment area encompasses 48 census tracts in Essex County, MA (10) and Rockingham County, NH (38). The Manchester MSA assessment area encompasses 33 census tracts in Hillsborough County, NH. The bank expanded its Multistate MSA assessment area since the previous evaluation to include 2 additional census tracts in Rockingham County, NH and 14 census tracts in Strafford County, NH.

Please refer to the Multistate MSA and New Hampshire State sections for detail on each assessment area's demographics.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

TPB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 101.7 percent over the past 11 calendar quarters from September 30, 2016, to March 31, 2019. The ratio ranged from a low of 95.0 percent as of March 31, 2017, to a high of 110.2 percent as of September 30, 2019. The ratio gradually increased during the evaluation period. TPB maintained a ratio similar to that of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 03/31/2019 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Provident Bank</b>	<b>998,134</b>	<b>101.7</b>
Bank of New England	946,205	101.3
MutualOne Bank	948,188	106.9

*Source: Reports of Condition and Income 09/30/16 through 03/31/19*

### Assessment Area Concentration

The bank made a majority of small business and home mortgage loans inside its combined assessment area. See the following table.

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										
2016	17	60.7	11	39.3	28	10,750	60.4	7,040	39.6	17,790
2017	22	61.1	14	38.9	36	7,843	46.5	9,023	53.5	16,866
2018	10	37.0	17	63.0	27	4,919	34.3	9,421	65.7	14,340
<b>Subtotal</b>	<b>49</b>	<b>53.8</b>	<b>42</b>	<b>46.2</b>	<b>91</b>	<b>23,512</b>	<b>48.0</b>	<b>25,484</b>	<b>52.0</b>	<b>48,996</b>
Small Business										
2016	164	65.3	87	34.7	251	28,965	56.3	22,462	43.7	51,427
2017	104	51.2	99	48.8	203	20,503	40.1	30,604	59.9	51,107
2018	81	43.8	104	56.2	185	17,453	30.4	39,993	69.6	57,446
<b>Subtotal</b>	<b>349</b>	<b>54.6</b>	<b>290</b>	<b>45.4</b>	<b>639</b>	<b>66,921</b>	<b>41.8</b>	<b>93,059</b>	<b>58.2</b>	<b>159,980</b>
<b>Total</b>	<b>398</b>	<b>54.5</b>	<b>332</b>	<b>45.5</b>	<b>730</b>	<b>90,433</b>	<b>43.3</b>	<b>118,543</b>	<b>56.7</b>	<b>208,976</b>
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2018</i> <i>HMDA Evaluation Period: 1/1/2016 - 12/31/2018</i> <i>Small Business Evaluation Period: 1/1/2017 - 12/31/2018</i> <i>Due to rounding, totals may not equal 100.0</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion. Excellent performance of small business lending in the Multistate MSA assessment area and adequate performance in the Manchester MSA assessment area supports this conclusion. The individual assessment area sections include detailed analysis and comparisons to demographic and aggregate data.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. This conclusion is supported by consistent performance of small business lending in both assessment areas. The individual assessment area sections include detailed analysis and comparisons to demographic data.

### **Response to Complaints**

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

### **COMMUNITY DEVELOPMENT TEST**

TPB demonstrated adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and

availability of such opportunities. This conclusion is primarily supported by adequate responsiveness in the Multistate MSA and Manchester MSA assessment areas. For detail and examples regarding specific community development activities for each assessment area, please refer to the Community Development Test under the Multistate MSA and New Hampshire State sections.

### **Community Development Lending**

The bank made 17 community development loans for approximately \$6.3 million that primarily benefitted the bank's assessment areas or a broader statewide or regional area. The bank originated four community development loans that benefitted a broader statewide or regional area including both assessment areas. The bank also originated seven community development loans totaling \$36.2 million outside of the assessment areas. Total CD loans represent 0.7 percent of average total assets and 0.9 percent of average total loans since the last examination.

The following illustrates community development loans to organizations that serve a broader statewide or regional area.

- The bank made two community development loans in 2017 and 2018 totaling \$4.0 million to a Community Development Financial Institution (CDFI). The CDFI provides financing and educational tools for low- and moderate-income individuals throughout NH.
- The bank made two community development loans in 2016 and 2017 totaling \$36,999 to a residential facility that helps homeless mothers battling substance abuse. This organization is one of two NH residential centers serving this population of low-income individuals.

### **Qualified Investments**

TPB made no new equity investments during the current evaluation period; however, the bank continues to hold three prior period investments. Prior period investments include one economic development investment in a Small Business Investment Company (SBIC) fund and two affordable housing investments in CRA-targeted mortgage backed securities. These investments target a greater statewide area that includes the bank's assessment areas. The investment's current book value is approximately \$2.0 million. The bank also made 105 qualified donations and grants totaling approximately \$495,000 during the evaluation period for a combined total of approximately \$2.5 million. This equates to 0.2 percent of average total assets and 2.9 percent of average total securities since the last evaluation.

### **Community Development Services**

During the evaluation period, TPB employees provided 25 instances of financial expertise or technical assistance to 13 different community development organizations that provide economic development, affordable housing, and community services throughout the bank's assessment areas.

In addition, the bank operates a full-service branch with a deposit taking ATM in a moderate-income census tract in the combined assessment area. This branch demonstrates the availability of banking services to low- and moderate-income individuals.

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

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

## MULTISTATE METROPOLITAN STATISTICAL AREA

*(Full-Scope Review)*

**CRA RATING FOR THE MULTISTATE MSA: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MULTISTATE MSA

TPB operates six, or 85.7 percent, of its branch offices in the Multistate MSA. The Multistate MSA assessment area consists of 48 census tracts throughout Essex County, MA (10), Rockingham County, NH (24), and Strafford County, NH (14). These census tracts reflect the following income designations:

- 11 moderate-income census tracts,
- 25 middle-income census tracts, and
- 12 upper-income census tracts.

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

Demographic Information of the Assessment Area						
Assessment Area: Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	0.0	22.9	52.1	25.0	0.0
Population by Geography	205,179	0.0	21.3	55.6	23.0	0.0
Housing Units by Geography	92,882	0.0	25.3	52.8	21.9	0.0
Owner-Occupied Units by Geography	55,091	0.0	18.2	57.2	24.6	0.0
Occupied Rental Units by Geography	28,365	0.0	32.1	51.5	16.5	0.0
Vacant Units by Geography	9,426	0.0	46.6	31.3	22.1	0.0
Businesses by Geography	18,869	0.0	18.8	56.9	24.3	0.0
Farms by Geography	492	0.0	15.9	56.9	27.2	0.0
Family Distribution by Income Level	51,047	19.3	18.2	21.9	40.6	0.0
Household Distribution by Income Level	83,456	24.8	16.4	19.1	39.6	0.0
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$100,380	Median Housing Value			\$319,223
Median Family Income MSA - 40484 Rockingham County- Strafford County, NH MD		\$90,150	Median Gross Rent			\$1,071
			Families Below Poverty Level			4.4%
<i>Source: 2015 ACS Data, 2018 D&amp;B Data, FFIEC Estimated Median Family Income:</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.</i>						

According to 2018 D&B data, 18,869 non-farm businesses operate in the Multistate MSA assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 82.0 percent have \$1.0 million or less,
- 7.1 percent have more than \$1.0 million, and
- 10.9 percent have unknown revenues.

Service industries represent the largest portion of businesses at 44.7 percent; followed by retail trade (14.2 percent); non-classifiable establishments (9.9 percent); and finance, insurance, and real estate (8.8 percent). In addition, 66.0 percent of area businesses have four or fewer employees and 87.8 percent operate from a single location.

According to the Bureau of Labor Statistics, the average unemployment rate in 2018 was 3.4 percent in Essex County, MA; 2.8 percent in Rockingham County, NH; and 2.3 percent in Strafford County, NH. County levels are similar to the MA statewide rate (3.3 percent) and NH statewide rate (2.5 percent) and are lower than the national rate (3.9 percent). The

unemployment rate in this assessment area has declined slightly throughout the evaluation period. Major employers in this assessment area are generally concentrated in Portsmouth, NH and include the U.S. State Department's Portsmouth Consular Center, HCA Portsmouth Regional Hospital, and Liberty Mutual Insurance.

### ***Competition***

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2018, 23 financial institutions operated 92 offices in this assessment area. Of these, TPB ranked 4<sup>th</sup> with a 9.0 percent branch office market share. TD Bank, N.A. ranked 1<sup>st</sup> with 20.1 percent market share, followed by Citizens Bank, N.A. with 17.4 percent market share, and Institution for Savings in Newburyport and Its Vicinity with 14.1 percent market share.

As previously referenced in the Scope of the Evaluation section, the small business loans analysis under the Lending Test does not include comparisons of the bank's small business lending activity with aggregate data. However, since aggregate data reflects the level of demand for small business loans, it is used here to illustrate loan competition. TPB faces a high level of competition for small business loans from national banks and other community banks. In 2017, 127 lenders originated 26,802 small business loans for approximately \$838.6 million in Essex County, MA; Rockingham County, NH; and Strafford County, NH. American Express, FSB was the predominant small business lender with 24.5 percent market share by loan volume. American Express is a credit card lender with an average loan size of \$12,000. The next highest lenders by volume were Capital One Bank, N.A.; Bank of America, N.A.; and Citibank, N.A., which are also large credit card lenders.

Although TPB does not compete for home mortgage lending as part of its business strategy, it originates business purpose loans that are HMDA reportable. National and community banks, mortgage companies, and credit unions also originate home mortgage loans in the assessment area. In 2017, 327 institutions reported 7,253 home mortgage loans originated or purchased, for approximately \$2.2 billion. TPB reported 20 loans and ranked 64<sup>th</sup> with 0.3 percent market share by number. The three most prominent lenders in the assessment area were Wells Fargo Bank, N.A.; FBC Lendus, LLC; and JPMorgan Chase Bank, N.A.

### ***Community Contact***

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

Examiners referenced information provided by a prior contact with an economic development organization in the Multistate MSA assessment area. The contact identified the need for small business gap financing. Grants are available for small businesses; however, these grants do not fully address the credit needs of assessment area small businesses. Overall, the contact indicated that local financial institutions have been responsive to the credit and community development needs.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. This conclusion is supported by community contact information and demographic and economic data. Opportunity exists for originating such loans across the assessment area, which contains more than 15,000 businesses with GARs of \$1 million or less.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MULTISTATE MSA**

### **LENDING TEST**

TPB demonstrated reasonable performance under the Lending Test in the Multistate MSA assessment area. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Multistate MSA assessment area. The bank's excellent performance of small business and reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts.

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

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows that the bank's performance in moderate-income census tracts exceeded business demographics during 2017 and 2018 with an increased percentage in 2018.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: Multistate MSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2017	0.0	0	0.0	0	0.0
2018	0.0	0	0.0	0	0.0
<b>Moderate</b>					
2017	18.8	20	21.1	3,642	19.2
2018	18.8	22	32.8	4,489	30.7
<b>Middle</b>					
2017	56.9	55	57.9	10,366	54.8
2018	56.9	36	53.7	8,382	57.3
<b>Upper</b>					
2017	24.2	20	21.1	4,918	26.0
2018	24.3	9	13.4	1,760	12.0
<b>Not Available</b>					
2017	0.0	0	0.0	0	0.0
2018	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2017</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>18,926</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>	<b>14,631</b>	<b>100.0</b>
<i>Source: 2017 &amp; 2018 D&amp;B Data; 1/1/2017 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

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

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. During 2017, of the 20 loans originated in this area, the bank extended 8 (40.0 percent) in the moderate-income tracts. Lending in the moderate-income census tracts exceeded the aggregate (20.7 percent) and demographics (8.2 percent). In 2018, despite a decline in volume to 10 loans, 2 (20.0 percent) were in the moderate-income census tracts in line with demographics.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the assessment area. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

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

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Lending to businesses with GARs of \$1 million or less was less than demographics each year. A review of 2017 aggregate data to gauge loan demand shows that the bank's lending was in line with loan demand. Aggregate data for 2018 is not available. Further, performance shows a positive trend from 2017 to 2018.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Multistate MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2017	81.9	37	38.9	5,894	31.1
2018	82.0	31	46.3	5,307	36.3
<b>&gt;\$1,000,000</b>					
2017	7.3	44	46.3	12,544	66.3
2018	7.1	33	49.3	8,900	60.8
<b>Revenue Not Available</b>					
2017	10.8	14	14.7	488	2.6
2018	10.9	3	4.5	424	2.9
<b>Totals</b>					
<b>2017</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>18,926</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>	<b>14,631</b>	<b>100.0</b>
<i>Source: 2017 &amp; 2018 D&amp;B Data; 1/1/2017 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

### **COMMUNITY DEVELOPMENT TEST**

TPB demonstrated adequate responsiveness to the community development needs of the Multistate MSA 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.

### **Community Development Lending**

During the evaluation period, the bank originated 11 loans for \$2.1 million in the assessment area. Of the 11 loans, 7 totaling \$1.215 million promoted economic development and 4 totaling \$925,000 provided community services in the assessment area.

Examples of community development lending in this assessment area follow.

- In 2017 and 2018, the bank originated four loans totaling \$925,000 to an organization that provides transitional housing, meals, healthcare, and support to those facing homelessness in Rockingham and Strafford Counties, NH. Two loans were in 2017 and two were in 2018.
- The bank made seven Small Business Administration (SBA) 504 loans totaling \$1.2 million in the Multistate MSA assessment area during the evaluation period. Two loans were in 2016, four in 2017, and one in 2019. The SBA 504 loan program is an economic development loan program that offers small businesses financing, while promoting business growth and job creation.

### **Qualified Investments**

TPB did not make any new equity investments during the current evaluation period in this assessment area. The bank made 90 donations totaling approximately \$435,000 that directly benefitted the Multistate MSA assessment area. During the evaluation period, the bank made 8 donations for \$30,000 that supported affordable housing, 75 donations for \$220,000 that supported community services, and 7 donations for \$185,000 for economic development initiatives.

The following are examples of qualified donations made in the Multistate MSA.

- **The Pettengill House, Inc.** – TSB made multiple donations to The Pettengill House, Inc. during the evaluation period. The Pettengill House, Inc. provides various community services to low- and moderate-income individuals, children, and families. The organization’s primary goal is to provide access to food, clothing, shelter, health, and safety while promoting independence and self-sufficiency.
- **Our Neighbors’ Table** – Our Neighbor’s Table is a community service organization that provides a food pantry, weekly meals, grocery services, and emergency food assistance to low- and moderate-income families. Their grocery program provides fresh food and toiletries to more than 500 households a week in Amesbury, Boxford, Byfield, Georgetown, Groveland, Merrimac, Newbury, Newburyport, Rowley, Salisbury, South Hampton, and West Newbury, MA.
- **Cross Roads House** – Cross Roads House is a community service organization that provides emergency and transitional shelter to homeless men, women, and children living on the NH Seacoast. Cross Roads House also provides homeless families and individuals with guidance to support their return to permanent housing.
- **Community Services of Newburyport, Inc.** – Community Service of Newburyport, Inc. is a community service organization that provides access to personal care items, clothing, transportation vouchers, utility assistance, and medical assistance for children, individuals, and families in need from Newburyport and the surrounding communities.

## **Community Development Services**

A majority of the bank's community development services were in the Multistate MSA assessment area. Over the evaluation period, employees provided 15 instances of financial and technical expertise to five community development organizations in the Multistate MSA. Of these 15 instances, 4 supported affordable housing (one each year) and 11 supported community services (one in 2017, seven in 2018, and three in 2019).

The following are examples of the bank's community development services in the Multistate MSA assessment area.

- **Coastal Economic Development Corporation (CEDC)** - A senior management member serves on the Board. The CEDC is a regional non-profit economic development corporation that serves the NH seacoast communities. The organization helps small businesses create or retain jobs by financing economic development projects.
- **Portsmouth Housing Authority** - In 2018, an assistant vice president provided Identity Theft and Elder Abuse seminars in conjunction with The Portsmouth Housing Authority. The seminars provided information on Identity Theft, various types of scams, and privacy protection. The seminars primarily benefitted low- and moderate-income residents of two of the agency's income- and age-restricted housing developments.
- **Granite United Way** - A senior vice president serves on the Board. This organization provides opportunities for children to learn and succeed in school, helps families and individuals become financially stable, and ensure access to health care. A majority of individuals served are low- and moderate-income.

## **NEW HAMPSHIRE**

*(Full-Scope Review)*

**CRA RATING FOR NEW HAMPSHIRE: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MANCHESTER MSA**

TPB operates one, or 14.3 percent, of its 7 branch offices in the Manchester MSA. The Manchester MSA assessment area includes 33 census tracts in Hillsborough County, NH. These census tracts reflect the following income designations:

- 4 low-income census tracts,
- 15 moderate-income census tracts,
- 8 middle-income census tracts,

- 5 upper-income census tracts, and
- 1 census tract with no income designation (Manchester Regional Airport).

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

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Manchester MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	33	12.1	45.5	24.2	15.2	3.0
Population by Geography	131,798	9.2	40.7	29.2	20.9	0.0
Housing Units by Geography	56,703	9.4	44.1	28.2	18.2	0.0
Owner-Occupied Units by Geography	27,957	3.0	30.2	36.8	29.9	0.0
Occupied Rental Units by Geography	24,571	15.3	58.8	19.7	6.2	0.0
Vacant Units by Geography	4,175	17.7	50.8	20.7	10.7	0.0
Businesses by Geography	9,655	5.8	41.4	23.8	27.7	1.3
Farms by Geography	143	2.8	29.4	35.0	32.2	0.7
Family Distribution by Income Level	32,059	25.9	19.4	21.3	33.3	0.0
Household Distribution by Income Level	52,528	30.2	17.1	19.0	33.7	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$85,966	Median Housing Value			\$225,995
			Median Gross Rent			\$1,020
			Families Below Poverty Level			9.1%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2018 D&B data, 9,655 non-farm businesses operate in the Manchester MSA assessment area. The following reflects GARs for these businesses.

- 80.1 percent have \$1.0 million or less,
- 7.8 percent have more than \$1.0 million, and
- 12.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 45.5 percent; followed by retail trade (13.6 percent); finance, insurance, and real estate (10.7 percent); and non-classifiable establishments (9.4 percent). In addition, 63.6 percent of area businesses have four or fewer employees, and 85.9 percent operate from a single location.

According to the Bureau of Labor Statistics, the average unemployment rate in 2018 was 2.6 percent in Hillsborough County, NH. This level is similar to NH statewide rate of 2.5 percent and lower than the national rate of 3.9 percent. The unemployment rate in the assessment area has declined slightly throughout the evaluation period. Major employers in the assessment area include Elliott Hospital, Southern NH University, and Catholic Medical Center.

### ***Competition***

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2018, 14 financial institutions operated 34 offices in the assessment area. Of these, TPB ranked 9<sup>th</sup> with a 0.8 percent branch office market share. The top three banks were Citizens Bank, N.A.; Bank of America, N.A.; and TD Bank, N.A. Collectively, these three banks held 87.4 percent of market share.

As previously referenced in the Scope of the Evaluation section, the small business loans analysis under the Lending Test does not include comparisons of the bank's small business lending activity with aggregate data. However, since aggregate data reflects the level of demand for small business loans, it is used here to illustrate loan competition. TPB faces a high level of competition for small business loans from national banks and other community banks in the assessment area. In 2017, 82 lenders originated 8,187 small business loans for approximately \$259.4 million in Hillsborough County, NH. American Express, FSB was the predominant small business lender with 21.6 percent market share by loan volume. American Express is a credit card lender with average loan size of \$13,000. The next highest lenders by volume were Citibank, N.A.; Capital One Bank, N.A.; and Chase Bank USA, N.A., which are also credit card lenders.

Although TPB does not compete for home mortgage lending as part of its business strategy, it originates business purpose loans that are HMDA reportable. National and community banks, mortgage companies, and credit unions originate home mortgage loans in the assessment area. In 2017, 225 institutions reported 4,204 home mortgage loans originated or purchased, for approximately \$968.0 million. TPB reported two loans and ranked 151<sup>st</sup> with 0.1 percent market share by number. The three most prominent lenders in the assessment area were Residential Mortgage Service; Wells Fargo Bank, N.A.; and Saint Mary's Bank Credit Union. Together, these lenders originated or purchased 25.1 percent of all reported home mortgage loans in the assessment area.

### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine the availability of credit and community development opportunities and whether local financial institutions sufficiently respond to these needs.

Examiners contacted a representative of an affordable housing and neighborhood stabilization agency operating in the Manchester MSA. The contact noted that affordable mortgages, small business loans, and small dollar loans would be very useful in the region. Institutions providing niche products that do not conform to secondary market requirements would allow for more flexibility in providing loans to low- and moderate-income individuals and families.

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

Based on information from the community contact and demographic and economic data, examiners determined that affordable housing represents a primary need in the assessment area. Providing financial education and literacy to low- and moderate-income residents represent other opportunities.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE MANCHESTER MSA**

### **LENDING TEST**

TPB demonstrated reasonable performance under the Lending Test in the Manchester MSA assessment area. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Manchester MSA assessment area. The bank's reasonable performance of small business lending primarily supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2017, of the nine small business originations in this assessment area, there were none in the low-income tracts and five in the moderate-income tracts. Lending in the moderate-income census tracts represented 55.6 percent of overall lending and performance exceeded demographics at 41.7 percent. In 2018, of the 14 originations in this area, 2 (14.3 percent) were in the low-income tracts and 7 (50.0 percent) were in the moderate-income tracts. Performance in the low- and moderate-income census tracts improved from 2017 and exceeded demographics (41.7 percent and 41.4 percent, respectively) in 2018.

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

TPB made two home mortgage loans in the assessment area in 2017, and none in 2018. In 2017, the bank extended one loan in a low-income census tract and the other, in a moderate-income tract. Although the percentage of loans made in low- and moderate-income census tracts exceeded aggregate performance, the volume of loans in this assessment area does not support meaningful analysis. Examiners placed little weight on conclusions in this area.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes throughout the Manchester MSA assessment area. The bank's reasonable performance of small business lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

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

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. In 2017, of the nine small business loans in this area, three (80.1 percent) were to businesses with GARs of \$1 million or less. In 2018, of the 14 originations in this area, seven (50.0 percent) were to businesses with GARs of \$1 million or less. Lending to businesses with GARs of \$1 million or less was less than demographics (80.1 percent) each year. A review of 2017 aggregate data to gauge loan demand shows that the bank's lending was in line with loan demand. Aggregate data for 2018 is not available. Further, performance shows a positive trend from 2017 to 2018.

## **COMMUNITY DEVELOPMENT TEST**

TPB demonstrated adequate responsiveness to the community development needs of the Manchester MSA 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.

### **Community Development Lending**

TPB made two community development loans totaling \$105,226 in the Manchester MSA assessment area. The loans were to an organization located in a low-income census tract in Manchester, NH that provides services to individuals with intellectual and developmental disabilities. A majority of these individuals are low- and moderate-income and receive Medicaid.

### **Qualified Investments**

The bank made 15 donations totaling approximately \$59,000 that directly benefited the Manchester MSA assessment area. A majority of the donations (13) helped provide community services to low- and moderate-income individuals. In addition, the bank made a \$25,000 donation for economic development and another, for \$1,000 for affordable housing. TPB did not make any new equity investments during the current evaluation period in this assessment area.

The following are examples of qualified donations in the Manchester MSA.

- **The Front Door Agency** - The Front Door Agency assists individuals and families at risk of homelessness by providing community services and programs. The Front Door Agency offers financial assistance with rent, utilities, and heating, and security deposit loans through the Housing Security Guarantee Program. This program helps low- and moderate-income families secure a permanent residence without the barrier of a high security deposit.
- **Family Promise of Southern New Hampshire** - This organization provides emergency housing to families experiencing homelessness or near homelessness. In addition, the

organization provides financial literacy, childcare, transportation, and workforce development services. A majority of individuals served are low- or moderate-income.

### **Community Development Services**

During the evaluation period, employees provided 10 instances of financial expertise or technical assistance to 8 community development organizations located in the Manchester MSA assessment area. All, but one, helped provide community services to low- and moderate-income individuals. There was one in 2016, three in 2017, three in 2018, and two in 2019. The remaining instance in 2017 was for economic development.

The following are examples of services provided in this area.

- **Moore Center** - A senior vice president serves on the Board. This non-profit community service organization provides a variety of services to individuals with disabilities. Approximately 99.0 percent of individuals served are low- or moderate-income and receive Medicaid.
- **Boys and Girls Club of Manchester** - Employees provided two financial literacy seminars to children from the Boys and Girls Club of Manchester. Topics covered savings accounts and budgeting. The majority of children are low- and moderate-income. This service also meets a financial education need noted by the community contact.

## **APPENDIX**

### **FAIR LENDING POLICIES AND PROCEDURES**

Examiners reviewed the bank's fair lending performance to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-1.06, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of anti-discrimination laws and regulations.

## 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

**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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

**Community Development Loan:** A loan that

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

**Community Development Service:** A service that

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

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

**Core Based Statistical Areas (CBSAs):** 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).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

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

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

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

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

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area:** 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[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.