



Community Reinvestment Act

CRA Public File

April 1, 2026

## Public Comments

No comments have been received for the previous two years, or current year, year-to-date.

## Branch & ATM Locations, Hours, and Services

Branch Name	Address	Hours	Census Tract
<b>Newport Branch (Main Branch)</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	10 North Main Street Newport, NH 03773	M-F 9am-5pm Sat 9am-12pm Drive-Up: M-TH 8:00am -5pm Fri 8:00am -5:30pm Sat 9:00am -12pm	9754.01
<b>Warner Branch</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	2 West Main Street Warner, NH 03278	M-F 9am-5pm Sat 9am-12pm	0385.00
<b>New London Branch</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	196 Newport Road New London, NH 03257	M-F 9am-5pm Sat 9am-12pm	0410.02
<b>Sunapee Branch</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	541 Route 11 Sunapee, NH 03782	M-F 9am-5pm Sat 9am-12pm	9753.00
<b>Grantham Branch</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	Route 10, Sawyer Brook Plaza Grantham, NH 03753	M-F 9am-5pm Sat 9am-12pm	9752.00
<b>Concord Branch</b> <ul style="list-style-type: none"> <li>• Drive Up</li> <li>• Deposit Taking ATM</li> </ul>	198 Loudon Road Concord, NH 03301	M-F 8:30am-5pm Sat 8:30am-12pm	0441.00
<b>Stand Alone Walk-Up Deposit Taking ATM Only</b>			
Bradford ATM	101 East Main Street Bradford, NH 03221	24/7	0405.01
Concord Main Street ATM	150 North Main Street Concord, NH 03301	24/7	0323.00
<b>Services</b>			
<ul style="list-style-type: none"> <li>• Deposit Accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Services</li> </ul>	<ul style="list-style-type: none"> <li>• LPL Financial Services                             <ul style="list-style-type: none"> <li>○ <i>By Appointment Only</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Safe Deposit Boxes</li> </ul>
<ul style="list-style-type: none"> <li>• Signature Guarantee's                             <ul style="list-style-type: none"> <li>○ <i>Newport Branch</i></li> <li>○ <i>Other Branches by Appointment Only</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Instant Issue Debit Cards                             <ul style="list-style-type: none"> <li>○ <i>Not available in Grantham or Sunapee</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Coin Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Night Depository</li> </ul>

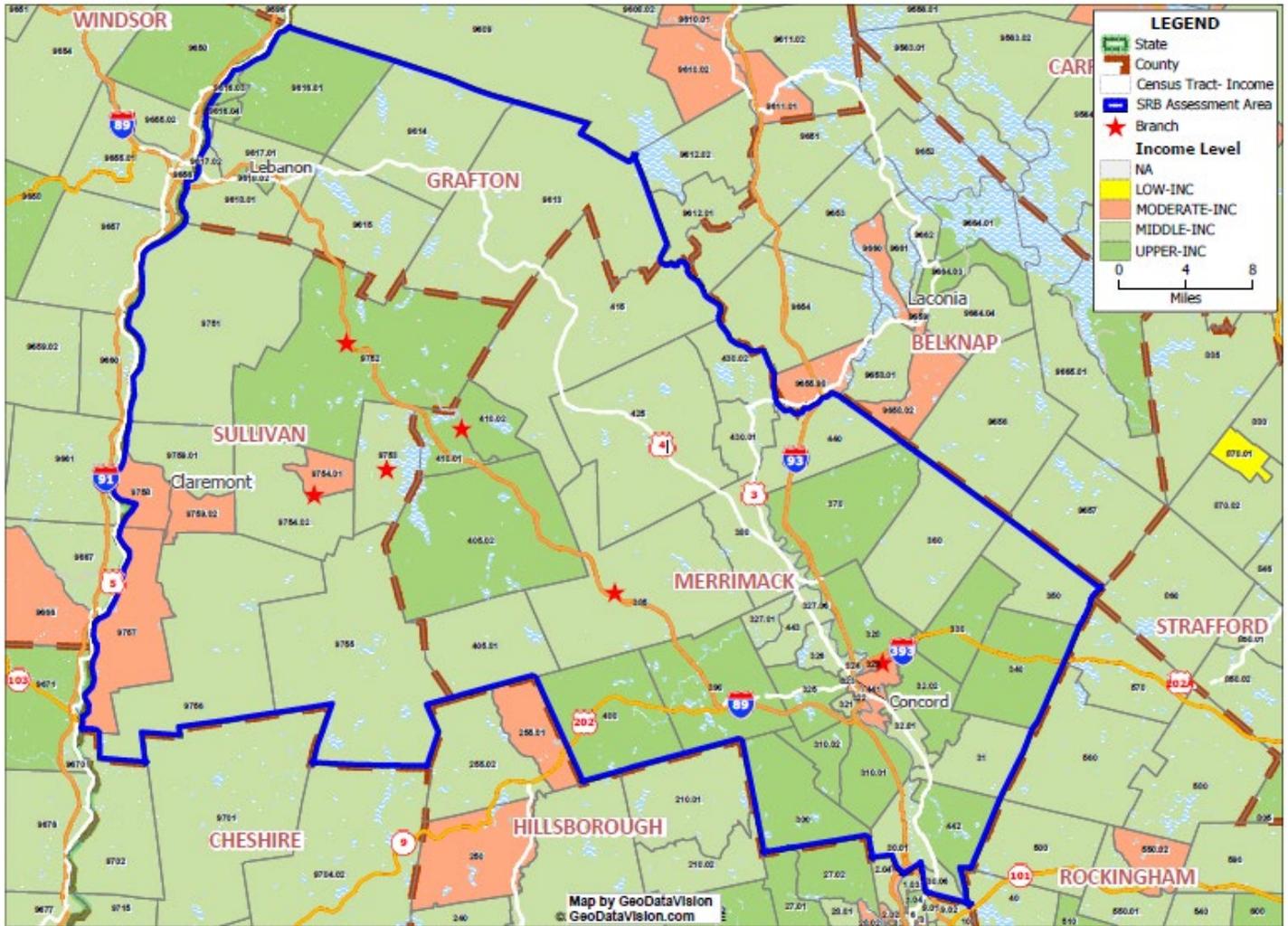
## Changes to Branch Locations

There have been no branch closings or openings for the previous two years, or current year, year-to-date.

## Loan-to-Deposit Ratio

March 2025	June 2025	September 2025	December 2025
80.55%	80.42%	80.67%	81.07%

# Facility-Based Assessment Area Map



State	County	Census Tract	Town(s)
NH (33)	Grafton (009)	9613.00	Grafton, Alexandria, Orange
		9614.00	Canaan
		9615.00	Enfield
		9616.01	Hanover
		9616.03	Hanover
		6916.04	Hanover
		9617.01	Lebanon
		9617.02	Lebanon
		9618.01	Lebanon
	9618.02	Lebanon	
	Sullivan (019)	9751.00	Cornish, Plainfield
		9752.00	Grantham, Croydon, Springfield
		9753.00	Sunapee
		9754.01	Newport (Moderate Income)
		9754.02	Newport
		9755.00	Goshen, Lempster, Washington
		9756.00	Unity, Acworth, Langdon
		9757.00	Charlestown (Moderate Income)
		9758.00	Claremont (Moderate Income)
9759.01		Claremont	
9759.02	Claremont (Moderate Income)		

State	County	Census Tract	Town(s)
NH (33)	Merrimack (013)	0030.01	Hooksett
		0030.06	Hooksett
		0031.00	Allenstown
		0032.01	Pembroke
		0032.02	Pembroke
		0300.00	Dunbarton
		0310.01	Bow
		0310.02	Bow
		0321.00	Concord
		0322.00	Concord (Moderate Income)
		0323.00	Concord
		0324.00	Concord
		0325.00	Concord
		0326.00	Concord
		0327.01	Concord
		0327.06	Concord
		0328.00	Concord
		0329.00	Concord (Moderate Income)
		0330.00	Chichester
		0340.00	Epsom
		0350.00	Pittsfield
		0360.00	Loudon
		0370.00	Canterbury
		0380.00	Boscawen
		0385.00	Warner, Webster
		0390.00	Hopkinton
		0400.00	Henniker
		0405.01	Bradford
		0405.02	Newbury, Sutton
		0410.01	New London
		0410.02	New London
		0415.00	Wilmot, Danbury, Hill
		0425.00	Andover
0430.01	Franklin		
0430.02	Franklin		
0440.00	Northfield		
0441.00	Concord (Moderate Income)		
0442.00	Hooksett		
0443.00	Concord		

# **PUBLIC DISCLOSURE**

July 3, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Sugar River Bank  
Certificate Number: 18028

10 North Main Street  
Newport, New Hampshire 03773

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.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	2
DESCRIPTION OF ASSESSMENT AREA .....	3
SCOPE OF EVALUATION .....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	11
APPENDICES .....	12
SMALL BANK PERFORMANCE CRITERIA.....	12
GLOSSARY .....	13

## INSTITUTION RATING

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

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

Sugar River Bank's (SRB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's Lending Test performance.

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

## DESCRIPTION OF INSTITUTION

SRB is a New Hampshire (NH) chartered mutual savings bank headquartered in Newport, New Hampshire. Sugar River Bancorp Mutual Holding Company, a one-bank holding company, wholly owns SRB. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated June 8, 2020, based on Interagency Small Bank Examination Procedures.

The bank operates six full-service offices in New Hampshire, including the main office. The offices are located in Concord, Grantham, New London, Newport, Sunapee, and Warner. SRB also operates two full-service remote automated teller machines (ATMs) in Bradford and Concord. The bank did not open or close any branches and no merger or acquisition activities occurred since the previous evaluation.

SRB offers home mortgage, commercial, and consumer loans, but its primary focus is home mortgage lending. The bank provides a variety of consumer and commercial deposit services including checking, savings, money market, individual retirement accounts, certificates of deposits, and sweep accounts. Alternative banking services include internet, mobile, and telephone banking; person-to-person payment; remote deposit capture; and ATMs.

As of March 31, 2023, the bank had total assets of \$384.2 million, including total loans of \$253.4 million and total securities of \$86.6 million. As of the same date, deposits totaled \$321.7 million. The following table illustrates the bank's loan portfolio.

<b>Loan Portfolio Distribution as of 03/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	8,186	3.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	176,400	69.6
Secured by Multifamily (5 or more) Residential Properties	6,571	2.6
Secured by Nonfarm Nonresidential Properties	31,492	12.4
<b>Total Real Estate Loans</b>	<b>222,649</b>	<b>87.9</b>
Commercial and Industrial Loans	15,846	6.3
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	8,663	3.4
Obligations of State and Political Subdivisions in the U.S.	6,414	2.5
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	66	0.0
Less: Unearned Income	(269)	(0.1)
<b>Total Loans</b>	<b>253,369</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0 percent.</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. SRB designated a single assessment area located in the Non-Metropolitan Statistical Area (Non-MSA) portion of New Hampshire. The following sections discuss demographic and economic information for the assessment area.

SRB's assessment area includes 26 census tracts throughout portions of Sullivan and Merrimack Counties. The 26 census tracts reflect the following income designations according to the 2020 United States (U.S.) Census data.

- 6 moderate-income census tracts,
- 14 middle-income census tracts,
- 6 upper-income census tracts.

The 2020 U.S. Census data changed the census tract income designations in the assessment area compared to the previous evaluation period. This resulted in two additional moderate-income census tracts and one upper-income census tract. The moderate-income census tracts in the assessment area are located in Newbury (1), Claremont (2), and Concord (3). There are no underserved or distressed non-metropolitan middle-income geographies or designated disaster areas in the assessment area.

### **Economic and Demographic Data**

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2022 D&B data, there were 10,841 non-farm businesses within the bank's assessment area. The GARs for the businesses are as follows:

- 83.3 percent have \$1 million or less,
- 4.5 percent have more than \$1 million,
- 12.2 percent have unknown revenues.

Service companies represent the largest portion of businesses at 39.0 percent; followed by non-classifiable establishments at 17.0 percent; retail trade at 10.5 percent; finance, insurance and real estate at 10.2 percent; and construction at 7.2 percent. In addition, 63.3 percent of area businesses have four or fewer employees, and 87.4 percent operate from a single location.

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

Demographic Information of the Assessment Area						
Sugar River Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	23.1	53.8	23.1	0.0
Population by Geography	93,220	0.0	23.9	51.4	24.7	0.0
Housing Units by Geography	45,401	0.0	24.3	50.5	25.3	0.0
Owner-Occupied Units by Geography	24,000	0.0	19.4	51.0	29.5	0.0
Occupied Rental Units by Geography	12,998	0.0	42.6	47.9	9.6	0.0
Vacant Units by Geography	8,403	0.0	9.8	52.9	37.3	0.0
Businesses by Geography	10,841	0.0	28.4	49.1	22.5	0.0
Farms by Geography	333	0.0	16.8	53.5	29.7	0.0
Family Distribution by Income Level	23,191	18.3	18.2	24.0	39.6	0.0
Household Distribution by Income Level	36,998	24.6	15.1	18.2	42.1	0.0
Median Family Income Non-MSAs - NH		\$85,473	Median Housing Value			\$231,825
			Median Gross Rent			\$1,079
			Families Below Poverty Level			6.1%
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Approximately 6.1 percent of families in the assessment area are below the poverty level. These families likely face difficulty in qualifying for home mortgage loans under conventional underwriting standards.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the Non-MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>NH NA Median Family Income (99999)</b>				
2022 (\$94,500)	<\$47,250	\$47,250 to <\$75,600	\$75,600 to <\$113,400	≥\$113,400
2023 (\$94,500)	<\$47,250	\$47,250 to <\$75,600	\$75,600 to <\$113,400	≥\$113,400
<i>Source: FFIEC</i>				

The U.S. Bureau of Labor Statistics indicates the unemployment rate was 0.9 percent in Sullivan County and 1.0 percent in Merrimack County as of April 2023. The county level unemployment rates were below the statewide rate (2.1 percent), and national rate (3.4 percent).

## **Competition**

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 18 financial institutions operated 43 full-service offices in the bank's assessment area. Of these institutions, Sugar River Bank ranked 6<sup>th</sup> with a 5.3 percent deposit market share. The top three institutions combined had 52.6 percent of the deposit market share. These institutions included TD Bank N.A. (1<sup>st</sup>), Merrimack County Savings Bank (2<sup>nd</sup>), and Bank of America, N.A. (3<sup>rd</sup>).

Although SRBs lending activity was not compared to aggregate data, examiners referenced the data to determine the level of competition for home mortgage and small business lending. In 2021, the most recent year for which aggregate data is available, 267 institutions reported 5,949 home mortgage loans in the assessment area. This indicates a high level of competition for home mortgage loans. Top-ranked lenders included mortgage companies and large national banks such as Rocket Mortgage (1<sup>st</sup>) and CMG Mortgage Inc. (2<sup>nd</sup>).

Additionally, 91 institutions reported 4,614 small business loans within Merrimack and Sullivan Counties indicating a high level of competition. Top-ranked lenders consisted of large national banks that primarily offer credit card loans such as American Express, N.A. (1<sup>st</sup>), JPMorgan Chase Bank N.A. (2<sup>nd</sup>), and Bank of America, N.A. (3<sup>rd</sup>).

## **Community Contacts**

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

Examiners contacted an organization involved in managing and developing affordable housing in the assessment area. The contact indicated that local financial institutions are actively involved in purchasing low-income housing tax credits, which help support the development of affordable housing. However, developing affordable housing in the assessment area remains a challenge with the current interest rate environment, which has led to affordable housing development stagnation.

## **Credit Needs**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage lending is a primary credit need of the assessment area. Additionally, economic conditions resulting from the COVID-19 pandemic created small business credit needs.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the last evaluation dated June 8, 2020, to the current evaluation dated July 3, 2023. Examiners used the Interagency Small Bank Examination Procedures to evaluate the institution's performance. These procedures include one test, the CRA Small Bank Lending Test.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and commercial loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending during the most recent calendar year. No other loan types, such as consumer or small farm loans represent a major product line. Therefore, they are not presented in this evaluation, as they provide no material support for conclusions or ratings.

SRB is not subject to the reporting requirements of the Home Mortgage Disclosure Act. In addition, as a small institution, the bank is not required to collect and report small business loan data and did not do so during the evaluation period. Therefore, examiners based the analysis upon random statistical samples of home mortgage and small business loans originated in 2022.

In 2022, the bank originated 182 home mortgage loans totaling approximately \$41.7 million. Examiners sampled 51 home mortgage loans totaling \$10.7 million. Examiners compared the bank's performance to demographics based on the 2020 U.S. Census data. Additionally, in 2022, the bank originated 40 small business loans totaling approximately \$20.4 million. Examiners sampled 30 small business loans totaling \$9.5 million. Examiners compared the bank's performance to area demographics based on 2022 D&B data.

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

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

SRB demonstrated reasonable performance under the Lending Test. The LTD Ratio, Assessment Area Concentration, and Borrower Profile performances primarily support this conclusion.

## Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data averaged 73.9 percent over the past 12 calendar quarters from June 30, 2020 to March 31, 2023. The ratio ranged from a low of 69.2 percent as of December 31, 2021, to a high of 78.0 percent as of March 31, 2023. The LTD ratio fluctuated over the evaluation period and the average was slightly less than comparable institutions’ ratios, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Sugar River Bank</b>	<b>384,151</b>	<b>73.9</b>
Savings Bank of Walpole	548,592	77.7
Claremont Savings Bank	704,016	91.4

*Source: Reports of Condition and Income 6/30/2020 – 3/31/2023*

## Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar volume, inside the assessment area; however, the majority of the sampled small business loans were outside the assessment area. The bank’s participation in loans originated outside the assessment area by BancAlliance contributed to a lower percentage of loans, by number and dollar amount, originated in the assessment area.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2022	38	74.5	13	25.5	51	7,580	70.9	3,105	29.1	10,685
<b>Subtotal</b>	<b>38</b>	<b>74.5</b>	<b>13</b>	<b>25.5</b>	<b>51</b>	<b>7,580</b>	<b>70.9</b>	<b>3,105</b>	<b>29.1</b>	<b>10,685</b>
Small Business										
2022	14	46.7	16	53.3	30	2,536	26.7	6,974	73.3	9,510
<b>Subtotal</b>	<b>14</b>	<b>46.7</b>	<b>16</b>	<b>53.3</b>	<b>30</b>	<b>2,536</b>	<b>26.7</b>	<b>6,974</b>	<b>73.3</b>	<b>9,510</b>
<b>Total</b>	<b>52</b>	<b>64.2</b>	<b>29</b>	<b>35.8</b>	<b>81</b>	<b>10,116</b>	<b>50.1</b>	<b>10,079</b>	<b>49.9</b>	<b>20,195</b>

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

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank’s reasonable performance of home mortgage loans and poor performance in small business loans supports this conclusion. Examiners focused on the percentage of loans, by number, in moderate-income census tracts.

***Home Mortgage Loans***

The geographic distribution of sampled home mortgage loans reflects reasonable dispersion throughout the assessment area. As noted in the following table, the bank’s lending in moderate-income census tracts trailed the percent of owner-occupied housing units by 3.6 percent. The lower percentage (19.4 percent) of total owner-occupied housing units in moderate-income census tracts provides relatively limited opportunities for lending in those census tracts. Due to the level of competition for home mortgage loans, the bank’s performance is reasonable.

<b>Geographic Distribution of Home Mortgage Loans</b>					
<b>Sugar River Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate					
2022	19.4	6	15.8	1,002	13.2
Middle					
2022	51.1	18	47.4	4,328	57.1
Upper					
2022	29.6	14	36.8	2,251	29.7
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>7,580</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

***Small Business Loans***

The geographic distribution of sampled small business loans reflects poor dispersion throughout the assessment area. As shown in the following table, the bank’s lending in moderate-income census tracts was 14.1 percent below the percent of businesses in moderate-income census tracts in 2022. Despite ongoing attempts to originate small business loans in moderate-income areas, SRB faces significant competition from other institutions operating in the capital Concord and from Claremont Savings Bank headquartered in Claremont. FDIC Deposit Market Share data as of June 30, 2022 show that 14 financial institutions operate 23 offices in the City of Concord, and 5 institutions operate 6 offices in the Town of Claremont.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Sugar River Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate					
2022	28.4	2	14.3	138	5.4
Middle					
2022	49.1	8	57.1	1,532	60.4
Upper					
2022	22.5	4	28.6	866	34.2
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,536</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance of home mortgage lending and excellent performance of small business lending supports this conclusion.

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

The distribution of sampled home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable.

The bank's lending performance to low-income borrowers was 7.8 percent below demographics; however, a low-income family in the assessment area, with an income of \$47,250 or less would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$231,825. Home mortgage lending to moderate-income borrowers is also reasonable, as the bank's performance trailed demographics by 2.4 percent. Additionally, examiners noted that the increasing interest rate environment has affected the affordability of home mortgage loans.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Sugar River Assessment Area</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2022	18.3	4	10.5	287	3.8
Moderate					
2022	18.2	6	15.8	615	8.1
Middle					
2022	24.0	15	39.5	2,708	35.7
Upper					
2022	39.6	13	34.2	3,970	52.4
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>7,580</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

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

The distribution of sampled small business loans reflects excellent penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, lending to businesses with GARs of \$1.0 million or less, exceeded demographics by 2.4 percent in 2022. Given the level of competition for small business loans in the assessment area and the banks' lending focus, this performance is excellent.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Sugar River Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2022	83.3	12	85.7	2,440	96.2
>\$1,000,000					
2022	4.5	2	14.3	97	3.8
Revenue Not Available					
2022	12.3	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>2,536</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

### **Response to Complaints**

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

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping meet the community credit needs.

## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

## 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.

**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.

**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.

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

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

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

**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 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.

**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.