

PUBLIC DISCLOSURE

August 18, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Stoughton Co-operative Bank
RSSD# 164975

950 Park Street
Stoughton, Massachusetts 02072

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Stoughton Co-operative Bank (Stoughton or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

SCOPE OF EXAMINATION

The bank's CRA performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions¹. A full-scope² review was performed on the bank's assessment area.

The following data was reviewed:

- The Lending Test evaluation period³ included reported and non-reported Home Mortgage Disclosure Act (HMDA) data from 2020 through 2024. Due to higher loan origination volume in 2020 and 2021, examiners focused on these years as they provided more meaningful analysis of the bank's performance compared to the latter years.
- The bank's HMDA loan data were reviewed under the Lending Test and compared to aggregate lending data and demographic data⁴.

DESCRIPTION OF INSTITUTION

Stoughton is a state-chartered mutual co-operative bank headquartered in Stoughton, MA. The bank's characteristics include:

- As of June 30, 2025:
 - Assets total \$131.4 million and have increased by 7.8 percent since the prior examination
 - Loans total \$106.4 million and have increased by 17.3 percent since the prior examination
 - Deposits total \$116.5 million and have increased by 5.7 percent since the prior examination
- The bank's only branch is located at its headquarters in Stoughton, MA.
- In June 2024, the bank closed a branch located at 20 Park Street, Stoughton, MA.
- Information on bank products and services can be found on the bank's website at www.stoughtoncoopbank.com.
- The bank was last evaluated for CRA on April 26, 2021, and received a rating of Satisfactory.

As shown in Table 1, based on the percentage of total loans, the bank's primary business focus is residential real estate lending.

Table 1 Loan Distribution as of June 30, 2025		
Loan Type	Dollar Amount (\$000)	Percent of Total Loans (%)
Residential RE	95,299	88.9
Commercial*	8,888	8.3
Consumer	2,980	2.8
Total Loans	107,167	100.0
<i>Call Report as of June 30, 2025</i>		
<i>*May include construction, land development, and other land loans reported on the HMDA LAR</i>		
<i>Total percentages shown may vary by 0.1 percent due to automated rounding differences</i>		

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in the portion of the assessment area that it can reasonably serve. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank's delineated assessment area consists of six contiguous cities and towns in a portion of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (Boston MSA) and in a portion of the Providence-Warwick, RI-MA MSA (Providence MSA). Within the Boston MSA, the bank's assessment area includes a portion of the Boston, MA Metropolitan Division (Boston MD). Within the Boston MD, the assessment area includes a portion of Norfolk County and a portion of Plymouth County. Within the Providence MSA the assessment area includes a portion of Bristol County. The towns of Avon, Canton, Sharon, and Stoughton are in Norfolk County; the City of Brockton is in Plymouth County; and the town of Easton is in Bristol County.

See Appendix A for assessment area demographic data.

Assessment Area Composition

- Of the 41 census tracts in the assessment area, 5 tracts, or 12.2 percent, are low-income; 11 tracts, or 26.8 percent, are moderate-income; 13 tracts, or 31.7 percent, are middle-income; and 12 tracts, or 29.3 percent, are upper-income.
- All 5 low-income tracts and 10 of the 11 moderate-income tracts are in Brockton. The one other moderate-income tract is in Stoughton.
- The assessment area has a population of 190,949 individuals, of which 10.2 percent reside in low-income tracts; 27.7 percent reside in moderate-income tracts; percent reside in middle-income tracts; and 32.0 percent reside in upper-income tracts.
- The assessment area is comprised of 47,307 families, of which 8.9 percent are low-income; 26.2 percent are moderate-income; 30.9 percent are middle-income; and 34.0

percent are upper-income.

Competition

- Competitors for home mortgage lending primarily included non-depository mortgage lenders and regional and national banks. As of 2021, out of the top 10 home mortgage lenders in the assessment area, 8 were non-depository mortgage lenders.
- As of 2021, the bank ranked 55th of 374 lenders for home mortgage lending inside the assessment area. Top lenders in the assessment area included Rocket Mortgage LLC (Rocket), Citizens Bank, N.A (Citizens), Guaranteed Rate, Inc., Loandepot.com, LLC, and Freedom Mortgage Corporation.
- According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, as of June 30, 2024, 16 depository institutions operated branches within the assessment area. The bank ranked 13th with 1.5 percent market share. HarborOne ranked 1st in deposit market share at 29.1 percent, followed by Bank of America, N.A. at 13.3 percent, and Citizens at 9.7 percent.

Housing

- The assessment area contains 72,733 housing units, of which 62.6 percent are owner-occupied, 30.5 percent are rental units, and 6.9 percent are vacant.
- In low-income tracts, 23.3 percent of housing units are owner-occupied, 64.1 percent are rental units, and 12.7 percent are vacant.
- In the moderate-income tracts, 46.3 percent of housing units are owner-occupied, 44.9 percent are rental units, and 8.9 percent are vacant.
- According to data obtained from The Warren Group, Boston, MA, median home prices increased substantially from 2020 through 2024, primarily driven by increased home purchase demand which started during the COVID-19 pandemic. Median home prices for each city or town in the assessment area were the lowest during the evaluation period in 2020 and ranged from a low of \$350,000 in Brockton to a high of \$580,000 in Sharon. As of 2024, the median home values ranged from a low of \$485,000 in Brockton to a high of \$795,000 in Sharon. On average, the median home value for all towns in the assessment area increased by 39.6 percent from 2020 to 2024. As outlined in the Federal Reserve Beige Book as of April 2021, extremely low inventory and high demand characterized the real estate market, and, while interest rates increased during the review period, the increase did not affect demand.

Income

The FFIEC adjusts the median family income⁵ (MFI) of metropolitan areas annually, based on estimates. Table 2 displays the MFI ranges for the MSAs/MDs where the bank maintained its assessment area.

Table 2					
Median Family Income Ranges					
FFIEC Median Family Income	Low < 50%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper ≥ 120%	
Boston, MA MD					
2020	\$109,800	≤ \$54,899	\$54,900 - \$87,839	\$87,840 - \$131,759	≥ \$131,760
2021	\$113,700	≤ \$56,849	\$56,850 - \$90,959	\$90,960 - \$136,439	≥ \$136,440
2022	\$129,500	≤ \$64,749	\$64,750 - \$103,599	\$103,600 - \$155,399	≥ \$155,400
2023	\$136,900	≤ \$68,449	\$68,450 - \$109,519	\$109,520 - \$164,279	≥ \$164,280
2024	\$136,200	≤ \$68,099	\$68,100 - \$108,959	\$108,960 - \$163,439	≥ \$163,440
Providence-Warwick, RI-MA MSA					
2020	\$89,000	≤ \$44,499	\$44,500 - \$71,199	\$71,200 - \$106,799	≥ \$106,800
2021	\$87,500	≤ \$43,749	\$43,750 - \$69,999	\$70,000 - \$104,999	≥ \$105,000
2022	\$99,600	≤ \$49,799	\$49,800 - \$79,679	\$79,680 - \$119,519	≥ \$119,520
2023	\$108,300	≤ \$54,149	\$54,150 - \$86,639	\$86,640 - \$129,959	≥ \$129,960
2024	\$113,200	≤ \$56,599	\$56,600 - \$90,559	\$90,560 - \$135,839	≥ \$135,840
FFIEC Median Family Income					

Employment Statistics

Table 3 shows the unemployment rate in the counties included in the assessment area.

Table 3					
Unemployment Rates					
County	2020	2021	2022	2023	2024
Bristol County	10.8%	6.1%	4.5%	4.3%	4.7%
Norfolk County	8.7%	4.7%	3.2%	3.1%	3.7%
Plymouth County	10.0%	5.6%	3.8%	3.7%	4.1%
Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

The unemployment rates in the counties that accounted for portions of the assessment area were elevated in 2020 due to the COVID-19 pandemic. As of 2024, the unemployment rates decreased to pre-COVID levels.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with the director of a government department that analyzes

demographic data and implements revitalization plans for a city within the assessment area. The contact stated that bank lending programs supporting low- and moderate-income borrowers with accessory dwelling units would be beneficial as they could enable additional income streams to help pay down debt, keep residents in their homes, and start building generational wealth. The contact expressed a continued need for affordable housing for very low-income individuals and seniors.

A second community contact was conducted with the director of economic development for a town within the assessment area. The department is responsible for allocating resources to help support the economic development and revitalization of the downtown area. The contact stated that although the town has been historically an affordable option, borrowers are being priced out due to rising home values and cited a need for more apartments, including affordable apartments and those targeted to seniors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank's net loan-to-deposit (LTD) ratios are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the bank's size, financial condition, and assessment area credit needs.

The bank's average LTD ratio for the evaluation period was 87.0 percent. The LTD ratio ranged from a low of 78.9 percent, as of June 30, 2021, to a high of 91.5 percent, as of March 31, 2023. Although the bank purchased approximately \$4.8 million in loans during the evaluation period, the dollar value of the purchases did not impact the bank's average LTD ratio. The bank did not sell any loans during the evaluation period.

Table 4 provides a comparison of the bank's average LTD over the past 18 quarters under evaluation to similarly sized institutions operating within the assessment area.

Table 4 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Stoughton Co-operative Bank	131,415	87.0
Canton Co-operative Bank	160,891	67.0
Wrentham Co-operative Bank	182,708	64.5
*Call Report as of June 30, 2025		
**Call Reports from March 31, 2021 to June 30, 2025		

At 87.0 percent, the bank's average LTD ratio was higher than that of Canton Co-operative Bank at 67.0 percent and Wrentham Co-operative Bank at 64.5 percent.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of loans and other lending related activities are in the bank's assessment area. Table 5 presents the bank's levels of lending inside and outside the assessment area for 2020 and 2021.

Table 5												
Lending Inside and Outside the Assessment Area												
Loan Type	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	7	35.0	2,609	32.4	13	65.0	5,438	67.6	20	100.0	8,047	100.0
Home Improvement	0	0.0	0	0.0	4	100.0	108	100.0	4	100.0	108	100.0
Other Purpose LOC	46	63.9	5,065	60.3	26	36.1	3,334	39.7	72	100.0	8,399	100.0
Refinancing	97	54.2	29,946	50.5	82	45.8	29,396	49.5	179	100.0	59,342	100.0
TOTAL LOANS	150	54.5	37,620	49.6	125	45.5	38,276	50.4	275	100.0	75,896	100.0
<i>Source: HMDA for 2020 and 2021.</i>												
<i>Total percentages shown may vary by 0.1 percent due to automated rounding differences.</i>												

In 2020 and 2021, the bank originated 275 home mortgage loans, of which 150 loans, or 54.5 percent, were inside the assessment area. In 2020, the bank originated 151 home mortgage loans, of which 82 loans, or 54.3 percent, were inside the assessment area. In 2021, of the bank's 124 originated home mortgage loans, 68 loans, or 54.8 percent, were inside the assessment area. In 2020 and 2021, refinance loans represented approximately 65.0 percent of the bank's home mortgage lending. During this period, interest rates were low during the COVID-19 pandemic and there was an increased demand for refinance loans.

Beginning in 2022, the bank's total home mortgage originations decreased due to rising interest rates and a decrease in refinance loan demand. Between 2022 and 2024, home equity lines of credit (HELOCs) were the primary driver of the bank's home mortgage lending and accounted for 72.6 percent of home mortgage lending in the assessment area.

In 2022, the bank's origination of home mortgage lending decreased to a total of 55 loans, of which 28 loans, or 50.9 percent were inside the assessment area. HELOCs accounted for 64.3 percent of lending and refinance loans accounted for 28.6 percent of home mortgage loans in this year. In 2023, the bank originated a total of 50 home mortgage loans, of which 26 loans, or 52.0 percent, were inside the assessment area. HELOCs accounted for 80.8 percent of home mortgage loans and refinance loans accounted for 3.8 percent of home mortgage loans. In 2024, the bank originated a total of 52 home mortgage loans, of which 30 loans, or 57.7 percent, were inside the assessment area. HELOCs accounted for 73.3 percent of the bank's home mortgage lending and refinance loans accounted for 10.0 percent.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).

Table 6 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area. The table further outlines the bank's performance compared to the aggregate.

Table 6													
Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Borrower Income Level	2020						2021						Families by
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	Family Income
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	%
Low	5	6.2	5.8	893	5.0	3.4	5	7.6	7.4	690	3.7	4.3	25.8
Moderate	16	19.8	21.3	3,235	18.1	17.7	14	21.2	23.9	2,928	15.6	19.8	17.3
Middle	23	28.4	23.5	4,206	23.6	22.8	19	28.8	22.5	4,590	24.5	22.2	18.5
Upper	33	40.7	33.3	8,620	48.3	39.5	28	42.4	29.3	10,533	56.2	35.6	38.4
Unknown	4	4.9	16.1	875	4.9	16.6	0	0.0	16.9	0	0.0	18.1	0.0
Total	81	100.0	100.0	17,828	100.0	100.0	66	100.0	100.0	18,740	100.0	100.0	100.0
Source: 2020 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

In 2020, the bank originated 5 home mortgage loans, or 6.2 percent, to low-income borrowers. At 6.2 percent, the bank's lending percentage was above the aggregate at 5.8 percent. Although the bank's lending percentage was below the percentage of low-income families at 25.8 percent, given the general challenges for low-income families to obtain a home mortgage loan, it is not expected that the bank's residential lending percentage aligns with the percentage of low-income families in the assessment area. In the same year, the bank originated 16 home mortgage loans, or 19.8 percent, to moderate-income borrowers. At 19.8 percent, the bank's lending percentage was below the aggregate at 21.3 percent, and above the percentage of moderate-income families in the assessment area at 17.3 percent.

In 2021, the bank originated 5 home mortgage loans, or 7.6 percent to low-income borrowers. At 7.6 percent, the bank's lending percentage was aligned with the aggregate lending percentage at 7.4 percent. In the same year, the bank originated 14 home mortgage loans, or 21.2 percent, to moderate-income borrowers, which was below the aggregate lending percentage at 23.9 percent. Despite rapidly rising median home prices in each town in the assessment area during the evaluation period, which likely resulted in affordability challenges for most low- and moderate-income borrowers, the bank's lending performance was above or aligned with the aggregate.

Although 2020 and 2021 lending data enabled examiners to conduct more meaningful analyses compared to 2022 through 2024 based on loan volume, the bank's origination of home mortgage loans in the latter years exceeded the aggregate for both low- and moderate-income borrowers.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Table 7 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 7													
Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	2020						2021						Owner Occupied Units %
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	1	1.2	4.2	292	1.6	4.3	1	1.5	5.4	271	1.4	5.7	3.8
Moderate	3	3.7	19.1	697	3.8	16.8	4	5.9	22.4	840	4.4	19.6	21.0
Middle	41	50.0	34.4	8,359	45.4	30.4	31	45.6	33.6	6,598	34.3	30.7	36.6
Upper	37	45.1	42.3	9,061	49.2	48.5	32	47.1	38.6	11,503	59.9	44.1	38.6
Total	82	100.0	100.0	18,408	100.0	100.0	68	100.0	100.0	19,211	100.0	100.0	100.0
Source: 2020 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2020, the bank originated 1 home mortgage loan, or 1.2 percent, in low-income census tracts. At 1.2 percent, the bank's lending percentage was below the aggregate at 4.2 percent and below the percentage of owner-occupied housing units in low-income tracts at 3.8 percent. For the same year, the bank originated 3 home mortgage loans, or 3.7 percent, in moderate-income tracts. At 3.7 percent, the bank's lending percentage was significantly below the aggregate at 19.1 percent and the percentage of owner-occupied housing units in moderate-income tracts at 21.0 percent.

In 2021, the bank originated 1 home mortgage loan, or 1.5 percent, in low-income tracts. At 1.5 percent, the bank was below the aggregate at 5.4 percent. For the same year, the bank originated 4 home mortgage loans, or 5.9 percent, in moderate-income tracts. At 5.9 percent, the bank was again significantly below the aggregate at 22.4 percent.

The bank experiences significant competition for home mortgage loans in Brockton, which contains all but one of the low- and moderate-income census tract in the assessment area. Not only does the bank face competition from large depository institutions such as Citizens, Eastern Bank, and HarborOne Bank, there is also substantial competition from non-depository mortgage lenders. In 2020 and 2021, approximately 85.0 percent of the top 10 mortgage originators in low- or moderate-income census tracts in the assessment area were non-depository mortgage lenders.

For context, HarborOne Bank, which was ranked 1st for deposit market share in the assessment area as of June 30, 2024, ranked 15th of 285 home mortgage lenders in the assessment area despite having the highest number of branches within the assessment area; this Brockton-based institution originated fewer home mortgage loans than nine mortgage lenders within the same six-town assessment area.

Given Stoughton's capacity, resources, and significant competition from larger depository and non-depository mortgage lenders, the bank's performance is considered reasonable as examiners would not expect the bank's lending percentages within low- and moderate-income census tracts to align with the aggregate lending percentages. The bank primarily relies on repeat customers and word-of-mouth referrals to obtain home mortgage loan applications.

Although 2020 and 2021 lending data enabled examiners to conduct more meaningful analyses compared to 2022 through 2024 based on loan volume, the bank's origination of home mortgage loans in low- and moderate-income tracts exhibited improved performance in penetrating low- and moderate-income tracts in the latter years. Specifically, the bank's lending percentage in moderate-income tracts was aligned or exceeded the aggregate lending percentages. There were no conspicuous gaps in the bank's loan penetration in low- and moderate-income tracts during the evaluation period.

Response to Complaints

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

CONCLUSION

The LTD ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending related activities are in the bank's assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income). The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

APPENDIX A – DEMOGRAPHIC INFORMATION

Table 9 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	12.2	4,223	8.9	1,319	31.2	12,199	25.8
Moderate	11	26.8	12,412	26.2	1,933	15.6	8,183	17.3
Middle	13	31.7	14,611	30.9	859	5.9	8,748	18.5
Upper	12	29.3	16,061	34.0	389	2.4	18,177	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	41	100.0	47,307	100.0	4,500	9.5	47,307	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	7,474	1,740	3.8	23.3	4,788	64.1	946	12.7
Moderate	20,706	9,576	21.0	46.2	9,292	44.9	1,838	8.9
Middle	23,067	16,665	36.6	72.2	5,056	21.9	1,346	5.8
Upper	21,486	17,554	38.6	81.7	3,037	14.1	895	4.2
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	72,733	45,535	100.0	62.6	22,173	30.5	5,025	6.9
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

APPENDIX B – END NOTES

- ¹ “Small bank” means a bank that did not have assets of at least \$402 million as of December 31 of both of the prior two calendar years. Small banks are evaluated under the Lending Test.
- ² Factors used to determine which assessment areas would receive full scope examination procedures include, but are not limited to, the bank’s lending, investment, and service opportunities in different assessment areas, the level of the bank’s lending, investment, and service activity in different assessment areas, including in low- and moderate-income areas, and the bank’s prior CRA performance in different assessment areas.
- ³ Although all years were included in the analysis, only the former two years with aggregate data are presented in the assessment area concentration, geographic distribution, and borrower distribution tables. Due to higher origination volume in each of the two former years of evaluation period, examiners were able to derive more meaningful conclusions compared to the latter three years.
- ⁴ Home mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the HMDA. This evaluation excludes loans with the loan purpose of “not applicable.” While both the number and dollar volume of the bank’s loans were reviewed, the number of originations was weighted more heavily than the dollar volume, as the number of loans originated is more indicative of loan demand. Aggregate HMDA data, which was obtained from the Consumer Financial Protection Bureau, consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank’s assessment area. Based on the years in the evaluation period, demographic data is derived from either the American Community Survey (ACS) or the U.S. Census (Census).
- ⁵ The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above.

APPENDIX C – GLOSSARY OF TERMS

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

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives 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 who do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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 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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

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

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

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12