



## PUBLIC DISCLOSURE

October 24, 2022

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Home Loan Investment Bank, F.S.B.  
Charter Number 712504

1 Home Loan Plaza, Suite 3  
Warwick, RI 02886-1764

Office of the Comptroller of the Currency

75 Federal Street  
Suite 805  
Boston, MA 02110

Note: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Needs to Improve

The major factors that support this rating include:

- Home Loan Investment Bank's (HLIB or bank) loan-to-deposit (LTD) ratio is considered more than reasonable given the size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of the bank's home mortgage and consumer automobile loans were originated outside the AA when evaluating loans by number.
- Overall, the distribution of home mortgage and consumer automobile loans within the delineated AA reflects reasonable distribution across geographies of different income levels, given performance context.
- Overall, the distribution of home mortgage and consumer automobile loans within the delineated AA reflects reasonable distribution to borrowers of different income levels.
- The bank exhibited poor responsiveness to community development (CD) through CD loans, qualified investments, and CD services.
- There were no CRA-related complaints received by the bank or the OCC during the evaluation period of January 1, 2019, through December 31, 2020.

### Loan-to-Deposit Ratio

The bank's LTD ratio is considered more than reasonable given the size, financial condition, and credit needs of the AA. The bank's quarterly LTD ratio averaged approximately 99.3 percent for the 8 quarters occurring during the evaluation period of January 1, 2019, to December 31, 2020. During this period, the bank's LTD ranged from a quarterly low of 89.0 percent to a quarterly high of 107.1 percent. We compared the bank's LTD ratio to seven local competitors, with total asset sizes ranging from \$59 million to \$1.9 billion. The quarterly average loan-to-deposit ratio for the peer group during the evaluation period was 86.4 percent, with a low of 63.6 percent and a quarterly high of 101.6 percent.

### Lending in Assessment Area

A substantial majority of the bank's home mortgage loans were originated outside its AA when evaluating number of loans and a majority were originated inside the AA when evaluating the dollar amount of loans. The bank originated and purchased 32.9 percent by number and 52.5 percent by dollar amount of its total home mortgage loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This is a result of the bank's business model as one of the largest Federal Housing Administration (FHA) Title 1 Property Improvement loan lenders in the country. As HLIB is supporting The

Department of Housing and Urban Development's (HUD) mission of providing safe and sanitary housing in the United States by providing Title 1 Property Improvement loans nationwide, the bank's record of lending in its assessment area is considered satisfactory.

A substantial majority of consumer automobile loans were originated outside of the bank's delineated AA when evaluating the number and the dollar amount of loans. The bank originated and purchased 11.3 percent by number and 7.8 percent by dollar amount of its total consumer automobile loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA level. HLIB is a national automobile lender, and this is consistent with their business model.

The table below shows the number and dollar volume of loans originated inside and outside the AA.

<b>Table D - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
<b>Subtotal (2019-2020)</b>	<b>1,276</b>	<b>32.9</b>	<b>2,604</b>	<b>67.1</b>	<b>3,880</b>	<b>331,759</b>	<b>52.5</b>	<b>300,174</b>	<b>47.5</b>	<b>631,932</b>
Consumer - Automobile										
<b>Subtotal</b>	<b>951</b>	<b>11.3</b>	<b>7,432</b>	<b>88.7</b>	<b>8,383</b>	<b>8,818</b>	<b>7.8</b>	<b>104,267</b>	<b>92.2</b>	<b>113,085</b>
<b>Total (2019-2020)</b>	<b>2,227</b>	<b>18.2</b>	<b>10,036</b>	<b>81.8</b>	<b>12,263</b>	<b>340,577</b>	<b>45.7</b>	<b>404,441</b>	<b>54.3</b>	<b>745,017</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Description of Institution

HLIB is a federally chartered stock savings association, headquartered in Warwick, Rhode Island (RI). The bank is wholly owned by Prospect Financial Corporation, a holding company with minimal other assets or operations. As of December 31, 2020, the bank had total assets of approximately \$377.1 million and tier 1 capital of \$37.3 million. The bank operates in a single AA, the Providence-Warwick RI - Massachusetts (MA) metropolitan statistical area (MSA), and all branches and automated teller machines (ATMs) are located within RI. The bank offers a standard array of traditional loan and deposit products for consumer and business customers. The bank offers other services including online banking, mobile banking, direct deposit, and wire transfer services. The bank's website, [www.homeloanbank.com](http://www.homeloanbank.com), provides descriptions of available lending and deposit product offerings.

As of December 31, 2020, the bank had two offices, the Hoxie branch located at 40 Airport Rd. Warwick, RI, 02889 and its headquarters located at One Home Loan Plaza Warwick, RI, 02886. The branch formerly located at 244 Weybosset St., Providence, RI 02906 closed on December 31, 2020, due to declining deposit activity.

The bank is primarily a residential mortgage and consumer automobile lender. The automobile lending portfolio has expanded in recent years, but residential lending remains the primary loan product as demonstrated by the bank's asset mix and loan originations. The bank offers traditional home purchase mortgage loans, home equity loans, and home improvement loans. The bank also originates a substantial number of HUD guaranteed FHA Title 1 Property Improvement loans nationwide. These loans carry a 90 percent guarantee from the FHA and have a maximum loan amount of \$25,000. Title 1 loans have no loan-to-value maximum and are used to renovate, refurbish, or repair housing that may otherwise be ineligible for traditional home improvement loans. Additionally, the bank originates consumer automobile loans nationwide.

As of December 31, 2020, the loan portfolio totaled approximately \$299.3 million, or 79.4 percent of total assets. The distribution of the bank's loan portfolio is provided in the table below:

<b>Table 1 - Loan Portfolio Summary by Loan Product December 31, 2020</b>	
<b>Loan Category</b>	<b>% of Gross Loans and Leases</b>
1-4 Family Residential Mortgage	47%
Consumer	35%
Commercial Real Estate	17%
Commercial & Industrial	1%
<b>Total</b>	<b>100</b>

*Source: Federal Deposit Insurance Corporation Call Report, December 31, 2020*

The bank has no financial or legal impediments in meeting the credit needs of the AA. The bank was rated "Satisfactory" using Small Bank procedures during the previous CRA evaluation dated October 28, 2019.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

HLIB was evaluated using Intermediate Small Bank (ISB) examination procedures which include a lending test and CD test. The lending test reflects an evaluation of HLIB's record of meeting the credit needs of the AAs through its lending activities for the evaluation period of January 1, 2019 – December 31, 2020. The bank's performance during the evaluation period was compared to 2015 American Community Survey (ACS) US Census, 2020 Dun & Bradstreet (D&B), 2018/2019 Home Mortgage Disclosure Act (HMDA) aggregate data and AA demographics.

Based on discussions with HLIB management and originations during the evaluation period, examiners determined that HLIB's primary lending products are home mortgage loans and consumer automobile loans. Home mortgage loan originations include home purchase, home improvement, and home refinance loans. During the evaluation period, home mortgage loan originations and consumer automobile originations accounted for approximately 47.7 percent and 25.0 percent by dollar amount of all loan originations, respectively. When evaluating HLIB's lending performance, we placed more emphasis on home mortgage lending due to the overall

dollar amount of home mortgage loans significantly exceeding the dollar amount of consumer automobile loans. Additionally, the number of home mortgage loans originated in the AA is greater than the number of automobile loans originated in the AA. We included all HMDA reportable home mortgage loans and all originated consumer automobile loans in our evaluation of lending performance.

The evaluation period for the CD test, including CD loans, investments/donations, and services, is January 1, 2019, through December 31, 2020.

### **Selection of Areas for Full-Scope Review**

In each state where HLIB has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same MSA, are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under the State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

The CRA requires an institution to define its AA in which it will be evaluated. HLIB has delineated their AA to meet the requirements of the regulation. The bank's AA is comprised of the entire Providence-Warwick RI-MA MSA. The AA consists of wholly contiguous political subdivisions and does not arbitrarily exclude any low- or moderate-income (LMI) geographies. Specifically, the bank's AA includes the RI counties of Bristol, Kent, Newport, Providence, and Washington, and the MA county of Bristol.

### **Ratings**

The bank's overall rating is based on HLIB's single delineated AA which received a full-scope review. The bank's performance during the 2019-2020 evaluation period was more heavily weighted for home mortgage loans given the percentage of home mortgage loans originated in the AA is higher than the percentage of automobile loans originated in the AA.

Please refer to the "Selection of Areas for Full-Scope Review" and the "Scope of the Evaluation" sections above for further discussion regarding primary product determination, AA designations, and overall rating weight.

### **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the HUD, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Rhode Island

**CRA rating for the State of Rhode Island:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Needs to Improve

The major factors that support this rating include:

- Overall, the distribution of home mortgage and consumer automobile loans within the delineated AA reflects reasonable distribution across geographies of different income levels, given performance context.
- The distribution of home mortgage and consumer automobile loans within the delineated AA reflects reasonable distribution to borrowers of different income levels.
- There were no CRA-related complaints received by the bank or the OCC during the evaluation period of January 1, 2019, through December 31, 2020.
- The bank exhibits poor responsiveness to CD needs in the state through CD loans, qualified investments, and CD services.

### Description of Institution's Operations in Rhode Island

As of December 31, 2020, the bank had two offices including its headquarters. The Hoxie branch located in Warwick, RI, is located in a middle-income census tract. The bank's headquarters in Warwick, RI is located in an upper-income tract. The former branch located at 244 Weybosset St., Providence, RI 02906 closed during the evaluation period, but was located in a moderate-income census tract. Branch hours are 9:00 AM to 5:00 PM, Monday through Friday. HLIB's single AA, the Providence-Warwick RI-MA MSA, contains 370 census tracts (CTs), of which 53 are low-income, 69 are moderate-income, 129 are middle-income, 112 are upper-income, and seven have no income information.

The AA includes 693,886 total housing units of which 378,517 or 54.6 percent are owner occupied. The remaining units are rental units (244,114 or 35.2 percent) or vacant units (71,255 or 10.3 percent). Owner occupied housing units in moderate-income tracts represents 11.2 percent and low-income tracts represent 4.3 percent. The median housing value is \$258,088. The AA includes 396,417 families with a median family income (MFI) of \$73,950. Low- and moderate-income families represent 23.6 and 16.4 percent of all families in the AA, respectively. The updated MFI for 2020 is \$89,000. Low-income families earn less than 50.0 percent of the updated MFI, or \$44,500. Moderate-income families earn less than 80.0 percent of the updated MFI or \$71,200, but no less than 50.0 percent of the MFI.

As reported in the Moody's Analytics Inc. (Moody's) report for the state of RI in January 2021, economic indicators show RI in a recovery business cycle. RI was trailing the U.S. in terms of job creation since the start of the pandemic due to uneven income distribution, slow population growth, and unfavorable age structure. Additionally, the health service jobs in the state were slower to recover lost jobs amid the pandemic. Strengths in the state include the collection of colleges and universities, links to the Boston, MA economy, and established healthcare/education industries. Longer term, a heavy tax burden, poor infrastructure, and slow population growth will limit job and income growth for the state.

The Moody's report for Barnstable Town MA noted the economy was hit harder by the pandemic due to the level of tourism the area normally sees due to its proximity to Boston, MA. The area also sees above average living and business costs. Strengths include support to healthcare from the large retiree population and below-average employment volatility.

Competition for loans and deposits within RI is strong. Per Federal Deposit Insurance Corporation (FDIC) deposit market share data as of June 30, 2020, there are 21 financial institutions with 249 offices within the state of RI. Major competitors primarily include branches of large banks and some larger community banks. As of June 30, 2020, HLIB held \$311.1 million in deposits, which amounted to 0.83 percent of the market share within the state of RI. The largest market share belongs to Citizens Bank, National Association at 37.8 percent.

As part of this evaluation, to assess the bank's lending performance, we contacted a local organization based within HLIB's AA to assist in identifying community credit needs. This community organization's mission is to support efforts toward affordable housing and revitalizing the city of Providence, RI. The organization does this by providing loans to LMI borrowers to make home repairs. The contact discussed a wealth gap between renters and homeowners in the AA and a need for affordable housing due to barriers for some families to get home loans through traditional banks. These barriers include lack of equity and credit issues. The contact noted that local financial institutions are supportive in meeting the CD needs of the surrounding market area; however, continued support is needed.



**Providence-Warwick, RI, MA MSA**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Home Loan Providence Warwick RI MA MSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	370	14.3	18.6	34.9	30.3	1.9
Population by Geography	1,606,424	11.8	16.8	35.9	34.8	0.6
Housing Units by Geography	693,886	12.1	17.5	36.4	33.5	0.4
Owner-Occupied Units by Geography	378,517	4.3	11.2	41.5	42.8	0.2
Occupied Rental Units by Geography	244,114	22.9	27.3	31.0	18.1	0.7
Vacant Units by Geography	71,255	16.9	17.8	28.1	36.8	0.4
Businesses by Geography	125,609	9.8	15.3	35.3	38.9	0.7
Farms by Geography	3,378	4.0	8.7	32.7	54.6	0.1
Family Distribution by Income Level	396,417	23.6	16.4	19.2	40.8	0.0
Household Distribution by Income Level	622,631	26.4	14.7	16.0	42.9	0.0
Median Family Income MSA - 39300 Providence-Warwick, RI- MA MSA		\$73,950	Median Housing Value			\$258,088
			Median Gross Rent			\$897
			Families Below Poverty Level			9.9%
<i>Source: 2015 ACS and 2020 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**Scope of Evaluation in Rhode Island**

HLIB was evaluated using ISB examination procedures, which consist of the lending test and the CD test. The bank's state rating is based on HLIB's single delineated AA which received a full-scope review. When evaluating HLIB's lending performance, we placed more emphasis on home mortgage lending due to the overall dollar amount of home mortgage loans significantly exceeding the dollar amount of consumer automobile loans. Additionally, the number of home mortgage loans originated in the AA is greater than the number of automobile loans originated in the AA during the evaluation period. We included all HMDA reportable home mortgage loans and all originated consumer automobile loans in our evaluation of lending performance.

## **Conclusions in Respect to Performance Tests in Rhode Island**

### **Lending Test**

The bank's performance under the lending test in RI is rated Satisfactory.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's lending performance in the state of RI is reasonable.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of home mortgage and consumer automobile loans in the state. The level of home mortgage lending was compared to aggregate peer data and AA demographics. The level of consumer automobile lending was compared to demographic data, our primary comparator for consumer loans.

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

Refer to Table O in the state of RI section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The percentage of home mortgage loans in low-income CTs is near to both the percentage of owner-occupied units and aggregate lending in the AA during the evaluation period. The percentage of home mortgage loans in moderate-income CTs was significantly lower than the percentage of owner-occupied units but lower than aggregate lending percentage in the AA.

When evaluating the geographic distribution of home mortgage loans, we considered the limited level of owner-occupied housing units within moderate CTs and significant lending competition within the AA for LMI borrowers. In 2020, HLIB was ranked 24 out of 438 lenders for home mortgage lending to borrowers in the AA with 1.2 percent of market share. The top five lenders of home mortgage loans in the AA include Citizens Bank National Association, Quicken Loans LLC, Navigant Credit Union, Pawtucket, and The Washington Trust Company. The top five lenders account for 24.6 percent of market share. No lenders outside the top five have 3.0 percent or more of market share.

#### ***Consumer Loans***

Refer to Table U in the state of RI section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The consumer automobile lending performance to LMI borrowers was assessed reviewing the distribution of loans based on CT information and income. The geographic distribution of consumer automobile lending in low-income CTs exceeds the percentage of households living within those geographies. The bank's percentage of consumer automobile loans in moderate-income CTs exceeds the percentage of households living within those geographies.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

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

Refer to Table P in the state of RI section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The percentage of home mortgage loans to low-income borrowers was significantly lower than the percentage of low-income borrowers in the AA during the evaluation period; however, the bank's lending was near aggregate lending to low-income borrowers. When evaluating the bank's home mortgage loan originations to low-income borrowers, we factored in the lack of home affordability for LMI borrowers within the AA. The median housing value was \$258,088 and the average MFI is \$73,950. The updated MFI for 2020 is \$89,000. Given low-income families earn less than 50 percent of the updated MFI, or \$44,500, the cost of housing is almost six times low-income family earnings. Additionally, the unemployment rate for the state of RI remained high at 7.0 percent as of December 31, 2020. The percentage of home mortgage loans to moderate-income borrowers exceeds the percentage of moderate-income borrowers and is near the aggregate lending percentage in the AA.

### ***Consumer Loans***

Refer to Table V in the state of RI section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The percentage of consumer loans made to LMI borrowers during the evaluation period exceeds the percentage of households in each demographic.

### ***Lending Gap Analysis***

Overall, the review of the bank's loan distribution did not disclose any conspicuous gaps.

## **Responses to Complaints**

HLIB did not receive any complaints about its performance in helping to meet the credit needs in the AA during the evaluation period. Additionally, no complaints were received by the agency related to CRA or Fair Lending during the evaluation period.

## Community Development Test

The bank's performance under the CD test in the state of RI is rated Needs to Improve.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full scope review, the bank exhibits poor responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA. We noted the bank crossed over the ISB threshold for the first time during the evaluation period, which made it difficult to provide information on qualifying activities after the fact. Additionally, the pandemic impacted the ability to provide CD services during the evaluation period.

### Number and Amount of Community Development Loans

Refer to the CD Loan table below for the facts and data used to evaluate the bank's level of CD lending.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Providence-Warwick RI MSA AA	6	12.2	\$420,966	9.9

HLIB does not have any qualifying CD loans in the AA. The bank did offer Paycheck Protection Program (PPP) loans in 2020; however, only a handful were located within the bank's AA. The bank offered a total of 49 PPP loans totaling \$4.2 million. Six of the loans were originated in the bank's AA totaling \$420,966 or 1.1 percent of tier 1 capital as of December 31, 2020. Of the six loans originated in the bank's AA, four were originated in moderate CTs and considered particularly responsive to AA needs during the pandemic.

The highlights of the bank's PPP loans are as follows:

- A loan totaling \$27,629 to provide financing to a nonprofit organization focused on preparing, promoting, and empowering RI's southeast Asian students for educational and career success.
- A loan totaling \$24,685 to a company that manufacturers forms, checks, labels, with both digital and conventional offset printing.
- A loan totaling \$324,914 to a medical company that specializes in orthopedic fracture repair.

### Number and Amount of Qualified Investments

Assessment Area	Prior Period*		Current Period		Total			
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$
Providence-Warwick RI MSA AA	0	0	32	\$112,841	32	100.0	\$112,841	100.0

The Qualified Investment Table, shown above, sets forth the information and data used to evaluate the bank's level of qualified CD investments/donations. The bank's level of CD donations and investments needs to improve, considering the bank's capacity, local market competition, and the availability of CD opportunities. The bank did not have any qualified investments during the evaluation period. HLIB made cash donations to various community groups that support LMI areas and persons. There were 21 cash donations in 2019 totaling \$60,141. There were 11 cash donations in 2020 totaling \$52,700. Total donations are \$112,841 or 0.3 percent of tier 1 capital as of December 31, 2020. Community groups that received donations include a social services organization that provides basic food, utility, health, safety, and education assistance to LMI families, scholarship organizations that donate funds to LMI individuals for education, and an organization that provides support to children with cancer and their families.

### Extent to Which the Bank Provides Community Development Services

The bank's CD services during the evaluation period consisted of volunteer activity at an addiction recovery program, participation on an advisory board for a neighborhood park, helping clients with their grocery shopping at a local food pantry, and volunteer activity at the Boys and Girls Club. Qualified service hours totaled approximately 17 hours in 2019 and 17 hours in 2020.

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\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed:</b>	<b>01/01/2019 to 12/31/2020</b>	
<b>Bank Products Reviewed:</b>	home mortgage, consumer loans, community development loans, qualified investments, and community development services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None Reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA(s)</b>		
Providence-Warwick, RI-MA MSA	Full-scope	<i>Providence-Warwick, RI-MA MSA (#9100)</i> <i>o Rhode Island Counties</i> <ul style="list-style-type: none"> <li>▪ <i>Bristol, Kent, Newport, Providence, Washington</i></li> <li><i>o Massachusetts Counties</i></li> <li>▪ <i>Bristol</i></li> </ul>

## Appendix B: Summary of State Ratings

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<b>RATINGS Home Loan Investment Bank</b>			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall State Rating
<b>Home Loan Investment Bank</b>	<b>Satisfactory</b>	<b>Needs Improvement</b>	<b>Satisfactory</b>
MMSA or State:			
<b>Rhode Island</b>	<b>Satisfactory</b>	<b>Needs Improvement</b>	<b>Satisfactory</b>

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, other secured consumer loans, and other unsecured consumer loans.



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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

**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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

**Small Loan(s) to Farm(s):** 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 or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2019-20**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Home Loan Providence Warwick RI MA MSA AA	1,276	331,759	100.0	90,669	4.3	3.8	4.1	11.2	6.7	10.1	41.5	40.7	38.7	42.8	48.7	46.9	0.2	0.4	0.2
<b>Total</b>	<b>1,276</b>	<b>331,759</b>	<b>100.0</b>	<b>90,669</b>	<b>4.3</b>	<b>3.8</b>	<b>4.1</b>	<b>11.2</b>	<b>6.7</b>	<b>10.1</b>	<b>41.5</b>	<b>40.7</b>	<b>38.7</b>	<b>42.8</b>	<b>48.7</b>	<b>46.9</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>

Source: 2015 ACS; 01/01/2019 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower**

**2019-20**

	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Home Loan Providence Warwick RI MA MSA AA	1,276	331,759	100.0	90,669	23.6	4.2	4.7	16.4	20.6	18.9	19.2	28.6	23.8	40.8	44.8	38.2	0.0	1.8	14.4
<b>Total</b>	<b>1,276</b>	<b>331,759</b>	<b>100.0</b>	<b>90,669</b>	<b>23.6</b>	<b>4.2</b>	<b>4.7</b>	<b>16.4</b>	<b>20.6</b>	<b>18.9</b>	<b>19.2</b>	<b>28.6</b>	<b>23.8</b>	<b>40.8</b>	<b>44.8</b>	<b>38.2</b>	<b>0.0</b>	<b>1.8</b>	<b>14.4</b>

Source: 2015 ACS ; 01/01/2019 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table U: Assessment Area Distribution of Consumer Automobile Loans by Income Category of the Geography** **2019-20**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Auto Loan Providence Warwick RI MA MSA AA	951	8,818	100.0	11.6	13.7	17.5	21.6	37.4	39.9	33.2	24.9	0.4	0.0

*Source: 2015 ACS; 01/01/2019 - 12/31/2020 Bank Data.  
Due to rounding, totals may not equal 100.0%*



**Table V - Assessment Area Distribution of Consumer Automobile Loans by Income Category of the Borrower** **2019-20**

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Auto Loan Providence Warwick RI MA MSA AA	951	8,818	147.2	26.4	32.2	14.7	31.7	16.0	17.8	42.9	7.9	0.0	10.5
<b>Total</b>	<b>951</b>	<b>8,818</b>	<b>147.2</b>	<b>26.4</b>	<b>32.2</b>	<b>14.7</b>	<b>31.7</b>	<b>16.0</b>	<b>17.8</b>	<b>42.9</b>	<b>7.9</b>	<b>0.0</b>	<b>10.5</b>

*Source: 2015 ACS; 01/01/2019 - 12/31/2020 Bank Data.  
Due to rounding, totals may not equal 100.0%*