

PUBLIC DISCLOSURE

November 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fidelity Co-operative Bank
Certificate Number: 26451

9 Leominster Connector
Leominster, Massachusetts 01453

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
SCOPE OF EVALUATION	2
DESCRIPTION OF INSTITUTION	3
DESCRIPTION OF ASSESSMENT AREAS	5
CONCLUSIONS ON PERFORMANCE CRITERIA	11
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	20
APPENDICES	21
FAIR LENDING POLICIES AND PROCEDURES	21
MINORITY APPLICATION FLOW	21

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.

Fidelity Co-operative Bank's (Fidelity) performance under the Lending Test and the Community Development Test support the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is 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 its assessment area, by number and by dollar amount.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated High Satisfactory by the Division of Banks (Division) and Satisfactory by the FDIC.¹

- The institution demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development within the assessment areas.

¹ The FDIC's rating matrix does not provide for a "High Satisfactory" rating; however, the FDIC and the Division agree on the bank's community development performance levels.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 26, 2018, to the current evaluation dated November 29, 2021. Examiners used Intermediate Small Bank (ISB) Examination Procedures to evaluate the bank's CRA performance. These procedures include two performance tests: the CRA Small Bank Lending Test and the Community Development Test. Examiners did not evaluate any affiliates, as affiliates are not involved in CRA-related activities.

Fidelity designated two contiguous assessment areas. One assessment area consists of municipalities in Worcester County, which is part of the Worcester Massachusetts-Connecticut (MA-CT) Metropolitan Statistical Area (MSA). The second assessment area consists of municipalities in Middlesex and Norfolk Counties, which are part of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). Both the Worcester MA-CT MSA and the Cambridge-Newton-Framingham, MA MD are part of the Boston-Worcester-Providence, MA-Rhode Island (RI)-New Hampshire (NH)-CT Combined Statistical Area (CSA). As further explained under the Description of Assessment Areas section, in 2020, the bank further expanded its assessment areas due to the merger with Family Federal Savings (FFS). As both assessment areas are part of the CSA and examiners identified similar performances at the MSA and MD level, examiners completed a full-scope review of the bank's performance in the CSA. Refer to the Description of Assessment Areas section for further specifics.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-Deposit Ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA-related Complaints

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Loan Products 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 loans originated during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions based on origination activity during the evaluation period. Small farm loans do not

represent a major product line and the bank did not originate any during the review period.

This evaluation considered all home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Fidelity originated 335 HMDA-reportable loans totaling \$115.7 million in 2018, 374 loans totaling \$111.4 million in 2019, and 728 loans totaling \$196.1 million in 2020. The significant increase in home mortgage lending from 2019 to 2020 occurred after Fidelity merged with FFS. Aggregate data and the 2015 American Community Survey (ACS) census data provided a standard of comparison for home mortgage loans.

Although examiners analyzed 2018 home mortgage lending performance, 2018 lending was similar to 2019 and 2020 performance; therefore, examiners did not present 2018 performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2018 lending performance under the Assessment Area Concentration criteria.

As an ISB, the bank is not required to collect or report small business lending. However, the bank collects small business lending data for its own purposes. Examiners analyzed the bank's 2019 and 2020 small business loan data. Examiners did not review 2018 small business data as the prior evaluation included a review of small business data through October 31, 2018. In 2019, Fidelity originated 157 small business loans totaling \$34.9 million and in 2020, 573 loans totaling \$74.9 million. Similar to home mortgage lending, there was an increase in small business lending following the FFS merger. Additionally, in 2020, due to the COVID-19 pandemic, Fidelity originated a significant volume of business loans through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). As a non-reporter, aggregate small business lending data does not serve as an appropriate comparator for bank lending; therefore, examiners compared the bank's small business lending performance to 2019 and 2020 D&B business demographic data. The Lending Test presents both years of small business lending under each criterion.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized bank performance by number of loans, as the number of loans better indicates the number of individuals and businesses served.

For the Community Development Test, examiners reviewed community development loans, investments, and services, since the prior CRA evaluation dated November 26, 2018, to the current evaluation date of November 29, 2021.

DESCRIPTION OF INSTITUTION

Background

Fidelity is a state-chartered community bank headquartered in Leominster, Massachusetts. Life Design Holding Company wholly owns the bank, and Fidelity Mutual Holding Company wholly owns Life Design Holding Company.

Fidelity has the following wholly owned subsidiaries: FCB Securities Corporation; Shirley Securities, Inc.; Hayes-Barrett Insurance, LLC; Hayes-Barrett Investments, LLC; M3S, LLC;

M3 S Realty Trust; Exchange Authority, LLC; Exchange Parking Series, LLC; and Nashway Realty, LLC. The FCB Securities Corporation and Shirley Securities, Inc. subsidiaries hold the bank's securities and investments. The Hayes-Barrett Insurance and Investment, LLCs provide insurance and investment products and services in the bank's retail offices through Infinex, Inc. The M3S LLC and the M3 S Realty Trust subsidiaries hold the bank's real estate. The Exchange Authority, LLC provides a service to bank customers that enables them to transfer one property to another party legally without having to pay federal income taxes on the transaction. The Exchange Parking Series, LLC holds individual series to facilitate exchange transactions for Exchange. Lastly, Nashway Realty, LLC holds foreclosed properties.

The institution received a "Satisfactory" rating from the FDIC and a "High Satisfactory" rating from the Division during its prior joint evaluation dated November 26, 2018, using Interagency Intermediate Small Institution Examination Procedures.

Operations

In addition to its main office in Leominster, the bank operates 12 full-service branches. Full-service branches are in Barre, Fitchburg, Gardner, Leominster, Millbury, Paxton, Princeton, Winchendon, and Worcester (2), in Worcester County; one full-service branch in Shirley, in Middlesex County; and one branch in Needham, in Norfolk County.

Since the previous evaluation, the bank merged with FFS based in Fitchburg. With this merger, the bank acquired branches in Fitchburg, Needham, and Stow. Following the merger, the bank closed its main office at 675 Main Street in Fitchburg (low-income) and relocated the main office to 9 Leominster Connector in Leominster (low-income census tract). Further, Fidelity closed a branch in Gardner (moderate-income) and another branch in Stow (upper-income).

Fidelity offers various financial products and services to consumers and businesses. The bank offers home mortgage, commercial, and consumer loans, with a primary focus on residential lending. The bank also provides checking, savings, money market, and certificates of deposit. Lastly, the bank offers personal wealth management services through its Infinex Investments, LLC relationship. Products and services include, but are not limited to individual retirement accounts, 401(k) plans, 529 plans, and life and health insurance. Alternative banking services include online and mobile banking, electronic bill pay, mobile deposits, telephone and text banking, and automated teller machines (ATMs).

Ability and Capacity

As of September 30, 2021, the bank had total assets of approximately \$1.2 billion and total deposits of approximately \$1.0 billion. The bank had total loans of \$872.8 million, or approximately 72.7 percent of total assets. Since the previous evaluation, the bank's assets increased 30.7 percent and total loans increased 15.2 percent. This increase is due to acquiring FFS.

Although the bank's lending is split amongst residential real estate and commercial lending, Fidelity is primarily a residential lender. Non-farm non-residential loans represent 30.1 percent of the

portfolio by dollar volume and commercial and industrial loans make up an additional 18.2 percent of the portfolio. Collectively, loans secured by 1-4 residential properties and multifamily loans represent 46.4 percent of the loan portfolio. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 09/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	43,146	4.9
Secured by Farmland	200	0.1
Secured by 1-4 Family Residential Properties	367,106	42.1
Secured by Multi-family (5 or more) Residential Properties	37,488	4.3
Secured by Non-farm Non-Residential Properties	263,223	30.1
Total Real Estate Loans	711,163	81.5
Commercial and Industrial Loans	159,231	18.2
Agricultural Production and Other Loans to Farms	0	0.0
Consumer Loans	2,026	0.2
Obligations of State and Political Subdivisions of the U.S.	0	0.0
Other Loans	423	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	872,843	100.0
<i>Source Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

Prior to January 1, 2020, Fidelity designated two contiguous assessment areas containing municipalities from the Worcester MA-CT MSA and the Cambridge-Newton-Framingham MA MD. These two counties are part of the Boston-Worcester-Providence, MA-RI-NH-CT CSA. As of January 1, 2020 and with the FFS merger, Fidelity expanded its assessment areas to include 23 additional municipalities in Worcester and Middlesex Counties and 5 towns in Norfolk County (part of the Boston, MA MD). The Boston, MA MD is also part of the Boston-Worcester-Providence, MA-RI-NH-CT CSA. For 2019, examiners evaluated the bank’s performance based on its pre-merger assessment areas, whereas, for 2020, examiners evaluated the bank’s performance based on its post-merger assessment areas.

The following municipalities make up the new assessment areas. Fidelity added the municipalities that have an “*” next to their names at the start of 2020.

- **Worcester County** – Ashburnham, Athol, Auburn, Barre, Berlin*, Bolton*, Boylston, Brookfield, Clinton, East Brookfield, Fitchburg, Gardner, Grafton, Hardwick, Harvard, Holden, Hubbardston, Lancaster, Leicester*, Leominster, Lunenburg, Millbury, North Brookfield,

Northborough*, Northbridge*, Oakham, Oxford, Paxton, Petersham, Princeton, Royalston, Rutland, Shrewsbury, Southborough*, Spencer, Sterling, Sutton, Templeton, Upton*, West Boylston, West Brookfield, Westborough*, Westminster, Winchendon, and Worcester

- **Middlesex County** – Acton*, Ashby, Ashland*, Ayer, Boxborough*, Concord*, Framingham*, Groton, Holliston*, Hopkinton*, Hudson*, Littleton, Marlborough*, Maynard*, Natick*, Newton*, Pepperell, Sherborn*, Shirley, Stow*, Sudbury*, and Townsend
- **Norfolk County** – Dedham*, Dover*, Needham*, Wellesley*, and Westwood*

Economic and Demographic Data

With the expansion, the number of census tracts in the new combined assessment area increased from 138 to 251. The 251 census tracts represent the following income designations according to the 2015 ACS:

- 19 low-income tracts²,
- 37 moderate-income tracts,³
- 81 middle-income tracts,
- 110 upper-income tracts, and
- 4 tracts with no income designation.

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

² Prior AA had 17 low-income census tracts

³ Prior AA had 29 moderate-income census tracts

Demographic Information of the Assessment Areas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	251	7.6	14.7	32.3	43.8	1.6
Population by Geography	1,214,820	6.3	13.7	32.2	47.4	0.4
Housing Units by Geography	480,325	6.9	14.8	33.7	44.3	0.3
Owner-Occupied Units by Geography	304,086	1.9	10.0	34.4	53.6	0.0
Occupied Rental Units by Geography	144,235	16.4	23.2	32.4	27.2	0.8
Vacant Units by Geography	32,004	11.0	22.5	33.1	32.6	0.8
Businesses by Geography	109,251	4.1	12.2	26.4	55.9	1.5
Farms by Geography	2,749	2.3	10.5	32.0	55.0	0.1
Family Distribution by Income Level	304,426	19.0	14.7	19.0	47.4	0.0
Household Distribution by Income Level	448,321	23.5	13.2	15.8	47.5	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$364,423
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Gross Rent			\$1,077
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Families Below Poverty Level			6.4%
<i>Source 2015 ACS; 2020 D&B Data; and FFIEC Estimated Median Family Income. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies without an assigned income classification.</i>						

Examiners used the Federal Financial Institution’s Examination Council (FFIEC)-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the 2018, 2019, and 2020 low-, moderate-, middle-, and upper-income categories for each relevant metropolitan area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
Worcester, MA-CT MSA Median Family Income (49340)				
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source FFIEC</i>				

According to 2020 D&B data, there were 109,251 businesses in the assessment areas. The Borrower Profile criterion includes an analysis of small business loans by comparing the distribution of businesses by gross annual revenue (GAR) level. The following breaks down the GARs for assessment area businesses.

- 85.1 percent have \$1 million or less
- 5.2 percent have more than \$1 million
- 9.7 percent have unknown revenues

Service industries represent the largest portion of businesses at 41.0 percent; followed by non-classifiable establishments at 17.9 percent; retail trade at 10.4 percent; and finance, insurance, and real estate at 10.0 percent. In addition, 63.7 percent of area businesses have four or fewer employees, and 90.3 percent operate from a single location.

According to the United States (U.S.) Bureau of Labor and Statistics, unemployment rates for the Boston, MA MD; Cambridge-Newton-Framingham, MA MD; Worcester, MA-CT MSA; Massachusetts, and the national average, all decreased from 2018 to 2019. Conversely, in 2020, unemployment rates increased for all areas due to the COVID-19 pandemic. The following table reflects annual unemployment rates in the assessment area's MDs and MSA compared to the state and national figures throughout the evaluation period.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Boston, MA MD	3.2	2.8	9.3
Cambridge-Newton-Framingham, MA MD	3.0	2.6	8.2
Worcester, MA-CT MSA	3.7	3.3	8.8
Massachusetts	3.4	3.0	8.9
National Average	3.9	3.7	8.1
<i>Source Bureau of Labor Statistics</i>			

According to Moody’s Analytics, business and living costs are high in the Boston, MA MD and there is a high exposure to cyclical finance and technology industries. The Boston MA, MD also offers access to skilled labor and venture capital for emerging companies, dynamic high-tech and biomedical research industries, and labor market stability due to education/healthcare. Top employers in the area include Mass General Brigham, Beth Israel Lahey Health, and the University of Massachusetts (UMASS).

The Cambridge-Newton-Framingham, MA MD faces similar challenges as the Boston, MA MD. Its strengths are that it maintains a highly educated workforce and excellent universities to attract companies and facilitate new business formation. Additionally, it has a large presence of biotech and information technology firms bolstering high-wage employment. Top employers in the area include Beth Israel Lahey Health, Harvard University, and The TJX Co. Inc.

Similar to the Boston, MA MD and the Cambridge-Newton-Framingham, MA MD, the Worcester, MA-CT MSA has high business costs, especially energy. The area’s strengths include maintaining a significant number of colleges and universities, low living costs for New England, and low employment volatility. Top employers in the MSA include UMass Memorial Health Care, UMASS Medical School, and Reliant Medical Group.

Competition

The assessment areas are competitive for financial services. The 2020 FDIC Deposit Market Share data indicates that 39 financial institutions operated 291 branches in the assessment areas. Of these institutions, Fidelity ranked 12th with a 2.6 percent market share by deposits. As of 2020, the bank’s 15 branches represented 0.4 percent of all financial institution branches within the assessment areas.

There is significant competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2020 HMDA aggregate data, 534 lenders reported 76,825 originated or purchased mortgage loans in the assessment areas. Fidelity ranked 35th out of this group, with a 0.7 percent market share by number of loans. Quicken Loans, LLC, was the most prominent home mortgage lender accounting for 5.6 percent of the total market share by number and 4.5 percent by total dollar. There are no other financial institutions with more than a 3.4 percent market share by number or a 3.6 percent market share by dollar amount of loans.

Fidelity is not required to collect or report its small business lending, and although the bank voluntarily collects small business data, it does not report the data. Therefore, the small business loan analysis under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans and is included here for performance context. According to 2019 CRA aggregate data for Worcester, Middlesex, and Norfolk Counties, 175 institutions reported 86,059 small business originations, with the most prominent lenders primarily offering credit card loans. American Express National Bank, with a 25.0 percent market share by number and an 11.5 percent share by dollar amount of small business loans was the leading financial institution. The only other financial institutions with market shares greater than 8.0 percent by number of loans were Bank of America, NA, with a 13.8 percent market share and JPMorgan Chase Bank, NA, with a 12.5 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a representative from an organization focused on affordable housing and neighborhood development in and surrounding Worcester County. The organization works closely with financial institutions and local communities and assists low- and moderate-income families. The contact stated that due to relatively low incomes and low housing vacancy rates, the area needs more affordable housing. The contact further explained that the COVID-19 pandemic has made conditions worse and often times, investors purchase potential properties for low-income borrowers before the low-income borrowers can obtain needed financing. In response to this, the contact said that community banks are doing a good job of expediting loan closings. In addition, increased construction costs have negatively affected all homebuyers. The contact noted that overall financial institutions are willing to work with the organization and are responsive to the area credit and community development needs.

Credit and Community Development Needs and Opportunities

Considering demographic and economic data and information from the community contact and bank management, examiners identified affordable housing, economic development, and community services as the area's primary community development needs. Due to area homelessness and low owner-occupancy rates in the low- and moderate-income geographies, affordable housing represents a great need.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Fidelity's Lending Test performance is reasonable. The bank's reasonable performance under each Lending Test criteria support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 90.9 percent over the past 12 calendar quarters from December 31, 2018, to September 30, 2021. The ratio fluctuated, with a high of 96.2 percent as of March 31, 2020, and a low of 80.1 percent as of June 30, 2021. The most recent LTD ratio is 82.1 percent as of September 30, 2021.

Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus for comparison purposes. As shown in the following table, except for one comparable institution, Fidelity's average LTD ratio is lower, but overall it is reasonable.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2021 (\$000s)	Average Net LTD Ratio (%)
Fidelity Co-operative Bank	1,190,288	90.9
Cornerstone Bank	1,420,128	107.0
Hometown Bank	1,351,976	75.4
Main Street Bank	1,317,892	93.0
Rollstone Bank & Trust	861,811	92.5
Webster Five Cents Savings Bank	1,035,309	96.5

Source Reports of Condition and Income 10/31/2018 – 9/30/2021

Assessment Area Concentration

Fidelity originated a majority, by both number and dollar amount, of home mortgage and small business loans inside its assessment areas. As the table illustrates, home mortgage lending by number increased in 2020 after declining from 2018 to 2019. Additionally, the percentage of small business loans by number and percentage increased from 2019 to 2020. The increased demand for home mortgage and PPP loans within the assessment areas during the COVID-19 pandemic contributed to this trend. Additionally, as the bank expanded the assessment areas in 2020, this also affected the assessment area concentration.

Since the prior evaluation, the percentage of lending inside the assessment areas by number increased from 68.7 percent to 74.4 percent. Conversely, by dollar amount, the percent of loans within the assessment areas dropped from 60.3 percent to 59.7 percent. The following table illustrates the bank's home mortgage and small business lending activity inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2018	232	69.3	103	30.7	335	45,611	39.4	70,086	60.6	115,697
2019	238	63.6	136	36.4	374	55,904	50.2	55,531	49.8	111,435
2020	572	78.6	156	21.4	728	141,918	72.4	54,219	27.6	196,137
Subtotal	1,042	72.5	395	27.5	1,437	243,433	57.5	179,836	42.5	423,269
Small Business										
2019	113	72.0	44	28.0	157	24,736	70.8	10,198	29.2	34,934
2020	458	79.9	115	20.1	573	50,002	66.7	24,936	33.3	74,938
Subtotal	571	78.2	159	21.8	730	74,738	68.0	35,134	32.0	109,872
Total	1,613	74.4	554	25.6	2,167	318,171	59.7	214,970	40.3	533,141

Source HMDA Reported Data; CRA Reported Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Reasonable dispersion of home mortgage loans and excellent dispersion of small business loans supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment areas.

In 2019 and 2020, lending in the low-income tracts was somewhat below aggregate performance and in line with demographics. Conversely, in 2019 and 2020, lending in the moderate-income tracts was better than aggregate and demographics. The following table shows 2019 and 2020 lending by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.5	5.1	9	3.8	1,235	2.2
2020	1.9	2.1	10	1.7	1,611	1.1
Moderate						
2019	15.1	16.4	49	20.6	8,786	15.7
2020	10.0	8.7	76	13.3	14,360	10.1
Middle						
2019	46.0	43.2	115	48.3	24,891	44.5
2020	34.4	29.9	265	46.3	56,751	40.0
Upper						
2019	35.2	35.1	65	27.3	20,992	37.6
2020	53.6	59.2	221	38.6	69,196	48.8
Not Available						
2019	0.1	0.1	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	238	100.0	55,904	100.0
2020	100.0	100.0	572	100.0	141,918	100.0
<i>Source 2015 ACS; HMDA Reported Data HMDA Aggregate Data, "--" data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment areas. In 2019 and 2020, lending in the low- and moderate-income census tracts exceeded demographics. The following table reflects the bank's lending and demographics for each census tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2019	8.6	10	8.8	2,330	9.4
	2020	4.1	30	6.6	3,704	7.4
Moderate						
	2019	18.6	35	31.0	6,826	27.6
	2020	12.2	90	19.7	9,963	19.9
Middle						
	2019	38.1	31	27.4	7,270	29.4
	2020	26.4	199	43.4	21,789	43.6
Upper						
	2019	31.0	35	31.0	7,161	28.9
	2020	55.9	133	29.0	13,926	27.9
Not Available						
	2019	3.6	2	1.8	1,150	4.6
	2020	1.5	6	1.3	620	1.2
Totals						
	2019	100.0	113	100.0	24,736	100.0
	2020	100.0	458	100.0	50,002	100.0
<i>Source 2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses of different sizes. Reasonable lending to borrowers with low- and moderate-income levels and businesses with GARs of \$1 million or less support this conclusion. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels. Reasonable lending to low- and moderate-income borrowers supports this conclusion.

In 2019 and 2020, lending to low-income borrowers exceeded aggregate and was less than demographics. In 2019, lending to moderate-income borrowers was somewhat below aggregate data, but exceeded demographics. In 2020, lending greatly exceeded aggregate and demographics. The following table shows bank and aggregate lending by borrower income level, as well as demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.3	7.9	31	13.0	4,127	7.4
2020	19.0	3.9	32	5.6	3,960	22.8
Moderate						
2019	17.1	23.6	46	19.3	8,195	14.7
2020	14.7	15.1	145	25.4	26,315	18.5
Middle						
2019	20.7	24.0	65	27.3	14,252	25.5
2020	19.0	21.5	160	28.0	36,157	25.5
Upper						
2019	38.9	29.5	89	37.4	27,716	49.6
2020	47.4	47.8	230	40.2	74,492	52.5
Not Available						
2019	0.0	14.9	7	2.9	1,615	2.9
2020	0.0	11.7	5	0.9	994	0.7
Totals						
2019	100.0	100.0	238	100.0	55,904	100.0
2020	100.0	100.0	572	100.0	141,918	100.0

Source: 2015 ACS; HMDA Reported Data; HMDA Aggregate Data, "--" data not available

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes. As noted in the following table, lending to businesses with GARs of \$1 million or less fell significantly below demographics in 2019 and even more so in 2020.

However, although Fidelity is not required to report small business loan data, aggregate data assists in indicating demand level. Among 2019 CRA data reporters, 43.0 percent of small business loans went to businesses with a GAR of \$1.0 million or less. This data is more in line with the bank's lending performance. Additionally, in 2020, small business lending increased substantially due to the bank's participation in the PPP. Of the 458 small business loans made in the assessment areas, 396 were PPP loans for which the bank was not required to consider or collect the GARs during the application process. As revenue information was not available, examiners evaluated 2020 PPP loans using loan size as a proxy to determine if lending likely supported smaller businesses. As the Distribution of PPP Loans by Loan Size (2020) table illustrates, nearly 75 percent of the PPP loans had loan sizes of \$100,000 or less, indicating that the bank is helping to meet the credit needs of small businesses in its assessment areas.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	84.2	47	41.6	11,674	47.2
2020	86.3	25	5.5	4,338	8.7
>\$1,000,000					
2019	5.6	66	58.4	13,062	52.8
2020	5.2	30	6.6	7,500	15.0
Revenue Not Available					
2019	10.2	0	0.0	0	0.0
2020	8.4	403	88.0	38,164	76.3
Totals					
2019	100.0	113	100.0	24,736	100.0
2020	100.0	458	100.0	50,002	100.0

Source 2019-2020 D&B Data; CRA Reported Data; CRA Aggregate Data "--" data not available

Distribution of PPP Loans by Loan Size (2020)				
Loan Size	Count	Percent	Dollars (000s)	Percent
< \$100,000	294	74.2	8,961	23.7
\$100,000 - \$249,999	64	16.2	10,575	28.0
\$250,000 - \$1,000,000	38	9.6	18,246	48.3
Totals	396	100.0	37,782	100.0

Source 1/1/2020 – 12/31/2020 Bank Data

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Fidelity demonstrates adequate responsiveness to assessment area community development needs through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment areas.

Community Development Loans

During the evaluation period, the bank originated nine community development loans totaling approximately \$14.8 million. The majority of community development loans were for affordable housing. In total, community development loans accounted for 1.4 percent of average total assets

and 1.8 percent of average net loans as of September 30, 2021. The percentage of community development loans to average total assets and average net loans was lower than that of similarly situated institutions. Additionally, current community development lending efforts were less than those during the prior evaluation. Specifically, during the prior evaluation, the bank originated 17 community development loans totaling approximately \$35.6 million. By dollar amount, the bank's performance decreased by approximately 58.4 percent since the prior evaluation. The following table illustrates the bank's community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	3	5,109	1	3,100	1	2,120	1	3,950	6	14,279
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	3	550	0	0	0	0	0	0	3	550
Total	6	5,659	0	0	2	5,220	1	3,950	9	14,829

Source Bank Data

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

- In 2019, the bank originated two loans totaling \$12.9 million to construct a 72-unit apartment complex. Of the 72 units, 18 units are restricted to provide affordable housing within the assessment areas to those individuals who earn no more than 80 percent of the area's median income. As 25 percent of the units are restricted for low- and moderate-income individuals, the bank received credit for 25 percent of the \$12.9 million or \$3.2 million.
- In 2019, the bank originated a \$3.1 million loan to purchase a commercial property. The commercial property provides office space and a learning and development center for the Worcester Housing Authority (WHA). The WHA uses the building to provide training for WHA families that live in affordable/Section 8 housing.
- In 2019, the bank originated a \$3.9 million loan to purchase and renovate a mill building located in an opportunity zone in the City of Worcester. Upon completion, the building will assist in revitalizing and stabilizing the area by providing 47 new housing units in a low-income census tract.

Qualified Investments

During the evaluation period, Fidelity made 174 qualified investments and donations totaling approximately \$4.7 million. The dollar amount of qualified investments and donations equates to 0.3 percent of net average assets and 2.8 percent of average total securities as of September 30, 2021. The bank's percentage of qualified investments and donations to net average assets and average total securities is similar to that of similarly situated institutions. Since the prior evaluation, the bank increased its level of qualified investments and donations by dollar amount by

approximately 20.5 percent. At the prior evaluation, the bank made 110 qualified investments and donations totaling \$3.9 million. This increase is primarily attributed to the bank’s new investment in 2021 for \$750,000. The increase in number and dollar in qualified investments and donations demonstrates the bank’s responsiveness to the needs of the low- and moderate-income individuals and geographies within its assessment areas. The following table illustrates community development donations by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	1	3,500	0	0	0	0	1	3,500
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	1	750	0	0	0	0	1	750
Subtotal	0	0	2	4,250	0	0	0	0	2	4,250
Qualified Grants & Donations	5	3	132	346	31	71	4	31	172	451
Total	5	3	134	4,596	31	71	4	31	174	4,701
<i>Source Bank Data</i>										

The following are notable examples of the bank’s qualified investment activity.

Prior Period Investments

- **Access Capital Community Investment Fund** - The bank continues to maintain its \$3.5 million investment in this mutual fund that supports low- and moderate-income homebuyers, affordable rental units, small business administration, and economic development projects. The investment benefits a greater statewide or regional area that includes the bank’s assessment areas.

Current Period Investments

- **Quontic Bank Acquisition Corp. (QBAC)** – During the evaluation period, the bank invested \$750,000 in QBAC. QBAC is a Community Development Financial Institution that offers entrepreneurs, immigrants, low-income families, seniors, and others innovative banking products and solutions. QBAC offers community development loan programs to low-income and financially underserved customers and businesses.

Donations

- **Worcester Business Development Corporation (WBDC)** – WBDC’s mission is to rebuild and revitalize the City of Worcester. WBDC provides financial assistance to small business through the SBA 504 program and technical assistance to small businesses. WBDC’s efforts in turn assist in creating jobs and expanding the tax base.

- **United Way of North Central Massachusetts** – The United Way of North Central Massachusetts provides programs to individuals and families that need immediate assistance with food insecurities and homelessness.
- **Young Women’s Christian Association (YWCA) of Central Massachusetts** – The YWCA of Central Massachusetts provides community development services through career counseling, childcare, health and wellness services, and domestic violence services primarily to low- and moderate-income women and children located in Worcester.

Community Development Services

Fidelity employees, officers, and directors provided 116 instances of financial expertise or technical assistance to 45 community development-related organizations in the assessment areas. This represents a slight increase in the number of services provided since the prior examination by approximately 5.5 percent. During the prior evaluation, the bank provided 110 instances to 46 different qualified community development-related organizations. When comparing the bank’s level of community development services to four other similarly situated institutions, the bank’s services outperformed two of the four institutions reviewed. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	0	0	0	0	0
2019	3	19	20	0	42
2020	3	29	12	0	44
YTD 2021	1	16	13	0	30
Total	7	64	45	0	116
<i>Source Bank Data</i>					

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

- **Entrepreneurship for All (EForAll)** – A senior vice president serves on EForAll’s Board. EForAll provides services to entrepreneurs in economically challenged cities by providing business training, mentorship, and access to professional networks and co-working space. The program operates in the Greater Worcester area.
- **North Central Massachusetts CRA Coalition (NCMCRAC)** – A vice president served on NCMCRAC’s Board in 2019 and 2020. The NCMCRAC builds partnerships and alliances among financial institutions, municipalities, and community-based organizations to increase access and capital for services that benefit low- and moderate-income individuals and communities. The organization provides several different programs that include financial literacy programs, small business forums, and budget counseling.

- **UMASS Memorial Community Health Link** – A vice president serves on the UMASS Memorial Community Health Link’s Board. Community Health Link helps adults, children, and families of low- or moderate-income recover from the effects of mental illness, substance abuse, and homelessness.

Other Services

- **Community Room** – During the evaluation period, the bank provided its community room to local organizations. In 2019, the bank provided their community room for 153 hours to 7 organizations who serve low- or moderate-income individuals located in their assessment areas. Due to the COVID-19 pandemic, the bank was unable to provide the community room to local organizations in 2020 and 2021.
- **Massachusetts Community and Banking Council’s (MCBC) Basic Banking** - Fidelity participates in the MCBC Basic Banking in Massachusetts program. This statewide program is designed to provide low-cost checking and savings accounts to low- and moderate-income individuals.

In addition, Fidelity operates two branches in low-income census tracts, including the main office in Leominster and four branches in the moderate-income census tracts. The branch dispersion demonstrates the availability of banking services to low- and moderate-income individuals.

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 the Equal Credit Opportunity Act. Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

APPENDICES

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. A review of the bank's public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous evaluation. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures and noted no evidence of disparate treatment.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2019 and 2020 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment areas reflected the assessment areas' demographics.

According to the 2015 ACS Census data, the bank's assessment areas contained a total population of 1,203,192 individuals, of which 21.6 percent are minorities. The minority population represented is 3.9 percent Black/African American, 6.6 percent Asian, 0.1 percent American Indian, 8.6 percent Hispanic or Latino, and 2.4 percent other.

Examiners compared the bank's 2020 lending to the 2020 aggregate's lending performance. This data comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment areas.

MINORITY APPLICATION FLOW						
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	12	3.0	7.8	20	2.4	9.5
Black/ African American	3	0.8	2.8	9	1.1	2.3
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	1	0.2	0.1	0	0.0	0.1
Joint Race (White/Minority)	2	0.5	1.6	9	1.1	1.7
Total Racial Minority	18	4.5	12.7	38	4.6	13.9
White	352	88.0	64.8	723	86.9	63.5
Race Not Available	30	7.5	22.5	71	8.5	22.6
Total	400	100.0	100.0	832	100.0	100.0
ETHNICITY						
Hispanic or Latino	27	6.8	5.4	46	5.5	4.9
Joint (Hisp/Lat /Not Hisp/Lat)	4	1.0	1.2	10	1.2	1.3
Total Ethnic Minority	31	7.8	6.6	56	6.7	6.2
Not Hispanic or Latino	343	85.7	70.6	686	82.5	70.5
Ethnicity Not Available	26	6.5	22.8	90	10.8	23.3
Total	400	100.0	100.0	832	100.0	100.0

Source ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

In 2019, the bank received 400 HMDA reportable loan applications from within its assessment areas. Of these applications, it received 18 or 4.5 percent from minority applicants, of which 86.7 percent resulted in originations. The aggregate received 12.7 percent of its applications from minority consumers, of which 58.7 percent resulted in originations. For the same period, the bank received 28 or 7.8 percent of all applications from ethnic groups of Hispanic origin within its assessment areas, of which it originated 48.7 percent, compared to an aggregate ethnic minority application rate of 6.6 percent with a 56.2 percent origination rate.

The bank's 2019 and 2020 lending reflects an adequate racial minority application flow. The bank's home mortgage lending origination rates, languages spoken by employees, and use of translation services further support the reasonable performance. Considering the assessment areas' demographic composition and comparisons to 2020 aggregate data, the bank's minority application flow is adequate.

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:

(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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 Areas (CBSAs): 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.