

PUBLIC DISCLOSURE

January 31, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Maine Community Bank
Certificate Number: 17741

254 Main Street
Biddeford, Maine 04005

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.

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

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

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

DESCRIPTION OF INSTITUTION

Background

MCB is a state-chartered, mutual savings bank headquartered in Biddeford, Maine (ME). MCB was established on January 1, 2020, when Mechanics Savings Bank (MSB) merged with and into Biddeford Savings Bank (BSB) and began operating as MCB. BSB and MSB now operate as divisions of MCB. MCB is wholly owned by Maine Community Bancorp, Inc., which is a mid-tier holding company that is wholly owned by Maine Community Bancorp, Mutual Holding Company. BSB received a Satisfactory rating at its previous FDIC Performance Evaluation, dated February 4, 2019, based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

MCB operates 10 full-service branches, which includes the main office, primarily serving the southeast communities of ME. In addition to the main office in Biddeford, the branches are located in Auburn, Biddeford, Brunswick, Kennebunk, Lewiston, Scarborough, Waterboro, Westbrook, and Windham. In addition, the bank has two Business Banking Centers in Biddeford and Auburn. The bank opened a new branch in Westbrook, ME in November 2021. The bank did not close any branches since the prior evaluation.

MCB offers residential, commercial, and consumer loans with a continued primary focus on residential lending. Consumer lending products include home mortgage loans, construction loans, home equity lines of credit, personal loans, automobile loans, and credit cards. For commercial customers, the bank offers commercial real estate and construction loans, lines of credit, term loans, equipment loans, and credit cards. Consumer and commercial deposit services include checking, savings, money market, certificate of deposit accounts, and individual retirement accounts. Alternative banking services include internet, mobile, and telephone banking; person-to-person payment features; and automated teller machines.

Ability and Capacity

As of December 31, 2021, deposits totaled approximately \$853.6 million and assets totaled approximately \$1.0 billion, and included total loans of \$792.5 million and securities of \$89.8 million. Assets increased by approximately \$524.6 million, or 105.7 percent since December 31, 2018 (the last quarter utilized at the previous evaluation). Asset growth was driven by the merger of MSB and BSB in January 2020. Total securities increased by approximately, \$53.1 million, or 145.1 percent and loans increased by approximately \$360.6 million, or 83.5 percent over the evaluation period. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	30,127	3.8
Secured by Farmland	1,922	0.2
Secured by 1-4 Family Residential Properties	421,099	53.1
Secured by Multifamily (5 or more) Residential Properties	41,950	5.3
Secured by Nonfarm Nonresidential Properties	246,415	31.1
Total Real Estate Loans	741,513	93.6
Commercial and Industrial Loans	43,930	5.5
Agricultural Production and Other Loans to Farmers	1,471	0.2
Consumer Loans	3,413	0.4
Obligations of State and Political Subdivisions in the U.S.	2,184	0.3
Other Loans	1,063	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	1,031	0.1
Total Loans	792,543	100.0
<i>Source Reports of Condition and Income Due to rounding, totals may not equal 100.0%</i>		

The bank provides for the credit needs of its communities in a manner consistent with its size, financial condition, resources, and local economic conditions. Although examiners did not identify any financial or legal impediments that affect the bank’s ability to meet the assessment area’s credit needs, several economic and demographic indicators, such as COVID-19, low interest rates, and economic relief packages affected lending opportunities.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. MCB designated two contiguous assessment areas: the Portland-South Portland, ME MSA assessment area and the Lewiston-Auburn, ME MSA assessment area.¹ When combined the assessment areas include all of Androscoggin County and portions of Cumberland and York Counties.

MCB changed its assessment area delineation since the prior evaluation. As a result of the merger, in January 2020, the bank combined the MSB and BSB assessment areas. When combined, it created two contiguous assessment areas: the Portland-South Portland, ME MSA assessment area, which included four contiguous census tracts within the Non-Metropolitan Statistical Area (Non-MSA) of Maine and the Lewiston-Auburn, ME MSA assessment area. The combined assessment areas included all of Androscoggin County and portions of Cumberland, Kennebec, Oxford, and York Counties. In 2021, the bank removed the four middle-income census tracts in the Non-MSA located in Kennebec (2) and Oxford (2) Counties. MCB did not operate branches within these two counties. In addition, the bank added two moderate-income and two middle-income census tracts in

¹ This document collectively refers to these areas as the combined assessment area.

the town of Westbrook within Cumberland County, when it opened the full-service branch in Westbrook. Please refer to the full-scope assessment area evaluations for more detail on each assessment area’s demographics.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated February 4, 2019, to the current evaluation dated January 31, 2022. Examiners used the ISI Examination Procedures to evaluate MCB’s CRA performance. As described in the Appendices, these procedures include the Lending Test and Community Development Test. Banks must achieve at least a satisfactory rating under each test to obtain an overall “Satisfactory” rating.

Examiners evaluate factors such as lending volume, deposit activity, and branch presence when determining which assessment area will receive the most weight when assigning the overall rating. Examiners conducted full-scope reviews on MCB’s two assessment areas. As shown in the following table, the Portland-South Portland, ME MSA assessment area has a majority of lending, deposits, and branch activity; therefore, examiners gave the most weight to the bank’s performance in the Portland-South Portland, ME MSA. The Lewiston-Auburn, ME MSA received the least weight in this evaluation as it accounts for the smallest amount of the bank’s lending, deposits, and branch activity. The following table illustrates the distribution of home mortgage and small business loans, deposits, and branches across each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Portland-South Portland, ME MSA	216,554	75.8	582,203	68.1	8	80.0
Lewiston-Auburn, ME MSA	69,198	24.2	272,601	31.9	2	20.0
Total	285,752	100.0	854,804	100.0	10	100.0

Source Bank Data; FDIC Summary of Deposits (06/30/2021)

Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage and small business. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. Home mortgage loans received greater weight than small business loans in the overall Lending Test conclusions for all assessment areas, as it constitutes a majority of loan originations during the evaluation period and represents the bank’s primary business focus during this evaluation period.

Examiners considered all home mortgage loans reported on the bank’s 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 326 home mortgage loans totaling \$72.7 million in 2018, 399 loans totaling \$83.9 million in 2019, and

532 loans totaling \$126.0 million in 2020. Aggregate data and 2015 American Community Survey (ACS) census data provided a standard of comparison for home mortgage loans. Although examiners analyzed 2018 home mortgage lending performance, 2018 lending was similar to 2019 and 2020 performance; therefore, examiners did not present 2018 performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2018 lending performance under the Assessment Area Concentration criteria.

As and ISI, MCB is not required to and does not report small business loans. Examiners analyzed the bank's 2020 small business loan data. The bank originated 716 small business loans totaling \$64.5 million, of which 562 totaling approximately \$45.0 million were through the Small Business Administration (SBA) Paycheck Protection Program (PPP). Examiners were able to validate and geocode all small business loans originated in 2020 as the data was readily available. Therefore, examiners analyzed the full universe of small business loans for the assessment area concentration and geographic distribution criteria. Since gross annual revenue (GAR) was not available, examiners analyzed a sample of 63 small business loans totaling \$9.9 million for the borrower profile criterion. As the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. D&B 2020 data provided a standard of comparison for small business lending.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans. Although the tables throughout this evaluation present both the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served.

For the Community Development Test, examiners reviewed community development loans, investments, and services, since the prior evaluation date of February 4, 2019, to the current evaluation date of January 31, 2022.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

MCB demonstrated reasonable performance under the Lending Test. Performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio for the past 12 calendar quarters (beginning with quarter-end March 31, 2019, through quarter-end December 31, 2021), was 105.1 percent, as illustrated in the following table. The table also reflects comparable institutions' LTD ratios over the same timeframe. Examiners selected these institutions for comparison based on their asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
Maine Community Bank	1,020,986	105.1
Partners Bank of New England	842,326	99.7
Saco & Biddeford Savings Bank	1,156,620	111.7
<i>Source Reports of Condition and Income 03/31/2019 – 12/31/2021</i>		

During the evaluation period, the bank’s quarterly LTD ratios varied from a low of 91.5 percent on December 31, 2021, to a high of 116.3 percent on December 31, 2019. MCB ranked second out of the similarly situated lenders over the same period. The ratio increased gradually during 2019 and has been gradually declining since. MCB experienced a significant increase in deposits due to federal and state government pandemic distributions and a decline in lending, causing a downward trending LTD ratio during the review period.

Assessment Area Concentration

MCB originated a substantial majority of loans by both number and dollar volume within the assessment area. Home mortgage lending volume increased by 73.3 percent from 2018 to 2020. Sustained low mortgage interest rates and increased home sales during the review period contributed to the steady increase in home mortgage lending volume. The increase in volume in 2020 is primarily attributed to the merger of MSB and BSB on January 1, 2020.

Lending Inside and Outside of the Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	262	80.4	64	19.6	326	59,290	81.6	13,401	18.4	72,692
2019	328	82.2	71	17.8	399	67,383	80.3	16,557	19.7	83,940
2020	433	81.4	99	18.6	532	101,566	80.6	24,432	19.4	125,998
Subtotal	1,023	81.4	234	18.6	1,257	228,239	80.8	54,391	19.2	282,630
Small Business										
2020	621	86.7	95	13.3	716	57,513	89.1	7,032	10.9	64,545
Total	1,644	83.3	329	16.7	1,973	285,752	82.3	61,423	17.7	347,175
<i>Source Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the combined assessment areas. Reasonable performance in the Portland-South Portland, ME, MSA and Lewiston-Auburn, ME MSA assessment areas support this conclusion. Tables illustrating the

geographic distribution for each assessment area are included within the respective assessment area section.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels as well as businesses of different sizes. Reasonable performance in the Portland-South Portland, ME, MSA and Lewiston-Auburn, ME MSA assessment areas support this conclusion. Tables illustrating the borrower profile distribution for each assessment area are included within the respective assessment area section.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

MCB originated 189 community development loans totaling approximately \$68.7 million during the evaluation period, which represents 8.5 percent of average total assets and 10.1 percent of average total loans. The total volume of community development lending is significantly greater than the previous evaluation, where the bank originated 12 loans totaling \$4.4 million. This increase is attributed to the bank's growth in size as a result of the merger of MSB and BSB and the bank's active participation in the SBA's PPP. Of the 189 community development loans, 136 loans totaling approximately \$41.0 million were PPP loans. MCB's community development lending activity significantly exceeded that of three similarly situated institutions by number and dollar amount.

As examiners determined that, the bank met the assessment areas' overall needs, examiners counted the community development loans made outside the assessment area. Of the 189 community development loans, the bank made six loans totaling \$5.6 million outside the assessment area. The following table illustrates the community development lending activity by year and purpose for the combined assessment area.

Community Development Lending Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	13	3,283	9	8,262	4	2,020	0	0	26	13,565
2020	0	0	0	0	21	21,681	85	7,302	106	28,983
2021	9	7,460	1	1,033	22	16,318	24	858	56	25,669
YTD 2022	1	452	0	0	0	0	0	0	1	452
Total	23	11,195	10	9,295	47	40,019	109	8,160	189	68,669
<i>Source Bank Data</i>										

Refer to the Community Development Loans section within each assessment area for further details on community development loans.

Qualified Investments

MCB made 177 qualified investments totaling approximately \$4.2 million. This total includes 12 equity investments totaling \$3.8 million, and 165 donations totaling \$458,249. Investment activity increased since the previous evaluation where the bank made 37 investments for approximately \$2.7 million. This increase is attributed to the bank's growth in size as a result of the merger of MSB and BSB. In total, the bank's investments represent 0.5 percent of average total assets and 7.4 percent of average total securities. The following table details qualified investments by year and purpose for the combined assessment area.

Qualified Investments Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	504	1	1,000	6	1,529	0	0	9	3,033
2019	0	0	0	0	0	0	0	0	0	0
2020	1	250	0	0	1	250	0	0	2	500
2021	1	250	0	0	0	0	0	0	1	250
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	4	1,004	1	1,000	7	1,779	0	0	12	3,783
Qualified Grants & Donations	2	10	158	432	1	2	4	14	165	458
Total	6	1,014	159	1,432	8	1,781	4	14	177	4,241
<i>Source Bank Data</i>										

Equity Investments

MCB holds nine prior period equity investments with a combined book value of approximately \$3.0 million. The bank made three new equity investments totaling \$750,000 during the evaluation period. Of the 12 equity investments, seven investments for approximately \$1.6 million benefitted a greater statewide area. When compared to similarly situated institutions, the bank's equity investment activity exceeded that of two institutions and fell below one other.

The following are notable examples of those qualified equity investments that benefitted a greater statewide area.

- ***Coastal Ventures V Limited Partnership*** - In 2021, MCB invested \$250,00 in Coastal Ventures V Limited Partnership, a subsidiary of Coastal Enterprises, Inc. (CEI), a non-profit community development financial institution (CDFI) and leader in rural business development. The investment supported the Good Job Fund which provides loans, equity and tax credit financing to environmentally sustainable small businesses, helping to create jobs in rural regions in Maine.
- ***Genesis Community Loan Fund*** - In 2020 and 2021, MCB invested \$250,000 each year in the Genesis Community Loan Fund (Fund). The Fund is a tax-exempt, non-profit CDFI that provides resources to projects that create affordable housing and community service facilities for low- and moderate-income residents and communities throughout Maine.

Qualified Donations

The bank's donation activity is supported by the Biddeford and Mechanics Savings Charitable Foundation (Foundation) created by MCB in July 2020. The Foundation focuses on helping communities meet basic needs, providing educational opportunities, alleviating hunger and food insecurity, and developing safe, secure affordable housing. Of the 165 qualified donations, eight totaling approximately \$35,000 benefitted a greater statewide area. When compared to similarly situated institutions, the bank's donation activity exceeded that of three similarly situated institutions by dollar volume.

The following are notable examples of qualified donations that benefitted a greater statewide area.

- ***The Opportunity Alliance*** – The Foundation donated \$25,000 to the Keep ME Warm campaign a statewide fuel assistance fundraising effort in the state of ME. The Keep ME Warm fund is a statewide partnership of seven United Ways and ten Community Action Programs in ME. The fund provides emergency heating assistance to low- and moderate-income individuals and families throughout ME.
- ***Maine Bankers Association (MBA)*** – MCB donated \$2,500 to MBA's #LetsFeedME campaign. The campaign helped feed low- and moderate-income families during the COVID-19 pandemic, by supporting food pantries statewide.
- ***Maine Development Foundation (MDF)*** – MCB donated \$2,500 to MDF a statewide public-private organization with individual, corporate, non-profit and government agency members from across the state. MDF facilitates partnerships across ME to support economic growth, community revitalization, and workforce development.

Community Development Services

During the evaluation period, the bank provided 1,556 hours of community development services and financial education to 23 organizations and three local schools that benefitted low- and moderate-income individuals, affordable housing, and small businesses. Community development

service activity increased since the previous evaluation where the bank provided 942 hours to 11 organizations in the combined assessment area. This increase is attributed to the bank’s growth in size as a result of the merger of MSB and BSB. MCB’s community development services activity exceeded that of three similarly situated institutions.

The bank maintained its commitment to many of the same organizations noted in the prior evaluation and also formed new relationships. For example, the President’s and Chief Information Officer’s participation with Prosperity Maine is new and responsive to the community development needs of unbanked and underbanked residents in the combined assessment area. Further, bank employees and officers demonstrated responsiveness to affordable housing needs with their continued commitment to affordable housing agencies within the Lewiston-Auburn, ME MSA assessment area and regional area. The following table details community development services by year and purpose for the combined assessment area.

Community Development Services Assessment Area: Combined					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	35	467	76	0	578
2020	19	437	50	0	506
2021	69	338	38	0	445
YTD 2022	5	22	0	0	27
Total	128	1264	164	0	1,556
<i>Source Bank Data</i>					

Of the 1,556 hours of community services, 87 hours supported organizations that provide affordable housing and community services to a greater statewide area that includes the combined assessment area. The following are examples of those community development services.

- ***Pine Tree State Certified Development Corporation (CDC)*** – An assistant vice president served on the Board of this non-profit economic development organization. The Pine Tree State CDC provides SBA financing to small business throughout the state of ME. SBA loans meet the credit needs of small businesses by providing financing to create new businesses and to assist in acquiring, operating, or expanding existing businesses.
- ***Habitat for Humanity 7 Rivers*** – A vice president served on the Board of this non-profit affordable housing organization. Habitat for Humanity 7 Rivers address the housing needs of low-income families in Lincoln and Sagadahoc Counties and the towns of Brunswick and Harpswell, ME, by building new homes and renovating existing homes.
- ***Prosperity Maine*** – The president and chief information officer serve on the organization’s Board. ProsperityME is a non-profit service organization dedicated to helping Maine’s immigrants and refugees obtain financial stability. Programs and services include financial education, career and business development, housing assistance, and college scholarships. Their services support the refugees, immigrants, and low-income individuals in the Greater

Portland and Lewiston-Auburn areas.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

PORTLAND-SOUTH PORTLAND, ME MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PORTLAND-SOUTH PORTLAND, ME MSA

MCB maintains 8, or 80.0 percent of its 10 branches in the Portland-South Portland, ME MSA assessment area. A substantial majority of deposits and loans are also within this assessment area; therefore, examiners placed greater weight on the bank's performance in the Portland-South Portland, ME MSA than the other areas. MCB opened one full-service branch in this assessment area since the previous evaluation. The new branch is located in the town of Westbrook in a middle-income census tract.

Economic and Demographic Data

The Portland-South Portland, ME MSA assessment area consists of 48 census tracts and includes portions of Cumberland and York counties. In 2021, the bank removed the four middle-income census tracts in the Non-MSA located in Kennebec (2) and Oxford (2) Counties and added two moderate-income and two middle-income census tracts in the town of Westbrook within Cumberland County, when it opened the full-service branch in Westbrook. The 48 census tracts reflect the following income designations:

- 1 low-income census tract,
- 8 moderate-income census tracts,
- 29 middle-income census tracts, and
- 10 upper-income census tracts.

The low-income tract is located in the town of Biddeford and the eight moderate-income census tracts are located in Biddeford, Brunswick, Casco, Old Orchard Beach, Saco (2), and Westbrook (2). The following table illustrates select demographic characteristics of the Portland-South Portland, ME MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Portland-South Portland, ME MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	2.1	16.7	60.4	20.8	0.0
Population by Geography	241,808	3.1	16.2	63.5	17.3	0.0
Housing Units by Geography	121,501	2.9	17.2	61.3	18.6	0.0
Owner-Occupied Units by Geography	71,750	1.3	12.6	67.4	18.7	0.0
Occupied Rental Units by Geography	25,358	8.6	32.1	45.6	13.7	0.0
Vacant Units by Geography	24,393	1.8	15.4	59.7	23.1	0.0
Businesses by Geography	17,957	2.6	15.7	61.2	20.5	0.0
Farms by Geography	701	1.0	9.4	73.6	16.0	0.0
Family Distribution by Income Level	62,895	19.3	18.1	22.8	39.8	0.0
Household Distribution by Income Level	97,108	22.7	16.6	18.3	42.4	0.0
Median Family Income MSA - 38860 Portland-South Portland, ME MSA		\$74,701	Median Housing Value			\$243,972
			Median Gross Rent			\$916
			Families Below Poverty Level			5.6%
<i>Source 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B data, 17,957 non-farm businesses operate in the assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 84.7 percent have \$1.0 million or less,
- 5.6 percent have more than \$1.0 million, and
- 9.7 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criteria compares the distribution of businesses by GAR level to D&B data. Service industries represent the largest portion of businesses at 39.1 percent, followed by non-classifiable establishments at 15.7 percent, and retail trade at 13.5 percent. The majority of non-farm businesses in the assessment area are considered small, with the majority (91.6 percent) of businesses operating with nine or less employees, and the majority (89.1 percent) operating from a single location. Additionally, 80.7 percent of the businesses in the assessment area have GARs of less than \$0.5 million.

According to the Bureau of Labor Statistics, the 2019 average unemployment rate was 2.4 percent in Cumberland County, ME and 2.7 percent in York County, ME. These levels were comparable to the ME average of 2.7 percent and lower than the national rate of 3.7 percent. Unemployment rates increased in 2020 due to the adverse effects of the COVID-19 pandemic and averaged 5.3 percent in Cumberland County and 5.4 percent in York County. These levels were comparable to the ME average of 5.5 percent and lower than the national average of 8.1 percent. In 2021, the average

unemployment rate decreased to 4.2 percent in Cumberland County and 4.7 percent in York County which was comparable to the ME average of 4.6 percent and lower than the national average of 5.3 percent. Major employers in the assessment area include Maine Health, Bath Iron Works Corp., and L.L. Bean, Inc.

The Geographic Distribution criteria compares the home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, a significantly lower percentage of owner-occupied housing units are located within the low- and moderate-income census tracts when compared to middle- and upper-income census tracts, limiting the mortgage lending opportunities in the area.

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Portland-South Portland, ME MSA Median Family Income (38860)				
2019 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2020 (\$92,300)	<\$46,150	\$46,150 to <\$73,840	\$73,840 to <\$110,760	≥\$110,760
<i>Source FFIEC</i>				

Competition

The bank operates in a competitive market for financial services. According to Deposit Market Share data as of June 30, 2021, 23 financial institutions operated 188 branches within the Portland-South Portland, ME MSA assessment area. Of these institutions, MCB ranked 13th with a 2.9 percent deposit market share. TD Bank, Bank of America, and Keybank, were the top three institutions with a total market share of 43.2 percent of the deposit market share.

In 2019, aggregate home mortgage lending data, shows 319 lenders originated or purchased 12,098 home mortgage loans within the Portland-South Portland, ME MSA assessment area. MCB, formerly BSB prior to the merger in 2020, ranked 18th with a 1.7 percent market share. Two community bank’s ranked higher than BSB, Bangor Savings Bank (ranked 3rd with 5.2 percent market share) and Saco & Biddeford Savings Institution (ranked 13th with 2.0 percent market share). Aggregate home mortgage lending data for 2020, shows 325 lenders originated or purchased 18,593 home mortgage loans within the Portland-South Portland, ME MSA assessment area. The top five lenders captured a combined market share of 25.4 percent by number of loans. MCB ranked 15th with a 1.7 percent market share. One community bank ranked higher than MCB, Bangor Savings Bank, a much larger institution with 5.7 percent market share.

MCB is not required to collect or report its small business lending, and elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include

comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans and is included here for performance context. Aggregate small business lending data for 2020, shows 132 lenders originated or purchased 14,632 small business loans within the assessment area. American Express had the greatest market share, followed by, Gorham Savings Bank, TD Bank, Kennebunk Savings Bank, and Bank of America. The top five lenders captured a market share of 45.1 percent by number of loans.

Community Contact(s)

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

Examiners referenced information provided by a representative of an affordable housing organization located in the assessment area. The housing agency operates public affordable housing and administers a housing choice voucher program. The contact stated that housing inventory and available rental units are extremely limited. As a result, there is a shortage of affordable housing for low- and moderate-income families. The contact also identified a need for financial literacy programs for low- and moderate-income individuals and a non-traditional loan product for Muslim immigrants. Overall, the contact indicated that financial institutions have been responsive and involved in community development activities.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and demographic and economic data, examiners determined that affordable housing and financial literacy for low- and moderate-income individuals and families represent primary community development and credit needs for the assessment area. Funding for community services to support basic needs for low- and moderate-income individuals represents an additional community development need for the assessment area. The relatively high percentage of low- and moderate-income families (37.4 percent) in the assessment area support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PORTLAND-SOUTH PORTLAND, ME MSA

LENDING TEST

MCB demonstrated reasonable performance under the Lending Test in the Portland-South Portland, ME MSA. The bank's reasonable performance under Geographic Distribution and Borrower Profile criteria support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Portland-South Portland, ME MSA assessment area. The bank's reasonable performance of home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration in the Portland-South Portland, ME MSA assessment area. As shown in the following table, the bank's performance in low-income census tracts exceeded both demographic data and aggregate performance in 2019 and 2020, reflecting excellent dispersion in those geographies. In moderate-income census tracts, the bank's performance was below demographic data and aggregate performance for 2019 and 2020.

Geographic Distribution of Home Mortgage Loans Assessment Area: Portland-South Portland, ME MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.3	1.9	9	3.8	1,745	3.2
2020	1.3	1.8	14	4.3	6,862	8.4
Moderate						
2019	12.6	13.2	20	8.3	3,931	7.1
2020	12.6	12.5	27	8.3	4,553	5.6
Middle						
2019	67.4	65.2	151	62.9	33,038	59.7
2020	67.4	65.3	217	66.6	47,314	57.9
Upper						
2019	18.7	19.7	60	25.0	16,597	30.0
2020	18.7	20.4	68	20.9	22,984	28.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	240	100.0	55,311	100.0
2020	100.0	100.0	326	100.0	81,713	100.0

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

Small Business Loans

The distribution of small business loans reflects reasonable penetration in the Portland-South Portland, ME MSA assessment area. As shown in the following table, the bank's performance in low-income census tracts exceeded demographic data 2020, reflecting excelling dispersion in those geographies. In moderate-income census tracts, the bank's performance was below demographic data in 2020.

Geographic Distribution of Small Business Loans Assessment Area: Portland-South Portland, ME MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.6	11	3.1	1,366	4.6
Moderate	15.7	38	10.8	5,238	17.6
Middle	61.2	214	60.6	14,746	49.4
Upper	20.5	90	25.5	8,486	28.4
Total	100.0	353	100.0	29,835	100.0

Source 2020 D&B Data; Bank Data

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the Portland-South Portland, ME MSA. This conclusion is based on reasonable penetration of both home mortgage and small business loans.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, the bank’s home mortgage lending to low- and moderate-income borrowers was below aggregate performance and demographics in 2019. While showing slight improvement, performance was similar in 2020. The difference between demographic figures and aggregate performance for low-income borrowers highlights the high housing costs and difficulty in obtaining affordable housing within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Portland-South Portland, ME MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	19.3	6.8	6	2.5	527	1.0
2020	19.3	6.1	16	4.9	2,005	2.5
Moderate						
2019	18.1	20.1	32	13.3	5,014	9.1
2020	18.1	19.1	51	15.6	8,558	10.5
Middle						
2019	22.8	23.7	53	22.1	10,041	18.2
2020	22.8	23.5	63	19.3	12,636	15.5
Upper						
2019	39.8	35.5	127	52.9	34,134	61.7
2020	39.8	37.2	173	53.1	49,000	60.0
Not Available						
2019	0.0	13.8	22	9.2	5,595	10.1
2020	0.0	14.1	23	7.1	9,514	11.6
Totals						
2019	100.0	100.0	240	100.0	55,311	100.0
2020	100.0	100.0	326	100.0	81,713	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. As noted in the table below, the bank’s performance in lending to businesses with GARs of \$1 million or less in 2020 was slightly below demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Portland-South Portland, ME MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	84.7	33	82.5	4,890	82.0
>\$1,000,000	5.6	7	17.5	1,077	18.0
Revenue Not Available	9.7	0	0.0	0	0.0
Total	100.0	40	100.0	5,967	100.0
<i>Source 2020 D&B Data; Bank Data</i>					

COMMUNITY DEVELOPMENT TEST

MCB’s community development performance demonstrates adequate responsiveness to community development needs in the Portland-South Portland, ME MSA through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

MCB originated 101 community development loans totaling approximately \$24.3 million within the Portland-South Portland, ME MSA assessment area during the evaluation period. Of the 101 community development loans, 73 loans totaling approximately \$14.6 million were PPP loans. The following table illustrates the community development lending activity by year and purpose for this assessment area.

Community Development Lending										
Assessment Area: Portland-South Portland, ME MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	6	888	0	0	4	2,020	0	0	10	2,908
2020	0	0	0	0	10	8,817	54	4,962	64	13,779
2021	1	1,210	0	0	15	5,554	10	430	26	7,194
YTD 2022	1	452	0	0	0	0	0	0	1	452
Total	8	2,550	0	0	29	16,391	64	5,392	101	24,333
<i>Source Bank Data</i>										

The following are notable examples of community development loans that benefitted the Portland-South Portland, ME MSA assessment area.

- In 2022, the bank originated a \$452,250 loan to purchase a five-unit residential apartment building located in Biddeford, ME. The loan has a primary purpose of providing affordable housing for low- and moderate-income individuals as the residential units have rents below the Housing and Urban Development Fair Market Rent.
- During the evaluation period MCB originated three loans totaling approximately \$675,000 to a municipal redevelopment corporation in Brunswick, ME. The funds from these loans support the continued revitalization of the area after the closure of the Naval Air Station. This project has created 2,000 new jobs and revitalized a moderate-income area.
- During the evaluation period the bank originated 15 SBA 504 loans totaling approximately \$5.0 million. The SBA 504 loan program offers small businesses financing, while promoting business growth and job creation. Each loan promoted economic development in the assessment by providing financing for a small business.

Qualified Investments

MCB made 93 qualified investments totaling approximately \$1.6 million in the Portland-South Portland, ME MSA. MCB retained three investments totaling \$1.4 million and made 90 donations totaling \$232,156 during the evaluation period. The three equity investments supported economic development and organizations that provided community services to low-and moderate-income individuals and families. The donations supported organizations that provide affordable housing, community services, and supported revitalization initiatives.

Qualified Investments										
Assessment Area: Portland-South Portland, ME MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	1	1,000	2	350	0	0	3	1,350
2019	0	0	0	0	0	0	0	00	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	00	0	0	0	0	0	0
Subtotal	0	0	1	1,000	2	350	0	0	3	1,350
Qualified Grants & Donations	2	10	84	208	0	0	4	14	90	232
Total	2	10	85	1,208	2	350	4	14	93	1,582
<i>Source Bank Data</i>										

The following are notable examples of qualified investments that benefitted the Portland-South Portland, ME MSA assessment area.

Prior Period Equity Investment

- ***Finance Authority of Maine (FAME)*** – MSB invested \$250,000 and \$100,000 in 2017 and 2018, respectively in the FAME Regional Economic Development Revolving Loan Program (REDRLP). REDRLP makes loans through Maine’s regional economic development agencies to help create or retain jobs and promote economic development increasing access to capital for small businesses. The majority of businesses served are small businesses with GARs of less than \$1 million. This investment supported small business in the Portland-South Portland, ME MSA assessment area.

Donations

- ***AVESTA Housing*** – MCB donated \$10,000 to AVESTA Housing during the evaluation period. AVESTA Housing is a non-profit organization that develops and provides affordable housing to low- and moderate-income individuals and families in the assessment area. AVESTA Housing also operates NeighborWorks Home Ownership Center, which provides homebuyer education, foreclosure prevention, and budget and credit counseling services to its clients.
- ***Heart of Biddeford*** – MCB donated \$14,000 to Heart of Biddeford during the evaluation period. Heart of Biddeford works with the City of Biddeford to revitalize the low- and moderate-income census tracts in downtown Biddeford by supporting existing businesses, attracting new businesses, and promoting downtown events.
- ***Local Food Pantries*** - During the evaluation period, MCB donated \$84,150 to various food pantries and organizations that support food insecurity initiatives in the assessment area. The bank increased its level of donations to these organizations in 2020 and 2021 as the need grew significantly during the COVID-19 pandemic.

Community Development Services

During the evaluation period, the bank provided 453 hours of community development services and financial education to 13 organizations and one local school within the Portland-South Portland, ME MSA assessment area. Services included leadership on various boards and committees of organizations focused on affordable housing, community services, and economic development. Many of these organizations serve the assessment area’s low- and moderate-income individuals and/or geographies. In addition, bank employees provided financial education classes to community organizations and local schools throughout the assessment area during the evaluation period. The following table details community development services by assessment area and purpose.

Community Development Services					
Assessment Area: Portland-South Portland, ME MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	10	112	70	0	192
2020	5	98	50	0	153
2021	9	58	38	0	105
YTD 2022	0	3	0	0	3
Total	24	271	158	0	453
<i>Source Bank Data</i>					

The following are notable examples of community service activities that benefitted the Portland-South Portland, ME MSA assessment area.

- ***Oasis Health Network*** – An assistant vice president serves on the Board Development Committee of this non-profit health care organization. Oasis Health Network is a no-cost primary care medical practice and dental clinic, which provides access to free health and dental services for those who cannot afford health insurance and cannot afford to pay for care. This ensures primarily low- and moderate -income individuals have access to health care.
- ***Southern Maine Finance Agency (SMFA)*** – A senior vice president serves on the Board Loan Committee of this economic development organization. SMFA, formerly known as the Biddeford Saco Area Economic Development Corporation provides gap financing to fund business expansion, job creation, equipment financing, start-up working capital, and real estate acquisitions and development for small businesses in the assessment area.
- ***United Pejepsco Housing, Inc. and Pejepsco Housing, Inc. (Pejepsco)*** – An assistant vice president serves on the Board of this non-profit affordable housing corporation. Pejepsco provides affordable housing for low- and moderate-income seniors in the assessment area.

LEWISTON-AUBURN, ME MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LEWISTON-AUBURN, ME MSA

CONCLUSIONS ON PERFORMANCE CRITERIA IN LEWISTON-AUBURN, ME MSA

MCB maintains 2, or 20.0 percent of its 10 branches in the Lewiston-Auburn, ME MSA assessment area. Examiners weighted this assessment area the lowest of the two assessment areas since it has the least percentage of branches, deposits, and loans. MCB did not open or close any branches in this assessment area since the previous evaluation.

Economic and Demographic Data

The Lewiston-Auburn, ME MSA assessment area consists of 28 census tracts and includes the entirety of Androscoggin County. The assessment area has not changed since the previous evaluation. The 28 census tracts reflect the following income designations:

- 4 low-income census tract,
- 4 moderate-income census tracts,
- 16 middle-income census tracts, and
- 4 upper-income census tracts.

The four low-income tracts are located in Auburn and Lewiston (3) and the four moderate-income census tracts are located in Auburn (2), Lewiston, and Livermore Falls. The following table illustrates select demographic characteristics of the Lewiston-Auburn, ME MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Lewiston-Auburn, ME MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	28	14.3	14.3	57.1	14.3	0.0
Population by Geography	107,393	11.8	8.1	68.4	11.8	0.0
Housing Units by Geography	49,164	12.9	9.0	66.3	11.9	0.0
Owner-Occupied Units by Geography	28,372	2.5	5.7	76.3	15.5	0.0
Occupied Rental Units by Geography	16,264	30.4	13.4	50.1	6.2	0.0
Vacant Units by Geography	4,528	15.2	13.4	61.3	10.2	0.0
Businesses by Geography	6,170	15.9	8.0	64.2	12.0	0.0
Farms by Geography	222	2.7	3.6	77.0	16.7	0.0
Family Distribution by Income Level	27,791	22.4	15.7	23.0	39.0	0.0
Household Distribution by Income Level	44,636	25.5	15.4	17.3	41.8	0.0
Median Family Income MSA - 30340 Lewiston-Auburn, ME MSA		\$60,363	Median Housing Value			\$143,998
			Median Gross Rent			\$726
			Families Below Poverty Level			11.4%
<i>Source 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 D&B data, 6,170 non-farm businesses operate in the assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 79.5 percent have \$1.0 million or less,
- 7.7 percent have more than \$1.0 million, and
- 12.8 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criteria compares the distribution of businesses by GAR level to D&B data. Service industries represent the largest portion of businesses at 38.5 percent, followed by retail trade at 14.8 percent and non-classifiable establishments at 13.5 percent. The majority of businesses in the assessment area are considered small, with the majority (87.3 percent) of businesses operating with nine or less employees, and the majority (85.7 percent) operating from a single location. Additionally, 75.5 percent of the businesses in the assessment area have GARs of less than \$0.5 million.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area increased since prior evaluation period. The increase was a direct result of the adverse effects of the COVID-19 pandemic. In 2019, the annual unemployment rate was 2.7 percent in Androscoggin County, which was comparable to the ME statewide rate of 2.8 percent and lower than the national rate of 3.7 percent. At the highest point in April 2020, unemployment rates reached 8.6 percent, which was lower than the ME statewide rate of 9.2 percent. In 2021, the annual unemployment rate

decreased slightly to 4.9 percent in Androscoggin County, which was higher than the ME average of 4.1 percent and lower than the national average of 5.3 percent. Major employers in the assessment area include Maine Health, TD Bank, National Association N.A., Walmart Inc., and St. Mary’s Regional Medical Center.

The Geographic Distribution criteria compares the home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, a low percentage of owner-occupied housing units are located within the low- and moderate-income census tracts when compared to middle-income census tracts, limiting the mortgage lending opportunities in the area.

Examiners used the 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criteria. The following table presents the low-, moderate-, middle-, and upper-income categories for the Lewiston-Auburn, ME MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lewiston-Auburn, ME MSA Median Family Income (30340)				
2019 (\$62,600)	<\$31,300	\$31,300 to <\$50,080	\$50,080 to <\$75,120	≥\$75,120
2020 (\$75,900)	<\$37,950	\$37,950 to <\$60,720	\$60,720 to <\$91,080	≥\$91,080
<i>Source FFIEC</i>				

Competition

The bank operates in a moderately competitive market for financial services. According to Deposit Market Share data as of June 30, 2021, nine financial institutions operated 21 branches within the Lewiston-Auburn, ME MSA assessment area. Of these institutions, MCB ranked 4th with an 8.7 percent deposit market share. The top three financial institutions, Northeast Bank, Androscoggin Savings Bank, and TD Bank N.A., hold 73.6 percent deposit market share. MCB was the 3rd highest ranked community bank behind Northeast Bank (42.6 percent market share) and Androscoggin Savings Bank (18.1 percent market share).

In 2019, aggregate home mortgage lending data, shows 166 lenders originated or purchased 3,456 home mortgage loans within the Lewiston-Auburn, ME MSA assessment area. MCB, formerly MSB prior to the merger in 2020, ranked 13th with a 2.5 percent market share. One community bank ranked higher than MSB, Bangor Savings Bank ranked 8th with 3.1 percent market share. Aggregate home mortgage lending data for 2020, shows 184 lenders originated or purchased 4,769 home mortgage loans within the Lewiston-Auburn, ME MSA assessment area. The top five lenders captured a combined market share of 28.1 percent by number of loans. MCB ranked 14th with a 2.2 percent market share. One community bank ranked higher than MCB, Bangor Savings bank a much larger institution with 4.2 percent market share.

MCB is not required to collect or report its small business lending, and elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small

business loans and is included here for performance context. Aggregate small business lending data for 2020, shows 72 lenders originated or purchased 1,825 small business loans within the assessment area. Camden National Bank had the greatest market share, followed by, American Express, TD Bank, Synchrony Bank, and Lake Forest Bank & Trust. The top five lenders captured a market share of 45.9 percent by number of loans.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data for the assessment area, examiners determined that funding for community services and affordable housing represent the primary community development and credit needs for the assessment area. The high percentage of low- and moderate-income families (38.1 percent), families living below the poverty line (11.4 percent), and the median cost of housing as compared to median low- and moderate-incomes support this determination. Funding for economic development represents an additional community development and credit need for the assessment area. The relatively high number of small businesses with GARs of \$1 million or less (75.5 percent) support this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LEWISTON-AUBURN, ME MSA

LENDING TEST

MCB demonstrated reasonable performance under the Lending Test in the Lewiston-Auburn, ME MSA. The bank's reasonable performance under Geographic Distribution and Borrower Profile criteria support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Lewiston-Auburn, ME MSA assessment area. The bank's reasonable performance of home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration in the Lewiston-Auburn, ME MSA assessment area. As shown in the following table, the bank's performance in low-income census tracts exceeded both demographic data and aggregate performance in 2019 and 2020, reflecting excellent dispersion in those geographies. In moderate-income census tracts, the bank's performance exceeded both demographic data and aggregate performance for 2019; however, performance declined in 2020 and fell below both comparative figures.

Geographic Distribution of Home Mortgage Loans Assessment Area: Lewiston-Auburn, ME MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.5	4.3	9	10.2	1,070	8.9
2020	2.5	3.7	5	4.7	1,219	6.1
Moderate						
2019	5.7	5.9	6	6.8	581	4.8
2020	5.7	5.3	3	2.8	239	1.2
Middle						
2019	76.3	74.7	62	70.5	8,213	68.0
2020	76.3	74.1	84	78.5	15,977	80.5
Upper						
2019	15.5	15.1	11	12.5	2,208	18.3
2020	15.5	16.8	15	14.0	2,419	12.2
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	88	100.0	12,072	100.0
2020	100.0	100.0	107	100.0	19,853	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable penetration throughout the Lewiston-Auburn, ME MSA assessment area. As shown in the following table, the bank’s percentage of loans in low- and moderate-income census tracts in 2020 was below demographic data.

Geographic Distribution of Small Business Loans					
Assessment Area: Lewiston-Auburn, ME MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	15.9	13	4.9	1,299	4.7
Moderate	8.0	7	2.6	840	3.0
Middle	64.2	215	80.2	21,988	79.4
Upper	12.0	33	12.3	3,551	12.8
Total	100.0	268	100.0	27,678	100.0
<i>Source 2020 D&B Data; Bank Data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the Lewiston-Auburn, ME MSA. This conclusion is based on reasonable penetration of both home mortgage and small business loans.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels. As shown in the following table, the bank's home mortgage lending to low-income borrowers was below aggregate performance and demographics in 2019 and 2020. The bank's home mortgage lending to moderate-income borrowers was below aggregate performance and demographics in 2019; however, performance improved in 2020 remaining slightly below aggregate performance, but exceeding demographics.

Lending to low-income borrowers was below demographics in all years; however, low-income families include those families living below the federal poverty level would be unlikely to qualify for traditional bank financing. The Lewiston-Auburn, ME MSA assessment area has a high percentage of low-income families, which includes families living under the poverty line (11.4 percent), limiting opportunities for lending to low-income families. For this reason, examiners focused primarily on the comparison to the aggregate market performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Lewiston-Auburn, ME MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.4	4.7	3	3.4	356	2.9
2020	22.4	6.7	4	3.7	405	2.0
Moderate						
2019	15.7	18.8	9	10.2	928	7.7
2020	15.7	21.2	20	18.7	2,287	11.5
Middle						
2019	23.0	24.6	18	20.5	2,331	19.3
2020	23.0	23.3	24	22.4	3,766	19.0
Upper						
2019	39.0	31.0	42	47.7	6,437	53.3
2020	39.0	25.7	46	43.0	9,501	47.9
Not Available						
2019	0.0	20.9	16	18.2	2,019	16.7
2020	0.0	23.1	13	12.2	3,895	19.6
Totals						
2019	100.0	100.0	88	100.0	12,072	100.0
2020	100.0	100.0	107	100.0	19,853	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes. As noted in the table below, the bank’s performance in lending to businesses with GARs of \$1 million or less in 2020 was below demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Lewiston-Auburn, ME MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.5	11	47.8	1,570	39.9
>\$1,000,000	7.7	12	52.2	2,367	60.1
Revenue Not Available	12.8	0	0.0	0	0.0
Total	100.0	23	100.0	3,937	100.0
<i>Source 2020 D&B Data; Bank Data</i>					

COMMUNITY DEVELOPMENT TEST

MCB's community development performance demonstrates adequate responsiveness to community development needs in the Lewiston-Auburn, ME MSA through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

MCB originated 82 community development loans totaling approximately \$38.8 million within the Lewiston-Auburn, ME MSA assessment area during the evaluation period. Of the 82 community development loans, 62 loans totaling approximately \$24.4 million were PPP loans. The following table illustrates the community development lending activity by year and purpose for this assessment area.

Community Development Lending										
Assessment Area: Lewiston-Auburn, ME MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	5	639	8	8,229	0	0	0	0	13	8,868
2020	0	0	0	0	11	12,864	31	2,340	42	15,204
2021	6	4,473	1	1,033	6	8,764	14	428	27	14,698
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	11	5,112	9	9,262	17	21,628	45	2,768	82	38,770
<i>Source Bank Data</i>										

The following are notable examples of community development loans that benefitted the Lewiston-Auburn, ME MSA assessment area.

- In 2019, the bank originated a \$4.5 million loan to a local non-profit to build an Intermediate Care Facility for those with mental disabilities, in Auburn, ME. MaineCare provides primary funding for the organization. To be eligible for full MaineCare coverage, a disabled

adult must have an income equal to or below the federal poverty line. The majority of individuals served are low- and moderate -income individuals.

- In 2021, the bank originated a \$2.7 million loan to purchase a 38 unit residential apartment building located in Lewiston, ME. The loan has a primary purpose of providing affordable housing for low- and moderate -income individuals as the residential units have rents below the Housing and Urban Development Fair Market Rent.

Qualified Investments

MCB made 69 qualified investments totaling approximately \$1.0 million in the Lewiston-Auburn, ME MSA. MCB retained two investments totaling \$850,000 that supported economic development and made 67 donations totaling \$191,269 to organizations that provided community services to low- and moderate-income individuals and families.

Qualified Investments										
Assessment Area: Lewiston-Auburn, ME MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	2	850	0	0	2	850
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	2	850	0	0	2	850
Qualified Grants & Donations	0	0	67	191	0	0	0	0	67	191
Total	0	0	67	191	2	850	0	0	69	1,041
<i>Source Bank Data</i>										

The following are notable examples of qualified investments that benefitted the Lewiston-Auburn, ME MSA assessment area.

Prior Period Equity Investment

- ***Community Concepts Finance Corporation*** - In 2014, MSB invested \$100,000 in Equity Equivalent (EQ2) through Community Concepts Finance Corporation, a CDFI based in Lewiston, ME. The organization lends to small businesses and provides financial education to homeowners and small businesses, and economic development services.

Donations

- ***St. Mary's Health System Foundation*** – MCB donated \$18,750 to St. Mary's Health System Foundation, during the evaluation period. The funds support community outreach and provide healthcare to those living below poverty and low-income individuals and families.

- **Tree Street Youth** – MCB donated \$15,000 to Tree Street Youth during the evaluation period. Tree Street Youth is a non-profit organization that provides services and support to the youth in Lewiston-Auburn through afterschool and summer programs, leadership programs, and professional internships. The organization is strategically located on the walking route to the elementary, middle, and high schools in one of the state's most socio-economically challenged communities. The majority served are low- and moderate income individuals.
- **Local Food Pantries** - During the evaluation period, MCB donated \$40,950 to various food pantries and organizations that support food insecurity initiatives in the assessment area. The bank increased its level of donations to these organizations in 2020 and 2021 as the need grew significantly during the COVID-19 pandemic.

Community Development Services

During the evaluation period, the bank provided 1,016 hours of community development services and financial education to eight organizations and two local schools within the Lewiston-Auburn, ME MSA assessment area. Services included leadership on various boards and committees of organizations focused on affordable housing, community services, and economic development. Many of these organizations serve the assessment area’s low- and moderate-income individuals and/or geographies. Additionally, bank employees provided financial education classes to community organizations and several local schools throughout the assessment area during the evaluation period. The following table details community development services by assessment area and purpose.

Community Development Services					
Assessment Area: Lewiston-Auburn, ME MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	25	330	6	0	361
2020	11	340	0	0	351
2021	6	279	0	0	285
YTD 2022	0	19	0	0	19
Total	42	968	6	0	1,016
<i>Source Bank Data</i>					

The following are notable examples of community service activities that benefitted the Lewiston-Auburn, ME MSA assessment area.

- **Junior Achievement of Maine** – Several employees served as teachers for Junior Achievement of Maine’s financial education classes held at Lewiston schools during the evaluation period. Junior Achievement's mission is to prepare youth to succeed in the economy by teaching work-readiness, entrepreneurship, and financial literacy skills. Within Androscoggin County, the percent of students eligible for free lunch is 59.8 percent. The

classes assisted students from low- and moderate -income families obtain financial literacy skills.

- ***Sandcastle Clinical and Educational Services (Sandcastle)*** – Sandcastle is a non-profit that provides child development services to children in the Lewiston-Auburn area. Statewide funding from Child Development Services and government insurance such as MaineCare, enable the organization to provide services that include, education, counseling, and occupational, physical, and speech therapy. The majority of children served are of low- and moderate-income.

The bank's branch location at 100 Minot Avenue in Auburn is in a low-income census tract and within one and one-half miles or less of all other low-income (3) and moderate-income (3) tracts located in the cities of Auburn and Lewiston. In addition, the bank's branch located at 664 Main Street in Lewiston, which is in a middle-income census tract, is within two miles or less of these same low- and moderate-income census tracts. Demographic data for these two cities shows that 15.3 percent of families live below poverty and 28.2 percent are of low-income. These two branch locations creates convenient financial access for low- and moderate-income individuals.

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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