



FAIR BANKING & COMMUNITY REINVESTMENT ACT (CRA)
POLICY

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Board of Directors

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1. Overview & Purpose

Fair Banking interconnects corporate governance, compliance, and social responsibility efforts that aim to prevent discriminatory, unfair, deceptive, abusive, and predatory acts and practices such as redlining or charging unwarranted, excessive fees for overdraft accounts. It includes monitoring risks related to potential discrimination and unethical lending practices as well as a review of outcomes and processes related to customer experience.

Fair Banking practices are intended to identify unethical sales practices and hold everyone accountable for the treatment of customers. Fair Banking compliance incorporates data analytics to measure where the Bank and its Subsidiaries lend, to whom they lend, and how they treat the customers and communities with which they conduct business. These data-driven practices support a more inclusive fair lending program.

The Bank's Fair Banking risk mitigation strategy is an initiative-taking, cross-functional strategy, incorporated in its Compliance Management System. It encourages risk awareness across all business lines and subsidiaries defining operational management as a first line of defense, regulatory compliance as a second line of defense and internal audit as the third line of defense. Monitoring and reporting pertain to all business lines and subsidiaries regarding:

- New products and services development
- Advertising
- Current and future third-party partnerships
- Regulatory compliance
- Sales practices
- Customer complaints

This allows the Bank and its Subsidiaries to understand the forms of inequality or disadvantages that sometimes compound themselves across varied populations within the communities served and creates obstacles that are not often understood among conventional ways of thinking. Once identified, addressed, and mitigated this allows the Bank and its Subsidiaries to strengthen their bonds with the communities they serve but more importantly assists in the advancement toward more inclusive and equitable financial services for its community.

The Community Reinvestment Act (CRA) encourages financial services organizations to help meet the needs of the communities where they do business, which can include making loans and investments in low- and moderate-income neighborhoods. Congress required each appropriate federal financial supervisory agency to assess an institution's record of helping to meet the credit needs of the local communities in which the financial institution is chartered, consistent with a safe and sound operation, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution.

Fair lending is a lending compliance discipline comprised of state and federal laws and regulations that prohibit lenders from considering race, color, national origin, religion, sex

(including gender identity and sexual orientation), familial status, marital status, people with disabilities, or age (provided the applicant has the capacity to enter into a binding contract) when applying for residential mortgage loans. It guarantees the same lending opportunities to everyone. (See BayCoast Bank/BayCoast Mortgage Company Fair Lending Policy contained within its Loan Policy and Priority Funding Fair Lending Policy).

Fair Banking:

Unfair, Deceptive, or Abusive Acts or Practices (UDAAPs)

Under the Dodd-Frank Act, it is unlawful for any provider of a consumer financial product or service to engage in any unfair, deceptive, or abusive acts or practices in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service.

The standard for unfairness in the Dodd-Frank Act is that an act or practice is unfair when:

1. It causes or is likely to cause substantial injury to consumers;
2. The injury is not reasonably avoided by consumers; and
3. The injury is not outweighed by countervailing benefits to consumers or to competition.

The Community Reinvestment Act:

1. Establishes the framework and criteria by which a federal regulator assesses a bank's record of helping meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the bank; and
2. Provides that a bank's federal regulator takes that record into account in considering certain applications.

In addition, the importance of a bank's record of CRA performance also affects:

1. Applications for:
 - a. Establishing a domestic branch by a state member bank; and
 - b. Merger, consolidation, acquisition of assets, or assumption of liabilities requiring approval under the Bank Merger Act if the acquiring, assuming, or resulting bank is to be a state member bank.

BayCoast Bank is committed to serving the needs of the communities in which it does business. In pursuing this commitment, the Bank has established this Policy designed to comply with Fair Banking, regarding Unfair, Deceptive, or Abusive Acts or Practices, the CRA and its implementing regulation, and Fair Lending along with the key laws and regulations that pertain to the Bank, supervised by the FDIC, and its Subsidiaries along with additional laws and regulations that apply. The Bank believes that implementing this Policy is a good business practice that truly benefits the communities it serves.

2. Scope

BayCoast Bank will use its best efforts, within the scope of its resources and in a safe and sound manner, to meet the credit needs of, and provide banking services to, its entire community in accordance with Fair Banking practices, the CRA and state and federal Fair Lending laws and regulations.

3. Definitions

Terms specific to the Policy are listed and defined here, however, this should not be considered an exhaustive list of “important” definitions as it relates to CRA.

Term	Definition
Assessment Area	A geographic area delineated by the bank under the requirement of the Community Reinvestment Act.
Combined Statistical Areas (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: <ol style="list-style-type: none"> 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 non-metropolitan 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 Loan	A loan that: <ol style="list-style-type: none"> 1) Has its primary purpose as community development; and 2) Except in the case of a wholesale or limited purpose bank: <ol style="list-style-type: none"> a) Has not been reported or collected by the bank or a subsidiary for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan, and b) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).
Community Development Services	A service that: <ol style="list-style-type: none"> 1) Has as its primary purpose community development; and 2) Is related to the provisions of financial services; and 3) Has not been considered in the evaluation of the bank's retail banking services.
Distressed Middle-Income Non-Metropolitan Geographies	A non-metropolitan middle-income geography will be designated as “distressed” if it is in a county that meets one or more of the following triggers: <ol style="list-style-type: none"> 1) An unemployment rate of at least 1.5 times the national average;

	<p>2) A poverty rate of 20 percent or more; or</p> <p>3) A population loss of 10 percent or more between the previous most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.</p>
Low-Income	Individual income that is less than 50% of the area median income, or a median family income that is less than 50% in the case of geography.
Metropolitan Division (MD)	County or group of counties within a combined statistical area that contains an urbanized area with a population of at least 2.5 million. An 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)	Combined statistical areas associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county and 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 community.
Micropolitan Statistical Area	Combined statistical area associated with at least one urbanized area having a population of at least 10,000 but less than 50,000.
Moderate-Income	An individual that is at least 50% and less than 80% of the area median-income, or a median family income that is at least 50% and less than 80% in the case of geography.
Multi-family	Refers to a residential structure that contains five or more units.
Reasonable Expected Market Area (REMA)	The geographical area the regulatory agency believes a bank can serve based on the bank's distribution of applications and loan originations and its marketing and outreach efforts.
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 residential properties or are classified as commercial and industrial loans.
Underserved Middle-Income Non-Metropolitan Geographies	<p>A non-metropolitan middle-income geography will be designated as underserved if it meets criteria for:</p> <p>1) <i>Population size, density, and dispersion, including the area's population, is sufficiently small, thin, and</i></p> <p>2) <i>Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.</i></p>

4. Roles & Responsibilities

The following roles and responsibilities in implementing, complying with, governing, and ensuring provisions of Fair Banking, and the CRA are met are established by this Policy:

Board of Directors

The Board of Directors oversees the Bank's Fair Banking/CRA Program and is proactively involved in the activities of the Bank and its subsidiaries.

Specifically, the Board of Directors is responsible for:

1. Reviewing and approving the Bank's Fair Banking and CRA Policy on an annual basis.
2. Delegating authority to the Fair Banking and CRA Committee to provide guidance and oversight to support the Bank's Fair Banking and CRA Program.

Fair Banking and CRA Committee

The purpose of the Bank's Fair Banking and CRA Committee is to provide oversight of, and assistance to, the Board by reviewing the Bank's position, policies, and practices on Fair Banking, CRA and Fair Lending matters, including without limitation, fair banking, community investment, affordable housing, education, fair lending, and other public policy issues that reflect the Bank's values and impact the Bank's reputation.

The Fair Banking and CRA Committee is responsible for:

1. Fair Banking, CRA and Fair Lending monitoring (annual reporting, etc.), reviewing Fair banking, CRA and Fair Lending data, and making recommendations to the Board based on the Bank's data and regulatory guidance, including any exam feedback.
2. Recommending and overseeing the identification of Fair Banking, CRA and Fair Lending community involvement opportunities.
3. Acting as delegates of the Board of Directors and supporting management as needed during the Fair Banking, CRA and Fair Lending examination process.

In addition to its responsibilities, the Fair Banking and CRA Committee also has the responsibility to (1) ensure financial support to the communities that the Bank serves; (2) oversee employee engagement relative to the Bank's Fair Banking, CRA, Fair Lending efforts; and (3) oversee and support the Bank's role as leader in providing financial education throughout the communities it serves.

President and Chief Executive Officer

The President and Chief Executive Officer has the ultimate leadership responsibility and ownership of the Fair Banking and CRA Policy.

Specifically, the President and Chief Executive Officer is responsible for:

1. Maintaining a working knowledge of the Bank's Fair Banking, CRA and Fair Lending Program; and
2. Reviewing the written policies necessary to ensure effective adherence with applicable laws and regulations.

Risk/Compliance Department

Fair Banking and CRA Officer

Under the direction of the Bank's Compliance Officer, the Fair Banking and CRA Officer supervises the overall management of the Bank's Fair Banking, CRA and Fair Lending Program.

Specifically, the Fair Banking and CRA Officer is responsible for:

1. Overseeing Bank-related Fair Banking, CRA and Fair Lending duties, programs, software systems, support materials and documentation, etc.;
2. Developing, implementing, and maintaining detailed Fair Banking, CRA and Fair Lending tracking and recordkeeping procedures;
3. Providing information and updates on the status of the Bank's performance in relation to Fair Banking and Fair Lending, and CRA Lending, Investment, and Service Tests at least quarterly to the Fair Banking and CRA Committee and the Board.
4. Staying informed of Fair Banking, CRA and Fair Lending rules and regulations, including changes, and emerging issues, and updating Senior Management and the Board as appropriate.

Senior Management

Senior Management responsibilities relating to the Bank's Fair Banking, CRA and Fair Lending program include ensuring appropriate involvement, understanding, and support, which reinforces the Bank's Fair Banking, CRA and Fair Lending program and sets a culture and environment that promotes supportive behavior.

Senior Management is responsible for:

1. Establishing a system of effective internal reporting for effective Fair Banking, CRA and Fair Lending tracking and recordkeeping.
2. Defining roles and responsibilities of employees in a manner which promotes Fair Banking, CRA and Fair Lending qualified products and services.

Marketing Department

The Marketing Department is integral to the Bank's Fair Banking, CRA and Fair Lending Program. Under the direction of the Chief Marketing Officer, or his/her designee, the Marketing Department will provide appropriate involvement, understanding, and support for the Bank's Fair Banking, CRA and Fair Lending Program as it relates to marketing and advertising.

The Marketing Department will:

1. Promote the Bank's products and services that are designed to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the Bank.
2. Make available the information about the marketing efforts made within our Assessment Area and REMA.

Finance Department

Under the direction of the Chief Financial Officer, or his/her designee, the Finance Department will provide appropriate involvement, understanding, and support for the Bank's Fair Banking, CRA and Fair Lending Program as it relates to Finance.

The Finance Department will:

- a. Provide information about CRA qualified investments, which include without limitation, Bonds to Fair Banking and CRA Officer

Commercial Lending Department

The Commercial Lending Department is an essential part of the Bank's Fair Banking, CRA and Fair Lending Program. Under the direction of the Chief Lending Officer, or his/her designee, the Commercial Lending Department provides appropriate involvement, understanding, and support for the Bank's Fair banking, CRA and Fair Lending Program through various lending initiatives, such as small business loans, SBA 504 loans, and InvestMA.

The Commercial Lending Department will:

1. Transmit the required FFIEC reporting which is also a part of the CRA examination.
2. Provide information about CRA qualified loans within the Assessment Area and REMA to the Fair Banking and CRA Officer.
3. Provide information about CRA qualified Community Development Loans to the Fair Banking and CRA Officer.
4. Provide information about any Small Business programs to the Fair Banking and CRA Officer.
5. Provide information about any Affordable Housing Loans (AHL) provided through the Federal Home Loan Bank of Boston (FHLBB) to the Fair Banking and CRA Officer.

Residential Lending and BayCoast Mortgage

Residential Lending and BayCoast Mortgage will provide appropriate involvement, understanding, and support for the Bank's Fair Banking, CRA and Fair Lending Program through lending initiatives, including without limitation, Home Improvement Loans, and Heat Loans.

The Residential Lending and BayCoast Mortgage will:

1. Transmit the required HMDA reporting which is also a part of the CRA examination.
2. Provide information about CRA qualified loans within the Assessment Area and REMA to the Fair Banking and CRA Officer.
3. Provide information about CRA qualified State and/or Federal Loan Programs to the Fair Banking and CRA Officer.
4. Provide information about CRA qualified BayCoast Mortgage Loan Programs to the Fair Banking and CRA Officer.
5. Provide information about any loans purchased from non-profit organizations to the Fair Banking and CRA Officer.

Community Banking Department/Retail Banking

Under the direction of the Chief Community Banking Officer, or his/her designee, the Community Banking Department/Retail Banking will provide appropriate involvement, understanding, and support for the Bank's Fair banking and CRA Program, including without limitation, opening CRA qualified accounts and communicating various CRA-related programs, opportunities, or events with community members.

The Community Banking Department/Retail Banking will:

1. Provide information about the Wave Account and related processes to the Fair Banking and CRA Officer.
2. Provide information about the School Banking Accounts to the Fair Banking and CRA Officer.

Financial Literacy

Under the direction of the Community Engagement/Financial Literacy Officer, the Bank will provide appropriate involvement, understanding and support for the Bank's Fair Banking, CRA and Fair Lending Program as it relates to financial literacy.

The Financial Literacy Officer will:

1. Provide information about the Credit for Life Program to the Fair Banking and CRA Officer.

2. Provide information about the use of the FDIC Money Smart Program to the Fair Banking and CRA Officer.
3. Provide information about the EverFi Program to the Fair Banking and CRA Officer.
4. Provide information about financial literacy, volunteer participation and new financial literacy programs to the Fair Banking and CRA Officer.

Corporate Giving

Under the direction of the Community Engagement Department the Corporate Giving and Community Relations Specialist will provide appropriate involvement, understanding and support for the Bank's CRA Program as it relates to Corporate Giving.

The Corporate Giving and Community Relations Specialist will:

1. Provide information about CRA qualified Corporate Giving to the Fair Banking and CRA Officer.

Bank Employees

As applicable, all Bank employees are responsible for compliance with this Policy and the Fair Banking, CRA and Fair Lending requirements relevant to their specific job function, including community involvement and volunteerism. Senior management and other Bank leadership, as applicable, are responsible for ensuring that activities under their control comply with this Policy.

5. Policy Statement/Requirements

It is the Bank's policy to comply with the applicable requirements of Fair Banking, the CRA and Fair Lending. To ensure compliance with this Policy, the Bank shall implement a program reasonably designed to ensure sufficient policies, procedures, training, monitoring, risk assessments, and management reporting and oversight.

This Policy will discuss the Fair Banking, CRA and Fair Lending requirements for each of the following:

- 5.1 Assessment Area
- 5.2 Community Outreach
- 5.3 Credit Offered
- 5.4 Ratio of Loans Inside and Outside of Assessment Areas
- 5.5 Distribution of Loans within the Assessment Areas
- 5.6 Community Development
- 5.7 Public File and Notice
- 5.8 Training
- 5.9 Complaints

5.1 Assessment Area

The Bank shall designate one or more Assessment Areas that:

- Consists of one or more Metropolitan Statistical Areas/Metropolitan Divisions (“MSAs/MDs”) or contiguous political subdivisions consisting, only of whole counties:
- Includes the geographies where the Bank has its main office, branches, deposit-taking ATMs/ITMs, as well as the surrounding geographies in which the Bank originated or purchased a substantial portion of its loans:
- Consist of counties for areas that extend substantially across MSA/MD or state boundaries unless the assessment area is in a multi-state MSA/MD:
- Do not reflect illegal discrimination: and
- Do not arbitrarily exclude any low- to moderate-Income area(s) (“LMI area(s)”), with consideration of the Bank’s size, branch structure, and financial condition.

The Bank may adjust its Assessment Areas that do not coincide with the boundaries of an MSA/MA or political subdivision, provided that the adjustments to the boundaries are made because the assessment area would otherwise be too large for the Bank to reasonably serve, have an unusual configuration, or include significant geographic barriers.

5.2 Community Outreach

The Community Engagement Division, in partnership with the Bank’s business lines and subsidiaries regularly meet with community leaders and partners with local non-profit groups to better assess the needs of the community. These community partnerships allow the Bank to identify opportunities to invest in the areas where it is needed most.

5.3 Credit Offered

The Bank believes that a properly administered lending policy, combined with prudent loan administration, will result in a strong loan portfolio. All loans are offered in a manner that is consistent with safe and sound banking practices. The Bank does not discriminate against credit applications on the basis of race, color, religion, national origin, disability, sex, marital status, familial status, gender identity, sexual orientation, genetic information, ancestry, or age (provided the applicant has the capacity to enter into a binding contract), or because all or part of the applicant’s income is derived from public assistance programs or because the applicant resides in, or is subsidiary with, what is considered to be a Majority Minority or LMI area.

5.4 Ratio of Loans Inside and Outside of Assessment Areas

Assessment area analysis will be conducted on an annual basis to review lending patterns inside and outside the assessment area as well as the Bank's and Mortgage Company's Reasonable Expected Market Area (REMA). The analysis will measure application and originated lending volumes and dispersion rates of LMI and minority borrowers to ensure that the Bank is providing equal access to credit for all customers.

5.5 Distribution of Loans within the Assessment Area

The Bank shall strive to maintain a reasonable distribution of loans, both in number and dollar amount, among geographies and borrowers from different income levels. The Fair Banking and CRA Officer shall evaluate the distribution of the Bank's and mortgage company's loans and meet with business lines as needed to discuss results, market challenges, and Fair Banking, CRA and Fair Lending strategy at the quarterly Fair Banking and CRA Committee meetings.

5.6 Community Development Loans, Investment, and Services

Community development loans, investments, and services are evaluated by determining:

1. The number and amount of community development loans;
2. The number and amount of qualified investments;
3. The extent to which the Bank provides CRA qualified community development services;
4. The Bank's responsiveness through such activities to community development lending, investment, and service needs; and
5. The Bank's use of innovative, flexible, or complex qualified investments and lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

Appropriate levels of each of these activities depend on the capacity and business strategy of the Bank, community needs, and number and types of opportunities for community development. The Fair Banking and CRA Officer will work to track and evaluate community development activities quarterly and report the results to the Fair Banking and CRA Committee.

5.7 Public File and Notice

The Bank shall have CRA Notice posted in the lobby of each branch. BayCoast Bank's CRA Public File is made available to the public for inspection on its website.

5.8 Training

Training will be provided to the Bank's Board of Directors and employees, as applicable, to ensure compliance with Fair Banking, CRA and Fair Lending, including without limitation:

1. The Board of Directors ensure that the Bank's Fair Banking, CRA and Fair Lending efforts are an important part of the Bank's overall strategy, that community needs are met, and that Bank policies and procedures align with the Fair Banking, CRA and Fair Lending-related initiatives and regulations.
2. Branch personnel understand the requirements for:
 - a. Posting the CRA Notice, and
 - b. The location of the CRA Public File on the website.
3. Loan personnel understand Fair Banking, CRA and Fair Lending, the Bank's Fair Banking, CRA and Fair Lending Policies and the goals for achieving compliance with Fair Banking, the CRA and Fair Lending.

5.9 Complaints

Verbal or written complaint(s) that impact the Bank's Fair Banking, CRA or Fair Lending performance are to be immediately referred to the Bank's Fair Banking and CRA Officer for proper handling and response. Any complaint affecting the Bank's Fair Banking, CRA or Fair Lending performance is a serious matter, and it has to be provided with prompt attention in accordance with Bank policies.

The Fair Banking and CRA Officer will ensure that the Bank's FVP/Risk Management and Compliance Officer and Senior Management are also notified and copied on the response to any complaint.

The Fair Banking and CRA Officer will also ensure that the complaint, written or oral, and response are included in the Bank's CRA Public File.

6. Key Contact for Questions & Interpretation of Policy

Questions regarding this Policy or the interpretation of this Policy shall be directed to the Bank's Fair Banking and CRA Officer.

7. Policy Compliance & Governance

Material changes to the Policy must be reported to the Risk Management Committee and the Compliance Committee.

8. Updates to the CRA Policy

This Fair Banking and CRA Policy will be reviewed and updated at least on an annual basis and approved by the Fair Banking and CRA Committee for recommendation to the Board of Directors for approval.