

PUBLIC DISCLOSURE

April 26, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Stoughton Co-operative Bank
RSSD # 164975

950 Park Street
Stoughton, Massachusetts 02072

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Stoughton Co-operative Bank (Stoughton or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonable variations) given the bank's size, financial condition, assessment area credit needs, and taking into account lending-related activities.
- A majority of loans and other lending-related activities are outside the bank's assessment area.
- A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area.
- A reasonable geographic distribution of loans given the bank's assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

SCOPE OF EXAMINATION

Stoughton's CRA performance was reviewed in accordance with the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions¹ and was evaluated based on the following performance criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The data used for the evaluation and the applicable timeframe are discussed below.

The Lending Test was based on home mortgage loans originated from January 1, 2016 to December 31, 2019. Home mortgage data for 2018 and 2019 is presented in the lending tables for the Borrower Profile and Geographic Distribution criteria, although home mortgage data for 2016 and 2017 was also evaluated. While both the number and dollar volume of the bank's home mortgage loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. The bank's net LTD ratio was calculated from FFIEC Call Reports as of March 31, 2016 through December 31, 2020. Small business loans were not included in this evaluation.

Home mortgage loan data was obtained from Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). HMDA reporting requirements changed in 2018; therefore, this evaluation does not compare the bank's 2016 and 2017 home mortgage lending performance to its 2018 and 2019 home mortgage lending performance. Additionally, this evaluation does not include analysis of other loans reported on the bank's 2018 & 2019 LARs. The bank's home mortgage loan performance was compared to applicable aggregate data. Aggregate data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. The 2016 and 2017 aggregate data was obtained from the FFIEC's HMDA data, and the 2018 and 2019 aggregate data was obtained from the Consumer Finance Protection Bureau (CFPB). The new loan purposes of "other" and "not applicable" were excluded from the 2018 and 2019 aggregate. The bank's home mortgage lending performance was also compared to demographics from the 2015 American Community Survey (ACS).

Stoughton's CRA performance was last examined by the Federal Reserve Bank of Boston on June 13, 2016, in accordance with the FFIEC Examination Procedures for Small Institutions. The examination resulted in a "Satisfactory" rating.

DESCRIPTION OF INSTITUTION

Stoughton is a state-chartered stock savings bank located in Stoughton, MA. Stoughton became a state member bank on January 1, 2013. The bank's main office is located at 950 Park Street, Stoughton, MA. The bank operates one additional branch, also located in Stoughton, MA. The bank did not open or close any branches during the review period.

The bank offers personal products and services such as checking and savings accounts, online and mobile banking, mortgages, home equity loans, MassSave HEAT loans, and consumer loans. Business products and services include checking and savings accounts. Information about the

¹ "Small institution" means a bank or savings association that, as of December 31, of either of the prior two calendar years, had assets of less than \$1.322 billion. As the bank's assets were also below \$330 million, the bank was not considered an intermediate small institution.

bank's products and services can be found at www.stoughtoncoop.com.

As of December 31, 2020, bank assets totaled \$121.9 million, loans totaled \$91.7 million, and deposits totaled \$110.2 million. Since the last evaluation in 2016, bank assets have increased by 12.5 percent, loans by 33.2 percent, and deposits by 29.8 percent. The increase in the dollar volume of loans is partly attributed to an approximate \$18.3 million increase in closed-end one-to-four family loans; a \$1.8 million increase in revolving open-end loans; and a \$1.6 million increase in automobile loans.

Table 1 shows the bank's loan portfolio distribution as of December 31, 2020. Stoughton is primarily a home mortgage lender with residential real estate loans, including 1-4 family open-end and closed-end loans, and multifamily residential properties, representing the majority of the loan portfolio by dollar volume. Since the last examination, residential real estate loans have increased in dollar amount, but decreased in terms of their percentage of the loan portfolio, from 89.3 percent to 87.1 percent. Similarly, commercial loans, which include commercial real estate and commercial and industrial loans, have increased by dollar amount but decreased in their percentage of the loan portfolio, from 5.6 percent to 5.0 percent. Stoughton began offering construction and land development loans since the last examination, which represents 0.5 percent of the loan portfolio.

Stoughton does not have any affiliate relationships or subsidiaries. The bank has no planned mergers or acquisitions.

Table 1 Loan Distribution as of December 31, 2020		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Construction and Land Development	499	0.5
Revolving 1-4 Family Residential	4,103	4.5
1-4 Family Residential	79,806	87.1
Multi-Family (5 or more) Residential	250	0.3
Commercial RE	3,828	4.2
Total Real Estate Loans	88,486	96.5
Commercial and Industrial	712	0.8
Consumer	2,475	2.7
Other Loans	1	0.0
Less unearned income	0	0
Total Loans	91,674	100.0

Call Report as of December 31, 2020.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Stoughton operates in a competitive geographic area where several community banks, as well as larger regional and national banks, maintain a branch presence. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2020, there were 15 institutions offering deposit services within the bank's assessment area. Stoughton ranked 10th for deposit market share, at 2.1 percent. HarborOne Bank ranked first, at 27.4 percent; Bank of America, NA, ranked second, at 15.3 percent; and Citizens Bank, NA, ranked third, at 13.4 percent.

The bank also operates in a competitive environment for home mortgage loans. In 2019, Stoughton ranked 46th of 322 lenders for home mortgage loans originated and/or purchased within its assessment area, at 0.4 percent. Citizens Bank, NA, ranked first with 5.2 percent; Quicken Loans, LLC, ranked second with 5.0 percent; and Wells Fargo Bank, NA, ranked third with 4.9 percent.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank defines its assessment area as the following six cities and towns: Avon, Brockton, Canton, Easton, Sharon, and Stoughton. In March 2021, Stoughton expanded its assessment area to include the Town of Easton. The current CRA evaluation is based on the newly defined assessment area.

Stoughton's delineated assessment area consists of a portion of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA) and a portion of the Providence-Warwick, RI-MA MSA. Within the Boston-Cambridge-Newton, MA-NH MSA, the bank's assessment area consists of a portion of the Boston, MA Metropolitan Division (MD). Within the Boston, MA, MD, the assessment area consists of a portion of Norfolk County and a portion of Plymouth County. Within the Providence-Warwick, RI-MA MSA the assessment area consists of a portion of Bristol County, MA.

Norfolk, Plymouth, and Bristol counties are contiguous. Norfolk County is mostly located to the south and west of the city of Boston and is comprised of a total of 28 towns and cities. Of these 28 cities and towns, 4 are located within the bank's assessment area: Avon, Canton, Sharon, and Stoughton. These towns represent 15 of the 130 census tracts in Norfolk County. Plymouth County borders Norfolk County to the south and is located approximately 40 miles south of the city of Boston, commonly referred to as the South Shore, and is comprised of 27 towns and cities. Of these 27 towns and cities, 1 is located within the bank's assessment area, the city of Brockton. Brockton consists of 21 of the 101 census tracts in Plymouth County. Bristol County is located to the west of Plymouth County and comprised of 20 cities or towns. Of these 20 towns and cities, 1 is located within the bank's assessment area, the town of Easton. There are 126 census tracts in Bristol County. Easton consists of 5 of the 126 census tracts.

Table 2 provides demographic information in the bank's assessment area.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	5	12.2	4,223	8.9	1,319	31.2	12,199	25.8
Moderate-income	11	26.8	12,412	26.2	1,933	15.6	8,183	17.3
Middle-income	13	31.7	14,611	30.9	859	5.9	8,748	18.5
Upper-income	12	29.3	16,061	34.0	389	2.4	18,177	38.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	41	100.0	47,307	100.0	4,500	9.5	47,307	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	7,474	1,740	3.8	23.3	4,788	64.1	946	12.7
Moderate-income	20,706	9,576	21.0	46.2	9,292	44.9	1,838	8.9
Middle-income	23,067	16,665	36.6	72.2	5,056	21.9	1,346	5.8
Upper-income	21,486	17,554	38.6	81.7	3,037	14.1	895	4.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	72,733	45,535	100.0	62.6	22,173	30.5	5,025	6.9
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	708	7.4	648	7.5	51	5.8	9	16.4
Moderate-income	1,816	19.0	1,686	19.6	124	14.2	6	10.9
Middle-income	3,570	37.4	3,167	36.7	385	43.9	18	32.7
Upper-income	3,460	36.2	3,122	36.2	316	36.1	22	40.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9,554	100.0	8,623	100.0	876	100.0	55	100.0
	Percentage of Total Businesses			90.3		9.2		0.6

2015 ACS and 2019 Dun & Bradstreet, Inc. (D&B), Short Hills, NJ, data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The assessment area consists of 41 census tracts, of which 5 are low-income, 11 are moderate-income, 13 are middle-income, and 12 are upper-income census tracts. There are no unknown-income census tracts. All 5 of the low-income census tracts are in the city of Brockton, as are 10 of the 11 moderate income census tracts. The remaining moderate-income census tract is in the town of Stoughton. The inclusion of Easton in the bank's assessment area added 1 middle-income census tract and 4 upper-income census tracts. The bank's two branches are both located in the town of Stoughton, in an upper and middle-income census tract.

Housing

There are 72,733 housing units in the assessment area, of which a majority, 81.3 percent, are 1-4 family housing, 18.7 percent have five or more units, and 0.4 percent are mobile homes. Of the total housing units, 62.6 percent are owner-occupied, 30.5 percent are rental units, and 6.9 percent are vacant. Rental units represent the majority of housing available within the low-income census tract, at 64.1 percent, and a significant percentage in moderate-income census tracts, at 44.9 percent.

According to 2015 ACS data, the median housing value in the assessment area is \$301,073

which is below the state median housing value of \$333,100. Similarly, the median gross monthly rent for the assessment area, at \$1,081, is lower than the state figure, at \$1,102. Recent data obtained from The Warren Group, Boston, MA, indicates that housing prices steadily rose since the last examination. For calendar year 2019, the average median home sales price for a single-family home and condominium (combined) in Massachusetts was \$396,000, representing a 4.2 percent increase from \$380,000 in 2018. At the town level, in Stoughton, the median sales price increased 6.1 percent, from \$350,000 in 2018, to \$371,194 in 2019. According to the Federal Reserve Beige Book for April 14, 2021, extremely low inventory and high demand continue to characterize the real estate market. Home inventories were down by double digit percentages for all reporting markets in the First District except Boston condominiums, where inventory posted a year-over-year gain. While interest rates increased slightly in February 2021, it did not affect demand. Suburban single-family homes remain the most favored product type. Low inventory and high housing costs can limit opportunities for banks to originate home mortgage loans to low- and moderate-income borrowers.

Business Characteristics

Economic activity within Norfolk, Plymouth, and Bristol counties is diverse, and supported by a mixture of service and healthcare-oriented sectors. According to Dun & Bradstreet, Short Hills, NJ (D&B), there are 9,554 businesses operating within the bank's assessment area. The vast majority, 90.3 percent, have gross revenue less than or equal to \$1 million. Most businesses in 2019 were in either upper-income census tracts or middle-income census tracts, with 36.2 percent and 37.4 percent, respectively. Businesses located within moderate-income census tracts represent 19.0 percent and low-income census tracts represent 7.4 percent. While overall there is a market for small business lending within the assessment area, the low percentage of small businesses within the low- and moderate-income geographies reflects fewer opportunities. Primary industries in the assessment area include retail trade healthcare, and higher education. Major employers in the assessment area include Destination XL Group Inc., Canton, MA; Harvard Pilgrim Healthcare, Wellesley, MA; and Brockton VA Hospital Medical Center, Brockton, MA. In the town of Stoughton, top employers include New England Sinai Hospital and Curahealth Hospital.

Population

The assessment area has a population of 190,949 individuals, distributed as follows: 10.2 percent reside in low-income census tracts, 27.7 percent reside in moderate-income census tracts, 30.2 percent reside in middle-income census tracts, and 32.0 percent reside in upper-income census tracts.

The assessment area includes 67,708 households. Upper-income households represent 41.1 percent of the assessment area. Middle-income households represent 16.1 percent of the assessment area. Moderate- and low-income households represent 15.6 percent and 27.2 percent of the assessment area, respectively.

The assessment area includes 47,307 families, of which 38.4 percent are upper-income. Middle-income families represent 18.5 percent of the assessment area. Moderate- and low-income families represent 17.3 percent and 25.8 percent, respectively, of the assessment area. The poverty rate for families in the assessment area is 9.5 percent, which is above the 8.2 percent

poverty rate for Massachusetts.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income of less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 3 displays the MFI incomes for the assessment area.

Table 3				
Median Family Income				
MSA/MD	MFI			
	2016	2017	2018	2019
Boston, MA (MD)	90,800	94,300	99,300	105,500
Providence-Warwick, RI-MA (MSA)	73,100	\$74,500	\$80,600	\$85,100
Massachusetts	77,600	\$80,000	\$80,700	\$102,600

FFIEC median family income estimates.

The MFI for the Boston, MA MD, which includes Norfolk County and Plymouth County, increased during the evaluation period. The MFI for the Providence-Warwick, RI-MA MSA, which includes Bristol County, also increased during the evaluation period. In 2019, the MFI for the Boston, MA MD increased to \$105,500 which is in-line with the Massachusetts MFI of \$102,600. While the MFI for the Providence-Warwick, RI-MA MSA also increased to \$85,100, it is markedly lower than the Massachusetts MFI of \$102,600.

Employment Statistics

According to the U.S. Bureau of Labor Statistics, as of January 2021, the non-seasonally adjusted unemployment rate for Massachusetts was 7.5 percent. The comparable unemployment rate for Norfolk County, Plymouth County, and Bristol County was 6.5 percent, 8.0 percent, and 8.6 percent, respectively. Within the cities and towns in the assessment area, the unemployment rate ranged from a high of 10.7 percent in Brockton to a low of 4.7 percent in Sharon.

Prior to the COVID-19 pandemic, the non-seasonally adjusted unemployment rate for Norfolk County, Plymouth County, and Bristol County during 2019 ranged from a high of 5.0 percent in January to a low of 2.0 percent in December. Similarly, the non-seasonally adjusted unemployment rate for Massachusetts during 2019 ranged from a high of 4.0 percent in January to a low of 2.5 percent in December.

As a result of the pandemic, from March 2020 to April 2020, the non-seasonally adjusted unemployment rate in Norfolk County jumped from 2.5 percent to 15.4 percent; in Plymouth County it jumped from 3.3 percent to 18.1 percent; and in Bristol County it jumped from 4.0 percent to 20.3 percent. The unemployment rate for Massachusetts similarly increased from 3.1 percent to 16.3 percent during the same period. Within the cities and towns in the assessment area, the unemployment rate peaked at 25.7 percent in June 2020 in the town of Brockton. Many residents and businesses, as well as the non-profit organizations that support them, continue to

face economic hardship related to the COVID-19 pandemic.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

An interview was conducted with a community contact representing a nonprofit organization dedicated to reducing poverty and helping low-income residents achieve financial stability and security. The contact, who has been affiliated with the organization for over 35 years, indicated that the need for food and rental/mortgage assistance in South Shore area has reached an all-time high because of the COVID-19 pandemic. While the community contact recognized several institutions for their support in the community during the pandemic, it was noted that institutions could be more proactive in how they lend to minority small businesses and that institutions could partner with local community organizations to support this effort.

An additional interview was conducted with a community contact representing a non-profit organization dedicated to helping families and individuals improve their lives through affordable housing. The contact explained that economic conditions, especially related to housing, can make things difficult for low- and moderate-income individuals in the area. In Norfolk County, home prices are already high and continue to rise. Rents, utilities, property taxes, and other housing expenses continue to rise alongside the price of home ownership. These market conditions are affecting low- and moderate-income individuals in the community and limiting their ability to find affordable places to live.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Table 4 provides a comparison of the bank's average LTD over the past 20 quarters under evaluation to similarly sized institutions operating within the assessment area. The bank's average LTD ratio is 80.7 percent. The bank's quarterly LTD ratio ranged from a high of 84.3 percent as of December 31, 2016 to a low of 78.0 percent as of June 30, 2020. While the LTD was low in June 2020, the last two quarters of 2020 indicate an upward trend, with 79.0 percent in September 2020, and 82.6 percent in December 2020. Overall, Stoughton's average LTD ratio remains higher than similarly situated institutions in the market area.

Table 4		
Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000's)	Average LTD Ratio** (%)
Stoughton Co-operative Bank	121,866	80.7
Wrentham Co-operative Bank	135,924	73.4
Canton Co-operative Bank	139,306	70.3
Bank of Easton	182,460	67.3

*Call Report as of December 31, 2020

**Call Reports from March 31, 2016 to December 31, 2020. While the evaluation period extended through March 31, 2021, Call Report data for the quarter ending March 31, 2021 was not available at the time this evaluation was written.

Management stated that the bank's LTD ratio has been impacted by the dollar volume of loans sold by the bank. The bank participates in the Federal Home Loan Bank's Mortgage Finance Partnership Program, which allows the bank to sell a portion of its fixed-rate residential loan portfolio to the secondary market. The bank also sells loans to the Federal Home Loan Mortgage Corporation (Freddie Mac). During the review period Stoughton sold \$3.1 million in home mortgage loans to the secondary market. In 2016, the bank sold 6 loans, totaling \$1.7 million. In 2017, the bank sold 5 loans, totaling \$1.4 million. The bank did not sell any loans as part of the program in 2018 or 2019. This lending activity is not captured in the total loan figure but demonstrates the bank's continued efforts to meet the credit needs of the assessment area. Considering this factor, the bank's LTD ratio is considered reasonable.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of loans and other lending-related activities are outside the institution's assessment area. Table 5 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 5 Lending Inside and Outside the Assessment Area								
2016 & 2017 Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	14	29.2	2,901	20.6	34	70.8	11,194	79.4
Home Improvement	9	30.0	1,655	35.8	21	70.0	2,964	64.2
Multifamily	0	0.0	0	0.0	0	0.0	0	0.0
Refinancing	36	67.9	9,233	65.1	17	32.1	4,959	34.9
Total	59	45.0	13,789	41.9	72	55.0	19,117	58.1
2018 & 2019 Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	21	44.7	5,749	42.8	26	55.3	13,440	57.2
Home Improvement	6	17.6	125	7.9	28	82.4	1,581	92.1
Multifamily	0	0.0	0	0.0	2	100.0	1,145	100.0
Refinancing	25	55.6	6,593	53.3	20	44.4	12,314	46.5
Loan purpose not applicable	0	0.0	0	0.0	2	100.0	1,263	100.0
Total	52	40.0	12,467	41.9	78	60.0	17,276	58.1

HMDA for 2016, 2017, 2018, & 2019.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

During the evaluation period, the bank originated or purchased a total of 261 loans, of which 111, or 42.5 percent, were inside the assessment area. In 2016 and 2017, the bank originated or purchased a total of 131 loans, of which 59, or 45.0 percent, were inside the assessment area. In 2018 and 2019, the bank originated or purchased a total of 130 loans, of which 52, or 40.0 percent, were inside the assessment area. The concentration of loans across loan types was generally consistent, with refinancing loans most heavily concentrated within the assessment area. Although not included in the overall evaluation, 2020 data was also analyzed for trending purposes. In 2020, the bank showed improvement in this criterion, and originated or purchased a total of 119 loans, of which 61, or 51.3 percent, were made inside the assessment area. Of the 61 loans, 58, or 95.1 percent, were refinances, which is reflective of the low-interest rates available during the COVID-19 pandemic.

Overall, loans outside the assessment area were not concentrated in a particular area, and several factors contributed to the low level of lending inside the assessment area. Although the bank's marketing strategy is focused inside the assessment area, Stoughton's lending business is based largely on word of mouth referrals. Often the bank will receive referrals from existing customers for prospective borrowers who are looking for mortgage loans on properties outside the assessment area. The bank also receives repeat business from loyal customers who have moved outside the assessment area. Furthermore, in 2019 the bank purchased 2 loans, both of which were located outside the assessment area. Given the bank's low volume of originations, even a small number of originations is impactful. Stoughton also faces strong competition for loans within the assessment area. As previously mentioned, in 2019, Stoughton ranked 46th of 322 lenders inside the assessment area. Competition within the assessment area include large regional banks and mortgage companies.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable

penetration among individuals of different income levels (including low- and moderate-income).

Tables 6 and 7 provide a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The tables further outline the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is reasonable.

Table 6 Borrower Distribution of HMDA Loans 2018								
Product Type	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	25.8	2	18.2	4.8	245	11.8	3.0
	Moderate	17.3	4	36.4	28.3	708	34.2	22.6
	Middle	18.5	3	27.3	26.2	680	32.8	26.5
	Upper	38.4	2	2.0	24.5	440	21.2	31.7
	Unknown	0.0	0	0.0	16.3	0	0.0	16.2
	Total	100.0	11	100.0	100.0	2,073	100.0	100.0
REFINANCE	Low	25.8	1	8.3	8.0	130	4.2	5.1
	Moderate	17.3	4	33.3	25.4	579	18.5	21.0
	Middle	18.5	2	16.7	22.8	535	17.1	21.9
	Upper	38.4	5	41.7	33.2	1,879	60.2	41.5
	Unknown	0.0	0	0.0	10.5	0	0.0	10.6
	Total	100.0	12	100.0	0.0	3,123	100.0	100.0
HOME IMPROVEMENT	Low	25.8	0	0.0	7.8	0	0.0	6.5
	Moderate	17.3	1	25.0	17.8	12	14.6	14.0
	Middle	18.5	2	50.0	28.7	60	73.2	26.8
	Upper	38.4	1	25.0	42.2	10	12.2	45.9
	Unknown	0.0	0	0.0	3.3	0	0.0	6.8
	Total	100.0	4	100.0	100.0	82	100.0	100.0
MULTIFAMILY	Low	25.8	0	0.0	0.0	0	0.0	0.0
	Moderate	17.3	0	0.0	0.0	0	0.0	0.0
	Middle	18.5	0	0.0	0.0	0	0.0	0.0
	Upper	38.4	0	0.0	2.8	0	0.0	0.1
	Unknown	0.0	0	0.0	97.2	0	0.0	99.9
	Total	100.0	0	0.0	100.0	0	0	100.0
HMDA TOTALS*	Low	25.8	3	11.1	6.0	375	7.1	3.3
	Moderate	17.3	9	33.3	26.5	1,299	24.6	19.9
	Middle	18.5	7	25.9	25.1	1,275	24.2	23.0
	Upper	38.4	8	29.6	28.5	2,329	44.1	31.7
	Unknown	0.0	0	0.0	13.9	0	0.0	22.1
	Total	100.0	27	100.0	100.0	5,278	100.0	100.0

2015 ACS, 2018 Aggregate HMDA Data, and 2018 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

*Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

Table 7 Borrower Distribution of HMDA Loans 2019								
Product Type	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	25.8	0	0.0	5.9	0	0.0	3.6
	Moderate	17.3	0	0.0	29.2	0	0.0	23.6
	Middle	18.5	4	40.0	24.3	1,390	37.8	24.8
	Upper	38.4	3	30.0	24.0	1,254	34.1	31.0
	Unknown	0.0	3	30.0	16.7	1,032	28.1	17.1
	Total	100.0	10	100.0	100.0	3,676	100.0	100.0
REFINANCE	Low	25.8	1	7.7	6.1	106	3.1	3.4
	Moderate	17.3	3	23.1	20.2	695	20.0	15.8
	Middle	18.5	1	7.7	22.6	104	3.0	21.3
	Upper	38.4	4	30.8	33.5	1,285	37.0	40.3
	Unknown	0.0	4	30.8	17.6	1,280	36.9	19.3
	Total	100.0	13	100.0	100.0	3,470	100.0	100.0
HOME IMPROVEMENT	Low	25.8	1	50.0	9.8	19	44.2	7.8
	Moderate	17.3	0	0.0	20.8	0	0.0	18.0
	Middle	18.5	1	50.0	26.8	24	55.8	23.0
	Upper	38.4	0	0.0	39.9	0	0.0	46.0
	Unknown	0.0	0	0.0	2.7	0	0.0	5.2
	Total	100.0	2	100.0	100.0	43	100.0	100.0
MULTIFAMILY	Low	25.8	0	0.0	0.0	0	0.0	0.0
	Moderate	17.3	0	0.0	0.0	0	0.0	0.0
	Middle	18.5	0	0.0	0.0	0	0.0	0.0
	Upper	38.4	0	0.0	3.6	0	0.0	0.3
	Unknown	0.0	0	0.0	96.4	0	0.0	99.7
	Total	100.0	0	0.0	100.0	0	0	100.0
HMDA TOTALS*	Low	25.8	2	8.0	6.1	125	1.7	3.3
	Moderate	17.3	3	12.0	23.9	695	9.7	18.4
	Middle	18.5	6	24.0	23.1	1,518	21.1	21.3
	Upper	38.4	7	28.0	29.1	2,539	35.3	33.0
	Unknown	0.0	7	28.0	17.8	2,312	32.2	24.0
	Total	100.0	25	100.0	100.0	7,189	100.0	100.0

2015 ACS, 2019 Aggregate HMDA Data, and 2019 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

*Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans (as applicable), which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

In 2018, the bank originated 3 home mortgage loans, or 11.1 percent, to low-income borrowers which exceeded the aggregate, at 6.0 percent. In 2019, the bank originated 2 loans, or 8.0 percent, to low-income borrowers, which was also above the aggregate, at 6.1 percent. Lending to low-income borrowers also exceeded the aggregate in 2016 and 2017. In all years, the bank lagged the demographic indicator; however, the bank may not meet the distribution of low-income families because families with low-income levels may not qualify for a home mortgage loan. This is evident in the assessment area as one community contact noted that high housing costs make it difficult for the lower percentage of low- and moderate-income residents in the assessment area to find affordable places to live.

In terms of lending to moderate-income borrowers, in 2018 the bank originated 9 loans, or 33.3 percent, to moderate-income borrowers, which exceeded the aggregate of 26.5 percent. In 2019

the bank originated 3 loans, or 12.0 percent, to moderate-income borrowers, which was below the aggregate at 23.9 percent. Lending to moderate-income borrowers also fell below the aggregate in 2016 and 2017. In 2017, 2018, and 2019, the bank exceeded the percentage of moderate-income families in the assessment area, at 17.3 percent.

Competition levels in the assessment area also impacted the bank's lending to low- and moderate-income borrowers. As discussed previously, in 2019, Stoughton ranked 46th of 322 lenders for home mortgage loans originated or purchased within its assessment area. Within the town of Stoughton, in 2019, the bank ranked 16th of 188 lenders for home mortgage loans originated or purchased within the assessment area. Other financial institutions competing for loans to low- and moderate-income borrowers include larger national banks and mortgage companies.

Despite the challenges presented by competition in the local market and the assessment area demographics, Stoughton was responsive to community needs during the COVID-19 pandemic. While technically part of the bank's 2020 lending to be considered at the next examination, it is worthy to note the bank originated 20 loans, totaling \$477,522.74, as part of the Paycheck Protection Program (PPP). PPP loans are designed to help businesses retain staff during the economic crisis due to the COVID-19 pandemic. The bank also provided 8 loan forbearances totaling \$2.9 million. These activities eased cash flow pressures on affected borrowers, improved their capacity to service debt, and helped maintain customers' financial capacity.

Overall, the distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income levels.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Table 8 and 9 provides a comparison of the bank's lending by census tract income level to the aggregate lending data. The percent of housing units in each tract income level that are owner-occupied is also provided as an indicator of home mortgage lending opportunities.

Table 8
Geographic Distribution of HMDA Loans 2018

Product Type	Census Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	3.8	0	0.0	7.2	0	0.0	7.2
	Moderate	21.0	2	18.2	26.8	150	7.2	23.8
	Middle	36.6	7	63.6	37.4	1,408	67.9	33.2
	Upper	38.6	2	18.2	28.5	515	24.8	35.7
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>11</i>	<i>100.0</i>	<i>100.0</i>	<i>2,073</i>	<i>100.0</i>	<i>100.0</i>
REFINANCE	Low	3.8	0	0.0	5.1	0	0.0	4.7
	Moderate	21.0	2	16.7	22.3	640	20.5	19.1
	Middle	36.6	7	58.3	37.3	1,395	44.7	33.4
	Upper	38.6	3	25.0	35.4	1,088	34.8	42.8
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>12</i>	<i>100.0</i>	<i>100.0</i>	<i>3,123</i>	<i>100.0</i>	<i>100.0</i>
HOME IMPROVEMENT	Low	3.8	0	0.0	2.2	0	0.0	3.0
	Moderate	21.0	1	25.0	18.3	27	32.9	16.9
	Middle	36.6	1	25.0	35.7	33	40.2	30.9
	Upper	38.6	2	50.0	43.9	22	26.8	49.2
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>4</i>	<i>100.0</i>	<i>100.0</i>	<i>82</i>	<i>100.0</i>	<i>100.0</i>
MULTIFAMILY*	Low	30.4	0	0.0	27.8	0	0.0	24.3
	Moderate	26.8	0	0.0	50.0	0	0.0	36.7
	Middle	15.5	0	0.0	13.9	0	0.0	7.0
	Upper	10.3	0	0.0	8.3	0	0.0	32.0
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>100.0</i>	<i>0</i>	<i>100.0</i>	<i>100.0</i>
HMDA TOTALS	Low	3.8	0	0.0	6.3	0	0.0	7.8
	Moderate	21.0	5	18.5	24.9	817	15.5	22.9
	Middle	36.6	15	55.6	37.1	2,836	53.7	29.9
	Upper	38.6	7	25.9	31.8	1,625	30.8	39.4
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>27</i>	<i>100.0</i>	<i>100.0</i>	<i>5,278</i>	<i>100.0</i>	<i>100.0</i>

*Distribution of multifamily units by census tract income

2015 ACS, 2018 Aggregate HMDA Data, and 2018 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

**Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans (as applicable), which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

Table 9
Geographic Distribution of HMDA Loans 2019

Product Type	Census Tract Income Levels	Owner Occupied Units%	Bank & Aggregate Lending Comparison					
			Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
HOME PURCHASE	Low	3.8	0	0.0	6.0	0	0.0	6.0
	Moderate	21.0	0	0.0	26.2	0	0.0	23.0
	Middle	36.6	4	40.0	36.7	1,038	28.2	32.9
	Upper	38.6	6	60.0	31.1	2,638	71.8	38.1
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>10</i>	<i>100.0</i>	<i>100.0</i>	<i>3,676</i>	<i>100.0</i>	<i>100.0</i>
REFINANCE	Low	3.8	1	7.7	4.7	270	7.8	4.3
	Moderate	21.0	2	15.4	20.0	490	14.1	16.5
	Middle	36.6	4	30.8	34.4	711	20.5	30.0
	Upper	38.6	6	46.2	41.0	1,999	57.6	49.2
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>13</i>	<i>100.0</i>	<i>100.0</i>	<i>3,470</i>	<i>100.0</i>	<i>100.0</i>
HOME IMPROVEMENT	Low	3.8	0	0.0	3.0	0	0.0	3.3
	Moderate	21.0	0	0.0	22.4	0	0.0	20.0
	Middle	36.6	1	50.0	32.5	19	44.2	25.9
	Upper	38.6	1	50.0	42.1	24	55.8	50.8
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>2</i>	<i>100.0</i>	<i>100.0</i>	<i>43</i>	<i>100.0</i>	<i>100.0</i>
MULTIFAMILY*	Low	30.4	0	0.0	28.6	0	0.0	4.8
	Moderate	26.8	0	0.0	32.1	0	0.0	4.9
	Middle	15.5	0	0.0	14.3	0	0.0	23.5
	Upper	10.3	0	0.0	25.0	0	0.0	66.8
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>0</i>	<i>0.0</i>	<i>100.0</i>	<i>0</i>	<i>0</i>	<i>100.0</i>
HMDA TOTALS*	Low	3.8	1	4.0	5.3	270	3.8	5.1
	Moderate	21.0	2	8.0	23.0	490	6.8	18.7
	Middle	36.6	9	36.0	35.2	1,768	24.6	30.8
	Upper	38.6	13	52.0	36.5	4,661	64.8	45.4
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	<i>Total</i>	<i>100.0</i>	<i>25</i>	<i>100.0</i>	<i>100.0</i>	<i>7,189</i>	<i>100.0</i>	<i>100.0</i>

*Distribution of multifamily units by census tract income

2015 ACS, 2019 Aggregate HMDA Data, and 2019 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

**Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

The assessment area contains 5 low-income tracts located in the city of Brockton. In 2018, the bank originated or purchased no loans in low-income census tracts, which was below the aggregate, at 6.3 percent. In 2019, the bank originated one loan, or 4.0 percent, in a low-income census tract which was slightly below the aggregate, at 5.3 percent. Similar to 2018, in 2016 and 2017 the bank originated or purchased no loans within the low-income census tracts. This performance is not unreasonable, however, given that of the 45,535 owner-occupied housing units in the assessment area only 1,740, or 3.8 percent, are in low-income census tracts. Furthermore, there are additional challenges to home ownership in these low-income census

tracts as 64.1 percent of housing in these tracts are rental properties, 23.3 percent are owner-occupied, and 12.7 are vacant, while 31.2 percent of families living in low-income census tracts fall below the poverty level.

The assessment area contains 11 moderate-income census tracts. Of the 11 moderate-income census tracts, 10 are in Brockton and 1 is in Stoughton. In 2018, the bank originated or purchased 5 loans, or 18.5 percent, in moderate-income census tracts, which was below the aggregate, at 24.9 percent. In 2019, the bank originated or purchased 2 loans, or 8.0 percent, in moderate-income census tracts, which was below the aggregate, at 23.0 percent. The bank's lending to moderate-income census tracts also fell below the aggregate in 2016 and 2017 with 4 loans and 3 loans originated or purchased in moderate-income census tracts, respectively. Given that 15.6 percent of families fall below the poverty line in these census tracts and rental properties comprise 44.9 percent of the housing stock, the bank's lending in moderate-income census tracts is reasonable.

The evaluation did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the assessment area. As previously discussed, the bank made no loans in 2018 and one loan in 2019 within the 5 low-income census tracts located within the assessment area. Of the 11 moderate-income census tracts within the assessment area, in 2018 the bank made 5 loans within 3 of the moderate-income census tracts. In 2019, the bank made 2 loans within 1 moderate-income census tract. While not every census tract was penetrated, the bank's lending is still reasonable. Consideration was given to the relatively low lending volume within the assessment area overall as well as the strong competition the bank faces. In 2018, of the 321 lenders that originated or purchased loans within the assessment area, only 206 lenders originated or purchased loans within low- or moderate-income census tracts. Of the 206 lenders, Stoughton ranked 37th. In 2019, of the 322 lenders that originated or purchased loans within the assessment area, only 193 lenders originated or purchased loans to low- or moderate-income census tracts. Of the 193 lenders, Stoughton ranked 42nd. Furthermore, 5 of the low-income census tracts and 10 of the 11 moderate-income census tracts are located within the city of Brockton. Although Stoughton hired an advertising agency to specifically target the Brockton area, the advertising campaign did not have much success in generating loans in the area.

Finally, while not considered part of the overall evaluation of its performance, the bank's response during the COVID-19 pandemic was noteworthy. As previously mentioned, the bank originated 20 PPP loans in 2020. Of the 20 PPP loans, 4 of these, or 20.0 percent, were originated within moderate-income census tracts. Of the 4 PPP loans originated within the moderate-income census tracts, 2 were made inside the bank's assessment area.

Given the size and complexity of the bank, as well as these additional performance context factors, the bank's geographic distribution of loans inside the assessment area is considered reasonable.

Response to Complaints

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

CONCLUSION

Stoughton's performance in meeting credit needs in the assessment area is demonstrated by a reasonable average LTD ratio; reasonable lending to low- and moderate-income borrowers; and reasonable dispersion of loans throughout the assessment area. The bank originated or purchased less than a majority of loans inside the assessment. However, as previously mentioned consideration was given to the relatively low loan volume, marketing efforts, and strong competition. No CRA-related complaints were filed against the bank during the review period. Overall, given the economic, demographic, and competitive conditions in the assessment area, Stoughton's lending levels reasonably meet the credit needs of the assessment area. Therefore, the bank's lending performance is rated "Satisfactory."

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the credit needs was identified.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a

dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the

context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12