

PUBLIC DISCLOSURE

October 3, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Norway Savings Bank
Certificate Number: 17658

261 Main St
Norway, Maine 04268

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

350 Fifth Avenue, Suite 1200
New York, NY 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 **Outstanding**.

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory	-	-	-
Low Satisfactory	-	-	-
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A substantial majority of loans are made in the bank’s assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size.
- The bank exhibits an excellent record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and/or small businesses, consistent with safe and sound banking practices.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank is a leader in making community development loans.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by

private investors.

- The bank exhibits excellent responsiveness to credit and community economic development needs.
- The bank makes significant use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the bank's assessment areas.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Background

Norway Savings Bank (NSB) is a state-chartered mutual savings financial institution headquartered in Norway, Maine (ME). The bank is structured under Northway Bancorp, a private mutual holding company. Norway Bancorp, MHC wholly owns the mid-tier holding company, Norway Bancorp, Inc. (NBI), which in turn, wholly owns NSB. NSB owns five subsidiaries. The Norway Service Corporation subsidiary serves as a conduit for holding equity investments in venture capital and private equity funds. The bank received an Outstanding rating at its previous Federal Deposit Insurance Corporation (FDIC) Performance Evaluation, dated September 14, 2020, based on Interagency Large Institution Examination Procedures.

Operations

NSB operates 24 full-service offices in southern ME in the counties of Androscoggin (1), Cumberland (16), Oxford (4), Sagadahoc (1), and York (2). The bank's primary business focus is residential and commercial lending. Residential lending includes home mortgages, home equity lines of credit, home equity loans, and residential construction loans. Commercial lending includes commercial mortgages, lines and letters of credit, commercial construction loans, term loans, and equipment and machinery loans. The bank also offers loan programs through the Small Business Administration (SBA), Finance Authority of Maine (FAME), and Rural Development Advance (RDA). The bank also offers personal and business banking products and services. Personal banking products and services include checking and savings accounts, college and health savings accounts, certificates of deposit, individual retirement accounts, and trust and investment services. Business banking products and services include checking and savings accounts, credit card processing, business health savings accounts, international banking services, and cash management services. In addition, NSB offers various alternative retail delivery services such as Automated Teller Machines (ATMs), on-line and mobile banking, bill pay, remote deposit capture, person-to-person payments, and mobile wallet.

Ability and Capacity

Bank assets totaled \$1.8 billion as of June 30, 2023, which included total loans of \$1.3 billion and securities totaling \$383.0 million. Bank deposits totaled \$1.5 billion. Since the prior evaluation, total assets, loans, and deposits increased by 28.8 percent, 10.9 percent, and 21.5 percent, respectively. The increase in total assets, loans, and deposits since the prior evaluation is due to normal business growth. The following table illustrates the loan portfolio as of June 30, 2023.

Loan Portfolio Distribution as of 06/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	39,373	3.1
Secured by Farmland	358	0.0
Secured by 1-4 Family Residential Properties	556,924	43.9
Secured by Multifamily (5 or more) Residential Properties	70,985	5.6
Secured by Nonfarm Nonresidential Properties	417,829	32.9
Total Real Estate Loans	1,085,469	85.5
Commercial and Industrial Loans	94,739	7.5
Agricultural Production and Other Loans to Farmers	118	0.0
Consumer Loans	76,379	6.0
Obligations of State and Political Subdivisions in the U.S.	3,489	0.3
Other Loans	4,149	0.3
Lease Financing Receivable (net of unearned income)	6,378	0.5
Less: Unearned Income	(1,004)	(0.1)
Total Loans	1,269,717	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. NSB designates the following three contiguous assessment areas within Maine (ME): Portland-South Portland, ME Metropolitan Statistical Area (Portland, ME MSA); ME Non-MSA; and Lewiston-Auburn, ME MSA (Lewiston, ME MSA). Collectively, examiners refer to these three assessment areas as the combined assessment area. Since the previous evaluation, the bank expanded the combined assessment area to encompass full counties.

Economic Data

During the evaluation period, the unemployment rates within the combined assessment area varied from a high of 6.8 percent in Oxford County (February 2021) to a low of 1.9 percent in Cumberland County (August 2022), Sagadahoc County (August 2022 and April 2023), and York County (August 2022). In early 2020, the COVID-19 pandemic resulted in heightened unemployment rates; however, the high rates recovered during the latter part of the evaluation period. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	YTD 2023
	%	%	%	%
Androscoggin County	3.9	3.7	2.8	2.8
Cumberland County	3.4	3.0	2.2	2.2
Oxford County	4.8	4.1	3.0	2.8
Sagadahoc County	3.1	2.9	2.2	2.0
York County	3.9	3.4	2.5	2.2
ME Stateside	3.9	3.6	2.7	2.5
Nationwide	6.7	3.9	3.5	3.5

Source: Bureau of Labor Statistics (Year End). YTD 2023 figures are as of July 2023.

Please refer to the individual assessment area sections for additional demographics on each assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation, dated September 14, 2020, to the current evaluation, dated October 3, 2023. Examiners used the FFIEC Large Institution Examination Procedures to evaluate the bank’s CRA performance. These procedures include the Lending Test, Investment Test, and Service Test. Please see the Appendices for complete description of these tests.

Examiners conducted a full-scope review of the bank’s performance in each of its assessment areas. The Portland, ME MSA assessment area received the greatest weight when determining the overall rating, as this area accounted for a majority of the bank’s loans, deposits, and branch offices.

Activities Reviewed

Examiners determined NSB’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy, as well as the number and dollar volume of loans originated during the evaluation period. While the volume of small business loan originations exceeded that of home mortgage during 2020 and 2021, examiners gave greater weight to home mortgage lending when forming overall conclusions. This is because a significant volume of small business loans originated in 2020 and 2021 were Paycheck Protection Program (PPP) loans, which was a short-term loan product offered through, and forgiven by, the United States Small Business Administration (SBA) in response to the COVID-19 pandemic. At the bank’s request, examiners analyzed other real estate secured loans. These loans have a business purpose, but residential mortgages secure the loan. The bank did not originate any small farm loans during the review period. No other loan types, such as consumer loans, represent a major product line.

Examiners reviewed home mortgage loans reported on the bank’s 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). NSB originated 514 loans

totaling \$128.2 million in 2020, 598 loans totaling \$180.8 million in 2021, and 760 loans totaling \$198.1 million in 2022.

Examiners also reviewed small business loans reported on the bank's 2020, 2021, and 2022 CRA loan registers. NSB originated 1,725 loans totaling \$162.4 million in 2020, 958 loans totaling \$122.5 million in 2021, and 339 loans totaling \$84.1 million in 2022. The bank's 2020 and 2021 small business loans included a significant volume of PPP loans, including 1,351 PPP loans totaling \$85.9 million in 2020, and 630 PPP loans totaling \$43.4 million in 2021. NSB originated additional PPP loans that did not meet the definition of a small business loan.

Furthermore, examiners reviewed other real estate secured loans reported on the bank's 2020, 2021, and 2022 CRA loan registers. NSB originated 72 loans totaling \$15.1 million in 2020, 58 loans totaling \$16.0 million in 2021, and 82 loans totaling \$24.7 million in 2022. Since the bank originated a significant majority of these loans in the Portland, ME MSA assessment area, examiners did not include this loan product within the analysis for the ME Non-MSA and Lewiston, ME MSA assessment areas, as there was insufficient volume to form conclusions.

For comparative purposes, the evaluation presents 2021 and 2022 aggregate HMDA loan data, 2021 aggregate small business loan data, 2015 American Community Survey (ACS) data, 2020 Census data, and 2021 and 2022 D&B data. Although this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number because number of loans is a better indicator of the number of individuals and businesses served.

Bank management provided information on community development loans, innovative or flexible loan programs, qualified investments, and retail and community development services since the prior CRA evaluation dated September 14, 2020.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

NSB's overall Lending Test performance is rated "Outstanding." The bank's excellent performance in the Lending Activity, Assessment Area Concentration, Geographic Distribution, and Community Development Lending criteria, along with its good performance in Borrower Profile and Innovative or Flexible Lending Practices criteria, supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level. NSB's excellent lending performance in the Portland MSA and Non-MSA assessment areas supports this conclusion.

Home Mortgage Loans

Within the combined assessment area, the bank originated or purchased 476 home mortgage loans totaling \$120.1 million in 2020, 552 home mortgage loans totaling \$170.5 million in 2021, and 705 home mortgage loans totaling \$183.2 million in 2022. This volume is higher than the volume of home mortgage loans the bank made during the prior review period. During that review period and within the combined assessment area, the bank originated or purchased 338 home mortgage loans totaling \$69.9 million in 2017, 411 home mortgage loans totaling \$82.6 million in 2018, and 456 home mortgage loans totaling \$106.6 million in 2019.

Small Business Loans

Within the combined assessment area, the bank originated 1,622 small business loans totaling \$150.2 million in 2020, 902 small business loans totaling \$112.3 million in 2021, and 320 small business loans totaling \$78.7 million in 2022. This volume is significantly higher than the volume of small business loans the bank made during the prior review period. During that review period and within the combined assessment area, the bank originated 400 small business loans totaling \$67.5 million in 2017, 397 small business loans totaling \$75.0 million in 2018, and 355 small business loans totaling \$65.9 million in 2019. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 1,269 PPP loans totaling \$79.1 million that were included as small business loans in the combined assessment area. In 2021, the bank originated 594 PPP loans totaling \$38.0 million that were included as small business loans in the combined assessment area.

Other Real Estate Secured

Within the combined assessment area, the bank originated 76 other real estate secured loans totaling \$13.6 million in 2020, 55 other real estate secured loans totaling \$15.3 million in 2021, and 76 other real estate secured loans totaling \$22.8 million in 2022. Since the inclusion of other real estate secured loans is new for this evaluation, the examiners could not compare the bank's current lending activity to the prior evaluation lending activity.

Assessment Area Concentration

A substantial majority of loans are made in the bank's assessment areas. The following table presents, by number and dollar volume, home mortgage, small business and other real estate secured loans made inside and outside the combined assessment area.

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											
2020	476	92.6	38	7.4	514	120,087	93.7	8,065	6.3	128,152	
2021	552	92.3	46	7.7	598	170,464	94.3	10,316	5.7	180,780	
2022	705	92.8	55	7.2	760	183,178	92.4	14,971	7.6	198,149	
Subtotal	1,733	92.6	139	7.4	1,872	473,729	93.4	33,352	6.6	507,081	
Small Business											
2020	1,622	94.0	103	6.0	1,725	150,241	92.5	12,134	7.5	162,375	
2021	902	94.2	56	5.8	958	112,324	91.7	10,197	8.3	122,521	
2022	320	94.4	19	5.6	339	78,661	93.5	54,44	6.5	84,105	
Subtotal	2,844	94.1	178	5.9	3,022	341,244	92.5	27,757	7.5	369,001	
Other Real Estate Secured											
2020	68	94.4	4	5.6	72	13,600	90.2	1,484	9.8	15,084	
2021	55	94.8	3	5.2	58	15,279	95.6	705	4.4	15,984	
2022	76	92.7	6	7.3	82	22,763	92.3	1,900	7.7	24,663	
Subtotal	199	93.9	13	6.1	212	51,642	92.7	4,089	7.3	55,731	
Total	4,776	93.5	330	6.5	5,106	866,615	93.0	65,198	7.0	931,813	

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. Examiners based this conclusion upon the bank's lending performance in low- and moderate-income census tracts. NSB's excellent performance of lending in the Portland, ME MSA, ME Non-MSA, and Lewiston, ME MSA assessment areas primarily supports this conclusion.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of difference income levels and business customers of different size. Examiners based this conclusion upon the bank's lending performance of loans to low- and moderate-income borrowers and businesses with gross annual revenues (GARs) of \$1.0 million or less. NSB's good performance of lending in the Portland, ME MSA assessment area primarily supports this conclusion.

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. National, state, and regional agencies or organizations guarantee most of the loan programs. The loan programs are available in all assessment areas. The bank's performance is similar to other community banks, including those with comparable asset size and general assessment area delineations. The following table illustrates the number and dollar volume of loans originated through innovative or flexible lending programs during the evaluation period.

Innovative or Flexible Lending Programs										
Type of Program	9/14/2020 – 12/31/2020		2021		2022		1/1/2023 – 10/3/2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<i>Residential Loan Programs:</i>										
MSHA – First Home	0	0	4	854	8	1,377	1	175	13	2,406
MSHA – Mobile Home Replacement	2	223	0	0	3	545	0	0	5	768
FHLBB Affordable Housing Program	0	0	4	1,750	0	0	0	0	4	1,750
CC Down Payment Assistance Program	0	0	1	122	0	0	0	0	1	122
Subtotals	2	223	9	2,726	11	1,922	1	175	23	5,046
<i>Commercial Loan Programs:</i>										
SBA 7(a)	0	0	6	1,532	5	3,157	3	319	14	5,007
SBA 504	0	0	3	4,275	1	1,463	1	1,300	5	7,037
SBA PPP	0	0	672	48,319	0	0	0	0	672	48,319
FHLBB – Jobs for New England	19	475	0	0	2	350	6	1,098	27	1,923
FAME	0	0	17	7,063	28	9,197	11	4,904	56	21,165
Rural Development USDA	0	0	0	0	0	0	2	5,600	2	5,600
Subtotals	19	475	698	61,189	36	14,167	23	13,221	776	89,051
Totals	21	698	707	63,915	47	16,089	24	13,396	799	94,097
<i>Source: Bank Data. Dollar amount totals may include rounding.</i>										

Below are details of several of the bank's innovative or flexible lending programs.

- ***Maine State Housing Authority (MSHA):*** MSHA is an independent agency that combines private financial market efficiencies with public purpose goals to provide affordable housing options throughout the state.
 - o ***First Home Loan Program*** – This program features low fixed interest rate loans and requires little to no down payment. This program is income-restricted, and all NSB loans were to low- or moderate-income borrowers.

- o Mobile Home Replacement Initiative – This program assists income eligible Maine residents seeking to replace their pre-1976 mobile home with a new Energy Star certified manufactured home on the same site.
- **SBA:** The bank remains a certified lender with the SBA and participates in the following loan guarantee programs:
 - o 7(a) Loan Program – This loan program helps entrepreneurs start or expand their small businesses, whose annual sales are \$5.0 million or less and/or do not exceed \$6.0 million in tangible net worth.
 - o 504 Loan Program – This loan program provides long-term, fixed rate financing for major fixed assets that promote business growth and job creation.
 - o PPP – In response to the COVID-19 pandemic, the PPP loans helped businesses and organizations with expenses related to payroll, rent, and utilities. The SBA ended this program on May 31, 2021.
- **Federal Home Loan Bank of Boston (FHLBB) Jobs for New England:** This program provides zero percent financing to small business borrowers that create or preserve jobs and enhance woman-, minority-, and veteran-owned businesses.
- **FAME:** This program provides a commercial loan insurance program geared to ME lenders making business loans by reducing their risk. FAME offers direct loan programs, agricultural loans, bond programs, and equity capital and tax credit programs.

Community Development Loans

NSB is a leader in making community development loans. During the evaluation period, the bank originated 60 community development loans totaling \$65.0 million. This level of activity represents 3.8 percent of average total assets and 5.7 percent of average total loans since the previous evaluation. These ratios slightly exceed those at the prior evaluation, when community development loans represented 3.3 percent of average total assets and 4.0 percent of average total loans. The volume of community development loans increased since the previous evaluation, when the institution originated 40 such loans totaling \$39.8 million. The higher level of activity reflects increased community development opportunities for NSB, particularly through participating in the SBA’s PPP during the pandemic, addressing community development needs post-pandemic, and participating in community loan funds.

NSB’s community development loans primarily financed economic development efforts and revitalized or stabilized low- and moderate-income census tracts within the combined assessment area. The following table illustrates the community development lending activity by assessment area and community development purpose.

Community Development Lending By Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Portland, ME MSA	1	1,468	5	742	10	26,396	17	18,353	33	46,959
ME Non-MSA	0	0	4	1,300	0	0	4	3,160	8	4,460
Lewiston, ME MSA	5	9,417	3	418	1	250	2	48	11	10,133
Statewide/Regional	6	1,900	0	0	2	1,500	0	0	8	3,400
Total	12	12,785	12	2,460	13	28,146	23	21,561	60	64,952
<i>Source: Bank Data</i>										

Since NSB was responsive to community development needs and opportunities within its assessment areas, examiners considered community development loans that benefitted the broader regional and statewide area. Below is a notable example of community development loans that benefitted the statewide area:

- During the evaluation period, the bank provided four revolving lines of credit (LOC) to a Community Development Financial Institution (CDFI) that serves all of ME. The CDFI provides innovative financing and consulting services to non-profit entities developing affordable housing projects for low- and moderate-income families and community facilities for underserved communities. During the evaluation period, NSB provided \$3.4 million in financing to the CDFI. These LOCs support affordable housing and economic development initiatives throughout the statewide area including the bank’s assessment areas.

For additional details on community development loans, please refer to the individual assessment area sections.

INVESTMENT TEST

NSB’s overall Investment Test performance is rated “Outstanding.” NSB’s excellent performance in the Investment and Grant Activity and the Responsiveness to Credit and Community Needs criteria primarily supports this rating.

Investment and Grant Activity

The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

NSB made 412 qualified investments, grants, and donations totaling \$13.4 million during the evaluation period. This volume includes 12 new equity investments totaling \$7.9 million, 14 prior period equity investments still outstanding with a book value of \$4.5 million, and 386 grants and donations totaling \$1.0 million. Qualified equity investments equate to 0.8 percent of average total assets and 4.3 percent of average total securities since the prior evaluation. Compared to the prior evaluation, NSB significantly increased the dollar amount of qualified donations and grants. During the evaluation period, the bank made 386 grants and donations totaling \$1.0 million whereas the

previous evaluation period included 417 grants and donations of approximately \$619,000. The dollar volume of grants and donations increased 61.5 percent from the prior period. The dollar volume of qualified community development investments is similar to the prior evaluation. At the prior evaluation, the bank had 442 qualified investments totaling \$12.5 million, which equated to 1.0 percent of average total assets and 14.4 percent of average total securities at that evaluation.

The following table illustrates the qualified investment activity by assessment area and community development purpose.

Qualified Investments By Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Portland, ME MSA	10	1,062	190	413	2	3	32	87	234	1,565
ME Non-MSA	2	937	48	161	3	13	8	25	61	1,136
Lewiston, ME MSA	8	2,998	34	85	0	0	14	45	56	3,128
Statewide/Regional	11	2,995	33	83	14	14	3	2	61	7,566
Total	31	7,992	305	742	19	19	57	159	412	13,395
<i>Source: Bank Data</i>										

Examiners considered qualified investments that benefitted the broader regional and statewide area. The following are examples of such qualified investments.

- **Blue Highway Capital (BHC) Venture Fund:** NSB continues to invest in BHC venture fund. The BHC is a Rural Business Investment Company and Small Business Investment Company (SBIC), which provides growth capital to rural businesses that other venture funds typically do not service. BHC also offers sector expertise, helping companies develop growth strategies and recruit a talented workforce. In 2023, the bank invested \$500,000 in this venture fund.
- **Coastal Enterprises Venture Fund:** NSB invested \$750,000 in the Coastal Enterprises Venture Fund during the evaluation period. The funds under management make equity investments in growing companies across the Northeast, which seek to generate above-average returns of a medium-term time horizon while also meeting social equity goals. Coastal Enterprises also provides assistance with management, strategic planning, and introductions to service providers in local and national business communities.
- **EverNorth Housing New England Fund:** NSB makes an annual \$500,000 investment in Evernorth’s low-income housing tax credit (LIHTC) fund, which supports the construction of affordable homes and apartments for low- and moderate-income individuals. During the evaluation period, the bank invested \$1.5 million in Evernorth’s LIHTC funds.

For additional details on qualified investments and donations, please refer to the individual assessment area sections.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community development needs through investment activity. NSB made substantial equity investments in organizations that support affordable housing and economic development throughout ME and its assessment areas. NSB donated to community service organizations that work with low- and moderate-income populations, along with additional donations to revitalize and stabilize low- and moderate-income neighborhoods.

Community Development Initiatives

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The following is an example of an innovative investment made during the evaluation period that benefitted the statewide area.

- ***Bold Ocean Adventures***: In 2022, NSB made a \$250,000 investment in this startup fund. Bold Ocean Adventures invests in pre-revenue startup or early-stage business with less than \$1.0 million in GAR that apply innovative solutions to ocean-related challenges, including aquaculture and the seafood supply chain. The businesses also address the impact of climate change on oceans, ocean-related businesses, and coastal communities.

SERVICE TEST

NSB's overall Service Test performance is rated "Outstanding." NSB's excellent performance in the Accessibility of Delivery Systems and Community Development Services criteria primarily supports this rating. The bank's overall performance was consistent with the conclusions for its three assessment areas. The bank's performance in the Community Development Services criteria contributed the most weight to the conclusions for the Service Test.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the bank's assessment areas. Additionally, the bank's alternative delivery systems, including the ATM network, internet banking, mobile banking and payments, and telephone banking, improve access to products and services. The bank maintains ATMs at each of its branch locations along with a kiosk ATM at the Norway Savings Bank Arena. Branch distribution and alternative delivery systems are generally consistent among the assessment areas.

The following table illustrates the distribution of branches and ATMs by tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	5	2.5	10,574	1.5	1	4.2	1	4.0
Moderate	46	23.0	145,854	20.2	4	16.7	4	16.0
Middle	108	54.0	401,432	55.7	14	58.3	14	56.0
Upper	37	18.5	160,518	22.3	5	20.8	6	24.0
NA	4	2.0	2,278	0.3	0	0.0	0	0.0
Total	200	100.0	720,656	100.0	24	100.0	25	100.0

Source: 2020 U.S. Census & Bank Data

Changes in Branch Locations

NSB’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly in low- and moderate-income geographies and/or individuals. Branches offer the same products and services, and adhere to generally the same schedule of hours. NSB offers the same products and services at all full-service branches. Business hours are generally consistent among branches, varying only slightly by branch location. Additional information is included in the applicable assessment area sections.

Community Development Services

The bank is a leader in providing community development services. NSB served as a leader in its assessment areas through its community development involvement and financial education initiatives. The bank provided 262 instances of community development services. Of the 262 instances, 115 directly benefited the Portland, ME MSA assessment area, 65 directly benefited the Non-MSA assessment area, and 55 directly benefited the Lewiston, ME MSA assessment area. Performance was similar to the prior evaluation, when employees provided 270 instances of community development services. NSB's performance compares favorably with similarly situated institutions. The following table illustrates the community development service activity by assessment area and community development purpose.

Community Development Services By Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Portland, ME MSA	32	77	1	5	115
ME Non-MSA	1	56	5	3	65
Lewiston, ME MSA	1	54	0	0	55
Statewide/Regional	11	11	3	2	27
Total	45	198	9	10	262
<i>Source: Bank Data</i>					

For additional details on community development services, please refer to the individual assessment area sections.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PORTLAND-SOUTH PORTLAND, ME MSA ASSESSMENT AREA

The Portland, ME MSA assessment area includes Cumberland, Sagadahoc, and York Counties in the Portland-South Portland, ME MSA #38860. Except for expanding the assessment area to include all of York County, there have been no changes to this assessment area since the previous CRA evaluation. The bank operates 19 full service branch offices within this assessment area. The bank’s operations in the assessment area represent 70.3 percent of total in-assessment area lending (by number), 69.2 percent of total deposits, and 79.2 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 117 census tracts reflecting the following income designations according to the 2015 ACS:

- 4 low-income census tracts,
- 26 moderate-income census tracts,
- 62 middle-income census tracts,
- 22 upper-income census tracts, and
- 3 census tracts with no income designation.

The United States (U.S.) Census Bureau’s 2020 Census updated demographic data, which went into effect in 2022. The 2020 Census data changed the number and income level of select tracts within the assessment area. For 2022, the same assessment area included 149 census tracts reflecting the following income designations according to the 2020 Census data:

- 1 low-income census tracts,
- 33 moderate-income census tracts,
- 79 middle-income census tracts,
- 33 upper-income census tracts, and
- 3 census tracts with no income designation.

Examiners used 2015 ACS data to evaluate the bank’s 2020 and 2021 performance and the 2020 U.S. Census data to evaluate the bank’s 2022 performance.

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

Demographic Information of the Portland-South Portland, ME MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	149	0.7	22.1	53.0	22.1	2.0
Population by Geography	551,740	0.4	19.8	53.7	26.1	0.0
Housing Units by Geography	275,836	0.4	22.0	53.9	23.8	0.0
Owner-Occupied Units by Geography	163,073	0.1	17.7	55.2	27.0	0.0
Occupied Rental Units by Geography	63,254	1.3	29.3	49.7	19.7	0.0
Vacant Units by Geography	49,509	0.1	27.0	54.6	18.3	0.0
Businesses by Geography	54,364	0.2	20.4	54.6	24.8	0.0
Farms by Geography	1,738	0.1	16.9	56.8	26.2	0.0
Family Distribution by Income Level	139,302	18.4	18.2	24.1	39.4	0.0
Household Distribution by Income Level	226,327	23.6	16.2	19.0	41.2	0.0
Median Family Income - 38860 Portland-South Portland, ME MSA		\$89,988	Median Housing Value			\$295,700
Families Below Poverty Level		4.9%	Median Gross Rent			\$1,112

*Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

There are 275,836 housing units in the assessment area. Of these units, 59.1 percent are owner-occupied, 22.9 percent are rental occupied, and 18.0 percent are vacant. The geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As reflected in the table above, only 0.1 percent of owner-occupied housing units are located in low-income census tracts. Likewise, just 17.7 percent of the assessment area’s owner-occupied housing units are in moderate-income tracts. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

Examiners used 2020, 2021, and 2022 FFIEC-updated median family income (MFI) data to analyze home mortgage loans under the borrower profile criterion. The following table shows MFI ranges for the Portland, ME MSA assessment area.

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)				
2020 (\$92,300)	<\$46,150	\$46,150 to <\$73,840	\$73,840 to <\$110,760	≥\$110,760
2021 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
2022 (\$101,600)	<\$50,800	\$50,800 to <\$81,280	\$81,280 to <\$121,920	≥\$121,920

Source: FFIEC

The analysis of small business loans under the borrower profile criterion compares the distribution of businesses by GAR level. According to 2022 D&B data, there were 54,364 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 87.6 percent had GARs of \$1.0 million or less;
- 4.1 percent had GARs of more than \$1.0 million; and
- 8.3 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 38.2 percent, followed by non-classifiable establishments (20.8 percent), retail trade (11.3 percent), and finance, insurance, and real estate (9.9 percent). Most businesses have four or fewer employees (62.0 percent) and operate at a single location (91.0 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Moody's Analytics, several of the top employers in the assessment area include Maine Health, Bath Iron Works Corp., Hannaford Bros Co., L.L. Bean Inc., and Unum Provident.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 23 financial institutions operated 188 full-service offices in the assessment area. Of these institutions, NSB ranked 9th with a 4.9 percent deposit market share, and ranked 2nd with a 10.1 percent branch market share. The top ranked institutions based on deposit market share within the assessment area included TD Bank, National Association (NA) (15.6 percent); Bank of America, NA (12.9 percent); and Keybank, NA (8.8 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 408 lenders originated or purchased 20,495 home mortgage loans. Of these lenders, NSB ranked 12th by number of originations and purchases capturing 2.2 percent of total market share. The top mortgage lenders in the assessment area included Bangor Savings Bank (7.3 percent), United Wholesale Mortgage (4.7 percent), and The Camden National Bank (3.7 percent).

There is a moderate level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 117 lenders originated or purchased 16,507 small business loans. The top small business lenders in the assessment area included American Express National Bank (16.0 percent), Bangor Savings Bank (8.3 percent), and JPMorgan Chase Bank, NA (8.1 percent).

Community Contacts

As part of the evaluation process examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. Information obtained reflects the responsiveness of local financial institutions to credit and community development needs, and opportunities for participation in related activities.

Examiners reviewed a community contact of an affordable housing organization operating in Cumberland County. The organization develops, maintains, and manages low- and moderate-

income rental units. The contact stated that there is a significant need for affordable rental housing, particularly multifamily housing, amongst low-, moderate-, and middle-income individuals. The lack of affordable housing for middle-income residents further limits the availability of this housing for low- and moderate-income residents. The contact also noted there are opportunities and a need for community banks to invest in affordable housing projects.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable, owner-occupied, and rental housing are the assessment area's primary community development needs and opportunities exist for banks to invest in housing projects. Additionally, affordable home mortgage lending programs are a primary credit need for many residents.

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

LENDING TEST

NSB demonstrated excellent performance under the Lending Test within the Portland, ME MSA assessment area. The bank's excellent performance in Lending Activity, Geographic Distribution, and Community Development Lending criteria and good performance in the Borrower Profile criterion supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the Portland, ME MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level. The bank's excellent performance in home mortgage lending supports this conclusion.

Home Mortgage Loans

NSB originated 308 home mortgage loans totaling \$92.3 million in 2020, 366 loans totaling \$131.1 million in 2021, and 451 loans totaling \$126.5 million in 2022 in the assessment area. For home mortgages originated and purchased in 2022, NSB captured 2.2 percent of total market share by number of loans, ranking 12th among 408 lenders that made 20,495 loans in the assessment area. The top ranked lenders included Bangor Savings Bank, United Wholesale Mortgage, and The Camden National Bank.

Small Business Loans

NSB originated 1,161 small business loans totaling \$116.2 million in 2020, 674 loans totaling \$90.8 million in 2021, and 238 loans totaling \$59.0 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, NSB captured 1.5 percent of total market share by number of loans, ranking 18th among 117 small business loan reporters that made 16,507 loans in the assessment area. The top ranked lenders included American Express National Bank, Bangor Savings Bank, and JPMorgan Chase Bank, NA.

Other Real Estate Secured

NSB originated 56 other real estate secured loans totaling \$12.8 million in 2020, 48 loans totaling \$14.0 million in 2021, and 57 loans totaling \$18.0 million in 2022 in the assessment area. Market share data is not available, as lenders do not report this loan product.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. NSB's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts. Based on 2020 census data, the number of low-income census tracts declined from four tracts to one tract in 2022. Furthermore, the number of moderate-income census tracts increased from 26 tracts to 33 tracts in 2022.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2020 in low-income census tracts exceeded aggregate and demographic data. The bank's performance in 2021 in such tracts slightly declined and trailed aggregate and demographic data. In 2022, the bank did not make any loans in low-income census tracts. The opportunity to lend in low-income census tracts is limited as only 1.5 percent, 1.7 percent, and 0.2 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. NSB's performance in 2020 and 2021 in moderate-income census tracts exceeded aggregate and demographic data. The bank's performance in such tracts in 2022 was similar to aggregate data and slightly exceeded demographic data.

The bank's volume of loans in moderate-income tracts based on market share further reflects excellent performance. Of the 408 lenders that made home mortgage loans in the assessment area in 2022, only 251 made loans in a moderate-income census tract. NSB ranked 10th in lending in moderate-income census tracts with a 2.2 percent market share. Most of the top lenders included large mortgage corporations and national banks.

Geographic Distribution of Home Mortgage Loans Portland-South Portland, ME MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.9	1.5	7	2.3	2,182	2.4
2021	0.9	1.7	2	0.5	2,388	1.8
2022	0.1	0.2	0	0.0	0	0.0
Moderate						
2020	16.4	16.5	63	20.5	24,287	26.3
2021	16.4	18.0	84	23.0	33,125	25.3
2022	17.7	18.5	85	18.8	29,220	23.1
Middle						
2020	60.5	57.2	170	55.2	40,707	44.1
2021	60.5	57.9	203	55.5	58,282	44.5
2022	55.2	55.0	246	54.5	62,653	49.5
Upper						
2020	22.3	24.8	68	22.1	25,083	27.2
2021	22.3	22.4	77	21.0	37,298	28.5
2022	27.0	26.2	120	26.6	34,577	27.3
Totals						
2020	100.0	100.0	308	100.0	92,259	100.0
2021	100.0	100.0	366	100.0	131,093	100.0
2022	100.0	100.0	451	100.0	126,450	100.0

Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, the bank’s performance in low-income census tracts was similar to aggregate and demographic data in 2020 and slightly below such data in 2021. In 2022, the bank did not make any loans in low-income census tracts. The opportunity to lend in low-income census tracts is limited as only 2.7 percent, 2.6 percent, and 0.2 percent of businesses were in low-income census tracts in 2020, 2021, and 2022, respectively. The bank’s performance during the review period in moderate-income census tracts exceeded applicable aggregate data and was similar to or exceeded demographic data.

Geographic Distribution of Small Business Loans Portland-South Portland, ME MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.7	2.8	28	2.4	3,296	2.8
2021	2.6	2.5	11	1.6	788	0.9
2022	0.2	--	0	0.0	0	0.0
Moderate						
2020	26.0	22.2	298	25.7	35,840	30.8
2021	26.1	23.5	183	27.2	28,949	31.9
2022	20.4	--	60	25.2	19,002	32.2
Middle						
2020	50.4	51.3	572	49.3	48,980	42.1
2021	50.2	51.0	323	47.9	39,165	43.1
2022	54.6	--	108	45.4	24,037	40.8
Upper						
2020	20.9	23.8	263	22.7	28,095	24.2
2021	21.2	22.9	157	23.3	21,886	24.1
2022	24.8	--	70	29.4	15,921	27.0
Totals						
2020	100.0	100.0	1,161	100.0	116,211	100.0
2021	100.0	100.0	674	100.0	90,788	100.0
2022	100.0	--	238	100.0	58,960	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Other Real Estate Secured

The geographic distribution of other real estate secured loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly exceeded 2020 demographic data; however, the bank did not originate any loans in such tracts in 2021 and 2022. The bank's performance in moderate-income census tracts trailed 2020 and 2022 demographic data, and exceeded 2021 demographic data.

Geographic Distribution of Other Real Estate Secured Loans					
Portland-South Portland, ME MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2020	2.7	2	3.6	200	1.6
2021	2.6	0	0.0	0	0.0
2022	0.2	0	0.0	0	0.0
Moderate					
2020	26.0	12	21.4	2,090	16.3
2021	26.1	13	27.1	2,957	21.1
2022	20.4	10	17.5	2,511	14.0
Middle					
2020	50.4	23	41.1	5,425	42.3
2021	50.2	23	47.9	6,723	48.0
2022	54.6	27	47.4	7,934	44.1
Upper					
2020	20.9	19	33.9	5,101	39.8
2021	21.2	12	25.0	4,323	30.9
2022	24.8	20	35.1	7,543	41.9
Totals					
2020	100.0	56	100.0	12,816	100.0
2021	100.0	48	100.0	14,003	100.0
2022	100.0	57	100.0	17,988	100.0
<i>Source: 2020, 2021 & 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. NSB’s good performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business and other real estate secured loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is good. As shown in the following table, the bank’s penetration of home mortgage lending to low-income borrowers exceeded aggregate data in 2020 and 2021, and trailed aggregate data in 2022. The bank’s performance to low-income borrowers also trailed demographic data during the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$295,700. Therefore, the opportunities for lending to low-income families are

limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's penetration of home mortgage loans to moderate-income borrowers was similar to aggregate and demographic data in 2020 and 2021, and trailed aggregate and demographic data in 2022.

The bank's volume of loans to low- and moderate-income borrowers based on market share further reflects good performance. Of the 408 lenders that made loans in the assessment area in 2022, only 149 made loans to low-income borrowers. NSB ranked 13th among these lenders with a market share of 1.9 percent. With regard to lending to moderate-income borrowers, NSB ranked 16th out of the 208 lenders that made loans to such borrowers with a market share of 1.6 percent in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
Portland-South Portland, ME MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.7	6.0	23	7.5	2,908	3.2
2021	20.7	6.9	33	9.0	4,374	3.3
2022	18.4	7.3	28	6.2	3,610	2.9
Moderate						
2020	17.8	18.6	55	17.9	9,430	10.2
2021	17.8	19.6	67	18.3	12,696	9.7
2022	18.2	19.6	64	14.2	9,134	7.2
Middle						
2020	21.8	22.8	71	23.1	15,639	17.0
2021	21.8	22.3	68	18.6	15,331	11.7
2022	24.1	22.9	95	21.1	17,210	13.6
Upper						
2020	39.7	38.7	120	39.0	42,948	46.6
2021	39.7	36.4	161	44.0	69,964	53.4
2022	39.4	39.9	219	48.6	71,916	56.9
Not Available						
2020	0.0	13.9	39	12.7	21,334	23.1
2021	0.0	14.8	37	10.1	28,727	21.9
2022	0.0	10.4	45	10.0	24,579	19.4
Totals						
2020	100.0	100.0	308	100.0	92,259	100.0
2021	100.0	100.0	366	100.0	131,093	100.0
2022	100.0	100.0	451	100.0	126,450	100.0

Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans in 2020 and 2021 to businesses with GAR of \$1.0 million or less significantly trailed demographic and aggregate data. The bank's penetration of loans in 2022 to businesses with GAR of \$1.0 million or less improved but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high. This is primarily due to the bank originating PPP loans, as the collection of GAR information is not required on these loans. The 2020 and 2021 aggregate data also includes PPP loans, where the collection of GAR information was not required.

Examiners further analyzed the bank’s performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 44.2 percent and 47.8 percent of these loans to businesses with GAR of \$1.0 million or less, respectively. The bank’s distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Portland-South Portland, ME MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	84.4	32.1	117	10.1	15,496	13.3
2021	84.6	44.3	119	17.7	24,354	26.8
2022	87.6	--	120	50.4	24,691	41.9
>\$1,000,000						
2020	5.6	--	148	12.7	39,715	34.2
2021	5.3	--	128	19.0	37,486	41.3
2022	4.1	--	116	48.7	33,969	57.6
Revenue Not Available						
2020	10.1	--	896	77.2	61,000	52.5
2021	10.0	--	427	63.4	28,948	31.9
2022	8.2	--	2	0.8	300	0.5
Totals						
2020	100.0	100.0	1,161	100.0	116,211	100.0
2021	100.0	100.0	674	100.0	90,788	100.0
2022	100.0	--	238	100.0	58,960	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Other Real Estate Secured

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank’s penetration of other real estate secured loans during the review period to businesses with GAR of \$1.0 million or less slightly trailed demographic data.

Distribution of Other Real Estate Loans by Gross Annual Revenue Category					
Portland-South Portland, ME MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	84.4	42	75.0	9,015	70.3
2021	84.6	39	81.3	10,225	73.0
2022	87.6	46	80.7	13,313	74.0
>\$1,000,000					
2020	5.6	14	25.0	3,801	29.7
2021	5.3	9	18.8	3,778	27.0
2022	4.1	11	19.3	4,675	26.0
Revenue Not Available					
2020	10.1	0	0.0	0	0.0
2021	10.0	0	0.0	0	0.0
2022	8.2	0	0.0	0	0.0
Totals					
2020	100.0	56	100.0	12,816	100.0
2021	100.0	48	100.0	14,003	100.0
2022	100.0	57	100.0	17,988	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Community Development Loans

NSB is a leader in making community development loans. In addition to the community development loans that benefit the statewide area, NSB originated 33 community development loans totaling \$47.0 million during the evaluation period that specifically benefit the Portland, ME MSA assessment area. The overall number and dollar amount increased from the previous evaluation when the bank made 19 community development loans totaling \$28.2 million. The following table illustrates the bank's community development lending activity by year and community development purpose.

Community Development Lending Portland-South Portland, ME MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/14/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	1	1,468	4	353	4	6,074	15	9,787	24	17,682
2022	0	0	1	389	3	13,362	0	0	4	13,751
1/1/2023 – 10/3/2023	0	0	0	0	3	6,960	2	8,566	5	15,526
Total	1	1,468	5	742	10	26,396	17	18,353	33	46,959

Source: Bank Data

The following is a sample of community development loans that benefitted the assessment area.

- In 2021, the bank originated 15 PPP loans totaling over \$1.0 million to non-profit organizations within the assessment area. Of these loans, the bank originated four PPP loans totaling \$352,546 to organizations that primarily provide services to low- or moderate-income families. Furthermore, the bank originated 11 PPP loans to organizations located in a low- or moderate-income census tract. These loans supported non-profits struggling during the COVID-19 pandemic.
- In 2021, the bank originated a \$1.4 million loan in partnership with the SBA 504 Certified Development Company program to a business located in York County, ME. The business used the funds to refinance an existing mortgage on a motel held at another institution and to pay off expenses associated with prior renovations and improvements to the property. Loans originated under the SBA 504 program support business growth by financing fixed assets. This loan supports economic development by creating and retaining jobs, particularly for low- and moderate-income individuals.
- In 2022, the bank granted a \$10.5 million LOC to a CDFI in Cumberland County, ME. The CDFI used the funds to finance the purchase of State Historic Rehabilitation Tax Credits used on various community development projects. One such project includes the Press Hotel, located in a low-income census tract in Portland that provides employment to many low- and moderate-income individuals in the area. This LOC supports economic development efforts in the assessment area.
- In 2023, the bank provided a \$7.8 million loan to a Limited Liability Corporation (LLC) for the acquisition of three abandoned college dormitories. The LLC converted the dormitories into 83 market-rate apartments. The project, which is located in a moderate-income census tract in Springvale, ME, was associated with Nasson College, which closed in 1983. This loan revitalizes and stabilizes the moderate-income census tract by attracting and retaining residents to the community.
- In 2023, the bank originated three loans totaling \$6.4 million to a non-profit organization to purchase and make improvements for a food business complex in South Portland, ME. The

complex is a membership-based shared facility that provides all the commercial equipment needed for food production, particularly for food entrepreneurs starting their business. The U.S. Department of Agriculture's Rural Development program guaranteed portions of these loans. Two of the loans primarily support economic development efforts, while the third loan revitalizes and stabilizes low- or moderate-income census tracts in the assessment area.

INVESTMENT TEST

NSB demonstrated excellent performance under the Investment Test within the Portland, ME MSA assessment area. The bank's excellent performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion.

Investment and Grant Activity

NSB has an excellent level of qualified community development investments and grants within the Portland, ME MSA assessment area. In addition to the qualified investments that benefit the statewide area, NSB made 234 qualified investments, donations, and grants totaling \$1.6 million that specifically benefitted the assessment area. This amount includes one equity investment for \$1.0 million and 233 qualified donations totaling \$564,490 (54.4 percent of total donations) to community development organizations. NSB's donations increased compared to the prior evaluation where the bank provided 207 qualified donations of approximately \$304,000 to organizations in this assessment area.

The following includes a sample of qualified investments and donations that specifically benefitted the assessment area.

- In 2023, NSB purchased a housing bond that supports the long-term financing of an apartment complex in Saco, ME. All units are set aside for low-and moderate-income individuals who are 62 or older or live with disabilities. This investment supports affordable housing in the assessment area.
- ***Avesta Housing***: Avesta Housing is a non-profit organization headquartered in Portland, ME. The organization provides quality affordable homes for low- and moderate-income individuals in the assessment area. This organization also administers the Section 8 voucher program in York, Cumberland, and Androscoggin Counties. NSB donated \$50,000 to Avesta's Silver Hearth Fund. The proceeds will help with the funding gap for operational services at Avesta's low-income residential developments, as well as new construction.
- ***Equality Community Center***: In 2022, the bank donated \$50,000 as part of a multi-year pledge to support the acquisition and renovation of a building in a moderate-income census tract. The building will operate as a Center for Maine's LGBTQ community, accommodating multiple non-profit and community development organizations.
- ***Tedford Housing***: During the evaluation period, the bank donated \$24,435 to this organization, which provides food, shelter, clothing, and support services to individuals experiencing housing insecurity.

Responsiveness to Credit and Community Development Needs

The bank exhibited excellent responsiveness to credit and community development needs. The bank’s qualified investments, donations, and grants primarily supported organizations that provided affordable housing and community services to low- and moderate-income individuals.

Community Development Initiatives

NSB makes significant use of innovative and/or complex investments to support community development initiatives. The bank invested in organizations supporting economic development and affordable housing initiatives, as well as in CDFIs. Please refer to the overall Investment Test section discussion for additional information.

SERVICE TEST

NSB demonstrated excellent performance under the Service Test for the Portland, ME MSA assessment area. The bank's excellent performance in the Accessibility of Delivery Systems and Community Development Services criteria supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the bank’s assessment area. The bank's branch distribution and alternative delivery systems for this assessment area are consistent with the institution overall. NSB operates 19 full -service branches in the Portland, ME MSA. The bank operates three (15.8 percent) of these branches in moderate-income census tracts in Bridgton and Brunswick. In addition, there are five bank branches located in Portland, South Portland, and Saco that directly abut moderate-income tracts in the assessment area. The bank does not have any branches in the low-income census tracts. The bank’s branches remain in the same locations since the prior evaluation; however, demographic changes related to the 2020 Census decreased the number of branches in low-and moderate-income census tracts from four to three.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	0.7	2,253	0.4	0	0.0	0	0.0
Moderate	33	22.1	109,416	19.8	3	15.8	3	15.8
Middle	79	53.1	296,128	53.7	11	57.9	11	57.9
Upper	33	22.1	143,943	26.1	5	26.3	5	26.3
NA	3	2.0	0	0.0	0	0.0	0	0.0
Total	149	100.0	551,740	100.0	19	100.0	19	100.0

Source: 2020 U.S. Census & Bank Data

Changes in Branch Locations

NSB’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate -income geographies and/or individuals. All but one branch in the assessment area maintain the same hours. Branches are open from 8:30AM - 4:00PM, Monday through Thursday; 8:30AM - 5:00PM on Friday; and 8:30AM– 12:00PM on Saturday. The Exchange Street branch in Portland does not have Saturday hours. The branch is physically located in Portland’s downtown business district and primarily focuses on business banking, for which Saturday hours would offer negligible benefits.

Community Development Services

The bank is a leader in providing community development services within the Portland, ME MSA assessment area. During the evaluation period, employees contributed 115 instances of community development services. This represents a decline from 135 instances during the previous evaluation period. However, the previous evaluation period contained three full calendar years and one partial year compared to two full and two partial calendar years during the current period. The COVID-19 pandemic also limited the bank’s opportunities to provide community development services for a significant portion of the evaluation period. Considering these factors, the bank’s performance is excellent. The following table illustrates the activity by year and type. The following table illustrates the community development service activity by year and community development purpose.

Community Development Services Portland-South Portland, ME MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/14/2020 – 12/31/2020	3	8	0	0	11
2021	6	14	0	1	21
2022	12	22	1	2	37
1/1/2023 - 10/3/2023	11	33	0	2	46
Total	32	77	1	5	115

Source: Bank Data

The following is a sample of community development services that benefit the assessment area.

- ***Avesta Housing***: A vice president served on the Board and Finance/Administration Committees for this non-profit affordable housing organization. AVESTA Housing is a non-profit organization that promotes provides quality affordable homes for low- and

moderate-income individuals and administers a Section 8 voucher program. Another bank vice president assisted the organization in applying for Federal Home Loan Bank (FHLB) Affordable Housing Program funds.

- ***Brunswick Community Development:*** A vice president serves on the Downtown Revitalization Committee of this non-profit organization. The non-profit provides business assistance services, seed funding, and loans to businesses located in Brunswick, ME. The organization supports revitalization and stabilization activities in this moderate-income area.
- ***Greater Portland Council of Governments:*** A vice president served on the loan committee of this council, which includes a cross section of municipal governments, private sector entities, and schools located in lower-income, rural communities that lacking in adequate broadband coverage. The activity supports community services to low- and moderate-income individuals by addressing inadequate access to high-speed, affordable internet.

ME NON-MSA ASSESSMENT AREA – Full-Scope Review

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

The ME Non-MSA assessment area includes all of Oxford County, ME. This county is not located in an MSA. Since the previous CRA evaluation, the bank expanded this assessment area to include the full county. The bank operates four full service branch offices within this assessment area. The bank’s operations in the assessment area represent 20.9 percent of total in-assessment area lending (by number), 27.9 percent of total deposits, and 16.7 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 17 census tracts reflecting the following income designations according to the 2015 ACS:

- 2 moderate-income census tracts and
- 15 middle-income census tracts.

For 2022, the same assessment area included 19 census tracts reflecting the following income designations according to the 2020 Census data:

- 6 moderate-income census tracts and
- 13 middle-income census tracts.

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

Demographic Information of the ME Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	0.0	31.6	68.4	0.0	0.0
Population by Geography	57,777	0.0	30.0	70.0	0.0	0.0
Housing Units by Geography	37,123	0.0	30.2	69.8	0.0	0.0
Owner-Occupied Units by Geography	18,007	0.0	31.6	68.4	0.0	0.0
Occupied Rental Units by Geography	4,352	0.0	33.9	66.1	0.0	0.0
Vacant Units by Geography	14,764	0.0	27.4	72.6	0.0	0.0
Businesses by Geography	3,941	0.0	31.0	69.0	0.0	0.0
Farms by Geography	201	0.0	23.4	76.6	0.0	0.0
Family Distribution by Income Level	14,436	22.4	20.3	21.5	35.9	0.0
Household Distribution by Income Level	22,359	24.1	17.8	18.0	40.2	0.0
Median Family Income Non-MSAs - ME		\$66,193	Median Housing Value			\$153,912
Families Below Poverty Level		9.5%	Median Gross Rent			\$711

*Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

There are 37,123 housing units in the assessment area. Of these units, 48.5 percent are owner-occupied, 11.7 percent are rental occupied, and 39.8 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows that 31.6 percent of owner-occupied housing units are located in moderate-income census tracts. While this distribution reflects adequate opportunities to originate home mortgage loans in moderate-income census tracts, the volume of owner-occupied units in these geographies is low.

The 2020, 2021, and 2021 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the ME Non-MSA assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
ME Non-MSA Median Family Income (99999)				
2020 (\$67,300)	<\$33,650	\$33,650 to <\$53,840	\$53,840 to <\$80,760	≥\$80,760
2021 (\$63,600)	<\$31,800	\$31,800 to <\$50,880	\$50,880 to <\$76,320	≥\$76,320
2022 (\$72,100)	<\$36,050	\$36,050 to <\$57,680	\$57,680 to <\$86,520	≥\$86,520

Source: FFIEC

According to 2022 D&B data, there were 3,941 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 85.2 percent had GARs of \$1.0 million or less;
- 3.9 percent had GARs of more than \$1.0 million; and

- 10.9 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.2 percent, followed by non-classifiable establishments (16.2 percent), retail trade (12.5 percent), and construction (8.8 percent). Most businesses have four or fewer employees (65.6 percent) and operate at a single location (89.2 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Maine Department of Labor, several of the top employers in the assessment area include Sunday River Skiway; Maine Health; Nd Paper, Inc.; Oxford Casino; and Irving Forest Products, Inc.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 7 financial institutions operated 11 full-service offices in the assessment area. Of these institutions, NSB ranked 1st with a 41.6 percent deposit market share, and also ranked 1st with a 36.4 percent branch market share. The other top ranked institutions based on deposit market share within the assessment area included Northeast Bank (19.6 percent), and TD Bank, NA (10.9 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 198 lenders originated or purchased 1,823 home mortgage loans. Of these lenders, NSB ranked 1st by number of originations and purchases capturing 10.9 percent of total market share. The 2nd and 3rd ranked mortgage lenders in the assessment area included Rocket Mortgage (5.9 percent) and CMG Mortgage, Inc. (5.1 percent).

There is a moderate to high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 61 lenders originated or purchased 1,083 small business loans. The top small business lenders in the assessment area included American Express National Bank (13.3 percent); Capital One Bank (USA), NA (7.2 percent); and Synchrony Bank (6.8 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN ME NON-MSA ASSESSMENT AREA

LENDING TEST

NSB demonstrated excellent performance under the Lending Test within the ME Non-MSA assessment area. The bank's excellent performance in Lending Activity, Geographic Distribution, and Borrower Profile criteria and good performance in the Community Development Lending criterion supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the ME Non-MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level. The bank's excellent performance in home mortgage lending supports this conclusion.

Home Mortgage Loans

NSB originated 121 home mortgage loans totaling \$20.3 million in 2020, 130 loans totaling \$26.1 million in 2021, and 199 loans totaling \$45.9 million in 2022 in the assessment area. For home mortgages originated and purchased in 2022, NSB captured 10.9 percent of total market share by number of loans, ranking 1st among 198 lenders that made 1,823 loans in the assessment area. The other top ranked lenders included Rocket Mortgage and CMG Mortgage, Inc.

Small Business Loans

NSB originated 324 small business loans totaling \$19.1 million in 2020, 157 loans totaling \$11.8 million in 2021, and 48 loans totaling \$8.0 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, NSB captured 3.4 percent of total market share by number of loans, ranking 12th among 61 small business loan reporters that made 1,083 loans in the assessment area. The top ranked lenders included American Express National Bank; Capital One Bank (USA), NA; and Synchrony Bank.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. NSB's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of loans in moderate-income census tracts. Based on 2020 census data, the number of moderate-income census tracts increased from two tracts to six tracts in 2022.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2020 and 2021 in moderate-income census tracts exceeded aggregate and demographic data. The bank's performance in 2022 in such tracts remained stable but trailed aggregate and demographic data.

The bank’s volume of loans in moderate-income census tracts based on market share further reflects excellent performance. Of the 198 lenders that made home mortgage loans in the assessment area in 2022, only 110 made loans in a moderate-income census tract. NSB ranked 2nd in lending in moderate-income census tracts with a 6.5 percent market share. Bangor Savings Bank was the top lender in such tracts, with large mortgage corporations and national banks ranking below NSB.

Geographic Distribution of Home Mortgage Loans						
ME Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
Moderate						
2020	13.3	10.4	17	14.1	2,857	14.1
2021	13.3	11.8	21	16.2	4,575	17.6
2022	31.6	27.9	33	16.6	6,479	14.1
Middle						
2020	86.7	89.6	104	86.0	17,424	85.9
2021	86.7	88.2	109	83.8	21,475	82.4
2022	68.4	72.1	166	83.4	39,433	85.9
Upper						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
Totals						
2020	100.0	100.0	121	100.0	20,281	100.0
2021	100.0	100.0	130	100.0	26,050	100.0
2022	100.0	100.0	199	100.0	45,912	100.0

Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank’s performance 2020 and 2021 in moderate-income census tracts exceeded aggregate and demographic data. The bank’s performance in 2022 in such tracts trailed demographic data.

Geographic Distribution of Small Business Loans						
ME Non-MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	--	0	0.0	0	0.0
Moderate						
2020	16.5	11.8	58	17.9	3,619	18.9
2021	16.3	12.3	27	17.2	1,020	8.6
2022	31.0	--	13	27.1	2,636	32.9
Middle						
2020	83.5	88.2	266	82.1	15,486	81.1
2021	83.7	87.7	130	82.8	10,774	91.4
2022	69.0	--	35	72.9	5,388	67.1
Upper						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	324	100.0	19,105	100.0
2021	100.0	100.0	157	100.0	11,794	100.0
2022	100.0	--	48	100.0	8,024	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. NSB's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. As shown in the following table, the bank's penetration of home mortgage lending to low-income borrowers exceeded aggregate data in 2020 and 2021, and was similar to aggregate data in 2022. The bank's performance to low-income borrowers also trailed demographic data during the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards

considering the median housing value of \$153,912. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's penetration of home mortgage loans to moderate-income borrowers exceeded aggregate in 2020, trailed aggregate data in 2021, and was similar to aggregate data in 2022. The bank and aggregate's performance of lending to moderate-income borrowers trailed demographic data throughout the review period.

The bank's volume of loans to low- and moderate-income borrowers based on market share further reflects excellent performance. Of the 198 lenders that made loans in the assessment area in 2022, only 37 made loans to low-income borrowers. NSB ranked 1st among these lenders with a market share of 12.0 percent. With regard to lending to moderate-income borrowers, NSB also ranked 1st out of the 64 lenders that made loans to such borrowers with a market share of 11.0 percent in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
ME Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	21.9	5.4	14	11.6	1,013	5.0
2021	21.9	4.5	8	6.2	1,042	4.0
2022	22.4	5.0	11	5.5	783	1.7
Moderate						
2020	20.3	16.6	22	18.2	2,852	14.1
2021	20.3	15.8	17	13.1	2,045	7.9
2022	20.3	15.5	31	15.6	2,915	6.3
Middle						
2020	21.5	18.7	25	20.7	3,605	17.8
2021	21.5	19.1	27	20.8	4,351	16.7
2022	21.5	22.3	31	15.6	4,484	9.8
Upper						
2020	36.3	42.6	50	41.3	10,977	54.1
2021	36.3	43.0	69	53.1	17,149	65.8
2022	35.9	46.5	117	58.8	35,222	76.7
Not Available						
2020	0.0	16.6	10	8.3	1,833	9.0
2021	0.0	17.5	9	6.9	1,463	5.6
2022	0.0	10.8	9	4.5	2,509	5.5
Totals						
2020	100.0	100.0	121	100.0	20,281	100.0
2021	100.0	100.0	130	100.0	26,050	100.0
2022	100.0	100.0	199	100.0	45,912	100.0

Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans in 2020 and 2021 to businesses with GAR of \$1.0 million or less significantly trailed demographic and aggregate data. The bank's penetration of loans in 2022 to businesses with GAR of \$1.0 million or less improved but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high. This is primarily due to the bank originating PPP loans where GAR information was not required. The 2020 and 2021 aggregate data also includes PPP loans, where the collection of GAR information was not required.

Examiners further analyzed the bank’s performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 53.7 percent and 66.7 percent of these loans to businesses with GAR of \$1.0 million or less, respectively. The bank’s distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
ME Non-MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.3	32.0	29	9.0	2,455	12.9
2021	82.4	45.3	24	15.3	2,868	24.3
2022	85.2	--	30	62.5	4,695	58.5
>\$1,000,000						
2020	5.1	--	25	7.7	5,411	28.3
2021	4.9	--	12	7.6	3,110	26.4
2022	3.9	--	3.9	18	37.5	3,329
Revenue Not Available						
2020	12.6	--	270	83.3	11,239	58.8
2021	12.7	--	121	77.1	5,816	49.3
2022	10.9	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	324	100.0	19,105	100.0
2021	100.0	100.0	157	100.0	11,794	100.0
2022	100.0	--	48	100.0	8,024	100.0

*Source: 2020, 2021 & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

NSB made a relatively high level of community development loans, given the limited opportunities in this rural area. In addition to the community development loans that benefit the statewide area, NSB originated eight community development loans totaling \$4.5 million during the evaluation period that specifically benefit the ME Non-MSA assessment area. The overall number and dollar amount was similar from the previous evaluation, when the bank made six community development loans totaling \$3.2 million. The following table illustrates the bank’s community development lending activity by year and community development purpose.

Community Development Lending ME Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/14/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	2	650	0	0	3	36	5	686
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 10/3/2023	0	0	2	650	0	0	1	3,124	3	3,774
Total	0	0	4	1,300	0	0	4	3,160	8	4,460

Source: Bank Data

The following is a sample of community development loans that benefitted the assessment area.

- In 2021, the bank originated three PPP loans totaling \$35,697 to non-profit organizations within the assessment area. The organizations are located in moderate-income census tracts. These loans revitalize or stabilize moderate-income census tracts by supporting non-profits struggling during the COVID-19 pandemic.
- During the evaluation period, the bank provided two annual LOCs totaling \$650,000 to a non-profit in Oxford County to finance working capital. The organization provides residential and counseling services to low- and moderate-income individuals and families who experience disabilities. Maine’s Department of Health and Human Services funds the organization’s services. These LOCs enhance community development services in the assessment area.
- In 2023, the bank originated a \$3.1 million loan to an LLC for the purchase of a supermarket in a moderate-income census tract in Bethel, ME. The Finance Authority of Maine (FAME) sponsored the loan. The supermarket, which is the only major grocery store within a 20-mile radius, developed plans to improve products and services for the community while offering its employees better pay and benefits. This loan revitalizes and stabilizes low- or moderate-income census tracts within the assessment area.

INVESTMENT TEST

NSB demonstrated excellent performance under the Investment Test within the ME Non-MSA assessment area. The bank's excellent performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion.

Investment and Grant Activity

NSB has an excellent level of qualified community development investments and grants within the ME Non-MSA. In addition to the qualified investments that benefit the statewide area, NSB made 61 qualified investments, donations, and grants totaling \$1.1 million that specifically benefitted that assessment area. This amount includes two prior period equity investments totaling \$937,239 and 59 qualified donations totaling \$198,497 (19.1 percent of total donations) to community

development organizations. NSB's dollar volume of donations increased compared to the prior evaluation where the bank provided 131 donations of approximately \$110,000 to organizations in this assessment area.

The following are qualified donations that benefit the assessment area.

- ***Stephens Memorial Hospital:*** The bank donated \$75,000 to the Stephens Memorial Hospital, which is the only hospital located in Oxford County. The hospital provides a range of critical health services to a population that is predominately elderly and lower-income. This donation helps the hospital to invest in diagnostic technologies and expand its services in Western Maine. The donation supports community services to low- and moderate-income individuals in the assessment area.
- ***Alan Day Community Garden:*** The bank donated \$34,100 to the Alan Day Community Garden, which offers plot rentals, scholarships, tools, free workshops, community support and gardeners hotline, volunteer opportunities. The organization prioritizes the needs of low-income individuals and people with disabilities. One of the organization's programs provides healthy, pre-packaged meals to individuals facing food insecurity in the Oxford Hills Community. In addition, a significant portion of the donation will provide scholarships for low- and moderate-income youth to attend summer camps.

Responsiveness to Credit and Community Development Needs

The bank exhibited excellent responsiveness to credit and community development needs. The bank's qualified investments, donations, and grants primarily supported organizations that provided affordable housing and community services to low- and moderate-income individuals.

Community Development Initiatives

NSB makes significant use of innovative and/or complex investments to support community development initiatives. The bank invested in organizations supporting affordable housing initiatives.

SERVICE TEST

NSB demonstrated excellent performance under the Service Test within the ME Non-MSA assessment area. The bank's performance in the Accessibility of Delivery Systems and Community Development Services criteria supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the bank's assessment area. The bank's branch distribution and alternative delivery systems for this assessment area are consistent with the institution overall. NSB operates four full-service branches in the ME Non-MSA. Of the four branches, one branch – its main office – is located in a moderate-income census tract. All branches

maintain ATMs and drive up services. Branch distribution and alternative delivery systems for the assessment area are consistent with the institution.

Changes in Branch Locations

NSB’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All branches in the assessment area maintain the same hours. Branches are open from 8:30AM - 4:00PM, Monday through Thursday; 8:30AM - 5:00PM on Friday; and 8:30AM - 12:00PM on Saturday.

Community Development Services

The bank is a leader in providing community development services within ME Non-MSA. During the evaluation period, employees contributed 65 instances of community development service activities. This is similar to the bank’s performance at the previous evaluation period when there were 64 instances of community development service. The following table illustrates the community development service activity by year and community development purpose.

Community Development Services ME Non-MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/14/2020 – 12/31/2020	0	9	0	0	9
2021	0	19	3	1	23
2022	1	21	2	2	26
1/1/2023 – 10/3/2023	0	7	0	0	7
Total	1	56	5	3	65
<i>Source: Bank Data</i>					

The following is a sample of community development services that benefitted the assessment area.

- ***Alan Day Community Garden:*** An executive vice president serves on the Board of Alan Day Community Garden. A second bank employee serves on a fundraising and development committee. The organization offers plot rentals, scholarships, tools, free workshops, community support and gardeners hotline, volunteer opportunities. The organization prioritizes the needs of low-income individuals and people with disabilities. These activities support community services in the assessment area.

- ***The Progress Center:*** A vice president served on the Board of this non-profit community service organization. The Progress Center helps low- and moderate-income individuals and families whose members may be struggling with disabilities. Services offered include case management, residential services, and community kitchen.
- ***Stephen F. Memorial Hospital:*** The bank's current president serves on the Board and the Finance Committee of the hospital, which serves a lower-income populace. NSB's former president also served on the Board of this organization during her tenure at the bank.

LEWISTON-AUBURN, ME MSA ASSESSMENT AREA – Full-Scope Review

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

The Lewiston, ME MSA assessment area includes Androscoggin County in the Lewiston-Auburn, ME MSA #30340. Since the previous CRA evaluation, the bank expanded this assessment area to include the full county. The bank operates one full service branch office within this assessment area. The bank’s operations in the assessment area represent 8.8 percent of total in-assessment area lending (by number), 2.9 percent of total deposits, and 4.2 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 28 census tracts reflecting the following income designations according to the 2015 ACS:

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

For 2022, the same assessment area included 32 census tracts reflecting the following income designations according to the 2020 Census data:

- 4 low-income census tracts,
- 7 moderate-income census tracts,
- 16 middle-income census tracts,
- 4 upper-income census tracts, and
- 1 census tract with no income designation.

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

Demographic Information of the Lewiston-Auburn, ME MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	12.5	21.9	50.0	12.5	3.1
Population by Geography	111,139	7.5	17.2	58.3	14.9	2.0
Housing Units by Geography	50,053	7.8	17.4	59.4	14.2	1.2
Owner-Occupied Units by Geography	29,796	0.6	13.2	68.3	17.4	0.5
Occupied Rental Units by Geography	16,110	19.6	25.5	42.8	9.6	2.5
Vacant Units by Geography	4,147	13.7	16.1	60.3	9.2	0.7
Businesses by Geography	7,070	11.5	18.6	48.6	19.8	1.4
Farms by Geography	256	3.5	12.1	63.3	20.7	0.4
Family Distribution by Income Level	27,756	19.6	18.6	21.9	39.9	0.0
Household Distribution by Income Level	45,906	23.6	17.0	17.4	42.0	0.0
Median Family Income - 30340 Lewiston-Auburn, ME MSA		\$70,817	Median Housing Value			\$157,177
Families Below Poverty Level		7.0%	Median Gross Rent			\$764

*Source: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

There are 50,053 housing units in the assessment area. Of these units, 59.5 percent are owner-occupied, 32.2 percent are rental occupied, and 8.3 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows that only 0.6 percent and 13.2 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the Lewiston, ME MSA assessment area is as follows:

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)				
2020 (\$75,900)	<\$37,950	\$37,950 to <\$60,720	\$60,720 to <\$91,080	≥\$91,080
2021 (\$71,200)	<\$35,600	\$35,600 to <\$56,960	\$56,960 to <\$85,440	≥\$85,440
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320

Source: FFIEC

According to 2022 D&B data, there were 7,070 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 82.0 percent had GARs of \$1.0 million or less;
- 6.3 percent had GARs of more than \$1.0 million; and
- 11.7 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 38.6 percent, followed by non-classifiable establishments (14.7 percent), retail trade (11.8 percent), and construction (8.7 percent). Most businesses have four or fewer employees (62.1 percent) and operate at a single location (87.1 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

According to Moody's Analytics, several of the top employers in the assessment area include Central Maine Healthcare Corp., TD Bank, NA, Walmart, Inc., St. Mary's Regional Medical Center, and Bates College.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2023 FDIC Deposit Market Share Data, 9 financial institutions operated 21 full-service offices in the assessment area. Of these institutions, NSB ranked 9th with a 2.1 percent deposit market share, and also ranked 9th with a 4.8 percent branch market share. The top ranked institutions based on deposit market share within the assessment area included Androscoggin Savings Bank (32.9 percent); TD Bank, NA (20.0 percent); and Maine Community Bank (12.5 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2022 peer mortgage data, 188 lenders originated or purchased 3,307 home mortgage loans. Of these lenders, NSB ranked 17th by number of originations and purchases capturing 1.7 percent of total market share. The top mortgage lenders in the assessment area included Build Mortgage Company, LLC (7.3 percent), United Wholesale Mortgage (5.4 percent), and Bangor Savings Bank (5.3 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 67 lenders originated or purchased 1,983 small business loans. The top small business lenders in the assessment area included American Express National Bank (12.7 percent), The Camden National Bank (10.7 percent), and US Bank, NA (7.9 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN LEWISTON-AUBURN, ME MSA ASSESSMENT AREA

LENDING TEST

NSB demonstrated good performance under the Lending Test within the Lewiston, ME MSA assessment area. The bank's good performance in Lending Activity and Community Development Lending criteria, excellent performance in the Geographic Distribution criterion, and adequate performance in the Borrower Profile criterion supports this conclusion.

Lending Activity

Lending levels reflect good responsiveness to the Lewiston, ME MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level. The bank's good performance in home mortgage lending supports this conclusion.

Home Mortgage Loans

NSB originated 47 home mortgage loans totaling \$7.5 million in 2020, 56 loans totaling \$13.3 million in 2021, and 55 loans totaling \$10.8 million in 2022 in the assessment area. For home mortgages originated and purchased in 2022, NSB captured 1.7 percent of total market share by number of loans, ranking 17th among 188 lenders that made 3,307 loans in the assessment area. The top ranked lenders included Guild Mortgage Company LLC, United Wholesale Mortgage, and Bangor Savings Bank

Small Business Loans

NSB originated 137 small business loans totaling \$14.9 million in 2020, 71 loans totaling \$9.7 million in 2021, and 34 loans totaling \$11.7 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, NSB captured 1.1 percent of total market share by number of loans, ranking 16th among 67 small business loan reporters that made 1,983 loans in the assessment area. The top ranked lenders included American Express National Bank, The Camden National Bank, and US Bank, NA.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. NSB's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts. Based on 2020 census data, the number of moderate-income census tracts increased from four tracts to seven tracts in 2022, while the number of low-income tracts remained the same.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in 2020, 2021, and 2022 in low-income census tracts greatly exceeded aggregate data. Although the opportunity to lend in low-income census tracts is limited as the percent of owner-occupied housing units is low, the bank greatly exceeded these demographics. NSB's performance in 2020 and 2022 in moderate-income

census tracts trailed aggregate and demographic data. The bank’s performance in such tracts in 2021 exceeded aggregate and demographic data.

The bank’s volume of loans in low-income census tracts based on market share further reflects excellent performance. Of the 188 lenders that made home mortgage loans in the assessment area in 2022, only 35 made loans in a low-income census tract. NSB ranked 3rd in lending in low-income census tracts with an 8.8 percent market share. The other top lenders in such tracts included United Wholesale Mortgage and Bangor Savings Bank.

Geographic Distribution of Home Mortgage Loans						
Lewiston-Auburn, ME MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.5	3.7	13	27.7	1,960	26.0
2021	2.5	4.6	10	17.9	3,685	27.7
2022	0.6	2.4	7	12.7	3,069	28.4
Moderate						
2020	5.7	5.3	2	4.3	238	3.1
2021	5.7	5.4	5	8.9	796	6.0
2022	13.2	17.4	7	12.7	1,095	10.1
Middle						
2020	76.3	74.1	23	48.9	3,593	47.6
2021	76.3	74.3	25	44.6	5,455	41.0
2022	68.3	63.5	27	49.1	4,701	43.5
Upper						
2020	15.5	16.8	9	19.1	1,757	23.3
2021	15.5	15.7	16	28.6	3,386	25.4
2022	17.4	15.9	12	21.8	1,740	16.1
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.5	0.8	2	3.6	213	2.0
Totals						
2020	100.0	100.0	47	100.0	7,547	100.0
2021	100.0	100.0	56	100.0	13,321	100.0
2022	100.0	100.0	55	100.0	10,817	100.0

Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, & 2022 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank’s performance in low-income census tracts trailed aggregate data in 2020 and exceeded aggregate data in 2021. The bank’s performance in such tracts trailed demographic data in 2020 and 2021, and was similar to such data in 2022. The bank’s performance during the review period in moderate-income census tracts trailed applicable aggregate and demographic data.

Geographic Distribution of Small Business Loans						
Lewiston-Auburn, ME MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	15.9	13.3	12	8.8	943	6.3
2021	16.1	12.6	11	15.5	2,594	26.6
2022	11.5	--	4	11.8	1,746	15.0
Moderate						
2020	8.0	6.0	6	4.4	309	2.1
2021	7.6	5.6	2	2.8	54	0.6
2022	18.6	--	1	2.9	30	0.3
Middle						
2020	64.2	67.2	91	66.4	11,603	77.7
2021	64.1	67.4	40	56.3	6,098	62.6
2022	48.6	--	18	52.9	6,037	51.7
Upper						
2020	12.0	13.5	28	20.4	2,070	13.9
2021	12.2	14.4	18	25.4	996	10.2
2022	19.8	--	11	32.4	3,864	33.1
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	1.4	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	137	100.0	14,925	100.0
2021	100.0	100.0	71	100.0	9,742	100.0
2022	100.0	--	34	100.0	11,677	100.0
<i>Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different size. NSB's adequate performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. As shown in the following table, the bank's penetration of home mortgage lending to low-income borrowers exceeded aggregate data in 2020 and trailed aggregate data in 2021 and 2022. The bank's performance to low-income borrowers also trailed demographic data during the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$157,177. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's penetration of home mortgage loans to moderate-income borrowers trailed applicable aggregate and demographic data throughout the review period.

Distribution of Home Mortgage Loans by Borrower Income Level						
Lewiston-Auburn, ME MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.4	6.7	4	8.5	300	4.0
2021	22.4	4.9	2	3.6	361	2.7
2022	19.6	6.7	3	5.5	212	2.0
Moderate						
2020	15.7	21.2	4	8.5	478	6.3
2021	15.7	19.7	5	8.9	859	6.4
2022	18.6	22.6	9	16.4	900	8.3
Middle						
2020	23.0	23.3	9	19.1	1,701	22.5
2021	23.0	24.8	9	16.1	1,523	11.4
2022	21.9	26.7	8	14.5	854	7.9
Upper						
2020	39.0	25.7	13	27.7	2,643	35.0
2021	39.0	27.9	20	35.7	4,416	33.1
2022						
Not Available						
2020	0.0	23.1	17	36.2	2,425	32.1
2021	0.0	22.7	20	35.7	6,163	46.3
2022	39.9	27.8	19	34.5	4,263	39.4
Totals						
2020	100.0	100.0	47	100.0	7,547	100.0
2021	100.0	100.0	56	100.0	13,322	100.0
2022	100.0	100.0	55	100.0	10,817	100.0

*Source: 2015 ACS & 2020 U.S. Census; Bank Data; 2020, 2021, and 2022 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's penetration of loans in 2020 and 2021 to businesses with GAR of \$1.0 million or less significantly trailed demographic and aggregate data. The bank's penetration of loans in 2022 to businesses with GAR of \$1.0 million or less improved but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high. This is primarily due to the bank originating PPP loans where GAR information was not required. The 2020 and 2021 aggregate data also includes PPP loans, where the collection of GAR information was not required.

Examiners further analyzed the bank’s performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 45.5 percent and 59.1 percent of these loans to businesses with GAR of \$1.0 million or less, respectively. The bank’s distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Lewiston-Auburn, ME MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	79.5	29.0	15	10.9	2,903	19.5
2021	79.5	44.0	13	18.3	2,617	26.9
2022	82.0	--	16	47.1	5,555	47.6
>\$1,000,000						
2020	7.7	--	18	13.1	4,680	31.4
2021	7.4	--	9	12.7	3,405	35.0
2022	6.3	--	18	52.9	6,122	52.4
Revenue Not Available						
2020	12.8	--	104	75.9	7,342	49.2
2021	13.1	--	49	69.0	3,720	38.2
2022	11.7	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	137	100.0	14,925	100.0
2021	100.0	100.0	71	100.0	9,742	100.0
2022	100.0	--	34	100.0	11,677	100.0

*Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

NSB has made a relatively high level of community development loans. In addition to the community development loans that benefit the statewide area, NSB originated 11 community development loans totaling \$10.1 million during the evaluation period that specifically benefit the Lewiston, ME MSA assessment area. While the overall number of community development loans was the same as to the previous evaluation, the dollar volume increased. At the previous evaluation, the bank made 11 community development loans in the assessment area totaling \$3.9 million. The following table illustrates the bank’s community development lending activity by year and community development purpose.

Community Development Lending Lewiston-Auburn, ME MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/14/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	2	6,051	1	10	1	250	2	48	6	6,359
2022	2	2,716	2	408	0	0	0	0	4	3,124
1/1/2023 – 10/3/2023	1	650	0	0	0	0	0	0	1	650
Total	5	9,417	3	418	1	250	2	48	11	10,133

Source: Bank Data

The following is a sample of community development loans that benefitted the assessment area.

- In 2021, the bank originated three PPP loans totaling \$58,125 to non-profit organizations within the assessment area. The bank originated one loan to an organization that primarily benefitted low- or moderate-income families, and originated two loans to organizations located in a moderate-income census tract. These loans supported non-profits struggling during the COVID-19 pandemic.
- In 2021, the bank granted a \$250,000 LOC to the Lewistown-Auburn Economic Growth Council, an economic development agency for the MSA. The local government agency offers area businesses various services including commercial financing, technical assistance, site searches, and marketing. The agency used the LOC funds to finance loan pools for small businesses in the area. This loan enhances economic development in the assessment area.
- In 2022, the bank originated a \$1.5 million loan to an LLC for the acquisition of a 22-unit affordable housing complex in Lewiston, ME. The subsidized housing project has been part of HUD’s Substantial Rehabilitation Project-based Section 8 Housing Assistance Program since 2004. This loan supports the bank’s affordable housing efforts in the assessment area.
- In 2023, the bank originated a \$650,000 loan to an LLC in Lewiston, ME. Loan funds provided permanent financing for a nine building 82-unit affordable housing complex in a low-income census tract in the City of Lewiston. The Lewiston Housing Authority participated in the loan. This project is the first phase of the city's Choice Neighborhoods initiative. Maine Housing, HUD’s Choice Neighborhood, and the local city and county governments provided additional funding for the complex. This loan enhances affordable housing initiatives in the assessment area.
- During the evaluation period, the bank granted two loans totaling \$7.0 million for the acquisition, construction, and permanent financing of a 35-unit affordable housing complex in a low-income census tract in Lewiston, ME. The Federal Home Loan Bank of Boston’s Affordable Housing Program provided a \$650,000 subsidy for the project. Of the 35 units, 21 will be restricted to households at or below 50.0 percent of the area median income, 7

will be restricted to households at or below 60.0 percent of the area median income, and 7 will be leased at market rate. This loan supports affordable housing in the assessment area.

INVESTMENT TEST

NSB demonstrated excellent performance under the Investment Test within the Lewiston, ME MSA assessment area. The bank’s excellent performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion.

Investment and Grant Activity

NSB has an excellent level of qualified community development investments and grants within the Lewiston, ME MSA assessment area. In addition to the qualified investments that benefit the statewide area, NSB Bank made 56 qualified investments, donations, and grants totaling \$3.1 million that specifically benefitted the assessment area. This amount includes one prior period equity investments of \$310,671, two new investments totaling \$2.7 million, and 53 qualified donations totaling \$166,050 (16.0 percent of total donations) to community development organizations. NSB’s dollar volume of donations increased compared to the prior evaluation where the bank provided 59 donations of approximately \$116,000 to organizations in this assessment area. The following table illustrates the qualified investment activity by year and community development purpose.

Qualified Investments Lewiston-Auburn, ME MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	310	0	0	0	0	0	0	1	310
9/14/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	2	2,650	0	0	0	0	0	0	2	2,650
1/1/2023 – 10/3/2023	0	0	0	0	0	0	0	0	0	0
Subtotal	3	2,960	0	0	0	0	0	0	3	2,960
Donations & Grants	5	37	34	85	0	0	14	44	53	166
Total	8	2,997	34	85	0	0	14	44	56	3,126

Source: Bank Data

The following is a sample of equity investments and donations that benefitted the assessment area.

- **WNC & Associates:** In 2022, the bank invested \$650,000 in this LIHTC fund. The investment allowed Avesta Housing to qualify for an FHLB AHP award on an affordable housing project in Lewiston, Maine.
- **Community Concepts Financial Corporation (CCFC):** In 2022, NSB invested \$2.0 million in CCFC’s Equity Equivalent EQ2 investment. CCFC uses the funds to provide credit and

financial services to primarily low- and moderate-income homebuyers, homeowners, and small businesses.

- ***New Beginnings:*** NSB donated \$10,500 to New Beginnings during the review period. The organization provides services to individuals affected by domestic abuse and violence. NSB's donation will support the organization's work with homeless teens in the Lewiston-Auburn area, which include transitional housing and a street outreach program that connects youth to food, clothing, and case management.
- ***Trinity Jubilee Center:*** The Trinity Jubilee Center, a non-profit organization, is a multi-service agency that provides a health clinic, food pantry, day shelter, meal programs, and resource center located in downtown Lewiston, ME. The majority of beneficiaries are low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibited excellent responsiveness to credit and community development needs. The bank's qualified investments, donations, and grants primarily supported organizations that provided affordable housing low- and moderate-income individuals and supported revitalization/stabilization efforts in the Lewiston, ME MSA assessment area.

Community Development Initiatives

NSB makes significant use of innovative and/or complex investments to support community development initiatives. The bank invested in organizations supporting affordable housing initiatives, including an equity equivalent fund and an LIHTC fund.

SERVICE TEST

NSB demonstrated excellent performance under the Service Test within the Lewiston, ME MSA assessment area. The bank's performance in the Community Development Services criteria supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment area. NSB operates one branch in the Lewiston, ME MSA. The Auburn Branch is located in a low-income tract. The branch is located less than two miles from nine additional low- and moderate-income census tracts in Androscoggin County and is easily accessible to individuals in these areas. The branch includes an ATM and drive-up service. As previously mentioned, NSB also maintains an ATM at the Norway Savings Bank Arena in Auburn, ME.

Changes in Branch Locations

NSB’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. The Auburn Branch is open from 8:30AM - 4:00PM, Monday through Thursday; 8:30AM - 5:00PM on Friday; and 8:30AM - 12:00PM on Saturday.

Community Development Services

The bank is a leader in providing community development services within ME Non-MSA. During the evaluation period, employees contributed 55 instances of community development service activities. This exceeded the bank’s performance at the previous evaluation period during which there were 37 instances of community development services. NSB employees provided technical or advisory services including financial literacy training, volunteer income tax assistance, and grant writing assistance. The following table illustrates the activity by year and type.

Community Development Services Lewiston-Auburn, ME MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/14/2020 – 12/31/2020	0	11	0	0	11
2021	1	15	0	0	16
2022	0	16	0	0	16
1/1/2023 – 10/3/2023	0	12	0	0	12
Total	1	54	0	0	55
<i>Source: Bank Data</i>					

The following is a sample of community development services that benefitted the assessment area.

- **Tree Street Youth:** A vice president serves on the Board and Development Committee of this non-profit community service organization. This organization supports area youth through programs rooted in academics, the arts, and athletics. The organization is located in Lewiston, ME, and it primarily serves low- and moderate-income individuals.
- **Community Concepts, Inc.:** A senior vice president serves on the Board of this CDFI, which provides financial assistance to low- and moderate-income homebuyers, as well as small business borrowers.

- ***Safe Voices***: A vice president serves on the Board of an organization that provides support to victims of domestic violence. Services include a 24/7 domestic violence hotline, community workshops, support services, and shelter. The activity supports community services in the assessment area.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Norway Savings Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: Portland-South Portland, ME MSA Assessment Area ME Non-MSA Assessment Area Lewiston-Auburn, ME MSA Assessment Area	
Time Period Reviewed:	9/14/2020 – 10/3/2023
Products Reviewed: Home Mortgage Loans: 1/1/2020 to 12/31/2022 Small Business Loans: 1/1/2020 to 12/31/2022 Other Real Estate Secured Loans: 1/1/2020 to 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/Assessment Area	Type of Evaluation	Branches Visited	Other Information
Portland-South Portland, ME MSA	Full-scope	None	None
ME Non-MSA	Full-scope	None	None
Lewiston-Auburn, ME MSA	Full-scope	None	None

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.

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

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

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

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

Nonmetropolitan Area (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.