

# **PUBLIC DISCLOSURE**

January 30, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Cooperative Bank  
Certificate Number: 26922

40 Belgrade Avenue  
Roslindale, Massachusetts 02131

Division of Banks  
1000 Washington Street, 10<sup>th</sup> 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.

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## INSTITUTION RATING

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

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

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the rating.

**The Community Development Test is rated Satisfactory.**

- The institution demonstrates adequate responsiveness to assessment area community development needs through community development loans, qualified investments, and community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

The Cooperative Bank is a state-chartered cooperative bank established in 1898 and headquartered in Roslindale, Massachusetts (MA). The Cooperative Bank received a Satisfactory rating at its previous Federal Deposit Insurance Corporation (FDIC) and MA Division of Banks joint Performance Evaluation, dated November 12, 2019. Examiners evaluated the bank's performance based on Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

In addition to its main office in Roslindale, the bank operates three full-service branches in Charlestown, Jamaica Plain, and West Roxbury, which are all considered neighborhoods within the city of Boston, MA. The main office and the Charlestown and Jamaica Plain branches are all located within middle-income census tracts, and the West Roxbury branch is located in an upper-income census tract. The Jamaica Plain branch is new since the previous evaluation; it opened in July 2020. Each branch offers an Interactive Teller Machine (ITM), which allows customers to connect with a live teller and offers a wider range of services than a traditional Automated Teller Machine (ATM). Each ITM's Live Teller feature is available during extended hours compared to branch hours, from 8 a.m. to 6 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. on Saturday.

The Cooperative Bank offers home mortgage and commercial loan products, although it primarily focuses on home mortgage lending. Home mortgage products include fixed- and adjustable-rate mortgages, construction loans, and home equity lines of credit. The bank also offers First-Time Homebuyer products through the MassHousing Program. It provides a variety of deposit services including checking, savings, club savings, money market, and certificates of deposit. Alternative banking services include internet and mobile banking, telephone banking, and ATM/ITMs. The bank is also part of the SUM and MoneyPass ATM Networks. Furthermore, the bank offers a BankOn certified checking account specifically for low- and moderate-income individuals.

### **Ability and Capacity**

As of December 31, 2022, The Cooperative Bank reported assets totaling \$560.6 million, including total loans of \$480.6 million (85.7 percent of total assets) and total securities of \$44.2 million. During the evaluation period, total loans increased by 35.9 percent and total assets increased by 29.9 percent. The Cooperative Bank also reported total deposits of \$438.5 million, which increased by 28.4 percent since the previous evaluation.

The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the portfolio, followed by loans secured by nonfarm nonresidential properties, which is consistent with the prior evaluation. Loan composition has not changed significantly since the prior evaluation. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 12/31/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	57,694	11.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	288,162	59.4
Secured by Multifamily (5 or more) Residential Properties	31,643	6.5
Secured by Nonfarm Nonresidential Properties	102,579	21.1
<b>Total Real Estate Loans</b>	<b>480,078</b>	<b>98.9</b>
Commercial and Industrial Loans	3,512	0.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,611	0.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	37	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>485,238</b>	<b>100.0</b>
<i>Source Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The Cooperative Bank designated a single assessment area to include the City of Boston in Suffolk County and the Town of Dedham in Norfolk County. Both municipalities are within the Boston, MA Metropolitan Division, which is part of the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA). The assessment area has not changed since the previous exam.

The following sections describe economic and demographic information for the assessment area.

### **Economic and Demographic Data**

The assessment area comprises 186 census tracts with the following income designations according to the 2015 American Community Survey (ACS):

- 45 low-income census tracts,
- 49 moderate-income census tracts,
- 42 middle-income census tracts,
- 38 upper-income census tracts, and
- 12 census tracts with no income designation.

The low- and moderate-income census tracts are all located in Boston. The assessment area does not include any designated distressed or underserved middle-income census tracts. Census tracts

without an income designation are located in the Boston Harbor Islands, Franklin Park Zoo, Arnold Arboretum, the Boston Common, and several other parks.

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

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	186	24.2	26.3	22.6	20.4	6.5
Population by Geography	675,505	24.2	30.2	25.3	19.0	1.2
Housing Units by Geography	288,365	20.9	29.2	25.1	23.4	1.4
Owner-Occupied Units by Geography	94,442	10.5	24.0	34.7	29.7	1.1
Occupied Rental Units by Geography	171,431	26.5	31.8	20.7	19.6	1.5
Vacant Units by Geography	22,492	22.0	31.1	18.6	26.4	1.9
Businesses by Geography	79,088	13.0	18.9	17.0	49.3	1.9
Farms by Geography	539	9.1	19.7	31.5	38.4	1.3
Family Distribution by Income Level	129,000	37.1	16.6	15.4	30.9	0.0
Household Distribution by Income Level	265,873	35.5	14.2	14.8	35.5	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$422,297
			Median Gross Rent			\$1,331
			Families Below Poverty Level			16.2%

*Source 2015 ACS, 2021 D&B Data, and FFIEC Estimated Median Family Income;*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

According to 2015 ACS data, housing unit statistics in low- and moderate-income census tracts show an owner-occupancy rate of 34.5 percent and a rental unit rate of 58.3 percent. The low owner-occupancy rates and high rates of occupied rental units indicate limited owner-occupied home mortgage lending opportunities in those census tracts. Both factors signal a need for affordable rental housing in these areas.

Demographic data for the low- and moderate-income census tracts in the assessment area also indicate limited opportunities for home mortgage lending. Specifically, based on a review of individual census tracts, the median housing values are as high as \$422,297 and the median family income is as low as \$18,192. In addition, the percentage of families below the poverty level is as high as 61.9 percent within the low- and moderate-income tracts, which further indicates limited opportunities for lenders to originate home mortgage loans in those areas.

Examiners use median family income figures from the Federal Financial Institutions Examination Council (FFIEC) to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the median income family ranges in the Boston, MA Metropolitan Division.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA Median Family Income (14454)</b>				
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
<i>Source FFIEC</i>				

According to 2021 Dun & Bradstreet (D&B) data, 70,088 non-farm businesses are located in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR). GARs for these businesses are below:

- 81.5 percent have GARs of \$1.0 million or less.
- 8.8 percent have GARs of more than \$1.0 million.
- 9.5 percent have unknown revenues.

Service industries represent the largest portion of businesses at 39.3 percent, followed by non-classifiable establishments (21.8); finance, insurance, and real estate (15.8 percent); retail trade (10.3 percent); and transportation (7.8 percent). Top employers in the area include hospitals, health care providers, and universities.

As shown in the following table, unemployment rates sharply increased from 2019 to 2020 due to the effects of the COVID-19 pandemic, and they decreased slightly from 2020 to 2021 but remained above 2019 levels.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Suffolk County	2.8	10.3	6.0
Norfolk County	2.7	8.8	5.1
Massachusetts	3.1	9.4	5.7
National Average	3.7	8.1	5.3
<i>Source Bureau of Labor Statistics</i>			

## **Competition**

The Cooperative Bank operates in a highly competitive market for financial services. The presence of national, regional, and community banks and credit unions create significant competition in the area.

According to the June 30, 2022 FDIC deposit market share data, 38 institutions operated 198 offices in the assessment area. The Cooperative Bank ranked 16<sup>th</sup> with a market share of 0.1 percent. The

top two institutions, State Street Bank and Trust Company and Bank of America, NA, have a combined deposit market share of 72.2 percent.

According to peer mortgage data, a high level of competition for home mortgage loans exists among banks, non-depository mortgage lenders, and credit unions in the assessment area. According to 2021 Home Mortgage Disclosure Act (HMDA) aggregate data, 465 lenders reported originating or purchasing 29,501 home mortgage loans in the assessment area. The Cooperative Bank originated 145 loans and ranked 45<sup>th</sup> with a 0.5 percent market share. The top 10 institutions are large national and regional lenders with a combined market share of 40.3 percent.

The bank also faces a high level of competition for small business loans among banks and non-depository lenders in the assessment area. The Cooperative Bank is not required to collect or report its small business loan data, so the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. Aggregate data for small business loans; however, provides context about demand for small business loans. Since the FFIEC releases peer small business data at the county level, the following data reflects activity in the entirety of Suffolk and Norfolk Counties. According to 2021 CRA aggregate data for Suffolk and Norfolk Counties, 193 institutions reported originating or purchasing 50,963 small business loans. The top three institutions, American Express National Bank; Bank of America, NA; and Citizens Bank, NA, are large national lenders with a combined market share of 43.9 percent.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information assists examiners in determining whether local financial institutions are responsive to the needs of the assessment area.

Examiners contacted a representative from a municipal housing authority that serves the bank's assessment area. The contact discussed the need for more affordable housing, credit counseling, financial literacy, and alternative mortgage loan products targeted to low- and moderate-income families. The contact also stated that there is an opportunity for financial institutions to provide financial educational opportunities beyond basic banking and become involved in state and local first-time homebuyer programs.

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

Considering information from the bank and the community contact, as well as demographic and economic data, examiners determined that affordable housing and community services for low- and moderate-income individuals represent the primary credit and community development needs of the assessment area. The affordable housing need exists due to a lack of affordable housing units for those looking to rent or purchase within the assessment area coupled with high home prices compared to the area's median family income. Furthermore, the high level of families living below the poverty level represents a significant need for community services benefitting individuals with low-incomes.



## SCOPE OF EVALUATION

### **General Information**

This evaluation, conducted jointly by the FDIC and the MA Division of Banks, assessed The Cooperative Bank's CRA performance since the previous evaluation dated November 12, 2019 to the current evaluation dated January 30, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate The Cooperative Bank's performance. The procedures include two tests: the Lending Test and the Community Development Test.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. As of December 31, 2022, home mortgage loans represented 65.9 percent of the bank's loan portfolio. Commercial loans consisting of nonfarm nonresidential real estate and commercial and industrial loans represented 21.8 percent of bank's total loan portfolio. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger number and dollar volume when compared to small business lending during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

The evaluation considered all home mortgage loans reported on the bank's 2019, 2020, and 2021 HMDA Loan Application Registers (LARs). The bank reported 143 originations totaling \$87.7 million in 2019, 159 originations totaling \$97.4 million in 2020, and 274 originations totaling \$148.1 million in 2021. Examiners compared the bank's home mortgage lending performance to 2015 ACS demographic data and to 2019, 2020, and 2021 aggregate data.

The bank is not required to collect or report small business data and it did not optionally collect small business data during the evaluation period. Therefore, examiners selected a statistical sample of 37 small business loans originated in 2021 totaling \$7.2 million and considered this sample representative of the bank's performance during the entire evaluation period. This sample was chosen from a universe of 136 small business loans totaling \$16.9 million, which includes 125 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling \$11.2 million. D&B business demographics data provided a standard of comparison to the bank's small business lending performance.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. For the Community Development Test, examiners reviewed community development loans, investments and donations, and community development services since the prior CRA evaluation dated November 12, 2019 to the current evaluation date of January 30, 2023.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Cooperative Bank demonstrated Satisfactory performance under the Lending Test. The bank's reasonable Geographic Distribution and excellent Borrower Profile performances support this conclusion. The following sections summarize the bank's performance under each criterion.

#### Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 97.7 percent over the past 13 quarters. The highest LTD ratio was 109.6 percent on December 31, 2022. The lowest LTD ratio was 87.5 percent on June 30, 2021. The bank's LTD ratio remained similar to that of the previous evaluation despite challenges posed by the COVID-19 pandemic.

Examiners compared the bank's average net LTD ratio to three similarly situated financial institutions. Examiners selected these similarly situated banks based on asset size, branching structure, geographic location, and lending focus. As shown in the following table, the bank's performance exceeds similarly situated institutions, reflecting more than reasonable performance.

<b>LTD Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2022 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Cooperative Bank</b>	<b>560,585</b>	<b>97.7</b>
Norwood Co-operative Bank	860,247	94.5
Winter Hill Bank, FSB	418,054	89.6
Middlesex Federal Savings	606,558	90.7

*Source Reports of Condition and Income 09/30/2019 - 12/31/2022*

#### Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar volume, within its assessment area. The bank's lending within its assessment area remained consistent throughout the evaluation period. Furthermore, the bank's performance remained consistent with the performance of the prior evaluation.

The following table shows the bank's lending inside and outside the assessment area by loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	82	57.3	61	42.7	143	52,693	60.1	35,016	39.9	87,709
2020	93	58.5	66	41.5	159	66,762	68.5	30,687	31.5	97,449
2021	156	56.9	118	43.1	274	90,476	61.1	57,650	38.9	148,126
<b>Subtotal</b>	<b>331</b>	<b>57.5</b>	<b>245</b>	<b>42.5</b>	<b>576</b>	<b>209,931</b>	<b>63.0</b>	<b>123,353</b>	<b>37.0</b>	<b>333,284</b>
Small Business										
2021	20	54.1	17	45.9	37	3,867	53.5	3,358	46.5	7,225
<b>Subtotal</b>	<b>20</b>	<b>54.1</b>	<b>17</b>	<b>45.9</b>	<b>37</b>	<b>3,867</b>	<b>53.5</b>	<b>3,358</b>	<b>46.5</b>	<b>7,225</b>

*Source Bank Data  
Due to rounding, totals may not equal 100.0%*

### **Geographic Distribution**

The geographic distribution reflects reasonable dispersion throughout the assessment area. The bank’s performance in home mortgage and small business lending supports this conclusion.

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

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the following table shows that the bank falls behind aggregate and demographic data in 2020 and 2021, market share reports and demographic data support a reasonable conclusion.

The bank’s performance in low-income census tracts is above aggregate and demographic data in 2019, and while the 2020 and 2021 performance is below aggregate and demographic data, Peer Mortgage Data for both years supports reasonable performance despite high competition from large financial institutions and mortgage companies. In 2020, out of all home mortgage loans originated or purchased within the assessment area’s low-income census tracts, The Cooperative Bank ranked 70<sup>th</sup> out of 263 lenders, achieving a 0.3 percent market share and ranking within the top 26.6 percent of lenders. In 2021, out of all home mortgage loans originated or purchased within the assessment area’s low-income census tracts, The Cooperative Bank ranked 64<sup>th</sup> out of 280 lenders, retaining its 0.3 percent market share and improving its ranking to the top 22.9 percent of lenders. In both 2020 and 2021, The Cooperative Bank’s market share is reasonable considering the volume and resources of larger, national financial institutions and mortgage companies. Additionally, The Cooperative Bank consistently ranks among the top intermediate small institutions that originated or purchased home mortgage loans in the assessment area’s low-income census tracts, which further supports the bank’s reasonable performance.

The bank’s performance in moderate-income census tracts is below aggregate data for 2019, 2020 and 2021. However, from 2019 to 2020 the bank significantly increased both its percentage and number of home mortgage loans in moderate-income areas. In 2020, The Cooperative Bank only slightly trailed aggregate and demographic performance.

From 2020 to 2021, the bank increased the number of home mortgage loans originated in moderate-income areas. Although it trailed aggregate and demographic performance, 2021 Peer Mortgage Data shows The Cooperative Bank performed similarly to other intermediate small institutions originating or purchasing home mortgage loans in the assessment area's moderate-income census tracts. Based on 2021 Peer Mortgage Data, The Cooperative Bank ranked 56<sup>th</sup> out of 354 lenders with 0.4 percent of the market share and placed in the top 15.8 percent of lenders. Similar to its performance in lending to low-income census tracts, The Cooperative Bank ranked among the top intermediate small institutions in the area, further supporting reasonable performance.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	10.5	11.0	13	15.9	9,874	18.7
2020	10.5	10.0	6	6.5	6,431	9.6
2021	10.5	11.3	7	4.5	5,629	6.2
<b>Moderate</b>						
2019	24.0	25.5	11	13.4	9,550	18.1
2020	24.0	24.8	21	22.6	12,023	18.0
2021	24.0	26.3	23	14.7	14,011	15.5
<b>Middle</b>						
2019	34.7	32.5	33	40.2	16,757	31.8
2020	34.7	33.9	38	40.9	19,655	29.4
2021	34.7	32.5	69	44.2	41,686	46.1
<b>Upper</b>						
2019	29.7	29.8	25	30.5	16,513	31.3
2020	29.7	30.0	28	30.1	28,653	42.9
2021	29.7	28.6	57	36.5	29,150	32.2
<b>Not Available</b>						
2019	1.2	1.3	0	0.0	0	0.0
2020	1.2	1.4	0	0.0	0	0.0
2021	1.2	1.3	0	0.0	0	0.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>52,694</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>93</b>	<b>100.0</b>	<b>66,762</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>156</b>	<b>100.0</b>	<b>90,476</b>	<b>100.0</b>
<i>Source 2015 ACS; Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area, primarily due to its reasonable small business lending in moderate-income census tracts.

As shown in the following table, the bank's performance is below demographic data in low-income census tracts, but it exceeds demographic data in moderate-income census tracts.

All the loans within the moderate-income census tracts were originated through the bank's traditional small business lending, while the majority of the remaining small business loans are PPP loans originated during the COVID-19 pandemic. The volume of PPP loans compared to the bank's traditional small business lending demonstrates the bank's willingness to meet the credit needs of all small businesses.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>		<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
	2021	13.0	0	0.0	0	0.0
Moderate						
	2021	18.9	4	20.0	410	10.6
Middle						
	2021	17.0	8	40.0	1,348	34.9
Upper						
	2021	49.3	8	40.0	2,109	54.5
Not Available						
	2021	1.9	0	0.0	0	0.0
<b>Totals</b>						
	<b>2021</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>3,867</b>	<b>100.0</b>

*Source 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available.  
Due to rounding, totals may not equal 100.0%*

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes.

The bank's excellent performance of home mortgage lending and reasonable performance of small business lending supports this conclusion. Examiners evaluated the percentage of home mortgage loans to low- and moderate-income borrowers and the loan amount of small business loans due to high percentage of PPP loans.

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

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels. Examiners emphasized the bank's lending overall performance compared to aggregate performance.

The bank's lending to low-income individuals exceeded the aggregate performance in 2019, 2020, and 2021. While the bank's lending to low-income families is lower than demographics, the high percentage of families living below the poverty level (16.2 percent) coupled with the high home prices within the assessment area, reflects significant obstacles for a majority of low-income individuals to qualify for a home mortgage loan. Despite the challenges to lend to low-income individuals in the assessment area, The Cooperative Bank not only exceeded aggregate performance, but it also increased the number of home mortgage loans originated to low-income individuals over the evaluation period.

The bank's home mortgage lending to moderate-income individuals increased from 2019 to 2020, when it equaled aggregate performance. From 2020 to 2021, the number of home mortgage loans originated by the bank to moderate-income individuals increased, while its performance overall slightly trailed aggregate performance and fell below demographic data. Despite falling slightly below aggregate performance in 2021, Peer Mortgage Data for the year reveals that The Cooperative Bank performed similarly to other community banks in a highly competitive market. Based on 2021 Peer Mortgage Data of originated or purchased loans to moderate-income individuals in the assessment area, The Cooperative Bank ranked 33<sup>rd</sup> with a 0.7 percent market share out of 246 lenders. Only one intermediate small institution in the area ranked above The Cooperative Bank, and all other institutions are large financial institutions or national mortgage companies.

Given the bank's performance compared to larger financial institutions and national mortgage companies, the area's high poverty rate and, high home prices, and the positive trend in the number of loans originated to low- and moderate-income individuals, the bank's performance is excellent.

The following table illustrates the distribution of home mortgage loans by borrower income levels.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2019	37.1	3.1	3	3.7	642	1.2
2020	37.1	2.5	3	3.2	633	0.9
2021	37.1	3.6	12	7.7	3,426	3.8
<b>Moderate</b>						
2019	16.6	12.3	8	9.8	2,523	4.8
2020	16.6	12.9	12	12.9	3,476	5.2
2021	16.6	13.7	20	12.8	5,883	6.5
<b>Middle</b>						
2019	15.5	19.8	7	8.5	2,173	4.1
2020	15.5	22.3	11	11.8	4,158	6.2
2021	15.5	21.0	37	23.7	12,709	14.0
<b>Upper</b>						
2019	30.9	50.2	40	48.8	22,868	43.4
2020	30.9	50.0	45	48.4	29,182	43.7
2021	30.9	47.7	57	36.5	29,163	32.2
<b>Not Available</b>						
2019	0.0	14.6	24	29.3	24,488	46.5
2020	0.0	12.3	22	23.7	29,314	43.9
2021	0.0	14.0	30	19.2	39,295	43.4
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>82</b>	<b>100.0</b>	<b>52,693</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>93</b>	<b>100.0</b>	<b>66,762</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>156</b>	<b>100.0</b>	<b>90,476</b>	<b>100.0</b>
<i>Source 2015 ACS; Bank Data, 2019, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of sampled small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less.

The first table below shows the majority of the bank’s small business loan samples were to businesses with no available revenue, resulting from the PPP loans without revenue information within the sample. The second table below shows the breakout of the bank’s small business loan samples by loan amount. The breakdown of these loans by loan size provides a more representative view of the bank’s performance because smaller businesses predominantly require smaller loan amounts. Loans under \$250,000 make up a majority, or 65 percent, of the bank’s small business originations, reflecting reasonable penetration.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2021	84.5	3	15.0	1,756	45.4
>\$1,000,000					
2021	5.9	2	10.0	1,538	39.8
Revenue Not Available					
2021	9.6	15	75.0	573	14.8
<b>Totals</b>					
<b>2021</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>3,867</b>	<b>100.0</b>
<i>Source 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

<b>Distribution of Loans By Loan Size</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	13	65	321	8.3
\$100,000 - \$249,999	2	10	252	6.5
\$250,000 - \$1,000,000	5	25	3,294	85.2
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>3,867</b>	<b>100.0</b>
<i>Source Bank Data. Due to rounding, totals may not equal 100.0.</i>				

## **Response to Complaints**

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test.

## **COMMUNITY DEVELOPMENT TEST**

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

### **Community Development Loans**

The Cooperative Bank originated 54 community development loans totaling \$9.7 million during the evaluation period. This level of activity represents 2.0 percent of average total assets and 2.5 percent of average net loans over the evaluation period. The bank originated 11 community development loans for \$6.7 million during the previous evaluation period. The bank's lending helped revitalize, stabilize, and create economic development within the bank's assessment area.



Of the 54 qualified community development loans, 25 PPP loans totaling \$1.9 million were located in low- and moderate-income census tracts outside the bank’s assessment area, but benefitting the greater statewide area. The Cooperative Bank’s community development lending by number was above three similarly situated institutions, and by dollar amount, it was below two of the three similarly situated institutions.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
<b>11/12/2019 - 12/31/2019</b>	0	0	0	0	0	0	0	0	0	0
<b>2020</b>	0	0	0	0	0	0	27	2,570	27	2,570
<b>2021</b>	0	0	0	0	2	1,577	22	2,022	24	3,599
<b>YTD 2022</b>	1	1,600	0	0	2	1,918	0	0	3	3,518
<b>Total</b>	<b>1</b>	<b>1,600</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>3,495</b>	<b>49</b>	<b>4,592</b>	<b>54</b>	<b>9,687</b>

*Source Bank Records*

Below are examples of the bank’s qualified community development loan activities:

- During the evaluation period, the bank originated two SBA 504 loans totaling \$2.3 million. The loan program provides small businesses with long-term financing through a Certified Development Company (CDC). Small businesses use the financing to acquire fixed assets for expansion and modernization, which promotes business growth and job creation. Generally, the loan structure includes a 10.0 percent equity investment by the small business, 40.0 percent participation by the CDC, and 50.0 percent participation by the bank. These two loans helped retain low- and moderate-income jobs within the assessment area.
- In 2020 and 2021, the bank originated 49 SBA PPP loans totaling \$4.6 million in low- and moderate-income census tracts in response to the COVID-19 pandemic. Examiners considered these loans responsive as they helped revitalize and stabilize low- and moderate-income census tracts and assisted with the retention of low- and moderate income jobs by supporting businesses impacted by the COVID-19 pandemic.
- In 2022, the bank originated a \$1.6 million loan to purchase a 20-unit residential property in the Mattapan neighborhood of Boston. All units are rented below the U.S. Department of Housing and Urban Development’s Fair Market Rent. This loan helps maintain access to affordable housing within the bank’s assessment area.

**Qualified Investments**

The Cooperative Bank made 41 qualified investments for \$109,335. This amount comprises grants and donations benefitting the assessment area. This equates to 0.0 percent of average total assets since the prior evaluation and 0.2 percent of average total securities. The bank increased its qualified investments by both number and dollar amount since the previous evaluation. During the previous evaluation, the bank made 23 qualified investments, totaling \$43,865. The Cooperative Bank’s level of qualified investments was similar to the number of investments made by two of the three similarly situated institutions, but was below all three institutions by dollar amount.

The following table illustrates the bank’s community development investments by year and purpose. These investments demonstrate the bank’s responsiveness, particularly to the need for affordable housing and community services in the community.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
11/12/2019 - 12/31/2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	13	39,300	0	0	0	0	13	39,300
2021	1	2,500	12	31,000	0	0	0	0	13	33,500
2022	3	6,500	12	30,035	0	0	0	0	15	36,535
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>9,000</b>	<b>37</b>	<b>100,335</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>109,335</b>

*Source Bank Records*

Below are notable examples of the bank’s qualified investment activities:

- **Massachusetts Affordable Housing Alliance (MAHA)** – MAHA is an affordable housing organization that promotes homeownership opportunities for low- and moderate-income individuals. The organization offers first-time homebuyer seminars and foreclosure prevention counseling. The bank’s donations to this organization helped expand access to affordable housing within the assessment area.
- **ABCD Boston** – ABCD is a non-profit community service organization that provides low-income residents in and around Boston with various resources and programs. The bank made multiple donations that supported the organization’s Head Start & Early Head Start program located in Roslindale. The program provides community services to children of families who meet income guidelines or receive public assistance. The bank’s donations provided community services for low- and moderate-income families within the assessment area.
- **Food Pantries** – During the evaluation period, the bank made multiple donations to food pantries that serve the assessment area. Pantries include First Church in Jamaica Plain Food Pantry, Harvest on the Vine, Roses Bounty Food Pantry, Roslindale Food Pantry, and St.

Andrews Food Pantry. These organizations provide basic food and toiletries free of charge to qualifying individuals and families within the assessment area. The bank’s donations to these organizations provided vital community services for low- and moderate-income individuals within the assessment area.

**Community Development Services**

The Cooperative Bank employees provided 48 instances of services relating to financial expertise or technical assistance to 13 different organizations in the assessment area. These community development services included employee involvement in community development organizations as well as financial education and other financial services for low- and moderate-income individuals. The number of community development services increased since the prior evaluation, when the bank provided four instances of community development services. The Cooperative Bank’s instances of community development services exceeded that of one similarly situated institution and similar to another.

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

<b>Community Development Services</b>					
<b>Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Total</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
11/12/2019 - 12/31/2019	0	2	0	0	<b>2</b>
2020	2	2	2	0	<b>6</b>
2021	2	2	3	0	<b>7</b>
2022	15	5	3	0	<b>23</b>
YTD 2023	2	5	3	0	<b>10</b>
<b>Total</b>	<b>21</b>	<b>16</b>	<b>11</b>	<b>0</b>	<b>48</b>
<i>Source Bank Data</i>					

The following are examples of the organizations that benefited from bank employee involvement and financial literacy programs provided by the bank.

***Employee Involvement***

- **ESAC** – This nonprofit agency’s primary purpose is providing housing-related services and education to residents of Boston and eastern Massachusetts. For example, the organization provides programs in homeownership education, senior home repair, and foreclosure prevention counseling. The President of the bank serves on the organization’s Board of Directors. The bank’s involvement with this organization helped expand access to affordable housing for low- and moderate-income elderly residents within the assessment area.
- **Parkway Community YMCA** – This non-profit organization offers a variety of services for low- and moderate-income individuals including childcare programs, free lunch, and job

training programs. The organization offers financial aid to low- and moderate-income individuals to cover the cost of membership and camp programs. An Assistant Vice President and a Director at the bank serve on the organization's Board of Directors. The bank's involvement with this organization helped provide community services to the assessment area's low- and moderate-income families.

### ***Financial Literacy***

- **First-Time Homebuyer Classes** – A Vice President presented at a number of First-Time Homebuyer classes during the evaluation period. These classes were hosted by a variety of local and statewide affordable housing organizations, including Citizens' Housing And Planning Association, MAHA, MassHousing Partnership, Massachusetts Community & Banking Council, the Neighborhood Network Center, the Mayor's Office of Housing, and Urban Edge. This commitment to financial literacy expanded access to affordable housing for the assessment area's low- and moderate-income families and individuals.

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

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

## **APPENDICES**

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

The MA 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 FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

### **MINORITY APPLICATION FLOW**

Division of Bank examiners reviewed the bank's 2020 and 2021 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to 2015 ACS U.S. Census data, the bank's assessment area contains a population of 675,505 individuals, of which 53.2 percent are minorities. The assessment area's minority population is 22.1 percent Black/African American, 9.0 percent Asian, 0.2 percent American Indian, 18.4 percent Hispanic or Latino, and 3.5 percent Other.

Examiners compared the bank's application activity with that of the 2020 and 2021 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2020		2020 Aggregate Data	2021		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.5	0.1	0	0.0	0.2
Asian	4	2.2	8.0	7	4.5	8.7
Black/ African American	7	3.9	8.6	9	5.7	10.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.2	0	0.0	0.3
Joint Race (White/Minority)	4	2.2	2.0	2	1.3	2.0
<b>Total Racial Minority</b>	<b>16</b>	<b>8.8</b>	<b>19.1</b>	<b>18</b>	<b>11.5</b>	<b>22.0</b>
White	124	68.5	54.2	94	59.9	49.5
Race Not Available	41	22.7	26.7	45	28.6	28.5
<b>Total</b>	<b>181</b>	<b>100.0</b>	<b>100.0</b>	<b>157</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	3	1.7	5.0	8	5.1	5.8
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.6	1.2	2	1.3	1.3
<b>Total Ethnic Minority</b>	<b>4</b>	<b>2.3</b>	<b>6.2</b>	<b>10</b>	<b>6.4</b>	<b>7.1</b>
Not Hispanic or Latino	138	76.2	66.7	106	67.5	65.3
Ethnicity Not Available	39	21.5	27.1	41	26.1	27.6
<b>Total</b>	<b>181</b>	<b>100.0</b>	<b>100.0</b>	<b>157</b>	<b>100.0</b>	<b>100.0</b>

*Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021*

In 2020, the bank received 181 home mortgage loan applications from within its assessment area. Of these applications 16, or 8.8 percent, were received from racial minority applicants, of which 12, or 75.0 percent, resulted in originations. The aggregate received 19.1 percent of its applications from minority applicants, of which 57.0 percent were originated. For the same period, the bank also received 4 applications, or 6.2 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, 3 or 75.0 percent were originated, compared with an aggregate application rate of 6.2 percent with a 55.0 percent origination rate.

In 2021, the bank received 157 home mortgage loan applications from within its assessment area. Of these applications, 18 or 11.5 percent were received from racial minority applicants, of which 17 or 94.4 percent resulted in originations. The aggregate received 22.0 percent of its applications from minority consumers, of which 58.3 percent were originated. For the same period, the bank also received 10 applications, or 6.4 percent, from ethnic groups of Hispanic origin within its assessment area and all applications were originated, compared with an aggregate application rate of 7.1 percent with a 58.2 percent origination rate.

Considering the demographic composition of the assessment area, market competition, and comparisons to aggregate data in 2020 and 2021, and the bank's application and origination rate to racial and ethnic minorities is considered adequate.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

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

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

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

## GLOSSARY

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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