

PUBLIC DISCLOSURE

August 18, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Franklin Savings Bank
RSSD #228000

197 Main Street
Farmington, Maine 04398

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: 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'S CRA RATING: This institution is rated OUTSTANDING.

The Lending Test is rated: OUTSTANDING

The Community Development Test is rated: SATISFACTORY

Franklin Savings Bank (Franklin or the bank) demonstrates an excellent responsiveness to the credit needs of its assessment areas based on the following findings:

Lending Test

- The loan-to-deposit (LTD) ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the bank's assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

Community Development Test

- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

SCOPE OF EXAMINATION

Franklin's performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the bank provides community development services; and the bank's responsiveness through such activities. The data used for the evaluation and the applicable timeframes are discussed below.

The evaluation of the bank's lending performance was based on residential mortgage data originated from January 1, 2023, to December 31, 2024. Small business lending was evaluated for the full year of 2024. As residential loans comprise the majority of originations, residential lending will be weighted more heavily in this evaluation. The analysis of the bank's net LTD ratio incorporated 14 full quarters from January 1, 2022, to March 31, 2025.

Franklin is not a Home Mortgage Disclosure Act (HMDA) reporter; home mortgage lending data was obtained from internal loan data supplied by the bank. Demographic data was derived from the 2015 American Community Survey (ACS), unless otherwise noted. Despite not being required to report its lending under HMDA, the bank's residential loan data was also compared to aggregate HMDA data obtained from the Consumer Financial Protection Bureau (CFPB). Aggregate data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment areas.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. The bank's 2024 small business lending data is featured in the lending tables. Small business loan data was obtained from the bank and compared to relative demographic information obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B). Although the bank is not currently required to collect and report small business loans, a comparison to aggregate data is included in the lending tables. Aggregate CRA data is obtained from the FFIEC.

The Community Development Test included a review of community development loans, qualified investments, and community development services from April 12, 2022, through August 18, 2025. The Community Development Test is evaluated in the context of the community needs and the capacity of the bank to meet them. Third-party community organizations were contacted to provide additional insight into the credit and community development needs of the assessment areas.

The bank has two assessment areas for CRA purposes and operates primarily in the non-Metropolitan Statistical Area (MSA) portions of the State of Maine. What this evaluation refers

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$402 million as of December 31 of both of the prior two calendar years and less than \$ 1.609 billion as of December 31 of either of the prior two calendar years.

to as the “Western Maine assessment area” includes the entirety of Franklin County and contiguous portions of Kennebec County, Oxford County, and Somerset County. As this assessment area comprises the majority of the bank’s physical presence, as well as its lending and deposit activity, it was reviewed using the full-scope examination procedures. The bank also identifies Hancock County as a separate assessment area. This assessment area received a limited scope review based on the bank’s smaller presence, lower lending volumes, and lack of deposit activity. The Hancock County assessment area contains no low- or moderate-income geographies, therefore a geographic distribution analysis would not be meaningful. Further, due to the very low volume of residential loans originated in that assessment area, only small business loans are included in the evaluation. Performance in the Western Maine assessment area carried the greatest weight in the evaluation and received a more detailed analysis. Performance in the limited scope area is evaluated as being either consistent, below, or above the performance demonstrated in the full-scope assessment area.

Franklin was last examined by the Federal Reserve Bank of Boston for compliance with the CRA on April 11, 2022, using intermediate small institution examination procedures and received an overall rating of “Outstanding.” The Lending Test was rated “Outstanding”, and the Community Development Test was rated “Satisfactory.”

DESCRIPTION OF INSTITUTION

Franklin Savings Bank is a state chartered mutual bank headquartered in Farmington, ME. Franklin was incorporated in 1868 and has been a state member bank since January 2003. The bank operates under a two-tiered mutual holding company; FSB Bancorp MHC and FSB Bancorp, Inc. (FSB Bancorp) with no public shareholders. The bank's stock is 100 percent owned by the parent corporation. Franklin is the sole subsidiary of FSB Bancorp. FSB Bancorp formerly held an investment advisory firm, Western Mountain Financial Services (WMFS), which was divested effective September 30, 2021.

As noted above, Franklin has two CRA assessment areas for CRA purposes. The Western Maine assessment area includes the entirety of Franklin County and contiguous portions of Kennebec County, Oxford County, and Somerset County. The bank's secondary assessment area is Hancock County where the Ellsworth branch is located. The bank operates seven locations in Western Maine. Franklin's main office is located at 197 Main Street in Farmington. The bank also has a limited-access branch that is open to students, faculty, and staff at Mt. Blue High School in Farmington. The bank also operates five branch offices in Jay, Rumford, Rangeley, Skowhegan and Wilton. The Wilton location offers lobby hours by appointment only. Each of these branches includes an ATM that accepts deposits. The Farmington, Jay, Rangeley, and Wilton branches are all located in Franklin County, the Rumford branch is located in Oxford County, and the Skowhegan branch is located in Somerset County. According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share Reports dated June 30, 2024, the bank ranked 9th of 13 institutions within the full counties included in the Western Maine assessment area. However, within Kennebec, Oxford, and Somerset Counties, the bank's operations are limited to a smaller portion of the counties that border Franklin County. Within Franklin County, the bank captured 46.9 percent of the deposit market share and is ranked 1st among the five institutions with branch offices in Franklin County.

Within the Western Maine assessment area, the bank extended 212 residential mortgage loans in 2023, and 192 residential mortgage loans in 2024. Although not a HMDA reporter, Franklin compared favorably to institutions in the assessment area that are required to report. According to HMDA aggregate reports, the number one lender in the assessment area was Bangor Savings Bank, with 187 HMDA loans in 2023. Had the bank been a reporter, Franklin would have ranked 1st in 2023, of a total of 196 reporters. In 2024, Bangor Savings Bank also ranked 1st in 2024, with 277 loans. Franklin would have ranked 3rd as Kennebec Savings Bank was ranked 2nd with 206 loans, followed by Guild Mortgage Company, LLC (Guild Mortgage) with 148 loans. As an intermediate small bank Franklin is not required to report small business loans under CRA based on its asset size. Despite having assets underneath the threshold for required reporters, Franklin would have again compared favorably to the aggregate. According to CRA Market Peer data in 2024, American Express National Bank (American Express) was ranked 1st in the assessment area with 318 loans, JP Morgan Chase Bank, NA (Chase) was ranked 2nd with 230 loans, followed by Capital One, NA (Capital One) with 184 loans and US Bank, NA with 136 loans. With 183 loans, Franklin would have ranked 4th out of a total of 61 total CRA reporters.

As stated, Franklin operates one branch in Hancock County. According to the FDIC Summary of Deposit Market Share Reports dated June 30, 2024, the bank holds 0.1 percent of total deposits in Hancock County and ranks ninth of nine institutions. The bank has not historically originated

home mortgage loans from this office and limited residential activity occurred over the review period. Therefore, just small business lending is considered in this evaluation. The bank extended 33 small business loans in the Hancock County assessment area in 2024. The top CRA lenders in the assessment area in 2024 were American Express, First National Bank, and Chase. Had Franklin been required to report, the bank would have ranked 14th in small business lending out of 56 reporters.

Franklin offers a variety of products and services. Personal banking products include checking and savings accounts, certificates of deposit, installment loans, vehicle loans, construction loans, and consumer credit cards. Deposit services include online banking and peer-to-peer lending. Residential products include both fixed and adjustable-rate mortgage loans, home equity loans, and home equity lines of credit. The bank also offers loans for recreational vehicles, campers, and snowmobiles. Business banking products include checking accounts, commercial loans, and business credit cards. Business customers are also offered cash management services, such as online banking, bill pay, ACH and wire processing, and remote check scanning. Franklin also partners with the Finance Authority of Maine (FAME) and the U.S. Small Business Administration (SBA) as an SBAExpress Lender.

As of March 31, 2025, Franklin's assets totaled \$733.6 million, and deposits totaled \$586.8 million. Since December 31, 2021, assets increased by 30.8 percent, and deposits increased by 33.7 percent. Table 1 shows the bank's loan portfolio distribution as of March 31, 2025. As displayed in the table below, commercial loans, which include multifamily residential loans, account for the highest percentage of loans by dollar volume at 54.1 percent. Residential real estate loans account for the next highest percentage at 37.2 percent, followed by consumer loans at 8.1 percent, and other loans at 0.6 percent. Overall, total loans have grown from the previous CRA examination when loans totaled \$426.7 million. Growth has been concentrated in the commercial portfolio; at the previous evaluation commercial real-estate loans totaled \$127.1 million and 1-4 family residential loans totaled \$184.7 million. Refer to Table 1 for a breakout of the current loan portfolio.

Table 1 Loan Distribution as of March 31, 2025		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Commercial*	\$340,962	54.1
Residential RE	\$234,129	37.2
Consumer	\$50,575	8.1
Other	\$4,123	0.6
Total Loans	\$629,789	100.0

Call Report as of March 31, 2025.

**May include construction, land development, and other land loans reported on the HMDA LAR*

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Franklin operates in a competitive environment for both its lending and deposit products with competition from local, regional, and national banks. Based on lending and deposit market share data noted above, Franklin demonstrates an ability to compete with larger institutions, particularly within its primary market.

Financial capacity, legal impediments, local economic conditions, demographics, and market competition are all considered when examining the bank's CRA performance. Franklin did not face any legal or financial impediments during the review period that would have prevented the bank from meeting the credit needs of its assessment areas in a manner consistent with its asset size, business strategy, resources, and local economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Franklin's performance under the Lending Test is rated Outstanding.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

The loan-to-deposit ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.

The bank's average loan-to-deposit ratio was 108.4 percent over the review period. Table 2 provides a comparison of the bank's average LTD, over the past 14 quarters under evaluation, to similarly situated institutions operating within the assessment area.

Table 2 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Franklin Savings Bank	\$733,639	108.4
Androscoggin Savings Bank	\$1,694,530	98.3
Skowhegan Savings Bank	\$842,808	81.0

*Call Report as of 3/31/2025

**Call Reports from 1/1/2022 to 3/31/2025.

As shown, the bank's LTD is higher than its competitors, demonstrating its willingness to lend. The ratio remained consistently high over the review period, as the bank's loan growth has outpaced deposit growth and the bank has utilized borrowings to extend additional loans to its customers.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of loans and other lending related activities are within the bank's assessment areas. Table 3 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 3 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	164	77.7	\$37,160	70.9	47	22.3	\$15,281	29.1
Refinancing	262	83.2	\$59,734	80.7	53	16.8	\$14,289	19.3
Total HMDA related	426	81.0	\$96,894	76.6	100	19.0	\$29,570	23.4
Total Small Bus. related	215	76.5	\$32,480	71.1	66	23.5	\$13,224	28.9
TOTAL LOANS	641	79.4	\$129,374	75.1	166	20.6	\$42,794	24.9

*Residential loan data for 2023 & 2024 and small business loan data for 2024. Loan data is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

Residential Lending

As displayed in the table above, the bank extended 426 home mortgage loans in its assessment area in 2023 and 2024. The bank extended the majority of loans, by both number and dollar volume, within its assessment areas in both years under review. A slightly higher percentage of refinance loans were made within the assessment areas as compared to home purchases. The vast majority of residential lending activity occurred within the bank's Western Maine assessment area. The bank made just four home mortgage loans in the Hancock County assessment area in 2023, and 18 in 2024.

Small Business Lending

As displayed in the table above, the majority of small business loans were also extended within the bank's assessment areas. The bank extended 215 small business loans, or 76.5 percent, inside the assessment areas in 2024. The bank extended 182 small business loans inside the Western Maine assessment area and 33 inside the Hancock County assessment area.

Geographic and Borrower Distribution

Franklin's overall geographic distribution of loans is considered excellent. Within the Western Maine assessment area, which drove the overall rating, both residential and small business lending reflect an excellent distribution of loans in moderate-income census tracts with no conspicuous gaps in lending. The distribution of borrowers reflects, given the demographics of the assessment areas, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. Within the Hancock County limited-scope review assessment area, the bank's dispersion of small business lending to businesses of different revenue sizes was consistent with the overall assessment of the full scope area.

Response to Complaints

The bank did not receive any CRA-related complaints over the review period. As such the bank's responsiveness to complaints was not considered in evaluating overall CRA performance.

COMMUNITY DEVELOPMENT TEST

Franklin's performance under the Community Development Test is rated Satisfactory. The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

During the review period the bank extended 12 community development loans, totaling \$3.7 million. The bank's qualified investments and donations totaled \$1.2 million, which includes 256 donations, totaling \$754,559, and one prior period investment, totaling \$500,000. This is a sizeable increase from the prior period where the bank extended 209 qualified donations, totaling \$476,743, and also held one prior period investment of \$500,000. Bank employees provided community services in the assessment areas through involvement with organizations that support low- and moderate-income individuals, financial education, homebuyer education classes and economic development. Table 4 below provides a summary of the bank's community development activity.

Table 4 CD Activity								
	CD Loans		Investments		Donations		Services	
	#	\$('000s)	#	\$('000s)	#	\$	#	Hours
Western ME	6	\$634	0	0	207	578,131	47	789
Hancock County	0	0	0	0	29	65,678	3	37
State	6	\$3,076	1	\$500	20	110,750	0	0
Total	12	\$3,710	1	\$500	256	754,559	50	826

Source: Internal Bank Reports

As shown, all service activity was attributable to one of the bank's assessment areas.

The following is a sampling of community development loans and investments allocated at the state level:

- The bank provided a loan to a Certified Development Financial Institution (CDFI), a statewide organization whose mission is to provide funding to support affordable housing and economic opportunities for underserved people and communities.
- The bank provided two SBA 504 loans which supported economic development throughout the state.
- The bank refinanced a loan to a nonprofit organization that supports affordable housing for low- and moderate-income veterans residing in Maine.
- The bank holds a \$500,000 bond through a community development organization that provides community crime prevention services to low- and moderate-income veterans in Maine.
- The bank extended donations to various food pantries that promote food security throughout the state.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Western Maine Assessment Area (Full-Scope Review)

Description of Institution's Operations in Western Maine Assessment Area

Seven of the bank's eight branch offices are located within this assessment area. Two (28.6 percent) are located in moderate-income geographies, three (42.9 percent) are located in middle-income geographies, one (14.3 percent) is in an upper-income census tract, and one location (14.3 percent) is in an unknown tract. The bank is positioned to deliver financial services to substantially all of the assessment area. Table 5 provides details on key assessment area demographics.

Table 5 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract		Families < Poverty		Families by Family	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	5,889	20.0
Moderate-income	8	20.5	5,651	19.1	722	12.8	5,502	18.6
Middle-income	25	64.1	19,741	66.9	1,389	7	6,659	22.6
Upper-income	5	12.8	3,677	12.5	90	2.4	11,463	38.8
Unknown-income	1	2.6	444	1.5	111	25	0	0
Total Assessment Area	39	100.0	29,513	100.0	2,312	7.8	29,513	100.0
	Housing	Housing Types by Tract						
	Units by	Owner-Occupied			Rental		Vacant	
	Tract	#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	15,428	7,292	19.9	47.3	2,976	19.3	5,160	33.4
Middle-income	47,111	24,175	66.1	51.3	5,645	12	17,291	36.7
Upper-income	10,342	4,784	13.1	46.3	1,246	12	4,312	41.7
Unknown-income	803	316	0.9	39.4	391	48.7	96	12
Total Assessment Area	73,684	36,567	100.0	49.6	10,258	13.9	26,859	36.5
	Total Businesses by		Businesses by Tract & Revenue Size					
	Tract		Less Than or = \$1		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	823	21.6	756	21.4	52	26.7	15	17.2
Middle-income	2,267	59.5	2,099	59.5	105	53.8	63	72.4
Upper-income	607	15.9	570	16.2	29	14.9	8	9.2
Unknown-income	112	2.9	102	2.9	9	4.6	1	1.1
Total Assessment Area	3,809	100.0	3,527	100.0	195	100.0	87	100.0
	Percentage of Total Businesses:			92.6		5.1		2.3

Source: Based on 2015 American Community Survey Information and 2024 Dun & Bradstreet data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Composition

The assessment area consists of 39 census tracts, of which eight tracts, or 20.5 percent, are moderate-income; 25 tracts, or 64.1 percent, are middle-income; five tracts, or 12.8 percent, are

upper-income; and one tract, or 2.6 percent is unknown. There are no low-income census tracts in the assessment area.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan and non-metropolitan areas annually, based on estimates. MFI is used to classify the income level of a borrower within each area. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. The MFI used to classify borrowers in the non-MSA portion of the state was \$80,600 in 2023 and \$82,400 in 2024.

Population

The assessment area has a population of 113,023 individuals. There are 46,825 households, of which 29,513 are families. Upper-income families comprise the largest share of families at 38.8 percent, followed by middle-income families at 22.6 percent, low-income families at 20.0 percent, and moderate-income families at 18.6 percent.

Housing

Of the total housing units located in the assessment area, 49.6 percent are owner occupied, 13.9 percent are rental, and 36.5 percent are vacant. The percentage of owner-occupied units in the assessment area trails that of the state at 55.6 percent; vacancy rates meanwhile are higher in the assessment area compared to 23.7 percent at the state level. Based on the census data, the median home value in the assessment area was \$151,870. Given that low-income earners would make under \$40,300 and \$41,200 in 2023 and 2024, respectively, affordability may be challenging. This is especially true considering home values have appreciated since the time of the census.

Business Characteristics

There are 3,809 total businesses in the assessment area; 21.6 percent are located in moderate-income census tracts, 59.5 percent are located in middle income census tracts, 15.9 percent are in upper income census tracts, and 2.9 percent are in tracts where the income is unknown. According to the data the majority of businesses, 92.6 percent, have revenues under \$1 million.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing, credit, and community development needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

Two community contacts were made in conjunction with this evaluation. A community contact was conducted with an organization whose mission is to benefit low and moderate-income people in Maine and assist them in obtaining and maintaining affordable housing. The contact noted the need for affordable senior and family housing. The contact also noted a need for fraud prevention education. A second community contact was conducted with a non-profit

organization that supports affordable housing and provides financial counseling for low- and moderate-income populations. The contact noted the need for financial institutions to partner with community organizations to provide financial education such as general banking and, in particular, fraud prevention. The contact also noted the need for more affordable housing and alternative underwriting.

Conclusions with Respect to Performance Tests in Western Maine Assessment Area

LENDING TEST

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Residential Lending

Table 6 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is excellent.

Table 6 Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography Western Maine Assessment Area												
Geographic Income Level	Bank And Aggregate Loans By Year											
	2023						2024					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	(\$'000)	\$%	\$%	#	%	%	(\$'000)	\$%	\$%
Home Purchase Loans												
Moderate	21	23.9	21.5	4,830	25.9	19.6	18	26.9	20.5	3,182	20.3	20.3
Middle	62	70.5	64.5	12,784	68.5	65.1	44	65.7	62.0	11,407	72.7	60.1
Upper	4	4.5	12.8	870	4.7	14.6	5	7.5	16.2	1,097	7.0	18.7
Unknown	1	1.1	1.2	168	0.9	0.7	0	0.0	1.2	0	0.0	1.0
Total	88	100.0	100.0	18,652	100.0	100.0	67	100.0	100.0	15,686	100.0	100.0
Refinance Loans												
Moderate	28	22.6	15.6	6,241	22.1	15.0	39	31.2	15.5	5,170	18.7	14.1
Middle	79	63.7	64.7	17,710	62.8	60.3	79	63.2	66.7	19,782	71.4	68.5
Upper	13	10.5	18.4	3,812	13.5	23.8	6	4.8	16.8	2,732	9.9	16.7
Unknown	4	3.2	1.3	427	1.5	1.0	1	0.8	1.0	30	0.1	0.7
Total	124	100.0	100.0	28,190	100.0	100.0	125	100.0	100.0	27,714	100.0	100.0
Total Home Mortgage Loans												Owner Occupied Units %
Moderate	49	23.1	19.1	11,071	23.6	18.3	57	29.7	18.0	8,352	19.2	18.8
Middle	141	66.5	64.4	30,494	65.1	64.4	123	64.1	63.8	31,189	71.9	61.9
Upper	17	8.0	15.4	4,682	10.0	16.6	11	5.7	17.0	3,829	8.8	18.3
Unknown	5	2.4	1.1	595	1.3	0.7	1	0.5	1.2	30	0.1	1.0
Total	212	100.0	100.0	46,842	100.0	100.0	192	100.0	100.0	43,400	100.0	100.0
Source: Internal Bank Reports, FFIEC Data												
2016-2020 U.S. Census Bureau: American Community Survey												
Note: Percentages may not total 100.0 percent due to rounding.												

As displayed in the table above, in 2023 the bank made 49 loans in the assessment area's moderate-income census tracts accounting for 23.1 percent of its residential loans, which was

well above the 19.1 percent granted by the aggregate. The bank's percentage of loans in moderate-income census tracts also exceeded the percentage of owner-occupied units in those tracts, at 19.9 percent. The majority of the bank's loans, 141 or 66.5 percent, were extended in middle-income tracts, which aligns with the percentage of owner-occupied units in those tracts at 66.1 percent. The bank extended 17 loans, or 8.0 percent, in upper-income census tracts and five loans within the tract with the unknown designation. Despite not being required to report under HMDA requirements, the bank would have been the number one lender in the assessment area's moderate-income tracts. The top reporter in 2023 originated 42 home mortgages in the assessment area's moderate-income tracts. In 2024, the bank made an additional 57 loans, or 29.7 percent, within moderate-income census tracts, again exceeding the aggregate who extended 18.0 percent of loans within those tracts. The bank made 123 loans, or 64.1 percent, in middle-income geographies, 11 loans, or 5.7 percent, in upper-income census tracts and 1 loan, or 0.5 percent, in the tract with the unknown designation. The bank again exceeded the top-ranking HMDA lender in moderate-income tracts who originated 41 loans in those tracts in 2024. The bank's performance in extending home purchase and refinance loans, taking into account the number and amount of loans, reflects an excellent responsiveness to credit needs within moderate-income geographies.

Small Business Lending

Table 7 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is excellent.

Table 7 Distribution of 2024 Small Business Lending By Income Level of Geography Western Maine Assessment Area							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$('000s)	%	%	
Moderate	66	36.3	16.6	5,042	22.1	11.1	21.6
Middle	98	53.8	64.1	14,598	64.1	67.3	59.5
Upper	18	9.9	16.9	3,135	13.8	20.2	15.9
Unknown	0	0.0	2.2	0	0.0	1.4	2.9
Tract-Unk	0	0.0	0.2	0	0.0	0.0	
Total	182	100.0	100.0	22,775	100.0	100.0	100.0
Source: Internal Bank Reports, 2024 FFIEC Data							
2024 Dun & Bradstreet Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

The bank's percentage of small business loans in moderate-income tracts, 36.3 percent, was well above the aggregate's 16.6 percent. The bank's ability to compete with larger financial institutions is noteworthy. The bank also exceeded the percentage of businesses located in moderate-income census tracts.

There were no conspicuous gaps in residential or small business lending throughout the assessment area.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of borrowers reflects, given the demographics of the assessment area and emphasis on residential lending, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Residential Lending

Table 8 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in home mortgage lending to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 8 Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level Western Maine Assessment Area													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	##	##	\$0	\$%	\$%	#	##	##	\$0	\$%	\$%	
Home Purchase Loans													
Low	12	13.6	4.3	2,340	12.5	1.8	10	14.9	2.9	1,747	11.1	1.2	20.0
Moderate	16	18.2	17.3	4,765	25.5	10.5	13	19.4	14.4	1,966	12.5	8.7	18.6
Middle	10	11.4	19.2	1,863	10.0	15.8	10	14.9	21.8	1,739	11.1	17.0	22.6
Upper	44	50.0	41.6	9,056	48.6	55.5	32	47.8	45.5	9,983	63.6	58.3	38.8
Unknown	6	6.8	17.6	628	3.4	16.3	2	3.0	15.5	250	1.6	14.8	0.0
Total	88	100.0	100.0	18,652	100.0	100.0	67	100.0	100.0	15,685	100.0	100.0	100.0
Refinance Loans													
Low	12	9.7	11.1	2,497	8.9	6.7	17	13.6	3.8	1,823	6.6	1.7	20.0
Moderate	17	13.7	22.2	3,030	10.7	15.9	22	17.6	15.8	2,519	9.1	10.4	18.6
Middle	27	21.8	22.9	7,396	26.2	20.2	17	13.6	21.7	2,481	9.0	17.1	22.6
Upper	60	48.4	33.2	13,885	49.3	46.4	60	48.0	35.9	20,320	73.3	42.2	38.8
Unknown	8	6.5	10.6	1,381	4.9	10.8	9	7.2	22.7	570	2.1	28.6	0.0
Total	124	100.0	100.0	28,189	100.0	100.0	125	100.0	100.0	27,713	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	24	11.3	6.4	4,837	10.3	2.7	27	14.1	3.8	3,570	8.2	1.4	20.0
Moderate	33	15.6	18.2	7,795	16.6	11.2	35	18.2	13.9	4,486	10.3	8.8	18.6
Middle	37	17.5	20.5	9,259	19.8	16.4	27	14.1	22.3	4,219	9.7	17.1	22.6
Upper	104	49.1	41.2	22,941	49.0	55.1	92	47.9	45.4	30,304	69.8	56.0	38.8
Unknown	14	6.6	13.7	2,009	4.3	14.6	11	5.7	14.5	820	1.9	16.7	0.0
Total	212	100.0	100.0	46,841	100.0	100.0	192	100.0	100.0	43,399	100.0	100.0	100.0
Source: Internal Bank Reports, FFIEC Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

As displayed in the table above, the bank made 24 loans, or 11.3 percent, to low-income borrowers in 2023. The bank's percentage was well above the aggregate's 6.4 percent. Although the bank's lending percentage was below the percentage of low-income families at 20.0 percent, given the general challenges for low-income families to obtain a home mortgage loan, it is not

expected that the bank's residential lending percentage aligns with the percentage of low-income families in the assessment area. In 2023, the bank made 33 loans, or 15.6 percent, to moderate-income borrowers. While the bank's percentage was below the aggregate and the percentage of moderate-income families, the bank was competitive in providing mortgage loans to moderate-income borrowers. The bank's market ranks better demonstrate its ability to meet the credit needs of moderate-income borrowers. With 33 loans made to moderate-income borrowers, Franklin would have ranked second in the assessment area of the of the 90 institutions that reported extending home mortgage loans to moderate-income borrowers, according to HMDA market share reports.

The percentage of home mortgage loans the bank extended to low-income borrowers in 2024 significantly exceeded the aggregate performance by 10.3 percent. The bank made an additional 35 loans, or 18.2 percent, to moderate-income borrowers, again exceeding the aggregate's 13.9 percent. The bank's lending percentage was in line with the percentage of moderate-income families at 18.6 percent.

There were no significant variations in performance across the product categories offered by the bank. Overall, the bank's performance in extending home mortgage loans to borrowers of different income levels, particularly low- and moderate-income, is considered excellent.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 9 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with gross annual revenues (GAR) of \$1 million or less is reasonable.

Table 9 Distribution of 2024 Small Business Lending By Revenue Size of Businesses Western Maine Assessment Area							
	Bank And Aggregate Loans						Total Business es %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$0	%	\$%	
By Revenue							
\$1 Million or Less	77	42.3	55.0	7,142	31.4	35.3	92.6
Over \$1 Million	99	54.4		15,190	66.7		5.1
Revenue Unknown	6	3.3		443	1.9		2.3
Total	182	100.0		22,775	100.0		100.0
By Loan Size							
\$100,000 or Less	145	79.7	94.4	5,386	23.6	43.0	
\$100,001 - \$250,000	19	10.4	3.2	3,306	14.5	15.2	
\$250,001 - \$1 Million	16	8.8	2.3	8,421	37.0	41.9	
Total	182	100.0	100.0	22,775	100.0	100.0	
Source: Internal Bank Reports, 2024 FFIEC Data							
2024 Dun & Bradstreet Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

In 2024, the bank originated 77 loans, or 42.3 percent, to businesses with GAR under \$1 million and lagged the aggregate, at 55.0 percent. While the majority of the bank's loans, 79.7 percent, were in amounts under \$100,000; the bank also trailed the aggregate in extending smaller dollar loans. It is recognized that the CRA small business lending data can contain a high volume of credit card lending which can skew the percentages. As previously stated, the top-ranking banks in the assessment area were American Express, Chase, and Capital One.

Community Development Test

Franklin's performance under the Community Development Test is rated Satisfactory. The bank has demonstrated an adequate responsiveness to community development needs through the provision of community development loans, investments, and services.

Community Development Loans

In addition to the community development loans extended at the state level, which benefit this assessment area, the bank extended six additional loans, totaling \$633,764, that directly benefit geographies in the Western Maine assessment area. The following is a sample of the bank's community development lending:

- The bank provided a \$200,150 loan to a moderate-income municipality that received a disaster area designation from the Federal Emergency Management Agency to repair the town's roadways which were damaged by flooding.
- The bank provided a \$60,518 loan to a non-profit organization that provides assistance, including food support and social services, to veterans in need.
- The bank provided a \$90,000 loan to a health care center that provides affordable health care to low- and moderate-income families.

Community Development Investments

The bank donated \$578,131 to organizations that focus on providing affordable housing, increasing economic development, and offering community services to low- and moderate-income individuals. Franklin identifies food insecurity as a significant need within the assessment area, and, accordingly, the bank targeted donations to organizations that provide food to the hungry. The following is a sample of the organizations that received qualified donations from the bank in the Western Maine assessment area during the evaluation period:

- Food Pantries: The bank has provided donations to food pantries throughout the assessment area including Bethel Area Food Pantry, Good Shepherd Food Bank, Care & Share Food Closet, Winthrop Food Pantry, Rangeley Lakes Regional School Food Program, Canaan Community Food Cupboard, Dixfield Emergency Food Pantry, Loaves and Fishes Food Pantry, Skowhegan Community Food Cupboard, and St. Rose Parish Food Assistance.
- Community Concepts Finance Corp: The mission of the corporation is to encourage, stimulate and promote housing development and homeownership for low- and moderate-income families.

- River Valley Healthy Communities Coalition: This non-profit organization offers programs aimed at addressing food insecurity and to improve the health of low-income elderly persons.
- Kennebec Valley Community Action Program: The organization offers programs to assist low- and moderate-income residents including family enrichment services, affordable housing development, fuel assistance, home repair, transportation, early care, and educational services.
- The Center for Entrepreneurial Studies: The center is a non-profit organization that develops business enterprises for disadvantaged youth.
- Main Street Skowhegan: Main Street Skowhegan is a non-profit focused on the ongoing revitalization of Skowhegan, Maine.

Community Development Services

Bank employees provide community services in the assessment area through involvement with organizations that support low- and moderate-income individuals, provide financial education programs, and promote economic development. The following lists a sample of the bank's involvement during the evaluation period:

- Greater Franklin Food Council: The Greater Franklin Food Council serves low and moderate-income individuals through initiatives that support local food systems, expanded access to fresh food, and educational programs. A bank assistant vice president is on the board of this organization.
- Care and Share Food Closet: The mission of the Care and Share Food Closet is to provide food and household essentials to those in need. A bank senior vice president is on the board of this organization.
- Greater Franklin Economic & Community Development: The organization's vision is to enhance the quality of life in Western Maine by fostering a vibrant economy. They seek to attain the vision through their mission of attracting and assisting businesses and entrepreneurs. A bank senior vice president is on the board of this organization.
- Whitney Brook Housing Authority: Whitney Brook offers affordable housing to the elderly and individuals living with a disability. A bank customer care representative is on the board of this organization.
- Mt. Blue High School: The bank partners with Mt. Blue High school which is located in a moderate-income census tract in Farmington, Maine, to put on a financial fair. The fair provides high school students with an opportunity to make career, housing, credit, transportation, and savings decisions as part of real-life simulation. The fair was held in 2023, 2024 and 2025 and 10 staff members contributed 72 hours to its success.

CONCLUSION: COMMUNITY DEVELOPMENT TEST

Given the community development needs, opportunities, and level of ability and capacity in the assessment area, the bank demonstrates adequate responsiveness to the community development needs of its Western Maine assessment area and is rated "Satisfactory." This performance is based on the bank's community development loans and loan programs, qualified investments, and community development services, as appropriate, with consideration given to the

institution's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Hancock County Assessment Area (Limited Scope Review)

Description of Institution's Operations in Hancock County Assessment Area

As previously discussed, the bank maintains just one of its eight locations in Hancock County, which is located in Ellsworth, Maine. The assessment area contains no low- or moderate-income geographies. The majority of the bank's business focus in this assessment area has historically been small business lending. Table 10 provides pertinent demographic data for this assessment area.

Table 10 Assessment Area Demographics								
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	0	0	0	0	0	0	0	0
Middle-income	2,173	72.2	1,973	72.1	150	71.1	50	78.1
Upper-income	837	27.8	762	27.9	61	28.9	14	21.9
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	3,010	100.0	2,735	100.0	211	100.0	64	100.0
	Percentage of Total Businesses:		90.9		7.0		2.1	

Source: Based on 2024 Dun & Bradstreet data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Of the total businesses, 72.2 percent are in middle-income tracts, and 27.8 percent of businesses are located in upper-income tracts. The majority of businesses, 90.9 percent, have revenues under \$1 million, while 7.0 percent have revenues over \$1 million and 2.1 percent are unknown.

Conclusions with Respect to Performance Tests in Hancock County Assessment Area

Distribution of Loans to Businesses of Different Revenue Sizes

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 11 details the bank's lending to small businesses according to revenue size, which is the only criterion assessed within this assessment area's Lending Test. The bank's performance in lending to businesses with GARs of \$1 million or less is consistent with overall lending performance, which was considered excellent.

Table 11							
Distribution of 2024 Small Business Lending By Revenue Size of Businesses							
Assessment Area: FSB Hancock County							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000's)	%	%	
By Revenue							
\$1 Million or Less	24	72.7	58.9	7,438	0.0	0.0	90.9
Over \$1 Million	9	27.3		2,267	23.4		7.0
Revenue Unknown	0	0.0		0	0.0		2.1
Total	33	100.0		9,705	100.0		100.0

Source: Internal Bank Reports, FFIEC Data

As displayed in the table above, the bank extended 24 loans, or 72.7 percent, to businesses with revenues under \$1 million, which was well above the aggregate's 58.9 percent, demonstrating the bank's responsiveness to the needs of the assessment area's small businesses.

COMMUNITY DEVELOPMENT TEST

The bank extended no community development loans specifically benefiting this assessment area; however, the area did benefit from six loans that supported affordable housing and community services within the state, including Hancock County. The bank donated \$65,678 that benefited this assessment area; the bank's donations addressed food insecurity, provided scholarships to students in financial need, and financed activities that promoted economic development. The assessment area also benefited from bank employees' efforts that addressed economic development, consistent with its focus in this assessment area. Given its overall limited market position and branch presence, the bank's performance is consistent with overall community development performance.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

Franklin's lending and community development performance in the assessment area is consistent with the institution's lending and community development performance overall.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12