

PUBLIC DISCLOSURE

May 14, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Lowell Five Cent Savings Bank
Certificate Number: 90227

30 International Place
Tewksbury, Massachusetts 01876

Division of Banks
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Federal Deposit Insurance Corporation
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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**. The Division of Banks (Division) assigned a **High Satisfactory** rating. 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory*			
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

*** FDIC rules and regulations stipulate use of a "high satisfactory" and "low satisfactory" rating for the three tests. This jointly issued public evaluation uses the term "satisfactory" in lieu of "low satisfactory" for the Lending, Investment, and Service Test ratings, as the Division does not have a "low Satisfactory" rating.*

The Lending Test is rated High Satisfactory.

- Lending levels reflects good responsiveness to assessment area credit needs.
- The institution originated a high percentage of loans in the assessments area.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.
- The institution is a leader in making community development loans.
- The institution makes limited use of innovative and flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 23, 2015, to the current evaluation dated May 14, 2018. Examiners used the Interagency Large Institution Examination Procedures to evaluate The Lowell Five Cent Savings Bank's (Lowell Five) performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and flexible lending practices
- Community development loans

The Investment Test considered the following factors.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following factors.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

An institution must achieve at least a Low Satisfactory rating on the Lending Test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage loans 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 small business and home mortgage loans contributed equal weight to overall conclusions. Although the bank originated more home mortgage loans during the evaluation period, the bank's focus is commercial lending. As such, many HMDA reportable loans are to business entities with no income designation. In addition, no other loan types, such as small farm or consumer loans, represent a major product line. Therefore, as they provide no material support for conclusions or ratings, this analysis does not present them. Lastly, bank

records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

Examiners reviewed all originated and purchased home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). In 2016, the bank reported 307 loans totaling approximately \$97.4 million. In 2017, the bank reported 234 loans totaling \$103.1 million. Examiners compared the bank's 2016 home mortgage lending to 2016 aggregate data and reviewed 2017 home mortgage lending for trend analysis. Examiners also used demographic data from the 2010 U.S. Census and 2015 American Community Survey (ACS).

Although Lowell Five is an Intermediate Small Institution by asset size, the bank reported CRA data and chose to be evaluated as a Large Institution. Therefore, examiners reviewed all small business loans reported on the bank's 2016 and 2017 CRA loan registers. In 2016, the bank reported 94 small business loans totaling approximately \$18.7 million. In 2017, the bank reported 90 small business loans totaling \$23.7 million. Examiners compared the bank's 2016 small business lending to 2016 aggregate data and reviewed 2017 for trends. Examiners also used D&B business demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although this evaluation includes both the number and dollar volume of loans, examiners emphasized performance by number of loans. This is because the number of loans is a better indicator of the number of individuals and businesses served. Under the Lending Test, examiners also considered the bank's community development lending and innovative and flexible lending practices since the previous evaluation. Under the Investment and Services Tests, examiners considered all qualified investments and community development services since the previous evaluation. Examiners also considered prior equity investments under the Investment Test.

In addition to reviewing and assessing the bank's performance in its overall assessment area, the Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each Multistate Metropolitan Statistical Area (MSA) and state in which the bank maintains a branch. For the evaluation purposes, examiners provided a MA state rating and a NH state rating in addition to an overall CRA rating. The MA state rating includes analysis of the bank's performance in the Boston-Cambridge-Newton, MA-NH MSA (Multistate MSA) assessment area. The NH state rating includes the Manchester-Nashua, NH MSA assessment area. As indicated by the following table, the Multistate MSA assessment area represents a larger geographic area than the Manchester-Nashua, NH MSA assessment area. Considering the significant majority of operations and lending volume in the Multistate MSA, examiners assigned greater weight to the bank's performance in the state of MA in arriving at the overall rating. Since the bank only has branches in the MA portion of the Multistate MSA, this evaluation does not present a separate rating. Nevertheless, the analysis under the MA state rating constitutes an analysis of this area.

The following table illustrates the distribution of small business and home mortgage loans in 2016 and 2017, deposit share, and the distribution of branches across each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Boston-Cambridge-Newton, MA-NH MSA	114,187	81.6	914,337	96.8	15	93.7
Manchester-Nashua, NH MSA	25,736	18.4	30,170	3.2	1	6.3
Total	139,923	100.0	944,507	100.0	16	100.0
Source: Bank Records; FDIC Summary of Deposits (06/30/2017) Due to rounding, totals may not equal 100.0						

DESCRIPTION OF INSTITUTION

Background

Lowell Five, with corporate headquarters in Tewksbury is a wholly owned subsidiary of Lowell Five Bancorp, Inc., a mid-tier stock holding company that is a wholly owned subsidiary of Lowell Five Bancorp, MHC, a mutual holding company.

Lowell Five has four subsidiaries. Merrimack Properties Inc., Lakeview Investments Inc., and L5 North Street Holdings, LLC are real estate subsidiaries that hold leased bank properties. Lowell Securities Corporation is a MA securities corporation that holds investment securities. Since the last examination, the bank formed the Lowell Five Charitable Foundation, a bank affiliate.

Operations

Lowell Five operates 16 branches (2 limited-service) and 6 additional standalone automated teller machines (ATMs) throughout the Merrimack Valley in MA and southern NH. There are 14 full-service branches in Middlesex (11) and Essex (2) Counties in MA and Hillsborough County (1) in NH. The two limited-service branches are at Nashoba Valley Technical High School in Westford and at Vocational Technical High School in Tewksbury, both in Middlesex County.

In September 2017, the bank moved their corporate headquarters from John Street in Lowell, to International Place in Tewksbury. However, the John Street branch remains as the bank's main office. Around the same time, the bank closed a full-service branch on Main Street in Tewksbury. However, the new headquarters is also a full-service branch and the ATM on Main Street is still available. No merger or acquisition activities occurred since the previous evaluation.

Lowell Five offers various financial products and services to consumers and business customers. The bank offers loan products including commercial, home mortgage, and consumer loans, with a primary focus on commercial lending. The bank also provides various deposit services including checking, savings, money market, certificates of deposit, and student savings accounts. Lastly, the bank offers personal wealth management services through a relationship with Lincoln Investment and KAF Financial Advisors, LLC. Products and services include, but are not limited to, mutual funds, exchange-traded funds, individual stocks and bonds, estate planning, life insurance, and fixed and variable annuities. Alternative banking services include internet and mobile banking, person-to-person payments, electronic bill pay, and 22 bank-owned ATMs.

Ability and Capacity

Assets totaled approximately \$1.1 billion as of March 31, 2018, and included total loans of \$882.0 million and securities totaling \$106.6 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/2018		
Loan Category	\$(000s)	%
Construction and Land Development	121,877	13.8
Secured by Farmland	0	0.0
1-4 Family Residential	323,612	36.7
Multi-family (5 or more) Residential	84,795	9.6
Commercial Real Estate	287,778	32.6
Total Real Estate Loans	818,062	92.8
Commercial and Industrial	61,762	7.0
Agricultural	0	0.0
Consumer	2,180	0.2
Other	0	0.0
Less: Unearned Income	0	0.0
Total Loans	882,004	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0</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 AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. Lowell Five designated two adjacent assessment areas. One assessment area is in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764) and Rockingham County-Strafford County, NH MD (40484), which make up the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA) (14460). The other assessment area is in the Manchester-Nashua, NH MSA (31700). The following sections discuss demographic and economic information for the overall rated area, referred to in this evaluation as the overall assessment area.

Economic and Demographic Data

The overall assessment area includes 196 census tracts in MA and NH. Of those, 166 census tracts are in the Boston-Cambridge-Newton, MA-NH MSA in portions of Essex and Middlesex Counties in MA and Rockingham County in NH. The remaining 30 census tracts are in the Manchester-Nashua, NH MSA in Hillsborough County. The following table details the cities and towns in the assessment area.

Assessment Area Cities and Towns

***New since last examination**

Boston-Cambridge-Newton, MA-NH MSA (14460)

Middlesex County, MA

Acton*	Dunstable	Reading*
Bedford*	Groton	Tewksbury
Billerica	Littleton*	Townsend
Burlington*	Lowell	Tyngsboro
Carlisle*	North Chelmsford	Westford
Chelmsford	North Reading*	Wilmington
Dracut	Pepperell	Woburn*

Essex County, MA

Andover	Lawrence	North Andover
Boxford*	Methuen	West Newbury*
Groveland*	Merrimac*	
Haverhill	Middleton*	

Rockingham County, NH

Atkinson*	Salem*
Plaistow*	Windham*

Manchester-Nashua, NH MSA (31700)

Hillsborough County, NH

Hudson	Litchfield*	Nashua
Hollis*	Merrimack*	Pelham

The 196 census tracts reflect the following income designations according to the 2015 ACS Census data:

- 38 low-income tracts,
- 24 moderate-income tracts,
- 79 middle-income tracts, and
- 55 upper-income tracts.

The 2015 ACS Census resulted in the following changes that are applicable to this analysis:

- 11 moderate-income census tracts reclassified as low-income,
- 5 moderate-income census tracts reclassified as middle-income, and
- 8 middle-income census tracts reclassified as moderate-income.

These changes resulted in 11 additional low-income census tracts and 8 fewer moderate-income census tracts. The following table illustrates select demographic characteristics of the overall assessment area according to ACS Census data.

Demographic Information of the Overall Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	196	19.4	12.2	40.3	28.1	0.0
Population by Geography	1,010,173	15.5	11.9	41.6	30.9	0.0
Housing Units by Geography	385,459	15.4	12.6	42.3	29.8	0.0
Owner-Occupied Units by Geography	252,226	5.1	10.3	46.8	37.8	0.0
Occupied Rental Units by Geography	113,975	36.9	16.9	33.2	13.0	0.0
Vacant Units by Geography	19,258	23.2	15.9	37.0	23.9	0.0
Businesses by Geography	69,396	12.4	8.7	45.3	33.6	0.0
Family Distribution by Income Level	259,707	22.9	16.8	20.9	39.4	0.0
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$100,380	Median Housing Value			\$320,375
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$85,966	Median Gross Rent			\$1,117
Median Family Income MSA - 40484 Rockingham County- Strafford County, NH MD		\$90,150	Families Below Poverty Level			6.8%
Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2017 D&B data, there were 69,396 non-farm businesses in the overall assessment area. The GARs for those businesses are below.

- 82.8 percent have \$1 million or less.
- 7.5 percent have more than \$1 million.
- 9.7 percent have unknown revenues.

Further, 77.7 percent of all businesses in the overall assessment area have GARs of less than \$0.5 million, 69.5 percent of businesses have four or fewer employees, and 88.4 percent of businesses operate from a single location. These factors indicate that the majority of businesses in the overall assessment area are very small. Service industries represent the largest portion of businesses in the overall assessment area at 46.2 percent; followed by retail trade (12.6 percent); construction (9.9 percent); and finance, insurance, and real estate (8.3 percent).

According to data obtained from Moody's Analytics as of September 2017, the top employers in the Cambridge-Newton-Framingham, MA MD included Harvard University, Massachusetts Institute of Technology, and Biogen IDEC. In the Rockingham-Strafford, NH MD, the top employers included

Genesis Healthcare, Shaw's Supermarket Inc., and Wentworth-Douglass Hospital. Lastly, the top employers in the Manchester-Nashua, NH MSA included Fidelity Investments, BAE Systems Electronic Solutions, and Elliot Hospital.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2016 and 2017 FFIEC-updated median family income for each MSA and MD in the overall assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
Manchester-Nashua, NH MSA Median Family Income (31700)				
2016 (\$83,100)	<\$41,550	\$41,550 to <\$66,480	\$66,480 to <\$99,720	≥\$99,720
2017 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
Rockingham County-Strafford County, NH MD Median Family Income (40484)				
2016 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2017 (\$93,800)	<\$46,900	\$46,900 to <\$75,040	\$75,040 to <\$112,560	≥\$112,560
Source: FFIEC Due to rounding, totals may not equal 100.0				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 385,459 housing units in the overall assessment area. Of these, 65.4 percent are owner-occupied, and 29.6 percent are occupied rental units. The remaining 5.0 percent of housing units are vacant.

The unemployment rate across the overall assessment area varies. However, New England's unemployment rate is the lowest in over 15 years and continues to trend downward. U. S. Bureau of Labor and Statistics indicates that the 2017 year-end unemployment rate was 3.8 percent in MA and 2.6 percent in NH. The unemployment rate remained relatively stable during the examination period in both states.

Competition

The overall assessment area is competitive in the market for financial services. According to the June 30, 2017, FDIC Deposit Market Share data, 57 financial institutions operated 470 offices within the bank's overall assessment area. Of these institutions, Lowell Five ranked 12th with a 2.2 percent deposit market share. Several community banks, including Salem Five Cent Savings Bank, Eastern Bank, Institution for Savings in Newburyport, Enterprise Bank and Trust Company, Northern Bank & Trust Company, and East Boston Savings Bank, ranked ahead of Lowell Five.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2016, 501 lenders reported 42,210 originated or purchased residential mortgage loans. Lowell Five ranked 51st out of this group of lenders, with a market share of 0.4 percent. The most prominent home mortgage lenders included Wells Fargo Bank, NA (5.9 percent); Quicken Loans (3.8 percent); and JPMorgan Chase Bank, NA (3.8 percent). The fact that no single lender maintains a significant market share highlights the level of competition.

The bank elected to be evaluated as a Large Institution and therefore, reports small business loan data. The analysis of small business loans under the Lending Test includes comparisons against aggregate data. The 2016 aggregate data shows that 165 institutions reported 76,206 small business loans in the counties of the overall assessment area. This indicates a high degree of competition. Of these institutions, Lowell Five ranked 40th with a 0.1 percent market share. The top lenders were American Express, FSB (25.1 percent); Citibank, NA (14.3 percent); and Bank of America, NA (11.0 percent).

Community Contact

As part of the evaluation process, examiners contact third parties active in the overall assessment area to assist in identifying the 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 conducted community contacts in MA and NH.

Boston-Cambridge-Newton, MA-NH MSA

Examiners relied on a recently conducted contact with a planning and economic development organization that serves the Merrimack Valley region in MA. Due to the area's limited and aging housing stock, the contact indicated a need for additional affordable housing for low- and moderate-income families. Further, the contact cited the need for loans to smaller businesses, particularly start-ups that struggle to obtain financing. The contact discussed that businesses may experience difficulties acquiring workers because of the high home costs. To assist in alleviating this problem, the contact suggested that financial institutions could offer first time home buyer and other similar programs that help individuals afford a home.

Manchester-Nashua, NH MSA

Examiners contacted representatives of a community development organization in Nashua, NH. The organization helps identify community needs to improve life quality for low-income families. The organization collaborates with community groups, developers, and investors, and administers federal, state, local, and private resources to address community needs. The contact indicated that, although the city is "economically strong"; there are pockets requiring revitalization, affordable housing, and economic development. The contact cited that the city's primary needs are flexible financing for first time homebuyers, small multi-family financing, and financing for the development/redevelopment of mixed-use and affordable housing projects. Particularly, there is a credit need for products that encourage redeveloping existing structures (for example, aging housing stock, mill buildings, etc.) Affordable housing is the city's highest priority due to limited and aging housing stock. The contact noted that the majority of affordable housing correlates with the city's oldest housing stock, which in turn does not meet the

accessibility needs of low-income elderly and other physically challenged individuals. In addition to housing, the contact indicated a need for micro-level business loans, as the city has a rather young population ready to start new businesses. Lastly, the contact noted that Nashua does not have a community bank headquartered in the city. In addition, they are only aware of limited activity from the community banks that maintain satellite offices in the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing and community service support for low- and moderate-income individuals represent the overall assessment area's primary community development needs. This is largely due to the limited availability of affordable housing rental units in both assessment areas, the age of housing stock in both assessment areas, and the number of low- and moderate-income families in need of community services. Both contacts also noted a credit need for micro-loans to small businesses, so economic development is another community development need in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated High Satisfactory. The sections below discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Lowell Five's lending activity in relation to its financial condition, resources, and level of competition in the assessment area. Lowell Five's overall lending activity reflects good responsiveness to assessment area credit needs.

In 2016, Lowell Five originated 94 small business loans, totaling approximately \$18.7 million, and 307 home mortgage loans totaling approximately \$97.4 million. Of these totals, 77 small business loans totaling approximately \$15.4 million, and 187 home mortgage loans totaling approximately \$47.8 million, were inside the overall assessment area. Lending activity for small business loans was similar in 2017. The bank originated 90 small business loans totaling approximately \$23.7 million, of which 76 loans totaling \$18.2 million were inside the overall assessment area. The number of home mortgage loans declined slightly in 2017; however, total dollar volume increased. The bank originated 234 home mortgage loans totaling approximately \$103.1 million, of which 151 totaling approximately \$58.5 million were inside the overall assessment area.

In 2016, the bank ranked 40th out of 165 lenders that originated or purchased at least one small business loan within the four counties included in the overall assessment area. Lowell Five maintained a market share of 0.1 percent by number and 0.8 percent by dollar volume. The highest ranked small business lenders were primarily credit card companies, including American Express, FSB; Citibank, NA; Bank of America NA; Capital One Bank (USA), NA; and Chase Bank USA, NA. Most community banks that ranked ahead of Lowell Five are much larger. These banks include Cambridge Savings Bank (33rd), Century Bank (30th), Northern Bank & Trust (29th), Salem Five Cent Savings Bank (22nd), Enterprise Bank and Trust (17th), and Eastern Bank (11th).

In 2016, Lowell Five ranked 51st out of 501 lenders that originated or purchased at least one home mortgage loan in the overall assessment area. The bank's market share was 0.4 percent by number and dollar volume. The highest ranked institutions were large national banks, mortgage companies, and online lenders including Wells Fargo Bank, NA; Quicken Loans; JPMorgan Chase Bank, NA; Residential Mortgage Services; Guaranteed Rate Inc.; and LoanDepot.Com, LLC. The only community banks ranked above Lowell Five were Northern Bank & Trust (43rd), Enterprise Bank & Trust (33rd), Eastern Bank (29th), Sage Bank (25th), Citizens Bank, NA (22nd), and Berkshire Bank (20th). A majority of those banks are significantly larger than Lowell Five.

Assessment Area Concentration

The bank originated a high percentage of small business and home mortgage loans, by number and dollar, within its overall assessment area. The percent of loans inside the overall assessment area increased from 2016 to 2017. The bank originated a substantial majority of small business loans and an adequate percentage of home mortgage loans, by number, inside the overall assessment area. The following table illustrates the distribution of loans inside and outside the overall assessment area during the evaluation period. The assessment area concentration criterion is only included in the overall Lending Test rating and is not separately rated for the state of MA and state of NH Lending Tests.

Lending Inside and Outside of the Overall Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2016	77	81.9	17	18.1	94	15,362	82.2	3,317	17.8	18,679
2017	76	84.4	14	15.6	90	18,173	76.6	5,564	23.4	23,737
Subtotal	153	83.2	31	16.8	184	33,535	79.1	8,881	20.9	42,416
Home Mortgage										
2016	187	60.9	120	39.1	307	47,846	49.1	49,553	50.9	97,399
2017	151	64.5	83	35.5	234	58,542	56.8	44,586	43.2	103,128
Subtotal	338	62.5	203	37.5	541	106,388	53.1	94,139	46.9	200,527
Total	491	67.7	234	32.3	725	139,923	57.6	103,020	42.4	242,943
Source:2016 and 2017 HMDA LARs and CRA Loan Registers Due to rounding, totals may not equal 100.0										

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the overall assessment area. The following table shows that in 2016 the bank's performance in low-income census tracts was similar to business demographics and slightly higher than aggregate performance. Lending in moderate-income areas exceeded business demographics by 3.0 percentage points and aggregate by 3.6 percentage points. Market ranks further support the bank's good performance. Lowell Five ranked 27th out of 82 institutions that originated small business loans in low-income census tracts, and 53rd out of 99 lenders that originated small business loans in moderate-income census tracts in the counties of the overall assessment area. These market rankings are reasonable compared to the bank's overall rank of 40th.

In 2017, lending in low-income census tracts declined. Despite a decrease in the number of moderate-income census tracts, lending in the moderate-income census tracts was similar to 2016 and remained above demographics.

Geographic Distribution of Small Business Loans Overall Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	9.9	8.1	7	9.1	1,290	8.4
2017	12.4	--	4	5.3	969	5.3
Moderate						
2016	10.0	9.4	10	13.0	3,242	21.1
2017	8.7	--	10	13.2	2,058	11.3
Middle						
2016	50.1	50.0	49	63.6	9,065	59.0
2017	45.3	--	41	53.9	10,266	56.5
Upper						
2016	30.0	32.5	11	14.3	1,765	11.5
2017	33.6	--	21	27.6	4,880	26.9
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	77	100.0	15,362	100.0
2017	100.0	--	76	100.0	18,173	100.0
Source: 2016 and 2017 CRA Loan Registers; 2016 & 2017 D&B Data; 2016 CRA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the overall assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts far exceeded both the percent of owner-occupied housing units and aggregate performance in 2016. In moderate-income census tracts, the bank's performance also exceeded both the percent of owner-occupied units and aggregate performance. In 2016, the bank ranked 22nd of 180 institutions that originated or purchased a home mortgage loan in low-income census tracts, and 62nd of 297 lenders that originated or purchased a home mortgage loan in moderate-income census tracts. The substantial majority of lenders above Lowell Five included large national banks and mortgage companies. Given the level of competition in the overall assessment area, these comparisons reflect excellent performance. In 2017, the bank's performance showed a positive

trend. Although the number of loans decreased slightly, the bank's lending in low- and moderate-income tracts as a percent overall, increased by 1.2 and 1.3 percentage points, respectively. In addition, the bank increased lending as a percent overall despite a decline in moderate-income census tracts in the overall assessment area from 2016 to 2017.

Geographic Distribution of Home Mortgage Loans Overall Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	4.0	4.8	25	13.4	5,839	12.2
2017	5.1	--	22	14.6	4,701	8.0
Moderate						
2016	12.0	11.0	26	13.9	6,552	13.7
2017	10.3	--	23	15.2	10,735	18.3
Middle						
2016	50.1	49.5	79	42.2	16,831	35.2
2017	46.8	--	78	51.7	31,527	53.9
Upper						
2016	34.0	34.7	57	30.5	18,624	38.9
2017	37.8	--	28	18.5	11,579	19.8
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	187	100.0	47,846	100.0
2017	100.0	--	151	100.0	58,542	100.0
<i>Source: 2016 and 2017 HMDA LARs; 2010 U.S. Census & 2015 ACS Census; 2016 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels in the overall assessment area. The bank's good performance of small business lending and adequate performance of home mortgage lending support this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. They also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. The following table shows that the bank originated 1.6 percent of loans to businesses with GARs of \$1 million or less. This number compares reasonably to aggregate performance, at just 1.6 percentage points lower.

The difference between aggregate performance and the percent of businesses in this revenue category is because 77.7 percent of all businesses in the overall assessment area have GARs of less than \$0.5 million. These very small businesses may rely on credit cards as a primary form of credit. Market share reports further support this assumption. In 2016, the top five lenders were institutions such as American Express, FSB; Citibank, NA; Bank of America, NA; Capital One Bank, NA; and US Bank, NA. They originated over 80.0 percent of the small business loans to businesses with revenues of \$1.0 million or less. In 2017, the bank's lending declined slightly.

Lowell Five ranked 21st of 93 lenders, primarily outranked by large national banks, credit card lenders, and larger community banks such as Eastern Bank (7th), Middlesex Savings Bank (13th), and Century Bank (20th). This market rank compares positively to the bank's overall rank of 40th.

Distribution of Small Business Loans by Gross Annual Revenue Category Overall Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	82.5	43.2	32	41.6	5,435	35.4
2017	82.8	--	30	39.5	4,339	23.9
>\$1,000,000						
2016	7.6	--	39	50.6	9,702	63.2
2017	7.6	--	41	53.9	13,308	73.2
Revenue Not Available						
2016	9.9	--	6	7.8	225	1.5
2017	9.7	--	5	6.6	526	2.9
Totals						
2016	100.0	100.0	77	100.0	15,362	100.0
2017	100.0	--	76	100.0	18,173	100.0
Source: 2016 and 2017 CRA Loan Registers 2016 & 2017 D&B Data; 2016 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0						

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels. Examiners focused on the comparison to aggregate data.

The following table shows that in 2016, the bank's lending to low-income borrowers was slightly below aggregate performance by 2.5 percentage points. This level of activity was significantly below the percent of low-income families in the overall assessment area. However, the demand and opportunity for lending to low-income families is relatively limited. Approximately 6.8 percent of families in the assessment area have income below the poverty level. A low-income family in the assessment area would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$320,375. Lastly, nearly 30.0 percent of housing units in the overall assessment area are occupied rental units. Lowell Five meets the rental needs of low- and moderate-income families through flexible multi-family lending and other community development loans, described in the Community Development Loan section of this evaluation.

The bank's lending to moderate-income borrowers, at 13.4 percent, was also below aggregate and demographics. However, 2017 performance shows improvement as a percent of overall lending. The competition for loans to low- and moderate-income borrowers is high. In 2016, the bank ranked 86th out of 213 institutions in lending to low-income borrowers with a 0.3 percent market share. In lending to moderate-income borrowers, the bank ranked 62nd out of 297 institutions with a 0.3 percent market share. These market rankings are somewhat lower than the bank's overall market rank of 51st in the overall assessment area. However, as depicted by the following table, almost half of the bank's home mortgage loans were to business entities.

Therefore, they have no borrower income designation. This reflects the bank's commercial lending focus. Given these factors, this performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level Overall Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	20.9	5.7	6	3.2	687	1.4
2017	22.9	--	6	4.0	734	1.3
Moderate						
2016	17.6	17.5	25	13.4	4,474	9.4
2017	16.8	--	24	15.9	4,622	7.9
Middle						
2016	21.8	23.8	25	13.4	5,903	12.3
2017	20.9	--	25	16.6	4,831	8.3
Upper						
2016	39.8	37.7	45	24.1	13,954	29.2
2017	39.4	--	23	15.2	9,077	15.5
Not Available						
2016	0.0	15.3	86	46.0	22,828	47.7
2017	0.0	--	73	48.3	39,278	67.1
Totals						
2016	100.0	100.0	187	100.0	47,846	100.0
2017	100.0	--	151	100.0	58,542	100.0
Source: 2016 and 2017 HMDA LARs; 2010 U.S. Census & 2015 ACS Census; 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Innovative and Flexible Lending

Lowell Five makes limited use of innovative and/or flexible lending practices in order to serve its overall assessment area credit needs. The bank continues to offer six innovative and flexible loan programs offered at the prior evaluation. Innovative or flexible loan programs are programs developed with more flexible terms to meet the credit needs of small businesses and low- and moderate-income individuals or geographies. The following summarizes the bank's innovative and flexible lending programs.

Residential Lending Programs

- *In-house First Time Homebuyer (FTHB) Product* – Borrowers can choose from various adjustable-rate mortgage loans (ARMs). The bank's FTHB loan is available to all

borrowers who have not owned a property for the prior three years. The bank offers these loans at a lower interest rate than normal ARM products and waives the normal one point fee. During the evaluation period, the bank originated 14 FTHB loans totaling \$3.1 million. Of those loans, the bank originated seven FTHB loans, totaling \$1.5 million, to low- and moderate-income borrowers.

Small Business Lending Programs

- *MA Small Business Partnership* – These low-interest loans are for small businesses that need financing of up to \$1.0 million to increase production and hire employees. The bank offers these loans through a partnership with the Massachusetts State Treasurer’s Office. Loan recipients include minority-owned businesses and businesses in low-and moderate-income census tracts. During the evaluation period, the bank originated 91 loans under this program totaling \$7.9 million.
- *Small Business Administration (SBA) 7a and Express Loan Programs* – The SBA 7(a) and Express Loan Programs offer flexibility, longer terms, and lower down payments compared to other financing options. They include specialized programs for businesses in underserved communities; military community members; and small businesses owners looking to meet short-term capital needs. The SBA guarantees these loans. During the examination period, the bank originated five loans totaling \$985,800.
- *SBA 504 Certified Community Development Company (CDC) Program* – The SBA 504 Loan program is an economic development loan program that offers financing for small businesses to promote business growth and job creation. CDCs work with the SBA and private sector lenders to provide long-term, fixed-rate financing to small businesses. Some benefits of SBA 504 loans include 90 percent financing, longer loan amortizations, no balloon payments, fixed-rate interest rates, and improved cash flow for small businesses. The SBA guarantees these loans. During the examination period, the bank originated two loans totaling \$11.3 million.
- *Fair, Isaac and Company (FICO) Liquid Credit Business Loan* – Lowell Five uses the FICO Liquid Credit Decision Manager to underwrite small business loans where an applicant may not qualify for a business loan using traditional business underwriting guidelines. This program allows the bank to make quick decisions on loans under \$50,000 based on credit score. Since the FICO Liquid Credit Score incorporates the borrower’s personal credit score, this benefits small business owners and start-up companies that do not have a strong business credit history. During the examination period, Lowell Five originated one loan totaling \$50,000.
- *In-House Multi-family Loan (Commercial)* – Lowell Five offers a commercial loan product secured by 1-4 family non-owner occupied properties. The bank established the pricing structure to provide options that are more favorable for individuals and small businesses seeking to purchase small residential investment properties, without adhering to secondary market underwriting requirements. Rather than the restrictions imposed by secondary market standards, the bank’s standard commercial underwriting requirements

apply. Product terms mirror the bank's traditional 5/1 ARM product. However, the rate is 1.0 percent above the published residential mortgage ARM product. This allows the bank more flexibility in underwriting and approving loans based on individual circumstances. During the examination period, the bank originated 20 multi-family loans totaling approximately \$4.3 million.

The following table illustrates the innovative and/or flexible loans originated since the prior evaluation by year and type.

Innovative or Flexible Lending Programs Overall Assessment Area										
Type of Program	2015		2016		2017		2018		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
In-house FTHB	2	254	2	679	1	253	2	360	7	1,546
MA Small Business Partnership	37	3,378	23	1,257	19	1,813	12	1,455	91	7,903
SBA 7a and Express Loan Programs	1	180	0	0	1	350	3	456	5	986
SBA 504 CDC Program	0	0	2	11,300	0	0	0	0	2	11,300
FICO Liquid Credit	0	0	1	50	0	0	0	0	1	50
In-House Multi-family	13	2,862	0	0	7	1,420	0	0	20	4,282
Totals	53	6,674	28	13,286	28	3,836	17	2,271	126	26,067
<i>Source: Bank Records</i>										

Community Development Lending

Lowell Five is a leader in making community development loans in the overall assessment area. During the evaluation period, the bank originated 70 community development loans totaling approximately \$43.5 million. This level of activity represents 4.2 percent of average total assets and 5.5 percent of average total loans since the prior CRA evaluation. Of the 70 loans, the bank originated 40 loans for approximately \$32.2 million inside the overall assessment area. Additionally, the bank originated 30 affordable housing loans totaling \$11.3 million in MA and NH towns outside of the assessment area, which the following table does not reflect. Since the bank has been responsive to the community development needs in the assessment area, examiners considered the qualified activities outside the overall assessment area. This activity level represents an improvement over the previous evaluation, where the bank originated 49 total community development loans totaling approximately \$32.0 million.

The majority of Lowell Five's community development activity is for affordable housing. During the evaluation period, the bank funded the purchase, construction, refinance, or renovation of over 500 affordable housing units in and around the overall assessment area. These loans helped to maintain the number and quality of affordable housing and rental units in

the area. It also added additional affordable units, which are primary assessment area needs. Further, Lowell Five compared favorably to similarly situated banks, several were much larger institutions. The table below illustrates the bank's community development lending by purpose, year, and rated area.

Community Development Lending Overall Assessment Area												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	11	8,752	0	0	0	0	0	0	0	0	11	8,752
2016	14	6,404	0	0	2	11,324	0	0	0	0	16	17,728
2017	10	4,198	1	1,488	2	39	0	0	0	0	13	5,725
YTD 2018	0	0	0	0	0	0	0	0	0	0	0	0
Total	35	19,354	1	1,488	4	11,363	0	0	0	0	40	32,205
<i>Source: Bank Records</i>												

Community Development Lending by Rated Area												
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Massachusetts	28	16,956	1	1,488	4	11,363	0	0	0	0	33	29,807
New Hampshire	7	2,398	0	0	0	0	0	0	0	0	7	2,398
Total	35	19,354	1	1,488	4	11,363	0	0	0	0	40	32,205
<i>Source: Bank Records</i>												

Below are notable examples of the bank's community development loans:

- In 2015, Lowell Five originated a \$60,000 line of credit to fund improvements on a 5-unit multi-family dwelling in Lowell, MA. All five 3-bedroom units have rents below the U.S. Department of Housing and Urban Development (HUD) Fair Market Rent for the area.
- In 2015, Lowell Five originated \$8.0 million of a \$20.8 million participation to refinance a land loan and provide up to 100 percent of the construction budget for a 55-unit residential condominium in Cambridge, MA. Of the 55 units, 6 (11.0 percent) are affordable units under Cambridge's Inclusionary Zoning Ordinance. The Ordinance applies to new residential developments that create 10 or more new housing units, and requires that 20.0 percent of the residential floor area be devoted to affordable units. Examiners considered 11.0 percent of the bank's total participation, which equates to \$880,000.
- In 2016, the bank originated a land and development loan and a line of credit totaling approximately \$2.3 million to develop a 28-unit condominium project in Tyngsboro, MA. Of the 28 units, 7 or 25.0 percent are affordable in accordance with the MA state statute,

Chapter 40B. The statute enables local Zoning Boards of Appeals to approve affordable housing developments under flexible rules if at least 20.0 percent of the units have long-term affordability restrictions. The bank received credit for approximately \$569,000 of these loans.

Additionally, in 2017, the bank received credit for \$243,000 for extending a land and development loan. The bank increased the line of credit in 2017 and the bank received credit for an additional \$174,200. These figures represent the loans originated during the evaluation period. However, the bank extended more than \$5.0 million to this project, approximately \$1.3 million (25.0 percent) of which was to develop the affordable units. During the evaluation period, the bank originated loans for several other 40B projects, accounting for 73 additional affordable housing units in and around the assessment area.

- In 2016, the bank originated a \$428,000 loan to purchase and renovate a 6-unit affordable multi-family dwelling in Lowell, MA. All six 3-bedroom units have rents below the HUD Fair Market Rents for the area.
- In 2016, Lowell Five originated two SBA 504 loans, for a total of \$11.3 million. Loan proceeds financed the purchase and construction of a movie complex and mixed-use retail development in Littleton, MA. This loan promotes economic development by financing a business that meets the size eligibility standards of the Small Business Administration. The new movie complex and other mixed-use retail space will support permanent job creation for low- and moderate-income people in the area.
- In 2016, Lowell Five executed a participation agreement to participate \$150,000 in a \$1.0 million economic development loan pool administered by the Lowell Development & Financial Corporation. Monies advanced under the program attract and expand business in Lowell by providing low-interest loans to start-up companies in the technology and life sciences fields. Businesses who specifically intend to foster job creation in downtown Lowell receive priority. The bank documents each advance as a separate promissory note. In 2017, Lowell Five made two advancements totaling \$39,300.
- In 2017, Lowell Five was the lead bank for a \$1.5 million participation loan used to purchase a child care center for a community action agency in Lowell, MA. A majority of the children who attend the center are from low- and moderate-income families that receive assistance or fully subsidized childcare. Affordable childcare allows parents to obtain jobs and improve their standard of living. The organization brings together resources for low-income people, helping them achieve stability and self-sufficiency. A majority of the organization's funding comes from federal and state contracts including Section 8 and Head Start. By purchasing the childcare center, the organization was able to continue operating from the location they had leased for many years. The bank received credit for the full \$1.5 million of this loan.
- In 2017, Lowell Five originated two loans totaling \$2.1 million to construct a 15-unit condominium building in Chelmsford, MA. Of the 15 units, 4 or 27 percent are affordable in accordance with the MA state statute, Chapter 40B. The bank received

credit for \$566,190 of this loan.

INVESTMENT TEST

Lowell Five is rated High Satisfactory under the Investment Test. Performance in the MA assessment area primarily drives overall performance.

The bank has a significant level of qualified investments. The bank exhibits good responsiveness to credit and community economic development needs. The bank occasionally uses innovative and complex investments to support community development initiatives. Lowell Five increased the number of equity investments since the previous evaluation and grew investments at a faster rate than bank growth.

Investment Activity

Lowell Five has a significant level of qualified community development investments and grants.

During the evaluation period, the bank made 259 qualified investments totaling approximately \$8.8 million. Of these, eight for approximately \$8.3 million are equity investments. This equates to 0.8 percent of average total assets and 6.2 percent of average total securities since the last evaluation. This total includes approximately \$7.0 million in current period equity investments, \$1.3 million in prior equity investments, and \$503,558 in qualified grants and donations. The level of qualified investments is a significant increase from the \$1.6 million qualified at the previous evaluation.

Of the total investments by dollar amount, approximately 68.5 percent promote affordable housing. These investments demonstrate the bank's commitment to affordable housing activities. Affordable housing is a community development need as identified by the community contacts throughout both assessment areas.

The following two tables depict the number and dollar volume of investments and grants by year, purpose, and rated area.

Overall Assessment Area Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	2	1,022	0	0	1	255	0	0	3	1,277
2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	2	6,000	0	0	0	0	0	0	0	0	2	6,000
2017	0	0	3	1,015	0	0	0	0	0	0	3	1,015
YTD 2018	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	2	6,000	5	2,037	0	0	1	255	0	0	8	8,292
Qualified Grants & Donations	17	23	221	423	9	52	4	5	0	0	251	503
Total	19	6,023	226	2,460	9	52	5	260	0	0	259	8,795

Source: Bank Records

Qualified Investments by Rated Area												
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Massachusetts	11	17	177	2,385	9	52	5	260	0	0	202	2,714
New Hampshire	6	6	49	75	0	0	0	0	0	0	55	81
Statewide Regional	2	6,000	0	0	0	0	0	0	0	0	2	6,000
Total	19	6,023	226	2,460	9	52	5	260	0	0	259	8,795

Source: Bank Records

Equity Investments

The bank currently has eight qualified equity investments totaling \$8.3 million. Of these, five equity investments totaling approximately \$7.0 million are new. The bank's qualified equity investments increased significantly since the prior evaluation.

The following describes the bank's equity investments.

- *Ginnie Mae Multi-family Real Estate Mortgage Investment Conduit (REMIC) Trust* – In 2016, the bank made two investments in a Ginnie Mae Multi-family REMIC Trust, a nationwide fund in which multi-family properties secure the underlying mortgages. The bank's first investment, made in January 2016, totaled \$4.0 million and targeted two HUD-subsidized properties that provide affordable housing in Lowell, MA and Manchester, NH. All units in both apartments are for low- and moderate-income individuals. The second investment, made in March 2016, totaled \$2.0 million and targeted a HUD-subsidized apartment in Lowell, MA. These investments benefit a greater regional area that includes the bank's assessment area.

- *Greater Lowell Regional Vocational Technical School District General Obligation State Qualified School Bonds* – In 2017, the bank participated in bond offerings from the Greater Lowell Regional Vocation Technical School District. The bank purchased three general obligation state qualified bonds totaling approximately \$1.0 million. The bonds will assist with reconstructing the high school. The high school serves Dracut, Dunstable, and Lowell. A majority of the student body is low- and moderate-income. In addition to the three new investments made during the current evaluation period, the bank continues to hold two bonds purchased in 2014. The book values of these prior period investments are \$510,670 and \$511,590, respectively.
- *City of Lowell General Obligations Municipal Bond* - In 2012, the bank participated in a general obligation tax-exempt bond offering from the City of Lowell. The bank's investment funds various public works projects including land acquisition, park improvements, sewer repairs, wastewater treatment plant remains, and school roof repairs. This investment helps revitalize and stabilize low- and moderate-income geographies, as 22 of the 25 census tracts in Lowell are low- or moderate-income. This investment has a \$254,547 book value.

Donations

During the evaluation period, the bank made 251 qualified donations for \$503,558. By dollar amount, donation volume increased by \$169,758 from the previous evaluation. Qualified donations for 2015, 2016, and 2017 represented 1.8 percent, 1.7 percent, and 1.0 percent of pre-tax net operating income, respectively. The majority of the bank's donations benefitted organizations that provide community services to low- and moderate-income individuals.

The following are examples of organizations that received qualified donations.

- *Coalition for a Better Acre (CBA)* – CBA, a non-profit community development corporation develops and revitalizes Lowell by developing and managing affordable housing units and other community space. The CBA also operates the Opportunity Center, which provides foreclosure education workshops, foreclosure prevention counseling, and budget counseling. Through these programs, CBA helps low- and moderate-income families live in safe, affordable homes.
- *Habitat for Humanity* – This organization works in partnership with low-income families. It uses volunteer labor and donated materials to renovate old houses or build new, affordable housing. The organization sells to families at cost, with no profit, and no interest.
- *Greater Lawrence Family Health Center (GLFHC)* – This federally qualified health center improves and maintains the health of individuals and families in the Merrimack Valley. The organization provides quality comprehensive services and ensures employees and health professionals know how to respond to the needs of a diverse population. According to the U.S. Health Resources and Services Administration, federally qualified health centers receive government funding to provide health care in

underserved areas. These health centers must meet certain requirements including providing care on a sliding fee scale based on ability to pay. A majority of the population served by this organization is low- and moderate-income.

- *Harbor Homes, Inc.* – This non-profit organization serves low-income, homeless, and disabled community members in the Greater Nashua, NH area. Harbor Homes’ mission is to end homelessness by addressing the factors contributing to poverty and homelessness in the state. Harbor Homes provides access to affordable housing and community services such as health care, education, and employment services for low- and moderate-income families.
- *Merrimack Valley Food Bank (MVFB)* – The MVFB is a non-profit organization that provides food and personal care items to low-income, homeless, and hungry people in the Merrimack Valley. MVFB is also a Massachusetts Emergency Food Assistance Program participant that provides food to other eligible food banks.
- *Nashua Soup Kitchen and Shelter, Inc.* – The Nashua Soup Kitchen provides food and personal care items as well as several other services for low-income people in the city. The services include an emergency shelter, meals for kids program, financial assistance, transitional education, employment, transportation, and counseling referrals for those in need.

Responsiveness to Credit and Community Development Needs

Lowell Five exhibited good responsiveness to credit and community development needs. The community contacts highlighted that affordable housing was a key community development need in the area. The majority, by dollar amount, of new equity investments, particularly the investments in the Ginnie Mae REMIC Trust, supported affordable housing. Furthermore, the bank donates to various organizations that support the creation of affordable housing in the area such as Harbor Homes, the Merrimack Valley Housing Partnership, and Habitat for Humanity.

The majority of the bank’s donations and grants benefitted organizations that provide community services to low- and moderate-income individuals. This is responsive to the area’s needs as many cities within the overall assessment area such as Lowell, Lawrence, Haverhill, and Nashua have significant low- and moderate-income populations. Of the 259,707 family households in the overall assessment area, 103,019 or 39.7 percent are low- or moderate-income.

Innovativeness or Complexity of Qualified Investments

The institution occasionally uses innovative and/or complex investments to support community development initiatives. The bank’s current period equity investments include state qualified tax-exempt school bonds. These investments provide a valuable funding source to the Greater Lowell Technical High School that predominately serves low- and moderate-income individuals. Current period investments also include investments in the Ginnie Mae REMIC Trust, which help to maintain a pool of capital to finance mortgages to multi-family properties that provide affordable housing.

SERVICE TEST

The bank's Service Test performance is rated High Satisfactory. The sections below discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the overall assessment area. Alternative delivery systems supplement the bank's branches.

Distribution of Branches

In addition to its main office in Lowell, Lowell Five operates 13 full-service retail branches. The bank maintains 12 locations in MA. These include Billerica, Chelmsford, Dracut, Haverhill, Lowell, North Chelmsford, Pepperell, Tewksbury (2), Westford, Wilmington, and North Andover. The bank also maintains one branch in Nashua, NH.

In addition, the bank operates two educational branches at the Greater Lowell Technical High School in Tyngsboro, MA and at the Nashoba Valley Technical High School in Westford, MA. These branches are only open during the school year with limited hours and are generally not accessible to the public.

The following table illustrates the distribution of retail bank branches.

Branch and ATM Distribution by Census Tract Income Level								
Overall Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	38	19.4	156,481	15.5	2	14.3	2	33.3
Moderate	24	12.2	120,558	11.9	4	28.6	2	33.4
Middle	79	40.3	420,700	41.7	6	42.8	2	33.3
Upper	55	28.1	312,434	30.9	2	14.3	0	0.0
Total	196	100.0	1,010,173	100.0	14*	100.0	6**	100.0
<i>Source: 2015 ACS Data & Bank Records</i>								
<i>*Does not include two educational branches</i>								
<i>**Does not include the ATMs at each location.</i>								

The bank operates two, or 14.3 percent, of its branches in low-income tracts. This is slightly lower than the percentage of low-income census tracts, but relatively similar to the population residing in those tracts. The bank also operates four, or 28.6 percent, of its branches in moderate-income tracts. This exceeds both the percentage of moderate-income tracts and the population residing in those tracts. All full service branches offer the same products and services. In addition, the bank operates six freestanding ATMs. Two are in low-income census tracts, two in moderate-income census tracts, and two in middle-income census tracts.

Alternative Delivery Systems

In addition to the branch network and ATMs, Lowell Five provides various alternative delivery systems. The following delivery systems provide consumers with alternative access to the bank's various retail services.

- *Online Banking* – This service allows consumers and businesses to view account balances, transfer funds, and perform online bill payments, among other services, through the bank's website at no charge.
- *Debit Cards* – Customers can use the card to pay for purchases at merchant locations that accept MasterCard and have the funds deducted directly from their checking account at no charge. Customers can use the card at any Lowell Five Cents Savings Bank ATM. Customers can also participate in the "Keep It Local" program that provides customers 5.0 percent back on purchases at Lowell Five business partners.
- *Mobile Banking* – Consumers and business customers can access account information through a smartphone or tablet to make mobile deposits, view check images, transfer funds between accounts, and other services. Customers can also send and receive payments through POP Money via text or email.

Changes in Branch Locations

The bank's record of closing branches has not adversely affected the accessibility of its delivery systems to low- and moderate-income geographies or individuals in the overall assessment area. In 2017, the bank closed the branch at 10 Main St, Tewksbury MA, a middle-income census tract. In the same year, the bank opened a branch at 30 International Place, Tewksbury MA, in the same middle-income census tract.

Reasonableness of Business Hours and Services

Overall, business hours and services do not vary in a way that inconveniences certain portions of the overall assessment area, particularly low- and moderate-income geographies or individuals. Branch lobby hours are generally consistent at each location. Weekday hours include 9:00 A.M. to 4:00 P.M. Mondays through Wednesdays, 9:00 A.M. to 6:00 P.M. Thursdays and Fridays, and 9:00 A.M. to 12:00 P.M. on Saturdays. Hours vary slightly with earlier opening and closing times, specifically at the Greater Lowell Technical High School branch and the Nashoba Valley Technical High School branch. School branch hours are 8:30 A.M. to 1:30 P.M. Monday to Friday. All branches with drive up windows maintain separate hours specifically for the drive up. All drive up windows maintain extended hours of 8:00 A.M. to 5:00 P.M. Mondays through Wednesdays, 8:00 A.M. to 6:00 P.M. Thursdays and Fridays, and 8:00 A.M. to 12:00 P.M. on Saturdays. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

The institution provides a relatively high level of community development services. During the evaluation period, the bank provided 155 instances of community development services. The bank's qualified services varied from board involvement to providing financial education and technical assistance to community development organizations. The following two tables summarize the bank's community development services by year, purpose, and rated area.

Community Development Services Overall Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2015	3	36	7	0	0	46
2016	6	22	6	0	0	34
2017	5	24	2	0	0	31
YTD 2018	8	32	3	1	0	44
Total	22	114	18	1	0	155
<i>Source: Bank Records</i>						

Community Development Services by Rated Area						
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
Massachusetts	21	110	17	1	0	149
New Hampshire	1	4	1	0	0	6
Regional Activities	0	0	0	0	0	0
Total	22	114	18	1	0	155
<i>Source: Bank Records</i>						

The following are examples of the bank's involvement in community organizations:

Employee Involvement

- *Lowell Transitional Living Center (LTLC)* – The LTLC is the largest homeless shelter and support organization north of Boston. The shelter has 90 beds and 70 emergency beds. The LTLC also provides food, services, and support for the chronically homeless and those left homeless by crisis. An assistant vice president (AVP) serves on the organization's Board.
- *Community Teamwork* – Community Teamwork is a community action agency that partners with other organizations to provide community services for low- and moderate-income people, increases the number of affordable housing units, and grow small

businesses in the Greater Lowell area. A senior vice president (SVP) serves on the Board.

- *Alternative House* – Alternative House offers access to shelter, support, children’s programs, legal, housing, and community advocacy for all domestic violence victims. Alternative House is committed to empowering all victims toward self-sufficiency and provides community education and support to reform societal attitudes that permit violence and oppression. An AVP serves on the Board.
- *Pelham Good Neighbor Fund (PGNF)* – The PGNF provides low- and moderate-income residents with emergency assistance for rent, heat, electricity, food, and other critical expenses. The PGNF also provides an annual scholarship to those who demonstrate a financial need and have been accepted to a two- or four-year college or technical school. A SVP serves as an Advisory Board member.
- *The Front Door Agency* – The Front Door Agency is an organization that provides support services to low-income families who are at-risk of homelessness in the greater Nashua, NH area. The Agency has programs for preventing homelessness, providing permanent affordable housing and transitional housing, resource education, and financial literacy. A bank officer serves on the Board.

Financial Education and Support

The bank continues to be actively involved in providing financial education to low- and moderate-income individuals in the overall assessment area. The following are examples of organizations that partnered with the bank to provide financial education and first-time home buyer classes.

- *Merrimack Valley Housing Partnership (MVHP)* – The MVHP is a non-profit organization that promotes home ownership opportunities for low- and moderate-income individuals by providing counseling and promoting the use of special mortgage products and down payment assistance programs. A vice president participated in first-time homebuyer seminars in 2015, 2016, and 2017.
- *Greater Lowell Technical High School* – Lowell Five maintains a branch at Greater Lowell Technical High School. The school offers a technical program to provide real life learning experiences to students. As part of the program, employees prepare students for employment in various fields, including banking among many other sectors. A majority of the students that attend the school are low- and moderate-income.
- *Girls Incorporated of Greater Lowell (Girls Inc.)* – During the examination period, the bank partnered with Girls Inc. to provide a three-week course on financial literacy. Girls Inc. focuses on providing education programs to at-risk and low- and moderate-income youth in the greater Lowell area.

Other Services

- *Community Room* - The bank makes their community room available for various community development organizations to use as meeting space, free of charge. During the examination period, eight different organizations on 11 separate occasions used the community room. Some community development organizations that used the community room include Community Teamwork Inc., Girls, Inc., Merrimack Valley Food Bank, and Middlesex 3 Coalition.
- *Individual Development Accounts (IDAs)* – The bank sponsors a program that offers Individual Development Accounts for low- and moderate-income International Institute members. The International Institute’s mission is to create opportunities for refugees and immigrants to succeed financially. Currently, the bank provides International Institute’s members with 141 no cost deposit accounts.

MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

SCOPE OF EVALUATION

The scope is similar to the overall scope of this evaluation, except that this portion of the evaluation only considers activity in the Boston-Cambridge-Newton, MA-NH MSA (14460) . This will be referred to as the Multistate MSA assessment area. Please refer to the overall discussion for additional information about loan products reviewed, the evaluation period, and weighting of products. A significant portion of the overall assessment area and operations are within the Multistate MSA assessment area. Therefore, the bank's performance in the state of MA carries more weight than the bank's performance in the state of NH.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

The bank maintains 15 branches, including the main office, in the Boston-Cambridge-Newton, MA-NH MSA. All branches are in MA and represent the majority of the bank's operations. The assessment area includes 166 of the 571 census tracts in the Multistate MSA and makes up several cities and towns in Middlesex and Essex Counties in MA and Rockingham County in NH. The Overall Assessment Area section details these cities and towns. Additionally, the bank offers the same products and services discussed in the Overall Assessment Area section.

The 166 census tracts reflect the following income designations according to 2015 ACS Census data:

- 34 low-income tracts,
- 21 moderate-income tracts,
- 68 middle-income tracts, and
- 43 upper-income tracts.

The 2015 ACS Census resulted in the following changes that are applicable to this analysis:

- nine moderate-income census tracts reclassified as low-income;
- two moderate-income census tracts reclassified as middle-income; and
- seven middle-income census tracts reclassified as moderate-income.

These changes resulted in nine additional low-income census tracts and three fewer moderate-income census tracts.

The following table illustrates select demographic characteristics of the assessment area according to ACS Census data.

Demographic Information of the Assessment Area Multistate MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	166	20.5	12.7	41.0	25.9	0.0
Population by Geography	843,574	16.3	12.8	42.9	27.9	0.0
Housing Units by Geography	318,898	15.9	13.5	43.6	27.1	0.0
Owner-Occupied Units by Geography	208,489	5.5	11.3	49.2	34.0	0.0
Occupied Rental Units by Geography	94,547	37.7	17.6	32.1	12.6	0.0
Vacant Units by Geography	15,862	22.1	17.8	38.1	21.9	0.0
Businesses by Geography	58,412	11.9	8.8	46.9	32.4	0.0
Family Distribution by Income Level	215,978	23.8	16.8	20.7	38.6	0.0
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$100,380	Median Housing Value			\$336,099
Median Family Income MSA - 40484 Rockingham County- Strafford County, NH MD		\$90,150	Median Gross Rent			\$1,113
			Families Below Poverty Level			7.1%
Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. D&B data for 2016 indicates that there were 58,412 non-farm businesses in the assessment area. Gross annual revenues for those businesses are below.

- 83.0 percent have \$1 million or less.
- 7.6 percent have more than \$1 million.
- 9.4 percent have unknown revenues.

Further, 78.0 percent of all businesses in the assessment area have GARs of less than \$0.5 million, 69.2 percent of businesses have four or fewer employees, and 88.6 percent of businesses operate from a single location. These factors indicate that the majority of businesses in the assessment area are very small. Service industries represent the largest portion of businesses in the assessment area at 43.4 percent; followed by retail trade (12.32 percent); construction (9.9 percent); and finance, insurance, and real estate (8.3 percent).

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges Multistate MSA Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
Rockingham County-Strafford County, NH MD Median Family Income (40484)				
2016 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2017 (\$93,800)	<\$46,900	\$46,900 to <\$75,040	\$75,040 to <\$112,560	≥\$112,560
Source: FFIEC Due to rounding, totals may not equal 100.0				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 318,898 housing units in the Multistate MSA assessment area. Of those housing units, 65.4 percent are owner-occupied, 29.6 percent are occupied rental units, and 5.0 percent are vacant. A vast majority (83.2 percent) of owner-occupied housing units in the assessment area are in middle- and upper-income census tracts.

Competition

The assessment area is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2017, 38 financial institutions operated 262 full-service branches within the assessment area. Of these institutions, Lowell Five ranked 7th with a 4.0 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2016, 480 lenders originated or purchased 35,256 residential mortgage loans. Lowell Five ranked 56th, originating 147 loans for a market share of 0.4 percent.

There is a high level of competition for small business loans in the assessment area. The analysis of small business loans under the Lending Test includes comparisons against aggregate data. Aggregate data shows that 159 institutions reported 67,638 small business loans in the assessment area. The top three lenders originated 51.5 percent of all small business loans, indicating significant competition for this product. Lowell Five ranked 41st, originating 82 loans for a 0.1 percent market share.

Community Contact

Refer to the community contact section in the overall section for details.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and support for low- and moderate-income residents represent primary community development needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The bank's Lending Test performance is rated High Satisfactory in the state of MA. The following sections discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Lowell Five's lending activity in relation to its financial condition, resources, and level of competition in the assessment area. Lowell Five's overall lending activity reflects good responsiveness to assessment area credit needs.

In 2016, Lowell Five originated 94 small business loans, totaling approximately \$18.7 million, and 307 home mortgage loans totaling approximately \$97.4 million. Of these totals, 64 small business loans totaling approximately \$12.1 million, and 147 home mortgage loans totaling approximately \$39.4 million, were inside the Multistate MSA assessment area. Lending activity for small business loans was similar in 2017. The bank originated 90 small business loans totaling approximately \$23.7 million, of which 57 loans totaling \$14.1 million were inside the Multistate MSA assessment area. The number of home mortgage loans declined slightly in 2017; however, total dollar volume increased. The bank originated 234 home mortgage loans totaling approximately \$103.1 million, of which 133 totaling approximately \$48.6 million were inside the Multistate MSA assessment area.

In 2016, Lowell Five ranked 41st out of 159 lenders that originated or purchased at least one small business loan within the four counties included in the assessment area. Lowell Five maintained a market share of 0.1 percent by number and 0.7 percent by dollar volume. The highest ranked small business lenders were primarily credit card companies, including American Express, FSB; Citibank, NA; Bank of America NA; Capital One Bank (USA), NA; and Chase Bank USA, NA. Most of the community banks that ranked ahead of Lowell Five are much larger in asset size. These banks include Cambridge Savings Bank (31st), Century Bank (30th), Northern Bank & Trust (29th), Middlesex Savings Bank (23rd), Salem Five Cent Savings Bank (21st), Enterprise Bank and Trust (17th), and Eastern Bank (11th).

In 2016, Lowell Five ranked 56th out of 480 lenders that originated or purchased at least one home mortgage loan in the assessment area. The bank's market share was 0.4 percent by number and dollar volume. The highest ranked institutions were large national banks, mortgage companies, and online lenders including Wells Fargo Bank, NA; JPMorgan Chase Bank, NA; Quicken Loans; Guaranteed Rate Inc.; and LoanDepot.Com, LLC. The community banks that ranked above Lowell Five were Institution For Savings (55th), Stonehambank A Co-operative Bank (47th), Randolph Bank (46th), Northern Bank & Trust Company (40th), Enterprise Bank and Trust Company (30th), Eastern Bank (24th), and Sage Bank (23rd). Most are significantly larger than Lowell Five.

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. The following table shows that the bank's performance in low-income census tracts was similar to the aggregate and less than demographics in 2016. In 2017, despite an increase in the percent of businesses in the low-income census tracts, the bank's lending in these tracts declined. In the moderate tracts, lending exceeded aggregate in 2016 by 5.9 percentage points and demographics by 5.6 percent. In 2017, performance in the moderate-income census tracts showed slight improvement.

In 2016, Lowell Five ranked 31st out of 71 lenders that originated small business loans in low-income census tracts, and 50th out of 96 lenders that originated small business loans in moderate-income census tracts. Considering the high level of competition for small business loans, these market rankings are reasonable compared to the bank's overall rank of 40th.

Geographic Distribution of Small Business Loans Multistate MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	9.9	8.0	5	7.8	608	5.0
2017	11.9	--	3	5.3	619	4.4
Moderate						
2016	8.5	8.2	9	14.1	2,917	24.2
2017	8.8	--	9	15.8	1,970	14.0
Middle						
2016	51.1	50.9	40	62.5	6,802	56.3
2017	46.9	--	34	59.6	8,979	63.9
Upper						
2016	30.5	32.9	10	15.6	1,749	14.5
2017	32.4	--	11	19.3	2,482	17.7
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	64	100.0	12,076	100.0
2017	100.0	--	57	100.0	14,050	100.0
Source: 2016 and 2017 CRA Loan Registers 2016 and 2017 D&B Data; 2016 CRA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts far exceeded both the percent of owner-occupied housing units and the aggregate in 2016. In moderate-income census tracts, the bank's performance was similar to aggregate performance and less than demographics. In 2016, the bank ranked 30th of 168 institutions that originated or purchased a home mortgage loan in low-income census tracts, and 61st of 248 lenders that originated or purchased a home mortgage loan in moderate-income census tracts. Given the level of competition in the assessment area, these comparisons reflect excellent performance.

Lastly, although there was a decline in total home mortgage lending in 2017, the bank's performance increased by 1.9 percentage points in low-income census tracts. In moderate-income census tracts, performance increased by 6.3 percentage points despite a decline in the number of moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans Multistate MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	4.5	5.3	17	11.6	4,276	10.8
2017	5.5	--	18	13.5	3,765	7.7
Moderate						
2016	11.9	10.8	15	10.2	4,375	11.1
2017	11.3	--	22	16.5	4,455	9.2
Middle						
2016	50.7	50.2	66	44.9	14,533	36.9
2017	49.2	--	70	52.6	30,099	61.9
Upper						
2016	33.0	33.7	49	33.3	16,239	41.2
2017	34.0	--	23	17.3	10,319	21.2
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	147	100.0	39,423	100.0
2017	100.0	--	133	100.0	48,638	100.0
Source: 2016 and 2017 HMDA LARs; 2010 U.S. Census & 2015 ACS Census; 2016 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0						

Borrower Profile

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

Small Business Loans

The distribution of small business loans reflects good penetration among businesses of different sizes. The following table shows that the bank originated 42.2 percent of loans to businesses with GARs of \$1 million or less. This number compares reasonably to aggregate performance, at just 1.0 percent lower.

The difference between the aggregate and demographics in this revenue category is because 79.0 percent of all businesses in the Multistate MSA have GARs of less than \$0.5 million. These small businesses may rely on credit cards as a primary form of credit. Market share reports further support this assumption. In 2016, the top five lenders were institutions such as American Express, FSB; Citibank, NA; Bank of America, NA; Capital One Bank, NA; and US Bank, NA. They originated 81.0 percent of the small business loans to businesses with revenues of \$1.0 million or less in the assessment area.

Lowell Five ranked 22nd of 91 lenders, primarily outranked by large national banks, credit card lenders, and larger community banks and mortgage companies. This market rank compares positively to the bank's overall rank of 40th. In 2017, Lowell Five's performance was similar.

Distribution of Small Business Loans by Gross Annual Revenue Category Multistate MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	82.6	43.2	27	42.2	3,772	31.2
2017	83.0	--	24	42.1	3,610	25.7
>\$1,000,000						
2016	7.7	--	32	50.0	8,121	67.2
2017	7.6	--	29	50.9	9,919	70.6
Revenue Not Available						
2016	9.7	--	5	7.8	183	1.5
2017	9.4	--	4	7.0	521	3.7
Totals						
2016	100.0	100.0	64	100.0	12,076	100.0
2017	100.0	--	57	100.0	14,050	100.0
<i>Source: 2016 and 2017 CRA Loan Registers; 2016 & 2017 D&B Data; 2016 CRA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels. Examiners focused on the comparison to aggregate data.

The following table shows that in 2016, the bank's lending to low-income borrowers was below aggregate performance by 3.3 percentage points. This activity level was also well below the percent of low-income families in the assessment area. However, the demand and opportunity for lending to low-income families is relatively limited. A low-income family in the assessment area would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$336,099. Further, approximately 7.1 percent of families in the assessment area are below the poverty level and approximately 29.6

percent of housing units in the assessment area are occupied rental units. In 2017, Lowell Five's performance showed slight improvement despite a slight decline in overall home mortgage loans.

The bank's performance of lending to moderate-income borrowers, at 17.0 percent during 2016 was slightly less than the aggregate and demographics and its 2017 performance shows a decline. The competition for loans to low- and moderate-income borrowers is high. In 2016, the bank ranked 101st of 199 institutions in lending to low-income borrowers. The bank performed better in lending to moderate-income borrowers, ranking 56th of 284 institutions. These market rankings are lower than the bank's overall market rank of 51st in the assessment area. However, as depicted in the following table, almost half of the bank's home mortgage loans were to business entities and therefore have no borrower income designation. This reflects the bank's commercial lending focus. Given these factors, performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level Multistate MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	21.9	6.0	4	2.7	465	1.2
2017	23.8	--	6	4.5	734	1.5
Moderate						
2016	17.5	17.9	25	17.0	4,474	11.3
2017	16.8	--	21	15.8	4,128	8.5
Middle						
2016	21.4	23.9	21	14.3	5,031	12.8
2017	20.7	--	18	13.5	3,340	6.9
Upper						
2016	39.1	37.3	36	24.5	12,046	30.6
2017	38.6	--	20	15.0	8,374	17.2
Not Available						
2016	0.0	14.9	61	41.5	17,407	44.2
2017	0.0	--	68	51.1	32,062	65.9
Totals						
2016	100.0	100.0	147	100.0	39,423	100.0
2017	100.0	--	133	100.0	48,638	100.0
<i>Source: 2016 and 2017 HMDA LARs; 2010 U.S. Census & 2015 ACS Census; 2016 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0</i>						

Innovative and Flexible Lending

Lowell Five makes limited use of innovative and/or flexible lending practices in order to serve the assessment area credit needs. This is consistent with the bank's performance in the overall assessment area. Please refer to the overall Innovative and Flexible Lending section for details on specific programs offered by Lowell Five.

Community Development Lending

Lowell Five is a leader in making community development loans in the Multistate MSA assessment area. Specifically, the bank originated 33 community development loans totaling approximately \$29.8 million.

The bank's level of community development lending in the Multistate MSA assessment area is particularly responsive to the area's credit needs. Of the 33 community development loans, the majority were for developing, maintaining, or rehabilitating affordable housing rental units in the assessment area, particularly the low- and moderate-income geographies in Lowell. The community contact cited affordable housing as the primary need in the area. Please refer to the Community Development Lending section under the overall Lending Test for examples of this activity.

INVESTMENT TEST

The bank's Investment Test is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment Activity

The bank has a significant level of qualified community development investments and grants in the Multistate MSA assessment area.

Qualified equity investments and donations in the Multistate MSA assessment area totaled \$2.7 million, or 30.9 percent of the bank's total community development investments. Equity investments that benefitted the area include the Greater Lowell Regional Vocational Technical School District General Obligation State Qualified School Bonds and the City of Lowell General Obligations Municipal Bond. In addition to the investments that directly targeted the area, \$5.0 million of the total \$6.0 million invested in the nationwide Ginnie Mae REMIC Trust benefitted a HUD-subsidized apartment that provides affordable housing in Lowell, MA. Qualified donations and grants in the area totaled \$422,548 and primarily supported community services.

Please refer to the Investment Activity section under the overall Investment Test for examples.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs in the area. The majority of donations at 83.9 percent supported community development organizations that

serve the Multistate MSA assessment area. Furthermore, the bank's investments in the nationwide Ginnie Mae REMIC Trust targeted a HUD apartment that provides affordable housing in Lowell. This investment is responsive as it provides affordable housing to low- and moderate-income individuals, a community development need as identified by the community contact.

Community Development Initiatives

Lowell Five occasionally uses innovative and/or complex investments to support qualified investments in the Multistate MSA assessment area. Please refer to the Innovativeness or Complexity of Qualified Investments factor under the overall Investment Test section for further details.

SERVICE TEST

The bank's Service Test is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the Multistate MSA assessment area. The bank operates 13, or 92.9 percent of all retail branches, in the Multistate MSA assessment area. Both educational branches are also in this area. Two branches are in low-income tracts in Haverhill and Lowell. There are also four branches in moderate-income tracts in Dracut, Lowell, Pepperell, and North Andover. The remaining seven branches are in middle- and upper-income tracts.

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. In 2017, the bank closed the branch at 10 Main St, Tewksbury MA, a middle-income census tract. In the same year, the bank opened a branch at 30 International Place, Tewksbury MA, a middle-income census tract.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of this assessment area, particularly low- and moderate-income geographies and/or individuals. The bank also offers various alternative systems that deliver retail banking services throughout the assessment area. For details, please refer to the Reasonableness of Business Hours and Services section under the overall Service Test section.

Community Development Services

The bank provides a relatively high level of community development services. The bank provided 149 instances of community development services during the evaluation period in this area. The majority of all community involvement activity occurred in the Multistate MSA assessment area. Refer to the Community Development Services section under the overall Service Test for highlights of activity within the Multistate MSA assessment area.

NEW HAMPSHIRE

CRA RATING FOR NEW HAMPSHIRE: Satisfactory

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

SCOPE OF EVALUATION

The scope is similar to the overall scope of this evaluation, except that this portion of the evaluation only considers activity in the NH portion of the bank's overall assessment area. This assessment area includes portions of the Manchester-Nashua, NH MSA (31700) and will be referred to as the Manchester-Nashua NH MSA assessment area. Please refer to the overall discussion for additional information about loan products reviewed, the evaluation period, and weighting of products. Due to limited operations in the Manchester-Nashua, NH MSA assessment area, the bank's performance in the state of NH carries less weight than the bank's performance in the state of MA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

The bank maintains one branch in the Manchester-Nashua, NH MSA assessment area. The assessment area includes 30 of the 86 census tracts in the MSA, consisting of six cities and towns in Hillsborough County. The overall assessment area section details these cities and towns. Additionally, the bank offers the same products and services discussed in the overall assessment area section.

The 30 census tracts reflect the following income designations according to the 2015 ACS Census data:

- 4 low-income tracts,
- 3 moderate-income tracts,
- 11 middle-income tracts, and
- 12 upper-income tracts.

The 2015 ACS Census resulted in the following changes that are applicable to this analysis:

- two moderate-income census tracts reclassified as low-income,
- two moderate-income census tracts reclassified as middle-income, and
- one middle-income census tract reclassified as moderate-income.

These changes resulted in two additional low-income census tracts and three fewer moderate-income census tracts.

The following table illustrates select demographic characteristics of the assessment area according to ACS Census data.

Demographic Information of the Assessment Area Manchester-Nashua, NH MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	13.3	10.0	36.7	40.0	0.0
Population by Geography	166,599	11.2	7.5	35.1	46.2	0.0
Housing Units by Geography	66,561	13.1	8.1	36.1	42.7	0.0
Owner-Occupied Units by Geography	43,737	3.2	5.8	35.2	55.7	0.0
Occupied Rental Units by Geography	19,428	32.7	13.5	38.6	15.1	0.0
Vacant Units by Geography	3,396	28.2	7.0	31.7	33.1	0.0
Businesses by Geography	10,984	15.3	8.1	36.8	39.8	0.0
Family Distribution by Income Level	43,729	18.3	16.7	21.6	43.4	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$85,966	Median Housing Value			\$245,040
			Median Gross Rent			\$1,137
			Families Below Poverty Level			5.0%
Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. D&B data for 2016 indicates that there were 10,984 non-farm businesses in the assessment area. Gross annual revenues for those businesses are below.

- 81.8 percent have \$1 million or less.
- 7.2 percent have more than \$1 million.
- 11.0 percent have unknown revenues.

Further, 76.4 percent of all businesses in the assessment area have GARs of less than \$0.5 million, 69.6 percent of businesses have four or fewer employees, and 87.3 percent of businesses operate from a single location. These factors indicate that the majority of businesses in the assessment area are very small. Service industries represent the largest portion of businesses in the assessment area at 45.3 percent; followed by retail trade (13.9 percent); construction (10.0 percent); and finance, insurance, and real estate (8.1 percent).

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges Manchester-Nashua, NH MSA Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Manchester-Nashua, NH MSA Median Family Income (31700)				
2016 (\$83,100)	<\$41,550	\$41,550 to <\$66,480	\$66,480 to <\$99,720	≥\$99,720
2017 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 66,561 housing units in the Manchester-Nashua, NH MSA. Of those housing units, 65.7 percent are owner-occupied, 29.2 percent are occupied rental units, and 5.1 percent are vacant. A vast majority (90.9 percent) of owner-occupied housing units in the assessment area are in middle- and upper-income census tracts.

Competition

The assessment area is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 2017, 13 financial institutions operated 37 full-service branches within the assessment area. Of these institutions, Lowell Five ranked 9th with a 1.1 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2016, 264 lenders originated or purchased 6,954 residential mortgage loans. Lowell Five ranked 38th, originating 40 loans for a market share of 0.6 percent.

There is a high level of competition for small business loans in the assessment area. The analysis of small business loans under the Lending Test includes comparisons against aggregate data. The 2016 aggregate data shows that 85 institutions reported 8,568 small business loans in the assessment area. The top four lenders originated 51.2 percent of all small business loans, indicating a high degree of competition for this product. Lowell Five ranked 30th, originating 17 loans for a 0.2 percent market share.

Community Contact

Refer to the community contact section in the overall section for details.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and support for low- and moderate-income residents represent primary community development needs of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

The bank's overall Lending Test performance is rated Satisfactory. The sections below discuss the bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Lowell Five's lending activity in relation to its financial condition, resources, and level of competition in the assessment area. Lowell Five's overall lending activity reflects adequate responsiveness to assessment area credit needs.

In 2016, Lowell Five originated 94 small business loans, totaling approximately \$18.7 million, and 307 home mortgage loans totaling approximately \$97.4 million. Of these totals, 13 small business loans totaling approximately \$3.3 million, and 40 home mortgage loans totaling approximately \$8.4 million, were inside the Manchester-Nashua, NH MSA assessment area. Lending activity for small business loans was similar in 2017. The bank originated 90 small business loans totaling approximately \$23.7 million, of which 19 loans totaling \$4.1 million were inside the Manchester-Nashua, NH MSA assessment area. The number of home mortgage loans declined by number in 2017; however, total dollar volume increased. The bank originated 234 home mortgage loans totaling approximately \$103.1 million, of which 18 totaling approximately \$9.9 million were inside the Manchester-Nashua, NH MSA assessment area.

In 2016, Lowell Five ranked 30th out of 85 lenders that originated or purchased at least one small business loan within Hillsborough County. Lowell Five maintained a market share of 0.2 percent by number and 1.5 percent by dollar volume. The highest ranked small business lenders were primarily credit card companies, including American Express, FSB; Citibank, NA; Capital One Bank (USA), Bank of America NA; NA; and TD Bank, NA. The community banks that ranked ahead of Lowell Five, Enterprise Savings Bank (14th), and Eastern Bank (11th), are much larger.

In 2016, Lowell Five ranked 36th out of 264 lenders that originated or purchased at least one home mortgage loan in the assessment area. The bank's market share was 0.6 percent by number and 0.5 percent by dollar volume. The highest ranked institutions were large national banks, mortgage companies, and online lenders including Wells Fargo Bank, NA; Residential Mortgage Services; Merrimack Mortgage Company LLC; Digital Federal Credit Union; and Quicken Loans. The community banks that ranked above Lowell Five were Institution For Savings (55th), Stonehambank A Co-operative Bank (47th), Randolph Bank (46th), Northern Bank & Trust Company (40th), Enterprise Bank and Trust Company (30th), Eastern Bank (24th), and Sage Bank (23rd). Most banks are significantly larger than Lowell Five.

Geographic Distribution

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

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The following table shows that the bank's performance in low-income census tracts was above aggregate and demographics in 2016; however, the volume was low. In 2017, despite an increase in the percent of businesses in low-income census tracts, lending in low-income census tracts declined to one loan. The bank's lending in moderate-income census tracts was less than demographics and aggregate in 2016. In 2017, lending to moderate-income tracts remained less than demographics despite the percent of businesses decreasing significantly.

Market share information supports the bank's adequate performance. The bank ranked 23rd out of 43 lenders that originated small business loans in low-income census tracts. The bank ranked 34th out of 52 lenders that originated small business loans in moderate-income census tracts. These market rankings are reasonable compared to the bank's overall rank of 30th in the assessment area.

Geographic Distribution of Small Business Loans Manchester-Nashua, NH MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	9.9	8.6	2	15.4	682	20.8
2017	15.3	--	1	5.3	350	8.5
Moderate						
2016	17.5	16.0	1	7.7	325	9.9
2017	8.1	--	1	5.3	88	2.1
Middle						
2016	45.3	45.1	9	69.2	2,263	68.9
2017	36.8	--	7	36.8	1,287	31.2
Upper						
2016	27.3	30.3	1	7.7	16	0.5
2017	39.8	--	10	52.6	2,398	58.2
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	13	100.0	3,286	100.0
2017	100.0	--	19	100.0	4,123	100.0
Source: 2016 and 2017 CRA Loan Registers; 2016 & 2017 D&B Data; 2016 CRA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the bank's performance in low-income census tracts significantly exceeded both the percent of owner-occupied housing units and aggregate performance in 2016. In moderate-income census tracts, the bank's performance was also above aggregate performance and the percent of owner-occupied housing units in those areas. The bank's market ranking supports the excellent performance. In 2016, the bank ranked 2nd out of 52 institutions that originated or purchased home mortgage loans in low-income census tracts, only outranked by Residential Mortgage Services, which originated 12 loans. Lowell Five ranked 18st out of 127 lenders that originated or purchased home mortgage loans in moderate-income census tracts. These rankings compare positively to the bank's overall ranking of 38th. Lastly, in 2017, the bank performed

similarly in low-income census tracts. In moderate-income census tracts, the bank originated one loan and its lending was less than demographics. Part of this decline is because the number of moderate-income tracts fell from six to three.

Geographic Distribution of Home Mortgage Loans Manchester-Nashua, NH MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	1.5	1.8	8	20.0	1,563	18.6
2017	3.2	--	4	22.2	936	9.5
Moderate						
2016	12.5	12.0	11	27.5	2,177	25.8
2017	5.8	--	1	5.6	6,280	63.4
Middle						
2016	47.1	46.3	13	32.5	2,298	27.3
2017	35.2	--	8	44.4	1,428	14.4
Upper						
2016	38.8	39.8	8	20.0	2,385	28.3
2017	55.7	--	5	27.8	1,260	12.7
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	40	100.0	8,423	100.0
2017	100.0	--	18	100.0	9,904	100.0
<i>Source: 2016 and 2017 HMDA LARs; 2010 U.S. Census & 2015 ACS Census; 2016 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

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

Small Business Loans

The distribution of small business loans reflects adequate penetration among businesses of different sizes. The following table shows that the bank originated 38.5 percent of loans to

businesses with GARs of \$1 million or less. This number compares reasonably to aggregate performance, at 4.5 percentage points below.

The difference between aggregate performance and the percent of businesses in this revenue category is because 76.4 percent of all businesses in the assessment area have GARs of less than \$0.5 million. These small businesses may rely on credit cards as a primary form of credit. Market share reports further support this assumption. In 2016, the top four lenders were American Express, FSB; Citibank, NA; Capital One Bank, NA; and Bank of America, NA. They originated 70.1 percent of the small business loans to businesses with revenues of \$1.0 million or less in the assessment area. In 2017, lending by percent declined and remained less than demographics.

Lowell Five ranked 15th of 37 lenders, primarily outranked by large national banks, credit card lenders, and larger community banks and mortgage companies. This market rank compares positively to the bank's overall rank of 30th.

Distribution of Small Business Loans by Gross Annual Revenue Category Manchester-Nashua, NH MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	81.8	43.0	5	38.5	1,663	50.6
2017	81.7	--	6	31.6	729	17.7
>\$1,000,000						
2016	7.2	--	7	53.8	1,581	48.1
2017	7.2	--	12	63.2	3,389	82.2
Revenue Not Available						
2016	11.0	--	1	7.7	42	1.3
2017	11.0	--	1	5.3	5	0.1
Totals						
2016	100.0	100.0	13	100.0	3,286	100.0
2017	100.0	--	19	100.0	4,123	100.0
<i>Source: 2016 and 2017 CRA Loan Registers; 2016 & 2017 D&B Data; 2016 CRA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0</i>						

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels. Examiners focused on the comparison to aggregate data.

The following table shows that in 2016, the bank's lending to low-income borrowers was above aggregate performance, at 5.0 percent; however, volume was low at only two loans.

Performance was also less than demographics. A low-income family in the assessment area would not likely qualify for a mortgage under conventional underwriting standards considering

the median housing value of \$245,040. Further, approximately 5.0 percent of families in the assessment area are below the poverty level and approximately 29.2 percent of housing units in the assessment area are occupied rental units. Since the demand and opportunity for lending to low-income families is relatively limited, this performance is adequate. In 2017, although the bank did not originate any loans, overall volume of home mortgage lending declined in the NH assessment area.

In 2016, the bank did not make any loans to moderate-income borrowers. However, performance improved in 2017 as the bank originated 16.7 percent of total loans to moderate-income borrowers. This is similar to the percent of families living in moderate-income census tracts.

Market share rankings support the bank's adequate performance. In 2016, the bank ranked 30th of 71 institutions in lending to low-income borrowers. This market rank compares positively to the bank's overall rank of 38th in the assessment area. In addition, as depicted by the following table, almost half of the bank's home mortgage loans were to business entities and therefore have no borrower income designation. This reflects the bank's commercial lending focus. Given these factors, this performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level Manchester-Nashua, NH MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	15.7	3.8	2	5.0	222	2.6
2017	18.3	--	0	0.0	0	0.0
Moderate						
2016	18.1	15.5	0	0.0	0	0.0
2017	16.7	--	3	16.7	494	5.0
Middle						
2016	23.3	23.6	4	10.0	872	10.4
2017	21.6	--	7	38.9	1,491	15.1
Upper						
2016	42.8	39.5	9	22.5	1,908	22.7
2017	43.4	--	3	16.7	703	7.1
Not Available						
2016	0.0	17.6	25	62.5	5,421	64.4
2017	0.0	--	5	27.8	7,216	72.9
Totals						
2016	100.0	100.0	40	100.0	8,423	100.0
2017	100.0	--	18	100.0	9,904	100.0

Innovative and Flexible Lending

The bank makes limited use of innovative and/or flexible lending practices in order to serve the assessment area credit needs, which is consistent with its performance in the overall assessment area. Please refer to the overall Innovative and Flexible Lending section for details on specific programs offered by Lowell Five.

Community Development Lending

Lowell Five made an adequate level of community development loans in the Manchester-Nashua, NH MSA assessment area, especially considering limited branch presence. Specifically, the bank originated seven community development loans totaling approximately \$2.4 million. All loans were to purchase or refinance affordable multi-family dwellings in 2016. Through financing the purchase of existing multi-family affordable housing units, the bank is meeting some of the area's credit needs for maintaining the affordable housing stock. Please refer to the Community Development Lending section under the overall Lending Test for examples.

INVESTMENT TEST

The bank's performance is rated Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment Activity

The bank made an adequate level of qualified community development investments and grants in the Manchester-Nashua NH MSA assessment area. The bank's investment activity consisted solely of charitable contributions and grants that totaled \$81,010. This is a substantial increase from the \$17,700 qualified during the previous evaluation. As noted in the overall section, the bank's Manchester-Nashua, NH MSA contains six cities and towns, including four low- and three moderate-income census tracts. This donation level is adequate considering the limited operations in this assessment area compared to the Multistate MSA.

A majority of donations supported community development organizations that provide community services to low- and moderate-income individuals. Please refer to the Investment Activity section under the overall Investment Test for examples of the bank's donations and grants.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community development needs in the Manchester-Nashua NH MSA assessment area. Of the \$81,010 in charitable contributions, 92.6 percent targeted organizations that provide community services to low- and moderate-income

individuals and 7.4 percent targeted organizations that provide affordable housing. Affordable housing and community services are key community development needs of the area as identified by the community contact.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives in the Manchester-Nashua NH MSA assessment area. The bank's investments in the area consisted entirely of charitable contributions and grants.

SERVICE TEST

The bank's performance is rated Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Manchester-Nashua NH MSA assessment area. Lowell Five operates one full-service retail branch, or 7.1 percent of its branches, in this assessment area. This branch, though in an upper-income tract, is adjacent to two moderate-income tracts.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches in the assessment area during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area. Please refer to the Reasonableness of Business Hours and Services under the overall Service Test.

Community Development Services

The bank provides an adequate level of community development services in the Manchester-Nashua NH MSA assessment area. During the evaluation period, the bank provided six instances of community development services in the form of board involvement to four community development organizations. The bank increased services since the last evaluation. Employees' participation primarily supported community services and economic development. Please refer to the Community Development Services section under the overall Service Test for highlights of community service activity.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION		
TIME PERIOD REVIEWED	February 23, 2015 – May 14, 2018	
FINANCIAL INSTITUTION	The Lowell Five Cent Savings Bank	
PRODUCTS REVIEWED:	Small Business Loans 2016, 2017	Home Mortgage Loans 2016, 2017

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Overall Assessment Area	Full-Scope	None	None
Boston-Cambridge-Newton, MA-NH MSA	Full-Scope	None	None
Manchester-Nashua, NH MSA	Full-Scope	None	None

SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Massachusetts	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
New Hampshire	Satisfactory	Satisfactory	Satisfactory	Satisfactory

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The bank maintains a written fair lending policy. The bank supports the fair lending process through consistent underwriting procedures, regular monitoring, and appropriate audits.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2016 and 2017 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's assessment area contained a population of 1,010,173 individuals of which 24.6 percent are minorities. The assessment area's minority and ethnic population is 2.2 percent Black/African American, 7.4 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 13.0 percent Hispanic or Latino and 1.9 percent other.

In 2016, the bank received 268 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 14 or 5.2 percent from minority applicants, of which 7 or 50.0 percent resulted in originations. The aggregate received 59,200 HMDA reportable loan applications of which it received 6,380 or 10.8 percent from minority applicants and originated 4,345 or 68.1 percent. For the same period, the bank also received 9 or 3.4 percent of applications from ethnic groups of Hispanic origin within its assessment area and originated 5 or 55.6 percent versus the aggregate that received 4,507 applications or 7.6 percent and originated 2,830 or 62.8 percent.

For 2017, the bank received 215 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 10 or 4.7 percent from minority applicants, of which 4 or 40.0 percent resulted in originations. For the same period, the bank received 5 or 2.3 percent of applications from ethnic groups of Hispanic origin within its assessment area, and originated 3 or 60.0 percent.

Examiners compared the bank's lending to 2016 aggregate, the most recent year that data was available. This comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2016		2016 Aggregate Data	Bank 2017	
	#	%		#	%
American Indian/ Alaska Native	1	0.4	0.3	1	0.5
Asian	9	3.4	7.0	6	2.8
Black/ African American	2	0.7	1.9	2	0.9
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	2	0.7	1.3	1	0.5
Total Minority	14	5.2	10.8	10	4.7
White	162	60.5	68.7	121	56.3
Race Not Available	92	34.3	20.5	84	39.0
Total	268	100.0	100.0	215	100.0
ETHNICITY					
Hispanic or Latino	7	2.6	6.5	3	1.4
Not Hispanic or Latino	166	61.9	72.4	124	57.7
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.8	1.1	2	0.9
Ethnicity Not Available	93	34.7	20.0	86	40.0
Total	268	100.0	100.0	215	100.0

Source: US Census 2010, HMDA Aggregate Data 2016, HMDA LAR Data 2016 and 2017 *Due to rounding, totals may not equal 100.0 percent.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2016, 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 (34 John Street, Lowell Massachusetts 01852)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (34 John Street, Lowell Massachusetts 01852)."

[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.