

PUBLIC DISCLOSURE

March 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Lowell Five Cent Savings Bank
Certificate Number: 90227

30 International Place
Tewksbury, Massachusetts 01876

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

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

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

TABLE OF CONTENTS

Institution Rating	
Overall Rating	1
Performance Test Ratings Table	1
Summary of Major Factors Supporting Rating	1
Institution	
Scope of Evaluation	3
Description of Institution	5
Description of Assessment Area	7
Conclusions on Performance Criteria	8
Multistate Metropolitan Area	
Multistate Metropolitan Area Rating	18
Scope of Evaluation	18
Description of Institution's Operations	18
Conclusions on Performance Criteria	21
State of New Hampshire	
State Rating	34
Scope of Evaluation	34
Description of Institution's Operations	34
Conclusions on Performance Criteria	36
Appendix	
Scope of Evaluation	46
Summary of State and Multistate Metropolitan Area Ratings	46
Division of Banks Fair Lending Policies and Procedures	47
Glossary	49

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 makes limited use of innovative and flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

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

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the institution'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 to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- The bank is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 14, 2018, to the current evaluation dated March 29, 2021. Examiners used the Interagency Large Institution Examination Procedures to evaluate The Lowell Five Cent Savings Bank's (Lowell Five's) 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 two major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger volume of originations compared to small business lending during the bank's normal operations. No other loan types, such as small farm or consumer loans,

represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

Examiners considered all home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. In 2018, the bank reported 223 loans totaling \$85.8 million; in 2019, the bank reported 220 loans totaling \$85.0 million; and in 2020, the bank reported 257 loans totaling \$153.5 million. Examiners compared the bank's 2018 and 2019 performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Aggregate data is not yet available for 2020. Additionally, examiners compared the bank's 2018, 2019, and 2020 home mortgage performance to the 2015 American Community Survey (ACS) demographic data.

Examiners also considered all small business loans reported on the bank's 2018, 2019, and 2020 Community Reinvestment Act (CRA) Loan Registers. Lowell Five reported 112 small business loans totaling \$25.1 million in 2018; 99 loans totaling \$22.4 million in 2019; and 634 loans totaling \$65.1 million in 2020. The large increase in volume in 2020 resulted from the Small Business Administration (SBA) Paycheck Protection Program (PPP) offered in response to the COVID-19 pandemic. This increased volume of small business lending was abnormal in 2020 and not likely to be continued in future years. It also does not represent the volume of small business loans originated during Lowell Five's normal operations. Therefore, examiners placed more weight on home mortgage lending, since the bank originates considerably more home mortgage loans during years in which it operates normally. Examiners compared the bank's 2018 and 2019 small business lending performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Aggregate data is not yet available for 2020. Examiners also compared 2018, 2019, and 2020 small business lending performance to D&B business demographic data.

Although examiners analyzed 2018 home mortgage and small business lending, 2018 lending was similar to performance in 2019; therefore, examiners did not present 2018 performance under the Geographic Distribution and Borrower Profile criteria.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although number and dollar volume are presented, examiners emphasized performance by number of loans as it is a better indicator of the number of individuals and businesses served.

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices since the prior evaluation date of May 14, 2018.

DESCRIPTION OF INSTITUTION

Background

Lowell Five is a wholly owned subsidiary of Lowell Five Bancorp, Inc. that maintains its corporate headquarters in Tewksbury, Massachusetts (MA). Lowell Five Bancorp, MHC is a mutual holding company that wholly owns Lowell Five Bancorp, Inc., which is a mid-tier stock holding company. Lowell Five has four subsidiaries, three of which are real estate subsidiaries, Merrimack Properties Inc., Lakeview Investments Inc., and L5 North Street Holdings, LLC. The fourth, Lowell Securities Corporation, is a MA securities corporation that buys, holds, and sells investment securities. The bank has one affiliate, the Lowell Five Charitable Foundation. Lowell Five received a “High Satisfactory” rating from the Division and “Satisfactory” rating from the FDIC at its previous joint Performance Evaluation dated May 14, 2018 using Interagency Large Institution Examination Procedures.

Operations

Lowell Five operates 16 branches (14 are full-service and 2 are seasonal) and 3 standalone automated teller machines (ATMs) throughout the Northern MA and southern New Hampshire (NH). The majority of the branches are in MA, with 13 in Middlesex County and 2 in Essex County. There is one branch just over the border in NH in Hillsborough County. The two seasonal branches are located in Middlesex County, MA at Nashoba Valley Technical High School and Vocational Technical High School. In March 2020, Lowell Five relocated its Main Branch from Lowell, MA to co-locate with its corporate offices in Tewksbury, MA. Otherwise, there was no change in branch structure, and no merger or acquisition activities occurred since the previous evaluation.

Lowell Five offers a variety of consumer and business financial products. The bank makes commercial, home mortgage, and consumer loans with a continued primary focus on commercial lending. Consumer loan products include residential mortgages, home equities, home equity lines of credit, and personal loans. Commercial lending products include construction loans, investment residential real estate (reflected in the bank’s HMDA data), multifamily housing, business term and lines of credit, and small business loans. Consumer and business deposit services include checking, savings, money market deposit accounts, certificates of deposit, and individual retirement accounts. The bank also offers personal financial planning through a relationship with KAF Financial Advisors, LLC. Alternative banking services include online and mobile banking, electronic bill pay, and person-to-person payments.

Ability and Capacity

Assets totaled approximately \$1.4 billion as of December 31, 2020, and included total loans of \$1.1 billion and securities of \$108.0 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	136,438	12.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	379,916	35.2
Secured by Multifamily (5 or more) Residential Properties	111,715	10.3
Secured by Nonfarm Nonresidential Properties	363,069	33.6
Total Real Estate Loans	991,138	91.7
Commercial and Industrial Loans	87,980	8.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,917	0.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,081,035	100.0
<i>Source Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners evaluate its CRA performance. Lowell Five operates in two contiguous assessment areas: the Boston-Cambridge-Newton, MA-NH (Multistate Metropolitan Statistical Area (MSA)) assessment area and the Manchester-Nashua, NH MSA (Manchester-Nashua MSA) assessment area.

Lowell Five's headquarters and main branch are in the Multistate MSA assessment area. The Multistate MSA includes 166 census tracts in portions of Middlesex County, MA; Essex County, MA; and Rockingham County, NH. The Manchester-Nashua MSA assessment area includes 30 census tracts in a portion of Hillsborough County, NH. The assessment area has not changed since the previous evaluation.

The following table illustrates the distribution of the bank's loans, deposits, and full-service branches by MSA.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	#	%	\$(000s)	%	#	%
Multistate MSA	1,060	88.9	1,135	95.7	13	92.9
Manchester-Nashua MSA	133	11.1	51	4.3	1	7.1
Total	1,193	100.0	1,186	100.0	14	100.0

Source: Bank Records; FDIC Summary of Deposits (6/30/20)

Please refer to the individual assessment areas for information on economic and demographic data, competition, and community credit needs and opportunities.

Interstate Banking and Branching Efficiency Act (IBBEA)

IBBEA requires separate discussions and ratings of CRA performance in each Multistate MSA and state in which the bank maintains a branch. Examiners used full-scope procedures to evaluate and rate the bank's performance in the Boston-Cambridge-Newton, MA-NHMSA, which corresponds to the Multistate MSA assessment area as described in the previous section. Examiners also used full scope procedures to evaluate performance in the state of NH, which corresponds to the Manchester-Nashua MSA assessment area, also described in the previous section. In addition, examiners assigned an overall rating based on input from the two rated areas, as weighted by the proportions of operations in each area. Referencing the table above, examiners assigned the greatest weight to the bank's performance in the Multistate MSA and less weight to performance in the state of NH.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Lowell Five's overall Lending Test performance is rated High Satisfactory.

Lowell Five's excellent performance in Community Development Lending combined with good performance in Geographic Distribution, Lending Activity, and Assessment Area Concentration criteria primarily supports this rating. Lowell Fives's overall performance was inconsistent between assessment areas. The bank's performance in the Multistate MSA assessment area contributed the most to the conclusions for each performance criteria in the Lending Test.

This section presents the bank's overall performance in the combined assessment area. Separate presentations for the individual assessment areas are included in later sections.

Lending Activity

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2018, 2019, and 2020, Lowell Five originated 700 home mortgage loans totaling approximately \$324.3 million and 845 small business loans totaling approximately \$112.5 million. Of this total, 478 home mortgage loans, totaling approximately \$178.2 million and 715 small business loans, totaling approximately \$91.0 million, were inside the assessment area. In home mortgage lending, Lowell Five ranked 61st out of 500 total lenders in market share with 0.3 percent in the combined assessment area, while small business lending ranked 53rd out of 174 total lenders with 0.1 percent. Description of the Assessment Area section in each individual assessment area discusses the bank's market share rankings for home mortgage and small business lending.

While home mortgage and small business lending numbers fluctuate somewhat year over year, the lending volume within the assessment area generally remains steady. Lending volume also remains generally consistent with the previous evaluation as well. The one exception is the volume of PPP loans the bank originated in 2020. In this instance, small business lending volume exhibits an uncharacteristic increase in that year, but this resulted from a likely one-time program offering in response to the COVID-19 pandemic.

Assessment Area Concentration

Lowell Five made a high percentage of home mortgage and small business loans, by number and dollar volume within its combined assessment area. Please see the table below.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	158	70.9	65	29.1	223	51,496	60.0	34,335	40.0	85,831
2019	149	67.7	71	32.3	220	50,615	59.5	34,400	40.5	85,015
2020	171	66.5	86	33.5	257	76,090	49.6	77,405	50.4	153,494
Subtotal	478	68.3	222	31.7	700	178,201	54.9	146,140	45.1	324,340
Small Business										
2018	91	81.3	21	18.8	112	18,962	75.6	6,128	24.4	25,090
2019	76	76.8	23	23.2	99	17,428	77.9	4,953	22.1	22,381
2020	548	86.4	86	13.6	634	54,579	83.9	10,488	16.1	65,067
Subtotal	715	84.6	130	15.4	845	90,969	80.8	21,569	19.2	112,538
Total	1,193	77.2	352	22.8	1,545	269,170	61.6	167,709	38.4	436,878
<i>Source Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects good penetration of home mortgage and small business loans throughout the assessment areas. Lowell Five’s performance was consistent in both assessment areas; therefore, good performance in the Multistate MSA and the Manchester-Nashua MSA support this conclusion. Please see the individual assessment area sections for more details.

Borrower Profile

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 sizes. Lowell Five’s performance was not consistent between the two assessment areas. Adequate performance in the Multistate MSA outweighs the bank’s poor performance in the Manchester-Nashua MSA to support this conclusion. Please refer to the individual assessment area sections for additional details.

Innovative and Flexible Lending

Lowell Five makes limited use of innovative and/or flexible lending programs to serve assessment area credit needs. Programs involve government-related subsidies and guarantees. The bank originated 678 innovative and flexible loans, totaling \$75.6 million, to individuals and businesses during the evaluation period. Of these innovative and flexible loans, the bank made two loans for \$995,000 for its in-house First Time Home Buyer program, 103 loans for \$17.4 million through small business lending programs, and 573 loans for \$57.2 million through the SBA PPP.

Total loan volume during this evaluation significantly increased since the previous evaluation due to SBA PPP loans in 2020. However, aside from PPP lending, the bank originated 105 innovative and flexible loans, totaling \$18.4 million, to individuals and businesses. This volume represents a decrease from the previous evaluation, when the bank made 126 innovative and flexible loans, totaling \$26.1 million, to individuals and businesses.

The following highlights the various innovative and flexible loan programs offered by the bank.

Residential Lending Programs

- **First Time Homebuyer (FTHB) Program** – Lowell Five’s FTHB loan is available to all borrowers who have not owned a property for the prior three years. The program allows eligible applicants to select any of the bank’s adjustable-rate mortgage loans (ARM) products. The applicant receives the bank’s published loan rate with one point, but the point is waived. While the program is not specifically for low- and moderate-income individuals, the majority of borrowers who benefit from the program are considered low- and moderate-income.

Small Business Lending Programs

- **SBA 7a Loan Programs** - The maximum loan amount is \$5.0 million and the SBA guarantees 75.0 percent of the value of most loans; 85 percent guaranty for loans up to \$150,000. Small businesses that meet the SBA’s size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties.
- **SBA Express Loan Program** - This program offers borrowers an accelerated approval turnaround time on loan amounts up to \$350,000. The SBA provides a maximum guaranty of 50.0 percent.
- **SBA 504 Certified Development Company (CDC) Program** - The SBA 504 CDC Program is an economic development program offering small business financing while creating jobs and promoting job growth. The program provides approved small businesses with long-term, fixed-rate financing for major fixed assets.
- **SBA PPP**: The SBA created this program in response to the COVID-19 pandemic to provide incentive for small businesses to retain employees on their payrolls. Businesses that spent at least 60 percent of loan proceeds on payroll and retained both employees and compensation levels are now eligible for loan forgiveness.
- **Commonwealth of Massachusetts Small Business Partnership** – This program shifts state cash deposits to banks with strong records of making small business loans. Lowell Five received cash deposits from the state to expand the volume of its small business lending by offering low interest loans of up to \$1.0 million with the goal of helping small businesses expand or add employees. Since this program is funded by the Commonwealth of Massachusetts, it is not available to businesses located in the

Manchester-Nashua MSA assessment area or the Rockingham County, NH portion of the Multistate MSA assessment area.

Innovative or Flexible Lending Programs										
Type of Program	2018		2019		2020		2021		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
First Time Homebuyer	1	537	1	458	0	0	0	0	2	995
MA Small Business Partnership	28	3,840	37	5,028	26	4,752	8	2,110	99	15,730
SBA 7a & Express Loan Program	1	350	0	0	1	50	0	0	2	400
SBA 504	0	0	2	1,258	0	0	0	0	2	1,258
SBA PPP	0	0	0	0	573	57,211	0	0	573	57,211
Totals	30	4,727	40	6,744	600	62,013	8	2,110	678	75,594
<i>Source Bank Data</i>										

Community Development Lending

Lowell Five is a leader in community development lending. Lowell Five’s performance between the two assessment areas was not consistent. Community development lending in the higher weighted Multistate MSA assessment area primarily supports this conclusion.

During the evaluation period, the bank originated 55 community development loans totaling approximately \$49.9 million. Of this total, 38 loans for approximately \$32.8 million directly benefitted the assessment areas. The number and dollar amount of community development loans within the combined assessment area is slightly less than the previous evaluation, when the bank originated 40 loans for \$32.2 million. Given the bank’s responsiveness to the needs of the assessment areas, the bank also received credit for community development loans outside the combined assessment area. The bank also originated 17 additional community development loans, totaling approximately \$17.1 million, outside the combined assessment area that the following table does not reflect. The level of community development activity represents 4.9 percent of average total assets and 6.2 percent of average total loans since the prior evaluation.

Please refer to the individual assessment areas for examples of community development loans. The following table illustrates the community development loans by year and purpose.

Community Development Lending										
Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	5	2,133	0	0	2	67	0	0	7	2,200
2019	7	3,177	0	0	0	0	0	0	7	3,177
2020	16	18,729	0	0	0	0	4	4,962	20	23,691
YTD 2021	2	1,108	0	0	0	0	2	2,649	4	3,757
Total	30	25,147	0	0	2	67	6	7,611	38	32,825
<i>Source Bank Data</i>										

INVESTMENT TEST

Lowell Five’s overall Investment Test performance is rated High Satisfactory. Lowell Five’s performance was not consistent between the assessment areas. The bank’s performance in the Multistate MSA assessment area contributed the greatest weight to the conclusions for each performance criteria in the Investment Test. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

The bank made a significant level of qualified investments. During the evaluation period, qualified investments, grants, and donations totaled \$10.8 million. The total dollar amount of equity investments represents 0.8 percent of average total assets and 9.8 percent of securities since the prior evaluation. Of the total equity investment value of \$10.2 million, 10 investments totaling \$6.8 million benefitted the Multistate MSA assessment area and 2 totaling \$3.4 million served a larger regional area that benefits the combined assessment area. The total number of investments decreased from the last evaluation, but the dollar amount of investments increased approximately 23.4 percent.

A substantial majority of investments, by dollar volume, supported affordable housing for low- and moderate-income individuals in the assessment area. The community contact cited affordable housing as the primary community development need in the bank’s assessment area. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	3,393	5	1,988	0	0	1	254	8	5,635
2018	1	1,436	0	0	0	0	0	0	1	1,436
2019	1	1,036	0	0	0	0	0	0	1	1,036
2020	0	0	0	0	0	0	1	625	1	625
YTD 2021	1	1,500	0	0	0	0	0	0	1	1,500
Subtotal	5	7,365	5	1,988	0	0	2	879	12	10,232
Qualified Grants & Donations	20	40	151	446	1	1	3	36	175	523
Total	25	7,405	156	2,434	1	1	5	915	187	10,755
<i>Source Bank Data</i>										

Equity and Debt Security Investments

The following summarizes the new equity investments, examples of prior period investments, and qualified grants and donations made by the bank and its charitable foundation:

Current Period Investments

- **Fannie Mae Mortgage Backed Securities** – The bank purchased a mortgage-backed security in 2019 for \$1,036,200. Low- or moderate-income borrowers hold all of the underlying mortgages, which are located in Haverhill and Lowell in MA and Nashua in NH. These investments benefit the combined assessment area and meet the purpose of affordable housing.

Prior Period Investments

- **Varney School Apartments/TownHouse of Lowell** – The bank purchased a mortgage-backed security in January of 2016. The current book value is \$2,380,879. Two multi-family housing projects collateralize the underlying mortgages, which are located in Lowell, MA and Manchester, NH. Both projects are reserved for Section 8 rental recipients.

Charitable Contributions

The bank made 175 donations for \$523,411 during the evaluation period. This total includes 170 donations for approximately \$509,811 in the combined assessment area and 5 for approximately \$13,600 that served a larger regional area that benefits the combined assessment area. The following are details of notable qualified donations that cover a regional area that includes the bank’s combined assessment area.

- **Massachusetts Bankers Association (MBA) Charitable Foundation** – The MBA Charitable Foundation distributes grants to deserving community organizations across Massachusetts. The foundation distributes grants to a wide range non-profits and social agencies, with a primary focus on those that address pressing issues facing low- and moderate-income individuals, such as homelessness/women’s shelters and fighting hunger. The bank provided annual donations totaling \$12,600 to this organization.
- **HOPE Worldwide Massachusetts** – The aim of this organization is to serve local community needs through voluntary service. The majority of programs serve low- and moderate-income communities, including English to Speakers of Other Languages (ESOL) programs, a food pantry in the Metrowest region, and an afterschool program for Mather Elementary in Boston (74 percent reduced-price lunch). The bank provided annual donations totaling \$1,000 to this organization.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community economic needs. All equity investments directly impact the assessment areas. This is unique as similarly situated institutions often rely on broader statewide, regional, and even national investments as the majority of their volume. For the bank to focus their investments specifically on projects within the assessment area (for both new and prior-period projects) speaks to commitment to meeting local credit and investment needs. The majority of bank’s investments supported the critical need for affordable housing given the high cost of housing in the assessment area, as well as infrastructure investments requested from the municipalities. The bank’s investments increased availability of both rental and homeownership opportunities for low- and moderate-income individuals. Additionally, the community contact, and a community needs assessment indicated that affordable housing is an ongoing concern. This further demonstrates the bank’s responsiveness to community development needs.

The bank also made grants that supported low- and moderate-income individuals. Grants and donations supported low-income students, community services, and a wide range of community development activities. The bank targeted donations to some of the lowest income individuals and areas of its assessment area. For examples, please refer to organizations such as Community Teamwork, Inc., Lazarus House Ministries, and the Front Door Agency in the Investment and Grant Activity sections of the individual assessment areas.

Community Development Initiatives

The bank occasionally uses innovative and complex investments to support community development initiatives. The bank’s current period investments were primarily mortgage backed securities, a vehicle routinely provided by other investors. The bank also maintains several municipal investments that aid public schools (primarily serving low- and moderate-income families) and infrastructure (in primarily low- and moderate-income areas). Examiners do not ordinarily observe these municipal investments from institutions of a similar size and are an innovative way of meeting community needs.

SERVICE TEST

Lowell Five's overall Service Test performance is rated High Satisfactory. Lowell Five's performance was not consistent between the two assessment areas. A substantial majority of the bank's loans, deposits, and branches are located in the Multistate MSA; therefore, examiners placed significant weight on performance in that assessment area to support a rating this rating. 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 assessment area. Banking services are available at any time both online and via ATMs. The bank's corporate headquarters and main office are located in Tewksbury, in a middle-income census tract. The bank currently operates 14 full-service branches located in Billerica, Chelmsford (2), Dracut, Haverhill, Lowell (2), Pepperell, Tewksbury (2), Westford, Wilmington, Nashua, and North Andover. The bank's branches in Dracut, Haverhill, Lowell (2), Pepperell, and North Andover are all located in low- or moderate-income census tracts. In addition to having ATMs located in branch offices, the bank has three stand-alone ATMs. Two are located in Lowell and one is located in North Andover, and all are in low- or moderate-income census tracts.

The bank offers Internet banking at its website: www.lowellfive.com. Free online services include access to balances and accounts 24/7, transfer funds, email alerts notifying customers of account activity, bill pay, eStatements, and stop payment capabilities. The bank also offers mobile banking with capabilities such as balance inquiries, bill payment, transfers, transaction review, and text alerts.

The following table shows the bank's branch structure (14 full-service branches) and ATM network by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Combined								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	38	19.4	156,481	15.5	2	14.3	4	23.5
Moderate	24	12.2	120,558	11.9	4	28.6	5	29.4
Middle	79	40.3	420,700	41.7	6	42.8	6	35.3
Upper	55	28.1	312,434	30.9	2	14.3	2	11.8
Total	196	100.0	1,010,173	100.0	14	100.0	17	100.0

Source 2015 ACS Data; Bank Data

Changes in Branch Locations

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 to low- and moderate-income individuals.

The bank temporarily closed two school branches in Tyngsboro and Westford, in middle- and upper-income census tracts respectively. The closures were a result of 2020 school closures in response to the COVID-19 pandemic.

Reasonableness of Business Hours and Services

Services, including business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services meet the needs of the assessment area. All full-service branches are open on Saturday.

The bank provides expanded retail services to low- or moderate-income populations. The bank offers a no cost checking account, which qualifies for MA Community & Banking Council (MCBC) Basic Banking standards. The bank also offers support for Individual Development Accounts (IDAs) in collaboration with the International Institute. IDAs help low-income individuals achieve financial stability through savings and targeted matching. The bank administered over 125 IDAs during the evaluation period, and opened 67 accounts. This is an innovative retail service not routinely provided by other financial institutions in the area.

The bank adjusted its bank services in response to the COVID-19 pandemic to support customers. The bank waived over 5,000 overdraft protection fees totaling \$26,490 and over 250 CD penalty fees totaling \$40,208 since the pandemic began. The purpose of these waivers is to improve consumer access to funds and reduce costs for individuals undergoing hardship, particularly low- and moderate-income individuals.

Community Development Services

The bank is a leader in providing community development services. The number of services is above similarly situated institutions, and the depth, innovativeness, and responsiveness reflect the qualitative impact of the community development service.

During the evaluation period, the bank provided 252 instances of technical expertise, financial literacy education, or technical assistance to community development organizations. Lowell Five increased the number of instances of community development services since the prior evaluation significantly, when the bank provided 155 instances. The following table illustrates the bank's community development services by year and purpose.

Community Development Services Assessment Area: Combined					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	6	79	8	1	94
2019	3	77	2	2	84
2020	3	39	2	2	46
YTD 2021	2	24	0	2	28
Total	14	219	12	7	252
<i>Source Bank Data</i>					

Of the total 252 service instances, 243 were in the assessment areas while 9 served a broader regional area that benefitted the assessment area. The following are examples of the bank’s community development services that impacted the broader regional area:

Employee Involvement

- **Easter Seals of Massachusetts** – Easter Seals provides social services throughout MA for veterans and individuals with disabilities. Programs include assistive technology development, mentorship, and employment development. The majority of individuals benefitting from these programs receive government assistance and are from low- and moderate-income households. The bank’s Community Outreach Officer assists in organizing fundraising events as part of the advisory committee.

Technical Assistance

- **Federal Home Loan Bank of Boston Jobs for New England Recovery Grant Program** – The Jobs for New England grant program aims to create and retain jobs for small businesses under financial stress due to COVID-19. The bank applied for \$100,000 in recovery grant funds and distributed the funds to six small businesses in the assessment area and a broader regional area including the assessment area. This service supported economic development through the technical assistance of small businesses.
- **Interest on Lawyers’ Trust Accounts (IOLTA)** – Lowell Five remitted approximately \$12,941 in interest to community legal organizations from MA and NH IOLTA accounts since the previous evaluation. Lawyers place client deposits, such as escrow accounts, in interest bearing accounts. Rather than retaining the interest earned, the bank applies the funds to the delivery of legal services to low-income clients. Organizations include Homeowner Options for MA Elders, NH Bar Association Modest Means Legal Program, and Community Legal Services and Counseling Center.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA: Satisfactory.

The Division of Banks (Division) assigned a **High Satisfactory** rating.

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 that discussed in the overall section, except that this portion of the evaluation only considers activity in the Multistate MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

The Multistate MSA assessment area includes 166 census tracts in portions of Middlesex County, MA; Essex County, MA; and Rockingham County, NH. This includes 96 census tracts in Middlesex County, MA; 61 census tracts in Essex County, MA; and 9 census tracts in Rockingham County, NH. The bank did not change the assessment area during the evaluation period and did not open or close any branches. Lowell Five operates 15, or 93.8 percent, of its 16 branches in the Multistate MSA assessment area. Examiners placed greater weight on this assessment area because it contains the majority of the bank's branches, loans, and deposits. The following sections discuss demographic and economic information for the Multistate MSA.

Economic and Demographic Data

The 166 census tracts within the assessment area reflect the following income designations:

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

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

Demographic Information of the Assessment Area

Assessment Area: Multistate MSA

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	65,744	11.5	8.8	46.3	33.4	0.0
Farms by Geography	1,416	3.7	5.7	48.2	42.3	0.0
Family Distribution by Income Level	215,978	23.8	16.8	20.7	38.6	0.0
Household Distribution by Income Level	303,036	26.4	14.8	16.8	42.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$336,099
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$90,150	Median Gross Rent			\$1,113
			Families Below Poverty Level			7.1%

Source 2015 ACS and 2019 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.*

According to 2019 D&B data, 65,744 non-farm businesses operate in the Multistate MSA assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 84.3 percent have \$1.0 million or less,
- 6.8 percent have more than \$1.0 million, and
- 8.9 percent have unknown revenues.

Service industries represent the largest portion of businesses at 42.5 percent; followed by non-classifiable establishments (13.9 percent); retail trade (11.5 percent); construction (9.4 percent); and finance, insurance, and real estate (8.6 percent). In addition, 64.7 percent of area businesses have four or fewer employees, and 89.5 percent operate from a single location. Major employers in the assessment area include Lahey Clinic and Hospital, Raytheon, and Oracle.

According to the Bureau of Labor Statistics, the average unemployment rate in 2019 was 2.3 percent in Middlesex County, MA; 3.0 percent in Essex County, MA; and 2.7 percent in Rockingham County, NH. Local unemployment rates are similar to the MA statewide rate of 2.9 percent and NH statewide rate of 2.5 percent respectively. The unemployment rate in the assessment area declined slowly throughout the evaluation period, but began increasing rapidly in March 2020 because of the COVID-19 pandemic.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively expensive in the assessment area as demonstrated by a median housing cost of \$336,099. This cost is lower than that in the overall state of MA (\$358,764), but higher than that in NH (\$237,081) and the entire U.S. (\$225,895).

Examiners used the 2019 and 2020 FFIEC-updated median family income levels 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				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
Rockingham County-Strafford County, NH Median Family Income (40484)				
2019 (\$103,200)	<\$51,600	\$51,600 to <\$82,560	\$82,560 to <\$123,840	≥\$123,840
2020 (\$106,600)	<\$53,300	\$53,300 to <\$85,280	\$85,280 to <\$127,920	≥\$127,920
<i>Source FFIEC</i>				

Competition

Lowell Five faces a high level of competition for home mortgage loans from banks, credit unions, and non-depository mortgage lenders. In 2019, 482 lenders reported 38,348 residential mortgage loans originated or purchased. Lowell Five ranked 59th with a market share of 0.3 percent. The three most prominent home mortgage lenders accounted for 14.3 percent of total market share. Wells Fargo Bank was the highest ranked mortgage lender, followed by Citizens Bank and Quicken Loans.

There is also a high level of competition for small business loans from national banks and other community banks. In 2019, 165 lenders originated 76,234 small business loans in Middlesex, Essex, and Rockingham counties for approximately \$2.3 billion. Lowell Five reported 80 small business loans and ranked 56th by number with 0.1 percent market share. The top five institutions, mainly credit card lenders, had average loan sizes below \$25,000 and originated 63.4 percent of all small business loans. Lowell Five's average loan size was approximately \$211,000.

Community Contact

As part of the evaluation process, examiners contact third-parties active in the 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 contacted a representative of a housing organization that serves Lowell, MA; one of the cities that is within the bank's Multistate MSA assessment area. The contact described how city residents are facing substantial economic hardship because of the COVID-19 pandemic. Predominant concerns include food, personal care products, and childcare services. In addition, the contact noted that the real estate market remains competitive despite the pandemic, and clients who attend first time homebuilder programs have difficulty finding affordable homes for purchase. While law from eviction has protected tenants during the pandemic, if property owners are to start evicting residents, the cost of rising rents will make it very difficult for the city's low- and moderate-income residents to find housing.

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 (including affordable rental housing) and community services represent primary community development needs for the assessment area.

Opportunities exist for financial institutions to participate in real estate development projects by providing construction loan financing. Affordable housing projects are generally more prevalent in the MA portion of the assessment area. Aside from funding affordable housing projects, there are additional opportunities to meet affordable housing needs by funding purchases of existing rental housing with affordable rental costs. Opportunities also exist through lending to community service organizations and providing funding to Community Development Financial Institutions (CDFIs).

CONCLUSIONS ON PERFORMANCE CRITERIA IN BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

LENDING TEST

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

Lending Activity

Lowell Five's lending levels reflect good responsiveness to assessment area credit needs. In 2019 and 2020, Lowell Five Bank reported 286 home mortgages totaling approximately \$115.6 million and 564 small business loans totaling approximately \$61.8 million in the Multistate MSA assessment area.

The Competition section above previously discussed the bank's market share rankings for home mortgage and small business lending.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the Multistate MSA assessment area. Examiners focused on the comparison to aggregate data. In 2019, Lowell Five's performance exceeded aggregate performance in low-income census tracts and significantly exceeded the aggregate in moderate-income census tracts. In 2020, performance by loan number and percentage increased in both low- and moderate-income tracts. Lowell Five's performance also exceeded demographic data in both years in low- and moderate-income tracts.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.5	7.8	14	10.6	3,203	7.1
2020	5.5	--	33	21.4	16,713	23.8
Moderate						
2019	11.3	11.1	25	18.9	8,680	19.1
2020	11.3	--	31	20.1	17,964	25.6
Middle						
2019	49.2	48.3	57	43.2	17,047	37.6
2020	49.2	--	55	35.7	22,427	32.0
Upper						
2019	34.0	32.7	36	27.3	16,460	36.3
2020	34.0	--	35	22.7	13,077	18.6
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	132	100.0	45,390	100.0
2020	100.0	--	154	100.0	70,181	100.0
<i>Source 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration. Lowell Five's lending was lower than aggregate and demographics in low- and moderate-income tracts in 2019. Performance increased noticeably in 2020 with lending numbers that reflect a large number of SBA PPP loans. Despite the increased performance in 2020, the bank's lending level still trailed demographics slightly in low-income tracts while it exceeded the demographics significantly in moderate-income tracts. Overall, the improved performance in 2020 as compared to demographics offsets results in 2019 to support an adequate rating.

Geographic Distribution of Small Business Loans						
Assessment Area: Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2019	11.5	11.0	3	4.5	1,250	8.4
2020	11.5	--	51	10.2	6,056	12.9
Moderate						
2019	8.8	8.3	5	7.6	1,928	13.0
2020	8.7	--	82	16.5	7,068	15.0
Middle						
2019	46.3	47.8	31	47.0	5,747	38.8
2020	46.3	--	245	49.2	22,257	47.3
Upper						
2019	33.4	32.9	27	40.9	5,887	39.7
2020	33.5	--	120	24.1	11,655	24.8
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	66	100.0	14,812	100.0
2020	100.0	--	498	100.0	47,036	100.0
<i>Source 2019 & 2020 D&B Data; Bank Data; 2019 CRA 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 individuals of different income levels and businesses of different sizes in the Multistate MSA assessment area. The bank's adequate performance of home mortgage lending outweighs the good performance of small business lending to support this conclusion. Examiners focused on the percentage of home

mortgage loans to low- and moderate-income borrowers and small business loans by number to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's lending to low-income borrowers was below aggregate performance and demographics in 2019.

Performance to low-income borrowers increased slightly by number and percentage in 2020, but remained well below demographics. The cost of housing in the assessment area partially explains the discrepancy in comparison to demographics. A low-income family in the Multistate MSA assessment area, earning less than \$59,400, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$336,099. Additionally, 7.1 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

In 2019, the bank's lending to moderate-income borrowers was below aggregate performance, but roughly aligned with demographics. Performance by number improved in 2020 although dropped slightly by percentage due to the increased number of total home mortgage loans. The bank's large volume of business purpose lending, for which the bank does not report borrower income level, partially explains the difference in performance as compared to aggregate. In 2019, Lowell Five's volume of lending in the "NA" income category more than doubled the aggregate, while in 2020, almost half of the bank's lending was in that category. Analysis of the bank's lending in low- and moderate-income tracts, when adjusted for the large volume of "NA" income category loans, supports an adequate rating as compared to the aggregate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.8	7.7	7	5.3	1,151	2.5
2020	23.8	--	9	5.8	1,590	2.3
Moderate						
2019	16.8	21.8	21	15.9	4,777	10.5
2020	16.8	--	22	14.3	4,967	7.1
Middle						
2019	20.7	23.9	22	16.7	5,934	13.1
2020	20.7	--	22	14.3	7,093	10.1
Upper						
2019	38.6	33.8	41	31.1	17,644	38.9
2020	38.6	--	27	17.5	10,443	14.9
Not Available						
2019	0.0	12.8	41	31.1	15,885	35.0
2020	0.0	--	74	48.1	46,088	65.7
Totals						
2019	100.0	100.0	132	100.0	45,390	100.0
2020	100.0	--	154	100.0	70,181	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs of \$1.0 million or less. The bank’s performance, by percentage, exceeded aggregate data in 2019 but then declined in 2020. Although the bank’s performance was below demographics in both years, not all businesses in the assessment area are in the market for a small business loan; therefore, examiners focused on comparison to aggregate. The large volume of SBA PPP loans made during the COVID-19 pandemic, for which the bank did not record GAR as part of the credit decision, explains the decline in performance in 2020. The unique prevalence of “Revenue Not Available” loans in 2020 reduces the percentage of loans made to businesses with GARs of under \$1.0 million or less, but does not indicate adverse performance by the bank. Although not shown on the table, performance in 2018 also exceeded aggregate in that year, further supporting good penetration.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	84.3	40.4	30	45.5	5,228	35.3
2020	85.6	--	166	33.3	7,795	16.6
>1,000,000						
2019	6.8	--	28	42.4	8,967	60.5
2020	6.1	--	138	27.7	27,407	58.3
Revenue Not Available						
2019	8.9	--	8	12.1	617	4.2
2020	8.4	--	194	39.0	11,834	25.2
Totals						
2019	100.0	100.0	66	100.0	14,812	100.0
2020	100.0	--	498	100.0	47,036	100.0
<i>Source 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Lending

Lowell Five is a leader in making community development loans in the Multistate MSA assessment area. During the evaluation period, the bank originated 33 loans for \$28.6 million in the assessment area. This activity is similar to the prior evaluation, when the bank made 33 loans \$29.8 million. The total includes five loans for \$6.4 million originated under the COVID-19 PPP. Lowell Five originated 26 loans for approximately \$22.1 million to support affordable housing, the primary community development need in the assessment area. The following table illustrates the community development lending activity by year and purpose.

Community Development Lending										
Assessment Area: Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	5	2,133	0	0	2	67	0	0	7	2,200
2019	4	2,063	0	0	0	0	0	0	4	2,063
2020	15	16,779	0	0	0	0	3	3,758	18	20,537
YTD 2021	2	1,108	0	0	0	0	2	2,649	4	3,757
Total	26	22,083	0	0	2	67	5	6,407	33	28,557
<i>Source Bank Data</i>										

The following are notable examples of qualified community development loans.

- In 2018, Lowell Five made two loans for a total of approximately \$3.8 million to fund the property acquisition and construction costs of a townhouse development in Westford, MA. The project designated 7 of 28 units as affordable under the Massachusetts 40B program. The bank qualifies for pro-rata affordable housing credit of \$958,500 based on the designation of 25 percent of units for low- and moderate-income families.
- In 2019, Lowell Five originated two loans for a total of approximately \$3.8 million to fund the property acquisition and construction costs of a senior housing development in Littleton, MA. The project designated 2 of 17 units as affordable by deed restriction under Town of Littleton inclusionary by-laws. The bank qualifies for pro-rata affordable housing credit of \$507,476 based on the designation of 11.8 percent of units for low- and moderate-income seniors.
- In 2020, Lowell Five originated a loan for \$3.3 million to build a development with 21 residential units in Tewksbury, MA. The project designated 7 of 21 residential units as deed restricted affordable housing units under a requirement by the Town of Tewksbury. The bank qualifies for pro-rata affordable housing credit of \$1.1 million based on the designation of 33.3 percent of units for low- and moderate-income families.

INVESTMENT TEST

Lowell Five's Multistate MSA assessment area Investment Test is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

The bank made a significant level of qualified investments. During the evaluation period, qualified investments, grants, and donations totaled \$7.2 million within the assessment area. This total includes qualified equity investments of \$6.8 million and donations of \$424,921.

A substantial majority of investments, by dollar volume, supported affordable housing for low- and moderate-income individuals in the assessment area. The community contact cited affordable housing to be the area's primary community development need. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments										
Assessment Area: Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,012	5	1,988	0	0	1	254	7	3,254
2018	1	1,436	0	0	0	0	0	0	1	1,436
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	1	625	1	625
YTD 2021	1	1,500	0	0	0	0	0	0	1	1,500
Subtotal	3	3,948	5	1,988	0	0	2	879	10	6,815
Qualified Grants & Donations	14	28	110	361	0	0	3	36	127	425
Total	17	3,976	115	2,349	0	0	5	915	137	7,240
<i>Source Bank Data</i>										

Equity and Debt Security Investments

The bank has 10 qualified investments totaling \$6.8 million in the assessment area. Three investments totaling approximately \$3.6 million are new and seven totaling \$3.2 million remain from the prior period. Listed below are examples of qualified investments that impact the Multistate MSA assessment area.

Current Period Investments

- **Judson House** – The bank purchased a mortgage-backed security in 2018 for \$1.4 million. The collateral is a 117-unit residential building located in Haverhill, MA. All residents in the building qualify for section 8 rental assistance, thereby providing affordable housing for low- and moderate-income individuals in the assessment area.
- **City of Haverhill** – The bank purchased a bond for \$624,891 in 2020. The purpose of the municipal bond is to support infrastructure and public works projects of the town of Haverhill. The majority of census tracts in the town are delineated as low- or moderate-income, and the bond investment supports revitalization and stabilization efforts within the city.
- **Moore House Apartments** – The bank purchased a mortgage-backed security in March of 2021 for \$1.5 million. The collateral of the security is a 36-unit residential building in Lowell, MA. Thirty-five of the 36 units are delineated for low- or moderate-income households, thereby qualifying as affordable housing.

Prior Period Investments

- **Greater Lowell Vocational School** – The bank continues to hold five qualified bonds securing the debt obligation to the Greater Lowell Regional Vocation Technical School. The bonds finance the construction and operation of the high

school, which serves the communities of Lowell, Dracut, and Dunstable. The majority of the student body receives free or reduced-price lunch; therefore, the bonds primarily support a community service for low- or moderate-income individuals. The current book value of these investments total approximately \$2.0 million.

- **Townhouse of Lowell** – The bank maintains one mortgage backed security purchased in March of 2016. The collateral is a 96-unit apartment building in Lowell, MA. All units are reserved for Section 8 rental assistance recipients. The current book value of this investment is \$1.0 million.
- **City of Lowell General Obligations Municipal Bond** – Lowell Five retains a general obligation tax-exempt bond from the City of Lowell that it purchased in 2012. The bond funds various public works projects in a city that is comprised of a majority low- and moderate-income census tracts. This investment currently has a book value of \$253,722.

Charitable Contributions

The bank made 127 donations for \$424,921 during the evaluation period. The following are details of notable qualified donations within the assessment area.

- **Lowell General Hospital** – The Lowell General Hospital is the largest source of healthcare in the Greater Lowell Area. In addition to traditional healthcare, the hospital organizes community events for needs assessments, and provides grants to community organizations to address pressing issues, such as substance abuse, homelessness, and hunger. Approximately 65.7 percent of the payments received come from public funds, which correlates to a majority of individuals served being from low- or moderate-income households. The bank provided annual donations to this organization totaling approximately \$65,000.
- **Community Teamwork, Inc. (CTI)** – CTI is a non-profit community action and housing agency. The organization’s mission is to reduce poverty through delivering social services, particularly in areas like Lowell and Lawrence. Programs include affordable housing support, small business microloans, affordable childcare, and food security coordination. The bank has made several donations totaling approximately \$13,000 to CTI during the evaluation period in support of community services to low- and moderate-income individuals.
- **Lowell Plan, Inc.** – The Lowell Plan is a non-profit economic development organization that serves the City of Lowell. The organization supports area businesses and strategizes for the revitalization and stabilization of the city, which is comprised of a majority low- and moderate-income census tracts. Initiatives include transportation infrastructure improvements, downtown economic development, and public matters training. The bank made annual donations totaling approximately \$48,000 to the organization.

- **Coalition For a Better Acre (CBA)** – CBA is a non-profit community development organization that promotes an affordable housing and sustainable community in Lowell. In addition to the affordable housing development and rental unit management, the organization provides financial literacy and workforce development services. The bank made several donations totaling \$9,000 to support the affordable housing initiatives.
- **Lazarus House Ministries** – Lazarus House is a non-profit emergency homeless shelter in the City of Lawrence. The organization also provides food and clothing programs for low- and moderate-income communities. The donations from the bank support these community services for low- and moderate-income residents. The bank made several donations totaling \$8,000 to support this community service organization.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community economic needs. Investments and donations exhibit focus in the areas of affordable housing and community services to low- and moderate-income individuals. Equity and debt security investments directly impacted the Multistate AA, through either large affordable housing projects (such as the Judson House and Moore House Apartments) or infrastructure revitalization investments specifically requested by local municipalities (such as Lowell, MA and Haverhill, MA) primarily serving low- and moderate-income areas. This level of responsiveness is unique compared to similarly situated institutions that usually rely on broader statewide or regional investments.

Community Development Initiatives

The bank occasionally uses innovative and complex investments to support community development initiatives. The bank's current period investments were primarily mortgage backed securities, a vehicle routinely provided by other investors. The bank also maintains municipal investments not ordinarily observed from institutions of a similar size, an innovative way of meeting community needs.

SERVICE TEST

Lowell Five's Multistate MSA assessment area Service Test performance is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Lowell Five's delivery systems are accessible to essentially all portions of the assessment area. The bank currently operates 13 full-service branches in the assessment area, located in Billerica, Chelmsford (2), Dracut, Haverhill, Lowell (2), Pepperell, Tewksbury (2), Westford, Wilmington and North Andover. Branches in Dracut, Haverhill, Lowell (2), Pepperell, and North Andover are all located in low- or moderate-income census tracts. In addition to having ATMs located in branch offices, the bank has three stand-alone ATMs.

Two are located in Lowell and one is located in North Andover, and all are in low- or moderate-income census tracts. All of the alternative banking services described in the overall Service Test section apply to this assessment area, please refer that section for further information.

The following table shows the bank’s branch structure and ATM network by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Multistate MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	34	20.5	137,761	16.4	2	15.4	4	25.0
Moderate	21	12.6	108,083	12.8	4	30.7	5	31.3
Middle	68	41.0	362,300	42.9	6	46.2	6	37.5
Upper	43	25.9	235,430	27.9	1	7.7	1	6.2
Total	166	100.0	843,574	100.0	13	100.0	16	100.0

Source 2015 ACS Data; Bank Data

Changes in Branch Locations

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 to low- and moderate-income individuals.

The bank temporarily closed two school branches in Tyngsboro and Westford, in middle- and upper-income census tracts respectively. The closures were a result of 2020 school closures in response to the COVID-19 pandemic.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions. All full-service branches are open on Saturday. The branches in this assessment area provide all products and services described in overall Service Test section. For details, please refer to the Reasonableness of Business Hours and Services under the overall Service Test section.

Community Development Services

The bank is a leader in providing community development services in the Multistate MSA assessment area. The number of services is above similarly situated institutions, and the depth, innovativeness, and responsiveness reflect the qualitative impact of the community development service.

During the evaluation period, the bank provided 227 instances of technical expertise, financial literacy education, or technical assistance to community development organizations. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Assessment Area: Multistate MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	6	73	8	1	88
2019	3	71	2	2	78
2020	3	33	1	2	39
YTD 2021	2	18	0	2	22
Total	14	195	11	7	227
<i>Source Bank Data</i>					

The following are examples of the bank’s community development services that impacted the Multistate MSA assessment area:

Employee Involvement

- **Elder Services of Merrimack Valley** – This non-profit community service organization, headquartered in a low-income census tract in Lawrence, aims to meet the essential needs of older adults and individuals with disabilities. Programs included money management assistance, meals on wheels, transportation, and housing. The programs are particularly responsive to individuals on fixed incomes that are delineated as low- or moderate-income. The bank has several officers involved in this organization. A senior vice president (SVP) of the bank sits on the Advisory Board. One of the bank’s assistant vice presidents (AVPs) and a branch manager act as Money Management Volunteers, using their technical expertise to help budget and pay bills for vulnerable elders.
- **Girls Inc.** – This community service organizations, with chapters located in Haverhill and Lowell, supports young women in the area as they develop their community identity. Programs include financial literacy, afterschool education, and violence prevention. These organizations are located in, and serve individuals in cities that are comprised of a majority low- and moderate-income census tracts. The bank has several employees involved in this organization. The SVP of Human Resources, the vice president (VP) of Electronic Banking, and an AVP sat on Advisory Boards for Girls, Inc. The assistant facilities officer used their professional expertise to assist in the maintenance of an organization location.
- **Lowell Development Financial Corporation** – This organization’s mission is to revitalize and stabilize the Lowell downtown area, which consists of low- and moderate-income census tracts. Initiatives include loan programs for commercial infrastructure and start-up purposes, residential area development, and loan fund creation for area improvements. The bank’s executive vice president (EVP) acted as President of the

Board until 2020. The bank also has a lending VP and an SVP as a Committee Member and an Advisory Board Member, respectively.

- **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 AVP serves on the organization's Board and Development Committee.
- **Merrimack Valley Food Bank** – This community service organization provides food and personal care items to serve the low-income, homeless, and hungry. The organization coordinates with shelters, meal programs, and pantries to meet its goals. The bank's AVP of Commercial Lending sits on the Board of Directors and the bank's Business Development Officer sits on the Advisory Board.

Educational Services and Seminars

- **Greater Lowell Technical Vocational School Branch** – The bank runs a limited service branch in the Tyngsboro-based high school that serves Tyngsboro, Lowell, and Dracut. The school primarily serves students from low- and moderate-income families. The branch offers these students internship opportunities at the branch to build essential financial services skills. This effort is particularly responsive to state workforce development initiatives. Additionally, the bank branch offers students financial literacy education. The bank temporarily closed the branch in 2020 due to the COVID-19 pandemic.
- **Merrimack Valley Housing Partnership** – This organization was founded as a developer of housing for low- and moderate-income individuals and has developed a strong focus on providing access to financial education and affordable housing. The bank's VP of Mortgage Lending participates annually in First Time Homebuyer Classes offered through the organization.
- **Girls, Inc. of Greater Lowell** – The organization aims to improve the self-sufficiency of young women in Lowell, a city comprised of primarily low- and moderate-income census tracts. The bank offered nine financial literacy seminars for young women in coordination with Girls, Inc. The seminar included a bank branch tour as well as basic banking education.

Technical Assistance

- **Community Rooms** – The bank provides technical assistance by offering its Tewksbury Community Room to local community organizations in need of meeting space. The space includes modern audio visual technology and ample seating for classroom, theater, or boardroom style layouts, as well as off-street parking. The bank offered the community room to 22 organizations on multiple occasions throughout the evaluation period. Organizations that have community development

as a primary purpose include the United Way, The Plus Company (workforce development non-profit for individuals with disabilities), Lowell Community Health Center, The Lowell House, Catholic Charities, and Compass Children and Family Services.

- **Tewksbury Rental Mortgage Assistance Program** – The bank coordinated with the Town of Tewksbury in administering Rental and Mortgage Assistance to families facing financial hardship resulting from the COVID-19 pandemic and in pursuit of affordable housing. The bank will help administer the grant program, providing essential technical assistance.

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 that discussed in the overall section, except that this portion of the evaluation only considers activity in the Manchester-Nashua MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

The Manchester-Nashua MSA assessment area includes 30 census tracts in the southeastern portion of Hillsborough County, NH. The bank did not change the assessment area during the evaluation period and did not open or close any branches. Lowell Five operates 1, or 6.2 percent, of its 16 branches in the Manchester-Nashua MSA assessment area. Examiners weighted this assessment area the least since it contains only one of the bank's branches and only a small percentage of its loans and deposits. The following sections discuss demographic and economic information for the Manchester-Nashua MSA.

Economic and Demographic Data

The 30 census tracts within the assessment area reflect the following income designations:

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

The following table illustrates select demographic characteristics of the Manchester-Nashua MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Manchester-Nashua MSA						
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	15,673	15.4	7.8	35.9	40.9	0.0
Farms by Geography	378	6.1	4.8	32.5	56.6	0.0
Family Distribution by Income Level	43,729	18.3	16.7	21.6	43.4	0.0
Household Distribution by Income Level	63,165	21.0	14.9	17.9	46.2	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 2015 ACS and 2020 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.*

According to 2019 D&B data, 15,673 non-farm businesses operate in the Manchester-Nashua MSA assessment area. The following reflects GARs for these businesses.

- 83.4 percent have \$1.0 million or less,
- 6.4 percent have more than \$1.0 million, and
- 10.2 percent have unknown revenues.

Service industries represent the largest portion of businesses at 41.4 percent; followed by retail trade (13.5 percent); non-classifiable establishments (12.1 percent); construction (9.7 percent); and finance, insurance, and real estate (8.3 percent). In addition, 65.8 percent of area businesses have four or fewer employees, and 88.4 percent operate from a single location. Major employers in the assessment area include BAE Systems, Southern NH Medical Center, and the Nashua School District.

According to the Bureau of Labor Statistics, the average unemployment rate in 2019 was 2.6 percent in Hillsborough County, NH. Local unemployment rates are similar to the NH statewide rate of 2.5 percent. The unemployment rate in the assessment area declined slowly throughout

the evaluation period, but began increasing rapidly in March 2020 because of the COVID-19 pandemic.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Median housing costs are more affordable at \$245,040 than in the Multistate MSA assessment area, which has a median housing cost of \$336,099. Assessment area housing costs are slightly higher than the state of NH (\$237,081) and that of the U.S. (\$225,895).

Examiners used the 2019 and 2020 FFIEC-updated median family income levels 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				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Manchester-Nashua, NH MSA Median Family Income (31700)				
2019 (\$98,100)	<\$49,050	\$49,050 to <\$78,480	\$78,480 to <\$117,720	≥\$117,720
2020 (\$105,000)	<\$52,500	\$52,500 to <\$84,000	\$84,000 to <\$126,000	≥\$126,000
<i>Source FFIEC</i>				

Competition

Lowell Five faces a high level of competition for home mortgage loans from banks, credit unions, and non-depository mortgage lenders. In 2019, 284 lenders reported 7,613 residential mortgage loans originated or purchased. Lowell Five ranked 73rd with a market share of 0.2 percent. The three most prominent home mortgage lenders accounted for 20.0 percent of total market share. Digital Federal Credit Union was the highest ranked mortgage lender, followed by Citizens Bank and Residential Mortgage Services.

There is moderate level of competition for small business loans from national banks and other community banks. In 2019, 92 lenders originated 9,336 small business loans in Hillsborough County, NH for approximately \$304 million. Lowell Five reported 15 small business loans and ranked 33rd by number with 0.2 percent market share. The top five institutions, mainly credit card lenders, had average loan sizes below \$40,000 and originated 61.0 percent of all small business loans. Lowell Five's average loan size was approximately \$310,000.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

The bank's Manchester-Nashua MSA Lending Test performance is rated Satisfactory. The following sections discuss the bank's performance under each criterion.

Lending Activity

Lowell Five's lending levels reflect adequate responsiveness to assessment area credit needs. In 2019 and 2020, Lowell Five Bank reported 34 home mortgages totaling approximately \$11.1 million and 60 small business loans totaling approximately \$10.2 million in the Manchester-Nashua MSA assessment area.

The Competition section above previously discussed the bank's market share rankings for home mortgage and small business lending.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the Manchester-Nashua MSA assessment area. Although performance declined from 2019 to 2020, lending in low-income tracts significantly exceeded aggregate in 2019 and demographics in both years. In 2019, Lowell Five did not make any loans in moderate-income tracts, but performance increased to one loan in 2020. Since the bank's overall lending volume is low in this assessment area, the increase to one loan in 2020 aligned performance with demographic. Overall, Lowell Five's performance in low-income tracts partially offsets the absence of any loans in moderate-income tracts in 2019 to support a good rating.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Manchester-Nashua MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.2	4.9	4	23.5	1,228	23.5
2020	3.2	--	2	11.8	2,175	36.8
Moderate						
2019	5.8	5.4	0	0.0	0	0.0
2020	5.8	--	1	5.9	30	0.5
Middle						
2019	35.2	35.9	4	23.5	1,015	19.4
2020	35.2	--	7	41.2	1,154	19.5
Upper						
2019	55.7	53.8	9	52.9	2,982	57.1
2020	55.7	--	7	41.2	2,550	43.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	17	100.0	5,225	100.0
2020	100.0	--	17	100.0	5,909	100.0
<i>Source 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration. In 2019, lending was slightly below aggregate in low-income tracts while the bank did not make any loans in moderate-income tracts. Limited small business lending volume partially mitigates performance in 2019, since the difference of just one loan in any category could significantly alter results. The bank’s lending level was significantly higher in 2020 due to SBA PPP lending. While the bank still made only one loan in low-income tracts, it did make four loans (or 8.0 percent) in moderate-income tracts, which is comparable with demographics and is a notable improvement in performance year over year. Consideration of the low lending volume in 2019 and the improvement in moderate-income tracts in 2020 supports an adequate performance.

Geographic Distribution of Small Business Loans						
Assessment Area: Manchester-Nashua MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2019	14.7	13.5	1	10.0	1,000	38.2
2020	15.4	--	1	2.0	296	3.9
Moderate						
2019	8.0	6.2	0	0.0	0	0.0
2020	7.8	--	4	8.0	187	2.5
Middle						
2019	36.9	35.6	7	70.0	1,548	59.2
2020	35.9	--	18	36.0	1,750	23.2
Upper						
2019	40.4	44.7	2	20.0	68	2.6
2020	40.9	--	27	54.0	5,310	70.4
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	2,616	100.0
2020	100.0	--	50	100.0	7,543	100.0
<i>Source 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects poor penetration among individuals of different income levels and businesses of different sizes in the Manchester-Nashua MSA assessment area. The bank’s poor performance of home mortgage lending and adequate performance of small business lending support this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

Lowell Five’ performance in the Manchester-Nashua MSA assessment area reflects poor distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers. As the table shows, the bank did not make any loans to moderate-income borrowers in 2019 and 2020, and only made one loan to a low-income borrower over that two-year period. Partially affecting Lowell Five’s performance is the practice of not selling

mortgages on the secondary market, which restricts the ability to offer a competitively priced fixed-rate 30-year mortgage product. The relatively large volume of business purpose home mortgage lending also affects performance, for which the bank reports borrower income level as “Not Available”. Although not shown in the table, the bank made two loans to low-income borrowers in 2018 and one loan to a moderate-income borrower in 2018. However, this also indicates a negative trend during the evaluation period.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Manchester-Nashua MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	18.3	5.5	0	0.0	0	0.0
2020	18.3	--	1	5.9	230	3.9
Moderate						
2019	16.7	21.0	0	0.0	0	0.0
2020	16.7	--	0	0.0	0	0.0
Middle						
2019	21.6	26.0	2	11.8	533	10.2
2020	21.6	--	2	11.8	168	2.8
Upper						
2019	43.4	33.2	11	64.7	3,463	66.3
2020	43.4	--	6	35.3	2,037	34.5
Not Available						
2019	0.0	14.3	4	23.5	1,228	23.5
2020	0.0	--	8	47.1	3,474	58.8
Totals						
2019	100.0	100.0	17	100.0	5,225	100.0
2020	100.0	--	17	100.0	5,909	100.0

*Source 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1.0 million or less. In 2019, performance was below aggregate, but only by the difference of one loan due to the low volume of small business lending. Although the bank’s performance was below demographics in both years, not all businesses in the assessment area are in the market for a small business loan; therefore, examiners focused on comparison to aggregate. The bank’s lending volume increased in 2020 due to SBA PPP loans during the COVID-19 pandemic.

Despite there being a large percentage of PPP loans in the “NA” revenue category, the bank’s performance in 2020 increased over 2019, which further supports adequate penetration.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Manchester-Nashua MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	83.4	45.2	4	40.0	108	4.1
2020	86.9	--	22	44.0	2,880	38.2
>1,000,000						
2019	6.4	--	6	60.0	2,508	95.9
2020	4.7	--	14	28.0	2,985	39.6
Revenue Not Available						
2019	10.3	--	0	0.0	0	0.0
2020	8.4	--	14	28.0	1,678	22.2
Totals						
2019	100.0	100.0	10	100.0	2,616	100.0
2020	100.0	--	50	100.0	7,543	100.0
<i>Source 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Lending

Lowell Five made an adequate level of community development loans in the Manchester-Nashua MSA assessment area. During the evaluation period, the bank originated five loans for \$4.3 million in the assessment area. This activity is slightly lower by number but higher by dollar volume from the previous evaluation, when the bank made seven loans, for \$2.4 million. The total includes one loan for \$1.2 million originated under the COVID-19 PPP. The following table illustrates the community development lending activity by year and purpose.

Community Development Lending										
Assessment Area: Manchester-Nashua MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	3	1,114	0	0	0	0	0	0	3	1,114
2020	1	1,950	0	0	0	0	1	1,204	2	3,154
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	4	3,064	0	0	0	0	1	1,204	5	4,268
<i>Source Bank Data</i>										

The following are notable examples of qualified community development loans.

- In 2019, Lowell Five originated a loan for \$270,000 to fund the property acquisition cost of a 6-unit multifamily residence in Nashua, NH. The property is located in a low-income neighborhood and all units rent for below the U.S. Department of Housing and Urban Development Fair Market Rent for the area promoting affordable housing.
- In 2019, Lowell Five originated a loan for \$265,000 to fund the property acquisition cost of another 6-unit multifamily residence in Nashua, NH. The property is located in a low-income neighborhood and all units rent for below the U.S. Department of Housing and Urban Development Fair Market Rent for the area promoting affordable housing.
- In 2020, the bank made one loan for \$1.2 million under the SBA PPP to cover payroll during the shutdown caused by COVID-19. This loan was to an employer located in a low-income census tract helped to revitalize and stabilize this area of Nashua during the pandemic.

INVESTMENT TEST

Lowell Five’s Manchester-Nashua MSA assessment area Investment Test is rated Satisfactory. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

Lowell Five made an adequate level of qualified investments in the Manchester-Nashua, NH MSA assessment area. During the evaluation period, grants and donations totaled \$84,890 within the assessment area. No equity investments solely impacted the state of New Hampshire, but one investment highlighted in the overall Investment Test section, benefitted a larger regional area comprised of both assessment areas.

A substantial majority of donations, by number and dollar volume, supported community services for low- and moderate-income individuals. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Donations										
Assessment Area: Manchester-Nashua MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2018	2	4,100	11	10,000	0	0	0	0	13	14,100
2019	2	4,350	12	26,250	0	0	0	0	14	30,600
2020	2	4,350	12	29,840	1	1,000	0	0	15	35,190
YTD 2021	0	0	1	5,000	0	0	0	0	1	5,000
Total	6	12,800	36	71,090	1	1,000	0	0	43	84,890
<i>Source Bank Data</i>										

Below are several examples of donations within the assessment area:

- **Harbor Homes Inc.** – This non-profit organization provides affordable housing solutions for vulnerable low- and moderate-income residents in New Hampshire. Programs include permanent supportive housing for individuals with mental illnesses or substance abuse disorders, transitional housing for veterans, and income-based affordable housing. The bank made annual donations to this organization totaling approximately \$10,000.
- **Front Door Agency** – This non-profit social services agency aims to help individuals in the Greater Nashua Area undergoing crisis. The four core programs are housing stability, financial literacy, transformational housing, and toys and clothing donations. The organization targets all services to low- and moderate-income families. The bank made several donations to this organization totaling \$20,000.
- **Pelham Good Neighbor Fund** – This fund was established in 1969 to aid Pelham residents in need of food and financial assistance. The organization raises funds from businesses and individuals through events and volunteer service. The individuals served are primarily low- and moderate-income. The bank made annual donations to the Pelham Good Neighbor Fund totaling approximately \$4,000.
- **New Hampshire Community Development Finance Authority** – This non-profit organization focuses on economic development in New Hampshire. The organization assists in planning and development as well as financing and providing tax credits for small businesses. The bank provided a donation for \$1,000 to this organization in 2020.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic needs. Donations exhibit focus to community services to low- and moderate-income individuals.

Community Development Initiatives

The bank rarely uses innovative and complex investments to support community development initiatives. However, the bank provides grants in the area that are commensurate with the branch footprint and resources in the area.

SERVICE TEST

Lowell Five's Manchester-Nashua MSA assessment area Service Test is rated Satisfactory. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to all portions of its New Hampshire Assessment Area. The bank operates one full-service branch in the assessment area, located in Nashua. While the office is in an upper-income census tract, the branch location is adjacent to or geographically close to multiple low- and moderate-income census tracts. All of the alternative banking services described in the overall Service Test section apply to this assessment area, please refer that section for further information.

Changes in Branch Locations

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 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, particularly low- and moderate-income geographies and individuals.

Branch hours are convenient and comparable to those branches in the Multistate MSA assessment area and to other institutions. The branch is open on Saturdays. The one branch in this area provides all products and services offered by the bank's other branches. For details, please refer to the Reasonableness of Business Hours and Services under the overall Service Test section.

Community Development Services

The bank provides an adequate level of community development services in the area. The level of service is commensurate with the branch footprint and resources in the area.

During the evaluation period, the bank provided 16 instances of technical expertise to community development organizations during the evaluation period. Performance increased from the previous evaluation when the bank had six instances in this assessment area. The

following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Assessment Area: Manchester-Nashua MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	0	4	0	0	4
2019	0	4	0	0	4
2020	0	4	0	0	4
YTD 2021	0	4	0	0	4
Total	0	16	0	0	16
<i>Source Bank Data</i>					

The following are examples of the bank’s community development services that impacted the New Hampshire assessment area:

Employee Involvement

- **Pelham Good Neighbor Fund** – This organization provides essential financial assistance for Pelham residents with specific focus on low- and moderate-income residents. The bank’s SVP of Retail Management sits on the Advisory Board for this organization.
- **Greater Nashua Boys and Girls Club** – This Nashua based organization provides afterschool education and enrichment for young individuals in the community. This community service organization is located in and serves families in a low-income area. The bank’s EVP of Corporate Affairs sits on the Board of Directors for this organization.
- **India Association of New Hampshire** – This Nashua-based association promotes charitable service and the general well-being to the Asian-Indian community. Programs include sponsorship of area soup kitchens, a scholarship program geared to low-income individuals, and Medicare informational sessions to qualified individuals. These community services primarily benefit low- and moderate-income households. A bank closing officer assists in fundraising efforts for this organization.
- **Front Door Agency** – This non-profit social services agency aims to help individuals in the Greater Nashua Area undergoing crisis. The four core programs are housing stability, financial literacy, transformational housing, and toys and clothing donations. The organization targets all services to low- and moderate-income families. One of the bank’s commercial loan officers acts as the Finance Director for this organization.

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 CRA rating.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	May 14, 2018 – March 29, 2021
FINANCIAL INSTITUTION	The Lowell Five Cent Savings Bank
PRODUCTS REVIEWED	Home mortgage and small business loans originated in 2018, 2019, and 2020.

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Overall	Full scope	None	
Boston-Cambridge-Newton MA-NH MSA	Full scope	None	
Manchester-Nashua, NH MSA	Full scope	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
Overall	High Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory / Satisfactory*
Boston-Cambridge-Newton MA-NH MSA	High Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory / Satisfactory*
Manchester-Nashua, NH MSA	Satisfactory	Satisfactory	Satisfactory	Satisfactory

*This institution is rated High Satisfactory by the Division and Satisfactory by the FDIC. FDIC regulations do not include a High Satisfactory rating

FAIR LENDING POLICIES AND PROCEDURES – MASSACHUSETTS DIVISION OF BANKS

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

Examiners reviewed the bank’s 2019 and 2020 HMDA LARs to determine if the bank’s application flow from different racial and ethnic groups reflected the assessment area’s demographics.

According to 2015 ACS Census data, the bank’s assessment area contains a population of 1,010,173 individuals, of which 24.6 percent are minorities. The assessment area’s minority population is 2.2 percent Black/African American, 7.4 percent Asian, 0.1 percent American Indian, 13.0 percent Hispanic or Latino, and 1.9 percent Other.

The following table details the bank’s minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2019		2019 Aggregate Data	Bank 2020	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.4	0.2	0	0.0
Asian	13	5.6	7.0	12	5.0
Black/ African American	1	0.4	2.4	2	0.8
Hawaiian/Pacific Islander	1	0.4	0.2	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	1	0.4	1.4	0	0.0
Total Racial Minority	17	7.3	11.3	14	5.8
White	161	68.8	66.9	118	49.0
Race Not Available	56	23.9	21.8	109	45.2
Total	234	100.0	100.0	241	100.0
ETHNICITY					
Hispanic or Latino	8	3.4	8.1	10	4.1
Joint (Hisp/Lat /Not Hisp/Lat)	4	1.7	1.2	1	0.4
Total Ethnic Minority	12	5.1	9.3	11	4.5
Not Hispanic or Latino	159	67.9	69.5	117	48.5
Ethnicity Not Available	63	26.9	21.1	113	46.9
Total	234	100.0	100.0	241	100.0

In 2019, the bank received 234 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 17, or 7.3 percent, from racial minorities. This

was below aggregate data, which indicates 11.3 percent of applications were received from racial minorities. For the same period the bank received 12 applications, or 5.1 percent, from ethnic minority applicants. The bank's performance was below aggregate data which indicates 9.3 percent of applications were received from the same demographic.

The bank's 2020 loan data exhibited a decrease in minority application flow by number and percentage. The bank received 241 HMDA-reportable loan applications from within its assessment area. The bank received 14 applications, or 5.8 percent, from racial minorities. The bank received 11 applications from ethnic minority applicants in 2020, or 4.6 percent.

The bank's minority application flow has several explanatory factors, based on conversations with bank management. The bank does not sell fixed loans on the secondary market, and prices accordingly insulate against interest rate risk. While this policy is neutral, it can pose challenges in a low-interest rate environment, particularly among populations that may correlate to ethnic and racial minorities. Additionally, the bank's portion of commercial-purpose residential loans was approximately 20.9 percent in 2019, and increased to 38.2 percent in 2020. This is far higher than the aggregate lender's percentage of 10.4 percent in 2019. The bank's relative focus on commercial-purpose residential loans skews the minority application flow data overall, and suggests stronger performance than initially reflected in the data. Examiners also noted mitigating factors in the bank's structure that reflects access to minority consumers. Lending trends exhibited adequate penetration of majority-minority census tracts. The bank has 39 employees that act as a resource for individuals with Limited English Proficiency, and languages spoken include Spanish, Khmer, Hindi, Cape Verdean Creole, and Portuguese. The bank also has extensive community outreach to local organizations. The bank will continue to monitor its performance in this area and ensure outreach services are responsive to the demographics of the assessment area. Considering the demographic composition of the assessment area, comparisons to aggregate data in 2019, and the number of applications received, the bank's minority application flow is reasonable.

LOSS OF AFFORDABLE HOUSING – MASSACHUSETTS DIVISION OF BANKS

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank's participation in community development lending, administration of a local rent and mortgage assistance program, and investment in affordable housing debt securities has assisted low- and moderate-income individuals to remain in their neighborhoods.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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

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

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

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