



## **PUBLIC DISCLOSURE**

April 22, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Aroostook County FS & LA  
Charter Number: 703995

43 High Street  
Caribou, ME 04736-2710

Office of the Comptroller of the Currency

99 Summer Street, Suite 1400  
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: This Institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory**

The major factors supporting the institution's CRA Rating are:

- Aroostook County FS & LA's ("Aroostook" or "the Bank") level of lending, as reflected in its net loan-to-deposit (LTD) ratio, is considered more than reasonable.
- A substantial majority of the Bank's sampled primary lending products were originated within the delineated assessment area (AA).
- Aroostook's overall distribution of lending among borrowers of different income levels reflects reasonable penetration, given local AA competition and demographic characteristics of the AA.
- The overall geographic distribution of loans during the evaluation period reflects reasonable dispersion in the moderate-income tracts located within the Bank's AA, given performance context.
- There were no CRA-related complaints received by the Bank or the OCC during the evaluation period of January 1, 2016 through December 31, 2018.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/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. 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 it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

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

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

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

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

## Description of Institution

Aroostook County FS & LA is a federally chartered mutual thrift institution headquartered in Caribou, Maine. The Bank reported total assets of \$126.8 million and tier 1 capital of \$14.1 million as of December 31, 2018. Total deposits amounted to \$106.3 million as of the same timeframe. The Bank maintains three locations, consisting of the main office and an operations center located in Caribou, and a branch office located in Presque Isle, Maine. Both the main office and branch location are deposit taking centers. Operating hours are reasonable, as both locations are open 8:30 am to 4:00 pm Monday through Thursday with extended hours on Friday to 6:00 pm. Drive-through access is available at each deposit taking location, Monday through Thursday from 8:30 am to 5:00 pm, with extended hours on Friday to 6:00 pm, and Saturday from 9:00 am to 1:00 pm. Both branch locations feature an automated teller machine (ATM) for 24-hour banking access. No branches were opened or closed during the evaluation period, January 1, 2016 to December 31, 2018.

Aroostook offers a standard array of traditional loan and deposit products to meet both personal and business customers' banking needs. The Bank's website, [www.yourhomebank.com](http://www.yourhomebank.com), provides a listing and description of its deposit and loan services. Personal account options include checking and savings accounts; certificates of deposit (CDs); individual retirement accounts (IRAs); health savings accounts (HSAs); and debit/ATM cards. The Bank offers a variety of different account access alternatives including online banking with bill pay functionality and telephone banking services.

As of December 31, 2018, gross loans totaled \$100.6 million or approximately 79 percent of total assets. The Bank offers a number of products to the surrounding community including residential mortgage loans, commercial & industrial loans, consumer (auto) loans, and home equity lending products. The following table provides a summary of the loan mix:

<b>Loan Category</b>	<b>% of Gross Loans and Leases</b>
1-4 Family Residential Mortgages – Closed End	71
Commercial & Industrial	13
Consumer – Auto Loans	7
Consumer – nonAuto Lending	4
Home Equity	2
Other Real Estate (Commercial)	1
Multifamily	<1
Construction & Development	<1
<b>Total</b>	<b>100</b>

Source: Federal Deposit Insurance Corporation Call Report, December 31, 2018



Aroostook has no financial or legal impediments in meeting the credit needs of the assessment area (AA). The Bank was rated "Satisfactory" using small bank (SB) procedures at the previous CRA evaluation dated May 4, 2015.

## Scope of the Evaluation

Aroostook was evaluated using SB evaluation procedures, which dictates a lending test (LT) as the method for evaluating the Bank's performance according to the CRA. The LT evaluates the Bank's record in meeting the credit needs of the AA during the evaluation period through its record of lending.

The evaluation period for the LT covers the Bank's performance from January 1, 2016 through December 31, 2018. Due to updates made to demographic information during the evaluation period, we evaluated the Bank's 2016 performance independent of 2017 and 2018 performance metrics. For year 2016, performance was compared to the 2010 U.S. Census data as well as 2016 Dun & Bradstreet (D&B) Data. For years 2017-2018, performance was compared to 2015 American Community Survey (ACS) Census data and 2018 D&B Data. Peer Data from 2016 and 2017 was used for performance context as these were the latest available data sets as of this evaluation.

Aroostook does not report HDMA data as the Bank does not maintain any branch locations within a Metropolitan Statistical Area (MSA). To determine our primary lending product, we assessed the composition of Aroostook's loan originations and/or purchases during the evaluation period. This resulted in two primary products identified for assessment under both the geographic and borrower distribution of lending: residential mortgage loans and consumer-auto loans. Residential mortgage and consumer-auto loans accounted for approximately 23 and 38 percent by number of all loans originated and/or purchased during the full evaluation period of January 1, 2016 through December 31, 2018, respectively. Additionally, residential mortgage and consumer-auto loans accounted for approximately 59 and 16 percent by dollar amount of all loans originated and or purchased during the evaluation period, respectively. We used bank data to select an initial random sample of 20 loans originated and/or purchased for each primary product to assess lending during the evaluation period.

When evaluating the Bank's lending performance, a significant emphasis was placed on lending activity during the 2017-2018 timeframe, as the majority of primary product lending (residential mortgage and consumer-auto loans) occurred during this period. Specifically, residential mortgage and consumer-auto lending during 2017-2018 accounted for approximately 68 and 79 percent of all primary product originations by number during the evaluation period, respectively.

## **Data Integrity**

The Bank is not subject to the reporting requirements of HMDA as Aroostook does not maintain any branch locations within MSA geographies. A review of HMDA-reportable data was not warranted. We performed random sampling procedures in accordance with internal guidance to select a sample listing of residential mortgage and consumer-auto loans to assess the Bank's performance under components of the LT. This resulted in an initial random selection of 20 loans for each primary product type originated and/or purchased during January 1, 2016 through December 31, 2018. The samples were used to determine Aroostook's level of lending inside/outside their AA. Additional sampling was performed (as needed) in accordance with guidance to draw conclusions as to the Bank's lending performance under the CRA. During sampling procedures, selected loans were vetted against the Bank's internal documentation to ensure data accuracy and to validate the integrity of the Bank's reporting systems. No data integrity issues were identified. We found the data to be reliable.

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

The CRA requires an institution to define its AA in which it will be evaluated. Aroostook has delineated one AA that meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The Bank's AA is composed of the entirety of Aroostook County, a non-Metropolitan Statistical Area (nonMSA) (#99999) geography within the state of Maine. This delineated AA consists of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any geographies. The AA includes both of the Bank's branches and the entirety of the deposit base. Specifically, the Bank's AA includes the following cities/towns: Ashland, Caribou, Central Aroostook UT, Chapman, Crystal, Fort Fairfield, Fort Kent, Frenchville, Glenwood plantation, Houlton, Limestone, Madawaska, New Limerick, Northwest Aroostook UT, Perham, Presque Isle, Van Buren, Westfield, and Westmanland. As a result, we assessed the Bank's lending performance using a single, full-scope AA according to the CRA. As of our evaluation, Aroostook's AA contains 24 census tracts including three moderate- and 21 middle-income tracts. There are no low-income (or upper-income) tracts within the Bank's AA; therefore, an assessment of the Bank's geographic lending performance amongst low-income geographies was not performed. All middle-income census tracts within the delineated AA are designated as distressed/underserved nonmetropolitan middle-income geographies by the Board of Governors of the Federal Reserve System, the FDIC, and the OCC.

Please refer to Appendix B of this evaluation for further discussion surrounding the Community Profile of the Bank's single, full-scope AA.

## **Ratings**

The Bank's overall rating is based on its delineated AA which, received a full-scope review. As previously discussed, the Bank's performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as a

substantial majority of primary product originations and/or purchases occurred during this period.

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 and rate weighting.

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

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, 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 assessment area 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 U.S. Department of Housing and Urban Development, 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.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

Aroostook County FS & LA's performance under the LT is rated Satisfactory. The Bank's net LTD ratio is considered more than reasonable given the institution's relatively small size, financial condition, community credit needs, and relevant competitive factors. A substantial majority of the residential mortgage and consumer-auto loan originations sampled during the evaluation period were within the delineated AA. The distribution of loans reflects reasonable penetration amongst borrowers of different incomes and reasonable dispersion amongst geographies of different income levels, given performance context. Lastly, there were no CRA-related complaints received by the Bank or the OCC during the evaluation period.

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

The Bank's net LTD ratio is considered more than reasonable given the Bank's size, financial condition, and assessment area credit needs. The Bank's quarterly net loan-to-deposit ratio averaged 92.06 percent over the 16 quarters since the previous evaluation. During the 16 preceding quarters, January 1, 2015 to December 31, 2018, the LTD ranged from a quarterly low of 88.27 percent to a quarterly high of 96.77 percent. The Bank's net LTD ratio is consistent with other peer banks located within the Bank's full-scope Aroostook County AA. The peer group had a quarterly average net LTD of 93.58 percent over the same 16 quarters, ranging from a low of 84.40 percent and a high of 100.86 percent.

#### **Lending in Assessment Area**

A substantial majority of the Bank's primary lending products were originated inside its delineated AA. The Bank originated 95 percent by number and nearly 90 percent by dollar amount of sampled loans within the AA from January 1, 2016 to December 31, 2018.

The following table details the Bank's level of lending via random sampling within the AA by number and dollar volume of loans originated/purchased:

<b>Table 2 – Distribution of Loans Inside and Outside of Assessment Area</b>										
<b>Loan Category of Type</b>	<b>Number of Loans</b>					<b>Dollar Volume</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>
Residential Home Mortgages	18	90.00	2	10.00	20	2,067,200	88.41	271,000	11.59	2,338,200
Consumer Auto Loans	20	100.00	0	0.00	20	339,192	100.00	0.00	0.00	339,192
<b>Total Lending</b>	<b>38</b>	<b>95.00</b>	<b>2</b>	<b>5.00</b>	<b>40</b>	<b>2,406,392</b>	<b>89.88</b>	<b>271,000</b>	<b>10.12</b>	<b>2,677,392</b>

Source: A randomly selected sample of 20 residential mortgage loans and 20 consumer auto loans originated and/or purchased from 01/01/2016 – 12/31/2018.

**Lending to Borrowers of Different Incomes**

Aroostook's overall distribution of lending among borrowers of different income levels reflects reasonable penetration, given local AA competition and demographic characteristics of the AA. The Bank's level of lending was assessed according to random samplings of residential home mortgage and consumer-auto loans originated and/or purchased during the evaluation period. The level of residential mortgage lending was compared to the aggregate peer mortgage data and consumer-auto lending was compared to the percentage of low- and moderate-income households within the AA.

*2016 Residential Real Estate Loans:*

The distribution of residential mortgage loans to borrowers of different income levels originated during the evaluation period reflects reasonable penetration, given competition and the demographics of the AA. The percentage of home mortgage lending to both low- and moderate-income borrowers during the 2016 evaluation period falls within a reasonable range below the peer aggregate lending data, when considering performance context. According to 2016 Peer Mortgage data, the top five lenders within this space account for approximately 73 percent of the market, limiting Aroostook's opportunity for lending.

*2017-2018 Residential Real Estate Loans:*

The percentage of residential mortgage lending to moderate-income borrowers during the 2017-2018 evaluation period falls within a reasonable range below the peer aggregate lending data, when considering performance context. According to 2017 Peer Mortgage data, competition remains significant with the top five lenders in this space accounting for approximately 71 percent of the market. Our random sample selection for the 2017-2018 evaluation period did not include loans to low-income borrowers.

The following tables detail the Bank's residential mortgage lending during the evaluation period:

Table 3A – Borrower Distribution of Residential Real Estate Loans in the Aroostook AA ME – nonMSAs (#99999) 2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Loans	7.30	5.00	19.00	15.00	23.10	45.00	35.80	35.00

Source: Randomly selected sample of 20 residential home mortgage loans originated and/or purchased during 2016; 2016 Aggregate Peer Mortgage Data and 2010 US Census. Due to rounding, totals may not equal 100.00, and 14.90 percent of the aggregate lending data did not have a borrower income classification.

Table 3B – Borrower Distribution of Residential Real Estate Loans in the Aroostook AA ME – nonMSAs (#99999) 2017-2018								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Loans	7.10	0.00	20.90	10.00	19.80	30.00	39.60	50.00

Source: Randomly selected sample of 20 residential home mortgage loans originated and/or purchased during 2017-2018; 2017 Aggregate Peer Mortgage Data and 2015 ACS Census. Due to rounding, totals may not equal 100.00, and 12.70 and 10.00 percent of the aggregate lending data and bank loan data, respectively, did not have a borrower income classification.

#### 2016 and 2017-2018 Consumer-Auto Loans:

The distribution of consumer-auto loans to borrowers of different income levels originated during the evaluation period reflects reasonable penetration, given competition and AA demographics. The percentage of consumer-auto lending to low-income borrowers during 2016 falls below the percentage of low-income households within the AA. The percentage of consumer-auto lending to moderate-income borrowers during 2016 exceeds the percent of moderate-income households within the AA. The percentage of consumer-auto lending to low- and moderate-income borrowers during 2017-2018 falls within a reasonable range below the percent of low- and moderate-income households within the AA.



The following tables detail the Bank's consumer-auto lending during the evaluation period:

Table 4A – Borrower Distribution of Consumer Loans (Autos) in the Aroostook AA ME – nonMSAs (#99999) 2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
Consumer Auto Loans	28.30	15.00	17.60	30.00	18.70	30.00	35.40	25.00

Source: Randomly selected sample of 20 consumer auto loans originated and/or purchased during 2016; 2010 US Census. Due to rounding, totals may not equal 100.00.

Table 4B – Borrower Distribution of Consumer Loans (Autos) in the Aroostook AA ME – nonMSAs (#99999) 2017-2018								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
Consumer Auto Loans	30.00	20.00	16.80	15.00	17.40	20.00	35.80	45.00

Source: Randomly selected sample of 20 consumer auto loans originated and/or purchased during 2017-2018; 2015 ACS Census. Due to rounding, totals may not equal 100.00.

## Geographic Distribution of Loans

Overall, the geographic distribution of loans during the evaluation period reflects reasonable dispersion in the moderate-income tracts located within Aroostook's AA, given performance context. Of note, Aroostook's AA is comprised of 24 census tracts, of which only three tracts are designated as moderate-income as of the 2015 ACS and there are no low-income census tracts. An assessment of the Bank's performance in low-income tracts was not performed as any such analysis would not be considered significant. As the Bank's AA contains a significant amount of middle-income census tracts designated as distressed/underserved by interagency regulators, the Bank's performance in this category was considered as a supplement to the overall performance. The level of home mortgage lending was compared to the aggregate peer mortgage data and consumer-auto lending was compared to the percentage of low- and moderate-income households within the AA.

*2016 and 2017-2018 Residential Real Estate Loans:*

The geographic distribution of loans during 2016 and 2017-2018 evaluation periods reflects reasonable dispersion amongst the moderate-income tracts within the Bank's AA, given significant competition for this lending type and AA performance context. During the 2016 time period, there were no loans amongst our sample that were designated as originating within a moderate-income tract; however, all 20 loans sampled from 2016 were located within middle-income tracts designated as underserved/distressed geographies. During the 2017-2018 time period, the percent of residential loans made to moderate-income geographies falls within a reasonable range below the percent of aggregate lending data, our primary comparator. Furthermore, the remaining 19 loans from the 2017-2018 random sample were located within middle-income underserved/distressed geographies. The Bank did not have any low-income census tracts within its AA during the evaluation period of January 1, 2016 to December 31, 2018.

According to 2016 Peer Mortgage Data, competition for home loans to LMI geographies was significant, as the top five lenders accounted for nearly 66 percent of the market. Competition remained significant during 2017, as Peer Mortgage Data indicates the top five lenders for home loans to LMI geographies within Aroostook's AA accounted for approximately 70 percent of the market.

The following table details the distribution of home loans amongst geographies of different incomes within the AA:

<b>Table 5A – Geographic Distribution of Residential Real Estate Loans in the Aroostook AA ME – nonMSAs (#99999) 2016</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan Type</b>	<b>% of Aggregate Lending Data</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending Data</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending Data</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending Data</b>	<b>% of Bank Loans</b>
<b>Home Loans</b>	0.00	0.00	10.40	0.00	82.90	100.00	6.60	0.00

*Source: Randomly selected sample of 20 residential home mortgage loans originated and/or purchased during 2016; 2016 Aggregate Peer Mortgage Data and 2010 US Census. Due to rounding, totals may not equal 100.00.*

Table 5B – Geographic Distribution of Residential Real Estate Loans in the Aroostook AA ME – nonMSAs (#99999) 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Loans	0.00	0.00	8.30	5.00	91.70	95.00	0.00	0.00

Source: Randomly selected sample of 20 residential home mortgage loans originated and/or purchased during 2017-2018; 2017 Aggregate Peer Mortgage Data and 2015 ACS Census. Due to rounding, totals may not equal 100.00.

### 2016 and 2017-2018 Consumer-Auto Loans:

The distribution of consumer-auto loans to geographies of different income levels originated during the evaluation period reflects reasonable dispersion, given competition and AA demographics. During the evaluation period, there were no low-income tracts located in the Bank's AA and the Bank made no loans in moderate-income geographies. However, 100 percent of sampled loans for both 2016 and 2017-2018 were located in middle-income census tracts designated as underserved/distressed middle-income geographies. We found no conspicuous gaps or areas of low penetration in the Bank's lending patterns

The following tables detail the Bank's consumer-auto lending during the evaluation period:

Table 6A – Geographic Distribution of Consumer Loans (Autos) in the Aroostook AA ME – nonMSAs (#99999) 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
Consumer Auto Loans	0.00	0.00	12.00	0.00	83.80	100.00	4.20	0.00

Source: Randomly selected sample of 20 consumer auto loans originated and/or purchased during 2016; 2010 US Census. Due to rounding, totals may not equal 100.00.

Table 6B – Geographic Distribution of Consumer Loans (Autos) in the Aroostook AA ME – nonMSAs (#99999) 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans	% of Households	% of Bank Loans
Consumer Auto Loans	0.00	0.00	13.00	0.00	87.00	100.00	0.00	0.00

Source: Randomly selected sample of 20 consumer auto loans originated and/or purchased during 2017-2018; 2015 ACS Census. Due to rounding, totals may not equal 100.00.

**Responses to Complaints**

There were no CRA complaints received by the Bank or the agency during the evaluation period.

# Appendix A: Scope of Examination

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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 a 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>	Lending Test: (1/1/16 to 12/31/18)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Aroostook County FS & LA ("Aroostook" or "the Bank") Caribou, Maine	Residential mortgage and consumer-auto loans via sampling procedures	
<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>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Maine</b> Aroostook FS AA – Aroostook County, ME (#003) -ME nonMSA (#99999)	Full-Scope	<ul style="list-style-type: none"> <li>• ME nonMSA (#99999)               <ul style="list-style-type: none"> <li>○ Aroostook County (#003)                   <ul style="list-style-type: none"> <li>▪ Ashland, Caribou, Central Aroostook UT, Chapman, Crystal, Fort Fairfield, Fort Kent, Frenchville, Glenwood plantation, Houlton, Limestone, Madawaska, New Limerick, Northwest Aroostook UT, Perham, Presque Isle, Van Buren, Westfield, and Westmanland.</li> </ul> </li> </ul> </li> </ul>

## Appendix B: Community Profiles for Full-Scope Areas

### DESCRIPTION OF ASSESSMENT AREA

The CRA requires a bank to define the AA in which it will be evaluated. Aroostook’s AA consists of Aroostook County (#003), Maine which is located in a non-metropolitan statistical area (non-MSA) (#99999) and contains 24 census tracts (“CTs”). As of 2018, there are no low-income tracts, three moderate-income tracts, 21 middle-income tracts, and no upper-income tracts. The 21 middle-income tracts contain 87 percent of the census population in Aroostook County and all are designated as underserved non-MSA tracts in 2018. The Bank’s AA meets the requirements of the regulation and does not arbitrarily exclude any low or moderate-income (LMI) tracts.

The 2015 U.S. Census data reflects a total population of 70,005 living within the AA, including 30,355 households and 19,247 families. The 2015 data indicates a declining population, number of households, and number of families in the AA from 2010 census data. LMI families represent approximately 44 percent of total families within the AA and 12.7 percent of households live below the poverty level.

The following tables below reflects the AA's demographic and economic characteristics according to both 2016 and 2018 time periods:

Table A – Demographic Information of the Assessment Area						
Assessment Area: Aroostook County_ME 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA*
Geographies (Census Tracts)	24	0.0	12.5	87.5	0.0	0.0
Population by Geography	70,005	0.0	13.1	86.9	0.0	0.0
Housing Units by Geography	39,477	0.0	11.3	88.7	0.0	0.0
Owner-Occupied Units by Geography	21,450	0.0	9.9	90.1	0.0	0.0
Occupied Rental Units by Geography	8,905	0.0	20.3	79.7	0.0	0.0
Vacant Units by Geography	9,122	0.0	5.6	94.4	0.0	0.0
Businesses by Geography	4,031	0.0	16.1	83.9	0.0	0.0
Farms by Geography	323	0.0	7.1	92.9	0.0	0.0
Family Distribution by Income Level	19,247	24.3	19.4	20.7	35.5	0.0
Household Distribution by Income Level	30,355	30.0	16.8	17.4	35.8	0.0
Median Family Income Non-MSAs – ME		\$54,862	Median Housing Value			\$95,093
<i>Source: 2015 ACS Census and 2018 D&amp;B Data            Due to rounding, totals may not equal 100.0            (*) The NA category consists of geographies that have not been assigned an income classification.</i>			Median Gross Rent			\$547
			Families Below Poverty Level			12.7%

Table B – Demographic Information of the Assessment Area						
Assessment Area: Aroostook County_ME 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	0.0	12.5	83.3	4.2	0.0
Population by Geography	71,870	0.0	11.8	84.1	4.1	0.0
Housing Units by Geography	39,482	0.0	12.2	84.1	3.6	0.0
Owner-Occupied Units by Geography	22,116	0.0	12.3	84.0	3.6	0.0
Occupied Rental Units by Geography	8,556	0.0	11.1	83.2	5.7	0.0
Vacant Units by Geography	8,810	0.0	13.2	85.3	1.5	0.0
Businesses by Geography	4,224	0.0	8.6	87.2	4.2	0.0
Farms by Geography	326	0.0	9.5	88.0	2.5	0.0
Family Distribution by Income Level	19,604	23.0	19.8	22.2	35.0	0.0
Household Distribution by Income Level	30,672	28.3	17.6	18.7	35.4	0.0
Median Family Income Non-MSAs – ME		\$51,782	Median Housing Value			\$86,783
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data            Due to rounding, totals may not equal 100.0            (*) The NA category consists of geographies that have not been assigned an income classification.</i>			Median Gross Rent			\$497
			Families Below Poverty Level			10.6%

The FDIC Deposit Share Report for June 30, 2018 indicates that six financial institutions maintain a branch presence within the Bank's AA of Aroostook County. Aroostook ranks 5th with total deposits of \$97.7MM representing a 10.1 percent market share. The Bank's local competitors include, but are not limited to, Katahdin Trust Company; Machias Savings Bank; and Bangor Savings Bank. Larger regional banks that provide further competition include TD Bank and KeyBank.

According to the January 2019 Moody's Analytics data, Maine continues to underperform compared to the rest of the nation in most economic metrics. While the state does attract tourists and second-home buyers, the labor force continues to decline as older generations retire and younger workers move elsewhere. High taxes result in a high cost of doing business, causing stagnate business growth and low educational attainability. More severe job cuts in manufacturing are expected to undermine incomes and consumer spending in the future. However, demand for healthcare is increasing which will spur greater healthcare investment.

We were not able to make contact with a local community group for discussion on current credit needs. However, conversations with senior management indicated that investment in Aroostook County is critical for local credit needs and infrastructure. Due to demographic factors and the county's geographic location, the region lags the greater state of Maine's economic performance, which as previously discussed, has been underperforming for several years. Additionally, the need for affordable housing remains in the county, as the median housing value of \$95,093 during 2018 is significant when considering that LMI families in the nonMSA counties with a median family income of \$54,862 could face difficulty in securing credit for housing.