

# **PUBLIC DISCLOSURE**

July 8, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Skowhegan Savings Bank  
Certificate Number: 19532

13 Elm Street  
Skowhegan, Maine 04976

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

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

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

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

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

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

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

## **DESCRIPTION OF INSTITUTION**

Skowhegan Savings Bank (SSB) is a mutual savings bank headquartered in Skowhegan, Maine (ME) and operates in Franklin, Kennebec, Penobscot, Piscataquis, Somerset, and Cumberland Counties in ME. SSB operates one CRA-related subsidiary, Skowhegan Savings Charitable Foundation, which is a non-profit organization. At the previous evaluation dated October 12, 2021, SSB was rated “Satisfactory” by the FDIC using the CRA Interagency Intermediate Small Institution (ISI) Examination Procedures.

### **Operations**

SSB operates 11 full-service branches in addition to the main office located in Skowhegan. There are six branches in Somerset County, three branches in Franklin County, one branch in Kennebec County, one branch in Cumberland County, and one branch in Penobscot County. The bank has not opened or closed any branches since the last evaluation.

Consumer and commercial deposit products include checking, savings, and money market accounts, certificates of deposit, and individual retirement accounts. Consumer credit products include installment loans, home equity lines of credit, credit cards, construction loans, and one-to-four family residential mortgages. The bank offers United States (U.S.) Department of Agriculture Rural Housing Service, Veterans Affairs, and Maine State Housing Authority (MSHA) advantage programs. MSHA provides up to \$3,500 in forgivable credits towards closing costs for first-time borrowers. Additionally, in 2024, the bank began offering the Federal Home Loan Bank of Boston Equity Builder Program (FHLB). The FHLB offers a forgivable grant to assist with down payment, closing costs and home rehabilitation and homebuyer education and counseling. Commercial credit products include commercial real estate loans, equipment loans, commercial lines of credit, and credit cards. The bank offers U.S. Small Business Administration and Finance Authority of Maine guarantee loan programs.

Alternative consumer banking services include internet banking, mobile banking (including mobile deposit), and automated teller machines (ATMs). Online business banking features include remote deposit, direct deposit payment, and wire transfers. SSB maintains four deposit-taking, bank-owned ATMs and two cash-only machines. SSB is also a member of Maine Cash Access alliance offering more than 220 surcharge free ATMs throughout the ME. Additionally, the bank offers credit card processing and payroll services.

### **Ability and Capacity**

As of March 31, 2024, SSB’s assets totaled \$898.2 million, loans totaled \$591.7 million, and deposits totaled \$728.6 million. The following table illustrates the loan portfolio:

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	8,772	1.5
Secured by Farmland	893	0.1
Secured by 1-4 Family Residential Properties	312,866	52.9
Secured by Multifamily (5 or more) Residential Properties	2,694	0.5
Secured by Nonfarm Nonresidential Properties	161,715	27.3
<b>Total Real Estate Loans</b>	<b>486,940</b>	<b>82.3</b>
Commercial and Industrial Loans	47,376	8.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	51,912	8.8
Obligations of State and Political Subdivisions in the U.S.	4,923	0.8
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	550	0.1
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>591,701</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income (Call Report)</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires the financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. SSB designated three assessment areas containing 115 census tracts. The Non-Metropolitan Statistical Area (Non-MSA) of ME assessment area, the Bangor, ME MSA assessment area (Bangor assessment area), and the Portland-South Portland, ME MSA assessment area (Portland assessment area). The Non-MSA and Bangor assessment areas are contiguous; however, the Portland assessment area is not contiguous with the other assessment areas. The following table describes these three assessment areas.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Non-MSA	Franklin, Kennebec, Piscataquis, and Somerset	70	10
Bangor	Penobscot	4	1
Portland	Cumberland	41	1
<i>Source: Bank Data</i>			

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation dated October 12, 2021, to the current evaluation dated July 8, 2024. Examiners used the ISI Examination Procedures to evaluate SSB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test, and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Examiners conducted a full-scope review of SSB's CRA performance in the Non-MSA assessment area. The Non-MSA assessment area will carry more weight in the overall conclusions since that is where the majority of bank branches, deposits, and loans are located. Examiners conducted a limited-scope review of the bank's performance in the Bangor assessment area as it includes only one branch and four census tracts. Similarly, examiners performed a limited-scope review of the Portland assessment area due to the bank's limited presence. The following table illustrates the breakout of loans by total origination amount, deposits, and branches by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Areas	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Non-MSA	806,212	94.3	576,866	89.0	10	83.4
Bangor	42,785	5.0	59,480	9.2	1	8.3
Portland	5,934	0.7	11,619	1.8	1	8.3
<b>Total</b>	<b>854,931</b>	<b>100.0</b>	<b>647,965</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (06/30/2023)*

### Activities Reviewed

Examiners determined SSB's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations since the previous evaluation. According to the most recent Call Report as of March 31, 2024, the bank is primarily a residential lender with 53.4 percent of loans secured by 1-4 family residential real estate and multifamily properties, followed by commercial real estate and commercial and industrial loans making up 35.3 percent of loan volume. The bank's record of originating home mortgage loans contributed more weight to the overall conclusions due to the larger loan volume when compared to small business loans.

Examiners analyzed no other loan types such as small farm or consumer loans as they did not represent a major product line. Small farm loans represent 0.2 percent and consumer loans represent 8.8 percent of the portfolio; therefore, an analysis would not be meaningful or materially affect Lending Test conclusions.

This evaluation considered all home mortgage loans originations reported on the bank's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The bank reported 431 home mortgage loans totaling \$79.9 million in 2021, 282 home mortgage loans totaling \$56.5 million in 2022, and 188 loans totaling \$37.3140.6 million in 2023.

Although examiners analyzed 2021 home mortgage lending performance, 2021 lending was similar to 2022 and 2023 performance; therefore, examiners did not present 2021 performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2021 lending performance under the Assessment Area Concentration criteria. Examiners compared the bank's 2021 home mortgage lending performance to 2015 American Community Survey (ACS) using 2010 U.S. Census demographic data. Additionally, examiners compared 2022 and 2023 home mortgage lending to the 2020 Census data and 2022 to HMDA aggregate data.

As an ISI, SSB is not required to collect and report small business lending. Nonetheless, the bank collected and provided relevant data for 2021, 2022, and 2023 small business loan originations. In 2021, the bank originated 66 small business loans totaling approximately \$16.4 million; in 2022, the bank originated 57 small business loans totaling approximately \$11.7 million; and in 2023, the bank originated 109 small business loans totaling approximately \$19.0 million. The Assessment Area Concentration criteria table presents the 2021, 2022, and 2023 small business lending activity. Like home mortgage lending, this evaluation only presented Geographic Distribution and Borrower Profile performance for 2022 and 2023 lending activity. Since the bank is not required to collect small business loan data, examiners compared the 2022 and 2023 small business lending activity to 2022 and 2023 D&B demographic data.

Due to the loan portfolio composition, examiners placed greater weight on home mortgage loans than small business loans in arriving at overall Lending Test conclusions. Additionally, examiners reviewed the number and dollar volume of home mortgage and small business loans, but emphasized performance by number of loans, which better represents the number of individuals and businesses served by the bank.

For the Community Development Test, examiners reviewed community development loans, investments, and services since the prior CRA examination.

Examiners obtained demographic and economic information referenced in the evaluation from the 2020 U.S. Census Bureau, D&B, Moody's Analytics, the U.S. Bureau of Labor Statistics, and FDIC data. Examiners also obtained information from the March 31, 2024 Call Report.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated Satisfactory. The institution's reasonable performance in the Geographic Distribution and Borrower Profile criterion primarily supports this conclusion.

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

The bank's LTD ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio for the past 10 calendar quarters was 79.4 percent, as illustrated in the following table. During the evaluation period, the bank's quarterly LTD ratios varied from a low of 74.9 percent on March 31, 2022 to a high of 86.3 percent on June 30, 2023. The bank's LTD ratio compared favorably to one similarly situated institution. Examiners selected the following institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Skowhegan Savings Bank</b>	<b>898,226</b>	<b>79.4</b>
Bath Savings Bank	1,350,095	70.6
Franklin Savings Bank	677,132	105.6
Kennebec Savings Bank	1,717,181	104.2

*Source: Reports of Condition and Income December 31, 2021 – March 31, 2024*

## **Assessment Area Concentration**

SSB originated a majority of its home mortgage and small business loans, by number and dollar, in the combined assessment area.<sup>1</sup> The following table illustrates the bank's lending inside and outside the combined assessment area by number and dollar amount of loans.

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<sup>1</sup>Refers to all three assessment areas combined.

Lending Inside and Outside of the Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	364	84.5	67	15.5	431	66,093	82.6	13,893	17.4	79,986
2022	234	83.0	48	17.0	282	45,825	81.1	10,656	18.9	56,481
2023	152	80.9	36	19.1	188	29,990	80.4	7,322	19.6	37,312
<b>Subtotal</b>	<b>750</b>	<b>83.2</b>	<b>151</b>	<b>16.8</b>	<b>901</b>	<b>141,908</b>	<b>81.7</b>	<b>31,871</b>	<b>18.3</b>	<b>173,779</b>
Small Business										
2021	48	72.7	18	27.3	66	9,784	59.8	6,586	40.2	16,370
2022	47	82.5	10	17.5	57	9,309	79.3	2,430	20.7	11,739
2023	69	63.3	40	36.7	109	10,380	54.6	8,639	45.4	19,019
<b>Subtotal</b>	<b>164</b>	<b>70.7</b>	<b>68</b>	<b>29.3</b>	<b>232</b>	<b>29,473</b>	<b>62.5</b>	<b>17,655</b>	<b>37.5</b>	<b>47,128</b>
<b>Total</b>	<b>914</b>	<b>80.7</b>	<b>219</b>	<b>19.3</b>	<b>1,133</b>	<b>171,381</b>	<b>77.6</b>	<b>49,526</b>	<b>22.4</b>	<b>220,907</b>
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>Dollar amounts for Small Business, Small Farm and Consumer loans are multiplied by 1000.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion. The bank's performance in the Bangor and Portland assessment areas was not consistent with that in the Non-MSA assessment area; however, the Non-MSA assessment area carried the most weight. Refer to assessment area sections for more detail.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's performance in the Bangor and Portland assessment areas was not consistent with that in the Non-MSA assessment area; however, the Non-MSA assessment area carried the most weight. Refer to assessment area sections for more detail.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The Community Test is rated Satisfactory. SSB demonstrated adequate responsiveness to the community development needs of its combined assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities in each assessment area.

The bank showed leadership and innovativeness through community development loans, qualified investments, and community service activity. Please refer to the individual assessment area sections for more detail.

### **Community Development Loans**

SSB originated 9 community development loans totaling approximately \$9.0 million across the combined assessment area, including one that benefitted a broader area. The bank’s community development lending volume decreased by 18 loans or by 66.7 percent during the evaluation period. The dollar amount of community development loans decreased \$11.8 million or 56.8 percent. The decrease is attributed to the lower number of school district loans the bank originated compared to the prior evaluation.

The dollar volume of community development loans equates to 1.1 percent of average total assets and 1.6 percent of average total loans, as of March 31, 2024. SSB’s level of community development loans compares reasonably to other similarly situated institutions and demonstrates adequate responsiveness to the opportunities for community development lending. The following table illustrates the community development lending activity by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021 (Partial)	2	1,000	0	0	0	0	0	0	2	1,000
2022	1	500	3	6,623	0	0	0	0	4	7,123
2023	1	500	1	100	0	0	0	0	2	600
YTD 2024	1	250	0	0	0	0	0	0	1	250
<b>Total</b>	<b>5</b>	<b>2,250</b>	<b>4</b>	<b>6,723</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>8,973</b>

*Source: Bank Data*

The following is the community development loan that benefitted the broader regional area.

- In 2024, the bank originated a \$250,000 loan to a certified community development financial institution that helps to create affordable housing and provides community services for low- and moderate-income individuals throughout New England, including the bank’s assessment areas.

Refer to the individual assessment area sections for more detail on community development lending.

### **Qualified Investments**

SSB made 79 qualified investments and donations totaling approximately \$2.1 million in its combined assessment area. This includes 4 prior period investments with a book value of approximately \$1.4 million and 75 qualified donations totaling approximately \$654,000. Of the 75 donations, three benefitted the broader regional area. Since the prior evaluation, the bank’s

performance declined slightly by number, but increased 90.9 percent by dollar volume. At the last evaluation, SSB had 85 qualified investments totaling approximately \$1.1 million. Additionally, the bank's donations increased \$300,000, or 85.3 percent since the prior evaluation.

Approximately 69.6 percent of qualified investments, by number, were to organizations primarily offering community services to low- and moderate-income individuals, an identified community development need in the combined assessment area. The bank's performance illustrates the bank's responsiveness in supporting community development needs in the assessment areas.

As of March 30, 2024, the dollar amount of qualified investments represents 0.3 percent of average total assets and 1.6 percent of average total securities since the prior evaluation. SSB's performance was comparable to a similarly situated institution whose qualified investments represent 0.1 percent of average total assets and 2.9 percent of average total securities.

The following table illustrates, the qualified investments and donations by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	804	0	0	2	621	0	0	4	1,425
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>2</b>	<b>804</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>621</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1,425</b>
Qualified Grants & Donations	0	0	55	380	20	274	0	0	75	654
<b>Total</b>	<b>2</b>	<b>804</b>	<b>55</b>	<b>380</b>	<b>22</b>	<b>895</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>2,079</b>

*Source: Bank Data*

The following are the qualified investments and donations that benefitted the broader regional area.

- **Community Capital 2014 Limited Partnership (CC)** – SSB previously invested \$515,000. The current book value, as of December 31, 2023, was \$85,000. CC invests in low- and moderate-income housing projects in ME and New Hampshire. This investment helps address the shortage of affordable housing, a primary community development need in the assessment areas.
- **Blue Highway Growth Capital Fund (BHGC)** – SSB invested \$250,000 in BHGC. The current book value, as of December 31, 2023, was \$184,559. BHGC, a U.S. Department of Agriculture qualified Rural Business Company, invests in small companies in rural areas of New England and the Mid-Atlantic.

- **Heart of Maine - United Way** – SSB donated \$8,086 to Heart of Maine to support programs that assist those in need such as food and fuel assistance. Programs further support low- and moderate- income individuals with disabilities, seniors, and basic human needs.

**Community Development Services**

Bank employees and Directors provided 2,617 hours of financial expertise or technical assistance to 13 different community development-related organizations. Approximately 65.3 percent of community development service hours benefitted community service-related organizations. Community services were an identified community development need in the assessment areas. The bank’s performance illustrates SSBs responsiveness to the community development needs in the assessment areas. The bank outperformed a similarly situated institution that provided 908 hours of community development service.

The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	495	0	0	<b>495</b>
2022	0	682	351	82	<b>1,115</b>
2023	0	491	350	104	<b>945</b>
YTD 2024	0	42	16	4	<b>62</b>
<b>Total</b>	<b>0</b>	<b>1,710</b>	<b>717</b>	<b>190</b>	<b>2,617</b>
<i>Source: Bank Data</i>					

The following are examples of the qualified community development services that benefitted the broader regional area.

- **Common Threads of Maine** – SSB donated \$2,500 to this professional sewing school and workforce training program. This 12-week program produces trained sewing individuals to enter the local textile manufacturing industry. Participants are low- and moderate-income individuals who receive no-cost workforce training.
- **Prosperity Maine (ProserityME)** – SSB donated \$10,000 to this social service organization. ProsperityME is a non-profit service organization dedicated to helping ME’s immigrants and refugee population. Services are open to all refugees, immigrants, asylees, and low-income individuals.

The bank also offers retail banking services that benefit low- and moderate-income individuals. These include low-cost checking accounts, free online banking with bill pay, and mobile and telephone banking.

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

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

### **NON-MSA ASSESSMENT AREA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-MSA**

SSB operates 10 (83.3 percent) of its 12 branches in the Non-MSA assessment area. The Non-MSA assessment area encompasses 70 census tracts located in Franklin (10), Piscataquis (4), Somerset (20), and Kennebec (36) Counties. The assessment area includes all the municipalities in Franklin, Somerset, and Kennebec Counties. Additionally, the assessment area includes the following municipalities in Penobscot County: Shirley, South West Elliottsville Township, Blanchard Township, Monson, Willimantic, Bowerbank, Abbot, Wellington, Parkman, Guildford, Dover-Foxcroft, and Sangerville.

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

According to 2020 U.S. Census data, the 70 census tracts within the Non-MSA assessment area reflect the following income designations:

- 1 low-income census tract,
- 13 moderate-income census tracts,
- 40 middle-income census tracts,
- 15 upper-income census tracts, and
- 1 census tract has unknown revenue.

In 2022, the Federal Financial Institution's Examination Council (FFIEC) released updates to MSA and Metropolitan Divisions, states, counties, census tracts, and income level indicators based on information collected during the 2020 U.S. Census. These updates included changes to the income designations of some existing census tracts in the assessment area. These reclassifications resulted in one new low-income census tract, seven additional moderate-income census tracts, six fewer middle-income census tracts, six additional upper-income census tracts, and one additional census tract with income not available.

The following table illustrates select demographic characteristics based on the 2020 U.S. Census data and 2020 D&B data.

<b>Demographic Information of the Assessment Area</b>						
<b>Non-MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	70	1.4	18.6	57.1	21.4	1.4
Population by Geography	213,470	0.8	15.7	59.0	23.6	1.0
Housing Units by Geography	124,008	0.7	18.3	57.8	22.4	0.6
Owner-Occupied Units by Geography	66,369	0.4	13.8	60.0	25.4	0.5
Occupied Rental Units by Geography	24,223	1.6	24.2	56.4	16.2	1.6
Vacant Units by Geography	33,416	0.7	23.2	54.7	21.1	0.3
Businesses by Geography	17,556	0.5	20.0	54.4	23.6	1.5
Farms by Geography	841	0.5	15.2	63.5	20.6	0.2
Family Distribution by Income Level	55,192	19.7	18.1	21.1	41.1	0.0
Household Distribution by Income Level	90,592	24.7	16.4	17.3	41.6	0.0
Median Family Income Non-MSAs - ME		\$66,193	Median Housing Value			\$151,706
			Median Gross Rent			\$754
			Families Below Poverty Level			8.3%
<i>Source: 2020 U.S. Census and 2023 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>						

According to 2023 D&B data, 17,556 businesses operated in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. The following reflects gross annual review for these businesses:

- 84.4 percent had \$1.0 million or less,
- 3.9 percent had more than \$1.0 million, and
- 11.7 percent of businesses did not provide revenues.

Of all businesses in the assessment area, 63.1 percent have four or fewer employees, 88.7 percent operate from a single location, and 82.0 percent have revenues less than \$0.5 million. These factors indicate that the majority of the area's businesses are very small businesses. Service industries represent the largest portion of businesses (37.1 percent); followed by Non-Classifiable Establishments (17.5 percent); Retail Trade (11.9 percent); Finance, Insurance, & Real Estate (8.0 percent), and Construction (7.4 percent). For the remaining business categories, each equal a nominal percentage of the total.

Examiners used the 2022 and 2023 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle-, and upper-income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>ME NA Median Family Income (99999)</b>				
2022 (\$72,100)	<\$36,050	\$36,050 to <\$57,680	\$57,680 to <\$86,520	≥\$86,520
2023 (\$80,600)	<\$40,300	\$40,300 to <\$64,480	\$64,480 to <\$96,720	≥\$96,720
<i>Source: FFIEC</i>				

The area’s demographics present challenges to extending home loans to low-income borrowers, as 8.3 percent of families in the assessment area are below the poverty level. A low-income family, with an income of \$40,300 or less, particularly those with incomes below the poverty threshold, would likely have difficulty qualifying for a home mortgage loan using traditional underwriting standards considering the median housing value of \$151,706. Additionally, the lower percentage of owner-occupied housing units in low- and moderate-income census tracts likely limits the opportunity for originating home mortgage loans in these geographies.

### **Competition**

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 28 financial institutions operated 68 offices in this assessment area. Of these institutions, SSB ranked 5<sup>th</sup> with an 8.3 percent deposit market share. The four banks ranking ahead of SSB were Kennebec Savings Bank; TD Bank, N.A.; Bangor Savings Bank; and The Camden National Bank. Collectively, these four institutions held 55.3 percent of the deposit market share.

There is a high level of competition for home mortgage loans in the Non-MSA assessment area. Competitors include national banks, regional banks, and credit unions. According to 2022 Peer Mortgage Data, 244 lenders reported 6,212 home mortgage loans originated or purchased in 2022. SSB ranked 8<sup>th</sup> originating 223 mortgage loans for a 3.6 percent market share. Lenders ranked ahead of SSB included two community banks (Kennebec Savings Bank and Bangor Savings Bank), one national lender, and two mortgage companies with a combined market share of 41.6 percent.

SSB is not required to report small business loan data and has not elected to do so; however, small business aggregate data indicates the level of small business lending competition in the area. There is a high level of competition for small business loans among banks, credit unions, and credit card companies in the assessment area. According to 2022 Peer Small Business Data, 71 lenders originated 4,554 small business loans in Franklin, Piscataquis, Somerset, and Kennebec Counties. The top five lenders included American Express; Capital One Bank (USA), N.A.; U.S. Bank N.A.; The Camden National Bank; and JPMorgan Chase Bank, N.A. These institutions accounted for a 50.5 percent market share by number of loans. This indicates that competition for small business loans amongst smaller financial institutions and community banks is high.

### **Community Contact(s)**

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

Examiners contacted an organization active in the Non-MSA assessment area. The organization offers various community and housing services primarily for low- and moderate-income individuals. The organization serves vulnerable populations in the Non-MSA assessment area, such as people experiencing homelessness and the elderly. The contact mentioned that affordable housing is in short supply, and the demand is consistent due to the high cost of rent. Further, the contact mentioned many low- and moderate-income individuals cannot afford electricity, transportation, and other vital services.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable home mortgage loans are a primary credit need of the assessment area. Further, affordable housing and community services particularly for the most vulnerable populations are a primary community development need and opportunities exist in the Non-MSA assessment area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA**

### **LENDING TEST**

SSB demonstrated reasonable performance under the Lending Test in the Non-MSA assessment area. The bank's excellent performance under the Geographic Distribution and reasonable performance under the Borrower Profile support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Non-MSA assessment area. The bank's excellent performance of home mortgage and small business lending support this conclusion.

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

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Although the bank did not make any home mortgage loans in the low-income census tract in 2022 or 2023, the 2020 U.S. Census recently designated this tract as low-income. In 2022, home mortgage lending in moderate-income census tracts significantly exceeded both demographics and aggregate performance. Despite the decline in 2023, the bank's performance exceeded demographics by 3.6 percent.

Geographic Distribution of Home Mortgage Loans Non-MSA Assessment Area							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2022	0.4	0.7	0	0.0	0	0.0
	2023	0.4	--	0	0.0	0	0.0
Moderate							
	2022	13.8	12.9	49	22.0	8,034	18.6
	2023	13.8	--	25	17.2	3,958	13.9
Middle							
	2022	60.0	57.2	132	59.2	25,971	60.2
	2023	60.0	--	91	62.8	17,881	62.6
Upper							
	2022	25.4	28.3	37	16.6	8,247	19.1
	2023	25.4	--	27	18.6	6,498	22.7
Not Available							
	2022	0.5	0.9	5	2.2	912	2.1
	2023	0.5	--	2	1.4	236	0.8
<b>Totals</b>							
	<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>	<b>43,164</b>	<b>100.0</b>
	<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>145</b>	<b>100.0</b>	<b>28,573</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%							

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

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Although the bank did not make any small business loans in the low-income census tract in 2022 or 2023, the tract was recently designated as low-income. In 2022, the bank's small business lending in moderate-income census tracts was 7.4 percent below demographics; however, in 2023 the bank's lending increased and exceeded demographics.

Geographic Distribution of Small Business Loans Non-MSA Assessment Area						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2022	0.5	0	0.0	0	0.0
	2023	0.5	0	0.0	0	0.0
Moderate						
	2022	19.6	5	12.2	515,667	7.0
	2023	20.0	15	23.4	1,290,125	13.3
Middle						
	2022	54.9	23	56.1	4,430,195	60.5
	2023	54.4	41	64.1	6,209,357	64.0
Upper						
	2022	23.4	11	26.8	2,127,658	29.1
	2023	23.6	6	9.4	989,779	10.2
Not Available						
	2022	1.7	2	4.9	250,000	3.4
	2023	1.5	2	3.1	1,218,750	12.6
<b>Totals</b>						
	<b>2022</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>7,323,520</b>	<b>100.0</b>
	<b>2023</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>9,708,012</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. This conclusion is based on reasonable penetration of both home mortgage and small business loans.

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

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. In 2022, the bank's lending to low-income borrowers trailed demographics and exceeded aggregate performance by 0.8 percent. In 2023, lending to low-income borrowers declined significantly indicating a negative trend. In 2022, the SSB's lending to moderate-income borrowers trailed both aggregate performance and demographics. However, home mortgage lending in 2023 increased, exceeding demographics.

<b>Distribution of Home Mortgage Loans by Borrower Income Level Non-MSA Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	19.7	6.4	16	7.2	997	2.3
2023	19.7	--	4	2.8	177	0.6
<b>Moderate</b>						
2022	18.1	17.5	24	10.8	2,417	5.6
2023	18.1	--	31	21.4	2,996	10.5
<b>Middle</b>						
2022	21.2	22.6	49	22.0	7,469	17.3
2023	21.2	--	22	15.2	2,421	8.5
<b>Upper</b>						
2022	41.1	42.0	127	57.0	29,715	68.8
2023	41.1	--	80	55.2	20,203	70.7
<b>Not Available</b>						
2022	0.0	11.5	7	3.1	2,566	5.9
2023	0.0	--	8	5.5	2,776	9.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>	<b>43,164</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>145</b>	<b>100.0</b>	<b>28,573</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of small business loans reflects reasonable penetration of loans among businesses of different sizes. Lending to businesses with gross annual revenues of \$1 million or less was below demographic data in 2022 and 2023. However, the bank offers an equipment loan program which does not consider revenue in underwriting and the bank does not request this information. This program contributes to the number of loans with Revenue Not Available in 2022 and 2023. When considering these factors, lending penetration is reasonable among businesses of different sizes.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Non-MSA 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	82.2	25	61.0	4,331,640	59.1
2023	84.4	25	39.1	5,043,390	52.0
>\$1,000,000					
2022	4.7	9	22.0	2,645,705	36.1
2023	3.9	20	31.3	3,668,662	37.8
Revenue Not Available					
2022	13.1	7	17.1	346,175	4.7
2023	11.7	19	29.7	995,960	10.3
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>7,323,520</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>64</b>	<b>100.0</b>	<b>9,708,012</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

## **COMMUNITY DEVELOPMENT TEST**

SSB demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in each area. This section presents the bank’s performance in the Non-MSA assessment area.

### **Community Development Loans**

SSB originated 8 community development loans totaling approximately \$8.7 million across the Non-MSA assessment area. The bank’s community development lending volume decreased by 19 loans or 70.4 percent and the dollar amount of community development loans increased from \$12.1 million or 58.2 percent during the evaluation period. The following table illustrates the community development lending activity by year and purpose.

<b>Community Development Lending Non-MSA Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021 (Partial)	2	1,000	0	0	0	0	0	0	2	1
2022	1	500	3	6,623	0	0	0	0	4	7,123
2023	1	500	1	100	0	0	0	0	2	600
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>2,000</b>	<b>4</b>	<b>6,723</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8,723</b>
<i>Source: Bank Data</i>										

The following are examples of the bank’s community development loans in this assessment area.

- The bank originated three loans totaling approximately \$6.6 million to two school districts to mainly fund tax anticipation notes. The majority of students in the school districts are eligible for the federal free or reduced lunch programs.
- The bank renewed a \$500,000 line of credit three times to a non-profit community development organization operating in the assessment area. The organization provides affordable housing and used the loan proceeds to rehab homes for resale to low- and moderate-income individuals.

### **Qualified Investments**

SSB made 53 qualified donations totaling approximately \$595,513 in the Non-MSA assessment area. The number of qualified donations made during the review period declined while the dollar amount increased when compared to the bank’s performance during the prior CRA evaluation. SSB made 68 qualified donations for approximately \$305,000 during the prior CRA evaluation.

Qualified Investments Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Qualified Grants & Donations	0	0	35	342	18	254	0	0	53	596
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>342</b>	<b>18</b>	<b>254</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>596</b>
<i>Source: Bank Data</i>										

The following are examples of the bank’s qualified donations in this assessment area.

- **Kennebec Valley Community Action Program (KVCAP)** – SSB donated \$250,000 over a three-year period to assist in constructing the new Skowhegan Elementary School which serves residents of Somerset County. The school will house a child care center and early childhood education programs which is the first of its kind in ME. The program will benefit low- and moderate-income families in the school district. National Center for Education statistics show approximately 78 percent of the students in the district receive free or reduced lunch.
- **Central Maine Growth Council (CMGC)** – SSB donated \$50,000 over a two-year period to assist in fostering economic and business development. Each \$25,000 donation was awarded via a CMCG pitch competition award in which local businesses submitted business plans. Local start up or small businesses received the award to assist with expanding and creating jobs.

**Community Development Services**

During the evaluation period, SSB’s employees provided 2,614 hours of financial expertise or technical assistance to 12 community development-related organizations in the Non-MSA assessment area. This performance decreased since the prior evaluation period, during which the bank provided 4,141 hours. Hours in the Non-MSA assessment area equate to approximately 99.9 percent of all qualified community development service hours provided during the evaluation period.

The following table illustrated the bank’s community development services by year and purpose.

<b>Community Development Services Non-MSA Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021 (Partial)	0	495	0	0	<b>495</b>
2022	0	679	351	82	<b>1,112</b>
2023	0	491	350	104	<b>945</b>
YTD 2024	0	42	16	4	<b>62</b>
<b>Total</b>	<b>0</b>	<b>1,707</b>	<b>717</b>	<b>190</b>	<b>2,614</b>
<i>Source: Bank Data</i>					

The following are notable examples of community development services.

- **Skowhegan Community Food Cupboard (SCFC)** – Several employees serve the SCFC in various capacities, including board member, president, and treasurer. The SCFC is a non-profit organization that provides food to low- and moderate-income residents.
- **KVCAP - KVCAP** partners with area residents, organizations, and local, state, and federal entities, to create solutions to address poverty. A senior officer serves on the organization’s board and finance committee.

**BANGOR, ME MSA ASSESSMENT AREA – Limited-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN BANGOR, ME MSA**

SSB operates 1 branch in the Bangor assessment area. Examiners placed less weight on this assessment area as it has only one branch, fewer deposits, and overall lower levels of lending than the Non-MSA assessment area. The following table shows select demographic characteristics of the Bangor assessment area.

Demographic Information of the Assessment Area Bangor Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	25.0	75.0	0.0	0.0
Population by Geography	11,693	0.0	21.7	78.3	0.0	0.0
Housing Units by Geography	6,457	0.0	18.6	81.4	0.0	0.0
Owner-Occupied Units by Geography	3,962	0.0	20.6	79.4	0.0	0.0
Occupied Rental Units by Geography	1,082	0.0	16.5	83.5	0.0	0.0
Vacant Units by Geography	1,413	0.0	14.8	85.2	0.0	0.0
Businesses by Geography	859	0.0	15.1	84.9	0.0	0.0
Farms by Geography	52	0.0	23.1	76.9	0.0	0.0
Family Distribution by Income Level	3,280	22.0	20.8	23.8	33.5	0.0
Household Distribution by Income Level	5,044	25.6	19.3	16.8	38.4	0.0
Median Family Income MSA - 12620 Bangor, ME MSA		\$67,988	Median Housing Value			\$135,610
			Median Gross Rent			\$759
			Families Below Poverty Level			7.7%
<i>Source: 2020 U.S. Census and 2023 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>						

The assessment area contains four census tracts (1 moderate- and 3 middle-income census tracts) which is 3.5 percent of the total census tracts in all assessment areas. All four census tracts are contiguous to the bank’s Non-MSA assessment area and the characteristics are similar. Additionally, as illustrated in the above table, 22.0 percent of the area’s families are low-income, and 7.7 percent of those families have incomes below the federal poverty level. This poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loans.

According to the Bureau of Labor Statistics, the average unemployment rate for Penobscot County in May 2024 was 2.9 percent, which is slightly below the 3.0 percent for the State of Maine. Both the county and the state have a lower unemployment rate than the national unemployment rate of 4.0 percent.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BANGOR, ME MSA**

### **LENDING TEST**

SSB’s lending performance in the Bangor assessment area is below the lending performance in the assessment area within the Non-MSA that was reviewed using full-scope examination procedures; however, it does not change the conclusion for the Non-MSA.

## Geographic Distribution

### *Home Mortgage Loans*

Geographic Distribution of Home Mortgage Loans Bangor Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	20.6	21.9	1	14.3	53	4.9
2023	20.6	--	0	0.0	0	0.0
Middle						
2022	79.4	78.1	6	85.7	1,045	95.1
2023	79.4	--	5	100.0	471	100.0
Upper						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>1,098</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>5</b>	<b>100.0</b>	<b>471</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### *Small Business Loans*

The only loan made during the evaluation period was in a middle-income census tract in 2023.

## Borrower Profile

### *Home Mortgage Loans*

<b>Distribution of Home Mortgage Loans by Borrower Income Level Bangor Assessment Area</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	22.0	12.3	0	0.0	0	0.0
2023	22.0	--	2	40.0	57	12.1
<b>Moderate</b>						
2022	20.8	28.1	2	28.6	125	11.4
2023	20.8	--	0	0.0	0	0.0
<b>Middle</b>						
2022	23.8	19.9	3	42.9	475	43.3
2023	23.8	--	0	0.0	0	0.0
<b>Upper</b>						
2022	33.5	25.4	2	28.6	498	45.3
2023	33.5	--	3	60.0	414	87.9
<b>Not Available</b>						
2022	0.0	14.3	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>1,098</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>5</b>	<b>100.0</b>	<b>471</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### *Small Business Loans*

The only loan made during the evaluation period was to a business with gross revenues greater than >\$1,000,000.

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance in the Bangor assessment area is below the community development performance in the assessment area within the Non-MSA assessment area that was reviewed using full-scope examination procedures; however, it does not change the conclusion for the Non-MSA.

### **Community Development Loans**

SSB did not originate any community development loans in the Bangor assessment area. This is the same as the prior evaluation when the bank originated no community development loans in this assessment area.

### **Qualified Investments**

SSB made one qualified donation.

- **New Hope Baptist Community Food Closet** – SSB donated \$174 to a food closet that primarily helps support the needs of low- and moderate-income individuals.

### **Community Development Services**

SSB provided three hours of community development services to assist one community service-related organization and provide a financial fraud seminar to senior citizens. This benefitted low- and moderate-income seniors in the assessment area. This is the same as the prior evaluation when the bank provided three hours of community development services to the organization. Additionally, SSB maintains a full-service branch in Dexter, which is located near a moderate-income census tract and helps to serve the banking needs of low- and moderate-income individuals.

**DESCRIPTION OF PORTLAND-SOUTH PORTLAND, ME MSA  
ASSESSMENT AREA – Limited-Scope Review**

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

SSB operates 1 branch in the Portland assessment area. Examiners placed less weight on this assessment area as it has only one branch, fewer deposits, and lower levels of lending than the Non-MSA assessment area. The following table shows select demographic characteristics of the Bangor, ME MSA assessment area.

<b>Demographic Information of the Assessment Area Portland- Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	41	0.0	19.5	46.3	34.1	0.0
Population by Geography	154,601	0.0	18.2	41.9	39.8	0.0
Housing Units by Geography	72,353	0.0	18.7	44.2	37.1	0.0
Owner-Occupied Units by Geography	39,125	0.0	13.2	38.9	47.8	0.0
Occupied Rental Units by Geography	26,591	0.0	27.6	50.2	22.3	0.0
Vacant Units by Geography	6,637	0.0	15.2	51.4	33.4	0.0
Businesses by Geography	26,858	0.0	18.9	53.5	27.5	0.0
Farms by Geography	510	0.0	14.7	50.2	35.1	0.0
Family Distribution by Income Level	34,592	17.7	15.3	21.0	46.1	0.0
Household Distribution by Income Level	65,716	24.6	15.3	17.6	42.5	0.0
Median Family Income MSA - 38860 Portland-South Portland, ME MSA	\$89,988	Median Housing Value				\$341,551
		Median Gross Rent				\$1,211
		Families Below Poverty Level				5.1%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data Due to rounding, totals may not equal 100.0% (* The NA category consists of geographies that have not been assigned an income classification.</i>						

As shown in the above table, the assessment contains 41 census tracts in Cumberland County (8 moderate-, 19 middle-, and 14 upper-income census tracts) which is 35.7 percent of the total census tracts in all assessment areas. The Portland assessment area is not contiguous to the Non-MSA or the Bangor assessment areas. The median housing value in the Portland assessment area is \$341,551, which is much higher than that of the Non-MSA (\$151,706) and the Bangor (\$135,610) assessment areas. The median family income of \$89,988 in the Portland assessment area is also higher than that of the Non-MSA (\$66,193) and the Bangor (\$67,988) assessment areas.

According to the Bureau of Labor Statistics, the average unemployment rate for Cumberland County in May 2024 was 2.3 percent, which is below the 3.0 percent for Maine. Both the county and the state have a lower unemployment rate than the national unemployment rate of 4.0 percent.

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

### LENDING TEST

The institution’s lending performance in the Portland- assessment area is below the lending performance within the Non-MSA assessment area that was reviewed using full-scope examination procedures; however, it does not change the conclusion for the Non-MSA.

### Geographic Distribution

#### *Home Mortgage Loans*

Geographic Distribution of Home Mortgage Loans Portland Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	13.2	12.8	0	0.0	0	0.0
2023	13.2	--	0	0.0	0	0.0
Middle						
2022	38.9	41.1	3	75.0	1,010	64.6
2023	38.9	--	1	50.0	147	15.6
Upper						
2022	47.8	46.0	1	25.0	554	35.4
2023	47.8	--	1	50.0	799	84.4
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1,564</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>2</b>	<b>100.0</b>	<b>946</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

*Small Business Loans*

<b>Geographic Distribution of Small Business Loans Portland Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate					
2022	18.4	3	50.0	1,340,390	67.5
2023	18.9	0	0.0	0	0.0
Middle					
2022	54.0	2	33.3	495,000	24.9
2023	53.5	0	0.0	0	0.0
Upper					
2022	27.6	1	16.7	150,000	7.6
2023	27.5	4	100.0	637,449	100.0
Not Available					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1,985,390</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>637,449</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

**Borrower Profile**

***Home Mortgage Loans***

<b>Distribution of Home Mortgage Loans by Borrower Income Level Portland</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	17.7	5.1	0	0.0	0	0.0
2023	17.7	--	0	0.0	0	0.0
<b>Moderate</b>						
2022	15.3	15.7	0	0.0	0	0.0
2023	15.3	--	1	50.0	147	15.6
<b>Middle</b>						
2022	21.0	21.7	0	0.0	0	0.0
2023	21.0	--	0	0.0	0	0.0
<b>Upper</b>						
2022	46.1	46.1	4	100.0	1,564	100.0
2023	46.1	--	1	50.0	799	84.4
<b>Not Available</b>						
2022	0.0	11.4	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>1,564</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>2</b>	<b>100.0</b>	<b>946</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

**Small Business Loans**

Distribution of Small Business Loans by Gross Annual Revenue Category Portland- Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<b>&lt;=\$1,000,000</b>					
2022	86.0	6	100.0	1,985,390	100.0
2023	87.8	1	25.0	500,000	78.4
<b>&gt;\$1,000,000</b>					
2022	4.9	0	0.0	0	0.0
2023	4.0	0	0.0	0	0.0
<b>Revenue Not Available</b>					
2022	9.1	0	0.0	0	0.0
2023	8.2	3	75.0	137,449	21.6
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1,985,390</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>637,449</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

**COMMUNITY DEVELOPMENT TEST**

SSB’s community development performance in the Portland assessment area is consistent with the institution’s community development performance in the assessment area within the Non-MSA, that was reviewed using full-scope examination procedures.

**Community Development Loans**

SSB originated no community development loans in the Portland assessment area during the evaluation period. During the prior evaluation, the bank originated one community development loan for \$220,500.

**Qualified Investments**

SSB made 18 qualified donations during the evaluation period totaling \$49,850 in this assessment area. Donations provided community development services to low- and moderate-income individuals. During the prior evaluation, the bank made 10 donations for \$35,000.

The following are some donations made in this assessment area.

- **Gulf of Maine Research Institute** – SSB donated \$3,000 to help support LabVenture which provides students of all ages science learning experience. The donation will help with program costs including transportation for public school students. The majority of students

are low-or moderate-income.

- **Junior Achievement of Maine** – SSB donated \$2,500 to support the Titan Program through Junior Achievement of Maine. The program allows students to simulate running a business by making production, marketing, research and development, and corporate social responsibility decisions. The donation was earmarked to support schools with students who are primarily low- or moderate-income.

### **Community Development Services**

SSB provided no community development services to this assessment area. However, the bank maintains a full-service branch in Portland, which is in a moderate-income census tract and helps to serve the banking needs of low- and moderate-income individuals.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

#### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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