

# **PUBLIC DISCLOSURE**

July 7, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Everett Co-operative Bank  
Certificate Number: 26444

419 Broadway  
Everett, Massachusetts 02149

Division of Banks  
One Federal Street, Suite 710  
Boston, Massachusetts 02110

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory**

The institution demonstrated adequate responsiveness to community development needs in its assessment area through its community development loans, community development investments and donations, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

## DESCRIPTION OF INSTITUTION

### **Background**

Everett Co-operative Bank (ECB) is a state-chartered financial institution headquartered in Everett, Massachusetts (MA). The bank is a wholly owned subsidiary of ECB Bancorp, Inc., a stock holding company. ECB has not participated in any merger or acquisition activity since the prior evaluation. The bank operates in the eastern portion of MA, in Essex, Middlesex, and Suffolk counties. The bank maintains First Everett Security Corporation as its sole subsidiary.

The bank received an overall rating of “Satisfactory” from the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division) during its prior joint CRA Performance Evaluation dated May 9, 2022. Examiners reviewed the bank's CRA performance in accordance with the Federal Financial Institutions Examination Council’s (FFIEC) Interagency Intermediate Small Institution (ISI) Procedures. The bank received a Lending Test rating of “Satisfactory” and a Community Development Test rating of “Satisfactory”.

### **Operations**

ECB maintains three full-service branches, including its main office at 419 Broadway in Everett (moderate-income census tract). Two additional full-service branches are located at 771 Salem Street in Lynnfield (upper-income census tract) and 331 Montvale Ave in Woburn (middle-income census tract). The Woburn branch is new since the prior evaluation and opened in September 2023. Deposit-taking automated teller machines (ATMs) are available at both branches. The bank also operates a loan production office at 391 Broadway in Everett.

ECB offers home mortgage, commercial, and consumer loans, and home equity loans and lines of credit, with a primary focus on home mortgage lending. Consumer lending includes reserve lines of credit. The institution provides various deposit accounts including checking, savings, money market, individual retirement accounts, and certificates of deposit. Business products include checking and money market accounts as well as construction, commercial real estate, and Small Business Administration (SBA) loans. Alternative banking services include internet and mobile banking, remote deposit capture, 24/7 telephone banking, and ATMs. The bank participates in the surcharge-free SUM ATM network.

### **Ability and Capacity**

As of March 31, 2025, ECB reported assets of \$1.5 billion and total deposits of \$1.1 billion. Loans totaled \$1.2 billion, representing 81.1 percent of total assets. Securities totaled \$82.0 million, representing 5.7 percent of total assets.

Although loans secured by one-to-four family residential properties continue to represent the largest portion of the portfolio, loans secured by multifamily (5 or more) residential properties have experienced a significant increase since the prior evaluation, where they represented 12.1 percent of the portfolio, which is an increase of 158.7 percent. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 03/31/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	69,199	5.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	478,661	40.4
Secured by Multifamily (5 or more) Residential Properties	370,889	31.2
Secured by Nonfarm Nonresidential Properties	254,932	21.5
<b>Total Real Estate Loans</b>	<b>1,173,681</b>	<b>98.9</b>
Commercial and Industrial Loans	12,544	1.1
Agricultural Loans	0	0.0
Consumer Loans	209	0.0
Other Loans	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,186,434</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to meet assessment area credit needs.

## DESCRIPTION OF ASSESSMENT AREA

ECB designated a single assessment area that consists of portions of Essex, Middlesex, and Suffolk counties. The three counties are part of the Boston, MA Metropolitan Division (MD) and the Cambridge-Newton-Framingham MD which are within the Boston-Cambridge-Newton, MA-New Hampshire Metropolitan Statistical Area (MSA). In conjunction with the new Woburn branch in 2023, the bank expanded its assessment area to include Burlington, Lexington, Reading, Salem, Wilmington, Winchester, and Woburn.

The following table details the cities and towns within the bank's assessment area.

<b>Assessment Area Cities and Towns</b>		
<b>Essex County, MA</b>		
Danvers	Lynn	Lynnfield
Middleton	Peabody	Salem
Saugus		
<b>Middlesex County, MA</b>		
Burlington	Everett	Lexington
Malden	Medford	Melrose
Reading	Somerville	Stoneham
Wakefield	Wilmington*	Winchester
Woburn		
<b>Suffolk County, MA</b>		
Boston*	Chelsea	Revere
Winthrop		
<i>Source: Bank Data</i>		

*\*Boston contains the following neighborhoods: Charlestown, East Boston, and the North End*

## **Economic and Demographic Data**

The assessment area consists of 227 census tracts with the following income designations according to the 2020 United States (U.S.) Census:

- 25 low-income census tracts,
- 66 moderate-income census tracts,
- 80 middle-income census tracts,
- 49 upper-income census tracts, and
- 7 census tracts with no income designation.

With the assessment area's expansion and updates to the 2020 U.S. Census data, the assessment area gained seven moderate-income census tracts since the prior evaluation.

Low-income census tracts are in Lynn (8), Boston (5), Chelsea (2), Malden (2), Revere (2), Salem (2), Somerville (2), Everett, and Peabody. Similarly, moderate-income census tracts are in Lynn (12), Everett (9), Revere (7), Chelsea (6), Boston (4), Danvers (4), Malden (4), Medford (4), Somerville (4), Peabody (3), Woburn (3), Salem (2), Saugus (2), Melrose, and Winthrop.

Four of the seven census tracts with no income designation include the Middlesex Fells Reservation, Suffolk Downs Racetrack, Belle Isle Marsh Reservation, and Logan Airport.

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. However, the assessment area includes several opportunity zones. The opportunity zones are areas of economic need recommended by the MA governor and approved by the U.S. Department of Treasury. Many zones have the lowest median family income within MA. There are 18 census tracts in the assessment area designated as opportunity zones. They are in Lynn (4), Chelsea (2), Malden (2), Medford, Peabody (2), Salem (2), Everett, Revere, Saugus, Somerville, and Winthrop.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA * % of #
Geographies (Census Tracts)	227	11.0	29.1	35.2	21.6	3.1
Population by Geography	1,000,262	11.4	29.4	35.5	22.7	1.1
Housing Units by Geography	392,377	11.0	28.1	37.1	22.5	1.2
Owner-Occupied Units by Geography	204,842	5.5	23.4	40.1	30.2	0.8
Occupied Rental Units by Geography	168,880	17.7	33.6	33.3	13.6	1.7
Vacant Units by Geography	18,655	10.9	31.2	38.5	18.0	1.4
Businesses by Geography	105,597	8.8	26.3	38.3	25.6	1.0
Farms by Geography	1,523	8.8	29.5	36.6	24.3	0.8
Family Distribution by Income Level	228,123	26.5	18.0	20.3	35.2	0.0
Household Distribution by Income Level	373,722	28.6	15.4	17.8	38.2	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$523,797
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,611
			Families Below Poverty Level			7.0%
Source: 2020 U.S. Census, 2024 D&B Data, and FFIEC Estimated Median Family Income. (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares the bank's home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, only 5.5 percent of the owner-occupied housing units are in the low-income tracts. Additionally, a combined 51.3 percent of occupied rental units are within low- and moderate-income tracts. The low owner-occupancy rates and high rates of occupied rental units suggest that the bank has limited home mortgage lending opportunities in low- and moderate-income census tracts. These factors signal a reduced supply of homeownership opportunities and a need for affordable rental housing in these areas.

Examiners used the 2023 and 2024 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the median income family ranges for the low-, moderate-, middle-, and upper-income categories within the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Boston, MA Median Family Income (14454)</b>				
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
2024 (\$136,200)	<\$68,100	\$68,100 to <\$108,960	\$108,960 to <\$163,440	≥\$163,440
<b>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
2024 (\$146,600)	<\$73,300	\$73,300 to <\$117,280	\$117,280 to <\$175,920	≥\$175,920
<i>Source: FFIEC</i>				

The Borrower Profile criterion compares the bank's home mortgage loan distribution to the percentage of families. The assessment area's population consists of 11.4 and 29.4 percent, respectively who are considered low- or moderate-income and 7.0 percent of the families are living below the poverty line. Based on the median housing values in the assessment area, the opportunities for home mortgage lending to low- and moderate-income families are limited. Specifically, the median housing value of \$523,797 is nearly eight times the maximum income of low-income families in the Boston, MA MD and seven times the maximum income of low-income families in the Cambridge-Newton-Framingham, MA MD. Further, the median housing value is nearly 5.0 times the maximum income of moderate-income families in the Boston, MA MD and 4.5 times the maximum income of moderate-income families in the Cambridge-Newton-Framingham, MA MD.

Analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) to D&B data. According to 2024 D&B data, 105,597 non-farm businesses operated in the assessment area. GARs for these businesses are below:

- 89.6 percent have GARs of \$1.0 million or less.
- 3.6 percent have GARs of more than \$1.0 million.
- 6.8 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.7 percent, followed by non-classifiable establishments (23.0 percent); Finance, Insurance & Real Estate (10.7 percent); Retail Trade (10.2 percent); and Construction (9.1 percent). Top employers in the area include hospitals, universities, and retail stores.

As shown in the following table, unemployment rates have slightly increased since 2022, with all three counties in the assessment area in-line with or below state and national trends.



Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Essex County	3.7	3.5	4.1
Middlesex County	3.0	3.0	3.6
Suffolk County	3.6	3.4	3.9
MA	3.5	3.7	4.1
National Average	3.6	3.6	4.0
<i>Source: U.S. Bureau of Labor Statistics</i>			

## **Competition**

ECB operates in a highly competitive market for financial services. The presence of national, regional, and community banks and credit unions create significant competition in the area. According to June 2024 branch and deposit market share data, 76 institutions operated 344 branches in the assessment area. ECB ranked 10<sup>th</sup> with a market share of 2.1 percent. The top two institutions, Bank of America and Eastern Bank collectively captured a 25.0 percent deposit market share.

According to Home Mortgage Disclosure Act (HMDA) aggregate data, a high level of competition for home mortgage loans exists among banks, non-depository mortgage lenders, and credit unions in the assessment area. According to 2024 HMDA aggregate data, 406 lenders reported 17,212 home mortgage loans in the assessment area. ECB originated 106 loans and ranked 34<sup>th</sup> with a 0.6 percent market share. Of the top 10 institutions, eight were large national and regional lenders with a combined market share of 30.7 percent.

The bank also faces a high level of competition for small business loans among banks and non-depository lenders in the assessment area. As ECB is not required to collect or report its small business loan data, the small business loan analysis under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the demand for small business loans and is included for performance context. Aggregate small business data for 2024 was not available at the time of the evaluation, therefore 2023 small business aggregate data was utilized. Aggregate data for 2023 shows 182 institutions originated or purchased 86,527 small business loans within the assessment area, indicating a high level of competition. The top three institutions, American Express National Bank; JPMorgan Chase Bank, NA; and Bank of America, NA; are large national lenders with a combined market share of 59.1 percent.

## **Community Contact**

As part of the evaluation process, examiners contact third parties that are active within the assessment area to assist in identifying the credit and community development needs. This information helps to determine whether local financial institutions respond to those needs and to identify available credit and community development opportunities.

Examiners contacted a representative of a community development organization that serves the Greater Boston, Northern South Shore, and Metro West areas. The organization works to ensure families and individuals have access to and knowledge of affordable housing opportunities. The contact discussed the difficulty in developing affordable housing as well as the inability for low- and moderate-income individuals and families to afford housing. The contact explained that individuals looking to purchase homes are struggling with high costs due to the current market conditions. The contact also stated that potential borrowers would benefit from down payment assistance grants and first-time homebuyer education programs that prepare borrowers for homeownership.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact interview, bank management, and demographic and economic data, examiners determined that affordable housing and support for economic development are the primary community development needs in the assessment area. The high housing costs and percentage of low- and moderate-income individuals support this conclusion. The bank can help by creating and offering innovative and flexible loan programs for both home mortgage and small business needs. The bank can also help by offering and/or participating in programs to assist first-time homebuyers.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated May 9, 2022, to the current evaluation dated July 7, 2025. Examiners used the ISI Examination Procedures to evaluate ECB's performance. The procedures include two tests: The CRA Small Bank Lending Test and the Community Development Test.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period.

Although not required under HMDA data reporting requirements, the bank opted to collect and report home equity lines of credit (HELOCs) on their HMDA Loan Application Register (LAR). The bank does not originate small farm loans; as such, they were not included in the analysis.

For the Lending Test, examiners reviewed all home mortgage loans reported on the bank's 2022, 2023, and 2024 HMDA LARs to evaluate the bank's performance, including HELOCs. In 2022, the bank reported 347 originations totaling \$475.9 million. In 2023, the bank reported 227 originations totaling \$179.4 million. In 2024, the bank reported 185 originations totaling \$165.5 million. Examiners compared ECB's home mortgage lending to aggregate data and to 2020 U.S. Census demographic data.

As an ISI, the bank is not required to collect or report small business data. Although the bank did not report this data, they collected it. Small business loan data includes commercial real estate and commercial and industrial loans with original loan amounts of \$1 million or less, as reported on the bank's Call Report. In 2022, the bank originated 44 small business loans totaling \$20.5 million. In 2023, the bank originated 22 small business loans totaling \$9.6 million. In 2024, the bank originated 21 small business loans totaling \$12.0 million. Examiners compared ECB's 2022, 2023, and 2024 small business lending performance to 2022 D&B data, 2023 D&B data, and 2024 D&B data, respectively.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the bank's larger loan volume overall when compared to small business loans.

Examiners reviewed the number and dollar volume of originations. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by the number of loans, as it is a better indicator of the number of individuals and businesses served. Examiners analyzed 2022, 2023, and 2024 home mortgage and small business originations. Although the Assessment Area Concentration table presents this lending activity for all three years, examiners did not include 2022 data under the Geographic Distribution or Borrower Profile criteria; examiners did not identify any trends between 2022 and 2023 that materially affected conclusions.

For the Community Development Test, examiners reviewed community development information from the prior evaluation date of May 9, 2022, to the current evaluation date of July 7, 2025. Examiners considered qualified community development loans, qualified investments and donations, and community development services.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

ECB demonstrated reasonable performance under the Lending Test. Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion. The following sections discuss the bank's overall performance for each Lending Test component.

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

The bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment are credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 114.6 percent over the past 12 calendar quarters from June 30, 2022 to March 31, 2025. The ratio ranged from a low of 94.0 percent as of June 30, 2022 to a high of 122.8 percent as of June 30, 2023. The average ratio increased from 96.2 percent from the prior evaluation. The bank continues to outperform similarly situated institutions as illustrated in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2025 (\$000s)	Average Net LTD Ratio (%)
Everett Co-operative	1,451,779	114.6
Reading Co-operative Bank	922,342	94.4
Winchester Savings Bank	923,745	102.5
East Cambridge Savings Bank	1,622,577	98.9
Source: Reports of Condition and Income 6/30/2022 – 3/31/2025		

### **Assessment Area Concentration**

The bank originated a majority of its home mortgage and small business loans, by number and dollar amount, within its assessment area. As the following table illustrates, home mortgage lending by both number and dollar amount declined in each subsequent year. Elevated interest rates and high home prices contributed to a decline in demand for home mortgage loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000)				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	192	55.3	155	44.7	347	242,880	51.0	232,975	49.0	475,855
2023	129	56.8	98	43.2	227	92,615	51.6	86,770	48.4	179,385
2024	106	57.3	79	42.7	185	93,900	56.7	71,605	43.3	165,505
Subtotal	427	56.3	332	43.7	759	429,395	52.3	391,350	47.7	820,745
Small Business										
2022	26	59.1	18	40.9	44	12,646	61.8	7,832	38.2	20,478
2023	17	77.3	5	22.7	22	7,805	81.5	1,775	18.5	9,580
2024	17	81.0	4	19.0	21	9,359	78.1	2,628	21.9	11,987
Subtotal	60	69.0	27	31.0	87	29,810	70.9	12,235	29.1	42,045
Total	487	57.6	359	42.4	846	459,205	53.2	403,585	46.8	862,790
Source: HMDA Reported Data and Bank Data Due to rounding, totals may not equal 100.0%.										

### **Geographic Distribution**

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

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

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. As illustrated in the following table, the bank's 2023 and 2024 lending in the low- and moderate-income census tracts surpassed aggregate lending and demographics.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	5.6	8.7	13	10.1	28,875	31.2
2024	5.6	8.1	9	8.5	17,825	19.0
Moderate						
2023	23.6	24.2	36	27.9	21,760	23.5
2024	23.6	24.9	37	34.9	30,995	33.0
Middle						
2023	40.5	37.9	44	34.1	21,850	23.6
2024	40.5	39.9	29	27.4	23,515	25.0
Upper						
2023	29.6	28.2	33	25.6	17,975	19.4
2024	29.6	26.3	28	26.4	17,610	18.8
NA						
2023	0.8	1.0	3	2.3	2,155	2.3
2024	0.8	0.8	3	2.8	3,955	4.2
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>92,615</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>	<b>93,900</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2023 &amp; 2024 HMDA Data; 2023 &amp; 2024 HMDA Aggregate Data</i> <i>Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion. As illustrated in the following table, the bank's 2023 and 2024 lending in the low- and moderate-income census tracts exceeded the percentage of businesses.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low					
2023	9.1	2	11.8	875	11.2
2024	9.3	2	11.8	1,994	21.3
Moderate					
2023	26.1	7	41.2	2,215	28.4
2024	26.0	7	41.2	3,483	37.2
Middle					
2023	38.4	6	35.3	3,323	42.6
2024	38.1	6	35.3	3,097	33.1
Upper					
2023	25.4	2	11.8	1,392	17.8
2024	25.7	2	11.8	785	8.4
NA					
2023	0.9	0	0.0	0	0.0
2024	0.9	0	0.0	0	0.0
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>7,805</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>9,359</b>	<b>100.0</b>
<i>Source: 2023 &amp; 2024 D&amp;B Data and Bank Data;  Due to rounding, totals may not equal 100.0%.</i>					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage of home mortgage loans originated to low- and moderate-income borrowers and the percentage of small business loans extended to businesses with GARs of \$1 million or less.

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

The distribution of borrowers reflects reasonable penetration among individuals of different levels and businesses of different sizes in the assessment area. Examiners emphasized performance compared to the aggregate data.

In 2023 and 2024, lending to low-income individuals was below aggregate and significantly below demographics. Housing affordability challenges help to explain this discrepancy. Individuals making less than \$73,300 would have difficulty purchasing a home in the assessment area using conventional underwriting standards and the median housing value of \$523,797. Based on these factors, the disparity in lending to low-income families and the demographic data is reasonable.

In 2023 and 2024, lending to moderate-income borrowers also lagged aggregate lending and demographics. Moderate-income families also face home affordability challenges due to limited housing stock, elevated interest rates, and rising costs. The highly competitive home mortgage market within the assessment area further limits lending opportunities. In 2024, ECB ranked 34<sup>th</sup> competing against large non-depository mortgage lenders, national and regional banks, community banks, and credit unions. The following table illustrates the bank's lending performance by borrower income level.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>HMDA Aggregate % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2023	26.6	5.7	6	4.7	1,100	1.2
2024	26.6	5.5	3	2.8	435	0.5
Moderate						
2023	18.1	15.8	17	13.2	3,485	3.8
2024	18.1	15.5	16	15.1	3,420	3.6
Middle						
2023	20.4	22.3	22	17.1	6,690	7.2
2024	20.4	24.0	13	12.3	3,305	3.5
Upper						
2023	34.9	34.2	59	45.7	29,995	32.4
2024	34.9	39.0	36	34.0	15,620	16.6
NA						
2023	0.0	22.0	25	19.4	51,345	55.4
2024	0.0	16.0	38	35.9	71,120	75.7
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>	<b>92,615</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>106</b>	<b>100.0</b>	<b>93,900</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data; 2023 & 2024 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%.						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank's performance is below demographics in 2023. In 2024, the bank's performance improved and exceeded demographics.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;= \$1,000,000</b>					
2023	89.5	11	64.7	5,042	64.6
2024	89.4	16	94.1	8,939	95.5
<b>&gt; \$1,000,000</b>					
2023	3.8	5	29.4	2,050	26.3
2024	3.6	0	0.0	0	0.0
<b>Revenue Not Available</b>					
2023	6.7	1	5.9	713	9.1
2024	7.0	1	5.9	420	4.5
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>7,805</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>9,359</b>	<b>100.0</b>
<i>Source: 2023 &amp; 2024 D&amp;B Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%.</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

### **COMMUNITY DEVELOPMENT TEST**

ECB demonstrated adequate responsiveness to the assessment area's community development needs and opportunities through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such community development opportunities in the assessment area.

### **Community Development Loans**

During the evaluation period, ECB originated 21 community development loans totaling approximately \$81.0 million and representing 6.7 percent of average total assets and 8.2 percent of average net loans. The bank significantly increased its community development lending by number and dollar amount since the prior evaluation, when the bank originated 12 community development loans totaling approximately \$14.9 million. The bank's community development lending responded to the assessment area's affordable housing and revitalization and stabilization needs. When compared to four similarly situated institutions, the bank's performance, by dollar amount, was greater than all the institutions and, by number, was greater than three institutions.

The following table illustrates community development loans by year and purpose.



<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
5/9/2022-12/31/2022	5	15,873	0	0	0	0	1	25,000	6	40,873
2023	11	31,073	0	0	0	0	0	0	11	31,073
2024	2	3,040	0	0	0	0	1	4,675	3	7,715
YTD 2025	1	1,350	0	0	0	0	0	0	1	1,350
<b>Total</b>	<b>19</b>	<b>51,336</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>29,675</b>	<b>21</b>	<b>81,011</b>
<i>Source: Bank Data</i>										

The following are notable examples of the bank's qualified community development loans.

- In 2022, the bank was the lead lender of a \$41.2 million participation loan to refinance three properties containing 91 residential units in East Boston. Two properties are in moderate-income census tracts and one is in a low-income census tract. Collectively, the properties contain 13 Inclusionary Development Policy (IDP) units which are restricted to households earning 70.0 percent or less of the area median income (AMI). The bank received community development loan credit for \$25.0 million, a pro rata portion of the total loan amount. The 13 IDP units are consistent with East Boston's development plans and support revitalization and stabilization efforts.
- In 2023, the bank originated a \$6.3 million loan to construct 36 residential units in a low-income census tract in Revere. The monthly rent amounts are affordable to low- and moderate-income individuals and families based on 2023 U.S. Department of Housing and Urban Development Fair Market Rents. This loan promoted affordable housing.
- In 2024, the bank was the lead lender of a \$8.1 million participation loan to construct 36 residential units in Wakefield. Of the 36 units, 9 are affordable units restricted to applicants earning 80.0 percent or less than AMI, as part of MA's 40B Program requirements. The bank received community development loan credit for \$1.1 million, a pro rata portion of the total loan amount. This loan promoted affordable housing.

### **Qualified Investments**

During the evaluation period, ECB made 35 qualified investments totaling approximately \$3.4 million consisting of 1 qualified equity investment totaling approximately \$3.3 million and 34 donations and grants totaling \$150,430. The dollar amount of qualified investments equates to 0.3 percent of average total assets and 4.6 percent of average total securities. Since the prior evaluation, the bank's qualified investments increased significantly by total dollar amount but decreased 21.1 percent by number. During the prior evaluation, the bank made 42 qualified investments totaling \$288,184.

By number, qualified investments primarily promoted community services to low- and moderate-income individuals. By dollar, due to a \$3.3 million Low-Income Housing Tax Credit (LIHTC) investment, qualified investments primarily promoted affordable housing. This level of qualified

community development investment activity demonstrated adequate responsiveness to the assessment area needs and opportunities for qualified investments. When compared to four similarly situated institutions, the bank's performance by dollar amount exceeded that of three institutions.

The following table illustrates community development investments by year and purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>	<b>#</b>	<b>\$ (000)</b>
Prior Period	0	0	0	0	0	0	0	0	0	0
5/9/2022-12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	1	3,253	0	0	0	0	0	0	1	3,253
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>3,253</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3,253</b>
Qualified Grants & Donations	1	10	29	123	4	17	0	0	34	150
<b>Total</b>	<b>2</b>	<b>3,263</b>	<b>29</b>	<b>123</b>	<b>4</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>3,403</b>
<i>Source: Bank Data</i>										

### Equity Investments

In 2024, the bank purchased a \$3.3 million LIHTC to construct 250 residential units in Brookline. Of the 250 units, 50 are income-restricted units. The 50 income-restricted units are further restricted to 8 units being for households earning 30.0 percent or less of the AMI with the remaining 42 units income-restricted to households earning 50.0 percent or less of AMI. This investment supported affordable housing.

### Donations

The following are notable examples of qualified donations.

- **Portal to Hope** - Portal to Hope is a non-profit organization that supports victims of domestic violence, sexual assault, and stalking crimes by providing emergency housing, job assistance, and legal aid. The 2023 and 2024 donations supported community services for low- and moderate-income individuals in the assessment area.
- **Community Servings** - Community Servings provides medically tailored meals to individuals in need who are battling critical or chronic illnesses while facing food insecurity. The organization serves individuals in MA and Rhode Island. The 2023 and 2024 donations supported vital community services for low- and moderate-income individuals in the assessment area.

- **East Boston Community Development Corporation (EBCDC)** - EBCDC aims to enhance the quality of life of low- and moderate-income residents through economic development activities primarily by developing and maintaining affordable housing developments in East Boston. EBCDC also provides social services through partnerships with several healthcare organizations and programs for business development and technical assistance. The bank provided a grant that supported general operations.

### **Community Development Services**

During the evaluation period, ECB employees and directors provided 27 instances of financial expertise or technical assistance to 9 different community development organizations in the assessment area. The number of instances and organizations increased since the prior evaluation, where the bank provided 17 instances of financial expertise or technical assistance to 9 different organizations. When compared to four similarly situated institutions by the number of instances and organizations assisted, the bank's performance was below all institutions by both the number of instances and organizations; however, the bank's overall performance demonstrated adequate responsiveness to community development opportunities in the assessment area.

The following table illustrates community development services by year and purpose.

<b>Community Development Services</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
5/9/2022-12/31/2022	1	3	0	0	<b>4</b>
2023	1	10	0	0	<b>11</b>
2024	1	6	0	0	<b>7</b>
YTD 2025	0	5	0	0	<b>5</b>
<b>Total</b>	<b>3</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>27</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services.

### **Employee and Director Involvement**

- **EBCDC** - EBCDC aims to enhance the quality of life of low- and moderate-income residents through economic development activities primarily by developing and maintaining affordable housing developments in East Boston. EBCDC also provides social services through partnerships with several healthcare organizations and programs for business development and technical assistance. An executive vice president served on the organization's Board in 2022, 2023, and 2024. This service supported affordable housing for low- and moderate-income individuals in the assessment area.
- **Council of Social Concern (CSC)** – CSC provides low-cost daycare, parenting education classes to individuals and families who do not have the financial resources to meet basic needs. CSC operates a food pantry serving Winchester, Woburn, and other communities

included within the bank's assessment area. A branch manager served on the organization's Board in 2023 and 2024. This service supported community services for low- and moderate-income individuals in the assessment area.

- **St. Francis House** – St. Francis House is a day shelter serving low- and moderate-income adults experiencing homelessness and poverty within the Greater Boston area. The St. Francis House provides access to food, clothing, medical services, emergency shelter, long-term affordable housing, workforce development, and addiction recovery programs. A bank Director served on the organization's Board in 2024. This service supported community services for low- and moderate-income individuals in the assessment area.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, the bank has a reasonable record relative to fair lending policies and procedures.

### **MINORITY APPLICATION FLOW**

Examiners reviewed the bank's 2023 and 2024 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics with a focus on 2024 performance.

According to 2020 U.S. Census data, the assessment area contained a total population of 1,000,262 individuals of which 39.5 percent are minorities. This illustrates an increase of 10.9 percent in total minorities since the 2015 ACS U.S. Census data. The assessment area's minority and ethnic population consists of 18.5 percent Hispanic or Latino, 9.0 percent Asian, 6.1 percent Black/African American, 21.6 percent other ethnicities, and less than one percent American Indian or Alaskan Native individuals.

Population demographic changes under the 2020 U.S. Census data within the assessment area showed a decrease of 4.8 percent in Hispanic individuals, an increase of 6.4 percent in Asian populations, an increase of 4.3 percent in Black/African American populations, an increase of 4.9 percent in individuals recorded as other ethnicities, and no change in American Indian or Alaskan Native individuals.

Examiners primarily compared the bank's level of home mortgage applications to 2024 aggregate performance percentage data. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. The following table illustrates the bank's minority application flow as well as that of the aggregate lenders in the assessment area.

	2023		2023 Aggregate Data	2024		2024 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.4
Asian	5	2.9	10.3	2	1.4	10.6
Black/ African American	0	0.0	3.9	0	0.0	4.2
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	1	0.6	2.0	0	0.0	2.1
<b>Total Racial Minority</b>	<b>6</b>	<b>3.5</b>	<b>16.8</b>	<b>2</b>	<b>1.4</b>	<b>17.8</b>
White	118	68.2	52.6	83	56.9	56.2
Race Not Available	49	28.3	30.5	61	41.8	26.1
<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	<b>146</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>
Hispanic or Latino	11	6.4	10.5	6	4.1	12.3
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.7	1.8	2	1.4	1.8
<b>Total Ethnic Minority</b>	<b>14</b>	<b>8.1</b>	<b>12.3</b>	<b>8</b>	<b>5.5</b>	<b>14.1</b>
Not Hispanic or Latino	103	59.5	58.4	67	45.9	61.4
Ethnicity Not Available	56	32.4	29.3	71	48.6	24.5
<b>Total</b>	<b>173</b>	<b>100.0</b>	<b>100.0</b>	<b>146</b>	<b>100.0</b>	<b>100.0</b>

*Source: U.S. Census 2020, HMDA Aggregate Data 2023 and 2024, HMDA LAR Data 2023 and 2024*

In 2023, the bank received 173 home mortgage loan applications from within its assessment area. Of these applications, the bank received six, or 3.5 percent from racial minority applicants, of which 50.0 percent resulted in originations. The aggregate received 16.8 percent of its applications from minority applicants, of which 55.0 percent resulted in origination. For the same period, the bank also received fourteen applications or 8.1 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, six or 42.9 percent, resulted in originations, compared with an aggregate application rate of 12.3 percent with a 52.7 percent origination rate.

In 2024, the bank received 146 home mortgage loan applications from within its assessment area. Of these applications, the bank received two, or 1.4 percent from racial minority applicants, none of which resulted in originations. The aggregate received 17.8 percent of its applications from minority applicants, of which 57.4 percent resulted in origination. For the same period, the bank also received eight applications or 5.5 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, four or 50.0 percent, resulted in origination, compared with an aggregate application rate of 14.1 percent with a 52.6 percent origination rate.

ECB's 2024 Minority Application Flow performance from racial minority applicants was well below aggregate. ECB's 2023 performance was also below aggregate, and 2024 performance decreased uniformly while aggregate percentages increased. Demographic data reflects high

median housing values and low owner-occupancy rates within low- and moderate-income census tracts as well as 10.9 percent of households below the Federal Poverty Level. Further, the bank's fair lending controls and economic conditions mitigate the performance, nevertheless, management should remain cognizant of community outreach strategies to reach all groups within its assessment area.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 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 community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## **GLOSSARY**

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

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

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

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

- Having a primary mission of promoting community development;
- Serving an investment area or target population;

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other



family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages,

boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.