



**STATE OF CONNECTICUT  
DEPARTMENT OF BANKING**

**COMMUNITY REINVESTMENT  
PERFORMANCE EVALUATION**

**JEWETT CITY SAVINGS BANK**  
Certificate Number: 18237

111 Main Street  
Jewett City, Connecticut 06351

Date of Examination: December 15, 2022

Examiner-in-Charge: Laura DiMeola

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**THIS CRA EVALUATION IS AVAILABLE FOR PUBLIC REVIEW AND COMMENT**

This evaluation reflects the Banking Commissioner's assessment pursuant to Connecticut General Statutes §36a-30 of the performance of this bank in helping to meet the credit needs of its local communities, 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 herein does not represent an analysis, conclusion, or opinion of the State of Connecticut Department of Banking concerning the safety and soundness of this financial institution.

**JORGE L. PEREZ  
BANKING COMMISSIONER**

## TABLE OF CONTENTS

<b>GENERAL INFORMATION .....</b>	<b>1</b>
<b>INSTITUTION RATING .....</b>	<b>2</b>
<b>DESCRIPTION OF THE INSTITUTION .....</b>	<b>3</b>
<b>DESCRIPTION OF THE ASSESSMENT AREA .....</b>	<b>6</b>
<b>SCOPE OF EVALUATION.....</b>	<b>8</b>
<b>CONCLUSIONS ON PERFORMANCE CRITERIA COMBINED ASSESSMENT AREA..</b>	<b>10</b>
<b>DISCRIMINATORY OR ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>16</b>
<b>METROPOLITAN STATISTICAL AREAS.....</b>	<b>17</b>
<b>WINDHAM MSA (FULL-SCOPE REvIEW) .....</b>	<b>17</b>
<b>NEW LONDON MSA (FULL-SCOPE REVIEW).....</b>	<b>32</b>
<b>ADDITIONAL CONNECTICUT CRA STATUTORY PROVISIONS .....</b>	<b>46</b>
<b>APPENDIX A: INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....</b>	<b>48</b>
<b>GLOSSARY.....</b>	<b>49</b>

## **GENERAL INFORMATION**

Connecticut General Statutes (C.G.S.) §36a-30(3)(b) Connecticut Community Reinvestment (CRA) requires the Banking Commissioner to assess the record of each bank in satisfying its continuing and affirmative obligations to help meet the credit needs of its local communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations of such banks. Upon conclusion of such assessment, the Commissioner shall prepare a written evaluation of the bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.

This document reflects an evaluation of the CRA performance of Jewett City Savings Bank prepared by the Connecticut Department of Banking as of December 15, 2022. This agency rates CRA performance of state-chartered banks, under its supervision, consistent with the provisions set forth in C.G.S. §36a-32(a).

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Connecticut Department of Banking concerning the safety and soundness of this financial institution.

## 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.

### **Lending Test**

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans and other lending activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the institution's assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- Jewett City Savings Bank did not receive any written complaints regarding its CRA performance since the last evaluation; therefore, this criterion did not affect the bank's Lending Test rating.

### **Community Development 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 areas.

### **Connecticut Statutory Provisions**

- The bank provides options to assist unemployed and underemployed delinquent residential mortgage borrowers to help prevent foreclosure.
- The bank does not currently offer escrow accounts pursuant to Connecticut General Statutes §47a-21(h) to facilitate landlord/tenant security deposits due to very low demand.
- Neither the bank nor the Banking Commissioner received any CRA-related complaints during the evaluation period.

### **Discriminatory or Other Illegal Credit Practices**

The examiner did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## DESCRIPTION OF THE INSTITUTION

### **Background**

Jewett City Savings Bank (JCSB) is a Connecticut-chartered mutual savings bank that was established in 1873 and is headquartered in Jewett City, Connecticut. The bank is neither owned nor controlled by any one individual or interest, and it does not have any subsidiaries or affiliates.

The bank operates Jewett City Savings Bank Foundation, Inc. (Foundation), a charitable foundation formed in 2003 to support community, charitable, educational, and other benevolent purposes. The Foundation provides grants and monetary gifts to support qualifying not-for-profit organizations that assist individuals and community organizations in the communities the bank serves.

The institution received a “Satisfactory” rating at its prior FDIC Performance Evaluation dated April 15, 2019, which was based on Interagency Small Institution Examination Procedures.

### **Operations**

JCSB operates seven full-service branches located in the cities and towns of Brooklyn, Dayville, Jewett City, Pawcatuck, Plainfield, Preston, and Putnam, which are all located in the eastern portion of Connecticut. Brooklyn, Dayville, Plainfield, and Putnam are located in Windham County in the Worcester, MA-CT MSA, and Jewett City, Pawcatuck, and Preston are located in New London County in the Norwich-New London, CT MSA. The Jewett City and Putnam branches are located in moderate-income tracts, and the Brooklyn, Dayville, Plainfield, Pawcatuck, and Preston branches are located in middle-income tracts.

Since the previous evaluation, the bank opened two full-service branches. On October 17 2019, the bank opened a full-service branch at 46 West Broad Street, Pawcatuck, Connecticut, which is located in a middle-income census tract. On October 14, 2020, the bank opened a full-service branch at 233A Kennedy Drive, Unit 21, Putnam, Connecticut, which is located in a moderate-income census tract.

The bank has ATMs at each of its branches. The Putnam branch has a walk-up ATM, while the other branches each have a drive-up ATM. All ATMs provide 24-hour access to bank customers. JCSB also has a remote, withdrawal-only ATM located at Country Living at Westview Commons in Dayville, Connecticut, which is a retirement housing complex. The bank charges a surcharge for withdrawals at that remote ATM. The bank participates in the SUM ATM Network, wherein customers of the bank can avoid surcharges when using participating SUM ATMs. Non-customers receive a surcharge.

### **Products and Services**

JCSB offers a variety of loan products to serve the needs of both retail customers and businesses. Loan products offered to retail customers include fixed and adjustable-rate mortgages, such as first mortgages, non-owner-occupied first mortgages, and construction mortgages. Additionally, the bank offers both an Easy Pay Mortgage and a Fast Pay Mortgage, which are shorter-term mortgages that offer shorter payment terms, lower interest rates, and more flexible terms regarding closing costs. The bank also extends home equity loans and lines of credit, bridge loans, land loans, and construction loans. JCSB also offers a variety of consumer loans, including automobile, personal installment, and collateral loans. Business loan products include commercial real estate mortgages, construction mortgages, construction loans for speculative or pre-sold projects, commercial loans and lines of credit, equipment/vehicle loans, and working capital loans. The bank also offers letters of credit to commercial clients. Further, the bank participates in multiple

Small Business Administration (SBA) loan programs to increase access to credit for small businesses in the area that might not qualify for traditional financing.

The bank also offers an array of deposit and credit accounts to retail customers and business clients. For retail clients, the bank offers a variety of checking and savings accounts, some of which offer low opening balances, low minimum balances, and low or no monthly maintenance fees. The bank has an ACCESS checking account with a low \$10.00 minimum opening fee. That account is certified by Bank On, which is a national organization that works to ensure that everyone has access to safe, affordable transactional banking accounts. The bank also offers money market accounts, health savings accounts, passbook and statement savings accounts, club accounts, certificates of deposit, and individual retirement accounts. JCSB also offers its retail customers debit cards through Mastercard. Business accounts include business checking accounts with low and no monthly fees on accounts with a lower number of transactions, as well as a business checking account for sole proprietors that earns interest. Other business checking accounts include total business checking and zero balance accounts. The bank further offers business money market accounts, IOLTA accounts for attorney client funds, IORETA accounts for real estate brokers, and community checking accounts and money market accounts for non-profit organizations.

In addition to the above, JCSB offers investment and insurance services and products through Infinex Financial Group, Inc., which operates out of the bank's various branch locations. Products and services include including financial planning, mutual funds, tax-deferred annuities, stocks and bonds, life insurance, long-term care insurance, trusts, money market funds, and retirement accounts.

Convenience services offered to both retail and business clients include online and mobile banking, online bill pay, eStatements, automatic transfers and payments, mobile remote deposit capture, telephone banking, bank-to-bank transfers, overdraft protection, and the ability to open accounts online. Additional services to all customers include coin-counting services, cashier's checks, money orders, notary public services, night depository, and safe deposit boxes. Retail clients have access to a mobile app to track purchases and balances and to block/unblock debit cards. Business clients are offered additional services such as ACH origination, cash management services, wire transfer services, and referrals to local merchants to help businesses access a full suite of credit and debit card processing services. The bank also offers access to financial education and resources on its website for both business and retail customers.

### **Ability and Capacity**

According to the September 30, 2022 Report of Condition and Income (Call Report), JCSB had total assets of \$416.9 million, including total loans of \$300.8 million, and total deposits of \$354.2 million. In comparing these numbers to those reflected in the December 31, 2018 Call Report that was used in the previous evaluation, total assets increased by 46.9 percent, total loans increased by 35.0 percent, and total deposits increased by 62.1 percent.

The table on the following page reflects the composition of the bank's loan portfolio as of September 30, 2022.

<b>Jewett City Savings Bank</b>		
<b>Loan Portfolio Distribution as of September 30, 2022</b>		
<b>Loan Category</b>	<b>\$000s</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	8,586	2.9
Secured by Farmland	977	0.3
Secured by 1-4 Family Residential Properties	140,577	46.7
Secured by Multi-Family (5 or more units) Residential Properties	18,416	6.1
Secured by Nonfarm Nonresidential Properties	79,493	26.4
<b>Total Real Estate Loans</b>	<b>248,049</b>	<b>82.5</b>
Commercial and Industrial Loans	48,428	16.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,618	0.5
Obligations of State and Political Subdivisions in the U.S.	2,635	0.9
Other Loans	47	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>300,777</b>	<b>100.0</b>
<i>Source: Bank's September 30, 2022 CALL Report</i>		
<i>Due to rounding, total may not equal 100.0%</i>		

According to the bank's most recent Call Report, residential loans comprise the largest portion of the bank's loan portfolio, with 1-4 family residential and multi-family residential loans collectively comprising 52.8 percent of the bank's loan portfolio. That percentage decreased slightly since the previous evaluation. Commercial real estate loans secured by nonfarm nonresidential properties and commercial and industrial loans also represent significant lending products for the bank, jointly representing 42.5 percent of all loans. Commercial lending has increased slightly since the last evaluation.

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

## DESCRIPTION OF THE ASSESSMENT AREA

Section 36a-30(3)(c) of the Connecticut General Statutes requires each Connecticut bank to, in accordance with the provisions of the Federal CRA and without excluding low- and moderate-income neighborhoods, delineate one or more assessment areas in which it intends to focus its lending efforts. The Banking Commissioner uses these areas when evaluating the bank's CRA performance.

JCSB designated two contiguous assessment areas in Connecticut. One assessment area includes all of the cities and towns in Windham County, which is located in the Worcester, MA-CT MSA (Windham MSA). The other assessment area includes all of the cities and towns in New London County, which is located in the Norwich-New London, CT MSA, and Westerly, Rhode Island in Washington County, which is located in the Providence-Warwick, RI MSA (New London MSA). The bank's assessment area has changed since the last evaluation. The bank removed the towns of Columbia, Hebron, and Marlborough in 2020, as those towns were outside the main counties the bank serves and there was no significant lending in those towns. The bank added the towns of Salem, Montville, Ledyard, North Stonington, Stonington, Groton, New London, Waterford, East Lyme, Lyme, and Old Lyme to encompass the entire county of New London. Further, the bank added the town of Westerly, Rhode Island to its assessment area due to its very close proximity to the Pawcatuck branch. As noted above, Westerly will be reviewed as part of the New London MSA during this evaluation.

The bank's combined assessment area used for this evaluation includes the following 37 cities and towns:

Ashford	Killingly	Preston
Bozrah	Lebanon	Putnam
Brooklyn	Ledyard	Salem
Canterbury	Lisbon	Scotland
Chaplin	Lyme	Sprague
Colchester	Montville	Sterling
Eastford	New London	Stonington
East Lyme	North Stonington	Thompson
Franklin	Norwich	Voluntown
Griswold	Old Lyme	Waterford
Groton	Plainfield	Windham
Hampton	Pomfret	Woodstock
		Westerly (RI)

The 95 census tracts in the combined assessment area reflect the following income designations according to the 2015 American Community Survey (2015 ACS) data:

- 9 (9.5 percent) low-income tracts
- 14 (14.7 percent) moderate-income tracts
- 48 (50.5 percent) middle-income tracts
- 23 (24.2 percent) upper-income tracts
- 1 (1.1 percent) census tract with no income designation



There is a total of 23 low- and moderate-income (LMI) tracts in the combined assessment area. A majority of the LMI tracts, 16 of the 23 (or 69.6 percent), are located in New London County. There are six LMI tracts located in Windham County. Westerly, RI, also contains one moderate-income tract.

Opportunity zones, which were created under the Tax Cuts and Jobs Act of 2017, are an economic development tool that allows investors to invest in distressed areas in the United States. The purpose of opportunity zones is to spur economic growth and job creation in low-income communities while providing tax benefits to investors, and these zones represent economic and community development opportunities in the area. During the evaluation period, there were opportunity zones designated in the Windham County towns of Windham and Putnam and in the New London County towns in Groton, New London, and Norwich.

The State of Connecticut Department of Economic Development annually designates distressed municipalities in Connecticut. According to C.G.S. §32-9p, a distressed municipality is designated as such based on high unemployment and poverty, aging housing stock and low or declining rates of growth in job creation, population, and per capital income. Please refer to the individual MSA sections of this evaluations, which name the municipalities that were designated as distressed in each MSA during the evaluation period.

Distressed and underserved nonmetropolitan middle-income geographies are designated by the Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) based on rates of poverty, unemployment, and population loss or population size, density, and dispersion. There were no distressed or underserved middle-income nonmetropolitan tracts in the bank's combined assessment area during the time of this evaluation.

Specific economic and demographic data for the assessment areas is located under each MSA section in this evaluation.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior FDIC evaluation dated April 15, 2019 to the current evaluation dated December 15, 2022. An offsite evaluation of JCSB's compliance with C.G.S. §36a-32 Connecticut *Community Reinvestment Statute* was conducted by representatives of the State of Connecticut Department of Banking. The examination was conducted concurrently with the FDIC. The examiner used the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Bank CRA Examination Procedures to evaluate the bank's CRA performance. This is the first time that JCSB is being examined as an Intermediate Small Bank. As described in *Appendix A* of this evaluation, these procedures include two tests: the Small Institution Lending Test and the Community Development Test. An intermediate small bank must achieve at least a "Satisfactory" rating on both the Small Bank Lending Test and the Community Development Test to obtain an overall "Satisfactory" rating.

C.G.S. §36a-32 also requires examiners to evaluate the following:

- The bank's efforts to work with unemployed and underemployed delinquent residential mortgage customers to facilitate a resolution of the delinquency;
- The bank's record of offering escrow accounts for purposes of compliance with C.G.S. §47a-21(h) (Rental Security Deposits); and
- The bank's response to written CRA complaints received by the bank and the Banking Commissioner.

### **Activities Reviewed**

The examiner determined the bank's major product lines during this evaluation period were 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 loans, represent a major product line; therefore, they were not reviewed and are not presented as they provide no material support for conclusions or ratings.

This evaluation considered all home mortgage loans reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 165 home mortgage loans totaling \$23.5 million in 2019, 230 home mortgage loans totaling \$56.7 million in 2020, and 259 home mortgage loans totaling \$51.9 million in 2021. The examiner compared the bank's home mortgage lending performance to 2019, 2020, and 2021 aggregate data and the 2015 American Community Survey (ACS) demographic data.

As an ISB, JCSB is not required to report the bank's small business loan data, nor did it actively collect small business data. Therefore, the examiner reviewed a random sample of small business loans from 2021. The CRA defines small business loans as commercial real estate and commercial and industrial loans with original balances of \$1.0 million or less. The examiner used a sample of 51 small business loans from 2021 totaling \$3.6 million. Of the 51 small business loans sampled, 41 were made under the Small Business Administration's Paycheck Protection Program (PPP) and totaled approximately \$1.6 million.

In conducting this evaluation, the examiner relied on information provided by the bank, public loan and financial information, including home mortgage lending data reported pursuant to HMDA, and small business lending data provided by the bank. The examiner also compared the bank's lending

against demographic and economic data from the 2015 ACS, United States Bureau of Labor Statistics (U.S. BLS), and Dunn and Bradstreet (D&B). Financial data used in this evaluation was obtained from the bank’s September 30, 2022 Report of Condition and Income (Call Report). Peer market share reports were used to compare the bank’s lending to that of other lenders in the aggregate market, where appropriate.

An institution’s performance under the CRA regulations is evaluated in the context of information about the institution, its community, and its competitors. The examiner reviewed demographic data and economic conditions, the institution’s major product lines and business strategy, and its financial condition, capacity, and ability to lend and/or invest in its communities. The bank’s performance is assessed in the context of community credit needs and opportunities, as well as the institution’s ability to respond to those needs within safe and sound banking practices.

For the Lending Test, the examiner considered the number and dollar volume of home mortgage loans and small business loans. Although number and dollar volume of loans are presented, the examiner emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served. Due to the comparable number of loans originated by JCSB, the examiner placed equal weight on the bank’s home mortgage and small business lending performance during this review period.

For the Community Development Test, the examiner reviewed information provided by the bank regarding community development loans, qualified investments, and community development services from the prior FDIC CRA evaluation dated April 15, 2019 to the current evaluation date of December 15, 2022.

**Assessment Areas Reviewed**

The examiner performed full-scope reviews of the bank’s activities in both the New London MSA and Windham MSA assessment areas. Equal weight was given to the activities in each MSA. The following table details the distribution of JCSB’s home mortgage loans and small business loans that were used in this evaluation, as well as its deposits and branches by MSA.

<b>Jewett City Savings Bank Assessment Area Breakdown of Loans, Deposits, and Branches</b>								
<b>Assessment Area</b>	<b>Home Mortgage Loans</b>		<b>Small Business Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	#	%	#	%	000s	%	#	%
Norwich-New London, CT MSA	231	40.8	16	34.8	157,645	45.5	4	57.1
Worcester, MA-CT MSA	335	59.2	30	65.2	188,545	54.5	3	42.9
<b>Total</b>	<b>566</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>346,190</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>
<i>Source: FDIC Summary of Deposits (06/30/22); 2019, 2020, and 2021 HMDA LARs, Bank Data</i>								

**CONCLUSIONS ON PERFORMANCE CRITERIA  
COMBINED ASSESSMENT AREA**

**LENDING TEST**

JCSB demonstrated reasonable performance under the Lending Test. The bank’s reasonable Loan-to-Deposit Ratio, more than reasonable Assessment Area Concentration, and reasonable performance under the Geographic Distribution and Borrower Profile criteria support this conclusion. This conclusion is based on the bank’s performance in each of its assessment areas. The following sections address the bank’s overall performance under each criterion of the Lending Test.

**Loan-to-Deposit Ratio (LTD)**

JCSB’s net LTD ratio is reasonable given the bank’s size, financial condition, assessment area credit needs, and other lending activities. The average net LTD ratio of 93.2 percent was calculated using Call Report data, and quarterly net LTD ratios ranged from a high of 103.8 percent as of September 30, 2019 to a low of 84.1 percent as of September 30, 2022. Since the previous evaluation, the bank’s net LTD ratio has steadily declined. Both deposits and loans increased during the evaluation period; however, deposits increased much more rapidly during the COVID-19 pandemic.

The examiner compared JCSB’s average net LTD ratio to three similarly situated financial institutions based on their asset size, geographic location, and lending focus. The bank’s LTD ratio exceeded that of two of these similarly situated institutions, one of which had a significantly larger asset size, as shown below in the table illustrating JCSB’s LTD ratios in comparison to the other similarly situated institutions during the evaluation period.

<b>Jewett City Savings Bank Loan-to-Deposit Ratio</b>		
	<b>Total Assets (000s)</b>	<b>Average Net LTD Ratio %</b>
<b>Jewett City Savings Bank</b>	416,944	93.2
Eastern Connecticut Savings Bank	270,706	96.9
Essex Savings Bank	531,264	77.4
Dime Bank	1,082,608	79.1
<i>Source: Call Report (03/31/19 through 09/30/22)</i>		

**Assessment Area Concentration**

JCSB originated a substantial majority of its home mortgage and small business loans, by both number and dollar amount, within its combined assessment area. The bank originated 86.5 percent of home mortgage loans by number and 83.2 percent by dollar amount within its combined assessment area. It also originated 90.2 percent of small business loans by number and 94.4 percent by dollar amount within its assessment area. The table on the following page details the bank’s lending inside and outside of its assessment area.

**Jewett City Savings Bank**  
**Lending Inside and Outside of the Assessment Area**  
**Combined Assessment Area**

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	142	86.1	23	13.9	165	18,556	78.9	4,965	21.1	23,521
2020	194	84.3	36	15.7	230	48,592	85.7	8,084	14.3	56,676
2021	230	88.8	29	11.2	259	42,853	82.5	9,110	17.5	51,962
<b>Subtotal</b>	<b>566</b>	<b>86.5</b>	<b>88</b>	<b>13.5</b>	<b>654</b>	<b>110,000</b>	<b>83.2</b>	<b>22,159</b>	<b>16.8</b>	<b>132,160</b>
Small Business										
2021	46	90.2	5	9.8	51	3,403	94.4	201	5.7	3,604
<b>Subtotal</b>	<b>46</b>	<b>90.2</b>	<b>5</b>	<b>9.8</b>	<b>51</b>	<b>3,403</b>	<b>94.4</b>	<b>201</b>	<b>5.7</b>	<b>3,604</b>
<b>Total</b>	<b>612</b>	<b>86.8</b>	<b>93</b>	<b>13.2</b>	<b>705</b>	<b>113,403</b>	<b>83.5</b>	<b>22,360</b>	<b>16.5</b>	<b>135,764</b>

Source: HMDA LARS 2019, 2020, and 2021; Bank Data for Small Business Loans  
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 overall reasonable dispersion of loans throughout the New London MSA primarily supports this conclusion. Please refer to the *Geographic Distribution* section for each individual assessment area for a detailed discussion of the bank’s performance.

**Borrower Profile**

The distribution of loans to borrowers reflects, given the demographics of the assessment areas, reasonable penetration among retail customers of difference income levels and businesses of different sizes. The bank’s reasonable Borrower Profile performance was consistent throughout both of its assessment areas primarily supports this conclusion. Please refer to the *Borrower Profile* section for each assessment area for a detailed discussion of the bank’s performance.

**Response to Complaints**

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

**COMMUNITY DEVELOPMENT TEST**

JCSB demonstrated adequate performance under the Community Development Test in the combined assessment area. This conclusion is primarily supported by the bank’s excellent community development lending and adequate level of qualified community development investments. The bank responded to the primary community development needs in its assessment area through its extension of community development loans, qualified investments, and community development services. The bank’s performance was generally consistent in both of its assessment areas. The examiner considered the bank’s size, capacity, and the need for and availability of community development opportunities in the institution’s assessment area.

**Community Development Loans**

JCSB made an excellent volume of qualified community development loans in its combined assessment area during the evaluation period. The bank originated 45 community development loans totaling approximately \$13.6 million, which represents 5.2 percent of its average total loans and 3.8 percent of its average total assets for the evaluation period.

JCSB addressed the primary needs of its combined assessment area with its community development lending. The majority of the bank’s qualified community development loans (44.4 percent) were in the area of revitalization and stabilization. Many of those loans were PPP loans made to businesses located in LMI tracts, which was especially responsive during the COVID-19 pandemic. The bank also made another 33.3 percent of its qualified community development loans towards affordable housing, which was the top need in the combined assessment area. The remaining 22.2 percent of qualified community development loans addressed economic development, which was also a primary need.

The majority of JCSB’s community development lending was in the New London MSA portion of its assessment area. The bank made 51.1 percent of its qualified community development loans in that area. The bank also made a relatively high percentage (40.0 percent) of its lending in the Windham MSA. The bank originated the remaining 8.9 percent of its qualified community development loans to benefit areas outside of its assessment area. Since the bank adequately addressed the needs inside its assessment area, it was also given credit for those loans.

The following table shows the bank’s community development lending activity by number, dollar amount, and purpose within each area during the evaluation period.

<b>Jewett City Savings Bank Community Development Loans 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>
Windham MSA	7	2,185	0	0	4	2,782	7	529	18	5,496
New London MSA	7	2,213	0	0	4	2,661	12	483	23	5,357
Outside of Assessment Area	1	458	0	0	2	1,008	1	1,264	4	2,730
<b>Total</b>	<b>15</b>	<b>4,856</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>6,451</b>	<b>20</b>	<b>2,276</b>	<b>45</b>	<b>13,583</b>
<i>Source: Bank Records</i>										

The following are two noteworthy examples of qualified community development loans the bank made outside of its combined assessment. Please refer to the individual assessment area sections of this evaluation for qualified community development loans that benefitted those individual areas.

- In 2021, the bank originated a \$661,500 loan to finance the acquisition of business assets of a Rhode Island auto parts store. The loan helped to create a new business location for a different company that would retain the jobs of the previous company. The loan was approved as part of the FHLB Jobs for New England program, which offers small business loans to assist employers to add new jobs, save existing jobs, expand minority- and women-owned businesses, upgrade business facilities to meet health, safety, or environmental requirements, improve and stabilize the economy, and stimulate other business developments.
- In 2021, the bank made a loan in the amount of \$458,000 to a property management/rental company to purchase a 12-unit property in a low-income tract in New Britain, Connecticut. The property provides rents that are affordable for LMI tenants.

### **Qualified Investments**

During the evaluation period, JCSB made an adequate level of qualified community development investments. The bank did not make any current or prior period equity investments; however, the bank supported various community and charitable organizations through a variety of donations and grants in both its combined assessment area and on a statewide basis. The bank and its Foundation together made a total of 155 grants and donations totaling approximately \$450,000, which represented less than 1.0 percent of the bank's average total assets, 1.8 percent of its average total securities, and 38.9 percent of its average net income.

The bank was responsive to the primary community development needs in its combined assessment area. The majority of the bank's community development investments were made in the area of community services. The bank made 89.7 percent of its donations and grants to organizations that predominantly serve LMI individuals and families in its assessment area. An additional 7.1 percent of its donations and grants contributed to revitalization and stabilization of its assessment area. Several of those grants assisted with needs arising from the COVID-19 pandemic. JCSB also made 2.6 percent of its donations in the area of affordable housing and 0.6 percent in the area of economic development.

JCSB made the majority (49.7 percent) of its qualified community development grants and donations in the Windham MSA. The bank made another 39.4 percent of its qualified grants and donations in the New London MSA. The remaining 10.9 percent of qualified grants and donations were made to organizations benefitting a statewide area that included cities and towns in the bank's combined assessment area.

The table on the following page shows the bank's qualified donations and grants that benefitted the combined assessment area.

<b>Jewett City Savings Bank Qualified Investments Combined 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>
Windham MSA	0	0	72	133	0	0	5	65	77	198
New London MSA	3	7	52	72	0	0	6	85	61	164
Statewide	1	10	15	32	1	1	0	0	17	43
<b>Total</b>	<b>4</b>	<b>17</b>	<b>139</b>	<b>237</b>	<b>1</b>	<b>1</b>	<b>11</b>	<b>150</b>	<b>155</b>	<b>405</b>
<i>Source: Bank Records</i>										

Below are notable examples of the bank’s grants and donations that benefitted a statewide area that, including cities and towns within in the bank’s combined assessment area. Please refer to the individual assessment area sections of this evaluation for examples of grants and donations solely benefitting each individual assessment area.

- In 2019, the bank made a \$500.00 donation to a non-profit economic development organization that provides a wide range of services and resources to stimulate economic development in southeastern Connecticut, including cities and towns in the bank’s combined assessment area.
- In 2020, the bank made a donation in the amount of \$9,862.63 to an organization committed to providing safe and affordable housing to LMI individuals in the eastern portion of Connecticut, including within the bank’s combined assessment area.
- From 2019 to 2022, the bank made both donations and grants totaling \$30,840 to three food pantries that serve LMI individuals and families throughout the bank’s combined assessment area.

**Community Development Services**

During the evaluation period, JCSB provided an adequate number of community development services that benefitted LMI individuals and families and small businesses throughout the bank’s combined assessment area. JCSB’s employees and officers regularly provide technical assistance and financial and managerial experience to community organizations throughout the bank’s combined assessment area. During this evaluation period, the bank reported 37 instances of qualified employee and officer community development service to various community organizations serving LMI individuals and families and small businesses in its assessment area. This included both employee/officer service and educational seminars.

In performing community development services in its assessment area, the bank addressed the primary needs of the area. A majority of the bank’s qualified services (70.3 percent) were geared toward community services to organizations focusing on LMI individuals in its area. The bank also



performed 18.9 percent of its qualified services towards organizations focusing on economic development and 10.8 percent towards organizations promoting revitalization/stabilization.

The following table details the bank’s qualified community development services in its combined assessment area during the evaluation period.

<b>Jewett City Savings Bank Community Development Services 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>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
<b>Windham MSA</b>	0	14	0	4	18
<b>New London MSA</b>	0	12	3	0	15
<b>Statewide Activities</b>	0	0	4	0	4
<b>Total</b>	<b>0</b>	<b>26</b>	<b>7</b>	<b>4</b>	<b>37</b>
<i>Source Bank Records</i>					

The following are two notable examples of qualified community services performed on a statewide basis that benefitted both of the bank’s MSA assessment areas. Please refer to the individual MSA sections of this report for examples of community service that benefitted each assessment area individually.

- In 2022, an assistant branch manager of the bank led a financial literacy and saving series of workshops held on four different dates at Griswold Youth and Family Services, which was presented to attendees of the organization’s summer camp that is located in a moderate-income tract. The summer camp was primarily attended by LMI students.
- Throughout the entire evaluation period, an officer of the bank served on the Board of an organization that promotes economic development in Eastern Connecticut. In that capacity, the officer oversaw staff and voted on community grants and revolving loan funds. This officer also served as Chairman of the Loan Administration Board for the same organization, providing oversight, voting on loan presentations, and providing advice regarding various state revolving loan funds.

**Banking Services**

The bank has two branches in moderate-income tracts, one in Jewett City and one in Putnam. The bank also has drive-up teller service and 24-hour ATMs at each of its branch locations, which increases access to bank products and services to all of its customers, including LMI customers and small businesses. The bank’s hours further accommodate customers, as it offers drive-up hours that typically start up to an hour prior to lobby hours and extended hours on certain days during the week and on Saturday at most of its locations. The bank also participates in the SUM ATM Network, wherein customers of the bank can avoid surcharges when using participating SUM ATMs. Access to these additional ATMs further increases customer access to banking, including in LMI geographies where the bank does not operate a branch.

In addition to the above, JCSB also offers a wide variety of services that make banking more

convenient for its customers that may not be able to access the bank's branches or network of ATMs. These services include online and mobile banking, online bill pay, eStatements, automatic transfers and payments, mobile remote deposit capture, telephone banking, bank-to-bank transfers, and the ability to open accounts and apply for loans online. All of these services are available to both retail and business clients. Additionally, retail clients are given access to a mobile app to track purchases and balances and to block/unblock debit cards.

JCSB also offers access to financial education and resources on its website for both business and retail customers. The bank's website contains online calculators, a variety of educational resources, and a frequently asked questions section. All of these features assist customers with questions that may have otherwise needed to ask in person.

### **Other Community Services**

#### **COVID-19 Accommodations**

In response to the COVID-19 pandemic, the bank participated in the SBA Paycheck Protection Program, as noted in the *Lending Test* sections of this evaluation. This program assisted a large number of small businesses to stay afloat during the pandemic. JCSB also offered residential loan deferments as outlined in the *Additional Connecticut CRA Statutory Provisions/Bank's Efforts to Work with Unemployed/Underemployed Delinquent Mortgage Customers to Prevent Foreclosure* section of this evaluation. In addition to residential loan deferments, the bank offered loan deferments on 57 commercial loans totaling approximately \$33 million and on 33 consumer loans totaling approximately \$1.9 million. The bank also offered the following flexibilities to its customers related to the COVID-19 pandemic to assist bank customers impacted by the pandemic:

- Waiver of late fees if borrowers requested payment deferrals
- No garnishment of funds from economic impact payments
- Early withdrawal penalty waivers for certificates of deposit
- Virtual loan closings

#### **Interest on Lawyers Trust Accounts (IOLTA) and Interest on Real Estate Trust (IORETA) Accounts**

JCSB offers IOLTA and IORETA accounts. The IOLTA program permits lawyers to deposit client funds into interest-bearing accounts. The interest generated from the IOLTA accounts are donated to the Connecticut Bar Association to help fund legal services for low-income individuals. The IORETA program permits real estate brokers to deposit client funds into interest-bearing accounts. JCSB remits the interest earned on these accounts to the Connecticut Housing Finance Authority (CHFA) to provide housing costs assistance for LMI individual and families. During the evaluation period, the bank remitted \$6,989.09 in interest earned on IOLTA accounts and \$95.86 in interest earned on IORETA accounts.

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

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

## METROPOLITAN STATISTICAL AREAS

### WINDHAM MSA (FULL-SCOPE REVIEW)

#### DESCRIPTION OF INSTITUTION'S OPERATIONS IN WINDHAM MSA

The Windham MSA consists of all of the cities and towns in Windham County, which is located in the Worcester, MA-CT MSA. This portion of the bank's assessment area includes the following towns: Ashford, Brooklyn, Canterbury, Chaplin, Eastford, Hampton, Killingly, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Windham, and Woodstock.

#### Operations

JCSB operates four of its seven full-service branches in the Windham MSA in the towns of Brooklyn, Dayville (Killingly), Plainfield, and Putnam. JSCB originated 54.5 percent of its total deposits, 59.2 percent of its home mortgage loans, and 65.2 percent of its small business loans in this assessment area.

#### Economic and Demographic Data

This portion of the assessment area consists of 25 census tracts that reflect the following income designations according to the 2015 ACS:

- 3 (12.0 percent) low-income tracts
- 4 (16.0 percent) moderate-income tracts
- 16 (64.0 percent) middle-income tracts
- 2 (8.0 percent) upper-income tracts

This assessment area contains seven LMI tracts. The majority of this area's LMI tracts are located in the town of Windham, which contains all three of the low-income tracts and two moderate-income tracts. The remaining two moderate-income tracts are in Killingly and Putnam.

Opportunity zones were designated in this portion of the assessment area in Windham (8006.00) and Putnam (9031.00). The following cities in the Windham MSA were designated by the State of Connecticut Department of Economic Development as distressed municipalities in the following years:

#### 2019

Chaplin  
Killingly  
Putnam  
Sterling  
Windham

#### 2020

Chaplin  
Putnam  
Windham

#### 2021

Chaplin  
Plainfield  
Putnam  
Sterling  
Windham

The following table includes select demographic characteristics of the Windham MSA.

Jewett City Savings Bank Demographic Information of the Assessment Area Windham MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	12.0	16.0	64.0	8.0	0.0
Population by Geography	117,470	12.2	20.1	60.5	7.2	0.0
Housing Units by Geography	49,176	10.1	21.5	61.3	7.1	0.0
Owner-Occupied Units by Geography	31,184	4.5	18.4	68.9	8.2	0.0
Occupied Rental Units by Geography	13,092	23.3	30.9	41.3	4.6	0.0
Vacant Units by Geography	4,900	10.4	16.7	66.6	6.2	0.0
Businesses by Geography	9,571	10.2	20.4	61.0	8.4	0.0
Farms by Geography	555	2.0	12.4	71.0	14.6	0.0
Family Distribution by Income Level	29,674	25.8	18.9	22.7	32.5	0.0
Household Distribution by Income Level	44,276	26.5	17.0	18.8	37.7	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Housing Value			\$195,532
			Median Gross Rent			\$846
			Families Below Poverty Level			7.6%
<i>Source: 2015 ACS, 2021 D&amp;B Data, and FFIEC Estimated Median Family Income;            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**Population**

According to the 2015 ACS, the Windham MSA has a population of 117,470, which includes 29,674 households that are families. Of the area families, 44.7 percent are LMI, with 25.8 percent being low-income and 18.9 percent being moderate-income. Approximately 7.6 percent of all area families and 29.5 percent of low-income families reported incomes below the federal poverty level. This MSA’s significant concentration of low-income families with incomes below the federal poverty level presents a challenge for lenders to be able to extend home mortgages to that group of borrowers.

**Median Family Income (MFI)**

Median family incomes, along with the respective income ranges by income level, for 2019, 2020, and 2021 in the Windham MSA are presented in the table on the following page.

Jewett City Savings Bank Median Family Income Ranges Windham MSA				
Worcester, MA-CT MSA Median Family Income (49340)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
<i>Source: FFIEC</i>				

### **Housing**

According to the 2015 ACS, there are 49,176 housing units within the bank’s Windham MSA. Of those housing units, approximately 63.4 percent are owner-occupied housing units, 26.6 percent are occupied rental units, and 10.0 percent are vacant. Lending opportunities in low-income tracts appear to be more limited, as only 4.5 percent of the area’s owner-occupied properties are located in those tracts. A higher opportunity appears to exist for lending in moderate-income tracts with 18.4 percent of the area’s owner-occupied tracts being located in those tracts. Of the housing units in this assessment area, 42,609 (86.7 percent) are 1-4 family units and 5,091 (10.4 percent) are multi-family units.

The median housing value in the combined assessment area is \$195,532. Median housing values vary throughout the combined assessment area, although not significantly. Windham, which contains the highest higher number of LMI tracts in this portion of the bank’s assessment area has a median housing value of \$149,583. Plainfield, which contains all middle-income tracts, has a median housing value of \$172,330. Ashford is a more affluent town in an upper-income tract, and the median housing value there is \$232,000. It is also notable that the median housing value for this assessment area is approximately four times the median family income for low-income residents and between two and four times the median family income for moderate-income residents. This would present challenges for residents who are low-income and in the lower moderate-income range to be able to qualify for and afford housing at that price.

Housing in the bank’s Windham MSA assessment area is more affordable than it is statewide. According to the 2015 ACS, the affordability ratio of housing in the bank’s combined assessment area is approximately .30, which is higher than the statewide ratio of .23.

In terms of the age of housing stock, the median age of housing stock in the Windham MSA assessment area is 55 years; however, it is 70 years in the low-income tracts and 66 years in the moderate-income tracts, signaling more potential need for rehabilitation of housing in those tracts. The age of housing stock in the Windham MSA is generally comparable to that of both the bank’s New London MSA and the state of Connecticut.

### **Unemployment**

The examiner used data from the U.S. BLS for 2019 through 2021 and for October 2022, which was the last month available to the examiner at the start of the examination. That data indicated that the unemployment rate for Windham County was 3.8 percent as of October 2022, which was slightly lower than Connecticut’s rate of 4.0 percent and slightly higher than the national rate of 3.4

percent. Unemployment rates in Windham County, Connecticut, and nationwide rose sharply in 2020 due to the COVID-19 pandemic and began to decline slightly in 2021 and has declined even further since that time. As of October 2022, the unemployment rate in Windham County had returned to its pre-pandemic level. The following table shows the unemployment rates in Windham County, Connecticut, and the United States during the evaluation period.

<b>Unemployment Rates*</b>				
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>October 2022</b>
Windham County	3.8	7.7	6.2	3.8
Connecticut	3.5	7.8	6.3	4.0
United States	3.7	8.1	5.4	3.4
<i>*Not Seasonally Adjusted; Years 2019, 2020, and 2021 are Annual Averages</i>				

### **Business Demographics**

According to 2021 D&B data, there were 9,571 non-farm businesses operating in the Windham MSA. Most businesses operating in the Windham MSA were small businesses, which have Gross Annual Revenues (GARs) of \$1 million or less, as defined in the CRA regulation. The breakdown of businesses in the area by revenue is as follows:

- 87.5 percent have GARs of \$1 million or less;
- 3.4 percent have GARs of \$1 million or more;
- 9.1 percent have revenues not reported

Out of the businesses operating in the combined assessment area, 67.5 percent have between 1-4 employees and 92.2 percent operate out of a single location. Employers of this size are most likely to be small businesses. Approximately 10.2 percent of the area’s non-farm businesses operate in low-income tracts and 20.4 percent operate in moderate-income tracts.

The service industry represents the largest business sector in the assessment area, comprising 34.1 percent of all businesses, followed by non-classifiable establishments at 17.3 percent and retail at 11.6 percent. The five largest employers in the bank’s Windham MSA are Day Kimball Healthcare, Frito-Lay, Inc., Lowe’s Distribution Center, Walmart Supercenter, and Windham Hospital.

### **Competition**

JCSB operates in a competitive market for financial products and services. According to the June 30, 2022 FDIC Deposit Market Share Report, ten financial institutions operated 28 full-service branches in the Windham assessment area. JCSB ranked with 5<sup>th</sup> with four offices and 9.9 percent of the total market share. Berkshire Bank ranked 1<sup>st</sup> with 5 branches and captured 20.8 percent of the total market share.

There was a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders during the evaluation period. In 2019, there were 212 lenders in the aggregate market, originating 3,064 home mortgage loans in the Windham MSA. JCSB ranked 8<sup>th</sup> with 83 loans and a 2.7 percent market share. The top five lenders were Fairway Independent Mortgage Corporation, United Shore Financial Services, Charter Oak Federal Credit Union, Quicken Loans, and Putnam Bank, which collectively originated 861 home mortgage loans with a collective market share of 28.1 percent.

In 2020, an increased amount of 241 lenders were in the market in the Windham MSA. Those lenders originated 4,457 home mortgage loans in that area. JCSB's ranking rose to 6<sup>th</sup> with 117 loans with an increased market share of 2.6 percent. The top five lenders were Freedom Mortgage Corporation, Quicken Loans, Fairway Independent Mortgage Corporation, Charter Oak Federal Credit Union and United Wholesale Mortgage, LLC. Those lenders collectively made 1,366 home mortgage loans and collectively secured 30.7 percent of the market share in the area that year.

In 2021, the number of lenders in the aggregate market again rose slightly to 265, which originated an increased amount of 5,303 home mortgage loans in the Windham MSA. JCSB's ranking declined slightly to 7<sup>th</sup>; however, it made an increased number of 135 loans and its market share remained at approximately 2.6 percent. The top five lenders in 2021 were Rocket Mortgage, Freedom Mortgage Corporation, Fairway Independent Mortgage Corporation, United Wholesale Mortgage, and Charter Oak Federal Credit Union, which collectively originated 1,636 home mortgage loans and had a shared market share of 30.9 percent.

The market was also competitive for small business loans in the Windham MSA. In 2021, which is the year for which the examiner evaluated the bank's lending, there were 64 lenders originating 2,092 small business loans in the Windham MSA. The top five lenders were American Express National Bank, Bank of America, N.A., Synchrony Bank, JP Morgan Chase Bank, NA, and Citibank, N.A., which collectively made 1,042 small business loans and had a shared market share of 46.4 percent. It is notable that top lenders primarily offer commercial credit cards.

### **Community Contact**

The examiner utilized an existing contact with a director of a local community agency that primarily serves LMI individuals and families in the eastern part of Connecticut, including Windham County. The agency helps to satisfy basic needs of LMI individuals and families in areas that include, but are not limited to, affordable housing, energy assistance, employment, and food security. The agency also provides case management services to its clients to address a broad spectrum of health, social, and economic issues.

The contact identified affordable housing as the primary need in the area, stating that there is an insufficient amount of affordable housing to meet the area's needs. Low-income renters are cost-burdened, and their hourly wage is not substantial enough to afford the cost of even the most affordable housing. The contact also identified the need for a better public transportation system that reaches area employers and bank branches, a larger number of bank branches, and longer branch hours to accommodate working individuals. The contact also identified financial literacy, credit repair programs and products, and a wider variety of community services for LMI individuals and families that are experiencing a whole spectrum of hardship. The contact indicated that flexible credit products and low-barrier small dollar loans to help people with expenses such as car repairs and registration and money for security deposits would help meet the needs of LMI individuals in the area. Further, the contact indicated that there would be value in financial institutions working with community agencies and not-for-profit organizations to try to establish banking relationships with the unbanked or underbanked. The contact indicated that financial institutions in the area are contributing to community needs mostly in the way of foundation grants and in-kind services. However, it was noted that it would be beneficial for financial institutions to provide more funding to help organizations address the current and growing needs of the area, especially in terms of multi-year financing of larger projects that would really make a sustainable difference in the area.

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

The examiner determined that affordable housing and community services are the primary community development needs in the Windham MSA. The high percentage of low-income families living below the poverty level in the area establishes a significant need for both community development donations and grants and services to help improve the well-being and financial position of these families. The COVID-19 pandemic exacerbated the financial struggle of many LMI individuals and families, further supporting the need for additional community services targeted at this group and revitalization and stabilization in the area. The need for financial literacy and flexible loan products also presents an opportunity for financial institutions in the area. The age of housing stock in the LMI tracts may provide opportunities for financial institutions to extend loans or make investments in rehabilitation of housing in the area. Additionally, the bank's Windham assessment area contains two opportunity zones, and several of its cities are considered distressed municipalities. This further indicates opportunities for financial institutions to participate in projects to address needs in those communities.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN WINDHAM MSA**

### **LENDING TEST**

JCSB demonstrated reasonable performance under the Lending Test in the Windham MSA. The bank's reasonable performance under the borrower profile criterion primarily supports this conclusion. The following sections discuss the bank's performance under each criterion of the Lending Test in this MSA.

### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the Windham MSA. The bank's poor home mortgage and small business lending activity supports this conclusion. The examiner focused on the percentage of home mortgage and small business loans originated in the LMI tracts.

### **Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects poor dispersion throughout the Windham MSA. The table on the following page illustrates the dispersion of home mortgage loans by census tract income level in the Windham MSA for 2019, 2020, and 2021.



Jewett City Savings Bank Geographic Distribution of Home Mortgage Loans Windham MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.5	3.8	0	0.0	0	0.0
2020	4.5	3.8	2	1.7	211	0.6
2021	4.5	3.6	2	1.5	306	1.3
Moderate						
2019	18.4	17.8	6	7.2	725	6.3
2020	18.4	14.9	8	6.8	1,989	5.9
2021	18.4	17.3	11	8.1	2,347	10.2
Middle						
2019	68.9	70.9	77	92.8	10,758	93.7
2020	68.9	73.0	100	85.5	30,101	89.5
2021	68.9	71.6	119	88.1	19,989	86.7
Upper						
2019	8.2	7.4	0	0.0	0	0.0
2020	8.2	8.2	7	6.0	1,318	3.9
2021	8.2	7.5	3	2.2	425	1.8
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	0.0
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>11,484</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>33,619</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>23,066</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

JCSB did not originate any home mortgage loans in the low-income tracts in 2019. The bank originated two loans each in 2020 and 2021. The bank's performance fell below the aggregate performance in all three years. Both the bank and the aggregate fell below the percentage of owner-occupied units; however, JCSB fell below it more sharply than the aggregate in all three years. However, lending opportunities were limited in the low-income tracts, with only 4.5 percent of owner-occupied units being located in those tracts.

The HMDA market share reports gave greater insight into the bank's performance in the low-income tracts compared to other lenders. The bank was not compared directly to the aggregate

market in 2019, since it did not make any loans that year; however, the 2019 HMDA Market Share Report reported 51 lenders making 122 loans. Those lenders that made at least one loan were larger banks and credit unions or national mortgage companies. In 2020, JCSB ranked 33<sup>rd</sup> with a 1.3 percent market share among 58 lenders that originated at least one home mortgage loan in the low-income tracts. The bank was only outperformed by much larger financial institutions that year. In 2021, the bank ranked 29<sup>th</sup> with a market share of 1.1 percent among an increased amount of 63 lenders. In 2021, Eastern Connecticut Savings Bank, a smaller local institution, outperformed JCSB, ranking 25<sup>th</sup> with three loans and a market share of 1.6 percent. In both 2020 and 2021, almost half of all lenders made only one HMDA reportable home mortgage loan.

With regard to originations of home mortgage loans in the moderate-income tracts in the Windham MSA, the bank increased its lending year-over-year with six loans in 2019, eight loans in 2020, and eleven loans in 2021. However, the bank's performance significantly lagged behind the aggregate performance and the percentage of owner-occupied units in these tracts for all three years of the evaluation period. The aggregate performance was only slightly lower than the percentage of owner-occupied units in these tracts for all three years of the evaluation period.

HMDA market share reports again provided further insight into the bank's lending performance as compared to other lenders in the market in these tracts. JCSB ranked 23<sup>rd</sup> in 2019 out of 109 lenders with a 1.2 percent market share. In that year, Putnam Bank, a local institution similar in size to JCSB, ranked 6<sup>th</sup> with 18 loans and a 3.5 percent market share. In 2020, JCSB improved its ranking to 19<sup>th</sup> out of 126 lenders, again with a 1.2 percent market share. In 2021, JCSB declined in the rankings to 25<sup>th</sup> among 144 lenders, although its market share of 1.2 percent remained stable. In 2020 and 2021, any financial institutions that outperformed JCSB were all larger in size and resources to lend.

Overall, the examiner concluded that the bank had poor dispersion of home mortgage loans in the LMI tracts. The bank had no lending in the low-income tracts in 2019 and only limited lending in those tracts in 2020 and 2021. It consistently lagged behind the aggregate performance and below the demand for lending in these tracts. The examiner recognized that the low percentage of owner-occupied units in this area provided a more limited opportunity for lending in those tracts to all lenders. There was also high competition for loans in these tracts with lenders competing for a limited amount of loans in these tracts. Therefore, lending in the low-income tracts did not contribute the greatest weight in reaching examiner conclusions. However, there was a greater opportunity to lend in the moderate-income tracts where there was a higher percentage of owner-occupied units. Thus, greater weight was given to the bank's lending in those tracts. Despite the increased opportunity for lending in the moderate-income tracts, the bank's lending remained poor. While the bank's lending increased slightly year-over-year, the bank consistently remained sharply below the aggregate performance and percentage of owner-occupied units in these tracts. The bank's poor performance in both tracts in comparison to the aggregate and the area demographics and, more particularly, the bank's inability to meet the demand for lending in the moderate-income tracts, led to the examiner's conclusion.

### **Small Business Loans**

The geographic distribution of small business loans reflects poor dispersion throughout the Windham MSA Assessment Area. The table on the following page reflects the distribution of JCSB's small business loans in the Windham MSA by geography in 2021.

<b>Jewett City Savings Bank Geographic Distribution of Small Business Loans Windham MSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2021	10.2	2	6.7	306	16.2
<b>Moderate</b>					
2021	20.4	3	10.0	159	8.4
<b>Middle</b>					
2021	61.0	23	76.7	1,162	61.5
<b>Upper</b>					
2021	8.4	2	6.7	262	13.9
<b>Not Available</b>					
2021	0.0	--	--	--	--
<b>Total</b>					
<b>2021</b>	<b>100.0</b>	<b>30</b>	<b>100.1</b>	<b>1,889</b>	<b>100.0</b>
<i>Source: Bank Data; 2021 D&amp;B Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

JCSB made only two small business loans in the low-income tracts and three small business loans in the moderate-income tracts in 2021. The bank’s performance fell below the percentage of businesses in the low-income tracts and even more sharply below that percentage in the moderate-income tracts that year. Although it did exceed demographics by dollar amount of loans in the low-income tracts, it fell below it in the moderate-income tracts. There was more opportunity to lend to small businesses in those tracts than in the low-income tracts. The bank’s performance was not compared to aggregate performance since it was not a small business reporter. The bank’s poor lending performance to small businesses in comparison to area demographics led the examiner to conclude that the bank’s lending in the low-and-moderate income tracts in the Windham MSA during the evaluation period was poor.

**Borrower Profile**

The distribution of loans in the Windham MSA reflects, given the demographics of the assessment area, reasonable penetration among borrowers of different income levels and businesses of different sizes. This conclusion is supported by the bank’s reasonable home mortgage lending and excellent small business lending. The examiner focused on the percentage of home mortgage loans originated to LMI borrower and loans extended to businesses with GARs of \$1 million or less.

**Home Mortgage Loans**

The distribution of home mortgage loans to LMI borrowers in the Windham MSA reflects reasonable dispersion. The table on the following page shows the bank’s lending to borrowers of different income levels during the evaluation period.

Jewett City Savings Bank Distribution of Home Mortgage Loans by Borrower Income Level Windham MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	25.8	13.4	8	9.6	560	4.9
2020	25.8	11.0	9	7.7	680	2.0
2021	25.8	10.9	8	5.9	840	3.6
Moderate						
2019	18.9	29.8	22	26.5	2,645	23.0
2020	18.9	25.9	25	21.4	2,688	8.0
2021	18.9	27.1	24	17.8	3,488	15.1
Middle						
2019	22.7	22.4	16	19.3	2,101	18.3
2020	22.7	24.1	36	30.8	5,030	15.0
2021	22.7	24.2	36	26.7	5,023	21.8
Upper						
2019	32.5	17.9	33	39.8	5,649	49.2
2020	32.5	21.2	37	31.6	6,784	20.2
2021	32.5	20.7	57	42.2	10,844	47.0
Not Available						
2019	0.0	16.6	4	4.8	528	4.6
2020	0.0	17.8	10	8.5	18,437	54.8
2021	0.0	17.1	10	7.4	2,871	12.4
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>11,484</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>33,619</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>23,066</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

The bank's home mortgage lending to low-income borrowers in the Windham MSA was reasonable. The bank made eight loans in 2019, nine loans in 2020, and eight loans in 2021 to those borrowers. The bank's performance fell below the aggregate performance each year and sharply below the percentage of low-income families in the area. The aggregate performance also fell below the percentage of families each year; however, the bank fell more sharply below that figure than the aggregate in each year.

The HMDA market share reports for each year gave additional insight in the bank's performance as compared to the aggregate. JCSB ranked 15<sup>th</sup> with a 1.8 percent market share in 2019 among 102 lenders. In that year, Putnam Bank, which was closer to JCSB in asset size, ranked 8<sup>th</sup> with 18 loans and a 4.0 percent market share. JCSB's ranking fell slightly to 16<sup>th</sup> with a 1.7 percent market share among a slightly increased 104 lenders. In 2021, the bank's ranking declined to 21<sup>st</sup> with a 1.3 percent market share among 116 lenders. In that year, Eastern Savings Bank, a smaller local institution, exceeded JCSB's performance, ranking 15<sup>th</sup> with 12 loans and a 1.9 percent market share. In all three years, other financial institutions that outperformed JCSB were larger institutions.

The bank's lending to moderate-income borrowers was more substantial. The bank made 22 loans in 2019, 25 loans in 2020, and 24 loans in 2021 to those borrowers. The bank was generally in line with, although slightly behind, the aggregate performance in 2019 and 2020. The lag behind the aggregate performance was a little more pronounced in 2021. The bank exceeded the percentage of moderate-income families in 2019 and 2020, but it fell below that percentage in 2021.

HMDA market share reports gave further insight into the bank's performance in the moderate-income tracts. In 2019, the bank ranked 9<sup>th</sup> with a 2.2 percent market share among 138 lenders. Putnam Bank ranked 7<sup>th</sup> with 36 loans and a 3.6 percent market share. In 2020, JCSB ranked 11<sup>th</sup> with a 2.1 percent market share among 146 lenders, and it was only outperformed by much larger institutions. The bank's ranking fell to 15<sup>th</sup> with a 1.5 percent market share among 167 lenders in 2021. In 2021, the bank was outperformed by Eastern Connecticut Savings Bank, which ranked 12<sup>th</sup> with 28 loans and a 1.8 percent market share. Other than the two exceptions noted, the bank was only outperformed by other larger financial institutions.

The examiner concluded that lending to LMI borrowers in the Windham MSA was reasonable. Even though the lending performance did fall below the aggregate performance and area demographics, a lower level of lending to low-income borrowers was not unexpected. There was a large percentage of low-income families in the area, with 25.9 percent of those low-income families reporting incomes below the federal poverty level, which would present a challenge for lenders to qualify those borrowers for home mortgages. The median housing value was also approximately four times the median family income for low-income residents, which would present a further barrier for those borrowers to be able to afford the cost of a home purchase. The bank also faced a great deal of competition from much larger lenders for loans to low-income borrowers throughout the evaluation period. For these reasons, less weight was given to lending to low-income borrowers. JCSB's lending to moderate-income borrowers throughout the evaluation period was more substantial. The bank remained steady and generally in line with the aggregate performance in 2020 and 2021, although it did experience a decline in 2021. The bank also exceeded the percentage of moderate-income families during most of the evaluation period in 2019 and 2020, only falling slightly below that figure in 2021. The bank further performed generally well in the aggregate market, being mostly outperformed by much larger lenders.

### **Small Business Loans**

The distribution of small business loans reflects excellent penetration among businesses of different sizes. The table on the following page shows the distribution of small business loans by GARs of the businesses in 2021.

Jewett City Savings Bank Distribution of Small Business Loans by Gross Annual Revenue Category Windham MSA					
Business Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2021	87.5	3	10.0	501	26.5
>\$1,000,000					
2021	3.4	1	3.3	150	7.9
Revenue Not Available					
2021	9.1	26	86.7	1,238	65.5
<b>Total</b>					
<b>2021</b>	<b>100.0</b>	<b>30</b>	<b>100.0</b>	<b>1,889</b>	<b>99.9</b>
<i>Source: 2021 D&amp;B Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

The bank made three loans to small businesses with GARs of \$1 million or less. However, it is notable that only four (13.3 percent) of the 30 loans sampled in the Windham MSA included gross annual revenue information, three of which were to businesses with GARs under \$1 million. JCSB originated a large amount of its small business loans under the PPP Program that year. The PPP program did not require lenders to collect revenue information. Those loans are included in the “Revenue Not Available” category in the above table. The bank made 26 (86.7 percent) of its small business loans under the PPP Program.

Since revenue is not available for PPP loans, the examiner used an alternative method to assess the bank’s efforts to help meet the credit needs of the area’s small businesses through the PPP loan program. An alternative method for evaluating the distribution of the bank’s PPP loans was to consider the size of small business loans as a proxy for the size of the businesses served. The rationale is that smaller businesses generally would require less funding. Approximately 84.6 percent of JCBS’s PPP loans were originated in amounts of \$100,000 or less, with all of the loans being in amounts of \$250,000 or less. This indicates that JCSB made an excellent effort to help address the needs of small businesses operating in the Windham MSA during the COVID-19 pandemic. The following table shows the bank’s PPP loans by loan amount size.

Jewett City Savings Bank Distribution of Paycheck Protection Program Loans by Size Windham MSA				
Loan Size	#	%	\$(000s)	%
<\$100,000	22	84.6	562	45.4
\$101,000-\$250,000	4	15.4	676	54.6
\$251,000-\$500,000	0	0.0	0	0.0
\$501,000-\$1,000,000	0	0.0	0	0.0
\$1,000,000+	0	0.0	0	0.0
<b>Total</b>	<b>26</b>	<b>100.0</b>	<b>1,238</b>	<b>100.0</b>
<i>Bank Data; Due to Rounding totals may not equal 100.0%</i>				

**COMMUNITY DEVELOPMENT TEST**

JCSB displayed adequate responsiveness to the community development needs of the Windham MSA. The bank’s excellent level of responsive community development loans and adequate amount of grants and donations primarily supports this conclusion.

**Community Development Loans**

JCSB made 40.0 percent of its qualified community development loans in the Windham MSA. The bank’s community development loans supported primary needs of the assessment area, with 38.9 percent benefitting affordable housing and a similar percentage of loans benefitting revitalization or stabilization. Most of the loans benefitting revitalization and stabilization were PPP loans that assisted businesses to retain jobs for workers during the COVID-19 pandemic. The remaining 22.2 percent of qualified loans benefitted economic development in the area.

The following table shows the breakdown of community development loans by year and purpose that directly benefitted towns and cities in the bank’s Windham MSA assessment area.

<b>Jewett City Savings Bank Community Development Lending Windham MSA</b>										
<b>Activity Year</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>
2019	0	0	0	0	1	1,956	0	0	1	1,956
2020	4	1,323	0	0	1	141	4	243	9	1,707
2021	2	630	0	0	1	545	3	286	6	1,461
2022	1	232	0	0	1	140	0	0	2	372
<b>Total</b>	<b>7</b>	<b>2,185</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>2,782</b>	<b>7</b>	<b>529</b>	<b>18</b>	<b>5,496</b>

*Source: Bank Records*

Below are notable examples of the bank’s qualified community development loans in the Windham MSA during the evaluation period:

- In 2019, JCSB made a \$1.9 million loan to a small business to renovate and take over a budget hotel in the area that predominantly employs LMI workers.
- In 2020, the bank made a \$637,500 loan to a property management/rental company to purchase two 6-unit apartment buildings that both provide rents that are affordable for LMI tenants.
- Over the course of 2020 and 2021, the bank made six PPP loans totaling \$356,198.70 to businesses in LMI tracts in the Windham MSA to help those businesses to preserve jobs during the COVID-19 pandemic.
- In 2022, the bank made a \$232,500 loan to a property management/rental company to purchase an 8-unit apartment building that would provide affordable rents for LMI tenants.

**Qualified Investments**

JCSB made the majority (49.7 percent) of its total qualified community development investments in the Windham MSA. As mentioned in the combined assessment area section of this evaluation, the bank did not hold any equity investments; however, the bank and its Foundation provided 77 qualified donations and grants totaling approximately \$198,000 to benefit various community organizations in the Windham MSA.

The bank was responsive to the primary community development needs of this assessment area. The majority of the bank’s donations and grants (93.5 percent) benefitted community services to LMI individuals and families in the Windham MSA. This was a primary need in this area. The bank also made five grants in the area of revitalization and stabilization, which helped organization in this area to further assist their clients during the COVID-19 pandemic.

The following table shows the breakdown of qualified community development grants and donations the bank made in the Windham MSA during the evaluation period by year and purpose.

Jewett City Savings Bank Qualified Grants and Donations Windham MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	16	19	0	0	0	0	16	19
2020	0	0	26	32	0	0	2	35	28	67
2021	0	0	19	41	0	0	3	30	22	71
2022	0	0	11	41	0	0	0	0	11	41
<b>Total</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>65</b>	<b>77</b>	<b>198</b>
<i>Source: Bank Records</i>										

Some examples of notable qualified donations and grants made by JCSB in the Windham MSA during the evaluation period are as follows:

- From 2019 to 2022, JCSB made numerous grants and donations totaling \$42,500 to a local community college with two branches in the Windham MSA. The purpose of those grants and donations was to support the school’s operations and to assist the school in providing scholarships to LMI students. Over 57.0 percent of the school’s students receive Pell grants.
- From 2019 to 2022, the bank made various donations in the total amount of \$57,027 to a local organization that provides mental health and other critical services to patients regardless of ability to pay. Services are offered on a sliding scale for those who do not have health insurance or who have insufficient income to pay for services, most of which are LMI individuals.



- In 2020, 2021, and 2022, the bank made several donations and grants totaling \$22,500 to an organization providing a broad range of community services to LMI individuals in the area. The organization offers several basic needs programs to LMI individuals and families in the area, including but not limited to emergency and ongoing food assistance, heating assistance, state and federal benefits assistance, homelessness support, holiday giving, and senior services.
- In 2020 and 2021, the bank made grants totaling \$65,000 to several local organizations under the Federal Home Loan Bank of Boston program to assist local businesses and nonprofits in the Windham MSA. Those donations helped the organizations continue to serve LMI clients and small businesses during the COVID-19 pandemic.

**Community Development Services**

The bank performed a majority of its qualified community development services in the Windham MSA. The bank provided 18 of 37 instances (48.6 percent) of its qualified community development services in the area.

The bank addressed the primary needs of this assessment area in providing services requiring its financial, technical, and managerial expertise. A majority of qualified services (77.8 percent) supported community organizations serving the needs of LMI residents and small businesses. The remainder of qualified community development services in this area (22.2 percent) benefitted organizations that promoted revitalization and stabilization in the area. Additionally, all of the banking and other services mentioned in the combined assessment area portion of this evaluation also benefitted the Windham MSA.

The following table summarizes the bank’s qualified community development service activities in the Windham MSA portion of its assessment area during this evaluation period.

<b>Jewett City Savings Bank Community Development Services Windham MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	0	4	0	1	<b>5</b>
2020	0	3	0	1	<b>4</b>
2021	0	4	0	1	<b>5</b>
2022	0	3	0	1	<b>4</b>
<b>Total</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>4</b>	<b>18</b>
<i>Source: Bank Data</i>					

Below are some notable qualified community development services bank employees and officers performed in the Windham MSA portion of the bank’s assessment area during the evaluation period.

- From 2019 through 2022, several officers and branch personnel held various positions with a local community college that has two branches in the Windham MSA. The college

primarily has a student base of LMI students, with over 57.0 percent of students receiving Pell grants. An assistant branch manager held positions as Board Member and Treasurer; one of the bank's senior commercial loan officers held positions as a Board Member and Scholarship Committee Chair; and the bank's Chief Administrative Officer held positions as Chair of the Scholarship Committee and Chair of the Donor Solicitation Committee.

- Between 2019 and 2022, a senior commercial loan officer of the bank served as Treasurer for a local organization that assists with revitalization and stabilization in the Willimantic area, working to draw both residents and businesses to the low-income area. The bank officer's duties for the organization included budgeting, bill paying, and grant writing.

## **NEW LONDON MSA (FULL-SCOPE REVIEW)**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW LONDON MSA**

The New London MSA consists of all the cities and towns in New London County, which is located in the Norwich-New London, CT MSA, along with Westerly, Rhode Island, which is located in the Providence-Warwick, RI MSA. This portion of the bank's assessment area includes the following towns: Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Lebanon, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington (Pawcatuck), Voluntown, Waterford, and Westerly (RI).

#### **Operations**

JCSB operates three of its seven full-service branches in the New London MSA. The branches are located in the towns of Jewett City, Preston, and Stonington (Pawcatuck). JSCB originated 45.5 percent its total deposits, 40.8 percent of its home mortgage loans, and 34.8 percent of its small business loans in this assessment area.

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

This portion of the assessment area consists of 70 census tracts that reflect the following income designations according to the 2015 ACS:

- 6 (8.6 percent) low-income tracts
- 10 (14.3 percent) moderate-income tracts
- 32 (45.7 percent) middle-income tracts
- 21 (30.0 percent) upper-income tracts
- 1 (1.4 percent) census tract with no income designation

This assessment area contains 16 LMI tracts. The majority of this area's LMI tracts are located in the towns of New London and Norwich. New London contains four low- and two moderate-income tracts, and Norwich contains one low- and four moderate-income tracts. The remaining low-income tract is in Groton. The remaining moderate-income tracts are in Groton (two moderate), Griswold (one moderate), and Westerly, RI (one moderate).

Opportunity zones are designated in this portion of the assessment area in New London (6905.00, 6907.00, and 8703.00), Groton (8702.00), and Norwich (6967.00, 6968.00, and 6970.00). The following cities in the Windham MSA were designated by the State of Connecticut Department of

Economic Development as distressed municipalities in the following years:

<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Griswold	Griswold	Griswold
Montville	Montville	Groton
New London	New London	Montville
Norwich	Norwich	New London
Sprague	Preston	Norwich
	Sprague	Sprague
	Voluntown	Voluntown

The following table includes select demographic characteristics of the New London MSA.

<b>Jewett City Savings Bank Demographic Information of the Assessment Area New London MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	70	8.6	14.3	45.7	30.0	1.4
Population by Geography	295,868	9.2	15.1	47.2	27.6	0.9
Housing Units by Geography	133,646	9.1	15.2	46.8	28.9	0.0
Owner-Occupied Units by Geography	76,912	3.9	9.4	52.7	33.9	0.0
Occupied Rental Units by Geography	39,201	19.4	26.9	39.6	14.1	0.0
Vacant Units by Geography	17,533	8.5	14.3	37.1	40.1	0.0
Businesses by Geography	29,545	8.4	11.8	45.4	34.3	0.1
Farms by Geography	1,141	2.6	4.7	53.1	39.5	0.0
Family Distribution by Income Level	75,620	20.7	17.6	21.2	40.5	0.0
Household Distribution by Income Level	116,113	23.7	15.6	18.4	42.4	0.0
Median Family Income MSA - 25540 Hartford-East Hartford- Middletown, CT MSA		\$88,016	Median Housing Value			\$256,712
Median Family Income MSA - 35980 Norwich-New London, CT MSA		\$82,349	Median Gross Rent			\$1,053
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			7.4%
<i>Source: 2015 ACS, 2021 D&amp;B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**Population**

According to the 2015 ACS, the New London MSA has a population of 295,868, which includes 75,620 households that are families. Of the area families, 38.3 percent are LMI, with 20.7 percent being low-income and 17.6 percent being moderate-income. Approximately 7.4 percent of all area families and 35.8 percent of low-income families reported incomes below the federal poverty level.

This MSA’s significant concentration of low-income families with incomes below the federal poverty level makes it challenging for lenders to be able to extend home mortgages to that group of borrowers.

**Median Family Income (MFI)**

Median family incomes, along with the respective income ranges by income level, for 2019, 2020, and 2021 in the New London MSA are presented on the following table.

<b>Jewett City Savings Bank Median Family Income Ranges New London MSA</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Norwich-New London, CT MSA Median Family Income (35980)</b>				
2019 (\$96,200)	<\$48,100	\$48,100 to <\$76,960	\$76,960 to <\$115,440	≥\$115,440
2020 (\$93,000)	<\$46,500	\$46,500 to <\$74,400	\$74,400 to <\$111,600	≥\$111,600
2021 (\$92,000)	<\$46,000	\$46,000 to <\$73,600	\$73,600 to <\$110,400	≥\$110,400
<i>Source: FFIEC</i>				

**Housing**

According to the 2015 ACS, there are 133,646 housing units within the bank’s New London MSA assessment area. Of those housing units, approximately 57.6 percent are owner-occupied housing units, 29.3 percent are occupied rental units, and 13.1 percent are vacant. Lending opportunities in low-income tracts appear to be more limited, as only 3.9 percent of the area’s owner-occupied properties are located in those tracts. A slightly higher opportunity appears to exist for lending in moderate-income tracts with 9.4 percent of the area’s owner-occupied tracts being located in those tracts. However, collectively, that is a low number of owner-occupied units in LMI tracts. Of the housing units in this assessment area, 4112,665 (84.3 percent) are 1-4 family units and 18,066 (13.5 percent) are multi-family units.

The median housing value in the combined assessment area is \$256,712. Median housing values vary throughout the combined assessment area. Norwich and New London, which contain the majority of the LMI tracts in this area, have median housing values of \$171,384 and \$177,662, respectfully. Montville, which is comprised of all middle-income tracts, has a median housing value of \$196,520. In Stonington, which is comprised of all upper-income tracts, the median housing value is \$347,899. It is also notable that the median housing value for this assessment area is approximately five times the median family income for low-income residents and over three times the median family income for moderate-income residents. This would present challenges for residents who are low-income to be able to qualify for and afford housing at that price level.

Housing in the bank’s New London MSA assessment area is more affordable than it is statewide. According to the 2015 ACS, the affordability ratio of housing in the bank’s combined assessment area is approximately .26, which is higher than the statewide ratio of .23.

In terms of the age of housing stock, the median age of housing stock in the New London MSA assessment area is 56 years; however, it is 70 years in the low-income tracts and 64 years in the moderate-income tracts, signaling more potential need for rehabilitation of housing in those tracts.

The age of housing stock in the New London MSA is generally comparable to that of both the Windham MSA and the state of Connecticut.

**Unemployment**

The examiner used data from the U.S. BLS for 2019 through 2021 and for October 2022, which was the last month available to the examiner at the start of the examination. That data reflected that the unemployment rate for New London County was 4.3 percent as of October 2022, which was slightly higher than Connecticut’s rate of 4.0 percent and significantly higher than the national rate of 3.4 percent. Unemployment rates in New London County, Connecticut and nationwide rose sharply in 2020 due to the COVID-19 pandemic and began to decline in 2021. Unemployment rates have declined even further since then. Unemployment rates in New London County were still higher than pre-pandemic levels and continued to exceed state and national rates during the evaluation period. The following table shows the unemployment rates in New London County, Connecticut and the United States during the evaluation period.

<b>Unemployment Rates*</b>				
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>October 2022</b>
New London County	3.4	9.5	6.9	4.3
Connecticut	3.5	7.8	6.3	4.0
United States	3.7	8.1	5.4	3.4
<i>*Not Seasonally Adjusted; Years 2019, 2020, and 2021 are Annual Averages</i>				

**Business Demographics**

According to 2021 D&B data, there were 29,545 non-farm businesses operating in the bank’s New London MSA assessment area. Most businesses operating in the New London MSA were small businesses, which have GARs of \$1 million or less, as defined in the CRA regulation. The breakdown of businesses in the area by revenue is as follows:

- 87.9 percent have GARs of \$1 million or less;
- 3.3 percent have GARs of \$1 million or more;
- 8.8 percent have revenues not reported

Out of the businesses operating in the combined assessment area, 66.0 percent have between 1-4 employees and 92.4 percent operate out of a single location. Employers of this size are most likely to be small businesses. Approximately 8.4 percent of the area’s non-farm businesses operate in low-income tracts and 11.8 percent operate in moderate-income tracts.

The service industry represents the largest business sector in the assessment area, comprising 37.8 percent of all businesses, followed by non-classifiable establishments at 18.9 percent and retail at 12.0 percent. The five largest employers in the bank’s New London MSA assessment area are Electric Boat, Foxwoods Resort Casino, General Dynamics Electric Boat, Pfizer, Inc., and Pfizer, Inc. Protective Services.

**Competition**

JCSB operates in a competitive market for financial products and services. According to the June 30, 2022 FDIC Deposit Market Share Report, 14 financial institutions operated 74 full-service branches in the New London assessment area. Jewett City Savings Bank ranked 9<sup>th</sup> with 3 offices and 2.3 percent of the total market share. Berkshire Bank ranked 1<sup>st</sup> with 14 branches and captured

19.4.8 percent of the total market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. During 2019, there were 291 lenders in the aggregate market, originating 7,390 home mortgage loans in the New London MSA. JCSB ranked 32<sup>nd</sup> with 59 loans and a 0.8 percent market share. The top five lenders were Charter Oak Federal Credit Union, Chelsea Groton Bank, CBNA, Quicken Loans, and Navy Federal Credit Union, which collectively originated 2,192 home mortgage loans with a collective market share of 29.7 percent.

In 2020, an increased amount of 348 lenders were in the aggregate market in the New London MSA. Those lenders originated 11,612 home mortgage loans in that area. JCSB's ranking fell to 38<sup>th</sup> with 77 loans with a slightly decreased market share of 0.7 percent. The top five lenders were Quicken Loans, Chelsea Groton Bank, Charter Oak Federal Credit Union, Citizens Bank, NA, and Freedom Mortgage Corporation. Those lenders collectively made 3,028 home mortgage loans and collectively secured 26.1 percent of the market share in the area that year.

In 2021, the number of lenders in the aggregate market again rose slightly to 361, which originated an increased amount of 13,287 home mortgage loans in the New London MSA. JCSB's ranking decreased slightly to 39<sup>th</sup> with 95 loans and a 0.7 percent market share. The top five lenders in 2021 were Rocket Mortgage, CBNA, Charter Oak Federal Credit Union, Chelsea Groton Bank, and United Wholesale Mortgage, which collectively originated 3,305 home mortgage loans and had a shared market share of 24.9 percent.

There was also high competition in the New London MSA for small business loans. In 2021, which is the year in which the examiner evaluated the bank's performance, there were 104 lenders originating 10,627 small business loans in the New London MSA. The top five lenders were American Express National Bank, Bank of America, N.A., JP Morgan Chase Bank, NA, Citizens Bank, NA, and Washington Trust Company of Westerly, which collectively made 4,925 small business loans and had a shared market share of 46.3 percent. It is notable that top lenders primarily offer commercial credit cards.

### **Community Contact**

The examiner conducted an interview with a program director of a community foundation serving Eastern Connecticut that has traditionally performed a majority of its activities in New London County. The organization provides grants to a variety of nonprofits, charitable funds, and other initiatives that directly benefit and improve the lives of LMI individuals in this portion of the bank's assessment area. The organization also provides scholarships to LMI students in the area.

The contact identified affordable housing as the priority and the primary need in the area and cited a vast and growing shortage of affordable housing. Additionally, older housing stock in the area also provides challenges for LMI individuals to be able to afford the costs of maintaining housing that is not energy efficient, especially in light of the growing energy rates. LMI individuals in the area are also struggling to meet their basic needs. The effects of the COVID-19 pandemic coupled with the current and increasing rate of inflation, greatly exacerbated the strained economy and the ability for LMI individuals to meet their basic needs. Employers in the area are also struggling to fill positions. Local manufacturers are offering higher salaries than healthcare facilities and social service agencies, leaving critical gaps in employment there. Further, there are barriers to employment due to lack of job training, as positions in some industries, such as healthcare or in military manufacturing, require training or certification that potential job applicants lack. The

contact also identified the need for a better public transportation system that reaches area employers and bank branches, as the bus line is inadequate. The contact also indicated that low-income individuals need financial education, including general banking education. The contact felt that financial institutions need to form better banking relationships with the unbanked or underbanked to assist those individuals in transitioning from living on cash and relying on high interest rate pay day loans to managing their finances with traditional banks, which will provide a much greater benefit to them in the long-term.

The contact indicated that larger financial institutions in the area are actively contributing to community needs primarily via foundation grants. Funding from financial institutions is needed by local organizations to be able to fully serve the growing needs of the local community. The contact also indicated that some financial education is being performed by local financial institutions; however, much more education is needed. It was mentioned by the contact that high school students would be a good demographic to start with in that regard since those students will eventually graduate and become part of the local economy. The contact also relayed concerns about systemic inequities in the lending process that need to be resolved.

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

The examiner determined that affordable housing and community services are the primary community development needs in the New London MSA. There is a shortage of affordable housing in the area and median housing values are much higher than the local median family incomes of both LMI families. The age of housing stock in the LMI tracts further provides opportunities for financial institutions to extend loans or make investments in rehabilitation or improving the energy-efficiency of housing in the area. The very high percentage of low-income families living below the poverty level in the area establishes a significant need for both community development donations and grants and services to help improve the well-being and financial position of these families. The COVID-19 pandemic and the currently high and rising inflation has exacerbated the financial struggle of many LMI individuals and families, further expanding the need for community services. Job training is crucial to fill gaps in employment in the area. The need for financial literacy also presents an opportunity for the financial institutions in the area. The New London MSA area also contains numerous opportunity zones and distressed municipalities, which further signals opportunities for financial institutions to participate in projects to address needs in those communities.

## **CONCLUSIONS ON PERFORMANCE IN NEW LONDON MSA**

### **LENDING TEST**

JCSB demonstrated reasonable performance under the Lending Test in the New London MSA. The bank's reasonable performance under both the geographic distribution and borrower profile criterion supports this conclusion. The following sections discuss the bank's performance under each criterion of the Lending Test in this MSA.

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable penetration throughout the New London MSA area. The bank's reasonable home mortgage and small business lending activity support this conclusion. The examiner focused on the percentage of home mortgage and small business loans originated in the LMI tracts.

**Home Mortgage Loans**

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the New London MSA. The bank’s reasonable lending performance in both the LMI tracts primarily supports this conclusion. The following table shows the bank’s lending in the LMI tracts in the New London MSA during the evaluation period.

Jewett City Savings Bank Geographic Distribution of Home Mortgage Loans New London MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.9	3.2	1	1.7	94	1.3
2020	3.9	2.8	4	5.2	378	2.5
2021	3.9	3.8	8	8.4	1,610	8.1
Moderate						
2019	9.4	8.9	21	35.6	1,682	23.8
2020	9.4	8.4	20	26.0	3,537	23.6
2021	9.4	9.0	13	13.7	2,297	11.6
Middle						
2019	52.7	52.1	33	55.9	4,613	65.2
2020	52.7	51.8	47	61.0	9,293	62.1
2021	52.7	51.3	58	61.1	10,639	53.8
Upper						
2019	33.9	35.8	4	6.8	684	9.7
2020	33.9	37.0	6	7.8	1,765	11.8
2021	33.9	35.9	16	16.8	5,240	26.5
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	0.0
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>	<b>7,072</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>14,973</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>19,786</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2019, the bank made one home mortgage loan in the low-income tracts in the New London MSA. It fell below both the aggregate performance and the percentage of owner-occupied units in



the low-income tracts that year. The 2019 HMDA Market Share Report showed JCSB ranking at 55<sup>th</sup> with a 0.4 percent market share among 62 lenders, almost half of which only made one loan. Putnam Bank, an institution closer in size to JCSB, ranked 36<sup>th</sup> with only one loan and a similar 0.4 percent market share but with a higher dollar amount for its one loan. All other lenders were larger in size than JCSB with greater resources to lend. The bank went on to exceed its performance level in the low-income tracts for the remainder of the evaluation period, originating four loans in 2020 and eight loans in 2021. In both 2020 and 2021, the bank's performance was close to double that of the aggregate performance. The bank also exceeded the percentage of owner-occupied units in the low-income tracts in both 2020 and 2021. This is notable, as only 3.9 percent of owner-occupied units existed in these tracts, providing lenders with a very low opportunity to lend. It also is notable that the aggregate performance remained below the percentage of owner-occupied units in all three years, while JCSB exceeded it.

In the moderate-income tracts, the bank's lending steadily decreased year-over-year, with the bank making 21 loans in 2019, 20 loans in 2020, and 13 loans in 2021. However, the bank continued to exceed the aggregate performance and the percentage of owner-occupied units in each year. In 2019 and 2020, JCSB was in the top 10 lenders in the aggregate market and was only outperformed by much larger financial institutions. In 2021, the bank was still in the top 25 lenders, ranking 25<sup>th</sup> with a 1.1 percent market share. That year, the bank was outperformed by Eastern Savings Bank, which ranked 13<sup>th</sup> with 29 loans and an approximate 2.5 percent market share.

The examiner concluded that the bank's home mortgage lending in the LMI tracts in the New London MSA was reasonable. Other than in 2019 in the low-income tracts, the bank consistently exceeded the aggregate performance in both tracts. There was also a low concentration of owner-occupied units in both the LMI tracts; however, the bank was able to exceed the demand in all years of the evaluation period other than 2019. The bank increased its lending in the low-income tracts year-over-year. Despite the decreases in lending in the moderate-income tracts, the bank nevertheless significantly exceeded the aggregate performance and area demographics each year.

### **Small Business Loans**

The geographic distribution of small business loans reflects reasonable penetration throughout the New London MSA. The table on the following page reflects the distribution of JCSB's small business loans in the New London MSA by geography in 2021.

Jewett City Savings Bank Geographic Distribution of Small Business Loans New London MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	8.4	1	6.3	430	28.4
Moderate					
2021	11.8	7	43.8	471	31.1
Middle					
2021	45.4	7	43.8	592	39.1
Upper					
2021	34.3	1	6.3	21	1.4
Not Available					
2021	0.1	--	--	--	--
<b>Total</b>					
<b>2021</b>	<b>100.0</b>	<b>16</b>	<b>100.2</b>	<b>1,514</b>	<b>100.0</b>
<i>Source: Bank Data; 2021 D&amp;B Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

JCSB's lending to small businesses in the low-income tracts by number fell below the area demographics by number. It did greatly exceed demographics by dollar amount that year due to one large loan that it originated. In the moderate-income tracts, the bank significantly exceeded the demographics by both number and dollar amount of loans. This led to the examiner to conclude that small business in the LMI tracts in the New London MSA in 2021 was reasonable.

### **Borrower Profile**

The distribution of loans in the New London MSA reflects, given the demographics of the assessment area, reasonable penetration among borrowers of different income and businesses of different sizes. This conclusion is supported by JCSB's reasonable home mortgage lending and excellent small business lending in this area. The examiner focused on the percentage of home mortgage loans originated to LMI borrowers and loans extended to businesses with GARs of \$1 million or less.

### **Home Mortgage Loans**

The distribution of home mortgage loans to LMI borrowers in the New London MSA during the evaluation period was reasonable. The table on the following page shows the bank's lending by income level in the New London MSA during the evaluation period.

Jewett City Savings Bank Distribution of Home Mortgage Loans by Borrower Income Level New London Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.7	10.5	6	10.2	567	8.0
2020	20.7	6.3	2	2.6	193	1.3
2021	20.7	5.9	4	4.2	246	1.2
Moderate						
2019	17.6	23.9	15	25.4	1,338	18.9
2020	17.6	19.3	6	7.8	1,123	7.5
2021	17.6	20.0	11	11.6	1,326	6.7
Middle						
2019	21.2	22.6	11	18.6	1,294	18.3
2020	21.2	22.6	17	22.1	2,946	19.7
2021	21.2	23.9	26	27.4	4,106	20.8
Upper						
2019	40.5	30.3	25	42.4	3,728	52.7
2020	40.5	35.3	46	59.7	9,001	60.1
2021	40.5	35.2	39	41.1	10,475	52.9
Not Available						
2019	0.0	12.6	2	3.4	144	2.0
2020	0.0	16.5	6	7.8	1,710	11.4
2021	0.0	15.0	15	15.8	3,634	18.4
<b>Total</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>59</b>	<b>100.0</b>	<b>7,072</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>77</b>	<b>100.0</b>	<b>14,973</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>95</b>	<b>100.0</b>	<b>19,786</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2019, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

There were fluctuations in the bank's lending to low-income borrowers; however, lending in those tracts in the New London MSA was generally poor. In 2019, the bank made 6 loans. It was slightly below the aggregate performance that year. In 2020, the bank's lending declined two loans to these borrowers. In that year, the bank fell sharply below the aggregate performance. The bank rebounded slightly in 2021 with four loans to low-income borrowers; however, it continued to fall below the aggregate performance year-over-year. The bank fell sharply below the percentage of low-income families in the area in all three years of the evaluation. It is notable that the aggregate performance also remained sharply below that percentage of low-income families throughout the evaluation period, although the bank was even more sharply below it than the aggregate.

The HMDA Market Share Reports gave some additional insight into the bank's performance during those years. In 2019, the bank ranked 35<sup>th</sup> with a market share of 0.7 percent among 118 lenders. In 2020, JCSB's ranking slid sharply to 68<sup>th</sup> with a 0.3 percent market share among 113 lenders. In 2021, JCSB's ranking rose to 48<sup>th</sup> with a 0.5 percent market share among 135 lenders. Eastern Savings Bank, a smaller institution, outperformed JCSB in all three years. All other lenders that outperformed JCSB were larger institutions.

Home mortgage lending to moderate-income borrowers also declined during the evaluation period. The bank started out with fifteen loans to moderate-income borrowers, exceeding both the aggregate performance and the percentage of moderate-income families in the area. In 2020, the bank's lending to these borrowers sharply declined to six loans. Although the aggregate performance also declined that year, the bank's performance hit a much sharper decline. The bank also fell sharply below the area demographics. In 2021, the bank's lending rebounded slightly to 11 loans to moderate-income borrowers. However, the bank remained below the aggregate performance and the percentage of moderate-income families in the area. Although the bank had a sharp decline in lending in 2020, which is attributed to the COVID-19 pandemic, it was still able to lend more substantially in the moderate-income tracts than in the low-income tracts. It began to rebound with lending in 2021.

HMDA Market Share Reports gave further information regarding the bank's performance compared to the aggregate. JCSB ranked 31<sup>st</sup> with an approximately 1.0 percent market share out of 145 lenders in 2019. In 2020, the bank's ranking fell to 59<sup>th</sup> with a 0.3 percent market share out of 162 lenders. In that year, Eastern Connecticut Savings Bank, a smaller institution, outperformed JCSB, ranking 17<sup>th</sup> with 44 loans and a market share of 1.8 percent. In 2021, the bank went up in ranking to 29<sup>th</sup> with a 0.4 percent market share among 181 lenders. Eastern Connecticut Savings Bank once again performed JCSB with 47 loans and a market share of 1.6 percent. Other than the years it was outperformed by that one small institution, the bank was outperformed by much larger financial institutions throughout the evaluation period.

Overall, the examiner concluded that JCSB's home mortgage lending to LMI borrowers was reasonable. Poor lending in the low-income tracts was not unexpected, since 35.8 percent of low-income families reported incomes below the federal poverty level. This significant concentration of low-income families with incomes below the federal poverty level presents a huge challenge for lenders to be able to extend home mortgages to that group of borrowers. It is also notable that the median housing value for this assessment area is approximately five times the median family income for low-income residents, which also presented a great challenge for low-income residents to even be able to qualify for and afford housing at that price level. Therefore, lending to low-income borrowers was given much less weight in the examiner's conclusion on lending in the LMI tracts in this area. This conclusion is primarily based on lending in the moderate-income tracts where lending was more substantial. Although lending declined in 2020 due to the pandemic, the bank still was able to lend and made more loans than over half of all lenders. Further, lending began to rebound again in 2021. Further, it was mostly outperformed by much larger institutions in the aggregate market.

### **Small Business Loans**

The distribution of small business loans reflects excellent penetration among businesses of different sizes in the New London MSA. The table on the following page shows the bank's small business lending in the New London MSA to small businesses with GARs of \$1 million or less during the evaluation period.

Jewett City Savings Bank Distribution of Small Business Loans by Gross Annual Revenue Category New London MSA					
Business Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	87.8	5	31.3	1,239	81.8
>\$1,000,000					
2021	3.3	0	0.00	0	0.0
Revenue Not Available					
2021	8.8	11	68.8	275	18.1
<b>Total</b>					
<b>2021</b>	<b>100.0</b>	<b>16</b>	<b>100.00</b>	<b>1,514</b>	<b>99.9</b>
<i>Source: Bank Data; 2021 D&amp;B Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

The bank made five loans to small businesses with GARs of \$1 million or less. However, those were the only loans sampled in the New London MSA that included gross annual revenue information. JCSB originated a large amount of its small business loans under the PPP Program that year. The PPP Program did not require lenders to collect revenue information. Those loans are included in the “Revenue Not Available” category in the above table. The bank made 11, or 68.8 percent, of its small business loans under the PPP Program. For this reason, the examiner used an alternative method to assess the bank’s efforts to help meet the credit needs of the area’s small businesses through the PPP loan program. An alternative method for evaluating the distribution of the bank’s PPP loans was to consider the size of small business loans as a proxy for the size of the businesses served. The rationale is that smaller businesses generally require less funding. All of the 11 PPP loans sampled from 2021 had loan sizes of less than or equal to \$100,000, with the largest PPP loan being in the amount of \$70,395. This indicates that the bank made an excellent effort to help serve the needs of the smallest of the small businesses in the New London MSA during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

JCSB displayed adequate responsiveness to the community development needs of the New London MSA. The bank’s excellent level of responsive community development loans and adequate level of grants and donations primarily supports this conclusion.

### **Community Development Loans**

JCSB made 51.1 percent of its qualified community development loans in the Windham MSA. The bank’s community development loans supported primary needs of the assessment area, with 52.2 percent benefitting revitalization and stabilization in the area. A majority of the loans were PPP loans that promoted revitalization and stabilization in assisting businesses during the COVID-19 pandemic to retain jobs for workers. The bank also made 30.4 percent of its community development loans to satisfy affordable housing needs in the area. The remaining 17.4 percent of qualified loans benefitted economic development.

The following table shows the breakdown of community development loans by year and purpose that directly benefitted towns and cities in the bank’s New London MSA during the evaluation period.

<b>Jewett City Savings Bank Community Development Lending New London MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	1	132	0	0	0	0	0	0	1	132
2020	0	0	0	0	1	134	8	242	9	376
2021	4	1,170	0	0	0	0	3	119	7	1,289
2022	2	911	0	0	3	2,527	1	122	6	3,560
<b>Total</b>	<b>7</b>	<b>2,213</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>2,661</b>	<b>12</b>	<b>483</b>	<b>23</b>	<b>5,357</b>
<i>Source: Bank Records</i>										

The following are some notable examples of qualified community development loans the bank made in the New London MSA during the evaluation period.

- In 2020 and 2021, the bank made 11 PPP loans totaling \$360,307.74 to businesses in LMI tracts in the New London MSA to help those businesses to preserve jobs during the COVID-19 pandemic.
- In 2021, JCSB made a loan in the amount of \$307,500 to a property management/rental company to purchase a 5-unit apartment building in a moderate-income tract that would provide affordable rents for LMI tenants.
- In 2022, the bank made a loan in the amount of approximately \$1.6 million to a property management/rental company to purchase a building in a low-income tract in the area that would house a diagnostics company. The purpose of the loan was to create jobs in the area.
- In 2022, JCSB extended a loan in the amount of \$461,250 to a property management/rental company to purchase a mixed-use property in a low-income tract in the New London MSA. The property was mostly residential and contained six residential units that would provide affordable rents for LMI tenants.

**Qualified Investments**

JCSB made 39.4 percent of its total qualified community development investments in this MSA. As mentioned in the combined assessment area section, the bank did not hold any equity investments. The bank and its Foundation provided 61 qualified donations and grants totaling approximately \$164,000 to numerous community organizations in this portion of its assessment area.

All of the bank’s donations and grants were responsive to the primary community development needs in the New London MSA. The majority of the bank’s donations and grants (85.2 percent) benefitted community services to LMI individuals and families in the New London MSA.

Additionally, 9.8 percent benefitted revitalization and stabilization efforts in concern to the COVID-19 pandemic and 4.9 percent benefitted organizations that satisfied affordable housing needs in the area.

The following table shows the breakdown of qualified community development grants and donations the bank made in the New London MSA during the evaluation period by year and purpose.

Jewett City Savings Bank Qualified Grants and Donations New London MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	2	6	12	13	0	0	0	0	14	19
2020	0	0	15	20	0	0	4	65	19	85
2021	1	1	18	16	0	0	2	20	21	37
2022	0	0	7	23	0	0	0	0	7	23
<b>Total</b>	<b>3</b>	<b>7</b>	<b>52</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>85</b>	<b>61</b>	<b>164</b>

*Source: Bank Records*

Below are some notable donations and grants the bank made to support the primary community development needs in the New London MSA during the evaluation period.

- From 2019 to 2021, JCSB made several donations and grants totaling \$10,805 to a local organization that provides a wide variety of community services to address the basic human needs of LMI individuals and families in the New London MSA. Those services included programs that address food insecurity, heating assistance, clothing needs for LMI individuals, low or no cost health services, a food pantry, and job services.
- In 2020 and 2021, the bank made grants totaling \$85,000 to various local organizations under the Federal Home Loan Bank of Boston program to assist local businesses and nonprofits that benefit the New London MSA. Those grants helped organizations continue to serve LMI clients and small businesses during the COVID-19 pandemic.
- In 2022, JCSB donated \$10,000 to a soup kitchen located in a moderate-income tract in the New London MSA that serves very low-income individuals and families. The donation was to improve the HVAC system, which benefits those in the local community that eat at the soup kitchen and use the facility as a cooling/warming center.

**Community Development Services**

The bank performed 15 instances (40.5 percent) of its qualified community development service in the New London MSA portion of its assessment area during the evaluation period.

All of these services benefitted the primary needs of this assessment area. The majority of those services (80.0 percent) benefitted organizations that provided community services to LMI residents and small businesses operating in this portion of the bank’s assessment area. The bank’s remaining services (20.0 percent) benefitted an organization that furthered economic development in this portion of the assessment area.

The following table reflects the qualified community services the bank performed in this portion of the assessment area during the evaluation period.

<b>Jewett City Savings Bank Community Development Services New London MSA Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	#	#	#	#	#
2019	0	2	0	0	2
2020	0	2	1	0	3
2021	0	2	1	0	3
2022	0	6	1	0	7
<b>Total</b>	<b>0</b>	<b>12</b>	<b>3</b>	<b>0</b>	<b>15</b>
<i>Source: Bank Data</i>					

- From 2019 to 2022, an assistant branch manager was both a Board member and Treasurer of an organization that raises and distributes money into the community to fund community projects in Griswold and Jewett City, which both LMI tracts. The organization directs a majority of its funds towards programs that serve LMI residents.
- In 2022, an assistant branch manager of the bank also led a financial literacy and saving series of workshops held on four different dates to attendees of a summer camp held at Griswold Youth and Family Services, which is located in a moderate-income tract. The summer camp was primarily attended by LMI students.

**ADDITIONAL CONNECTICUT CRA STATUTORY PROVISIONS**

**Bank’s Efforts to Work with Unemployed/Underemployed Delinquent Mortgage Customers to Prevent Foreclosure**

JCSB makes efforts to work with delinquent borrowers to resolve delinquencies and avoid foreclosure. The bank reaches out to delinquent customers via mail, as well as by telephone. The bank offers several loss mitigation options, including temporary payment plans, deferrals, loan modifications, and forbearances. Foreclosure alternatives include short sales and deeds in lieu of foreclosure.



Bank customers experiencing payment problems or who are in danger of foreclosure are directed to the Connecticut Emergency Mortgage Assistance Program (EMAP). That program provides temporary mortgage assistance to qualifying Connecticut residents facing foreclosure. Customers are also directed to the Connecticut Housing Finance Authority (CHFA) for housing counseling and to apply for emergency mortgage assistance payments. Both of these options are noted in the bank's delinquency notices to customers.

In response to the COVID-19 pandemic, borrowers were allowed two 90-day deferments. If there was a need for additional assistance, the bank offered a formal modification agreement. The bank granted residential mortgage deferments related to the COVID-19 pandemic on 56 loans totaling approximately \$6.4 million.

**Escrow Accounts for Rental Security Deposits**

The bank did not offer landlord/tenant escrow accounts in accordance with Connecticut General Statutes §47a-21 during the evaluation period. The bank's decision not to offer these accounts is due to the very low demand the bank has had for such accounts. The examiner concluded that this was reasonable.

**Bank's Record of Responding to Substantiated CRA Complaints**

Neither the bank nor the Banking Commissioner received any written complaints concerning JCSB's CRA performance during this evaluation period.

## **APPENDIX A: INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

The Small Bank Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution of loans
- Borrower's profile
- Response to substantiated CRA complaints

The Community Development Test considered the following criteria:

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

## GLOSSARY

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

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

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for 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 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 business or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designed 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 investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of 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 other means;

- No 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 Services. 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 and counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

**Middle-Income:** Individual income that is at least one urbanized area having a population of at least 10,000 but less than 50,000.

**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 the geography.

**Multifamily:** Refer 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 institutions 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.

**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 loan 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 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 tracts are 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 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.