

PUBLIC DISCLOSURE

July 28, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bangor Savings Bank
Certificate Number: 18408

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Bangor, Maine 04401

Federal Deposit Insurance Corporation
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 **Outstanding**.

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

The assigned rating is based on the results of three performance tests: the Lending Test, the Investment Test, and the Service Test. A summary of the bank's performance is provided below:

PERFORMANCE LEVELS	Bangor Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
<i>*The Lending Test is weighted more heavily than the Investment and Services Tests when arriving at an overall rating.</i>			

The Lending Test is rated Outstanding.

- Overall, the bank's lending activity reflects excellent responsiveness to assessment area credit needs.
- Bangor Savings Bank (BSB) originated a substantial majority of home mortgage, small business, and small farm loans in its delineated assessment areas.
- The geographic distribution of home mortgage, small business, and small farm loans reflects excellent penetration throughout the bank's assessment areas.

- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and good penetration among businesses of different sizes throughout the overall assessment area.
- The institution exhibits an excellent record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, including low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution is a leader in making community development loans.
- The bank makes extensive use of innovative and flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments, often in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits excellent responsiveness to credit and community economic development needs of its overall assessment area.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

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

SCOPE OF EVALUATION

General Information

This performance evaluation covers the period from the prior evaluation, dated April 30, 2012, to the current evaluation, dated July 28, 2015. Examiners used Large Bank procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate the bank's performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the institution's performance according to the following criteria.

- Lending Activity
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses
- Innovative and Flexible Lending Practices
- Community Development Loans

The Investment Test considered the following criteria.

- Number and dollar amount of Qualified Investments
- Responsiveness to Credit and Community Development Needs
- Innovativeness or Complexity of Qualified Investments

The Service Test considered the following criteria.

- Accessibility of Delivery Systems
- Changes in Branch Locations
- Reasonableness of Business Hours and Services
- Community Development Services

Loan Products Reviewed

The bank is primarily a residential mortgage and commercial lender; therefore, examiners will fully analyze these products. In addition, the bank is a small farm lender; however, the number and volume did not warrant a full analysis. Since the bank reports small farm loans, small farm lending volume was included in the assessment area concentration table; however, subsequent tables will not reflect small farm lending results. Examiners did not evaluate consumer loans due to the limited volume and small portion of the loan portfolio these loans represent.

Home mortgage loans originated in 2013 and 2014 reported on the bank's Loan Application Register (LAR) pursuant to the Home Mortgage Disclosure Act (HMDA) were included in the analyses. Home mortgage lending by product type did not yield different conclusions; therefore, loans for purchase, refinance, and home improvement are presented in the combined home mortgage loan category. In addition, small business loans originated in 2013 and 2014 are included in the analyses. Small business loans, for the purposes of this evaluation, include

commercial real estate and commercial and industrial loans with original balances of \$1 million or less. Examiners obtained information concerning small business and small farm loans from the bank's CRA Loan Registers (LRs).

Although examiners reviewed both the number and dollar volume of the bank's home mortgage and small business loans, the analysis weighed the number of originations more heavily than the dollar volume. This is because factors such as business size, applicant income level, or varying housing values within its assessment areas is likely to have influenced the dollar amount of loans.

The assessment area concentration, geographic distribution, and borrower profile tables present 2013 and 2014 lending data. Examiners utilized 2010 U.S. Census Bureau data, and business demographic data from Dun & Bradstreet. In addition, examiners used aggregate 2013 HMDA and CRA small business lending data for comparison purposes, which is presented in the applicable sections under the Lending Test.

Home mortgage loans, including 1-4 family residential and multi-family properties (53.6 percent), and commercial loans, including commercial real estate and commercial and industrial loans (38.8 percent), account for the largest portions of the loan portfolio. Considering these percentages and lending activity during the evaluation period, examiners placed more weight on home mortgage lending compared to small business lending when arriving at overall conclusions and the rating under the Lending Test. Small farm loans represent only 0.9 percent of the bank's lending portfolio and have limited impact on the overall rating; therefore, this loan type is only presented in the assessment area concentration table. The geographic distribution and borrower profile criteria only includes analysis of those loans extended within the institution's assessment area. Performance under the Lending Test is weighted more heavily than the Investment and Service Tests in arriving at an overall CRA rating.

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices (product innovation) from the prior evaluation date of April 30, 2012, through July 28, 2015.

Examiners evaluated the bank's CRA performance throughout its overall assessment area, including the MSA and non-MSA portions collectively and individually. Examiners utilized full-scope procedures for each MSA and the non-MSA portion of the AA, with the exception of the Lewiston-Auburn, Maine MSA. Due to the limited branch presence and activity, examiners reviewed the Lewiston-Auburn, Maine MSA using limited-scope procedures. As indicated by the following table, the non-MSA represents a larger geographic area than the MSAs, and lending volume in the non-MSA also exceeded that in the MSAs. Therefore, performance in the non-MSA assessment area is assigned greater weight in arriving at overall conclusions and ratings.

Distribution of Loans by Assessment Area

Loan Category	Non-MSA		Bangor MSA		Portland-South Portland-Biddeford MSA		Lewiston-Auburn, MSA		Overall Assessment Area Totals	
	# of loans	%	# of loans	%	# of loans	%	# of loans	%	# of loans	%
Home Mortgage 2013	913	45.4%	528	26.2%	521	25.9%	51	2.5%	2,013	100.0%
Home Mortgage 2014	598	43.4%	379	27.5%	362	26.3%	39	2.8%	1,378	100.0%
Subtotal	1,511	44.6%	907	26.7%	883	26.0%	90	2.7%	3,391	100.0%
Small Business 2013	654	40.5%	364	22.6%	557	34.5%	38	2.4%	1,613	100.0%
Small Business 2014	559	40.9%	313	22.9%	473	34.6%	21	1.5%	1,366	100.0%
Subtotal	1,213	40.7%	677	22.7%	1,030	34.6%	59	2.0%	2,979	100.0%
Small Farm 2013	59	70.2%	10	11.9%	11	13.1%	4	4.8%	84	100.0%
Small Farm 2014	53	77.9%	11	16.2%	2	2.9%	2	2.9%	68	100.0%
Subtotal	112	73.7%	21	13.8%	13	8.6%	6	3.9%	152	100.0%
Total	2,836	43.5%	1,605	24.6%	1,926	29.5%	155	2.4%	6,522	100.0%

Source: HMDA LAR and CRA LR 2013 and 2014.

DESCRIPTION OF INSTITUTION

Background

Bangor Savings Bank (BSB) is a state-chartered, mutual savings bank established in 1852 and headquartered in Bangor, Penobscot County, Maine. BSB is a wholly owned subsidiary of Bangor Bancorp, MHC, a Maine bank holding company. BSB has no other affiliate relationships. Including the main office located at 3 State Street, Bangor, BSB operates 57 full-service branches throughout Maine. Counties with branch offices include Androscoggin, Aroostook, Cumberland, Franklin, Hancock, Kennebec, Knox, Oxford, Penobscot, Piscataquis, Somerset, Waldo, Washington, and York. In addition, the bank has two limited-service branches; one located in Bangor, and the other in Biddeford. The bank maintains a corporate office building in Bangor as well as the Technology and Customer Care Center adjacent to the Bangor Airport. These facilities are not open to the public. Each full-service branch includes an automated teller machine (ATM) and drive-up facility. The bank opened three full-service branches since the previous FDIC CRA Performance Evaluation, dated April 30, 2012. Two of the branches are in York County; one in York and the other in Ogunquit. The third is in Augusta, Kennebec County. The bank closed two full-service branches in York County; one in Hollis Center and the other in York.

Operations

BSB offers retail customers a wide array of financial services. In terms of deposit services, the bank offers a selection of savings, checking, and retirement accounts. Investment products and trust services are available through the bank's Wealth Management area. A division of Bangor Savings Bank, Bangor Insurance, offers insurance products. In terms of credit services, the bank offers home mortgage loan programs for purchase, refinance, improvement, or construction of residential property. In addition, the bank offers an assortment of secured and unsecured consumer loan products, including home equity lines of credit and loans, overdraft protection, personal, automobile, home improvement, and consumer credit cards.

BSB also offers a selection of deposit, loan, and special services geared toward its commercial, municipal, and non-profit customers. A variety of checking and savings account services is available. Wealth management, investment products, and trust services are available to business customers as well. Financing for commercial customers includes, but is not limited to, short-term working capital lines of credit, term loans and revolving equipment lines of credit, commercial real estate loans, construction and development loans, and tax exempt financing. The bank also offers business credit cards. The bank provides standard cash management (including on-line services) and other specialized conveniences, such as payroll services, wire transfers, bill pay, cash flow management, merchant credit card services, remote deposit capture, and courier services.

Ability and Capacity

As of March 31, 2015, BSB had total assets of \$3.2 billion, which represents growth of 23.6 percent since December 31, 2011. Asset growth was due primarily to increases in both the

bank's loan portfolio and securities portfolio. As of March 31, 2015, total loans were \$2.1 billion, or 67.9 percent of total assets. Total loans increased \$408.2 million, or 23.5 percent, since December 31, 2011.

The following table illustrates the distribution of the bank's loan portfolio as of March 31, 2015.

Loan Portfolio Distribution as of March 31, 2015		
Loan Category	\$(000s)	%
Construction and Land Development	45,976	2.1
Secured by Farmland	4,111	0.2
1-4 Family Residential	1,084,965	50.6
Multi-family (5 or more) Residential	63,876	3.0
Commercial Real Estate	586,660	27.3
Total Real Estate Loans	\$1,785,588	83.2
Commercial and Industrial	247,499	11.5
Agricultural	15,486	0.7
Consumer	18,786	1.0
Obligations (States and Political Subdivisions)	28,784	1.3
Other	48,964	2.3
Total Loans	\$2,145,107	100.0
<i>Source: Reports of Condition and Income (Call Report)</i>		

The bank is primarily a real estate lender with approximately 83.2 percent of the loan portfolio secured by residential and commercial real estate. Since the prior evaluation, real estate loans, as a percentage of the total loan portfolio, increased by 1.4 percent. The remainder of the portfolio consists of commercial and industrial obligations, municipal obligations (States and Political Subdivisions), consumer, agricultural, and other loans.

There are no financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment areas.

The bank received a CRA rating of Outstanding as a result of the previous FDIC CRA Performance Evaluation conducted on April 30, 2012.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires a financial institution to define an assessment area, or areas, within which it will concentrate its lending efforts. BSB designated a single contiguous assessment area consisting of the 352 census tracts that encompass the entire State of Maine. The assessment area, as currently defined, meets the technical requirements of the CRA.

Economic and Demographic Data

The assessment area consists of the following 16 counties: Androscoggin, Aroostook, Cumberland, Franklin, Hancock, Kennebec, Knox, Lincoln, Oxford, Penobscot, Piscataquis, Sagadahoc, Somerset, Waldo, Washington, and York. The State of Maine has more than 2,000 cities, towns, and villages that comprise the bank’s assessment area. The largest cities in Maine are Portland, Lewiston, and Bangor.

The assessment area includes three MSAs: Bangor, Maine MSA (12620), Lewiston-Auburn, Maine MSA (30340), and the Portland-South Portland, Maine MSA (38860), as well as the non-MSA portion of the state. Of the 352 census tracts, 46 comprise the Bangor, Maine MSA, 28 tracts comprise the Lewiston-Auburn, Maine MSA, 115 tracts comprise the Portland-South Portland, Maine MSA, and the remaining 163 are non-MSA census tracts. Six census tracts are low-income (two in Lewiston, three in Portland, and one is the Penobscot Indian Island Reservation in the Bangor MSA); 53 are moderate-income; 232 are middle-income; and, 60 are upper-income census tracts. There is one census tract for which an income level is not assigned; this tract is in Ogunquit, York County.

The assessment area also contains non-MSA middle-income census tracts designated as underserved or distressed. Designated underserved tracts for the evaluation period are located in Aroostook County (20), Lincoln County (6), and Washington County (8). Knox County (9) contains designated underserved tracts in 2014 and 2015. In Piscataquis County, there were three tracts designated as distressed in 2014 and 2015. The following table details the distribution of the bank’s branches throughout its assessment area.

Description of Assessment Area			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Bangor, Maine MSA - 12620	Penobscot	46	13
Lewiston-Auburn, Maine MSA - 30340	Androscoggin	28	1
Portland-South Portland-Biddeford, Maine MSA 38860	Cumberland, Sagadahoc, York	115	14
Non-MSA	Aroostook, Franklin, Hancock, Kennebec, Knox, Lincoln, Oxford, Piscataquis, Somerset, Waldo, and Washington	163	29
Total		352	57
<i>Source: Bank Records</i>			

According to 2010 Census Bureau data, Maine is the most rural state with 61.3 percent of its population living in rural areas; the highest rate in the country. The most rural counties are Piscataquis and Lincoln where 100.0 percent of the population is rural.

The following table highlights some of the relevant demographic data for the overall assessment area.

Demographic Information of the Overall Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	352	1.7	15.1	65.9	17.0	0.3
Population by Geography	1,328,361	1.1	12.4	67.5	19.0	0.0
Housing Units by Geography	714,270	1.0	13.9	67.3	17.8	0.0
Owner-Occupied Units by Geography	402,907	0.2	10.4	69.1	20.3	0.0
Businesses by Geography (2013)	113,449	3.5	11.3	64.7	20.5	0.0
Businesses by Geography (2014)	95,151	3.7	11.2	64.6	20.5	0.0
Farms by Geography	3,795	1.0	8.3	72.2	18.5	0.0
Family Distribution by Income Level	354,133	19.7	18.2	22.7	39.4	0.0
Household Distribution by Income Level	551,125	23.6	16.3	18.7	41.4	0.0
Median Family Income (MFI)		\$57,656	Median Housing Value			\$189,719
FFIEC-Estimated MFI for Bangor MSA (12620)			Median Gross Rent			\$721
2013		\$61,800	Unemployment Rate-State of Maine			3.5%
2014		\$54,800	Families Below Poverty Level			8.4%
FFIEC Estimated MFI for Lewiston-Auburn MSA (30340)						
2013		\$52,700				
2014		\$56,100				
FFIEC-Estimated MFI for Portland-South Portland MSA (38860)						
2013		\$72,200				
2014		\$74,600				
FFIEC-Estimated MFI for Maine Non-MSA						
2013		\$53,200				
2014		\$51,700				

Source: 2010 U.S. Census, 2013 and 2014 D&B Data, and FFIEC Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

Examiners used the FFIEC-updated median family income (MFI) level to analyze home mortgage loans under the Borrower Profile criterion for the Bangor, Maine MSA; Portland-South Portland-Biddeford, Maine MSA; Lewiston-Auburn, Maine MSA; and the non-MSA portions of the assessment area. The following table highlights the MFI ranges for each MSA and the non-MSA by year and income level.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
12620 Bangor MSA Median Family Income				
2015 (\$56,000)	<\$28,000	\$28,000 to <\$44,800	\$44,800 to <\$67,200	≥\$67,200
2014 (\$54,800)	<\$27,400	\$27,400 to <\$43,840	\$43,840 to <\$65,760	≥\$65,760
2013 (\$61,800)	<\$30,900	\$30,900 to <\$49,440	\$49,440 to <\$74,160	≥\$74,160
30340 Lewiston-Auburn MSA Median Family Income				
2015 (\$63,500)	<\$31,750	\$31,750 to <\$50,800	\$50,800 to <\$76,200	≥\$76,200
2014 (\$56,100)	<\$28,050	\$28,050 to <\$44,880	\$44,880 to <\$67,320	≥\$67,320
2013 (\$52,700)	<\$26,350	\$26,350 to <\$42,160	\$42,160 to <\$63,240	≥\$63,240
38860 Portland-South Portland MSA Median Family Income				
2015 (\$73,200)	<\$36,600	\$36,600 to <\$58,560	\$58,560 to <\$87,840	≥\$87,840
2014 (\$74,600)	<\$37,300	\$37,300 to <\$59,680	\$59,680 to <\$89,520	≥\$89,520
2013 (\$72,200)	<\$36,100	\$36,100 to <\$57,760	\$57,760 to <\$86,640	≥\$86,640
Maine Non-MSA Median Family Income				
2015 (\$55,400)	<\$27,700	\$27,700 to <\$44,320	\$44,320 to <\$66,480	≥\$66,480
2014 (\$51,700)	<\$25,850	\$25,850 to <\$41,360	\$41,360 to <\$62,040	≥\$62,040
2013 (\$53,200)	<\$26,600	\$26,600 to <\$42,560	\$42,560 to <\$63,840	≥\$63,840

Source: FFIEC Estimated Median Family Income Data

Competition

BSB operates in a highly competitive market for credit products and financial services throughout the State of Maine. Competition includes loan production offices, banks, mortgage companies, credit unions, and other entities that offer home mortgage and small business loans in this market. FDIC Deposit Market Share data as of June 30, 2014, reveals a total of 32 FDIC insured financial institutions with deposits totaling nearly \$38 billion. Institutions with a presence in the State include large national banks such as TD Bank, N.A., KeyBank, N.A., and Bank of America, N.A.

BSB is the largest state-chartered financial institution, with deposit market share of 5.6 percent. The next nearest locally headquartered institution, The Camden National Bank, a federally chartered savings bank, has a deposit market share of 5.0 percent. Additionally, according to the Annual Report dated January 15, 2015, from the Superintendent of the Bureau of Financial Institutions to the Maine Legislature, there are a total of 63 state and federally chartered credit unions operating in the State of Maine as of June 30, 2014, with deposits totaling \$5.4 billion.

Community Contact

As part of the evaluation process, examiners contacted third parties active in community affairs to assist in assessing the housing and business needs of the bank's assessment areas. Information from this practice assists in determining whether local financial institutions are responsive to the credit and community development needs of the community, and what further opportunities, if any, are available. Examiners performed multiple community contacts in connection with this evaluation. Examiners interviewed a contact from a non-profit organization that focuses on

developing and providing affordable housing in Cumberland County. This contact stated that Bangor Savings Bank is one of three primary banks the organization maintains as a partner. Further, the bank is an active participant in many of its affordable housing projects designed to provide housing opportunities to low- and moderate-income individuals, handicapped individuals, seniors, and minorities.

A second interview with a contact from a community foundation that works with many charitable resources indicated that BSB is responsive to the needs of the non-profit sector, often taking an active role by collaborating in projects and grant proposals targeting community development. Overall, it is apparent that BSB's experience, commitment, and reputation as a leader in community development activities are well known throughout the State of Maine.

Credit and Community Development Needs and Opportunities

As noted, the State of Maine faces challenges associated with an aging population and declining labor force, which may hamper economic development in the area due to concerns of workforce availability. The bank has acknowledged these economic conditions through its CRA assessment, identifying income inequality and economic mobility, including workforce development, as key community development priorities. There is significant opportunity for institutions to make home mortgage and small business loans, and on a smaller scale, small farm loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BSB demonstrated outstanding performance under the Lending Test. The bank's performance under Borrower Profile, Geographic Distribution and Community Development Loans provide strong support for this rating.

Lending Activity

BSB's overall lending activity reflects excellent responsiveness to assessment area credit needs considering the size of the institution, loan portfolio composition, and level of competition within the overall assessment area.

Home Mortgage Loans

In 2013, BSB made 2,013 home mortgage loans totaling \$303.8 million inside the overall assessment area. According to 2013 aggregate data, 411 HMDA reporting lenders originated 47,754 home mortgage loans totaling \$9.3 billion in the State of Maine. Among these lenders, BSB ranked fourth with a market share by number, of 4.2 percent. The lenders ahead of BSB were much larger national banks, such as Wells Fargo Bank, N.A, JP Morgan Chase Bank, N.A., and a mortgage company, Residential Mortgage Services. The closest local regional bank was Camden National Bank, which ranked eighth.

While home mortgage lending decreased to 1,378 loans totaling \$204.6 million inside the assessment area, this is indicative of a broader trend of lower volume attributed to the overall interest rate environment.

Small Business Loans

The bank originated 1,613 small business loans totaling \$178.0 million inside the overall assessment area in 2013. BSB ranked fourth in market share; however, ahead of BSB were institutions specializing in credit card lending based on the average loan size of less than \$10,000. The closest local regional bank was Camden National Bank, which ranked sixth.

Small business lending in 2014 also reflected lower volume when compared to 2013 volume. Overall demand and opportunity for small business lending decreased year-over-year.

Small Farm Loans

Market share data for 2013 reflected 24 lenders that reported at least a single small farm loan in the overall assessment area. BSB ranked fifth behind local lenders, such as Machias Savings Bank, The First N.A., Camden National Bank, and Bar Harbor Bank & Trust.

Assessment Area Concentration

BSB originated a substantial majority of its loans in its overall assessment area. As illustrated in the following table, in 2013 and 2014, the bank originated 99.7 percent of its home mortgage, small business, and small farm loans, by number, in its overall assessment area. The following table illustrates the distribution of loans inside and outside the overall assessment area during the evaluation period.

Lending Inside and Outside of the Assessment Area											
Loan Category or Type	Number of Loans				Total	Dollars in Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2013	2,013	99.8	5	0.2	2,018	303,755	99.5	1,386	0.5	305,141	
2014	1,378	99.6	6	0.4	1,384	204,551	99.7	641	0.3	205,192	
Subtotal	3,391	99.7	11	0.3	3,402	508,306	99.6	2,027	0.4	510,333	
Small Business											
2013	1,613	99.8	4	0.2	1,617	177,978	99.3	1,233	0.7	179,211	
2014	1,366	99.6	6	0.4	1,372	169,488	98.9	1,970	1.1	171,458	
Subtotal	2,979	99.7	10	0.3	2,989	347,466	99.1	3,203	0.9	350,669	
Small Farm											
2013	84	100.0	0	0.0	84	3,559	100.0	0	0.0	3,559	
2014	68	100.0	0	0.0	68	1,978	100.0	0	0.0	1,978	
Subtotal	152	100.0	0	0.0	152	5,537	100.0	0	0.0	5,537	
Total	6,522	99.7	21	0.3	6,543	861,309	99.4	5,230	0.6	866,539	

Source: 2013 and 2014 HMDA and CRA Reported Data

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts. The following sections detail this analysis by loan type.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts in 2013 exceeds both aggregate and demographic data, and demonstrated an increasing trend in 2014. Similarly, the bank's performance of lending in moderate-income tracts also exceeded aggregate and demographic data, and reflected a relatively consistent trend in 2014. These comparisons and trends reflect excellent performance under this factor.

Market share reports further support the bank’s excellent dispersion of home mortgage loans. With respect to lending in low-income tracts, the bank ranked second with a market share of 6.3 percent among 57 financial institutions that made at least a single loan in these tracts. Ranked first was Wells Fargo Bank, N.A., which originated 17 home mortgage loans. In both years, the bank made at least a single home mortgage loan in 5 of 6 low-income tracts. Notably, the bank originated two loans in the Penobscot Indian Island Reservation (9400.00). With respect to lending in moderate-income geographies, BSB ranked third with a market share of 5.7 percent. Ranked ahead of BSB were two national banks, Wells Fargo Bank, N.A., and JP Morgan Chase Bank, N.A. BSB originated 10.1 percent of home mortgage loans in these tracts in 2014.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	0.2	0.4	11	0.6	2,246	0.7
2014	0.2	--	13	0.9	2,774	1.4
Moderate						
2013	10.4	9.3	249	12.4	31,292	10.3
2014	10.4	--	138	10.1	17,357	8.5
Middle						
2013	69.1	64.5	1,232	61.2	171,159	56.4
2014	69.1	--	893	64.8	117,595	57.5
Upper						
2013	20.3	25.8	521	25.8	99,067	32.6
2014	20.3	--	334	24.2	66,825	32.6
Total						
2013	100.0	100.0	2,013	100.0	303,764	100.0
2014	100.0	--	1,378	100.0	204,551	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; "--" is aggregate information which was not available as of the evaluation date.</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data and market ranks. The following table shows that the bank’s performance in low-income census tracts in 2013 was below aggregate, but exceeded demographic data. The bank’s performance of lending in moderate-income tracts exceeded aggregate and demographic data in 2013.

Market share data for 2013 further supports the bank’s excellent performance. BSB ranked third of 31 lenders that originated at least one small business loan in the low-income tracts, with a market share of 8.3 percent. In addition, the bank ranked second of 40 institutions that originated loans in the area’s moderate-income tracts.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	3.5	8.1	80	5.0	13,011	7.3
2014	3.7	--	99	7.3	13,663	8.1
Moderate						
2013	11.3	10.2	200	12.4	22,507	12.7
2014	11.2	--	175	12.8	17,516	10.3
Middle						
2013	64.7	54.2	968	60.0	103,635	58.2
2014	64.6	--	779	57.0	97,028	57.3
Upper						
2013	20.5	27.5	365	22.6	38,822	21.8
2014	20.5	--	313	22.9	41,281	24.3
Total						
2013	100.0	100.0	1,613	100.0	177,975	100.0
2014	100.0	--	1,363	100.0	169,488	100.0
<i>Source: 2013, 2014 D&B Data; 2013, 2014 CRA Reported Data; 2013 CRA Aggregate Data, “--” is aggregate information which was not available as of the evaluation date.</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The bank’s excellent performance of home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. Examiners focused on the comparison to aggregate data and market share information.

In 2013, the bank's performance of lending to low-income borrowers was slightly below aggregate data and lower than the percentage of low-income families in the overall assessment area. This can be partially explained by the percentage of families with incomes below the poverty level (7.0 percent), which is a subset of the low-income category. Low-income families, particularly those with incomes below the poverty level, would have difficulty obtaining home mortgage financing, even under flexible underwriting guidelines. Furthermore, the bank's performance of lending to moderate-income borrowers exceeded aggregate and demographic data in 2013, and demonstrated an increasing trend in 2014.

Although the bank's performance was slightly below aggregate data, market share data supports the bank's excellent performance in lending to borrowers of different income levels. In 2013, the bank ranked sixth in lending to low-income borrowers, with a market share of 3.8 percent. There were 162 financial institutions reporting at least a single home mortgage loan to borrowers of this income level. Ranked higher than BSB were primarily large national banks, and a large mortgage company. The closest local institution was Camden National Bank, which ranked eleventh with a market share of 2.4 percent. In addition, the bank ranked fourth in terms of lending to moderate-income borrowers with a market share of 4.7 percent. The top three institutions were Wells Fargo Bank, N.A., JP Morgan Chase, N.A. and Residential Mortgage Services.

The following table illustrates the distribution of loans, demographic, and aggregate data by income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	19.7	7.4	125	6.2	7,949	2.6
2014	19.7	--	67	4.9	4,213	2.1
Moderate						
2013	18.2	18.0	391	19.4	39,020	12.9
2014	18.2	--	240	17.4	21,207	10.4
Middle						
2013	22.7	23.8	443	22.0	57,379	18.9
2014	22.7	--	348	25.3	43,825	21.4
Upper						
2013	39.4	45.1	975	48.5	180,906	59.5
2014	39.4	--	659	47.8	120,835	59.1
Income Not Reported						
2013	0.0	5.7	79	3.9	18,501	6.1
2014	0.0	--	64	4.6	14,471	7.0
Total						
2013	100.0	100.0	2,013	100.0	303,755	100.0
2014	100.0	--	1,378	100.0	204,551	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013-2014 HMDA Aggregate Data; "--" is aggregate information which was not available as of the evaluation date.</i>						

Small Business Loans

The distribution of small business loans reflects good penetration to businesses of different sizes, particularly those with GARs of \$1 million or less. Examiners focused on the comparison to aggregate data and market share information.

The bank's performance of lending to businesses with GARs of \$1 million or less exceeded aggregate data and was below business demographics. Market share data for 2013 reflects that BSB ranked fifth out of 73 financial institutions, with a market share of 7.8 percent. Ranked higher than BSB were large, regional/national business credit card lenders such as American Express FSB, which ranked first with a market share of 13.4 percent by number of loans. Other credit card lenders ranked higher than BSB were Citibank, N.A. and US Bank, N.A. The only local financial institution ahead of BSB was Camden National Bank, which ranked second with a market share of 11.2 percent. BSB's high ranking, especially compared to credit card banks with much smaller average loan sizes, further supports the bank's good performance of lending to small businesses. In addition, the bank's performance of lending to businesses with GARs of \$1 million or less decreased slightly in 2014.

The following table illustrates the bank's small business loans, aggregate, and demographic data by GAR levels.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤\$1,000,000						
2013	73.8	47.5	856	53.1	47,937	26.9
2014	73.0	--	651	47.7	40,052	23.6
>1,000,000						
2013	4.8	52.5*	374	23.2	113,239	63.6
2014	5.5	--	358	26.2	110,702	65.3
Subtotal						
2013	78.6	100.0	1,230	76.3	161,176	90.5
2014	78.5	--	1,009	73.9	150,754	88.9
Revenue Not Reported						
2013	21.4	0.0	383	23.7	16,799	9.5
2014	21.5	--	357	26.1	18,734	11.1
Total						
2013	100.0	100.0	1,613	100.0	177,975	100.0
2014	100.0	--	1,366	100.0	169,488	100.0
<i>Source: 2013, 2014 D&B Data; 2013, 2014 CRA Reported Data; 2013 CRA Aggregate Data, "--" is aggregate information which was not available as of the evaluation date.</i>						

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

Overall, BSB exhibited an excellent record of serving the credit needs of the most economically disadvantaged area(s) of its overall assessment area (including underserved and distressed communities), low-income individuals, and/or very small businesses, consistent with safe and sound business. This conclusion is supported by the bank's residential and small business lending performance in the low-income census tracts, and to low-income borrowers, as well as the innovative and flexible loan programs, and community development lending activity.

Innovative and Flexible Lending

BSB makes extensive use of innovative and/or flexible lending programs in order to serve assessment area credit needs. The bank, in a leadership position, offers 27 lending programs, of which 13 are residential, and 14 are non-residential. Examples of residential lending programs include first-time homebuyer programs, the United States Department of Agriculture (USDA) rural development loan program, and the Housing and Urban Development (HUD) subsidized housing loan programs. Examples of non-residential lending programs are Community Development Finance Institutions (CDFI) Equity-Like Loans, New Markets Tax Credit Loans, and Low-Income Housing Tax Credit Project Construction (LIHTC) loans.

Innovative or flexible loan programs are programs developed for residential and small business borrowers who would not otherwise qualify for traditional loan products. The bank developed many new loan programs during this evaluation period. The bank's innovative and flexible lending programs are described below.

Residential Programs

- *MaineHousing's First Home Program*: A first-time homebuyer program offered through Maine State Housing Authority (MSHA) provides first-time homebuyers and active military and Veterans access to low down payment and fixed-rate mortgages to purchase single family and mobile homes. In 2013, BSB was the lead lender for the year providing 110 loans totaling \$12.8 million. In 2014, the bank led all other financial institutions with 94 loans totaling \$9.0 million. BSB has been the top lender of MaineHousing loans each year since 2008. There are more than 30 institutions that offer MaineHousing loans in Maine. This program is available throughout the State of Maine.
- *Equity Builder (EB) Program Grants*: In conjunction with MSHA, BSB applied to the Federal Home Loan Bank of Boston for funds to make available to borrowers who qualify for MSHA financing. The bank is able to extend EB grants for down payment and closing costs in conjunction with MSHA loans. This program is available throughout the State of Maine.
- *Welcome Mortgages*: This is the bank's first-time homebuyer program without government enhancements. This program features financing up to 80.0 percent, with a

10.0 subordinate mortgage loan, and a 10.0 percent down payment requirement. The bank offers this program throughout the entire assessment area.

- *Unsecured Home Improvement Loan:* BSB offers unsecured loans to finance home improvement projects. The bank offers loans as small as \$2,500. The unsecured nature of the product is unique, as the borrower may not have sufficient equity in the property to obtain conventional financing, such as a secured equity line. The bank offers this program throughout the entire State of Maine.
- *United States Department of Agriculture (USDA) Rural Development (RD):* The USDA's Section 502 loan program assists low-income individuals or households to purchase homes in rural areas. Borrowers can utilize funds to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including water and sewage facilities. The program is available throughout the State of Maine.
- *U.S. Department of Housing and Urban Development (HUD) Section 184 Indian Home Loan Guaranteed Program:* BSB is the only financial institution in the State of Maine to provide residential home mortgage loan products specifically designed for American Indian and Alaska Native families, Alaska Villages, or tribally designated housing entities. The bank is required to complete Section 184 training before loans are approved to the program. HUD guarantees the Section 184 home mortgage loans made to Native American borrowers. The program benefits the tribal nations in the bank's Non-MSA assessment area.
- *Federal Housing Authority:* BSB participates in FHA programs that provide mortgage insurance on loans originated by FHA-approved lenders throughout the United States. FHA insures single family and multi-family homes, including manufactured housing. The programs are available throughout the State of Maine.

Non-Residential Lending Programs

- *FAME:* This program is a collaborative effort of public and private partnerships to originate small business loans to businesses that typically do not qualify for conventional financing. FAME helps businesses grow, expand, and succeed, thereby creating new employment opportunities to benefit the people and communities of Maine. FAME programs are available throughout the State of Maine.
- *Investment Equity Product:* BSB developed this product for individuals with multi-use properties that often need financing for home-based businesses but have difficulty obtaining the necessary financing. The program allows for loans up to \$250,000 and up to an 80.0 percent loan-to-value. This innovative product meets the demand for this type of lending offered throughout the State of Maine.
- *SBA 504 Certified Development Company (CDC) Program:* The 504 CDC Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A CDC is a non-profit corporation established to contribute

to the economic development of its community or region. CDCs work with the SBA and private sector lenders to provide financing to small businesses. Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50.0 percent of the project cost and a loan secured with a junior lien from the CDC (backed by a 100.0 percent SBA-guaranteed debenture) covering up to 40.0 percent of the cost and a contribution of at least 10.0 percent equity from the small business being assisted. This innovative product meets the demand for this type of lending offered throughout the State of Maine.

- *Small Business Investment Company (SBIC):* The SBIC program is a multi-billion dollar, government-sponsored investment fund created in 1958 to bridge the gap between entrepreneurs' need for capital and traditional sources of financing. This innovative product meets the demand for this type of lending offered throughout the State of Maine.

Community Development Loans

BSB is a leader in making community development loans throughout the overall assessment area. The bank made 125 community development loans totaling \$166.1 million during the evaluation period. Many loans financed affordable housing projects, community development non-profit organizations and agencies, and entities that foster economic development initiatives. The bank utilizes a variety of financing opportunities through conventional loan products, such as working capital lines of credit and construction loans. Many borrowers use loans to build, repair, and renovate affordable multi-family housing units to low- and moderate-income individuals and families throughout the State of Maine. These construction loans are often combined with federal, State, and local lending programs that enhance and facilitate the community development projects. In addition to various government agencies, the bank is typically a leader and partners with other lenders statewide to facilitate lending opportunities that meet the definition of community development.

Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Development Organizations		Economic Development		Revitalize or Stabilize*		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012 (5/1 through 12/31)	9	16,940	14	6,595	7	3,916	1	429	2	4,424	33	32,304
2013	12	13,223	18	16,378	7	2,707	0	0	0	0	37	32,308
2014	13	17,566	19	29,592	9	22,736	1	977	0	0	42	70,871
2015 (through 5/31)	3	10,747	8	15,900	2	4,000	0	0	0	0	13	30,647
Total	37	58,476	59	68,465	25	33,359	2	1,406	2	4,424	125	166,130
<i>Source: Bank Records</i>												

Below are notable examples of the bank's community development loans:

2012

- The bank made a \$7.4 million construction loan to renovate and construct a 37-unit affordable housing project in a moderate-income tract of Westbrook, Maine, under the Neighborhood Stabilization Program. The loan benefitted the Portland-South Portland-Biddeford, Maine MSA.
- BSB made a \$3.9 million construction loan to redevelop and construct a 36-unit affordable housing and mixed-use property in a moderate-income tract of Sanford, Maine. In addition, the bank extended a \$514,000 temporary loan to fund construction costs on the same project. The loans benefitted the Portland-South Portland-Biddeford, Maine MSA.
- The bank renewed a \$500,000 line of credit to the Penobscot Indian Nation for operations pending receipt of a grant. The Penobscot community is located on Indian Island, which is a low-income census tract in Old Town, Maine. This loan benefitted the Bangor, Maine MSA.
- The bank made a \$2.0 million line of credit to an organization that helps create economically and environmentally healthy communities, especially targeting low-income individuals. The organization provides affordable housing and economic development initiatives. This loan benefitted the overall assessment area.

2013

- The bank made a \$500,000 line of credit to an economic development corporation serving eastern Maine counties that provides business support and workforce development services. Services include extending loans to businesses that would not otherwise qualify for financing through conventional terms. This loan benefitted the Bangor, Maine MSA.
- The bank made a \$5.0 million construction loan to construct 48-unit rental units for low- and moderate-income senior households. The loan benefitted Portland-South Portland-Biddeford, Maine MSA.

2014

- BSB made a \$2.1 million construction-permanent loan to a Federally Qualified Health Center (FQHC) that provides primary health and other healthcare services to people located in rural regions of the state. FQHCs qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits. FQHCs must serve an underserved area or population, offer a sliding scale, provide comprehensive services, have an ongoing quality assurance program and have a governing Board of Directors. This loan benefitted the non-MSA assessment area, particularly the area's underserved geographies.

- The bank made a \$3.4 million loan to a community development organization to construct a new headquarters. The organization's mission is to help create economically and environmentally healthy communities focused on helping people, especially those of low-income. In addition, the organization's loan and investment programs support affordable housing and economic development initiatives. The loan was to an organization that provides services throughout the State of Maine.

2015

- BSB made a \$5.1 million loan for renovations and energy-related improvements to 562 units of Bangor Housing Authority (BHA) subsidized public housing rental units serving eligible low- and moderate-income families. The loan benefitted the Bangor, Maine MSA.
- The bank made an \$8.0 million loan for temporary financing to construct and equip a new high school and regional technical education center. More than 50 percent of the student population is eligible for free or reduced-price lunches. The loan benefitted the Portland-South Portland-Biddeford, Maine MSA.
- The bank made a \$2.0 million line of credit to a CDC that specializes in rural business development and financing. The CDC is also a designated Community Development Financial Institution (CDFI). The loan benefitted the overall assessment area.

INVESTMENT TEST

BSB has an excellent level of qualified community development investments, particularly those that private investors do not routinely provide, and is often in a leadership position. Qualified investments, including current and prior period investments, and qualified donations made during the evaluation period, total \$47.7 million. The bank's involvement in the American Recovery and Reconstruction Act as a Qualified School Construction Bond program and the New Market Tax Credits (NMTCs) is noteworthy.

Investment Activity

Qualified investments made during the evaluation period total \$30.9 million. This level of qualified investments represents 3.9 percent of total securities and 1.0 percent of total assets. In addition, the bank has retained \$15.9 million in qualified investments that were made prior to the current evaluation period. Overall, total qualified investments (not including donations) equate to 6.0 percent of total securities and 1.5 percent of total assets. Of total qualified investments, \$22.4 million have a statewide impact.

The bank continues to utilize innovative and diversified investment avenues including equity investments, bonds, CDFI investments, a mutual fund, and mortgage-backed securities (MBSs). The bank's stated objective is to maintain qualified traditional investment balances in a range of 1.0 to 2.0 percent of total assets. The following table illustrates community development investments by year and purpose.

Qualified Investments												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	8,981	6	4,351	0	0	5	2,587	0	0	20	15,919
2012	3	8,145	0	0	2	6,000	0	0	0	0	5	14,145
2013	1	2,060	4	2,491	1	1,000	0	0	0	0	6	5,551
2014	3	6,560	1	2,065	3	1,070	0	0	0	0	7	9,695
2015	0	0	0	0	1	1,500	0	0	0	0	1	1,500
Total	16	25,746	11	8,907	10	11,537	5	2,587	0	0	39	46,810

*Source: Bank Records; * for investments purchased prior to the last evaluation, credit is given for the current book value as of {3/31/2015}. For current period investments, credit is given for the original amount invested.*

The following bullets illustrate a sample of qualified investments made during the evaluation period.

2012

- **The CRA Qualified Investment Fund – Statewide:**
In July 2012, the bank invested \$5 million in a publicly traded CRA mutual fund managed by Community Capital Management, Inc. The Fund finds CRA qualified investments within the State of Maine that target low- and moderate-income individuals and communities or underserved or distressed areas targeted for economic development. The Fund deployed the bank's investment in a purchase of a Fannie Mae pool of loans that financed a 62-unit senior subsidized housing project with a HUD Section 8 assistance contract in the Portland-South Portland, Maine MSA, and CRA eligible mortgage loans to low- and moderate-income borrowers throughout the statewide area.
- **North Atlantic Venture Fund V, LP – Statewide:**
In November 2012, the bank invested \$1 million in a regional SBA SBIC venture capital fund managed by North Atlantic Capital of Portland, Maine. SBICs promote economic development by financing small business and creating or sustaining employment. SBICs also raise capital from investors and by complying with SBA guidelines are able to leverage additional funding for qualified loans from proceeds of SBA debentures.

2013

- **The Genesis Community Loan Fund – Statewide:**
In August 2013, the bank invested \$400,000 in an EQ2 investment to a CDFI to support affordable housing, community services, and economic development lending and to leverage public sector grants. The Genesis Community Loan Fund, a qualified CDFI and member of the Opportunity Finance Network, provides innovative financing by soliciting investment loans from individuals, churches, corporations, and foundations and re-lending funds at favorable terms to non-profit organizations developing affordable housing and community facilities for underserved people and communities throughout Maine.
- **Community Capital Fund 2013 LTD Partnership Fund – Statewide:**
In December 2013, the bank invested in the low-income housing tax credit fund sponsored by the Northern New England Housing Investment Fund (NNEHIF). The fund's purpose is to invest in affordable housing projects for low- and moderate-income families in Maine and New Hampshire. All projects are eligible for Housing Credits and benefit the bank's assessment area.

2014

- **Boston Capital Corporate Fund XXXIX, L.P – Portland - South Portland-Biddeford ME MSA:**
In December 2014, the bank invested \$2.5 million in a national Low Income Housing Tax Credit Fund that benefits the State of Maine. This investment helped fund two projects,

including the Washington Avenue LP in Portland, which provides 18 units of housing for the homeless, and the Young Street Apartments in South Berwick, which is a 28-unit senior housing project. Both projects are located in the Portland-South Portland, Maine MSA.

- **Regional School Union #74 Qualified Zone Academy Bond – Non-MSA:**

In December 2014, the bank invested \$2.1 million in a tax credit bond issued by the District, which is authorized to issue “Qualified Zone Academy Bonds” (QZABs) within the meaning of the Internal Revenue Code and the American Recovery and Reconstruction Act tax credit program. Districts are designated as eligible to issue QZABs because they provide community services for low- and moderate-income individuals, including a majority of students eligible for the free and reduced lunch program. The bond was issued to fund renovations and energy efficiency improvements for a high school building located in a moderate-income tract in the non-MSA assessment area. These investments are innovative and flexible because the District only need repay principal, while the bank receives a Federal income tax credit in lieu of interest.

2015

- **MB (MassBusiness) Capital Fund IV, LLC – Statewide:**

In February 2015, the bank invested in the national SBA SBIC fund, managed by the Massachusetts Development Corporation (MassBusiness). The fund has the capacity to support small business capital and employment throughout Maine. The fund’s objectives are to concurrently stimulate economic growth and promote job creation and retention in the New England region.

Qualified Grants and Donations

In 1997, the bank established and endowed a 501(c) 3 philanthropic corporation – the BSB Foundation (Foundation). The Foundation focuses on: (1) encouraging increased workforce educational levels and addressing patterns of out-migration of Maine youth; (2) leveraging the “creative economy” in support of increasing regional income levels and economic activity in rural communities; and (3) supporting entrepreneurial capacity and the needs of micro-enterprise businesses in Maine that are not met by existing for-profit or public sector programs. The Foundation also continues to support the areas of education, health and wellness, social and civic services, and culture and arts. The bank bases the Foundation’s annual donation budget on the interest earnings of the initial endowment from the bank and an annual funding from the bank. The bank determines its contribution to the Foundation on an annual basis, based on a percentage of prior year net profit. For this evaluation, the bank contributed \$477,000 each year or \$1,431,000 during the evaluation period to the Foundation for unrestricted contributions.

A portion (\$100,000) of the Foundation’s annual giving is based on public participation. Demonstrating leadership in this arena, the bank developed an innovative grant program entitled “Community Matters More.” The bank partners with local media outlets and invites 68 non-profit organizations throughout Maine to record a public service announcement, at no cost, to describe their mission to potential stakeholders. The general public is invited to vote for the organizations that they wish to receive a “Community Matters More” grant. The voting takes place either on the bank’s website or by a ballot obtained at a bank branch. Additionally, the

public is invited to write-in an organization if they desire. Each of the eight organizations that receive the most votes receives \$5,000. The remaining 60 organizations receive \$1,000 each. The remaining funds in the Foundation are directed for distribution by the Foundation through the Foundation Review Committee.

The bank’s fiscal year runs April 1st through March 31st; therefore, examiners analyzed donations on a fiscal year basis. For this evaluation, eleven months of fiscal year 2012, the full fiscal years 2013 and 2014, and 2015 fiscal year-to-date will be included. For the evaluation period, the Foundation made grants totaling \$2,004,149 and the bank provided \$1,783,351 for a combined total of \$3,787,500 in donations and grants to organizations throughout Maine. Grants made through the bank’s “Community Matters More” initiative are included in this total. Of these amounts, qualified donations total approximately \$884,000. The bank demonstrated an increasing trend in annual donation amounts, as reflected in the following table.

Qualified Grants and Donations Activity By Year												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012	3	13	23	189	3	9	0	0	0	0	29	211
2013	4	21	27	213	7	20	0	0	0	0	38	254
2014	5	65	33	296	6	24	0	0	0	0	44	385
2015	0	0	7	29	1	5	0	0	0	0	8	34
Total	12	99	90	727	17	58	0	0	0	0	119	884

Source: Bank Records as of 3/31/2015.

Below are notable examples of the bank’s qualified donations:

Statewide

- **Charlotte White Center (CWC):** CWC is non-profit community service organization that provides community health and social services for low- and moderate-income adults, children, and families affected by cognitive or developmental disabilities, behavioral or mental health challenges, domestic violence, or acquired brain injuries. CWC primarily serves Piscataquis, Penobscot, Hancock, Somerset, Kennebec, and Waldo Counties.
- **Good Shepherd Food Bank:** The mission of this non-profit agency is to provide food for those at risk of hunger by soliciting surplus food and distributing it to non-profit programs throughout Maine. The agency supplies over 600 food assistance relief agencies throughout Maine, with food and other essentials to residents struggling with hunger. During the evaluation period, the bank earmarked a donation to the agency to assist communities across the region affected by recent mill closures and layoffs. The donation provided low- and moderate-income workers and families that fall outside of specific federal and state assistance programs with fuel assistance, meals, and items to prepare for job fairs and workshops.

- ***Four Directions Development Corporation:*** This is a Native American CDFI that serves communities in Maine by providing affordable home and business loans, financial literacy, and education services to low- and moderate-income residents promoting community development credit counseling and homebuyer counseling.

Non-MSA

- ***Aid for Kids:*** This non-profit community service organization provides low- and moderate-income children and their families in Northern Maine with essential items such as diapers, winter coats, footwear, and blankets.
- ***HOME Inc.:*** The goal of this non-profit community service organization is to provide low-income and homeless families in the Hancock County area with food, emergency shelter, affordable housing, and employment counseling.

Bangor MSA

- ***Maine Stream Finance:*** This organization, in partnership with Four Directions Development Corporation’s (a CDFI) “Power Up” program, provides credit related and technology training to disadvantaged rural and Native American residents in Penobscot County.
- ***Habitat for Humanity of Greater Bangor:*** This is a non-profit organization that helps build, renovate, and provide affordable housing to low- and moderate-income families. The donations were used to purchase building materials and professional contractor services for housing projects in Bangor.
- ***Penobscot Community Health Care (PCHC):*** PCHC is a non-profit community service organization that supports the Hope House Health & Living Center, which provides low- and moderate-income individuals with a safe place to sleep, obtain medical and behavioral health care, obtain substance abuse treatment, and supply resources to achieve stability and self-sufficiency.
- ***Good Samaritan Agency:*** This non-profit organization provides free social services to low- and moderate-income Penobscot County area residents.

Portland-South Portland-Biddeford MSA

- ***Avesta Housing:*** Avesta Housing’s mission is to promote and provide housing opportunities primarily for low- and moderate-income individuals in Southern Maine. Avesta advocates for affordable housing, develops and manages high quality housing, and helps low- and moderate-income residents access other needed services.
- ***Habitat for Humanity of York County:*** This is a non-profit organization that helps build, renovate, and provide affordable housing to low- and moderate-income families.

The donations were used to match funds to weatherize and repair low-income homes in Cumberland County.

- ***City of Brewer Housing Authority:*** This non-profit organization assists low- and moderate-income residents with housing needs, and has designed a workforce development program to assist individuals in finding employment.

Lewiston-Auburn MSA

- ***Tree Street Youth:*** This is a non-profit community service organization that runs a youth development center for low-income and at-risk children. The center is designed to improve the children’s social, emotional, and academic standing.

SERVICE TEST

The institution’s performance under the Service Test is “Outstanding.” The provision of retail banking services, particularly those designed to benefit low- and moderate-income individuals, is excellent. The large branch network and variety of alternative delivery systems are available consistently across the overall assessment area. The bank was a leader in providing community development services. The following sections discuss the bank’s Service Test performance under each factor.

Accessibility of Delivery Systems

Delivery systems are readily accessible throughout all portions of the institution’s assessment area. BSB operates a network of 57 branches throughout the State of Maine. Of the 57 branches, 13 (22.8 percent), including the bank’s main office, are located within the Bangor, Maine MSA; 14 (24.6 percent) are located within the Portland-South Portland, Maine MSA, 1 (1.7 percent) is located within the Lewiston-Auburn, Maine MSA; and, 29 (50.8 percent) are located within the non-MSA assessment area. In addition to its large branch network, the bank operates eight stand-alone ATMs. The following table, comparing the distribution of the bank’s branch and ATM location with population demographics by income level, illustrates the accessibility of delivery systems. Examiners emphasized the branch distribution in low- and moderate-income areas, which compares favorably to applicable demographics. In addition, BSB operates branches in six distressed or underserved non-MSA middle-income census tracts including Houlton, Dover-Foxcroft, Greenville, Calais, Eastport, and Rockland. BSB is the only bank that operates a branch in the Town of Cornish (a moderate-income census tract) and the Town of Hartland (a middle-income tract).

Branch and ATM Distribution by Census Tract Income Level								
Tract Income Level	Census Tracts		Population		Branches		Stand-Alone ATMs	
	#	%	#	%	#	%	#	%
Low	6	1.7%	14,391	1.1%	2	3.5%	-	0.0%
Moderate	53	15.1%	164,527	12.4%	14	24.6%	-	0.0%
Middle	232	65.9%	897,249	67.5%	31	54.4%	6	75.0%
Upper	60	17.0%	252,194	19.0%	10	17.5%	2	25.0%
NA	1	0.3%	-	0.0%	-	0.0%	-	0.0%
Total	352	100.0%	1,328,361	100.0%	57	100.0%	8	100.0%

Source: 2010 U.S. Census & Bank Records

The bank's ATM network includes 57 locations available 24 hours a day, 7 days a week; and eight additional ATMs with varying hours. Additionally, BSB offers free access to ATMs worldwide, reimbursing all ATM transaction fees customers may incur. Alternative delivery systems also include free electronic banking services such as online account access, direct deposit, and automatic payment and savings programs, bank-by-mail, 24-hour toll-free telephone banking, Visa check, debit and gift cards; cash advance services; and a customer service call center available six days a week.

As reflected in the table above, branch dispersion in the low- and moderate-income census tracts exceeds the percentage of such tracts and the population residing in the low- and moderate-income tracts.

Changes in Branch Locations

The institution's opening and closing of branch offices has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the evaluation period, the bank opened three branches, including two located in the Portland-South Portland-Biddeford, Maine MSA, and one in the non-MSA portion of the bank's assessment area. Within the Portland-South Portland-Biddeford, Maine MSA, the bank relocated its York branch from 2 Moulton Lane to 460 US Route 1 and opened the 196 Main Street Ogunquit branch. The relocated York branch provides enhanced access to the bank's services through an improved location on a major throughway, additional parking, and an additional drive-up service lane. In addition, the bank opened the 5 Senator Way Augusta, Maine branch located in a moderate-income census tract.

Reasonableness of Business Hours and Services

The bank's business hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and individuals. Nearly half of the bank's branches offer Saturday hours, and most provide extended hours on Friday evenings. BSB's Monday through Thursday lobby and drive-up service hours are generally consistent with local competition. Additionally, six branches are located in distressed or underserved middle-income census tracts in the Towns of Houlton, Dover-Foxcroft, Greenville,

Calais, Eastport, and Rockland; two branches represent the only financial institution presence in the Towns of Cornish and Hartland.

Community Development Services

BSB continues as a leader in providing community development services throughout the overall assessment area during the evaluation period, particularly in the areas of affordable housing and economic development. The bank also leads in providing community development services to Maine’s Native American Community. There were no material differences in the services provided to any portions of the overall assessment area.

Bank officers and employees contributed numerous hours through participation in 250 community development service activities providing financial expertise and technical assistance to organizations with a primary purpose of community development. Of the 250 community development service activities provided, 103 of them benefitted the broader statewide area, while 63 directly benefitted the non-MSA portion of the state, 35 benefitted the Bangor, Maine MSA, 39 benefitted the Portland, South Portland, Maine MSA, and 11 benefitted the Lewiston-Auburn, Maine MSA. The following table illustrates the number of community development services, by year and by purpose, performed by the bank during the evaluation period.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2012	28	14	40	2	0	84
2013	22	14	25	5	0	66
2014	19	23	32	3	0	77
YTD 2015	11	3	8	1	0	23
Total	80	54	105	11	0	250

Source: Bank Records

As illustrated in the table, the bank engaged in services across most categories of community development, but primarily focused activities related to economic development and affordable housing as these were identified as primary needs of the area. Below are notable examples of the bank’s community development services:

- The bank provided technical assistance to Four Directions Development Corporation, Maine’s Native American CDFI, on numerous initiatives that occurred throughout the evaluation period. Examples of these initiatives include the development of a Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP), development of a “Growing Economies in Indian Country” conference, and the “Wabanaki Asset Building Initiative” for which the bank provided assistance in the grant application process.

- An officer of the bank serves as a Director of Coastal Enterprises Inc. (CEI), a CDFI specializing in rural business development and financing. The organization supports small- and medium-sized businesses including agriculture and fishery sectors, community facilities, renewable energy, and affordable housing.
- The bank provided technical assistance to the Portland Housing Authority (PHA) through the preparation of a private activity bond financing proposal for proposed energy related capital improvements under several HUD financing programs.
- An officer of the bank served on the Board of the Waldo Community Action Partners (Waldo CAP). Waldo CAP is a charitable, educational, private, non-profit organization designed to utilize and mobilize public and private resources to assist in alleviating poverty and addressing its underlying causes in Waldo County.
- An employee of the bank served on the Board of the Washington County Council of Governments Brownfields Program. The Brownfields program conducted environmental assessments of 24 properties to facilitate site redevelopment.
- An employee of the bank served on the Lewiston Education Fund committee. The Lewiston Education Fund is a non-profit organization created to expand educational opportunities and support academic excellence in the Lewiston Public School System which predominantly serves students from low- and moderate-income families.
- Several employees of the bank served on the Boards of organizations created under the Maine Development Foundation program including Waterville Main Street, Our Town Belfast, Saco Spirit, and Heart of Biddeford. The Maine Development Foundation was created by the governor and legislature in 1978 with a broad mandate to promote the economy and is funded through a combination of fee-for-service, private contributions, memberships, foundation support, and state government contracts.
- A bank employee served on the Town of Bucksport Micro-Loan Committee. The Micro-Loan Committee provides funding to small businesses which demonstrate the ability to succeed, but may not qualify or be ready for traditional bank financing. The organization also provides technical assistance to small businesses.
- An employee of the bank served on the Board of Rebuild Together LA, which provides low-income homeowners with critical home repairs, accessibility modifications, and energy efficiency upgrades. The organization completes approximately 10,000 projects annually.

Miscellaneous Services

In addition to technical assistance provided by the bank's officers and employees, the bank provides a number of other community development services, including the following:

- BSB participates in both Interest on Realtor Trust Account (IORTA) and Interest on Lawyers Trust Account (IOLTA) by providing interest-bearing escrow accounts for client deposits. Proceeds from IORTA and IOLTA accounts are used to support affordable housing and free legal services to low-income individuals, respectively.
- BSB continues to provide loan servicing for home mortgage loans for the Maine State Housing Authority (MSHA) First-Time Home Buyer program for a nominal fee. The bank provides tax and insurance escrow services, as well as management of delinquent accounts, loan modifications, and foreclosure proceedings.
- BSB is the only financial institution in the State of Maine certified to and currently providing home mortgage loans through the HUD Section 184 Indian Home Loan Guarantee Program and construction/development loans on reservation and trust land in Maine under the HUD Title VI Program.
- The bank offers numerous account products with features benefiting low- and moderate-income individuals, small businesses, and organizations. These products include *Benefit Checking* and *Benefit 62*, which offer benefits targeted at low- and moderate-income individuals including no monthly service charges, free ATM access and online banking services, and no minimum balance requirements; Individual and Family Development Accounts offered through relationships with community groups, foundations, and non-profit organizations; free small business checking, and Government and not-for-profit checking with interest. Additionally, the bank offers the Workplace Advantage program, which provides guaranteed eligibility to employees of its business customers to premier banking services.
- BSB provides support to numerous non-profit organizations through the use of its three community rooms including two in Bangor and one in the newly opened Augusta branch location.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

NON-METROPOLITAN STATEWIDE ASSESSMENT AREA

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-METROPOLITAN ASSESSMENT AREA

BSB maintains 29, or 50.9 percent, of its branches in the non-MSA portion of the overall assessment area. These branches are located in the following municipalities: Augusta (2), Belfast (2), Bucksport, Calais, Camden/Rockport, Castine, Dixfield, Dover-Foxcroft, Eastport, Ellsworth, Farmington (2), Greenville, Hartland, Houlton, Jonesport, Machias, Madison, Monmouth, Pittsfield, Rockland, Rumford, Searsport, Skowhegan, Unity, Waterville, and Winslow.

There are no low-income census tracts in the non-MSA area. Six of the bank’s non-MSA assessment area branches are located in moderate-income tracts in Augusta (2), Hartland, Jonesport, Machias, and Skowhegan. Twenty-one branches are located in middle-income tracts, of which six are designated as “distressed” or “underserved”. Two branches are located in upper-income census tracts in the Towns of Camden and Castine. All branches are full-service and all have deposit-taking ATMs. The bank offers drive-up service at all branch locations except the downtown Belfast and Castine offices. Since the last evaluation, the bank opened one new branch in a middle-income tract in Belfast. No non-MSA assessment area branches have closed since the last evaluation.

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

Demographic Information of the Statewide Non-MSA Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	163	0.0	12.9	73.6	13.5	0.0
Population by Geography	552,638	0.0	9.3	77.1	13.6	0.0
Housing Units by Geography	332,672	0.0	11.5	74.6	13.9	0.0
Owner-Occupied Units by Geography	177,464	0.0	9.0	77.6	13.4	0.0
Occupied Rental Units by Geography	55,704	0.0	12.9	75.4	11.7	0.0
Vacant Units by Geography	99,504	0.0	15.3	68.8	15.9	0.0
Businesses by Geography (2014)	39,758	0.0	9.7	74.9	15.4	0.0
Businesses by Geography (2013)	48,057	0.0	9.7	74.9	15.4	0.0
Farms by Geography	2,003	0.0	8.5	79.7	11.8	0.0
Family Distribution by Income Level	150,476	19.9	18.5	22.1	39.5	0.0
Household Distribution by Income Level	233,167	23.7	16.5	18.3	41.5	0.0
Median Family Income		\$52,116	Median Housing Value			\$151,949
FFIEC-Estimated Median Family Income for 2013		\$53,200	Median Gross Rent			\$611
FFIEC-Estimated Median Family Income for 2014		\$51,700	Families Below Poverty Level			9.7%

Source: 2010 U.S. Census, 2013 and 2014 D&B Data, and FFIEC-Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-METROPOLITAN AREA

LENDING TEST

Lending Activity

Considering performance context factors including demographics, the bank's home mortgage and small business lending activity reflects excellent responsiveness to the credit needs of the non-MSA portion of the overall assessment area. Examiners focused on market share data. The following sections discuss performance by loan type.

Home Mortgage Loans

The bank originated 913 home mortgage loans totaling \$116.5 million in the non-MSA assessment area in 2013, which represented 45.4 percent of loans in the overall assessment area. This activity represented a 7.0 percent market share among 278 lenders that originated and reported at least a single loan in this area. The bank ranked third behind Wells Fargo Bank and Camden National, which ranked first and second, respectively. Due partially to an increase in interest rates and a corresponding decline in the demand for refinancing, the home mortgage lending activity in the non-MSA portion of the overall assessment area experienced declines similar to the overall decline in the State of Maine.

Small Business Loans

The bank originated 654 small business loans totaling \$62.7 million in the non-MSA assessment area in 2013, which represented 40.5 percent of total loans in the overall assessment area. This activity represented a market rank of seventh and a 7.1 percent market share among 49 lenders that originated and reported at least a single loan in this area. Three of the banks ranking ahead of BSB had average loan amounts of \$9,000 or less, and are likely institutions originating loans under business credit card arrangements. The other three lenders include Camden National Bank, The First, N.A., and Machias Savings Bank. Demonstrating a consistent trend with that noted for the overall assessment area, small business lending decreased in 2014 when compared to 2013 levels.

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 supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts as this assessment area does not include any low-income tracts. The following sections detail this analysis by loan type.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the non-MSA assessment area. Examiners focused on the comparison to aggregate data. The

following table shows that the bank’s performance in moderate-income census tracts in 2013 exceeds both aggregate and demographic data, and demonstrated a consistent trend in 2014.

Market share reports further support the bank’s excellent dispersion of home mortgage loans. With respect to lending in moderate-income geographies, BSB ranked second with a market share of 10.7 percent. The only institution ranked ahead of BSB was Machias Savings Bank, which originated 106 loans for a market share of 11.4 percent.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2013	9.0	7.5	100	10.9	8,620	7.4
2014	9.0	--	59	9.9	4,694	6.4
Middle						
2013	77.6	75.5	702	76.9	91,475	78.5
2014	77.6	--	462	77.2	54,985	74.8
Upper						
2013	13.4	17.0	111	12.2	16,433	14.1
2014	13.4	--	77	12.9	13,843	18.8
Total						
2013	100.0	100.0	913	100.0	116,528	100.0
2014	100.0	--	598	100.0	73,522	100.0

Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; "2014" data not available

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The bank’s performance of lending in moderate-income tracts exceeded aggregate and demographic data in 2013, and demonstrated an increasing trend by percentage of loans in 2014. These comparisons and trends reflect excellent performance under this factor. Market share data for 2013 further supports the bank’s excellent performance. BSB ranked third of 31 institutions that originated loans in the area’s moderate-income tracts.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2013	9.7	8.9	75	11.5	7,752	12.4
2014	9.7	--	73	13.1	6,674	10.0
Middle						
2013	74.9	73.1	511	78.1	47,294	75.4
2014	74.9	--	429	76.7	53,222	79.7
Upper						
2013	15.4	18.0	68	10.4	7,651	12.2
2014	15.4	--	57	10.2	6,893	10.3
Total						
2013	100.0	100.0	654	100.0	62,687	100.0
2014	100.0	--	559	100.0	66,789	100.0
<i>Source: 2013 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and good penetration to businesses of different sizes. The bank's excellent performance of home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. Examiners focused on the comparison to aggregate data and market share information.

In 2013, the bank's performance of lending to low-income borrowers exceeded aggregate data and was lower than the percentage of low-income families in the non-MSA assessment area. This can be partially explained by the percentage of families with incomes below the poverty level (9.7 percent), which is a subset of the low-income category. Low-income families, particularly those with incomes below the poverty level, would have difficulty obtaining home mortgage financing, even under flexible underwriting guidelines. The bank's performance of lending to moderate-income borrowers exceeded aggregate and demographic data in 2013, and demonstrated a relatively consistent trend (by percentage of loans) in 2014.

Market share data further supports the bank’s excellent performance in lending to borrowers of different income levels. In 2013, the bank ranked first of 85 lenders in terms of lending to low-income borrowers, with a market share of 8.8 percent. In addition, the bank ranked second in terms of lending to moderate-income borrowers with a market share of 8.7 percent. The only institution ranked ahead of BSB was Wells Fargo Bank, N.A.

The following table illustrates the distribution of loans, demographic, and aggregate data by income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	19.9	5.6	64	7.0	3,457	3.0
2014	19.9	--	28	4.7	1,590	2.2
Moderate						
2013	18.5	15.7	181	19.8	16,130	13.8
2014	18.5	--	102	17.0	7,659	10.4
Middle						
2013	22.1	21.1	185	20.3	20,409	17.5
2014	22.1	--	161	26.9	16,648	22.6
Upper						
2013	39.5	45.3	459	50.3	72,007	61.8
2014	39.5	--	282	47.2	44,729	60.9
Income Not Available						
2013	0.0	12.3	24	2.6	4,525	3.9
2014	0.0	--	25	4.2	2,896	3.9
Total						
2013	100.0	100.0	913	100.0	116,528	100.0
2014	100.0	--	598	100.0	73,522	100.0

Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; "--" data not available

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1 million or less. Examiners focused on the comparison to aggregate data and market share information.

The bank’s performance of lending to businesses with GARs of \$1 million or less was slightly below aggregate data and was below business demographics. Market share data for 2013 reflects that BSB ranked seventh out of 49 financial institutions, with a market share of 7.1 percent. Ranked higher than BSB were large, regional/national business credit card lenders, as well as local banks such as Camden National Bank, The First, N.A., and Machias Savings Bank. In

addition, the bank's performance of lending to businesses with GARs of \$1 million or less decreased slightly in 2014.

The following table illustrates the distribution of small business loans, aggregate, and demographic data by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2013	73.7	54.4	330	50.5	14,859	23.7
2014	73.1	N/A	261	46.7	13,905	20.8
> \$1,000,000						
2013	4.0	45.6*	156	23.9	41,427	66.1
2014	4.7	N/A	147	26.3	45,678	68.4
Subtotal						
2013	77.7	100.0	486	74.4	56,286	89.8
2014	77.8	N/A	408	73.0	59,583	89.2
Revenue Not Available						
2013	22.3	0.0	168	25.6	6,411	10.2
2014	22.2	N/A	151	27.0	7,206	10.8
Total						
2013	100.0	100.0	654	100.0	62,697	100.0
2014	100.0	N/A	559	100.0	66,789	100.0
<i>Source: 2010 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data; "--" data not available</i>						

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The bank exhibited an excellent record of serving the credit needs of the most economically disadvantaged area(s) of its non-MSA assessment area (including underserved and distressed communities), low-income individuals, and/or very small businesses, consistent with safe and sound business practices. Please refer to the overall assessment area section for complete details.

Innovative and Flexible Lending

The bank makes extensive use of innovative and/or flexible lending practices in order to serve non-MSA credit needs, which is consistent with its performance in the overall assessment area. Please refer to the overall *Innovative and Flexible Lending* section for details on specific programs.

Community Development Loans

BSB is a leader in making community development loans in the non-MSA portion of the overall assessment area. Specifically, the bank originated 24 community development loans totaling approximately \$19.9 million. The totals represent 19.2 percent by number, and 12.2 percent, by dollar amount, of all community development loans made during the evaluation period. The following table illustrates the bank's community development loans by year and purpose. Examiners provided examples of community development loans under the overall Community Development Loans section.

Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Development Organizations		Economic Development		Revitalize or Stabilize*		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012 through 12/31	2	1,250	5	3,500	0	0	1	429	0	0	8	5,179
2013	2	510	4	5,850	1	162	0	0	0	0	7	6,522
2014	3	2,694	5	5,050	0	0	0	0	0	0	8	7,744
2015 through 5/31	0	0	1	500	0	0	0	0	0	0	1	500
Total	7	4,454	16	14,900	1	162	1	429	0	0	24	19,945

Source: Bank Records

INVESTMENT TEST

Consistent with overall performance, the bank had an excellent level of qualified investments in the non-MSA assessment area. The bank made investments not routinely provided by private investors including often complex and innovative investments, and demonstrated excellent responsiveness to credit and community development needs in the non-MSA assessment area.

Investment Activity

BSB made five new qualified community development investments totaling \$6 million during the evaluation period that directly benefited the non-MSA assessment area. These new investments were for the purpose of developing affordable housing and providing community services for low- and moderate-income individuals, and promoting economic development by financing small businesses. Including prior period investments with a current book value of \$3.6 million, qualified investments total \$9.6 million in the non-MSA area. The following table illustrates the bank's community development investments during the evaluation period by year and community development purpose. Examiners provided a full discussion and representative examples of the investments in the overall *Investment Test* section. Qualified donations in the non-MSA portion of the assessment area totaled \$102,500, or 11.6 percent, of total.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	2	2,080	1	1,321	1	259	0	0	4	3,660
2012 (4/1 to 12/31)	1	1,600	0	0	0	0	0	0	0	0	1	1,600
2013	0	0	2	1,807	0	0	0	0	0	0	2	1,807
2014	0	0	1	2,065	1	500	0	0	0	0	2	2,565
YTD 2015	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	1	1,600	5	5,952	2	1,821	1	259	0	0	9	9,632
Qualified Grants & Donations	2	6	18	86	4	11	0	0	0	0	24	103
Total Investments & Qualified Grants & Donations	3	1,606	23	6,038	6	1,832	1	259	0	0	33	9,735
<i>Source: Bank Records</i>												

SERVICE TEST

The bank's performance within the Non-MSA portion of the assessment area does not materially differ from its performance within the MSA portions of the assessment area. The following sections discuss the bank's Service Test performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible throughout the non-MSA portion of the assessment area. The bank operates 29 branches in the Non-MSA portion of the assessment area, representing 50.8 percent of its branch network. Branches within the Non-MSA portion of the assessment area include the six branches located in distressed or underserved middle-income census tracts in the towns of Houlton, Dover-Foxcroft, Greenville, Calais, Eastport, and Rockland; two branches represent the only financial institution in the towns of Cornish and Hartland; and six branches are located in moderate-income census tracts. Services such as drive-up, extended and Saturday hours, ATMs and the availability of alternative delivery systems is consistent with the previous discussion in the overall Service Test.

Changes in Branch Locations

The opening and closing of branches in the non-MSA portion of the assessment area improved accessibility of delivery systems, particularly in moderate-income geographies. The bank opened a branch at 5 Senator Way in Augusta, which is located in a moderate-income census tract. The new branch offers drive-up service, a deposit-taking ATM, and Saturday hours similar to other branch locations.

Reasonableness of Business Hours and Services

The bank's business hours and services provided within the Non-MSA do not vary from those described in the overall assessment area Service Test.

Community Development Services

The bank was a leader in providing community development services within the Non-MSA portion of the assessment area, consistent with the overall assessment area performance. The following table illustrates community development services by purpose and by year. Please refer to the overall Service Test for a representative example of these services.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2012	5	11	14	0	0	30
2013	6	7	8	2	0	23
2014	0	3	3	0	0	6
YTD 2015	3	0	1	0	0	4
Total	14	21	26	2	0	63

Source: Bank Records

BANGOR, MAINE MSA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BANGOR, MAINE MSA

The bank operates 13 branches, including the main office, in the Bangor, Maine MSA. Branches within the Bangor, Maine MSA are located in the municipalities of Bangor (4), Brewer, Dexter, East Millinocket, Hampden, Howland, Lincoln, Millinocket, Old Town, and Orono. Additionally, the bank maintains five stand-alone ATMs, including one deposit-taking ATM, within the Bangor, Maine MSA.

The Bangor, Maine MSA includes all of Penobscot County, Maine. There are 46 census tracts located in Penobscot County including 1 low-, 9 moderate-, 27 middle-, and 9 upper-income census tracts. Penobscot County does not include any census tracts that the FFIEC has designated as distressed or underserved.

The Bangor, Maine MSA has a total population of 153,923, consisting of 39,470 families, and representing 11.6 percent of the overall assessment area population. As of 2013, the FFIEC-estimated median family income was \$54,800, which remains mostly unchanged from the 2010 U.S. Census MFI of \$54,271. Additionally, 38.3 percent of families located within the MSA are of low- and moderate-income, including the 15.4 percent of MSA families living below the federal poverty level.

As of June 2015, Penobscot County had unemployment of 5.1 percent; however, declines in the labor force have significantly contributed to the decline in overall unemployment since the prior evaluation period. Major industries located within this MSA, specifically lumber and paper-processing facilities, continue to struggle in this area with at least temporary lay-offs affecting more than 400 area workers during 2014. Such economic and employment uncertainty in the area could potentially have impacted home mortgage loan demand.

The table below illustrates key demographic information for the Bangor, Maine MSA.

Demographic Information of the Bangor, Maine MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	2.2	19.6	58.7	19.5	0
Population by Geography	153,923	0.4	20.4	56.4	22.8	0
Housing Units by Geography	72,957	0.3	22.6	56.4	20.7	0
Owner-Occupied Units by Geography	43,936	0.2	17.9	56.5	25.4	0
Occupied Rental Units by Geography	18,346	0.6	26.5	58.0	14.9	0
Vacant Units by Geography	10,675	0.4	35.0	53.1	11.5	0
Businesses by Geography	10,375	0.3	18.8	54.1	26.8	0
Farms by Geography	357	0.6	11.2	61.6	26.6	0
Family Distribution by Income Level	39,470	21.2	17.1	22.0	39.7	0
Household Distribution by Income Level	62,282	24.4	16.3	17.7	41.6	0
Median Family Income		\$54,271	Median Housing Value			\$131,971
FFIEC-Estimated Median Family Income for 2013		\$61,800	Median Gross Rent			\$666
FFIEC-Estimated Median Family Income for 2014		\$54,800	Families Below Poverty Level			15.4%
<i>Source: 2010 U.S. Census, 2013 & 2014 D&B Data, and FFIEC-Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

CONCLUSIONS ON PERFORMANCE CRITERIA IN BANGOR, MAINE MSA

LENDING TEST

Lending Activity

The bank's lending activity within the Bangor, Maine MSA is commensurate with the percentage of population residing in this portion of the assessment area and the location of its headquarters in Bangor, Maine. The bank demonstrated excellent responsiveness to the credit needs of this MSA.

Home Mortgage Loans

BSB originated 528 home mortgage loans totaling \$69.3 million in the Bangor, Maine MSA in 2013, representing 26.2 percent by number, and 22.7 percent by dollar, of the bank's overall home mortgage loan originations. Additionally, the bank ranked first, with a market share of 11.9 percent, among 154 HMDA reporting lenders that made at least one home mortgage loan within the MSA in 2013.

In 2014, despite a more than 28.0 percent decline in overall home mortgage lending, the percentage of the bank's loans originated within the Bangor, Maine MSA was consistent with 2013 levels. The bank originated 379 home mortgage loans totaling \$44.8 million inside the Bangor, Maine MSA in 2014, reflecting 27.4 percent by number, and 21.8 percent by dollar, of the bank's overall home mortgage originations.

Small Business Loans

The bank originated 364 small business loans totaling \$37.5 million in the Bangor, Maine MSA in 2013, representing 22.5 percent, by number, and 20.9 percent, by dollar of the bank's total small business loan originations. BSB ranked first in small business loan originations among 43 reporting lenders in the Bangor, Maine MSA with market share, by number, of 13.0 percent.

Small business loan originations declined 14.0 percent in 2014, to 313 loans totaling \$35.6 million in the Bangor, Maine MSA; however, the bank's lending within this portion of the assessment area was consistent with 2013 performance. The bank's small business loan originations within this MSA represent 22.8 percent by number, and 20.8 percent by dollar, of the bank's total small business loans in 2014.

Geographic Distribution

The dispersion of the bank's lending throughout the Bangor, Maine MSA including geographies of all income levels, and particularly low- and moderate-income census tracts, is excellent. The bank remains a leader in both home mortgage and small business lending in low- and moderate-income geographies within the Bangor, Maine MSA. The following sections detail this analysis by loan type.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the Bangor, Maine MSA, particularly in moderate-income census tracts. In 2013, the bank made one of only two total loans in the sole low-income census tract in Bangor. Although the table below reflects aggregate performance of 0.0 percent, there were two loans originated in the low-income census tract, which represents less than 0.1 percent of all lending in the Bangor, Maine MSA. The bank also made one loan in low-income census tracts in 2014. Market share data supports the bank's excellent performance for lending in this low-income tract. BSB's loan in the low-income tract represented 78.2 percent of the dollar amount of the two loans made there in 2013.

The bank's home mortgage lending volume within moderate-income geographies was slightly below aggregate; however, the bank remains a leader in lending in this census tract income level. Market share data strongly supports the bank's excellent performance for lending in moderate-income census tracts. In 2013, the bank ranked first out of 75 lenders in lending to moderate-income census tracts within the MSA, with an 11.8 percent market share by number. In 2014, home mortgage lending to moderate-income borrowers decreased significantly. The decline can be partially attributed to a slowdown in refinance activity in the market, as discussed previously.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	0.2	0.0	1	0.2	103	0.2
2014	0.2	--	1	0.3	133	0.3
Moderate						
2013	17.9	16.2	84	15.9	10,379	14.9
2014	17.9	--	42	11.1	3,231	7.2
Middle						
2013	56.5	51.5	261	49.4	31,241	45.1
2014	56.5	--	211	55.6	22,438	50.1
Upper						
2013	25.4	32.3	182	34.5	27,575	39.8
2014	25.4	--	125	33.0	19,002	42.4
Total						
2013	100.0	100.0	528	100.0	69,298	100.0
2014	100.0	--	379	100.0	44,804	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; 2014 data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the Bangor, Maine MSA, particularly in moderate-income census tracts. Although the bank did not originate any small business loans within the one low-income tract in 2013, the bank originated one loan to a business located within this geography in 2014, reflecting 0.3 percent of small business lending, which mirrors the percentage of businesses located within this area. In 2013, the bank exceeded aggregate lending performance within moderate-income census tracts originating 17.3 percent of small business loans within these geographies. According to market share reports, BSB ranked first of 29 lenders that made at least one loan in the moderate-income census tracts in 2013.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	0.3	0.2	0	0.0	0	0.0
2014	0.3	--	1	0.3	40	0.1
Moderate						
2013	18.8	14.6	63	17.3	6,621	17.7
2014	18.8	--	48	15.3	5,113	14.3
Middle						
2013	54.3	52.4	188	51.7	15,987	42.6
2014	54.1	--	164	52.4	17,247	48.4
Upper						
2013	26.6	32.8	113	31.0	14,873	39.7
2014	26.8	--	100	32.0	13,248	37.2
Total						
2013	100.0	100.0	364	100.0	37,481	100.0
2014	100.0	--	313	100.0	35,648	100.0
<i>Source: 2013 and 2014 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data; 2014 data not available</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. Examiners focused on the comparison to aggregate data and market share information.

In 2013, the bank's performance of lending to low-income borrowers was somewhat below aggregate data and was lower than the percentage of low-income families in the Bangor, Maine MSA. This can be partially explained by the high percentage of families with incomes below the poverty level (15.4 percent), which is a subset of the low-income category. Low-income families, particularly those with incomes below the poverty level, would have difficulty obtaining home mortgage financing, even under flexible underwriting guidelines. The bank's performance of lending to moderate-income borrowers exceeded aggregate and demographic data in 2013, and demonstrated a somewhat declining trend (by percentage of loans) in 2014.

Market share data further supports the bank's excellent performance in lending to borrowers of different income levels. In 2013, the bank ranked second of 48 lenders in terms of lending to low-income borrowers, with a market share of 9.6 percent. Only Wells Fargo Bank, N.A., ranked ahead of BSB. In addition, the bank ranked first of 73 lenders that originated at least one loan to a moderate-income borrower in 2013.

The following table illustrates the distribution of loans, demographic, and aggregate data by income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	21.2	8.1	35	6.6	1,668	2.5
2014	21.2	--	19	5.0	541	1.2
Moderate						
2013	17.1	20.5	119	22.5	9,585	13.8
2014	17.1	--	64	16.9	3,866	8.6
Middle						
2013	22.0	22.5	114	21.6	12,294	17.7
2014	22.0	--	83	21.9	7,998	17.9
Upper						
2013	39.7	34.6	226	42.8	37,617	54.3
2014	39.7	--	195	51.5	29,250	65.3
Income Not Available						
2013	0.0	14.3	34	6.5	8,134	11.7
2014	0.0	--	18	4.7	3,149	7.0
Total						
2013	100.0	100.0	528	100.0	69,298	100.0
2014	100.0	--	379	100.0	44,804	100.0
<i>Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; 2014 data not available</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with GARs of \$1 million or less. Examiners focused on the comparison to aggregate data and market share information.

The bank's performance of lending to businesses with GARs of \$1 million or less exceeded aggregate data and was below business demographics. Market share data for 2013 shows that BSB ranked first in terms of lending to businesses with GARs of \$1 million or less. In addition, the bank's performance of lending to businesses with GARs of \$1 million was comparable in 2014.

The following table illustrates the distribution of small business loans, aggregate, and demographic data by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2013	71.3	42.0	181	49.7	10,022	26.7
2014	70.5	N/A	139	44.4	7,339	20.6
> \$1,000,000						
2013	5.2	58.0*	75	20.6	22,573	60.2
2014	6.1	N/A	73	23.3	22,369	62.7
Subtotal						
2013	76.5	100.0	256	70.3	32,595	86.9
2014	76.6	N/A	212	67.7	29,708	83.3
Revenue Not Available						
2013	23.5	0.0	108	29.7	4,886	13.1
2014	23.4	N/A	101	32.3	5,940	16.7
Total						
2013	100.0	100.0	364	100.0	37,481	100.0
2014	100.0	N/A	313	100.0	35,648	100.0
<i>Source: 2013 and 2014 D&B Data; 2013 and 2014 CRA Reported Data; 2013 CRA Aggregate Data; 2014 data not available *Includes Revenue Not Available</i>						

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The bank exhibited an excellent record of serving the credit needs of the most economically disadvantaged area(s) of the Bangor, Maine MSA, including low-income individuals, and/or very small businesses, consistent with safe and sound business practices. The bank's responsiveness to these needs is discussed in full in the overall assessment area section.

Innovative and Flexible Lending

The bank makes extensive use of innovative and/or flexible lending practices in order to serve the credit needs of this MSA, which is consistent with its performance in the overall assessment area. Please refer to the overall *Innovative and Flexible Lending* section for more detail.

Community Development Loans

BSB is a leader in making community development loans in the MSA. Specifically, the bank originated 45 community development loans totaling \$37.1 million, representing 36.0 percent by number and 22.5 percent by dollar amount, of all community development loans made during the evaluation period. The following table illustrates the bank's community development loans during the evaluation period by year and community development purpose.

Examiners provided examples of community development loans under the overall Community Development Loans section.

Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Development Organizations		Economic Development		Revitalize or Stabilize*		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012 through 12/31	3	1,215	6	1,916	0	0	0	0	0	0	9	3,131
2013	4	1,457	7	6,775	5	1,545	0	0	0	0	16	9,777
2014	4	1,192	7	10,340	3	1,150	0	0	0	0	14	12,682
2015 through 5/31	1	5,130	5	6,400	0	0	0	0	0	0	6	11,530
Total	12	8,994	25	25,431	8	2,695	0	0	0	0	45	37,120

Source: Bank Records

INVESTMENT TEST

The overall investment activity in the Bangor, Maine MSA is excellent, demonstrating excellent responsiveness to credit and community development needs of this MSA.

Investment Activity

BSB made two new qualified community development investments totaling \$500,000 during the evaluation period that directly benefited the Bangor, Maine MSA assessment area. The new investments provide additional funding to community service and economic development organizations located in the MSA. In addition to current period investments, the bank retains three prior investments with a current book value of \$3.8 million. The following table illustrates the bank’s community development investments during the evaluation period by year and community development purpose. Qualified grants in the MSA portion of the assessment area total \$93,438, or 10.5 percent of total qualified grants. Examiners provided a full discussion and representative example of the investments in the overall *Investment Test* section.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,701	2	2,071	0	0	0	0	0	0	3	3,772
2012 (4/1 to 12/31)	0	0	0	0	0	0	0	0	0	0	0	0
2013	0	0	1	284	0	0	0	0	0	0	1	284
2014	0	0	0	0	1	250	0	0	0	0	1	250
YTD 2015	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	1	1,701	3	2,355	1	250	0	0	0	0	5	4,306
Qualified Grants & Donations	3	13	20	52	6	28	0	0	0	0	29	93
Total Investments & Qualified Grants and Donations	4	1,714	23	2,407	7	278	0	0	0	0	34	4,399

Source: Bank Records

SERVICE TEST

The bank's performance under the Service Test within the Bangor, Maine MSA is consistent with its performance under the overall Service Test. Additionally, the bank demonstrated leadership in providing community development services in the Bangor, Maine MSA, consistent with overall performance.

Accessibility of Delivery Systems

Delivery systems are readily accessible throughout the MSA. The bank operates 13, or 22.8 percent, of its branches, including its main office, in the Bangor, Maine MSA. Of these, five are located within moderate-income geographies. Additionally, the bank operates five stand-alone ATMs, including one deposit-taking ATM, and offers all previously discussed alternative delivery systems within this MSA.

Changes in Branch Locations

The bank did not open or close any branches in the Bangor, Maine.

Reasonableness of Business Hours and Services

There is no material variation in the bank's business hours or services offered within the Bangor, Maine MSA. Services and business hours do not vary in a way that inconveniences any portion of the assessment area including low- and moderate-income individuals or geographies.

Community Development Services

The bank is a leader in providing community development services in the Bangor, Maine MSA. Although the Bangor, Maine MSA represents only 13.1 percent of the bank’s assessment area by geographies, the bank performed 23.6 percent of its community development services in this MSA due to the high concentration of employees and the bank’s headquarters being located in this MSA. The following table illustrates the community development services performed within the Bangor, Maine MSA by purpose and by year. Please refer to the overall Service Test for a representative example of these services.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2012	2	2	6	0	0	10
2013	4	1	3	0	0	8
2014	2	6	5	1	0	14
YTD 2015	0	1	1	1	0	3
Total	8	10	15	2	0	35
<i>Source: Bank Records</i>						

PORTLAND-SOUTH PORTLAND-BIDDEFORD, MAINE MSA

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

The bank operates 16 branches (28.1 percent) in the Portland-South Portland-Biddeford, Maine MSA. Eight of the offices are located in Cumberland County and eight offices in York County. One branch office is located in a low-income census tract in Portland, and three offices are located in moderate-income tracts; two in Biddeford and one in Cornish. The bank has three stand-alone ATMs in the Maine Mall located in South Portland.

The Portland-South Portland-Biddeford, Maine MSA is composed of the 115 census tracts that encompass all of Cumberland, York, and Sagadahoc Counties. The tract income categories are as follows: 3 low-; 18 moderate-; 69 middle-; 24 upper-; and 1 tract that does not have an income designation in Ogunquit (9901.00). The three low-income tracts are in Portland. Based on 2010 U.S. Census data, the population of the MSA assessment area is 514,098, consisting of 135,937 families. The following table illustrates the composition of families by income level, and the percentage of families in each census tract classification.

According to 2013 Dun & Bradstreet business data, there were approximately 45,253 businesses operating within the MSA. The following table depicts the composition of businesses by census tract income level. Nearly 75.0 percent of all businesses had GARs of \$1 million or less. Dun & Bradstreet business data for 2014 shows a decrease in businesses operating within the MSA from 2013 level.

The following table highlights select demographic data of this MSA.

Demographic Information of the Portland-South Portland-Biddeford MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	115	2.6	15.7	60.0	20.9	0.8
Population by Geography	514,098	1.6	12.9	62.0	23.5	0.0
Housing Units by Geography	259,790	1.7	14.3	62.4	21.6	0.0
Owner-Occupied Units by Geography	151,579	0.3	10.4	63.2	26.1	0.0
Businesses by Geography (2013)	45,253	7.4	10.8	57.1	24.7	0.0
Businesses by Geography (2014)	38,679	7.8	10.5	56.9	24.8	0.0
Farms by Geography	1,329	2.6	7.8	63.7	25.9	0.0
Family Distribution by Income Level	135,937	19.0	18.3	23.6	39.1	0.0
Household Distribution by Income Level	211,636	23.3	16.1	19.5	41.1	0.0
Median Family Income		\$67,971	Median Housing Value			\$254,924
FFIEC-Estimated Median Family Income for 2013		\$72,200	Median Gross Rent			\$858
FFIEC-Estimated Median Family Income for 2014		\$74,600	Families Below Poverty Level			6.3%

Source: 2010 U.S. Census, 2013 and 2014 D&B Data, and FFIEC-Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

CONCLUSIONS ON PERFORMANCE CRITERIA IN PORTLAND-SOUTH PORTLAND-BIDDEFORD, MAINE MSA

LENDING TEST

Lending Activity

Considering demographics as well as demand and opportunity for home mortgage and small business lending, the bank's lending activity reflects excellent responsiveness to the credit needs of this MSA.

Home Mortgage Loans

In 2013, BSB ranked 13th out of 348 lenders reporting at least one home mortgage loan origination or purchase in the MSA, with a market share of approximately 2.0 percent. Maine-based financial institutions ranked ahead of BSB included Saco & Biddeford Savings Institution and Bath Savings Institution ranked eighth and ninth, respectively. All other financial institutions ahead of BSB were large national and regional banks, and mortgage companies.

Small Business Loans

BSB achieved a rank of seventh among 61 lenders reporting small business loan originations or purchases in the MSA in 2013, with a market share by number of 5.2 percent. The remaining five institutions were credit card lenders that originated smaller dollar loans typical of the credit card industry. The bank's small business lending levels exceeded all Maine-based financial institutions that report small business loans in the MSA.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout this MSA. Examiners focused on the comparison to aggregate data. In 2013, the bank's level of lending in low-income census tracts exceeded both aggregate and demographic data, and demonstrated an increasing trend in 2014. Furthermore, the bank ranked second of 49 financial institutions that reported originating at least one home mortgage loan in the low-income census tracts. Only Wells Fargo Bank, N.A. ranked ahead of BSB.

The bank's performance of lending in moderate-income census tracts exceeded both aggregate and demographic data. The bank ranked ninth of 165 financial institutions that reported at least one home mortgage loan made in moderate-income tracts. Local institutions ranked ahead of BSB were Saco & Biddeford Savings Institution (fourth) and Sanford Institution for Savings

(seventh). Both institutions are headquartered in closer proximity to the majority of the moderate-income census tracts located in Portland and Sanford. In 2014, the bank's lending in moderate-income census tracts decreased; however, the percentage was still comparable to demographics.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	0.3	0.6	9	1.7	2,100	1.9
2014	0.3	N/A	12	3.3	2,641	3.3
Moderate						
2013	10.4	9.3	63	12.1	12,158	10.9
2014	10.4	N/A	34	9.4	9,131	11.3
Middle						
2013	63.2	61.1	236	45.3	44,330	39.9
2014	63.2	N/A	192	53.0	36,347	44.9
Upper						
2013	26.1	29.0	213	40.9	52,581	47.3
2014	26.1	N/A	124	34.3	32,820	40.5
Total						
2013	100.0	100.0	521	100.0	111,169	100.0
2014	100.0	N/A	362	100.0	80,939	100.0
<i>Source: 2010 U.S. Census Data; 2013 and, 2014 HMDA LAR Reported Data; 2013 HMDA Aggregate Data,</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout this MSA. Examiners focused on the comparison to aggregate data. In 2013, the bank's level of lending in low-income census tracts exceeded both aggregate and demographic data, and demonstrated an increasing trend in 2014. Furthermore, the bank ranked third of 28 financial institutions that reported originating at least one small business loan in the low-income tracts in 2013.

The bank's performance of lending in moderate-income census tracts was in line with both aggregate and demographic data. The bank ranked sixth of 35 financial institutions that reported at least one small business loan made in moderate-income tracts. A majority of institutions ranked ahead of BSB were credit card lenders.

The following table illustrates the distribution of loans, demographic, and aggregate data by census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	7.4	8.2	80	14.4	13,011	17.6
2014	7.8	N/A	96	20.3	13,533	20.7
Moderate						
2013	10.8	10.3	56	10.1	7,041	9.5
2014	10.5	N/A	53	11.2	5,717	8.8
Middle						
2013	57.1	54.3	242	43.4	37,761	51.1
2014	56.9	N/A	169	35.7	24,849	38.1
Upper						
2013	24.7	27.2	179	32.1	16,125	21.8
2014	24.8	N/A	155	32.8	21,120	32.4
Total						
2013	100.0	100.0	557	100.0	73,938	100.0
2014	100.0	N/A	473	100.0	65,219	100.0
<i>Source: 2013, 2014 D&B Data; 2013, 2014 CRA Reported Data; 2013 CRA Aggregate Data, N/A is aggregate information which was not available as of the evaluation date</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes. The bank's adequate performance of home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. Examiners focused on the comparison to aggregate data.

In 2013, the bank's performance of lending to low-income borrowers was below aggregate data and was lower than the percentage of low-income families in this MSA. This can be partially explained by the percentage of families with incomes below the poverty level (6.3 percent), which is a subset of the low-income category. Low-income families, particularly those with incomes below the poverty level, would have difficulty obtaining home mortgage financing, even under flexible underwriting guidelines. The bank's performance of lending to moderate-income borrowers was also slightly below aggregate and demographic data in 2013, and demonstrated a somewhat increasing trend (by percentage of loans) in 2014. These comparisons reflect adequate performance.

The following table illustrates the distribution of loans, demographic, and aggregate data by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	19.0	8.2	25	4.8	2,714	2.4
2014	19.0	N/A	18	5.0	1,965	2.4
Moderate						
2013	18.3	18.3	80	15.4	12,265	11.0
2014	18.3	N/A	63	17.4	8,865	11.0
Middle						
2013	23.6	24.5	133	25.5	23,205	20.9
2014	23.6	N/A	98	27.1	18,196	22.5
Upper						
2013	39.1	43.9	262	50.3	67,143	60.4
2014	39.1	N/A	164	45.3	43,667	53.9
Income Not Reported						
2013	0.0	5.1	21	4.0	5,842	5.3
2014	0.0	N/A	19	5.2	8,246	10.2
Total						
2013	100.0	100.0	521	100.0	111,169	100.0
2014	100.0	N/A	362	100.0	80,939	100.0
<i>Source: 2010 U.S. Census; 2013, 2014 HMDA Reported Data; 2013 HMDA Aggregate Data, N/A is aggregate information which was not available as of the evaluation date, NR is income not reported</i>						

Small Business Loans

The distribution of loans to businesses with GARs of \$1 million or less, is excellent. Examiners focused on the comparison to aggregate data and market share information. In 2013, the bank's performance of lending to businesses with GARs of \$1 million or less exceeded aggregate data, and was below demographics. Furthermore, the bank ranked fifth of 61 lenders that originated at least one loan to a business with GARs of \$1 million or less in 2013. Three out of the five institutions that ranked ahead of BSB were small business credit card lenders.

The following table illustrates the distribution of loans, demographic, and aggregate data by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤\$1,000,000						
2013	74.7	43.5	328	58.9	21,945	29.7
2014	73.7	N/A	240	50.7	18,095	27.7
>1,000,000						
2013	5.1	56.5*	129	23.1	46,661	63.1
2014	5.8	N/A	135	28.6	41,836	64.2
Subtotal						
2013	79.8	100.0	447	82.0	68,606	92.8
2014	79.5	N/A	375	79.3	59,931	91.9
Revenue Not Reported						
2013	20.2	0.0	100	18.0	5,332	7.2
2014	20.5	N/A	98	20.7	5,288	8.1
Total						
2013	100.0	100.0	557	100.0	73,938	100.0
2014	100.0	N/A	473	100.0	65,219	100.0
<i>Source: 2013-2014 D&B Data; 2013, 2014 CRA Reported Data; 2013 CRA Aggregate Data, NA is aggregate information which was not available as of the evaluation date,</i>						

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The bank exhibited an excellent record of serving the credit needs of the most economically disadvantaged area(s) of this MSA, including low-income individuals, and/or very small businesses, consistent with safe and sound business practices. The overall Lending Test section provides full details.

Innovative and Flexible Lending

The bank makes extensive use of innovative and/or flexible lending practices in order to serve the credit needs of this MSA, which is consistent with its performance in the overall assessment area. Please refer to the overall *Innovative and Flexible Lending* section for more detail.

Community Development Loans

BSB is a leader in making community development loans in the Portland-South Portland-Biddeford, Maine MSA. Specifically, the bank originated 36 community development loans totaling \$68.9 million. The performance represents 29.0 percent by number, and 42.1 percent by dollar amount, of all community development loans during the evaluation period. The following table illustrates the bank's community development loans by year and community development purpose.

Examiners provided examples of community development loans under the overall *Community Development Loans* section.

Community Development Loans												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Development Organizations		Economic Development		Revitalize or Stabilize*		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012 through 12/31	5	12,990	3	530	0	0	0	0	2	4,424	10	17,944
2013	5	11,450	3	1,263	1	1,000	0	0	0	0	9	13,713
2014	4	8,080	6	10,552	1	1,000	1	977	0	0	12	20,609
2015 through 5/31	2	5,616	2	9,000	1	2,000	0	0	0	0	5	16,616
Total	16	38,136	14	21,345	3	4,000	1	977	2	4,424	36	68,882

Source: Bank Records

INVESTMENT TEST

Investment Activity

The bank was a leader in community development investments in this MSA during the evaluation period, demonstrating excellent responsiveness to area credit and community development needs. Specifically, BSB made three new qualified community development investments totaling \$9.5 million during the evaluation period that directly benefited the Portland-South Portland-Biddeford MSA. These new investments were for the purpose of developing affordable housing for low- and moderate-income individuals. Including four investments with a current book value of \$1 million, which were made prior to the current evaluation period, qualified investments total \$10.5 million in this MSA. Investment and grant activity, including notable examples, is discussed in the overall *Investment Test* discussion.

SERVICE TEST

The bank's performance under the Service Test within this MSA is consistent with its performance under the overall Service Test. Additionally, the bank demonstrated leadership in providing community development services in the MSA, consistent with overall performance. The following sections detail the bank's Service Test performance under each criterion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible throughout the Portland-South Portland, Maine MSA. The bank operates 14 branches within the Portland-South Portland, Maine MSA,

including three branches in moderate-income census tracts and two in low-income census tracts. In addition, the bank operates three stand-alone ATMs within this portion of the assessment area.

All alternative delivery systems, banking products, and services previously mentioned are consistently available in the Portland-South Portland, Maine MSA.

Changes in Branch Locations

The opening and closing of branches in the MSA did not adversely affect accessibility of delivery systems in low- and moderate-income census tracts. As identified in the overall Service Test, the bank relocated one branch and opened one branch in the Portland-South Portland, Maine MSA. The bank relocated the York branch previously located at 2 Moulton Lane (a middle-income census tract) to 460 US Route 1 (an upper- income census tract) to provide better accessibility, additional parking, and an additional drive-up lane. The bank also opened a branch located at 196 Main Street in Ogunquit in a middle-income census tract.

Reasonableness of Business Hours and Services

The bank’s business hours and services in this area are consistent with hours and services described in the overall Service Test section.

Community Development Services

The bank is a leader in providing community development services within the Portland-South Portland, Maine MSA, consistent with the overall Service Test conclusions. Of the bank’s community development services, 26.4 percent were targeted within the Portland-South Portland, Maine MSA. As noted in the overall Service Test, community development services in the Portland-South Portland, Maine MSA focus on affordable housing and economic development efforts. The following table illustrates the number of community development services performed within the Portland-South Portland, Maine MSA. Please refer to the overall Service Test for a representative example of these services.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2012	5	0	3	1	0	9
2013	4	2	3	1	0	10
2014	5	4	7	0	0	16
YTD 2015	2	1	1	0	0	4
Total	16	7	14	2	0	39

Source: Bank Records

LEWISTON-AUBURN, MAINE MSA

(Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LEWISTON-AUBURN, MAINE MSA

The Lewiston-Auburn, Maine, MSA is composed of 28 census tracts, or approximately 8.0 percent of the bank's overall assessment area. The tract income categories are as follows: 2 low-; 5 moderate-; 16 middle-; and 5 upper-income tracts. The two low-income tracts are located in Lewiston, Maine. BSB operates one full-service branch in Lewiston.

Based on 2010 U.S. Census data, the population of the MSA is 107,702, representing approximately 8.1 percent of the overall assessment area population. There are 48,851 housing units in this assessment area, with a median housing value of \$151,848. Of total housing units, 61.3 percent are owner-occupied, 28.9 percent are occupied rental units, and 10.0 percent are vacant. Approximately 76.2 percent of total housing units are one-to-four family dwellings; 13.6 percent are multi-family structures; and, 10.2 percent are mobile homes. The current distribution of families by income level is as follows: 20.1 percent low-income, 18.3 percent moderate-income, 22.1 percent middle-income, and 39.5 percent upper-income. 14.0 percent of families are below the poverty level.

According to 2013 Dun & Bradstreet business data, there were approximately 7,455 businesses operating in the MSA. 8.0 percent of businesses operate in low-income census tracts and 11.8 percent operate in moderate-income census tracts within the MSA. 74.1 percent of all businesses had GARs of \$1 million or less. Dun & Bradstreet business data for 2014 shows a decrease in businesses operating in the MSA to 6,339 in 2014. The percentage of small businesses with GARs of \$1 million or less declined slightly to 72.5 percent of total businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LEWISTON-AUBURN, MAINE MSA

LENDING TEST

The bank's lending performance in the Lewiston-Auburn Maine MSA is not consistent with overall lending performance; however, considering the limited presence and activity of BSB relative to the other assessment areas, this performance does not negatively impact overall ratings or conclusions.

Lending Activity

Considering demographics as well as demand and opportunity for home mortgage and small business lending, the bank's lending activity reflected adequate responsiveness to MSA credit needs. BSB maintains a small presence with just one branch location in the MSA. Other local financial institutions are headquartered in the MSA, such as Mechanics Savings Bank, Auburn

Savings Bank, Northeast Bank, and Androscoggin Savings Bank. Similar small business lending results reflect the bank's limited presence in the MSA as well as the high level of competition from local financial institutions. In 2013, the bank originated or purchased 51 home mortgage loans, which represented 2.5 percent of the bank's total home mortgage loans made during that year for a market share of 1.4 percent. In 2014, the bank originated or purchased 39 home mortgage loans in the MSA, representing a 23.5 percent decline. The bank originated or purchased 38 small business loans in 2013 with a market share of 3.2 percent. Small business lending volume also declined, as the bank originated only 21 loans in this MSA in 2014.

Geographic Distribution

Based on the review of home mortgage and small business loan data, the geographic distribution of loans reflects adequate penetration throughout the MSA.

In 2013, the bank originated one home mortgage loan in a low-income census tract and two loans (3.9 percent) in moderate-income census tracts in the MSA. This performance was similar to aggregate for lending in low-income census tracts, and below both the aggregate for lending in moderate-income census tracts. The bank did not originate a loan in a low-income tract in 2014; however, lending to moderate-income tracts increased to three loans (7.7 percent). The bank faces strong competition from local institutions that are headquartered in the MSA and maintain a larger presence overall.

The bank did not make any small business loans in the low-income census tracts in 2014; however, the bank originated six small business loans (15.8 percent) in moderate-income tracts, which exceeded aggregate performance and the percent of business in those tracts. In 2014, the bank originated two loans (9.5 percent) in low-income tracts, exceeding the percentage of businesses in those tracts; however, lending in moderate-income tracts fell to just one loan (4.8 percent).

Borrower Profile

Based on the review of home mortgage and small business loan data, the bank demonstrated adequate penetration of loans to borrowers of different income levels and businesses of different sizes.

In 2013, the bank originated one loan (2.0 percent) to low-income borrowers and 11 loans (21.6 percent) to moderate-income borrowers. BSB performed below aggregate and the percentage of low-income families in terms of lending to low-income borrowers; however, the bank performed above aggregate in terms of lending to moderate-income borrowers. Despite a decrease in overall lending in 2014, performance increased to two loans to low-income borrowers and 11 to moderate-income borrowers. It is important to note that 14.0 percent of families in the MSA are below the poverty level and would likely have difficulty obtaining home mortgage financing, even under flexible underwriting guidelines.

In 2013, the bank originated seventeen loans (44.7 percent) to businesses with GARs of \$1 million or less, exceeding aggregate performance of 35.4 percent. In 2014, the bank originated

11 loans (5.4 percent) to businesses with GARs less than \$1 million. The decline is partially due to the 37.2 percent decline in overall small business lending.

Responsiveness to Credit Needs of Highly Disadvantaged Areas, Individuals, and/or Businesses

The bank exhibited an adequate record of serving the credit needs of the most economically disadvantaged area(s) of this MSA, including low-income individuals, and/or very small businesses, consistent with safe and sound business practices. Please refer to the overall Lending Test for full details.

Innovative and Flexible Lending

The bank makes extensive use of innovative and/or flexible lending practices in this MSA consistent with its overall performance. Please refer to the overall *Innovative and Flexible Lending* section for more detail.

Community Development Loans

The bank made an adequate level of community development loans in the Lewiston-Auburn, Maine MSA. The bank originated three community development loans totaling \$2.1 million, representing 1.6 percent by number and 1.3 percent by dollar amount, of all community development loans during the evaluation period. This level of community development lending is adequate considering the limited presence of the bank and the level of competition within this MSA. Examiners provided examples of community development loans under the overall *Community Development Loans* section.

INVESTMENT TEST

Direct investments for the Lewiston-Auburn ME MSA are limited to donations as discussed in the overall *Investment Test*; however, there were numerous traditional investments that benefited the statewide area including this MSA, which are also discussed in the overall *Investment Test* section.

SERVICE TEST

The bank's Service Test performance within the Lewiston-Auburn, Maine MSA is consistent with its overall performance. The bank's presence within this MSA represents the smallest portion of its footprint with only one branch location, which offers drive-up services and a deposit-taking ATM. The business hours of the branch are reasonable and consistent with business hours across the branch network. The delivery and accessibility of retail banking services within this MSA do not materially differ from those provided statewide. The relative level of participation in community development service activities benefiting this MSA is consistent with overall performance. The bank provided 11 services in the MSA during the evaluation period, which represented 7.4 percent of services. Please see the overall Service Test conclusions for a more detailed assessment of the bank's performance.

Bangor Savings Bank

Scope of Examination:

Full-scope reviews were performed on following assessment areas:

- Overall statewide assessment area
- Non-MSA
- Bangor, Maine MSA
- Portland-South Portland-Biddeford, Maine MSA

A limited-scope review was performed on the following assessment area:

- Lewiston-Auburn, Maine MSA

Time Period Reviewed:

April 30, 2012, through May 31, 2015

Products Reviewed:

- Community Development Loans: (04/30/12 – 05/31/15)
- Innovative or Flexible Lending: (04/30/12 – 05/31/15)
- Investments: (04/30/12 – 05/31/15)
- Residential Home Mortgage Loans: (01/01/13 – 12/31/14)
- Services: (04/30/12 – 05/31/15)
- Small Business Loans: (01/01/13 – 12/31/14)

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area: 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.