

# **PUBLIC DISCLOSURE**

December 15, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Jewett City Savings Bank  
Certificate Number: 18237

111 Main Street  
Jewett City, Connecticut 06351

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

350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

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

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

- The bank'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. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

### **Background**

Jewett City Savings Bank (JCSB) is a Connecticut-chartered mutual savings bank headquartered in Jewett City, Connecticut. Jewett City is a borough in the town of Griswold. The bank was established in 1873. The bank does not have any subsidiaries or affiliates.

The bank operates the Jewett City Savings Bank Foundation, Inc. (Foundation), a charitable foundation formed in 2003. 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 bank received a “Satisfactory” rating at its prior FDIC Performance Evaluation dated April 15, 2019, based on Interagency Small Institution Examination Procedures.

### **Operations**

JCSB operates seven full-service branches located in the cities and towns of Brooklyn, Dayville, the Jewett City borough of Griswold, Pawcatuck, Plainfield, Preston, and Putnam, which are all located in the eastern portion of Connecticut. Four branches in in Windham County in the Worcester, MA-CT Metropolitan Statistical Area (MSA), and three branches in in New London County in the Norwich-New London, CT MSA. Two branches are located in moderate-income tracts, and five branches are located in middle-income tracts. The bank opened two new branches in Pawcatuck and Putnam since the prior evaluation.

JCSB has a 24-hour access ATM at each of its branches and operates a remote, withdrawal-only ATM located at Country Living at Westview Commons in Dayville, which is a retirement housing complex. In addition to the bank’s network of ATMs, the bank is a member of the SUM ATM network, which offers the bank’s customers surcharge-free access to SUM network ATMs around the country.

### **Products and Services**

JCSB offers a variety of loan products to serve the needs of retail customers and businesses. Loan products for retail customers include fixed and adjustable-rate mortgages, short-term refinance mortgage loans, 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, equipment and vehicle loans, commercial lines of credit, and working capital loans. Further, the bank participates in multiple Small Business Administration (SBA) loan programs to increase access to credit for small businesses in the area.

JCSB also offers a wide variety of deposit accounts to retail and business customers. The bank offers consumer checking accounts with low opening balances, low minimum balances, and low or no monthly maintenance fees. The bank also offers passbook and statement savings accounts, money market savings accounts, health savings accounts, certificates of deposit, and individual retirement accounts. Business accounts include business checking accounts with low and no

monthly fees, business money market accounts, Interest on Lawyers Trust Accounts (IOLTAs), and Interest on Real Estate Trust Accounts (IORETAs).

In addition to loan and deposit products, JCSB offers investment and insurance services and products such as financial planning, mutual funds, tax-deferred annuities, stocks and bonds, life and long-term care insurance, trusts, money market funds, and retirement accounts through Infinex Financial Group, Inc.

Other alternative delivery services offered to both retail and business clients include online banking, telephone banking, mobile banking, mobile remote deposit capture, and bank-to-bank transfers. Through the mobile app, retail customers can track transaction activity and block/unblock debit cards. Services available to business customers include cash management services and wire transfer services.

**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. Deposits totaled \$354.2 million. Since the previous evaluation, which used the December 31, 2018 Call Report, total assets increased by 46.9 percent and total loans increased by 35.0 percent. Total deposits increased by 62.1 percent during the same period. The following table reflects the composition of the bank’s loan portfolio as of September 30, 2022.

| <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 Multifamily (5 or more) 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<br/>Due to rounding, total may not equal 100.0%.</i> |                 |              |

As shown in the previous table, home mortgage loans (loans secured by 1-4 family residential properties and loans secured by multifamily residential properties) comprise the largest portion of the bank’s loan portfolio at 52.8 percent, which decreased slightly since the prior evaluation. Commercial real estate (loans secured by nonfarm nonresidential properties) and commercial and

industrial loans also represent significant lending product lines, representing 42.5 percent of all loans. This is a slight increase over the prior evaluation.

Examiners 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 ASSESSMENT AREAS**

JCSB designated two contiguous assessment areas. One assessment area consists of all cities and towns in Windham County, Connecticut plus the town of Westerly, Rhode Island (Windham County assessment area). Windham County is in the Worcester, MA-CT MSA, and Westerly is part of the Providence-Warwick, RI MSA. The other assessment area consists of all cities and towns in New London County, Connecticut (New London County assessment area), which is part of the Norwich-New London, CT MSA. Since the prior evaluation, the bank expanded the New London County assessment area to encompass the entire County by adding the towns of Salem, Montville, Ledyard, North Stonington, Stonington, Groton, New London, Waterford, East Lyme, Lyme, and Old Lyme. Due to the proximity of the bank's branch in Stonington to Westerly, Rhode Island, the bank also added Westerly to the assessment area. Further, the bank removed the towns of Columbia, Hebron, and Marlborough, which were contiguous to but just outside of New London County.

### **Community Contact**

As part of the CRA evaluation, examiners contact local community organizations active in the bank's assessment areas to gain an understanding of the credit and community development needs and opportunities in the area. Information from community contacts allows examiners to determine whether local financial institutions are responsive to identified needs. Please refer to the individual assessment area sections for details on the community contact conducted for each assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers JCSB's CRA performance from the prior evaluation dated April 15, 2019, through the current evaluation dated December 15, 2022. Examiners used the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Institution CRA Examination Procedures to evaluate the bank's CRA performance. These procedures include two tests: the Small Institution Lending Test and the Community Development Test. This is the first evaluation of JCSB as an Intermediate Small Institution.

Examiners conducted full-scope reviews of the bank's performance in the Windham County assessment area and the New London County assessment area. Based on the distribution of loans, deposits, and branches, examiners assigned equal weight to each assessment area in arriving at overall conclusions. The following table details the distribution of JCSB's reported home mortgage loans, sampled small business loans, deposits, and branches by assessment area.

| Assessment Area Breakdown of Loans, Deposits, and Branches                                   |                     |              |                      |              |                |              |          |              |
|--|---------------------|--------------|----------------------|--------------|----------------|--------------|----------|--------------|
| Assessment Area  | Home Mortgage Loans |              | Small Business Loans |              | Deposits       |              | Branches |              |
|  | #                   | %            | #                    | %            | \$(000s)       | %            | #        | %            |
| Windham County   | 335                 | 59.2         | 30                   | 65.2         | 188,545        | 54.5         | 3        | 42.9         |
| New London County  | 231                 | 40.8         | 16                   | 34.8         | 157,645        | 45.5         | 4        | 57.1         |
| <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 Bank Data; FDIC Summary of Deposits (06/30/22); 2019, 2020, and 2021 HMDA LARs</i> |                     |              |                      |              |                |              |          |              |

### Activities Reviewed

Examiners determined the bank’s major product lines are home mortgage loans and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent major product lines. As such, these loan types provided no material support for conclusions or ratings and examiners did not present them.

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). JCSB 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. Examiners compared the bank’s home mortgage lending performance to 2019, 2020, and 2021 aggregate data and demographic data from the 2015 American Community Survey (ACS).

JCSB is not required to collect or report small business loan data. Examiners reviewed a 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. In 2021, the bank originated 162 such loans. Examiners selected a sample of 51 small business loans totaling \$3.6 million. A majority of the sampled loans were SBA Paycheck Protection Program (PPP) loans. Specifically, of the 51 small business loans sampled, 41 loans totaling \$1.6 million were PPP loans. Examiners compared the bank’s small business lending performance to 2021 D&B demographic data.

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

The bank has originated more home mortgage loans per year than small business loans; however, the bank increased small business lending in response to the increased demand for small business loans during the COVID-19 pandemic in 2020 and 2021, therefore, examiners placed equal weight on the bank’s home mortgage and small business lending performance during the review period.

For the Community Development Test, examiners 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.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

JCSB demonstrated satisfactory performance under the Lending Test. The bank’s performance was generally consistent between the two assessment areas with the exception of Geographic Distribution in the Windham County assessment area, which was poor. The following sections address the bank’s overall performance under each of the Lending Test criterion.

#### **Loan-to-Deposit Ratio**

JCSB’s LTD ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data, averaged 93.2 percent over the past 15 calendar quarters from March 31, 2019, through September 30, 2022. The ratio has steadily decreased, with a high of 103.8 percent as of September 30, 2019, and a low of 84.1 percent as of September 30, 2022. Both the volume of deposits and of loans increased during the evaluation period, with deposit volume increasing more rapidly during the COVID-19 pandemic. The following table presents the average LTD ratio for JCSB and three similarly situated banks, which examiners selected based on characteristics such as lending focus, geographic location, and asset size. As shown in the following table, JCSB maintained a LTD ratio that was similar to or above the similarly situated banks.

| <b>Loan-to-Deposit (LTD) Ratio Comparison</b>                               |   |                                      |
|---|---|--------------------------------------|
| <b>Bank</b>   | <b>Total Assets as of<br/>09/30/2022<br/>\$(000s)</b> | <b>Average Net<br/>LTD Ratio (%)</b> |
| <b>Jewett City Savings Bank</b>   | <b>416,944</b>  | <b>93.2</b>                          |
| Dime Bank   | 1,082,608   | 79.1                                 |
| Eastern Connecticut Savings Bank  | 270,706   | 96.9                                 |
| Essex Savings Bank  | 531,264   | 77.4                                 |
| <i>Source Reports of Condition and Income 03/31/2019 through 09/30/2022</i> |   |                                      |

#### **Assessment Area Concentration**

JCSB originated a substantial majority of home mortgage and small business loans within the assessment areas. The following table illustrates the bank’s home mortgage and small business lending inside and outside the assessment areas.



**Lending Inside and Outside of the Assessment Areas**

| Loan Category                | Number of Loans |             |           |             | Total #    | Dollars 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        | 51,963         |
| <b>Subtotal</b>              | <b>566</b>      | <b>86.5</b> | <b>88</b> | <b>13.5</b> | <b>654</b> | <b>110,001</b>                   | <b>83.2</b> | <b>22,159</b> | <b>16.8</b> | <b>132,160</b> |
| Small Business (2021 Sample) | 46              | 90.2        | 5         | 9.8         | 51         | 3,403                            | 94.4        | 201           | 5.7         | 3,604          |
| <b>Total</b>                 | <b>612</b>      | <b>86.8</b> | <b>93</b> | <b>13.2</b> | <b>705</b> | <b>113,404</b>                   | <b>83.5</b> | <b>22,360</b> | <b>16.5</b> | <b>135,764</b> |

*Source HMDA Reported Data 2019, 2020, and 2021; Bank Data for Small Business Loans  
Due to rounding, percentage totals may not equal 100.0%.*

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The reasonable dispersion throughout the New London County assessment area primarily supports this conclusion. The dispersion throughout the Windham County assessment area was poor. Refer to the Geographic Distribution section of each individual assessment area for a detailed discussion of JCSB’s performance.

**Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels and business customers of different size. The bank’s performance is consistent throughout the assessment areas. Refer to the Borrower Profile section of each individual assessment area for a detailed discussion of JCSB’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 Lending Test rating.

**COMMUNITY DEVELOPMENT TEST**

JCSB demonstrated satisfactory performance under the Community Development Test. The bank’s community development performance demonstrates adequate responsiveness to community development needs in both assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners found that while the bank provides adequate responsiveness to community development needs, the bank is not often in a leadership position. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment areas.

**Community Development Loans**

JCSB originated 45 community development loans totaling \$13.6 million during the evaluation period, which represents 5.2 percent of average total loans and 3.8 percent of average total assets for the evaluation period. The bank addressed the primary needs of its combined assessment area through community development lending. Almost half of the bank’s community development loans, by number, were PPP loans that helped revitalize and stabilize low- and moderate-income census tracts. These loans were especially responsive to area needs during the COVID-19 pandemic. Other community development loans addressed primary needs for affordable housing and economic development within the bank’s assessment areas.

The bank made just over half of its community development loans, by number, in the New London County assessment area, and approximately 40.0 percent of community development loans in the Windham County assessment area. The remaining portion of loans benefited areas outside of the assessment areas in the broader statewide or regional area. Examiners included these loans because JCSB adequately addressed the community development lending needs within its assessment areas.

The following table shows the bank’s community development lending activity by assessment area and purpose.

| <b>Community Development Lending by 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 County  | 7                         | 2,185           | 0                         | 0               | 4                           | 2,782           | 7                              | 529             | <b>18</b>     | <b>5,496</b>    |
| New London County                                       | 7                         | 2,213           | 0                         | 0               | 4                           | 2,661           | 12                             | 483             | <b>23</b>     | <b>5,357</b>    |
| Broader Statewide or Regional Area                      | 1                         | 458             | 0                         | 0               | 2                           | 1,008           | 1                              | 1,264           | <b>4</b>      | <b>2,730</b>    |
| <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 Data</i>                                 |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

The following are two notable examples of community development loans made in the broader statewide or regional area outside of the bank’s assessment areas. Refer to the individual assessment area sections for notable examples of community development loans that benefitted each assessment area.

- In 2021, the bank made a \$661,500 loan to small business in Rhode Island to finance the acquisition of business assets. JCSB approved this loan under the Federal Home Loan Bank (FHLB) Jobs for New England (JNE) program. The JNE program offers below market-rate financing to members so they can then provide low interest-rate small business loans to their customers. Small business loans funded by JNE must meet certain job creation and/or retention and economic development criteria in order to qualify. This loan helped retain primarily low- and moderate-income jobs in the broader regional area.
- In 2021, the bank made a \$458,000 loan to a property management and rental company for the purchase of a 12-unit residential property located in a low-income census tract in New

Britain, Connecticut. The rents are affordable for low- and moderate-income families. This loan helped promote affordable housing in the broader statewide area.

**Qualified Investments**

Qualified investments total \$405,000 and consist entirely of qualified donations. JCSB did not make any new or have any existing qualified equity investments; however, the bank and its foundation made 155 qualified donations totaling \$405,000 that supported various community and charitable organizations in the assessment areas and in the broader statewide area. The bank’s total community development investments represent 0.1 percent of the bank’s average total assets and 1.8 percent of average total securities.

The bank was responsive to both assessment areas’ primary community development needs. The vast majority of the bank’s community development investments supported community services. Several donations also supported revitalization and stabilization efforts related to the COVID-19 pandemic. Furthermore, JCSB made a small number of donations that supported affordable housing and economic development initiatives.

JCSB made nearly half of its qualified donations in the Windham County assessment area, by number and dollar, and made nearly forty percent in the New London County assessment area. The remaining donations benefitted organizations serving a broader statewide or regional area that included cities and towns within the assessment areas. Examiners considered activities in the broader statewide or regional area because JCSB adequately addressed the community development needs within its assessment areas.

The following table shows the bank’s qualified donations by assessment area and purpose.

| <b>Qualified Investments by 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 County Assessment Area                  | 0                         | 0               | 72                        | 133             | 0                           | 0               | 5                              | 65              | 77            | 198             |
| New London County Assessment Area               | 3                         | 7               | 52                        | 72              | 0                           | 0               | 6                              | 85              | 61            | 164             |
| Broader Statewide or Regional Area              | 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 Data</i>                         |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

Below are notable examples of the bank’s donations that benefitted a broader statewide or regional area that includes the bank’s assessment areas. Refer to the individual assessment area sections for notable examples of donations that benefitted each assessment area.

- In 2019, the bank donated \$500 to a non-profit economic development organization to benefit an event targeted to small businesses. The organization provides a wide range of services and resources to promote economic development in southeastern Connecticut,

including both of the bank’s assessment areas.

- In 2020, the bank donated \$9,863 to an organization committed to providing affordable and safe housing to low- and moderate-income individuals in the eastern portion of Connecticut, including both of the bank’s assessment areas.
- Throughout the evaluation period, the bank donated a total of \$30,840 to several food pantries that provide food assistance to low- and moderate-income individuals and families in both Windham and New London County.

**Community Development Services**

During the evaluation period, bank officers and staff provided 37 instances of financial expertise or technical assistance to community organizations serving low- and moderate-income individuals, families, and small businesses. The bank’s services helped to serve the primary needs of the assessment areas, including those identified by the community contacts. Examiners considered activities in the broader statewide or regional area because JCSB adequately addressed the community development needs within the assessment areas.

The following table summarizes the bank’s community development services by assessment area and community development purpose.

| <b>Community Development Services by 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>      |
| Windham County Assessment Area                           | 0                         | 14                        | 0                           | 4                              | <b>18</b>     |
| New London County Assessment Area                        | 0                         | 12                        | 3                           | 0                              | <b>15</b>     |
| Broader Statewide or Regional Area                       | 0                         | 0                         | 4                           | 0                              | <b>4</b>      |
| <b>Total</b>   | <b>0</b>                  | <b>26</b>                 | <b>7</b>                    | <b>4</b>                       | <b>37</b>     |
| <i>Source Bank Data</i>                                  |                           |                           |                             |                                |               |

The following is an example of a community service that benefitted the broader statewide or regional area. Refer to the individual assessment area sections for notable examples of services that benefitted each assessment area.

- During the evaluation period, an officer of the bank served on the Board and as Chairman of the Loan Administration Board of an economic development organization that serves Eastern Connecticut. The bank officer provided financial expertise in several ways, including by reviewing and voting on applications for community grants and revolving loan funds.

**Other Services**

JCSB offers Interest on Lawyers Trust Accounts (IOLTAs) and Interest on Real Estate Trust Accounts (IORETAs). The IOLTA program permits lawyers to deposit client funds into interest bearing accounts, and the bank remits interest generated from the IOLTA accounts 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, and the bank remits the interest earned on these accounts to the Connecticut Housing Finance Authority (CHFA) to provide housing cost assistance for low- and moderate-income 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.

In response to the COVID-19 pandemic, JCSB took several actions to assist customers. JCSB made 56 deferments on residential loans totaling \$6.4 million, 57 deferments on commercial loans totaling \$33.0 million, and 33 deferments on consumer loans totaling \$1.9 million. JCSB also waived late fees if borrowers requested payment deferrals, did not garnish funds from economic impact payments, waived early withdrawal penalties for certificates of deposit, and conducted virtual loan closings during the pandemic.

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

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

## **WINDHAM COUNTY ASSESSMENT AREA Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WINDHAM COUNTY ASSESSMENT AREA**

The Windham County assessment area consists of all of Windham County, which is part of the Worcester, MA-CT MSA. JCSB operates four of its seven full-service branches in this assessment area. These branches are in the towns of Brooklyn, Killingly, Plainfield, and Putnam. The Putnam branch is new since the prior evaluation and is located in a moderate-income census tract. The bank drew 54.5 percent its total deposits and originated 59.2 percent of its home mortgage loans and 65.2 percent of its small business loans in this assessment area during the evaluation period.

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

The Windham County assessment area consists of 25 census tracts that reflect the following income designations:

- 3 low-income tracts
- 4 moderate-income tracts
- 16 middle-income tracts
- 2 upper-income tracts

All three of the low-income tracts and two of the moderate-income tracts are in the town of Windham. The other two moderate-income tracts are in the towns of Killingly and Putnam. Two census tracts in Windham and Putnam area are Federally-designated Opportunity Zones. Opportunity Zones are an economic development tool that incentivizes investment in distressed areas in the United States through tax benefits in order to spur economic growth in low-income communities. In addition, the State of Connecticut Department of Economic Development designated Chaplin, Killingly, Putnam, Sterling, and Windham as distressed municipalities in 2019 and 2021. In 2020, only Chaplin, Putnam, and Windham were designated as distressed.

The following table includes select demographic characteristics of the Windham County assessment area.

| <b>Demographic Information of the Assessment Area</b>  |          |                   |   |                      |                     |                            |
|--|----------|-------------------|---|----------------------|---------------------|----------------------------|
| <b>Assessment Area: Windham County</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)  | 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<br>Median Gross Rent<br>Families Below Poverty Level |                      |                     | \$195,532<br>\$846<br>7.6% |
| <i>Source 2015 ACS Data; 2021 D&amp;B Data; FFIEC Estimated Median Family Income data</i>                |          |                   |   |                      |                     |                            |
| <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> |          |                   |   |                      |                     |                            |
| <i>Due to rounding, totals may not equal 100.0 percent.</i>  |          |                   |   |                      |                     |                            |

According to the 2015 ACS, the Windham County assessment area’s population is 117,470, which includes 29,674 households that are families. Of these families, 25.8 percent are low-income and 18.9 percent are moderate-income. Approximately 7.6 percent of all area families, or 29.5 percent of all low-income families, have incomes below the federal poverty level. The concentration of low-income families with incomes below the federal poverty level in this assessment area presents limited opportunities for home mortgage lending to low-income families, as families below the poverty level would not likely qualify for traditional financing. The following table illustrates the median family income ranges for the Windham County assessment area.

| <b>Median Family Income Ranges</b>     |                    |                                |                               |                    |
|--|--------------------|--------------------------------|-------------------------------|--------------------|
| <b>Assessment Area: Windham County</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> |
| 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 <\$114,60         | ≥114,360           |
| 2021 (\$96,700)                        | <\$48,350          | \$48,350 to <\$77,360          | \$77,360 to <\$116,040        | ≥\$116,040         |
| <i>Source FFIEC</i>                    |                    |                                |                               |                    |

According to the 2015 ACS, there are 49,176 housing units within the Windham County assessment area. Of the housing units in this assessment area, 42,609 or 86.7 percent are 1-4 family units and 5,091 or 10.4 percent are multi-family units. Of the total housing units, approximately 63.4 percent are owner-occupied, 26.6 percent are occupied rental units, and 10.0 percent are vacant.

Opportunities for home mortgage lending are limited in low-income census tracts, as only 4.5 percent of owner-occupied units are located in those geographies. There are more opportunities for home mortgage lending in moderate-income tracts, where 18.4 percent of the area’s owner-occupied housing units are located; however, the majority of owner-occupied housing is located in middle-income geographies.

The median housing value in the Windham County assessment area is \$195,532. Median housing values vary throughout this assessment area, although not significantly. While housing in Windham County is more affordable than housing statewide, the median housing value in the County is still high compared to the median family income for low- and moderate-income residents. According to the 2015 ACS, the affordability ratio of housing in this assessment area is approximately 0.30, which is higher than the statewide ratio of 0.23.

The median age of housing stock in the Windham County assessment area is 55 years; however, it is 70 years in the low-income tracts and 66 years in the moderate-income tracts, signaling additional need for rehabilitation of housing in those tracts.

Data from the United States (U.S.) Bureau of Labor Statistics reflects that the unemployment rate for Windham County was 3.8 percent as of October 2022, which is slightly lower than the statewide rate of 4.0 percent and slightly higher than the national rate of 3.4 percent. Unemployment rates rose sharply in 2020 due to the COVID-19 pandemic. Unemployment rates declined slightly in 2021 and have continued to decline since then in the county, state, and nationwide. The following table shows the average annual unemployment rates for Windham County, Connecticut, and the United States over the evaluation period.

| <b>Unemployment Rates</b>                |             |             |             |                     |
|--|-------------|-------------|-------------|---------------------|
| <b>Location</b>                          | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>October 2022</b> |
|  | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>            |
| Windham County                           | 3.8         | 7.7         | 6.2         | 3.8                 |
| Connecticut                              | 3.5         | 7.8         | 6.3         | 4.0                 |
| Nationally                               | 3.7         | 8.1         | 5.4         | 3.4                 |
| <i>Source Bureau of Labor Statistics</i> |             |             |             |                     |

According to 2021 D&B data, 9,571 non-farm businesses operated in the Windham County assessment area. A large majority of these businesses, at 87.5 percent, had gross annual revenues of \$1.0 million or less. In addition, 67.5 percent of the area's businesses have between 1-4 employees, and 92.2 percent operate out of a single location. 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 Windham County 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 Windham County assessment area 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 County assessment area. JCSB ranked fifth with 4 offices and 9.9 percent of the total market share. Berkshire Bank ranked first with five branches and captured 20.8 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. The number of lenders originating home mortgage loans increased in the Windham County assessment area. This number grew from 212 lenders with 3,064 loans in 2019 to 241 lenders with 4,457 loans in 2020, and 265 lenders with 5,303 loans in 2021. In 2020, JCSB ranked sixth with 117 originated home mortgage loans for a 2.6 percent market share. The top five lenders were all large national banks or mortgage companies. In 2021, JCSB ranked seventh with market share of 2.1 percent, and one community bank, Centreville Bank, ranked higher.

### **Community Contact**

Examiners referenced a recent community contact made during a CRA evaluation at another financial institution that operates in the Windham County assessment area. The contacted agency primarily serves low- and moderate-income individuals and families in Windham County and the eastern part of Connecticut. This agency helps satisfy affordable housing, energy assistance, employment, food security, and other basic needs of low- and moderate-income individuals. The agency also provides services to its clients to address a health, social, and economic issues.

The contact identified affordable housing as the primary need in the area, highlighting that low-income renters are cost-burdened, and hourly wages are not sufficient to afford even basic housing. The contact also identified needs for a better public transportation system that reaches area employers and bank branches, more bank branches, and longer branch hours to accommodate working individuals. The contact identified needs for financial literacy, credit repair programs and products, and a wider variety of community services for low- and moderate-income individuals and families experiencing hardship. The contact also indicated that flexible credit products and low-barrier small dollar loans would help meet the needs of low- and moderate-income individuals.



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 contribute to community needs mostly through foundation grants and in-kind services. However, it would be beneficial for financial institutions to provide more funding to help address current and growing area needs.

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

Based on information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services are primary community development needs in the Windham County assessment area. The high percentage of low-income families living below the poverty level establishes a significant need for both community development donations and services to help improve the well-being and financial position of these families. The COVID-19 pandemic exacerbated the financial struggle of many low- and moderate-income individuals and families, further supporting the need for additional community services, affordable housing, and revitalization and stabilization in the area. The need for financial literacy and flexible loan products also present opportunities for financial institutions to address community development needs. The age of housing stock in the low- and moderate-income tracts present opportunities for financial institutions to lend or invest in housing rehabilitation. Additionally, the bank's Windham County assessment area contains two Opportunity Zones, and several of its cities are distressed municipalities. This further indicates opportunities for financial institutions to participate in projects to address community needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE WINDHAM COUNTY ASSESSMENT AREA**

### **LENDING TEST**

JCSB demonstrated reasonable performance under the Lending Test in the Windham County assessment area. The following sections discuss the bank's performance under each criterion of the Lending Test in this assessment area.

#### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the Windham County assessment area. The bank's home mortgage and small business lending activity support this conclusion.

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

The geographic distribution of home mortgage loans reflects poor dispersion throughout the Windham County assessment area. As shown in the following table, JCSB did not originate any loans within the low-income census tracts in 2019. The bank's performance showed some improvement in 2020, but remained below the aggregate performance and the percent of owner-occupied housing units. Performance was similar in 2021. Since there are limited opportunities for

home mortgage lending in the low-income census tracts given the low percentage of owner-occupied housing units, the bank’s performance in moderate-income census tracts carried more weight in arriving at the overall conclusion.

The bank’s performance in moderate-income census tracts was below the aggregate performance and demographics for all three years. The bank’s performance followed similar trends to the aggregate performance, declining in 2020, and improving in 2021, but remained well below both comparators throughout the evaluation period.

| <b>Geographic Distribution of Home Mortgage Loans</b>                                |  |                                     |            |              |                 |              |
|--|--|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Assessment Area: Windham County</b>   |  |                                     |            |              |                 |              |
| <b>Tract Income Level</b>  | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |  |                                     |            |              |                 |              |
| 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          |
| <b>Moderate</b>  |  |                                     |            |              |                 |              |
| 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         |
| <b>Middle</b>  |  |                                     |            |              |                 |              |
| 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         |
| <b>Upper</b>   |  |                                     |            |              |                 |              |
| 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          |
| <b>Not Available</b>   |  |                                     |            |              |                 |              |
| 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>Totals</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; HMDA Reported Data 2019, 2020, and 2021; HMDA Aggregate Data</i> |  |                                     |            |              |                 |              |
| <i>Due to rounding, percentage totals may not equal 100.0%.</i>                      |  |                                     |            |              |                 |              |

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

The geographic distribution of small business loans reflects poor dispersion throughout the Windham County assessment area. As shown in the following table, JCSB’s performance in low-income census tracts was below demographics by number, but exceeded demographics by dollar amount of loans. The bank’s performance in moderate-income census tracts was below demographics by both number

and dollar amount of loans. Examiners did not compare JCSB’s performance to aggregate performance because the bank does not report small business loans.

| <b>Geographic Distribution of- Small Business Loans</b> |                        |           |              |                 |              |
|---|------------------------|-----------|--------------|-----------------|--------------|
| <b>Assessment Area: Windham County</b>                  |                        |           |              |                 |              |
| <b>Tract Income Level</b>                               | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   | 10.2                   | 2         | 6.7          | 306             | 16.2         |
| Moderate  | 20.4                   | 3         | 10.0         | 159             | 8.4          |
| Middle  | 61.0                   | 23        | 76.7         | 1,162           | 61.5         |
| Upper   | 8.4                    | 2         | 6.7          | 262             | 13.9         |
| Not Available   | 0.0                    | 0         | 0            | 0               | 0            |
| <b>Total</b>  | <b>100.0</b>           | <b>30</b> | <b>100.0</b> | <b>1,889</b>    | <b>100.0</b> |
| <i>Source Bank Data; 2021 D&amp;B Data</i>              |                        |           |              |                 |              |
| <i>Due to rounding, totals may not equal 100.0%.</i>    |                        |           |              |                 |              |

**Borrower Profile**

The distribution of borrowers within the Windham County assessment area reflects, given the product lines offered by the bank, reasonable penetration among retail customers of different income levels and business customers of different sizes. The bank’s reasonable home mortgage lending and excellent small business lending support this conclusion.

***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among retail customers of different income levels within the Windham County assessment area. As shown in the following table, the bank’s performance among low-income borrowers was below both aggregate performance and the percent of low-income families in 2019, 2020, and 2021. The bank’s performance declined slightly year over year; however, this was similar to the trend of aggregate performance, which also declined. The high percentage of low-income families below the poverty level and high median housing values in the assessment area helps explain the difference between demographic data and aggregate and bank performance. Families in this income category, especially those with income below the poverty level, would likely face challenges qualifying for traditional home mortgage loans. The bank’s performance among moderate-income borrowers was more reasonable. In 2019, the bank’s performance was well above the percent of families, but slightly below aggregate performance. The bank’s performance followed a similar trend to aggregate and declined in 2020, but remained above demographics. In 2021, the bank’s performance was below both comparators, but was still reasonable in comparison to the percent of families.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>                  |                      |                                     |            |              |                 |              |
|--|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| <b>Assessment Area: Windham County</b>   |                      |                                     |            |              |                 |              |
| <b>Borrower Income Level</b>   | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |                      |                                     |            |              |                 |              |
| 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          |
| <b>Moderate</b>  |                      |                                     |            |              |                 |              |
| 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         |
| <b>Middle</b>  |                      |                                     |            |              |                 |              |
| 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         |
| <b>Upper</b>   |                      |                                     |            |              |                 |              |
| 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         |
| <b>Income Not Available</b>  |                      |                                     |            |              |                 |              |
| 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> |
| <i>Source 2015 ACS; HMDA Reported Data 2019, 2020, and 2021; HMDA Aggregate Data</i> |                      |                                     |            |              |                 |              |
| <i>Due to rounding, percentage totals may not equal 100.0%.</i>                      |                      |                                     |            |              |                 |              |

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

The distribution of small business loans reflects excellent penetration among businesses of different sizes. Because JCSB originated a large volume of PPP loans for which revenue data is not available, only four of the 30 small business loans sampled (13.3 percent) from within the Windham County assessment area include gross annual revenue information. Of these four loans, three (75.0 percent) were made to businesses with gross annual revenues less than or equal to \$1.0 million, as shown in the following table.

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

As revenue is not available for PPP loans, examiners evaluated PPP loans using loan size as a proxy for revenues. A large majority of the PPP loans in the small business loan sample had loan sizes of less than or equal to \$100,000. In addition, all of the sampled PPP loans had loan sizes less than \$250,000. This indicates that the bank is helping to serve the needs of small businesses in the Windham County assessment area.

| <b>Distribution of PPP Loans by Loan Size</b>        |              |              |                  |              |
|--|--------------|--------------|------------------|--------------|
| <b>Assessment Area: Windham County</b>               |              |              |                  |              |
| <b>Loan Size</b>                                     | <b>Count</b> | <b>%</b>     | <b>Dollars</b>   | <b>%</b>     |
| ≤\$100,000   | 22           | 84.6         | 561,841          | 45.4         |
| \$101,000-\$250,000                                  | 4            | 15.4         | 676,378          | 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>1,238,219</b> | <b>100.0</b> |
| <i>Source 2021 Bank Data</i>                         |              |              |                  |              |
| <i>Due to rounding, totals may not equal 100.0%.</i> |              |              |                  |              |

## **COMMUNITY DEVELOPMENT TEST**

JCSB demonstrated adequate responsiveness to the community development needs of the Windham County assessment area.

### **Community Development Loans**

During the review period, JCSB made 18 community development loans totaling \$5.5 million in the Windham County assessment area. The bank’s community development loans primarily helped address needs pertaining to affordable housing and revitalization or stabilization. Most of the loans benefitting revitalization and stabilization were PPP loans that assisted businesses in retaining jobs during the COVID-19 pandemic. The remaining loans benefitted economic development.

The following table shows the breakdown of the bank’s community development loans in the assessment area by year and purpose.

| <b>Community Development Lending<br/>Assessment Area: Windham County</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 (partial)   | 0                         | 0               | 0                         | 0               | 1                           | 1,956           | 0                              | 0               | <b>1</b>      | <b>1,956</b>    |
| 2020   | 4                         | 1,323           | 0                         | 0               | 1                           | 141             | 4                              | 243             | <b>9</b>      | <b>1,707</b>    |
| 2021   | 2                         | 630             | 0                         | 0               | 1                           | 545             | 3                              | 286             | <b>6</b>      | <b>1,461</b>    |
| YTD 2022   | 1                         | 232             | 0                         | 0               | 1                           | 140             | 0                              | 0               | <b>2</b>      | <b>372</b>      |
| <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>    |
| <i>Source Bank Data</i>  |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

Following are notable examples of community development loans in the Windham County assessment area.

- In 2019, JCSB made a \$1.9 million loan to a small business to purchase and renovate a hotel that primarily employs low- and moderate-income individuals. This loan helped promote economic development in the assessment area by promoting permanent job creation and retention for low-income people.
- In 2020, the bank made a \$637,500 loan to a property management and rental company for the purchase of two 6-unit apartment buildings in Plainfield. The rents are below the 2020 fair market rent in Plainfield. This loan promoted affordable housing in the assessment area.
- In 2020 and 2021, the bank made six PPP loans totaling \$356,199 to businesses in low- and moderate-income tracts in the assessment area. These loans helped to stabilize low- and moderate-income geographies by helping businesses preserve jobs during the COVID-19 pandemic.
- In 2022, the bank made a \$140,000 loan to a real estate holding company under the SBA 504 Loan Program, which provides financing with low down payments and fixed interest rates for small businesses that intend to create jobs or meet certain public policy goals. This loan helped promoted economic development in the assessment area.

### **Qualified Investments**

The bank did not hold or make any new equity investments that directly benefitted the Windham County assessment area. However, the bank and its charitable foundation provided 77 qualified donations totaling approximately \$198,000 to various community organizations in the assessment area.

The bank’s donations were responsive to the primary community development needs of the assessment area. The majority of the bank’s donations benefitted community services to low- and moderate-income individuals and families. The bank also made some donations for revitalization or stabilization.

The following table shows the breakdown of qualified community development donations that the bank made during the evaluation period.

| <b>Qualified Donations</b>             |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area: Windham County</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 (partial)                         | 0                         | 0               | 16                        | 19              | 0                           | 0               | 0                              | 0               | <b>16</b>     | <b>19</b>       |
| 2020                                   | 0                         | 0               | 26                        | 32              | 0                           | 0               | 2                              | 35              | <b>28</b>     | <b>67</b>       |
| 2021                                   | 0                         | 0               | 19                        | 41              | 0                           | 0               | 3                              | 30              | <b>22</b>     | <b>71</b>       |
| YTD 2022                               | 0                         | 0               | 11                        | 41              | 0                           | 0               | 0                              | 0               | <b>11</b>     | <b>41</b>       |
| <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 Data</i>                |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

Following are notable examples of the bank’s qualified donations in the Windham County assessment area.

- Throughout the evaluation period, JCSB made several donations to a local community college. The donations, totaling \$42,500, supported the school’s operations and assisted the school in providing scholarships to low- and moderate-income students. Over 57.0 percent of the school’s students receive Pell grants. This loan helped provide community services to low- and moderate-income individuals in the assessment area.
- Throughout the evaluation period, the bank donated a total of \$57,027 to a local community service organization. The organization provides mental health and other services to those who need them, regardless of ability to pay. Most of the organization’s clients earn low- or moderate-incomes, and the organization offers services on a sliding scale for individuals who do not have health insurance or who have insufficient income to pay for services.
- In 2020, 2021, and 2022, the bank donated a total of \$22,500 to an organization that provides community services to low- and moderate-income people in the assessment area. Specifically, the organization provides 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 donations totaling \$65,000 under the FHLB’s JNE Recovery Grant Program to assist local businesses and nonprofits in the assessment area. During the COVID-19 pandemic, the JNE Recovery Grant Program offered grants to businesses and non-profit organizations that experienced significant losses due to the pandemic. These donations helped the organizations continue serving low- and moderate-income clients and small businesses during the pandemic.

**Community Development Services**

JCSB provided 18 instances of community development services in the Windham County assessment area. The majority of community development services supported community organizations that serve the needs of low- and moderate-income residents and small businesses, a primary need in the assessment area. The remainder of qualified community development services in this area benefitted organizations that promoted revitalization and stabilization. Additionally, all of the banking services and other services mentioned in the overall Community Development Services section of this evaluation also benefited the Windham County assessment area.

The following table summarizes the bank’s community development services in the assessment area by year and community development purpose.

| <b>Community Development Services<br/>Assessment Area: Windham County</b> |                           |                           |                             |                                |              |
|---|---------------------------|---------------------------|-----------------------------|--------------------------------|--------------|
| <b>Year</b>   | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Total</b> |
|   | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>     |
| 2019 (Partial)  | 0                         | 4                         | 0                           | 1                              | <b>5</b>     |
| 2020  | 0                         | 3                         | 0                           | 1                              | <b>4</b>     |
| 2021  | 0                         | 4                         | 0                           | 1                              | <b>5</b>     |
| 2022 YTD  | 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>   |                           |                           |                             |                                |              |

Following are notable examples of community development services performed in the Windham County assessment area.

- Throughout the evaluation period, several bank officers and branch personnel volunteered their services with a local community college in the assessment area. The students are primarily low- and moderate-income individuals, and over 57.0 percent of students receive Pell Grants. Bank officers and personnel held positions including Board Member, Treasurer, Chair of the Scholarship Committee, and Chair of the Donor Solicitation Committee. These services promoted community services for low- and moderate-income people in the assessment area.
- Throughout the evaluation period, a senior commercial loan officer served as the treasurer for a local organization that helps to revitalize and stabilize the Willimantic area of Windham, Connecticut. The organization works to attract new residents and businesses to the low-income area. The bank officer provided financial expertise for the organization through activities related to budgeting, bill paying, and grant writing.



## **NEW LONDON COUNTY ASSESSMENT AREA Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NEW LONDON COUNTY ASSESSMENT AREA**

The New London County assessment area consists of all of New London County in Connecticut plus the town of Westerly, Rhode Island. New London County is in the Norwich-New London, CT MSA. Westerly is in Washington County, which is part of the Providence-Warwick, RI-MA MSA.

JCSB operates three of its seven full-service branches in the New London County assessment area. These branches are in the Jewett City borough of Griswold, Preston, and Stonington. The bank drew 45.5 percent of its total deposits and originated 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**

The New London County assessment area consists of 70 census tracts that reflect the following income designations:

- 6 low-income tracts
- 10 moderate-income tracts
- 32 middle-income tracts
- 21 upper-income tracts
- 1 census tract with no income designation

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. Two of the remaining moderate-income tracts are in Groton, one is in Griswold, and one is in Westerly.

The New London County assessment area includes designated Opportunity Zones in New London, Groton, and Norwich. In 2019, the State of Connecticut Department of Economic Development designated the following towns in New London County as distressed municipalities: Griswold, Montville, New London, Norwich, and Sprague. In 2020 and 2021, Preston and Voluntown were added to the list of distressed municipalities.

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

| <b>Demographic Information of the Assessment Area</b>          |          |                       |   |                          |                         |                              |
|--|----------|-----------------------|---|--------------------------|-------------------------|------------------------------|
| <b>Assessment Area: New London County</b>                      |          |                       |   |                          |                         |                              |
| <b>Demographic Characteristics</b>                             | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>  | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% 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 – 35980 Norwich-New London, CT MSA    |          | \$82,349              | Median Housing Value<br>Median Gross Rent<br>Families Below Poverty Level |                          |                         | \$256,712<br>\$1,053<br>7.4% |
| Median Family Income MSA – 39300 Providence-Warwick, RI-MA MSA |          | \$73,950              |   |                          |                         |                              |

Source 2015 ACS Data; 2021 D&B Data; FFIEC Estimated Median Family Income data  
 (\*) The NA category consists of geographies that have not been assigned an income classification  
 Due to rounding, totals may not equal 100.0 percent.

According to the 2015 ACS, the New London County assessment area’s population is 295,868, which includes 75,620 households that are families. Of these families, 20.7 percent are low-income and 17.6 percent are moderate-income. Approximately 7.4 percent of all area families reported incomes below the federal poverty level. This group represents 35.8 percent of all low-income families. The high percentage of low-income families with incomes below the federal poverty level presents a limited opportunities for home mortgage lending to low-income families, as families below the poverty level would likely face challenges qualifying for traditional financing. The following table illustrates the median family income ranges for the New London County assessment area.

| <b>Median Family Income Ranges</b>        |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Assessment Area: New London County</b> |                        |                                    |                                   |                        |
| <b>Median Family Incomes</b>              | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| 2019 (\$900)                              | <\$48,100              | \$48,100 to <\$76,960              | \$76,960 to <115,440              | ≥\$115,440             |
| 2020 (\$900)                              | <\$46,500              | \$46,500 to <\$74,400              | \$74,400 to <\$111,600            | ≥111,600               |
| 2021 (\$900)                              | <\$46,000              | \$46,000 to <\$73,600              | \$73,600 to <\$110,400            | ≥\$110,400             |

Source FFIEC

According to the 2015 ACS, there are 133,646 housing units within the New London County assessment area. Of those housing units, approximately 57.6 percent are owner-occupied, 29.3 percent are occupied rental units, and 13.1 percent are vacant. Because only 3.9 percent of owner-occupied housing units are located in low-income census tracts, home mortgage lending opportunities in those tracts are limited. There is slightly more opportunity for lending in moderate-

income tracts, where 9.4 percent of the area’s owner-occupied housing units are located; however, the majority of owner-occupied housing is in middle- and upper-income census tracts.

The median housing value in the New London assessment area is \$256,712. Housing in the assessment area is more affordable than it is statewide; however, the median housing value for this assessment area is high compared to the median family income for low- and moderate-income residents. This presents challenges, especially for low-income residents, to qualify for and afford home mortgage loans. According to the 2015 ACS, the affordability ratio of housing in this assessment area is approximately 0.30, which is higher than the statewide ratio of 0.23.

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

Data from the U.S. Bureau of Labor Statistics reflects that the unemployment rate for New London County was 4.3 percent as of October 2022, which is comparable to the statewide rate of 4.0 percent and higher than the national rate of 3.4 percent. Unemployment rates rose sharply in 2020 due to the COVID-19 pandemic, and they began to decline slightly in 2021. The unemployment rate in New London County is still higher than pre-pandemic levels and continues to exceed the state and national rates. The following table shows the average annual unemployment rates for New London County, Connecticut, and the United States over the evaluation period.

| <b>Unemployment Rates</b>                |             |             |             |                     |
|--|-------------|-------------|-------------|---------------------|
| <b>Location</b>                          | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>October 2022</b> |
|  | <b>%</b>    | <b>%</b>    | <b>%</b>    | <b>%</b>            |
| New London County                        | 3.4         | 9.5         | 6.9         | 4.3                 |
| Connecticut                              | 3.5         | 7.8         | 6.3         | 4.0                 |
| Nationally                               | 3.7         | 8.1         | 5.4         | 3.4                 |
| <i>Source Bureau of Labor Statistics</i> |             |             |             |                     |

According to 2021 D&B data, 29,545 non-farm businesses operated in the New London County assessment area. A large majority of these businesses, at 87.9 percent, had gross annual revenues of \$1.0 million or less. 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 assessment area are Electric Boat; Foxwoods Resort Casino; General Dynamics; 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 County assessment area. JCSB ranked ninth with 3 offices and 2.3 percent of the total deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. The number of lenders originating home mortgage loans increased from 291 lenders that originated or purchased 7,390 loans in 2019 to 348 lenders that originated or purchased 11,612 loans in 2020. In 2020, JCSB ranked 38<sup>th</sup>, originating 77 home mortgage loans for a 0.7 percent market share. In 2021, the bank's position was similar, as they ranked 39<sup>th</sup>, originating 95 loans for a 0.7 percent market share.

### **Community Contact**

Examiners contacted a program director of a community foundation that serves Eastern Connecticut and is active in New London County. The organization provides grants to a variety of nonprofits, charitable funds, and other initiatives to benefit low- and moderate-income individuals. The organization also provides scholarships to low- and moderate-income students in the area.

The contact identified affordable housing as the primary need in the area, citing a vast and growing shortage of affordable housing. The contact noted that older housing stock in the area provides challenges for low- and moderate-income individuals to be able to afford the costs of maintaining housing. With increasing energy rates, it is becoming more expensive to heat older, non-energy efficient, and poorly insulated units. The effects of the COVID-19 pandemic, coupled with the rate of inflation, exacerbated the strained economy and the ability for low- and moderate-income individuals to meet their basic needs.

The contact indicated that local employers are struggling to fill positions in industries such as healthcare and social services, suggesting that local manufacturers offer higher salaries. The contact also noted that many available positions in industries such as healthcare and military manufacturing require training or certification that potential job applicants lack. Other needs highlighted by the contact included better public transportation systems that reach area employers and bank branches, financial education and general banking education for low-income individuals, and improved banking relationships with unbanked and underbanked consumers.

The contact indicated that larger financial institutions in the area are actively helping address community needs primarily through foundation grants. In addition, the contact noted that funding from financial institutions is an important factor for local organizations to serve the needs of the local community. In terms of financial education, the contact indicated that local financial institutions perform some financial education, but the area would benefit from more.

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

Based on information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services are the primary community development needs in the New London County assessment area. There is a shortage of affordable housing in the area, and median housing values are high compared to local median family incomes. The high percentage of low-income families living below the poverty level indicates a significant need for both community development donations and services to help improve the financial position of these families. In addition, the COVID-19 pandemic and rising inflation have exacerbated the financial struggle of many low- and moderate-income families,

increasing the need for support through community services. Finally, the need for financial literacy presents an opportunity for financial institutions in the area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NEW LONDON COUNTY ASSESSMENT AREA**

### **LENDING TEST**

JCSB demonstrated reasonable performance under the Lending Test in the New London County assessment area. The following sections discuss the bank's performance under each criterion of the Lending Test in this assessment area.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the New London County assessment area. The bank's reasonable dispersion of home mortgage and small business loans supports this conclusion.

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

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the New London County assessment area. As shown in the following table, JCSB's performance within the low-income census tracts was below aggregate performance and the percent of owner-occupied housing units in 2019; however, performance improved in 2020, exceeding both aggregate performance and demographics. Performance improved further in 2021, continuing to exceed both comparators.

In moderate-income census tracts, the bank's performance significantly exceeded aggregate performance and demographics in 2019. While aggregate performance remained consistent year over year, the bank's performance declined in 2020 and again in 2021. Despite the declining trend, the bank's performance continued to exceed both comparators, though by a lesser margin, in 2020 and 2021.

| <b>Geographic Distribution of Home Mortgage Loans</b>                                |  |                                     |           |              |                 |              |
|--|--|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Assessment Area: New London County</b>  |  |                                     |           |              |                 |              |
| <b>Tract Income Level</b>  | <b>% of Owner-Occupied Housing Units</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |  |                                     |           |              |                 |              |
| 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          |
| <b>Moderate</b>  |  |                                     |           |              |                 |              |
| 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         |
| <b>Middle</b>  |  |                                     |           |              |                 |              |
| 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         |
| <b>Upper</b>   |  |                                     |           |              |                 |              |
| 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         |
| <b>Not Available</b>   |  |                                     |           |              |                 |              |
| 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>Totals</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> |
| <i>Source 2015 ACS; HMDA Reported Data 2019, 2020, and 2021; HMDA Aggregate Data</i> |  |                                     |           |              |                 |              |
| <i>Due to rounding, percentage totals may not equal 100.0%.</i>                      |  |                                     |           |              |                 |              |

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the New London County assessment area. JCSB's performance in low-income census tracts was below demographics by number, but exceeded demographics by dollar amount. The bank's performance in moderate-income census tracts exceeded demographics by both number of loans and by dollar amount.

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

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the bank, reasonable penetration among retail customers of different income levels and business customers of different sizes. The bank's reasonable home mortgage lending and excellent small business lending support this conclusion.

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

The distribution of borrowers reflects reasonable penetration among retail customers of different income levels within the New London County assessment area. As shown in the following table, the bank's lending to low-income borrowers was similar to aggregate performance but below the percent of low-income families in 2019. Performance declined in 2020, falling below aggregate performance and demographics. Performance showed slight improvement in 2021 and remained below both comparators, but was closer to aggregate performance than in 2020. The high percentage of low-income families below the poverty level and high median housing values in the assessment area helps explain the difference between demographic data and aggregate and bank performance. Families in this income category, especially those with income below the poverty level, would likely face challenges qualifying for traditional home mortgage loans.

In 2019, the bank's performance in lending to moderate-income borrowers exceeded both aggregate performance and the percent of moderate-income families. Performance declined in 2020 and fell below both aggregate and demographic data. In 2021, the bank's performance improved but remained below both comparators. The bank's reasonable performance in 2019 and the improving trend from 2020 to 2021 in lending to both low- and moderate-income borrowers supports the conclusion.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</b>                  |                      |                                     |           |              |                 |              |
|--|----------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Assessment Area: New London</b>   |                      |                                     |           |              |                 |              |
| <b>Borrower Income Level</b>   | <b>% of Families</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>Low</b>   |                      |                                     |           |              |                 |              |
| 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          |
| <b>Moderate</b>  |                      |                                     |           |              |                 |              |
| 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          |
| <b>Middle</b>  |                      |                                     |           |              |                 |              |
| 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         |
| <b>Upper</b>   |                      |                                     |           |              |                 |              |
| 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         |
| <b>Income Not Available</b>  |                      |                                     |           |              |                 |              |
| 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> |
| <i>Source 2015 ACS; HMDA Reported Data 2019, 2020, and 2021; HMDA Aggregate Data</i> |                      |                                     |           |              |                 |              |
| <i>Due to rounding, percentage totals may not equal 100.0%.</i>                      |                      |                                     |           |              |                 |              |

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

The distribution of small business loans reflects excellent penetration among businesses of different sizes. Because JCSB originated a large volume of PPP loans, which do not have available revenue information, only five of the 16 loans from the sample included gross annual revenue information. JCSB made all five of these loans to businesses with gross annual revenues of \$1.0 million or less.

As revenue is not available for PPP loans, examiners evaluated PPP loans using loan size as a proxy for revenues. As shown in the table below, all 11 PPP loans in the sample had loan sizes of less than or equal to \$100,000, with the largest loan amount being \$70,395. This suggests that the bank is helping to serve the needs of small businesses in the New London assessment area.



| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b> |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Assessment Area: New London County (2021)</b>                             |                        |           |              |                 |              |
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| ≤ \$1,000,000  | 87.8                   | 5         | 31.3         | 1,239           | 81.8         |
| > \$1,000,000  | 3.3                    | 0         | 0.0          | 0               | 0.0          |
| Revenue Not Available  | 8.8                    | 11        | 68.8         | 275             | 18.2         |
| <b>Total</b>   | <b>100.0</b>           | <b>16</b> | <b>100.0</b> | <b>1,514</b>    | <b>100.0</b> |
| <i>Source 2021 D&amp;B Data</i>  |                        |           |              |                 |              |
| <i>Due to rounding, totals may not equal 100.0%.</i>                         |                        |           |              |                 |              |

## COMMUNITY DEVELOPMENT TEST

JCSB displayed adequate responsiveness to the community development needs of the New London County assessment area.

### Community Development Loans

During the review period, JCSB made 23 community development loans totaling \$5.4 million in the New London County assessment area. Most of these loans supported revitalization or stabilization in the area, and a large majority of these were PPP loans that helped retain jobs during the COVID-19 pandemic. The bank also made community development loans to address affordable housing and economic development needs in the area.

The following table shows the breakdown of community development loans by year and purpose.

| <b>Community Development Lending</b>      |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area: New London County</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 (partial)                            | 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           |
| YTD 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 Data</i>                   |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

The following are notable examples of qualified community development loans in the New London County assessment area.

- In 2020 and 2021, the bank made 11 PPP loans totaling \$360,308 to businesses in low- and moderate-income census tracts in the assessment area. These loans helped businesses maintain their workforce during the COVID-19 pandemic.
- In 2021, the bank made a \$307,500 loan for the purchase a 5-unit apartment building in a

moderate-income census tract. The majority of rents available were below the fair market rents for the area. This loan helped maintain affordable housing in the assessment area.

- In 2022, the bank made a \$1.6 million loan to a property management company to purchase a building that would house a diagnostics company. The business meets the SBA gross annual revenue size standard requirement for consideration as a small business. The building is in a low-income census tract, and the loan helped promote economic development by creating permanent jobs in the assessment area.

**Qualified Investments**

The bank did not hold or make any equity investments in the New London County assessment area; however, the bank and its charitable foundation provided 61 qualified donations totaling approximately \$164,000 to numerous community organizations in the assessment area.

A large majority of the bank’s donations benefitted one of the primary needs in the assessment area of community services to low- and moderate-income individuals and families. Other donations were to organizations that provided revitalization or stabilization in relation to the COVID-19 pandemic and to organizations that promote affordable housing.

The following table shows the breakdown of qualified donations in the assessment area by year and purpose.

| <b>Qualified Donations</b>                |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area: New London County</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 (partial)                            | 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              |
| YTD 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>      |
| <i>Source Bank Data</i>                   |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

The following are notable examples of the bank’s qualified donations in the New London County assessment area.

- Throughout the evaluation period, the bank donated a total of \$10,805 to a local community service organization that provides services to address the basic needs of low- and moderate-income individuals and families in the assessment area. Services include, but are not limited to, a food pantry, heating assistance programs, low- or no-cost health clinics, and job services.
- In 2020 and 2021, the bank made donations totaling \$85,000 to various local organizations under the FHLB’s JNE Recovery Grant program to assist local businesses and non-profits in

the assessment area. Donations made through this program helped organizations continue to serve low- and moderate-income clients and small businesses during the pandemic.

- In 2022, the bank made donations to organizations that provide community services and address food insecurity in the assessment area. The bank donated \$10,000 to an organization in Norwich, Connecticut to help improve the HVAC system, which benefited the very low-income individuals and families who use the cooling and warming center and eat at the soup kitchen. The bank also donated \$2,500 to another organization that supports families in crisis and prevents hunger and homelessness by offering a wide variety of services in Westerly, Rhode Island.

### **Community Development Services**

The bank provided 15 instances of community development services in the New London County assessment area. A large majority of the services benefitted organizations that provide community services to low- and moderate-income residents and small businesses, which is a primary need in the assessment area. Other community development services in this area benefitted organizations that support economic development initiatives.

The following table summarizes the bank’s community development services in the assessment area by year and purpose.

| <b>Community Development Services</b>     |                           |                           |                             |                                |              |
|---|---------------------------|---------------------------|-----------------------------|--------------------------------|--------------|
| <b>Assessment Area: New London County</b> |                           |                           |                             |                                |              |
| <b>Year</b>                               | <b>Affordable Housing</b> | <b>Community Services</b> | <b>Economic Development</b> | <b>Revitalize or Stabilize</b> | <b>Total</b> |
|   | <b>#</b>                  | <b>#</b>                  | <b>#</b>                    | <b>#</b>                       | <b>#</b>     |
| 2019 (Partial)                            | 0                         | 2                         | 0                           | 0                              | 2            |
| 2020                                      | 0                         | 2                         | 1                           | 0                              | 3            |
| 2021                                      | 0                         | 2                         | 1                           | 0                              | 3            |
| 2022 YTD                                  | 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>                   |                           |                           |                             |                                |              |

The following are notable examples of the bank’s community development services that employees and officers performed in the New London County assessment area.

- Throughout the evaluation period, an assistant branch manager provided financial service expertise to an organization that raises and distributes money to fund community projects in Griswold. The organization targets a majority of its funds towards programs that serve low- and moderate-income individuals.
- In 2022, an assistant branch manager of the bank led a series of financial literacy workshops to children at a Griswold Youth and Family Services summer camp on four different occasions. A majority of the attendees were low- and moderate-income students attending the summer camp.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

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

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

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

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

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

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

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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