

# **PUBLIC DISCLOSURE**

May 30, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Androscoggin Savings Bank  
Certificate Number: 17751

30 Lisbon Street  
Lewiston, Maine 04240

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

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 federal financial supervisory agency 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.

Androscoggin Savings Bank's (ASB) satisfactory Community Reinvestment Act (CRA) performance under both 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 areas' credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment areas'.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test.

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

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

## **DESCRIPTION OF INSTITUTION**

### **Background**

ASB is a Maine-chartered, mutual savings bank established in 1870, wholly owned by Androscoggin Bancorp, Mutual Holding Company and headquartered in Lewiston, Maine (ME). The bank operates within Androscoggin, Cumberland, Franklin, Kennebec, Oxford, and Sagadahoc Counties. Portland Trust Company, a wholly owned subsidiary, provides investment, trust, and estate services to ASB's customer base. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 25, 2019, based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

### **Operations**

ASB operates 11 full-service branches, a commercial banking office, and a business development center in Southern ME. In addition to the main office in Lewiston, the full-service branches are located in Auburn (2), Lewiston, Gray, Brunswick, Jay, Lisbon Falls, Portland, South Paris, and Turner. The main office in Lewiston is located in a low-income census tract. The Brunswick and Portland branches are located in moderate-income census tracts. The business development center located in Scarborough handles commercial lending, business, and government services and is not a retail location. Since the previous evaluation, the bank closed one full-service branch in Brunswick in a moderate-income census tract and opened one messenger service branch, initially operating out of the existing Gray branch location, both located within Cumberland County.

ASB continues to offer consumer, business, and government banking products. Consumer lending products include conventional fixed- and adjustable-rate mortgages, construction loans, home equity loans and lines of credit, automobile loans, personal loans, and credit cards. In addition, the bank provides trust, estate, and investment services to its customers. Business lending products include small business and commercial term loans, commercial mortgages, lines of credit, and U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loans. Government lending products include general obligation bonds, tax anticipation notes, municipal leases, and bond anticipation loans. The bank also offers consumer, business, and government deposit products, such as checking and savings accounts, and certificates of deposit. Alternative banking services include automatic teller machines (ATMs), online banking and bill pay, mobile banking deposit, person-to-person payments, Visa Checkout, business and government online banking, and eDeposit.

### **Ability and Capacity**

As of March 31, 2022, ASB had total assets of approximately \$1.3 billion, which included total loans of approximately \$1.1 billion and total securities of approximately \$167.4 million. In addition, the bank had total deposits of approximately \$1.2 billion. The bank continues to primarily be a commercial lender; however, its residential loan portfolio increased since the previous examination. Commercial loans, including loans secured by commercial real estate and commercial and industrial loans, account for the largest portion of the loan portfolio at 49.8 percent. Residential loans, including multi-family loans, represent 42.6 percent of the loan portfolio. The loan portfolio distribution remained relatively stable since the last evaluation. The following table illustrates the

loan portfolio composition as of March 31, 2022.

| <b>Loan Portfolio Distribution as of 3/31/22</b>          |                  |              |
|---|------------------|--------------|
| <b>Loan Category</b>                                      | <b>\$(000s)</b>  | <b>%</b>     |
| Construction and Land Development                         | 28,776           | 2.7          |
| Secured by Farmland                                       | 2,264            | 0.2          |
| Secured by 1-4 Family Residential Properties              | 404,022          | 37.4         |
| Secured by Multifamily (5 or more) Residential Properties | 56,673           | 5.2          |
| Secured by Nonfarm Nonresidential Properties              | 421,967          | 39.0         |
| <b>Total Real Estate Loans</b>                            | <b>913,702</b>   | <b>84.5</b>  |
| Commercial and Industrial Loans                           | 117,124          | 10.8         |
| Agricultural Loans  | 0                | 0.0          |
| Consumer Loans  | 1,660            | 0.2          |
| Other Loans   | 29,534           | 2.7          |
| Less: Unearned Income                                     | 19,010           | 1.8          |
| <b>Total Loans</b>  | <b>1,081,030</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 examiners will evaluate its CRA performance. ASB designated three contiguous assessment areas consisting of 131 census tracts; 80 census tracts within the Portland-South Portland, ME Metropolitan Statistical Area (MSA); 32 census tracts within the Lewiston-Auburn, ME MSA; and 19 census tracts within the Non-MSA of Maine. ASB's assessment areas include all of Androscoggin County and portions of Cumberland, Franklin, Kennebec, Oxford, and Sagadahoc Counties. There are no underserved, distressed, or designated disaster areas in the combined assessment area. Please refer to the full-scope assessment areas for more detail on economic and demographic characteristics.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated February 25, 2019, to the current evaluation dated May 30, 2022. Examiners used ISI Examination Procedures to evaluate ASB's CRA performance. These 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 obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

## **Activities Reviewed**

Examiners determined that ASB's major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer represent a major product line; therefore, they provide no material support for conclusions or ratings and are not presented.

The evaluation considered all home mortgage loans reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure (HMDA) Loan Application Registers (LARs). In 2019, the bank reported 327 originations totaling \$102.2 million. In 2020, the bank reported 791 originations totaling \$266.4 million. Lastly, in 2021 the bank reported 625 originations totaling \$245.0 million. This increase can be attributed to the low interest rate environment in 2020. Examiners compared the bank's home mortgage lending performance to 2019 and 2020 aggregate HMDA data, and to the 2015 American Community Survey (ACS) demographic data.

In evaluating the bank's performance under the Lending Test, examiners considered all small business loans originated in 2019, 2020, and 2021. As an ISI, the bank is not required to, and did not, report small business loans. However, the bank collects small business loan data for its own purposes. A small business loan has an original loan amount of \$1.0 million or less secured by nonfarm nonresidential properties or classified as a commercial and industrial loan as reported on the bank's Consolidated Report of Condition and Income (Call Report). In 2019, the bank originated 247 small business loans totaling \$50.2 million. In 2020, the bank originated 849 small business loans totaling \$116.0 million. In 2021, the bank originated 660 small business loans totaling \$107.1 million. Since the bank is not a small business reporter, examiners did not use small business aggregate data for comparison. Examiners compared the institution's performance to D&B demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of small business loans and home mortgage loans. Although this evaluation presents number and dollar volume of loans, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses and individuals served. Additionally, home mortgage lending received greater weight, due to the greater dollar volume, even though number of loans was comparable.

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 February 25, 2019. Examiners considered the institution's capacity and the need and availability of such community development opportunities in the combined assessment area.

## **Interstate Banking and Branching Efficiency Act (IBBEA)**

ASB operates six branches in the Lewiston-Auburn, Maine (ME) MSA, four branches in the Portland-South Portland, ME MSA, and two branches in the Non-MSA. IBBEA requires separate discussions and conclusions for each MSA and Non-MSA in which the bank operates a branch. For this evaluation, examiners assigned one combined CRA rating and presented conclusions for the

combined assessment area, which includes both MSAs and the Non-MSA. Examiners conducted full-scope evaluations of performance in the Lewiston-Auburn, ME MSA and the Portland-South Portland, ME MSA; however, as these MSAs are part of the Portland-Lewiston-South Portland Combined Statistical Area (CSA) and examiners did not identify anomalies in the bank's lending in the two MSAs, examiners presented one conclusion for the CSA. Examiners also conducted a full-scope evaluation and presented conclusions for the bank's performance in the Non-MSA assessment area. Due to the distribution of branches, deposits, and lending activity, examiners applied more weight to the CSA assessment area when determining the combined rating and conclusions.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

ASB demonstrated reasonable performance under the Lending Test. Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion. Overall performance is consistent with the conclusions for each rated area.

#### **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 93.2 percent over the past 12 quarters from June 3, 2019, to March 31, 2021. The ratio ranged from a low of 85.0 percent as of December 31, 2020, to a high of 103.0 percent as of June 30, 2020. The ratio fluctuated during the evaluation period, with a decline from 2019 to 2020, and started increasing in 2021 to 2022. This trend in LTD ratios of similarly situated institutions was comparable to ASB. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

| <b>Loan-to-Deposit Ratio Comparison</b>                                 |  |  |
|---|--|--|
| <b>Bank</b>   | <b>Total Assets as of<br/>3/31/2022<br/>(\$000s)</b> | <b>Average Net LTD<br/>Ratio<br/>(%)</b> |
| <b>Androscoggin Savings Bank</b>  | <b>1,361,626</b>                                     | <b>93.2</b>                              |
| Maine Community Bank  | 1,002,149  | 103.4                                    |
| Saco & Biddeford Savings  | 1,158,500  | 110.6                                    |
| Kennebec Savings Bank   | 1,471,217  | 110.1                                    |
| <i>Source Reports of Condition and Income 06/30/19 through 03/31/22</i> |  |  |

## **Assessment Area Concentration**

The bank originated a majority of its total home mortgage and small business loans by number and dollar volume, within its combined assessment area. See the following table.

| Lending Inside and Outside of the Assessment Area<br>Combined Assessment Area |                 |      |         |      |                |                                 |      |         |      |                       |
|---|-----------------|------|---------|------|----------------|---------------------------------|------|---------|------|-----------------------|
| Loan Category   | Number of Loans |      |         |      | Total<br><br># | Dollar Amount of Loans \$(000s) |      |         |      | Total<br><br>\$(000s) |
|   | Inside          |      | Outside |      |                | Inside                          |      | Outside |      |                       |
|   | #               | %    | #       | %    |                | \$                              | %    | \$      | %    |                       |
| Home Mortgage   |                 |      |         |      |                |                                 |      |         |      |                       |
| 2019  | 254             | 77.7 | 73      | 22.3 | 327            | 82,120                          | 80.4 | 20,045  | 19.6 | 102,165               |
| 2020  | 581             | 73.5 | 210     | 26.5 | 791            | 206,795                         | 77.6 | 59,626  | 22.4 | 266,422               |
| 2021  | 430             | 68.8 | 195     | 31.2 | 625            | 172,652                         | 70.5 | 72,317  | 29.5 | 244,969               |
| Subtotal  | 1,265           | 72.6 | 478     | 27.4 | 1,743          | 461,568                         | 75.2 | 151,988 | 24.8 | 613,555               |
| Small Business  |                 |      |         |      |                |                                 |      |         |      |                       |
| 2019  | 205             | 83.0 | 42      | 17.0 | 247            | 38,134                          | 76.0 | 12,014  | 24.0 | 50,148                |
| 2020  | 595             | 70.1 | 254     | 29.9 | 849            | 83,394                          | 71.9 | 32,609  | 28.1 | 116,003               |
| 2021  | 548             | 83.0 | 112     | 17.0 | 660            | 81,333                          | 76.0 | 25,739  | 24.0 | 107,072               |
| Subtotal  | 1348            | 76.8 | 408     | 23.2 | 1,756          | 202,861                         | 74.2 | 70,362  | 25.8 | 273,223               |
| Total   | 2,613           | 74.7 | 886     | 25.3 | 3,499          | 664,429                         | 74.9 | 222,350 | 25.1 | 886,778               |
| Source Bank Data<br>Due to rounding, totals may not equal 100.0%              |                 |      |         |      |                |                                 |      |         |      |                       |

## **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the combined assessment area. The bank's reasonable performance of home mortgage and small business lending in the CSA and Non-MSA assessment areas supports this conclusion.

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

The bank's geographic distribution of home mortgage loans reflects reasonable dispersion throughout the combined assessment area. The bank's reasonable performance in the CSA and Non-MSA assessment areas supports this conclusion. Please refer to the full-scope assessment area evaluations for more detail.

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

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the combined assessment area. The bank's reasonable performance in the CSA and the Non-MSA assessment areas support this conclusion. Please refer to the full-scope assessment area evaluations for more detail.



## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes throughout the combined assessment area. The bank's reasonable performance of home mortgage and small business lending in the CSA and Non-MSA assessment areas supports this conclusion.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's reasonable performance in the CSA and Non-MSA assessment areas supports this conclusion. Please refer to the full-scope assessment area evaluations for more detail.

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

The distribution of small business loans reflects reasonable penetration of loans to businesses with gross annual revenues (GAR) of \$1.0 million or less throughout the combined assessment area. The bank's reasonable performance in the CSA and the Non-MSA assessment areas support this conclusion. Please refer to the full-scope assessment area evaluations for more detail.

## **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

ASB demonstrated adequate responsiveness to the community development needs of its combined 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. The bank's performance in the CSA assessment area contributed more weight to the overall conclusion than performance in the Non-MSA assessment area. Overall performance is consistent with the conclusions for each rated area.

### **Community Development Loans**

ASB originated 24 community development loans (CDLs) totaling approximately \$21.9 million during the evaluation period. Community development lending represents 1.8 percent of average total assets and 2.2 percent of average total loans since the prior CRA evaluation. The bank's performance increased since the previous evaluation when the bank made 20 loans for 13.3 million representing 1.4 percent of average total assets and 1.7 percent of average total loans. This performance shows the institution's responsiveness to opportunities for community development lending.

The bank's community development lending includes eight loans totaling approximately \$750,000 that served a broader statewide or regional area including the combined assessment area. These community development loans primarily benefitted organizations that provide community services to low- and moderate-income individuals.

The following table presents the bank's community development loans by assessment area and purpose.

| <b>Community Development Qualified Loans by Assessment Area<br/>Combined Assessment Area</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area</b>   | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|  | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| CSA  | 3                         | 5,259           | 2                         | 1,798           | 2                           | 8,261           | 2                              | 4,579           | 9             | 19,897          |
| Non-MSA  | 0                         | 0               | 7                         | 1,222           | 0                           | 0               | 0                              | 0               | 7             | 1,222           |
| Outside AA   | 0                         | 0               | 8                         | 750             | 0                           | 0               | 0                              | 0               | 8             | 750             |
| <b>Total</b>   | <b>3</b>                  | <b>5,259</b>    | <b>17</b>                 | <b>3,770</b>    | <b>2</b>                    | <b>8,261</b>    | <b>2</b>                       | <b>4,579</b>    | <b>24</b>     | <b>21,869</b>   |
| <i>Source Bank Records</i>   |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

Notable examples of ASB's community development loans serving a broader statewide or regional area include the following:

- In 2021, the bank originated a \$95,000 loan for the purchase of a school bus within a regional school district, a majority of students are low- or moderate-income (LMI) and qualified for free and reduced lunch.
- In 2019, the bank originated an \$85,000 loan for the purchase of a school bus in a regional school district, a majority of students are LMI and qualified for free and reduced lunch.

Please refer to the full-scope assessment area evaluations for more detail.

### **Qualified Investments**

ASB made 109 qualified investments totaling approximately \$17.8 million, including four prior period investments totaling approximately \$5.1 million. The bank made five new qualified investments for approximately \$7.0 million, which directly benefitted the assessment area. Since the bank was responsive to community development needs within their assessment area, examiners considered investments outside of the assessment area. The bank made six new qualified investments totaling approximately \$5.5 million outside of its combined assessment area. Additionally, the bank made 94 qualified donations totaling approximately \$336,000. ASB continues to donate through bank donations and the ASBs MainStreet Foundation. The MainStreet Foundations mission is to assist organizations serving low- and moderate-income at-risk youth in Maine by awarding grants to these non-profit organizations.

The total dollar amount of qualified investments represents 1.4 percent of average total assets and 15.0 percent of average total securities since the last CRA evaluation. This is a substantial increase since the prior evaluation when the bank made 99 qualified investments totaling approximately \$6.3 million, representing 0.6 percent of average total assets and 7.0 percent of average total securities. ASB is outperformed SSBs within the combined assessment area that had 0.2 percent of average total assets and 1.3 percent of average total securities

| Community Development Qualified Investments by Assessment Area<br>Combined Assessment Area |                    |              |                    |            |                      |          |                         |               |            |               |
|--|--------------------|--------------|--------------------|------------|----------------------|----------|-------------------------|---------------|------------|---------------|
| Assessment Area  | Affordable Housing |              | Community Services |            | Economic Development |          | Revitalize or Stabilize |               | Totals     |               |
|  | #                  | \$(000s)     | #                  | \$(000s)   | #                    | \$(000s) | #                       | \$(000s)      | #          | \$(000s)      |
| CSA  | 6                  | 1,642        | 68                 | 185        | 1                    | 5        | 2                       | 2,882         | 77         | 4,714         |
| Non-MSA  | 0                  | 0            | 2                  | 1          | 0                    | 0        | 3                       | 5,250         | 5          | 5,251         |
| Statewide Activities   | 2                  | 2,245        | 19                 | 128        | 0                    | 0        | 0                       | 0             | 21         | 2,373         |
| Outside AA   | 0                  | 0            | 0                  | 0          | 0                    | 0        | 6                       | 5,450         | 6          | 5,450         |
| <b>Total</b>   | <b>8</b>           | <b>3,887</b> | <b>89</b>          | <b>314</b> | <b>1</b>             | <b>5</b> | <b>11</b>               | <b>13,582</b> | <b>109</b> | <b>17,788</b> |
| <i>Source Bank Records</i>   |                    |              |                    |            |                      |          |                         |               |            |               |

Notable examples of ASB's donation activities, both statewide and those outside of the bank's combined assessment area, include the following:

- **Good Shepherd Food Bank Donation** – This non-profit organization helps provides food to LMI individuals at risk of hunger, operating within an LMI geography, and providing services throughout Maine including the AA.
- **Maine Justice Foundation** – This non-profit organization provides charitable investment opportunities to low-income individuals, families, and organizations/grants to support civil legal aid and other related initiatives, education and services.

Please refer to the full-scope assessment area evaluations for more detail.

### **Community Development Services**

During the evaluation period, ASB employees were particularly responsive to community development needs by providing 1,039 hours of financial expertise or technical assistance to 20 different community development-related organizations in the combined assessment area. At the prior evaluation, employees provided 1,106.5 hours to 28 community development-related organizations. The number of community development related hours and organizations benefitted is similar to the last evaluation. The bank's current performance is slightly less than the performance of other similarly situated banks, who had 1,575 hours of service activity. The bank was responsive in providing community development services.

In addition, the bank also maintains one full-service branch in a moderate-income census tract in the CSA assessment area. As such, banking services are available to low- and moderate-income individuals residing in and around this moderate-income census tract. The following table illustrates the bank's community development services by rated area and purpose.

| Community Development Services by Assessment Area<br>Combined Assessment Area |                    |                    |                      |                         |              |
|---|--------------------|--------------------|----------------------|-------------------------|--------------|
| Assessment Area   | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals       |
|   | #                  | #                  | #                    | #                       | #            |
| CSA   | 0                  | 497                | 35                   | 0                       | 532          |
| Non-MSA   | 0                  | 0                  | 0                    | 0                       | 0            |
| Statewide Activities  | 0                  | 499                | 8                    | 0                       | 507          |
| <b>Total</b>  | <b>0</b>           | <b>996</b>         | <b>43</b>            | <b>0</b>                | <b>1,039</b> |
| <i>Source Bank Data</i>   |                    |                    |                      |                         |              |

Some notable examples of the bank's community development services include:

- **Pine Tree State Certified Development Corporation (CDC)** – In 2019, a bank employee served on the Board a Certified Development Corporation that provided financing through the SBA's 504 Loan Program in the state of Maine. These loans are intended to promote economic development by small businesses that meet the SBA size standards.
- **Maine Justice Foundation** – In 2020 and 2021, a bank employee served on the Board of this foundation, which is dedicated to providing access to legal support for low-income residents. The foundation provides charitable investment opportunities and grants to support these activities.

Please refer to the full-scope assessment area evaluations for more detail.

## 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 institutions overall CRA rating.

## **CSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN CSA ASSESSMENT AREA**

ASB continues to operate 10 of its 12 branches in the CSA assessment area. Examiners placed more weight on this assessment area, as it contains the majority of bank branches, deposits, and lending activity. The following sections discuss demographic and economic information for the CSA assessment area.

#### **Economic and Demographic Data**

ASB’s CSA assessment area includes 92 census tracts comprising all of Androscoggin County and portions of Cumberland and Sagadahoc Counties. There are no underserved, distressed, or designated disaster areas in the assessment area. The 92 census tracts reflect the following income designations according to the 2015 ACS data:

- 7 low-income tracts,
- 19 moderate-income tracts,
- 50 middle-income tracts, and
- 16 upper-income tracts.

The seven low-income census tracts are located in Lewiston (3), Portland (3), and Auburn. The 19 moderate-income census tracts are located in Auburn (2), Portland (6), Westbrook (2), South Portland (3), Brunswick, Casco, Bath (2), Livermore, and Lewiston. The following table illustrates select demographic characteristics of the CSA assessment area.

| Demographic Information of the Assessment Area  |         |               |                              |                  |                 |               |
|---|---------|---------------|------------------------------|------------------|-----------------|---------------|
| CSA Assessment Area   |         |               |                              |                  |                 |               |
| Demographic Characteristics   | #       | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 92      | 7.6           | 20.7                         | 54.3             | 17.4            | 0.0           |
| Population by Geography   | 377,264 | 5.1           | 18.0                         | 58.6             | 18.3            | 0.0           |
| Housing Units by Geography  | 179,004 | 5.5           | 19.4                         | 58.0             | 17.2            | 0.0           |
| Owner-Occupied Units by Geography   | 103,786 | 1.1           | 13.5                         | 63.1             | 22.4            | 0.0           |
| Occupied Rental Units by Geography  | 53,188  | 14.3          | 30.9                         | 46.0             | 8.7             | 0.0           |
| Vacant Units by Geography   | 22,030  | 4.7           | 19.2                         | 63.0             | 13.1            | 0.0           |
| Businesses by Geography   | 31,664  | 5.3           | 26.8                         | 48.7             | 19.2            | 0.0           |
| Farms by Geography  | 989     | 1.3           | 12.7                         | 63.9             | 22.0            | 0.0           |
| Family Distribution by Income Level   | 96,227  | 21.2          | 16.5                         | 21.0             | 41.2            | 0.0           |
| Household Distribution by Income Level  | 156,974 | 24.6          | 15.8                         | 17.4             | 42.2            | 0.0           |
| Median Family Income MSA - 30340<br>Lewiston-Auburn, ME MSA   |         | \$60,363      | Median Housing Value         |                  |                 | \$221,745     |
| Median Family Income MSA - 38860<br>Portland-South Portland, ME MSA   |         | \$74,701      | Median Gross Rent            |                  |                 | \$894         |
|   |         |               | Families Below Poverty Level |                  |                 | 9.0%          |
| Source 2015 ACS and 2021 D&B Data<br>Due to rounding, totals may not equal 100.0%<br>(* ) The NA category consists of geographies that have not been assigned an income classification. |         |               |                              |                  |                 |               |

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2020 D&B business demographic information, there are 30,698 nonfarm businesses in the CSA assessment area. GARs for these businesses follow.

- 82.4 percent have \$1.0 million or less.
- 6.4 percent have more than \$1.0 million.
- 11.2 percent have unknown revenues.

There are various employers within the CSA assessment area, with service industries representing the largest portion of businesses at 40.6 percent; followed by retail trade at 13.1 percent; finance, insurance, and real estate at 8.2 percent, and construction at 7.4 percent. According to data obtained from Moody's as of May 2022, the top employers in the area are Maine Health, Bath Iron Works, and Hannaford Bros Co.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle- and upper-income categories for the two MSAs in the CSA assessment area.

| <b>Median Family Income Ranges</b>                                  |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>  | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Lewiston-Auburn, ME MSA Median Family Income (30340)</b>         |                        |                                    |                                   |                        |
| 2019 (\$62,600)   | <\$31,300              | \$31,300 to <\$50,080              | \$50,080 to <\$75,120             | ≥\$75,120              |
| 2020 (\$75,900)   | <\$37,950              | \$37,950 to <\$60,720              | \$60,720 to <\$91,080             | ≥\$91,080              |
| 2021 (\$71,200)   | <\$35,600              | \$35,600 to <\$56,960              | \$56,960 to <\$85,440             | ≥\$85,440              |
| <b>Portland-South Portland, ME MSA Median Family Income (38860)</b> |                        |                                    |                                   |                        |
| 2019 (\$86,700)   | <\$43,350              | \$43,350 to <\$69,360              | \$69,360 to <\$104,040            | ≥\$104,040             |
| 2020 (\$92,300)   | <\$46,150              | \$46,150 to <\$73,840              | \$73,840 to <\$110,760            | ≥\$110,760             |
| 2021 (\$93,300)   | <\$46,650              | \$46,650 to <\$74,640              | \$74,640 to <\$111,960            | ≥\$111,960             |
| <i>Source FFIEC</i>   |                        |                                    |                                   |                        |

According to data obtained from the U.S. Bureau of Labor Statistics (BLS), as of May 31, 2022, the Maine unemployment rate of 3.2 percent has remained unchanged since the previous examination. The unemployment rate for Androscoggin, Cumberland, and Sagadahoc Counties are 3.0 percent, 2.5 percent, and 2.5 percent, respectively.

### **Competition**

The CSA assessment area is competitive for financial services. According to 2020 Peer Deposit Market Share data, 39 financial institutions operated 145 full-service branches within the assessment area. Of these institutions, ASB ranked seventh with a 5.1 percent deposit market share. The top three institutions are national institutions with significantly more assets and resources than ASB. Only two community banks placed higher than ASB, Gorham Savings Bank (5<sup>th</sup>) and Bangor Savings Bank (6<sup>th</sup>), with both also having a greater asset size than ASB.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the CSA assessment area. In 2019, 297 lenders originated or purchased 15,609 home mortgage loans in the assessment area and ASB ranked 21<sup>st</sup> with a market share of 1.5 percent. In 2020, 329 lenders originated or purchased 24,092 home mortgage loans in the assessment area and ASB ranked 10<sup>th</sup> with a market share of 2.3 percent.

As previously discussed, the bank is not required to report its small business loan data, and it has not elected to do so. However, the aggregate data assists in determining demand for small business loans. In 2019, 87 lenders originated 11,167 loans within the CSA assessment area, with the five most prominent small business lenders accounting for 50.8 percent of total market share. In 2020, 125 lenders originated 11,680 loans within the assessment area, with the five most prominent small business lenders accounting for 44.7 percent of total market share. In both years, the five most prominent small business lenders included large national institutions and credit card companies. This indicates a high competition level for this product.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying area credit and community development needs. This information also helps determine whether local financial institutions are responsive to these needs. Additionally, it shows what credit and community development opportunities are available. Examiners reviewed one community contact with an affordable housing organization operating southern ME. Examiners found that many lending opportunities exist within the region for financial institutions to participate. The contact highlighted the large proportion of immigrants who are unbanked and that financial institutions could increase or fund outreach programs and financial education programs specifically catering to this group. Additionally, more affordable housing of all types is another need brought about by the community contact, as they stated that the limited supply that is available would not be affordable for the typical family.

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

Considering information from the community contact, local governments, bank management, demographic and economic data, examiners determined the primary credit needs of the CSA assessment area. Small business loans, particularly loans to start-up businesses and municipalities, economic development loans that support job creation and retention, home improvement lending, and safe affordable housing continue to be the area's primary credit needs. Investments and technical assistance in community service organizations targeting homelessness, social services, financial education, and job training also represent a primary community development need.



## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CSA ASSESSMENT AREA**

### **LENDING TEST**

ASB demonstrated reasonable performance in the CSA under the Lending Test. Reasonable performance under Geographic Distribution, and Borrower Profile performance primarily support this conclusion.

#### **Geographic Distribution**

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

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

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the CSA assessment area. As the following table shows, bank lending in low-income census tracts exceeded aggregate performance and demographic data in 2019 and 2020, and exceeded demographic data in 2021. Home mortgage lending was lower than aggregate performance and demographic data in moderate-income census tracts in 2019 and 2020, but increased above demographics in 2021. The bank's home mortgage lending steadily increased by number over the evaluation period in low- and moderate- income tracts indicating a positive trend.

| Geographic Distribution of Home Mortgage Loans  |                                   |                              |     |       |          |       |
|---|-----------------------------------|------------------------------|-----|-------|----------|-------|
| CSA Assessment Area   |                                   |                              |     |       |          |       |
| Tract Income Level  | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #   | %     | \$(000s) | %     |
| Low   |                                   |                              |     |       |          |       |
| 2019  | 1.1                               | 2.0                          | 5   | 2.1   | 2,383    | 3.0   |
| 2020  | 1.1                               | 1.7                          | 13  | 2.4   | 3,489    | 1.7   |
| 2021  | 1.1                               | --                           | 10  | 2.4   | 3,340    | 2.0   |
| Moderate  |                                   |                              |     |       |          |       |
| 2019  | 13.5                              | 15.2                         | 26  | 11.1  | 10,412   | 13.2  |
| 2020  | 13.5                              | 14.1                         | 58  | 10.5  | 44,227   | 21.9  |
| 2021  | 13.5                              | --                           | 73  | 17.8  | 26,700   | 16.0  |
| Middle  |                                   |                              |     |       |          |       |
| 2019  | 63.1                              | 59.9                         | 128 | 54.7  | 35,319   | 44.8  |
| 2020  | 63.1                              | 59.0                         | 298 | 54.0  | 80,523   | 39.9  |
| 2021  | 63.1                              | --                           | 192 | 46.9  | 64,421   | 38.5  |
| Upper   |                                   |                              |     |       |          |       |
| 2019  | 22.4                              | 23.0                         | 75  | 32.1  | 30,668   | 38.9  |
| 2020  | 22.4                              | 25.2                         | 183 | 33.2  | 73,672   | 36.5  |
| 2021  | 22.4                              | --                           | 134 | 32.8  | 72,896   | 43.6  |
| Not Available   |                                   |                              |     |       |          |       |
| 2019  | 0.0                               | 0.0                          | 0   | 0.0   | 0        | 0.0   |
| 2020  | 0.0                               | 0.0                          | 0   | 0.0   | 0        | 0.0   |
| 2021  | 0.0                               | 0.0                          | 0   | 0     | 0        | 0     |
| Totals  |                                   |                              |     |       |          |       |
| 2019  | 100.0                             | 100.0                        | 234 | 100.0 | 78,782   | 100.0 |
| 2020  | 100.0                             | 100.0                        | 552 | 100.0 | 201,910  | 100.0 |
| 2021  | 100.0                             | --                           | 409 | 100.0 | 167,358  | 100.0 |
| Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |                                   |                              |     |       |          |       |

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the CSA assessment area. Lending in low-income census tracts exceeded business demographics in 2019, 2020, and 2021; however, lending in moderate-income tracts trailed business demographics in each year. While the percentage of lending in low-income census tracts slightly declined, the number of loans increased from 2019 to 2021.

| Geographic Distribution of Small Business Loans  |                 |     |       |          |       |
|--|-----------------|-----|-------|----------|-------|
| CSA Assessment Area  |                 |     |       |          |       |
| Tract Income Level   | % of Businesses | #   | %     | \$(000s) | %     |
| Low  |                 |     |       |          |       |
| 2019   | 5.2             | 17  | 10.0  | 4,103    | 11.8  |
| 2020   | 5.3             | 51  | 8.6   | 8,811    | 10.6  |
| 2021   | 5.3             | 38  | 8.6   | 8,005    | 10.6  |
| Moderate   |                 |     |       |          |       |
| 2019   | 26.7            | 21  | 12.4  | 5,091    | 14.6  |
| 2020   | 26.7            | 77  | 12.9  | 11,032   | 13.2  |
| 2021   | 26.8            | 69  | 15.7  | 14,447   | 19.1  |
| Middle   |                 |     |       |          |       |
| 2019   | 48.8            | 117 | 68.8  | 22,133   | 63.5  |
| 2020   | 48.8            | 402 | 67.6  | 53,044   | 63.6  |
| 2021   | 48.7            | 283 | 64.3  | 43,427   | 57.5  |
| Upper  |                 |     |       |          |       |
| 2019   | 19.3            | 15  | 8.8   | 3,554    | 10.2  |
| 2020   | 19.2            | 65  | 10.9  | 10,507   | 12.6  |
| 2021   | 19.2            | 50  | 11.4  | 9,659    | 12.8  |
| 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           | 170 | 100.0 | 34,881   | 100.0 |
| 2020   | 100.0           | 595 | 100.0 | 83,394   | 100.0 |
| 2021   | 100.0           | 440 | 100.0 | 75,538   | 100.0 |
| Source 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |                 |     |       |          |       |

### **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 of home mortgage and small business lending supports this conclusion. Examiners also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1.0 million or less.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's 2019, 2020, and 2021 lending to low- and moderate-income borrowers was below aggregate performance and demographics, however, the bank's 2020 lending showed improvements for both low- and moderate-income borrower lending.

The bank's lending to low-income borrowers during 2019, 2020, and 2021 trailed demographic data, however, as shown by aggregate performance, the demand and opportunity for lending to low-income families is relatively limited. Approximately 9.0 percent of families in the assessment area live below the poverty level and would not likely qualify for a mortgage under conventional underwriting standards. Additionally, home mortgage lending by number to low- and moderate-income borrowers increased from 2019 to 2021.

| Distribution of Home Mortgage Loans by Borrower Income Level  |               |                              |     |       |          |       |
|---|---------------|------------------------------|-----|-------|----------|-------|
| CSA Assessment Area   |               |                              |     |       |          |       |
| Borrower Income Level   | % of Families | Aggregate Performance % of # | #   | %     | \$(000s) | %     |
| Low   |               |                              |     |       |          |       |
| 2019  | 21.2          | 5.8                          | 9   | 3.8   | 877      | 1.1   |
| 2020  | 21.2          | 5.6                          | 26  | 4.7   | 3,384    | 1.7   |
| 2021  | 21.2          | --                           | 13  | 3.2   | 1,890    | 1.1   |
| Moderate  |               |                              |     |       |          |       |
| 2019  | 16.5          | 18.9                         | 31  | 13.2  | 7,204    | 9.1   |
| 2020  | 16.5          | 18.6                         | 86  | 15.6  | 18,341   | 9.1   |
| 2021  | 16.5          | --                           | 58  | 14.2  | 12,570   | 7.5   |
| Middle  |               |                              |     |       |          |       |
| 2019  | 21.0          | 22.9                         | 42  | 17.9  | 10,698   | 13.6  |
| 2020  | 21.0          | 22.9                         | 113 | 20.5  | 29,168   | 14.4  |
| 2021  | 21.0          | --                           | 86  | 21.0  | 24,240   | 14.5  |
| Upper   |               |                              |     |       |          |       |
| 2019  | 41.2          | 37.9                         | 146 | 62.4  | 58,487   | 74.2  |
| 2020  | 41.2          | 37.4                         | 321 | 58.2  | 122,098  | 60.5  |
| 2021  | 41.2          | --                           | 244 | 59.7  | 123,427  | 73.8  |
| Not Available   |               |                              |     |       |          |       |
| 2019  | 0.0           | 14.6                         | 6   | 2.6   | 1,516    | 1.9   |
| 2020  | 0.0           | 15.4                         | 6   | 1.1   | 28,919   | 14.3  |
| 2021  | 0.0           | --                           | 8   | 2.0   | 5,231    | 3.1   |
| Totals  |               |                              |     |       |          |       |
| 2019  | 100.0         | 100.0                        | 234 | 100.0 | 78,782   | 100.0 |
| 2020  | 100.0         | 100.0                        | 552 | 100.0 | 201,910  | 100.0 |
| 2021  | 100.0         | --                           | 409 | 100.0 | 167,358  | 100.0 |
| Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |               |                              |     |       |          |       |

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

The bank's distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1.0 million or less. Although, the bank's lending activity trailed demographics in each year, the number of loans originated to businesses with GARs of \$1.0 million or less steadily increased. Additionally, the bank mostly originated PPP loans during the COVID-19 pandemic. Banks were not required to collect revenue information for PPP loans, and as such, the bank did not collect revenue on PPP loans in 2020 and 2021. This contributed to the decrease in

small business lending performance in 2020 and 2021, as the number of PPP loans for which there was no revenue information impacted distribution percentages.

| Distribution of Small Business Loans by Gross Annual Revenue Category  |                 |            |              |               |              |
|--|-----------------|------------|--------------|---------------|--------------|
| CSA Assessment Area  |                 |            |              |               |              |
| Gross Revenue Level  | % of Businesses | #          | %            | \$(000s)      | %            |
| <=\$1,000,000  |                 |            |              |               |              |
| 2019   | 81.2            | 69         | 40.6         | 12,009        | 34.4         |
| 2020   | 82.4            | 126        | 21.2         | 21,780        | 26.1         |
| 2021   | 82.6            | 139        | 31.6         | 22,268        | 29.5         |
| >\$1,000,000   |                 |            |              |               |              |
| 2019   | 7.0             | 40         | 23.5         | 10,722        | 30.7         |
| 2020   | 6.4             | 68         | 11.4         | 18,309        | 22.0         |
| 2021   | 6.1             | 100        | 22.7         | 32,478        | 43.0         |
| Revenue Not Available  |                 |            |              |               |              |
| 2019   | 11.8            | 61         | 35.9         | 12,150        | 34.8         |
| 2020   | 11.2            | 401        | 67.4         | 43,305        | 51.9         |
| 2021   | 11.2            | 201        | 45.7         | 20,792        | 27.5         |
| <b>Totals</b>  |                 |            |              |               |              |
| <b>2019</b>  | <b>100.0</b>    | <b>170</b> | <b>100.0</b> | <b>34,881</b> | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>    | <b>595</b> | <b>100.0</b> | <b>83,394</b> | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>    | <b>440</b> | <b>100.0</b> | <b>75,538</b> | <b>100.0</b> |
| <i>Source 2020 &amp; 2021 D&amp;B Data; Bank Data; 2019 &amp; 2020 CRA Aggregate Data</i><br><i>Due to rounding, totals may not equal 100.0%</i> |                 |            |              |               |              |

## COMMUNITY DEVELOPMENT TEST

ASB demonstrated adequate responsiveness to the community development needs of the CSA 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 Loans

ASB originated nine community development loans totaling approximately \$19.9 million within the CSA assessment area, showing a significant increase in total volume and loan amount since the previous evaluation. Of the nine community development loans, the bank provided the greatest support, in total loan amount, economic development purposes, having originated two loans totaling approximately \$8.3 million.

| Community Development Lending |                    |              |                    |              |                      |              |                         |              |          |               |
|-------------------------------|--------------------|--------------|--------------------|--------------|----------------------|--------------|-------------------------|--------------|----------|---------------|
| CSA Assessment Area           |                    |              |                    |              |                      |              |                         |              |          |               |
| Activity Year                 | Affordable Housing |              | Community Services |              | Economic Development |              | Revitalize or Stabilize |              | Totals   |               |
|                               | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)     | #                       | \$(000s)     | #        | \$(000s)      |
| 2019 (Partial)                | 1                  | 1,040        | 0                  | 0            | 0                    | 0            | 0                       | 0            | 1        | 1,040         |
| 2020                          | 1                  | 4,000        | 0                  | 0            | 1                    | 1,261        | 2                       | 4,579        | 4        | 9,840         |
| 2021                          | 1                  | 219          | 1                  | 300          | 0                    | 0            | 0                       | 0            | 2        | 519           |
| 2022 (YTD)                    | 0                  | 0            | 1                  | 1,498        | 1                    | 7,000        | 0                       | 0            | 2        | 8,498         |
| <b>Total</b>                  | <b>3</b>           | <b>5,259</b> | <b>2</b>           | <b>1,798</b> | <b>2</b>             | <b>8,261</b> | <b>2</b>                | <b>4,579</b> | <b>9</b> | <b>19,897</b> |
| <i>Source Bank Records</i>    |                    |              |                    |              |                      |              |                         |              |          |               |

Notable examples of ASB's community development loans include the following:

- In 2019, the bank originated a \$1.0 million loan to a non-profit organization that provides residential care, developmental training, and employment services to adults with developmental disabilities in the Brunswick and mid-coast Maine area. The majority of individuals that benefit from these services are low-income.
- In 2020, the bank originated a \$4.0 million loan to a non-profit organization focused on anti-poverty and other housing related social service efforts primarily throughout Oxford and Androscoggin Counties. The non-profit is a designated Community Development Financial Institution (CDFI), offering various loan products for eligible families and businesses.

### **Qualified Investments**

ASB made 77 qualified investments totaling \$4.7 million within the CSA assessment area. Donations totaled \$207,000, while the bank made two qualified equity investments within the CSA assessment area totaling \$2.8 million, and maintained two prior period investments totaling approximately \$1.7 million. The following table illustrates qualified donations for the CSA assessment area by purpose.

| Qualified Investments<br>CSA Assessment Area |                    |              |                    |            |                      |          |                         |              |           |              |
|--|--------------------|--------------|--------------------|------------|----------------------|----------|-------------------------|--------------|-----------|--------------|
| Activity Year                                | Affordable Housing |              | Community Services |            | Economic Development |          | Revitalize or Stabilize |              | Totals    |              |
|  | #                  | \$(000s)     | #                  | \$(000s)   | #                    | \$(000s) | #                       | \$(000s)     | #         | \$(000s)     |
| Prior Period                                 | 2                  | 1,625        | 0                  | 0          | 0                    | 0        | 0                       | 0            | 2         | 1,625        |
| 2019 (Partial)                               | 0                  | 0            | 0                  | 0          | 0                    | 0        | 0                       | 0            | 0         | 0            |
| 2020   | 0                  | 0            | 0                  | 0          | 0                    | 0        | 2                       | 2,882        | 2         | 2,882        |
| 2021   | 0                  | 0            | 0                  | 0          | 0                    | 0        | 0                       | 0            | 0         | 0            |
| 2022 (YTD)                                   | 0                  | 0            | 0                  | 0          | 0                    | 0        | 0                       | 0            | 0         | 0            |
| <b>Subtotal</b>                              | <b>0</b>           | <b>0</b>     | <b>0</b>           | <b>0</b>   | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b>     | <b>4</b>  | <b>4,507</b> |
| Qualified Grants & Donations                 | 4                  | 17           | 68                 | 185        | 1                    | 5        | 0                       | 0            | 73        | 207          |
| <b>Total</b>                                 | <b>6</b>           | <b>1,642</b> | <b>68</b>          | <b>185</b> | <b>1</b>             | <b>5</b> | <b>2</b>                | <b>2,882</b> | <b>77</b> | <b>4,714</b> |
| <i>Source Bank Records</i>                   |                    |              |                    |            |                      |          |                         |              |           |              |

Notable examples of ASB's donation activities include the following:

- **Center for Wisdom's Women** – This non-profit organization provides temporary housing to women survivors of addiction, trafficking, and incarceration. The center is located in Lewiston, ME, in a low-income census tract.
- **Lewiston Education Fund (LEF)** – LEF provides funding for projects and programs in Lewiston public schools, which are primarily LMI.

### **Community Development Services**

During the evaluation period, ASB employees were particularly responsive to community development needs by providing 532 hours of financial expertise or technical assistance to 16 different community development-related organizations in the CSA assessment area. The following table illustrates the bank's community development services by year and purpose.

| Community Development Services<br>CSA Assessment Area |                    |                    |                      |                         |            |
|---|--------------------|--------------------|----------------------|-------------------------|------------|
| Activity Year   | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals     |
|   | #                  | #                  | #                    | #                       | #          |
| 2019 (Partial)  | 0                  | 233                | 7                    | 0                       | 240        |
| 2020  | 0                  | 139                | 28                   | 0                       | 167        |
| 2021  | 0                  | 106                | 0                    | 0                       | 106        |
| YTD 2022  | 0                  | 19                 | 0                    | 0                       | 19         |
| <b>Total</b>  | <b>0</b>           | <b>497</b>         | <b>35</b>            | <b>0</b>                | <b>532</b> |
| <i>Source Bank Data</i>                               |                    |                    |                      |                         |            |



Notable examples of ASB's service activities include the following:

- **Community Concepts** - This organization offers a variety of services including affordable housing, social services, small business financing, and homebuyer education. An employee of the bank serves as a Board member of the organization.
- **Trinity Jubilee** - This organization provides a soup kitchen, food pantry and day shelter to help the under-served population in the Lewiston-Auburn area. An employee of the bank serves as a Board member of the organization.

## NON-MSA – Full Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-MSA ASSESSMENT AREA

ASB operates 2 of its 12 branches in the Non-MSA assessment area. Examiners placed less weight on this assessment area given limited branches, fewer deposits, and lower lending levels than in the CSA assessment area. The following sections discuss demographic and economic information for the Non-MSA assessment area.

#### **Economic and Demographic Data**

ASB’s Non-MSA assessment area includes 16 census tracts covering portions of Franklin, Kennebec, and Oxford Counties. There are no underserved, distressed, or designated disaster areas in the assessment area. The 16 census tracts reflect the following income designations according to the 2015 ACS data:

- 1 moderate-income tract,
- 10 middle-income tracts, and
- 5 upper-income tracts.

| Demographic Information of the Assessment Area  |        |               |                              |                  |                 |               |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Assessment Area: Androscoggin Non MSA   |        |               |                              |                  |                 |               |
| Demographic Characteristics   | #      | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 16     | 0.0           | 6.3                          | 62.5             | 31.3            | 0.0           |
| Population by Geography   | 67,313 | 0.0           | 7.4                          | 64.7             | 27.9            | 0.0           |
| Housing Units by Geography  | 33,820 | 0.0           | 7.5                          | 63.7             | 28.8            | 0.0           |
| Owner-Occupied Units by Geography   | 20,799 | 0.0           | 6.6                          | 62.3             | 31.1            | 0.0           |
| Occupied Rental Units by Geography  | 5,247  | 0.0           | 7.7                          | 66.0             | 26.3            | 0.0           |
| Vacant Units by Geography   | 7,774  | 0.0           | 9.7                          | 65.8             | 24.5            | 0.0           |
| Businesses by Geography   | 3,841  | 0.0           | 9.7                          | 61.5             | 28.8            | 0.0           |
| Farms by Geography  | 211    | 0.0           | 8.1                          | 63.0             | 28.9            | 0.0           |
| Family Distribution by Income Level   | 17,350 | 18.4          | 17.9                         | 20.9             | 42.8            | 0.0           |
| Household Distribution by Income Level  | 26,046 | 20.5          | 16.6                         | 17.2             | 45.7            | 0.0           |
| Median Family Income Non-MSAs - ME  |        | \$54,862      | Median Housing Value         |                  |                 | \$142,527     |
|   |        |               | Median Gross Rent            |                  |                 | \$658         |
|   |        |               | Families Below Poverty Level |                  |                 | 8.6%          |
| Source 2015 ACS and 2020 D&B Data<br>Due to rounding, totals may not equal 100.0%<br>(* ) The NA category consists of geographies that have not been assigned an income classification. |        |               |                              |                  |                 |               |

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2020 D&B business demographic information, there are 3,715 nonfarm businesses in the Non-MSA assessment area. GARs for these businesses follow.

- 82.7 percent have \$1.0 million or less.
- 4.9 percent have more than \$1.0 million.
- 12.4 percent have unknown revenues.

According to 2020 D&B data, there are various employers within the Non-MSA assessment area, with service industries representing the largest portion of businesses at 37.92 percent; followed by retail trade at 13.6 percent; construction at 8.6 percent; and finance, insurance, and real estate at 6.0 percent.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle- and upper-income categories for the Non-MSA assessment area.

| Median Family Income Ranges             |             |                         |                        |                |
|---|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes                   | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| ME Non MSA Median Family Income (99999) |             |                         |                        |                |
| 2019 (\$64,800)                         | <\$32,400   | \$32,400 to <\$51,840   | \$51,840 to <\$77,760  | ≥\$77,760      |
| 2020 (\$67,300)                         | <\$33,650   | \$33,650 to <\$53,840   | \$53,840 to <\$80,760  | ≥\$80,760      |
| 2021 (\$63,600)                         | <\$31,800   | \$31,800 to <\$50,880   | \$50,880 to <\$76,320  | ≥\$76,320      |
| Source FFIEC                            |             |                         |                        |                |

According to data obtained from the U.S. BLS as of May 31, 2022, the Maine unemployment rate of 3.2 percent has remained constant since the previous examination. The unemployment rate within Franklin, Kennebec, and Oxford Counties, which make up the Non-MSA assessment area, are 4.2 percent, 2.9 percent, and 3.6 percent, respectively.

### ***Competition***

The Non-MSA assessment area is competitive for financial services. According to 2020 Peer Deposit Market Share data, 13 financial institutions operated 21 full-service branches within the assessment area. Of these institutions, ASB ranked fourth with a 10.3 percent deposit market share, improving on both ranking and market share since the previous exam. The top three institutions were Franklin Savings Bank (15.8 percent), Norway Savings Bank (13.7 percent), and TD Bank, N.A. (12.0 percent).

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the Non-MSA assessment area. In 2019, 137 lenders originated or purchased 1,646 home mortgage loans in the assessment area and ASB ranked 24<sup>th</sup> with a market share of 1.2 percent, slightly lower since the previous examination. The top three lenders were Bangor Savings Bank (8.8 percent), Residential Mortgage Services (6.9 percent); and Norway Savings Bank (4.9 percent). In 2020, 174 lenders originated or purchased 2,555 home

mortgage loans in the assessment area and ASB ranked 22<sup>nd</sup> with a market share of 1.1 percent. The top three lenders were Kennebec Savings Bank (9.6 percent), Bangor Savings Bank (7.4 percent) and Quicken Loans (6.8 percent) market share.

The bank is not required to report its small business loan data, and it did not elect to do so. Therefore, the small business loan analysis under the Lending Test does not include comparisons against aggregate data. However, the aggregate data assists in determining demand for small business loans. In 2019, 65 lenders originated 3,692 loans within Non-MSA assessment area. In 2020, 71 lenders originated 3,803 loans within the assessment area. In both years, the five most prominent small business lenders accounted for approximately 63.0 percent of total market share and included large national institutions. This indicates a high competition level for this product.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying area credit and community development needs. This information also helps determine whether local financial institutions are responsive to these needs. Additionally, it shows what credit and community development opportunities are available. Examiners reviewed one community contact with an affordable housing organization operating southern ME. Examiners found that many lending opportunities exist within the region for financial institutions to participate. The community contact stated that affordable housing remains a primary need of the area. Due to the limited housing supply that is available, housing is not affordable for the typical family.

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

Considering information from the community contact, local governments, bank management, demographic and economic data, examiners determined the primary credit needs of the Non-MSA assessment area. Small business loans, particularly loans to start-up businesses, economic development loans that support job creation and retention, home improvement lending, and affordable housing loans continue to be the area's primary credit needs. Investments and technical assistance in community service organizations targeting homelessness, social services, financial education, and job training also represent a primary community development need.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

ASB demonstrated reasonable performance in the Non-MSA assessment area under the Lending Test. Reasonable performance under Geographic Distribution and Borrower Profile performance primarily support this conclusion.

### **Geographic Distribution**

Geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA assessment area. The bank's reasonable performance of home mortgage and small business lending

supports this conclusion. Examiners focused on the percentage by number of loans in the one moderate-income census tract, since there are no low-income census tracts in the Non-MSA assessment area.

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

The geographic distribution of home mortgage loans reflects reasonable distribution. In 2019 and 2020, home mortgage lending exceeded aggregate performance and demographics. However, in 2021 home mortgage lending declined. This decline is consistent with the decline in total home mortgage lending from 2020 to 2021.

| <b>Geographic Distribution of Home Mortgage Loans</b>   |  |                                     |           |              |                 |              |
|---|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Non-MSA Assessment Area</b>  |  |                                     |           |              |                 |              |
| <b>Tract Income Level</b>   | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Moderate  |  |                                     |           |              |                 |              |
| 2019  | 6.6                                      | 9.8                                 | 3         | 15.0         | 419             | 12.6         |
| 2020  | 6.6                                      | 7.8                                 | 4         | 13.8         | 558             | 11.4         |
| 2021  | 6.6                                      | --                                  | 1         | 4.8          | 208             | 3.9          |
| Middle  |  |                                     |           |              |                 |              |
| 2019  | 62.3                                     | 55.8                                | 11        | 55.0         | 1,651           | 49.5         |
| 2020  | 62.3                                     | 50.4                                | 15        | 51.7         | 2,364           | 48.4         |
| 2021  | 62.3                                     | --                                  | 15        | 71.4         | 3,264           | 61.6         |
| Upper   |  |                                     |           |              |                 |              |
| 2019  | 31.1                                     | 34.3                                | 6         | 30.0         | 1,268           | 38.0         |
| 2020  | 31.1                                     | 41.8                                | 10        | 34.5         | 1,964           | 40.2         |
| 2021  | 31.1                                     | --                                  | 5         | 23.8         | 1,823           | 34.4         |
| <b>Totals</b>   |  |                                     |           |              |                 |              |
| <b>2019</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>20</b> | <b>100.0</b> | <b>3,338</b>    | <b>100.0</b> |
| <b>2020</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>29</b> | <b>100.0</b> | <b>4,885</b>    | <b>100.0</b> |
| <b>2021</b>   | <b>100.0</b>                             | <b>100.0</b>                        | <b>21</b> | <b>100.0</b> | <b>5,295</b>    | <b>100.0</b> |
| Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |  |                                     |           |              |                 |              |

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the Non-MSA assessment area. Small business lending in 2019 was substantially lower than demographics; however, lending increased in 2020 but was still slightly below demographics. In 2021, the number of small business loans slightly declined from the peak in 2020; however, lending remained above 2019 levels.

| Geographic Distribution of Small Business Loans  |                 |     |       |          |       |
|--|-----------------|-----|-------|----------|-------|
| Non-MSA Assessment Area  |                 |     |       |          |       |
| Tract Income Level   | % of Businesses | #   | %     | \$(000s) | %     |
| Moderate   |                 |     |       |          |       |
| 2019   | 10.2            | 2   | 5.7   | 125      | 3.8   |
| 2020   | 9.9             | 10  | 8.8   | 706      | 11.4  |
| 2021   | 9.7             | 6   | 5.6   | 808      | 13.9  |
| Middle   |                 |     |       |          |       |
| 2019   | 61.7            | 13  | 37.1  | 1,741    | 53.5  |
| 2020   | 61.6            | 51  | 44.7  | 2,722    | 44.1  |
| 2021   | 61.5            | 35  | 32.4  | 1,956    | 33.8  |
| Upper  |                 |     |       |          |       |
| 2019   | 28.1            | 20  | 57.1  | 1,387    | 42.6  |
| 2020   | 28.6            | 53  | 46.5  | 2,739    | 44.4  |
| 2021   | 28.8            | 67  | 62.0  | 3,031    | 52.3  |
| Totals   |                 |     |       |          |       |
| 2019   | 100.0           | 35  | 100.0 | 3,253    | 100.0 |
| 2020   | 100.0           | 114 | 100.0 | 6,167    | 100.0 |
| 2021   | 100.0           | 108 | 100.0 | 5,795    | 100.0 |
| Source 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |                 |     |       |          |       |

### **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 of small business and home mortgage lending supports this conclusion.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. In 2019, the bank did not originate any home mortgage loans to low-income individuals. The bank's home mortgage lending to low-income borrowers increased in 2020, and lending performance exceeded aggregate. In 2021, the bank did not make any loans to low-income borrowers. This performance is similar to the last evaluation.

In 2019, lending to moderate-income borrowers trailed aggregate lending performance. Lending performance in 2020 increased and exceeded aggregate. Home mortgage lending declined in 2021, and continued to trail aggregate performance. Low lending volume in the Non-MSA assessment area contributed to the large swings in lending performance, as a few loans can appreciably impact percentages.

| Distribution of Home Mortgage Loans by Borrower Income Level  |               |                                 |    |       |          |       |
|---|---------------|---------------------------------|----|-------|----------|-------|
| Non-MSA Assessment Area   |               |                                 |    |       |          |       |
| Borrower Income Level   | % of Families | Aggregate Performance<br>% of # | #  | %     | \$(000s) | %     |
| Low   |               |                                 |    |       |          |       |
| 2019  | 18.4          | 6.1                             | 0  | 0.0   | 0        | 0.0   |
| 2020  | 18.4          | 4.9                             | 2  | 6.9   | 199      | 4.1   |
| 2021  | 18.4          | --                              | 0  | 0.0   | 0        | 0.0   |
| Moderate  |               |                                 |    |       |          |       |
| 2019  | 17.9          | 18.3                            | 3  | 15.0  | 275      | 8.2   |
| 2020  | 17.9          | 15.3                            | 10 | 34.5  | 1,418    | 29.0  |
| 2021  | 17.9          | --                              | 2  | 9.5   | 288      | 5.4   |
| Middle  |               |                                 |    |       |          |       |
| 2019  | 20.9          | 22.7                            | 7  | 35.0  | 1,343    | 40.2  |
| 2020  | 20.9          | 21.4                            | 11 | 37.9  | 1,923    | 39.4  |
| 2021  | 20.9          | --                              | 8  | 38.1  | 1,349    | 25.5  |
| Upper   |               |                                 |    |       |          |       |
| 2019  | 42.8          | 35.1                            | 8  | 40.0  | 1,464    | 43.9  |
| 2020  | 42.8          | 39.8                            | 6  | 20.7  | 1,345    | 27.5  |
| 2021  | 42.8          | --                              | 9  | 42.9  | 3,166    | 59.8  |
| Not Available   |               |                                 |    |       |          |       |
| 2019  | 0.0           | 17.9                            | 2  | 10.0  | 257      | 7.7   |
| 2020  | 0.0           | 18.6                            | 0  | 0.0   | 0        | 0.0   |
| 2021  | 0.0           | --                              | 2  | 9.5   | 493      | 9.3   |
| Totals  |               |                                 |    |       |          |       |
| 2019  | 100.0         | 100.0                           | 20 | 100.0 | 3,338    | 100.0 |
| 2020  | 100.0         | 100.0                           | 29 | 100.0 | 4,885    | 100.0 |
| 2021  | 100.0         | 100.0                           | 21 | 100.0 | 5,295    | 100.0 |
| Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data<br>Due to rounding, totals may not equal 100.0% |               |                                 |    |       |          |       |

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

The bank's distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1.0 million or less. In 2019 and 2020, the bank made more of its loans to businesses with GARs of \$1.0 million or less than to businesses with GARs of more than \$1.0 million. Lending to businesses with GARs of \$1.0 million or less in 2021 was consistent with 2020. As stated previously, the bank mostly originated PPP loans during the COVID-19 pandemic. Banks were not required to collect revenue information for PPP loans, and as such, the bank did not collect

revenue on PPP loans in 2020 and 2021. This contributed to the decrease in small business lending performance in 2020 and 2021, as the number of loans made without GAR information impacted distribution.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>   |                        |            |              |                 |              |
|--|------------------------|------------|--------------|-----------------|--------------|
| <b>Non-MSA Assessment Area</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>  |                        |            |              |                 |              |
| 2019   | 81.8                   | 12         | 34.3         | 1,756           | 54.0         |
| 2020   | 82.7                   | 24         | 21.1         | 1,615           | 26.2         |
| 2021   | 82.6                   | 22         | 20.4         | 1,654           | 28.5         |
| <b>&gt;\$1,000,000</b>   |                        |            |              |                 |              |
| 2019   | 5.2                    | 0          | 0.0          | 0               | 0.0          |
| 2020   | 4.9                    | 5          | 4.4          | 644             | 10.4         |
| 2021   | 4.9                    | 64         | 59.3         | 3,568           | 61.6         |
| <b>Revenue Not Available</b>   |                        |            |              |                 |              |
| 2019   | 13.0                   | 23         | 65.7         | 1,497           | 46.0         |
| 2020   | 12.4                   | 85         | 74.6         | 3,908           | 63.4         |
| 2021   | 12.5                   | 22         | 20.4         | 573             | 9.9          |
| <b>Totals</b>  |                        |            |              |                 |              |
| <b>2019</b>  | <b>100.0</b>           | <b>35</b>  | <b>100.0</b> | <b>3,253</b>    | <b>100.0</b> |
| <b>2020</b>  | <b>100.0</b>           | <b>114</b> | <b>100.0</b> | <b>6,167</b>    | <b>100.0</b> |
| <b>2021</b>  | <b>100.0</b>           | <b>108</b> | <b>100.0</b> | <b>5,795</b>    | <b>100.0</b> |
| <i>Source 2020 &amp; 2021 D&amp;B Data; Bank Data; 2019 &amp; 2020 CRA Aggregate Data</i><br><i>Due to rounding, totals may not equal 100.0%</i> |                        |            |              |                 |              |

## **COMMUNITY DEVELOPMENT TEST**

ASB demonstrated adequate responsiveness to the community development needs of the Non-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 Loans**

ASB originated seven qualified community development loans totaling approximately \$1.2 million within the Non-MSA assessment area. Of the seven community development loans, all seven loans supported community organizations providing services to low- and moderate-income individuals.



| Community Development Lending |                    |          |                    |              |                      |          |                         |          |          |              |
|-------------------------------|--------------------|----------|--------------------|--------------|----------------------|----------|-------------------------|----------|----------|--------------|
| Non-MSA Assessment Area       |                    |          |                    |              |                      |          |                         |          |          |              |
| Activity Year                 | Affordable Housing |          | Community Services |              | Economic Development |          | Revitalize or Stabilize |          | Totals   |              |
|                               | #                  | \$(000s) | #                  | \$(000s)     | #                    | \$(000s) | #                       | \$(000s) | #        | \$(000s)     |
| 2019 (Partial)                | 0                  | 0        | 1                  | 99           | 0                    | 0        | 0                       | 0        | 1        | 99           |
| 2020                          | 0                  | 0        | 2                  | 496          | 0                    | 0        | 0                       | 0        | 2        | 496          |
| 2021                          | 0                  | 0        | 4                  | 627          | 0                    | 0        | 0                       | 0        | 4        | 627          |
| 2022 (YTD)                    | 0                  | 0        | 0                  | 0            | 0                    | 0        | 0                       | 0        | 0        | 0            |
| <b>Total</b>                  | <b>0</b>           | <b>0</b> | <b>7</b>           | <b>1,222</b> | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b> | <b>7</b> | <b>1,222</b> |
| <i>Source Bank Records</i>    |                    |          |                    |              |                      |          |                         |          |          |              |

Notable examples of ASB's community development loans include:

- In 2020, ASB originated a loan totaling approximately \$85,850 to a local town in a low- and moderate- income geography in Oxford County. Loan proceeds contributed towards the purchase of an asphalt paver for the road system. The majority of residents are low- or moderate-income individuals.
- In 2019, ASB originated a loan totaling approximately \$99,000 to a school district for the purchase of a bus. The majority of students are LMI and qualify for free or reduced lunch.

### **Qualified Investments**

ASB made five qualified investments within the Non-MSA assessment area, totaling approximately \$5.3 million in bond investments to revitalize or stabilize the moderate-income geography and \$1,000 in donations supported community organizations providing services to low- and moderate-income individuals. Additionally, the total includes a prior period equity investment of approximately \$1.5 million. The prior period investment benefited efforts to revitalize or stabilize the moderate-income geography.

| Qualified Investments<br>Non-MSA Assessment Area |                    |          |                    |          |                      |          |                         |              |          |              |
|--|--------------------|----------|--------------------|----------|----------------------|----------|-------------------------|--------------|----------|--------------|
| Activity Year                                    | Affordable Housing |          | Community Services |          | Economic Development |          | Revitalize or Stabilize |              | Totals   |              |
|  | #                  | \$(000s) | #                  | \$(000s) | #                    | \$(000s) | #                       | \$(000s)     | #        | \$(000s)     |
| Prior Period                                     | 0                  | 0        | 0                  | 0        | 0                    | 0        | 1                       | 1,500        | 1        | 1,500        |
| 2019 (Partial)                                   | 0                  | 0        | 0                  | 0        | 0                    | 0        | 0                       | 0            | 0        | 0            |
| 2020   | 0                  | 0        | 0                  | 0        | 0                    | 0        | 1                       | 3,050        | 1        | 3,050        |
| 2021   | 0                  | 0        | 0                  | 0        | 0                    | 0        | 1                       | 700          | 1        | 700          |
| YTD 2022   | 0                  | 0        | 0                  | 0        | 0                    | 0        | 0                       | 0            | 0        | 0            |
| <b>Subtotal</b>                                  | <b>0</b>           | <b>0</b> | <b>0</b>           | <b>0</b> | <b>0</b>             | <b>0</b> | <b>3</b>                | <b>5,250</b> | <b>3</b> | <b>5,250</b> |
| Qualified Grants & Donations                     | 0                  | 0        | 2                  | 1        | 0                    | 0        | 0                       | 0            | 2        | 1            |
| <b>Total</b>                                     | <b>0</b>           | <b>0</b> | <b>2</b>           | <b>1</b> | <b>0</b>             | <b>0</b> | <b>3</b>                | <b>5,250</b> | <b>5</b> | <b>5,251</b> |
| <i>Source Bank Data</i>                          |                    |          |                    |          |                      |          |                         |              |          |              |

The prior period qualified equity investment is the following:

- **Qualified Zone Academy Bonds (QZABs)** - In 2014, the bank invested \$1.5 million in a bond that benefits several schools within the Non-MSA portion of the assessment area. This prior period investment helped qualified school districts fund improvement projects such as energy conservation. A qualified school is one that is located in an Empowerment Zone or Enterprise Community or has at least 35 percent student eligibility to receive free or reduced price lunches.
- **Town of Norway** - In 2020, the bank invested \$3.1 million to construct a public works building, which would help to maintain and improve roadways, and retain existing residents in a moderate-income census tract.

### **Community Development Services**

During the evaluation period, the bank did not provide community development related service activities in the Non-MSA assessment area. However, the statewide or regional service activities mentioned in the combined assessment area would also benefit the Non-MSA assessment area. During the previous evaluation period, bank employees provided 16 hours of financial expertise or technical assistance to seven community development-related organizations and schools in the Non-MSA.

## **APPENDICES**

### **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 community development lending, investment, and service needs.

## 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. 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 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.