

PUBLIC DISCLOSURE

August 26, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wrentham Co-operative Bank
Certificate Number: 26576

102 South Street
Wrentham, Massachusetts 02093

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
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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: Wrentham Co-operative Bank is rated **Satisfactory** by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division). 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 bank's loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Background

Wrentham Co-operative Bank (WCB), founded in 1901, is headquartered in Wrentham, Massachusetts. The bank has one wholly owned subsidiary, Wrentham Corporation One (Wrentham Corp), which buys, holds, and sells positions of the bank's securities portfolio. Wrentham Corp does not offer any retail products or interact with customers.

The FDIC and Division assigned the institution a "Satisfactory" rating at its previous CRA Performance Evaluation, dated January 14, 2019, based on the Federal Financial Institutions Examination Council (FFIEC) Interagency Small Institution Examination Procedures.

Operations

The bank operates three full-service branches, with two locations in Wrentham and one in Norfolk, Massachusetts. All branches are in upper-income census tracts. There have been no mergers, consolidations, or acquisitions since the previous examination. The bank opened its Norfolk branch on January 29, 2024. The banking strategy continues to focus on home mortgage lending. In addition to lending, the bank offers a variety of deposit products including savings, checking, money market, and certificate of deposit accounts. To augment in-person branch services, the bank offers alternative delivery services including online banking and automated teller machines (ATMs) at the branch locations.

Ability and Capacity

As of June 30, 2024, the bank had total assets of \$177.5 million, including total loans of \$105.5 million. As of the same date, the bank had total deposits of \$159.7 million. Since September 30, 2018, which is the Call Report date used for the prior CRA evaluation, total assets increased by 52.6 percent. Furthermore, total loans increased by 35.7 percent over the same timeframe. WCB's opening of the branch in Norfolk significantly contributed to this growth. The following table illustrates the bank's loan portfolio distribution as of June 30, 2024.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	0	0.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	103,075	97.7
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	987	0.9
Total Real Estate Loans	104,062	98.6
Commercial and Industrial Loans	78	0.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,438	1.4
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	95	0.1
Total Loans	105,483	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments that would limit 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 its CRA performance is evaluated. In May 2023, the bank expanded its CRA assessment area from six towns in Norfolk County to include all of Bristol and Norfolk Counties in Massachusetts. Norfolk County is in the Boston Metropolitan Division (MD) 14454 and is part of the larger Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA) 14460. Bristol County is in the Providence/Warwick RI-MA Metropolitan Statistical Area (MSA) 39300. The two MSAs are within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA); therefore, examiners presented one set of ratings and conclusions.

Economic and Demographic Data

This section discusses the economic and demographic information relevant to the assessment area during the evaluation period. The bank's assessment area consists of 285 census tracts that reflect the following income designations, according to the 2020 U.S. Census Data:

- 21 low-income census tracts
- 48 moderate-income census tracts
- 100 middle-income tracts
- 112 upper-income tracts
- 4 census tracts with no income designation

Nineteen of the low-income census tracts and 32 of the moderate-income tracts are in Bristol County. The towns in Bristol County with low- and moderate-income census tracts are Attleboro (two moderate-income), Fairhaven (one moderate-income), Fall River (nine low-income; 12 moderate-income), New Bedford (nine low-income; 12 moderate-income), Taunton (one low-income; four moderate-income), and Westport (one moderate-income).

Two of the low-income census tracts and 16 of the moderate-income tracts are in Norfolk County. The Norfolk County towns with low- and moderate-income tracts are Norwood (two moderate-income), Quincy (two low-income; seven moderate-income), Randolph (one moderate-income), Stoughton (three moderate-income), and Weymouth (three moderate-income).

The following table illustrates the bank’s assessment area based on the 2020 U.S. Census demographic data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	285	7.4	16.8	35.1	39.3	1.4
Population by Geography	1,305,181	5.0	15.4	36.1	43.0	0.5
Housing Units by Geography	516,223	5.9	17.0	36.8	39.9	0.4
Owner-Occupied Units by Geography	322,860	1.8	11.0	38.5	48.4	0.4
Occupied Rental Units by Geography	165,472	13.1	27.9	34.4	24.0	0.6
Vacant Units by Geography	27,891	9.9	22.4	32.1	35.2	0.4
Businesses by Geography	142,352	4.7	12.0	35.2	47.8	0.2
Farms by Geography	2,987	2.6	9.3	32.5	55.5	0.2
Family Distribution by Income Level	323,393	19.6	15.1	19.8	45.5	0.0
Household Distribution by Income Level	488,332	23.5	13.9	16.5	46.2	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$448,153
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$89,555	Median Gross Rent			\$1,338
			Families Below Poverty Level			5.9%

Source: 2020 U.S. Census and 2023 D&B Data
 (*) The NA category consists of geographies that have not been assigned an income classification.

The previous table illustrates that the owner-occupancy rate in the low-income census tracts is low at 1.8 percent, which results in limited opportunities for lenders to make home mortgage loans in those tracts. In addition, the percentage of low-income families in the assessment area includes 5.9 percent of total families that have incomes below the poverty level. Families in this group, especially considering the median housing value of \$448,153, would have difficulty qualifying for traditional home mortgage loans.

Examiners used the 2022 and 2023 FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
2023 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960

Source: FFIEC

According to the U.S. Bureau of Labor Statistics, the 2023 year-end unemployment rate was approximately 3.1 percent for Norfolk County and 4.1 percent for Bristol County, compared to 3.7 percent statewide and 3.6 percent nationwide. Unemployment rates have decreased significantly since the previous evaluation.

Data from the U.S. Bureau of Labor Statistics shows that unemployment rates fell during the evaluation period. As in most areas of the country, unemployment rates in the assessment area were elevated during the height of the COVID-19 pandemic in 2020 and 2021. As shown in the table below, the unemployment rates for the nation, state, and counties included in the bank’s assessment area declined throughout the evaluation period as the economy stabilized post-pandemic.

Unemployment Rates (%)				
Area	2020	2021	2022	2023
Bristol County	10.7	6.1	4.5	4.1
Norfolk County	8.7	4.8	3.2	3.1
Massachusetts	9.3	5.4	3.7	3.4
National Average	8.1	5.3	3.6	3.6

Source: Bureau of Labor Statistics

Competition

There is a high level of competition for financial services in the assessment area. According to the FDIC June 30, 2024, Deposit Market Share Report, there were 43 financial institutions operating approximately 356 full-service branches in the assessment area. Of these institutions, WCB ranked 35th with a 0.2 percent deposit market share. The top three institutions that maintained the highest deposit market share were Bank of America, N.A. (20.8 percent); Citizens Bank, N.A. (11.4 percent); and Rockland Trust Company (11.4 percent).

The bank operates in a competitive market for home mortgage lending. According to aggregate data for 2022, there was a high level of competition for home mortgage loans among banks, credit

unions, and non-depository mortgage lenders in the assessment area. Of the 492 lenders that originated or purchased 38,399 home mortgage loans, WCB ranked 207th. The top three institutions were Citizens Bank, NA (8.4 percent); United Wholesale Mortgage (3.2 percent); and Rocket Mortgage (3.0 percent).

Aggregate data for 2023 also reflects a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2023, there were 452 lenders that originated or purchased 25,957 home mortgage loans, and WCB's ranking improved from to 147th. The top three institutions were JP Morgan Chase Bank, N.A. (8.9 percent); CBNA (7.5 percent); and United Wholesale Mortgage (3.3 percent).

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.

For this evaluation, examiners referred to a recently conducted community contact with an organization that provides services to low-income individuals and families in over 80 communities across Southeastern Massachusetts.

The contact noted, through a client survey, that approximately 40.0 percent of low-income respondents reported they are worse off now as compared to before the COVID-19 pandemic. The contact indicated that the top unmet needs of low-income individuals and families are the ability to pay for heat and utilities, affordable housing, access to affordable and nutritious food, transportation, assistance with financial emergencies, and early education and childcare.

The contact noted support from several financial institutions. Additionally, the contact indicated areas where financial institutions could be more involved, such as assistance with Individual Development Accounts. The contact noted that these accounts were an effective state funded program that helped individuals meet a financial goal, such as saving for education or buying a first home. However, there are currently no resources to continue this program and assistance from financial institutions would be helpful. Lastly, the contact noted that affordable housing continues to be a concern and support from financial institutions is needed.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary credit need of the assessment area is home mortgage loans, particularly those that help low- and moderate-income individuals attain affordable housing.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 14, 2019, to the current evaluation dated August 26, 2024. Examiners used the FFIEC Interagency Small Institution Examination Procedures to evaluate the institution's performance. These procedures include one test, the CRA Small Bank Lending Test (Lending Test).

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

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

Loan Products Reviewed

Examiners determined that the bank's major product line is home mortgage loans. The conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. Bank records indicate that the product mix and lending focus remained consistent throughout the evaluation period. No other loan types represent a major product line and therefore were not considered.

The evaluation considered all home mortgage loans originated by the bank and reported on its Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2022 and 2023. The bank reported 28 home mortgage loans totaling \$10.7 million in 2022 and 38 loans totaling \$21.3 million in 2023. The bank's home mortgage lending performance was compared to 2022 and 2023 aggregate lending data and demographic data.

For the Lending Test, examiners analyzed the number and dollar volume of loans. The evaluation presents the number and dollar volume of loans, but examiners emphasized performance by number of loans as it is a better indicator of the number of individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

WCB demonstrated adequate performance under the Lending Test. Performance under the Loan-to-Deposit Ratio, Assessment Area Concentration, and Borrower Distribution criteria primarily support this conclusion.

Loan-to-Deposit (LTD) Ratio

The bank's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 66.8 percent over the past 23 calendar quarters from December 31, 2018, through June 30, 2024. The ratio ranged from a high of 78.2 percent as of December 31, 2018, to a low of 57.2 percent as of March 31, 2022.

Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus to use as a comparison for the bank's performance. WCB's ratio was slightly below two comparable institutions, and similar to another, as shown in the following table. Bank management indicated that the bank has made efforts to increase the LTD ratio by, for example, offering flexible terms on home equity lines of credit. While the LTD ratio declined since the previous evaluation period, the eight most recent quarters reflect an upward trend in the LTD ratio. The following table shows the average net LTD ratios for WCB and similarly situated institutions during the evaluation period.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Canton Co-operative Bank	155,487	68.0
Charles River Bank	302,209	75.1
Stoughton Co-operative Bank	126,389	83.9
Wrentham Co-operative Bank	177,524	66.8
<i>Source: Reports of Condition and Income 12/31/2018 – 6/30/2024</i>		

Assessment Area Concentration

WCB made a majority of its home mortgage loans inside the assessment area. While the total dollar amount of loans inside the assessment area was less than a majority, greater weight is placed on the number of loans as this better represents the number of individuals to whom credit was extended. The majority of loans outside the assessment area by dollar volume is attributed to the bank originating several residential mortgage loans in Boston and Cambridge that were each approximately \$1.0 million. Bank management indicated that home mortgage loans within the assessment area tends to be for smaller loan amounts.

The following table illustrates the bank’s performance of lending inside and outside the assessment area by number and dollar amount of loans in 2022 and 2023.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	18	64.3	10	35.7	28	5,098	47.5	5,625	52.5	10,723
2023	20	52.6	18	47.4	38	10,537	49.4	10,801	50.6	21,338
Total	38	57.6	28	42.4	66	15,635	48.8	16,426	51.2	32,061

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank did not originate any loans in low- or moderate-income census tracts in 2022 or 2023.

Examiners noted that the bank recently expanded the assessment area in May of 2023. Prior to the expansion, the assessment area did not contain any low- or moderate-income tracts. The expansion added 21 low-income census tracts and 48 moderate-income tracts. Given the timing of the evaluation, the bank had limited time to penetrate low- and moderate-income geographies in the expanded assessment area. Furthermore, the bank’s Norfolk branch is the closest WCB office to a moderate-income census tract, and because this branch did not open until January 2024, it had no impact on lending in low- and moderate-income census tracts for 2022 or 2023. WCB’s main office and two other branches are in the southeastern part of Norfolk County, while the assessment area’s low-income and moderate-income census tracts are largely concentrated in the northwestern part of Norfolk County.

The following table illustrates the bank’s performance, as well as aggregate and demographic data, in 2022 and 2023 by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.8	2.4	0	0.0	0	0.0
2023	1.8	2.5	0	0.0	0	0.0
Moderate						
2022	11.0	12.3	0	0.0	0	0.0
2023	11.0	11.4	0	0.0	0	0.0
Middle						
2022	38.5	36.9	1	5.6	460	9.0
2023	38.5	35.4	6	30.0	3,464	32.9
Upper						
2022	48.4	48.0	17	94.4	4,638	91.0
2023	48.4	50.5	14	70.0	7,073	67.1
Not Available						
2022	0.4	0.4	0	0.0	0	0.0
2023	0.4	0.3	0	0.0	0	0.0
Total						
2022	100.0	100.0	18	100.0	5,098	100.0
2023	100.0	100.0	20	100.0	10,537	100.0
<i>Source: 2020 U.S. Census Data; Bank Data, 2022 & 2023 HMDA Aggregate Data</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the assessment area. The bank did not originate any home mortgage loans to low-income families in 2022 or 2023; therefore, its lending was below the aggregate and demographic performance in both years. Because of the low volume of WCB originations overall, a single loan would have brought the bank's performance in-line with aggregate performance.

The bank's performance in lending to moderate-income borrowers in 2022 exceeded demographic data and was comparable to aggregate performance. In 2023, the bank's performance in lending to moderate-income borrowers was below demographic data and aggregate performance; however, like lending to low-income borrowers, a single loan to a moderate-income borrower would have brought the bank's performance in-line with demographic data and aggregate performance.

Market share data, specifically regarding lending to moderate-income borrowers, further supports reasonable performance. Of the 296 lenders that made at least one loan to moderate-income borrowers in 2022, WCB ranked 65th with a 0.04 percent market share, which is similar to the

bank's overall market share of 0.05 percent. In 2023, WCB improved to a rank of 51st of 249 lenders in lending to moderate-income borrowers with a 0.05 percent market share, which is also similar to the overall market share of 0.08 percent.

Demographic data from 2020 U.S. Census data reflects a low-income family in Norfolk County earns a median income of \$68,450 or less, while a low-income family in Bristol County earns less than \$54,150. A family at this income level could experience challenges in qualifying for a home mortgage in the area, given the average housing value was approximately \$448,153 in 2023. These factors, coupled with the poverty level of 5.9 percent, explain the disparity between aggregate performance and the percentage of low-income families residing in the assessment area.

Given the size and capacity of the institution and the high level of competition in the assessment area, the bank's performance is reasonable.

The following table illustrates the bank's lending to borrowers of different income levels in the assessment area as compared to aggregate and demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.6	5.3	0	0.0	0	0.0
2023	19.6	4.7	0	0.0	0	0.0
Moderate						
2022	15.1	17.7	3	16.7	876	17.2
2023	15.1	14.7	2	10.0	408	3.9
Middle						
2022	19.8	24.2	6	33.3	1,473	28.9
2023	19.8	23.1	2	10.0	438	4.2
Upper						
2022	45.5	40.5	9	50.0	2,749	53.9
2023	45.5	38.6	16	80.0	9,691	92.0
Not Available						
2022	0.0	12.2	0	0.0	0	0.0
2023	0.0	18.9	0	0.0	0	0.0
Total						
2022	100.0	100.0	18	100.0	5,098	100.0
2023	100.0	100.0	20	100.0	10,537	100.0

Source: 2020 U.S. Census Data; Bank Data, 2022 & 2023 HMDA Aggregate Data

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 rating.

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 Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. Examiner conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

MINORITY APPLICATION FLOW

Division examiners reviewed the bank's 2022 and 2023 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 2020 Census Data, the bank's assessment area contained a total population of 1,305,181 individuals of which 30.4 percent are minorities. The minority and ethnic population represented is 11.2 percent Other Race, 7.8 percent Asian, 7.1 percent Hispanic, 5.9 percent Black or African American, 0.2 percent American Indian or Alaska Native, and 0.1 percent Native Hawaiian or other Pacific Islander. Examiners compared the bank's application activity with that of the 2022 and 2023 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 aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	1	2.6	7.5	0	0.0	7.3
Black/ African American	2	5.3	7.3	0	0.0	7.2
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority.0	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	1	2.6	1.7	1	4.0	1.6
Total Racial Minority	4	10.5	17.0	1	4.0	16.6
White	31	81.6	60.2	21	84.0	57.0
Race Not Available	3	7.9	22.8	3	12.0	26.4
Total	38	100.0	100.0	25	100.0	100.0
ETHNICITY						
Hispanic or Latino	2	5.2	4.7	0	0.0	4.7
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.4	0	0.0	1.4
Total Ethnic Minority	2	5.2	6.1	0	0.0	6.1
Not Hispanic or Latino	12	31.6	71.0	21	84.0	67.6
Ethnicity Not Available	24	63.2	22.9	4	16.0	26.3
Total	38	100.0	100.0	25	100.0	100.0
<i>Source: HMDA Aggregate Data (2022 and 2023), HMDA LAR Data (2022 and 2023)</i>						

The bank's minority application flow in 2022 and 2023 is below aggregate; however, given the bank's recent expanded assessment area, outreach efforts and low volume of activity, it is deemed adequate. The assessment area has grown from 8.3 percent minority population to a 30.4 percent minority population. The majority-minority populations are in Milton, New Bedford, Quincy, Randolph, and Stoughton where the bank has no current branch presence in these towns, and a limited lending footprint from a historical perspective. The bank has a focus on marketing strategies to make credit accessible to majority-minority populations. Additionally, the bank's online and mobile banking platforms reflect a broad geographic reach to various demographics.

The bank conducts annual monitoring including an analysis of application flow from ethnic and racial minority applicants and is cognizant of challenges and fair lending risks.

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).

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.

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.

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.

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.

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 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.

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.