

PUBLIC DISCLOSURE

October 21, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fidelity Co-operative Bank
Certificate Number: 26451

9 Leominster Connector
Leominster, Massachusetts 01453

Division of Banks
One Federal Street, Suite 710
Boston, Massachusetts 02110

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

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

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INSTITUTION RATING

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

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

The Lending Test is rated Outstanding.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of loans in its assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this consideration did not affect the Lending Test.

The Community Development Test is rated Satisfactory.

- The institution demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

Background

Fidelity Co-Operative Bank (FCB) is a state-chartered community bank headquartered in Leominster, Massachusetts (MA). In April 2024, FCB's holding company, Fidelity Mutual Holding Company, merged with and into Cape Cod Five Cent Savings' holding company, Mutual Bancorp, forming a two-bank holding company under Mutual Bancorp.

FCB has ten affiliates/subsidiaries, none of which offer credit services or products.

The institution received a "Satisfactory" rating from the FDIC and the Division during its previous evaluation dated November 29, 2021, using Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

FCB operates 13 full-service branch locations, including the main office in Leominster. The bank has full-service branches in Barre, Gardner, Fitchburg, Leominster, Millbury, Needham, Paxton, Princeton, Shirley, Winchendon, and Worcester (2). All branches have automated teller machines (ATMs), and the bank operates a full-service ATM at the Worcester Ice Arena. Additionally, the bank operates a call center which is available during regular banking hours, Monday through Saturday.

FCB's primary business focus is consumer loan and deposit products and offers various traditional banking products for commercial clients as well. Consumer loan products include residential home mortgages, home equity loans, home equity lines of credit, and secured and unsecured installment loans. Business loans include mortgages; lines of credit; Small Business Administration (SBA) loans; term loans; Invest MA Initiative, a state-run small business loan program; construction loans; Massachusetts Capital Access Program loans; and Massachusetts Small Banking Partnership loans. Deposit products include a variety of checking and savings accounts for individuals and businesses. In addition, the bank offers online banking and mobile banking services including bill pay, mobile banking, digital wallet compatibility, debit card management, and credit and money management tools. FCB offers online business banking services and merchant processing services.

Ability and Capacity

As of June 30, 2024, FCB had total assets of \$1.5 billion, including total loans of \$1.0 billion and total securities of \$223.5 million. Additionally, deposits totaled \$1.4 billion. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 6/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	65,619	6.3
Secured by Farmland	152	0.0
Secured by 1-4 Family Residential Properties	390,601	37.6
Secured by Multifamily (5 or more) Residential Properties	22,200	2.1
Secured by Nonfarm Nonresidential Properties	340,098	32.8
Total Real Estate Loans	818,670	78.8
Commercial and Industrial Loans	219,676	21.1
Agricultural Production and Other Loans to Farmers	0.0	0.0
Consumer Loans	1,057	0.1
Obligations of State and Political Subdivisions in the U.S.	0.0	0.0
Other Loans	274	0.0
Lease Financing Receivable (net of unearned income)	0.0	0.0
Less: Unearned Income	0.0	0.0
Total Loans	1,039,677	100.00
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires the institution to define one or more assessment areas within which examiners will evaluate its CRA performance. FCB designated three contiguous assessment areas, including municipalities from Worcester County in the Worcester, MA-Connecticut (CT) Metropolitan Statistical Area (MSA), Middlesex County in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), and Norfolk County in the Boston, MA MD. The contiguous assessment areas are in the Boston-Worcester-Providence, MA-Rhode Island (RI)-New Hampshire (NH)-CT Consolidated Statistical Area (CSA). Examiners analyzed performance in each assessment area and found similar performance in each area. Therefore, examiners used full-scope procedures to analyze FCB's performance in the Boston-Worcester-Providence, MA-RI-NH-CT CSA.

The bank's assessment areas contain the following municipalities:

Middlesex County: Acton, Ashby, Ashland, Boxborough, Concord, Framingham, Groton, Holliston, Hudson, Littleton, Marlborough, Maynard, Natick, Newton, Pepperell, Sherborn, Shirley, Stow, Sudbury, and Townsend.

Norfolk County: Dedham, Dover, Needham, Wellesley, and Westwood.

Worcester County: Ashburnham, Athol, Auburn, Barre, Berlin, Bolton, Boylston, Brookfield, Clinton, East Brookfield, Fitchburg, Gardner, Grafton, Hardwick/New Braintree, Harvard, Holden, Hubbardston, Lancaster, Leicester, Leominster, Lunenburg, Millbury, North Brookfield,

Northborough, Northbridge, Oakham, Oxford, Paxton, Petersham, Phillipston, Princeton, Royalston, Rutland, Shrewsbury, Southborough, Spencer, Sterling, Sutton, Templeton, Upton, West Boylston, West Brookfield, Westborough, Westminster, Winchendon, and Worcester.

Economic and Demographic Data

According to the 2020 United States (U.S.) Census data, the 277 census tracts reflect the following income designations:

- 23 low-income tracts,
- 35 moderate-income tracts,
- 97 middle-income tracts,
- 117 upper-income tracts, and
- 5 tracts with no income designation.

In 2022, the Federal Financial Institutions Examination Council (FFIEC) released updates to MSAs MDs, states, counties, census tracts, and income level indicators based on 2020 U.S. Census data. These updates included changes to the income designations of some existing census tracts in the assessment areas since the prior evaluation. These reclassifications resulted in four additional low-income census tracts, two fewer moderate-income census tracts, sixteen additional middle-income census tracts, seven additional upper-income census tracts, and one additional census tract with income not available.

The following table represents select demographics of the assessment area based on 2020 U.S. Census data.

Demographic Information of the Assessment Areas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	277	7.9	12.3	35.4	42.6	1.8
Population by Geography	1,280,885	7.2	11.4	34.3	46.5	0.6
Housing Units by Geography	494,249	7.2	12.1	36.1	44.3	0.3
Owner-Occupied Units by Geography	319,346	1.7	8.3	36.6	53.4	0.0
Occupied Rental Units by Geography	146,573	18.2	19.4	35.2	26.2	0.9
Vacant Units by Geography	28,330	12.2	16.5	36.0	34.8	0.5
Businesses by Geography	149,316	5.9	8.5	32.1	53.0	0.4
Farms by Geography	3,597	2.5	6.9	38.7	51.8	0.1
Family Distribution by Income Level	314,581	19.0	14.9	18.7	47.4	0.0
Household Distribution by Income Level	465,919	23.0	14.2	15.6	47.2	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$438,706
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,274
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$96,860	Families Below Poverty Level			4.9%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Based on 2020 U.S. Census data, there are 494,249 housing units in the assessment areas. Of these, 64.6 percent are owner-occupied, 29.7 percent are occupied rental units, and 5.7 percent are vacant. Additionally, only 10.0 percent of the assessment area's owner-occupied units are in low- and moderate-income census tracts. This data suggests there is a limited opportunity for lending in low- and moderate-income census tracts.

Examiners used FFIEC's median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table represents low-, moderate-, middle-, and upper-income categories for the assessment areas.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
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
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
Worcester, MA-CT MSA Median Family Income (49340)				
2021 (\$96,700)	<\$48,350	\$48,350 to <\$77,360	\$77,360 to <\$116,040	≥\$116,040
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
<i>Source: FFIEC</i>				

The Borrower Profile criterion compares the distribution of home mortgage loans to the percentage of families by income level. Demographic data shows that 19.0 percent of families in the assessment areas are low-income, and 4.9 percent are living below the poverty line. This data suggests that low-income borrowers with a median income below \$73,100 in the assessment areas may face challenges qualifying for a conventional mortgage with a median home price of \$438,706.

According to U.S. Bureau of Labor Statistics (BLS), since 2021, unemployment rates in the assessment areas have declined to levels that are slightly below the statewide and the national average. The following table reflects the unemployment rates for 2021, 2022, and 2023.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Boston, MA MD	5.0	3.3	3.1
Cambridge-Newton-Framingham, MA MD	4.8	3.2	3.0
Worcester, MA MSA	3.5	3.5	3.2
Massachusetts	5.4	3.7	3.4
National Average	3.9	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

The analysis of small business loans under the Borrower Profile criterion compares the distribution of small business loans by gross annual revenue (GAR) to the percentage of businesses at each revenue level. According to 2023 D&B data, there were 149,316 non-farm businesses in the assessment areas. The following reflects GARs for these businesses.

- 89.4 percent had \$1.0 million or less,
- 3.6 percent had more than \$1.0 million, and
- 7.0 percent of businesses did not provide revenues.

Of all businesses in the assessment areas, 64.0 percent have four or fewer employees, 92.4 percent operate from a single location, and 86.9 percent have revenues less than \$0.5 million. These factors indicate that the majority of the area's businesses are very small businesses. Service industries represent the largest portion of businesses (37.9 percent); followed by Non-Classifiable Establishments (21.4 percent); Finance, Insurance, and Real Estate (11.7 percent); Retail Trade at (9.2 percent); and Construction (7.9 percent).

Competition

FCB operates in a highly competitive market for financial services. According to 2023 FDIC Deposit Market Share data as of June 30, 2023, 75 financial institutions operated 362 branches in the assessment areas. Of these institutions, FCB ranked 6th with a 3.9 percent market share. The five institutions ranking ahead of FCB were Citizens Bank, N.A.; Santander Bank, Bank of America, N.A.; TD Bank, N.A.; and Middlesex Savings Bank. Collectively, these five institutions held 37.0 percent of total market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2023 Peer Mortgage Data, 473 financial institutions originated or purchased 27,511 home mortgages in the assessment areas. FCB ranked 24th with a 1.1 percent market share. The top five lenders were JP Morgan Chase, N.A.; Community Bank, N.A.; Digital Federal Credit Union; Guaranteed Rate, Inc.; and Rocket Mortgage, which collectively accounted for a 23.9 percent market share.

FCB is not required to collect or report its small business loan data. Although the bank collects its small business data, it does not report the data. Therefore, the small business loan analysis under the Lending Test does not include a comparison of small business lending activity to aggregate data. However, examiners considered CRA aggregate lending data to evaluate the competition the bank faces when originating its small business loans and is included here for performance context. According to 2022 Peer Small Business data for Middlesex, Norfolk, and Worcester Counties, 192 institutions reported 87,091 small business originations. The top five lenders included American Express, N.A.; Bank of America, N.A.; JP Morgan Chase N.A.; Capital One, N.A.; and Citibank. These institutions accounted for 66.3 percent market share by number of loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment areas to assist in identifying the area's credit and community development needs. This information helps determine whether local financial institutions respond to these needs. It also shows what credit and community development opportunities are available.

Examiners used a prior community contact with an organization active in the assessment areas. The organization creates and supports affordable housing primarily for low- and moderate-income individuals. The contact mentioned that affordable housing is in short supply and the demand is consistent due to high rent costs. Further, the housing supply is aging and low-cost home improvement loans would assist with making needed repairs. Additionally, financial literacy is a primary need for seniors.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable home mortgage loans is a primary credit need of the assessment areas. Further, affordable housing and community services for low- and moderate-income individuals are community development needs and opportunities exist in the assessment areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated November 29, 2021, through the current evaluation dated October 21, 2024. Examiners used ISI Examination Procedures to evaluate FCB's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's strategy and the number and volume of originations during the evaluation period.

When determining the overall conclusions, examiners assigned greater weight to home mortgage lending performance, as the number and dollar amount of home mortgage originations exceeded the number and dollar amount of small business originations.

Examiners considered home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2021, 2022, and 2023. FCB reported 585 loans totaling \$190.9 million in 2021, 645 loans totaling \$165.2 million in 2022, and 377 loans totaling \$79.0 million in 2023. Examiners compared 2021, 2022, and 2023 home mortgage lending to the

2020 U.S. Census data, and 2021, 2022, and 2023 HMDA aggregate data.

As an ISI, FCB is not required to collect or report small business data. Nonetheless, the bank collected and provided small business loan data for 2021, 2022, and 2023. FCB originated 216 small business loans totaling \$128.1 million in 2021, 302 small business loans totaling \$73.8 million in 2022, and 464 loans totaling \$55.5 million in 2023. Since the bank is not required to collect small business loan data, examiners compared the 2021, 2022, and 2023 small business lending activity to 2021, 2022, and 2023 D&B demographic data.

Although examiners analyzed 2021 home mortgage and small business lending performance, 2021 home mortgage and small business lending was similar to 2022 and 2023 performance; therefore, examiners did not present 2021 home mortgage and small business lending performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2021 home mortgage and small business lending performance under the Assessment Area Concentration criteria.

Examiners analyzed no other loan types such as small farm or consumer loans as they did not represent a major product line. Small farm loans represent a nominal percentage and consumer loans represent 0.1 percent of the portfolio; therefore, an analysis would not be meaningful or materially affect Lending Test conclusions.

For the Community Development Test, examiners reviewed community development loans, investments, and services from the date of the prior CRA evaluation through the current evaluation date.

Examiners obtained demographic and economic information referenced in the evaluation from the 2020 U.S. Census Bureau, D&B, Moody's Analytics, the U.S. BLS, and FDIC data. Examiners also obtained information from the June 30, 2024 Call Report.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FCB demonstrated outstanding performance under the Lending Test in the assessment area. Excellent Geographic Distribution and Borrower Profile performances support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable (considering seasonal variations and lending related activities) given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio averaged 85.1 percent over the past 11 calendar quarters from December 31, 2021, to June 30, 2024. The ratio fluctuated from a high of 93.0 percent on September 30, 2022, to a low of 76.0 percent on June 30, 2024.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Fidelity Cooperative Bank	1,543,566	85.1
Main Street Bank	1,625,112	90.3
North Easton Savings Bank	1,649,448	82.7
Cornerstone Bank	1,619,060	102.7
<i>Source: Reports of Condition and Income December 31, 2021, through June 30, 2024</i>		

Assessment Area Concentration

The majority of home mortgage and small business loans, by number and dollar volume, is in the institution's assessment area. The bank's overall home mortgage and small business lending volume declined over the evaluation period due to lack of inventory (applicable to home mortgage loans only), the high-interest rate environment, and a high level of competition in the assessment area. In addition, the majority of small business loans outside the assessment area is driven by the bank's purchase of such loans largely outside the assessment area. The following table illustrates the bank's lending inside and outside the assessment area by number and dollar amount of loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	498	85.1	87	14.9	585	155,180	81.3	35,765	18.7	190,945
2022	490	76.0	155	24.0	645	125,068	75.7	40,167	24.3	165,235
2023	303	80.4	74	19.6	377	45,353	57.4	33,678	42.6	79,031
Subtotal	1,291	80.3	316	19.7	1,607	325,601	74.8	109,610	25.2	435,211
Small Business										
2021	99	45.8	117	54.2	216	81,685	63.7	46,451	36.3	128,136
2022	66	21.9	236	78.1	302	19,055	25.8	54,723	74.2	73,778
2023	85	18.3	379	81.7	464	18,108	32.7	37,352	67.4	55,459
Subtotal	250	25.5	732	74.5	982	118,848	46.2	138,526	53.8	257,373
Total	1,541	59.3	1,048	40.7	2,589	444,449	64.2	248,136	35.8	692,584
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgages loans reflects excellent dispersion throughout the assessment area.

In 2022 and 2023, the bank's performance in low-income census tracts slightly exceeded aggregate performance and demographics. In 2022, the bank's performance in moderate-income census tracts was consistent with aggregate performance and slightly exceeded demographics. In 2023, although the overall number of originations declined to 303 from 490, the number of loans in moderate-income census tracts remained consistent, resulting in the bank's performance exceeding aggregate performance.

According to 2023 Peer Mortgage Data, the bank was the 2nd highest ranked community bank (25th) with 1.2 percent market share in low-income census tracts. Furthermore, the bank was the highest ranked community bank (15th) with 1.8 percent market share in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.7	3.1	18	3.7	7,505	6.0
2023	1.7	2.7	9	3.0	801	1.8
Moderate						
2022	8.3	9.6	47	9.6	10,167	8.1
2023	8.3	9.5	48	15.8	6,754	14.9
Middle						
2022	36.6	35.4	245	50.0	43,476	34.8
2023	36.6	34.2	154	50.8	21,002	46.3
Upper						
2022	53.4	51.8	180	36.7	63,920	51.1
2023	53.4	53.4	92	30.4	16,795	37.0
Not Available						
2022	0.0	0.2	0	0.0	0	0.0
2023	0.0	0.2	0	0.0	0	0.0
Totals						
2022	100.0	100.0	490	100.0	125,068	100.0
2023	100.0	100.0	303	100.0	45,353	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In 2022 and 2023, the bank's performance in low- and moderate-income tracts exceeded demographics.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	5.9	6	9.1	4,228	22.2
2023	5.9	7	8.2	1,744	9.6
Moderate					
2022	8.5	7	10.6	4,029	21.1
2023	8.5	9	10.6	1,462	8.1
Middle					
2022	32.1	33	50.0	5,390	28.3
2023	32.1	28	32.9	6,124	33.8
Upper					
2022	53.1	20	30.3	5,408	28.4
2023	53.0	41	48.2	8,778	48.5
Not Available					
2022	0.4	0	0.0	0	0.0
2023	0.4	0	0.0	0	0.0
Totals					
2022	100.0	66	100.0	19,055	100.0
2023	100.0	85	100.0	18,108	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

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

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different of different income levels. The bank's performance of lending to low-income borrowers in 2022 and 2023 substantially exceeded aggregate. Additionally, the bank substantially exceeded aggregate performance and demographics in lending to moderate-income borrowers in 2022. Despite the decline in lending to moderate-income borrowers in 2023, the bank continued to exceed aggregate performance.

Demographic data shows 4.9 percent of low-income families are living below the poverty line. This data suggests that low-income borrowers with a median income below \$73,100 in the assessment area may face challenges qualifying for a conventional mortgage loan considering the median housing value is \$438,706.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.0	6.1	45	9.2	3,993	3.2
2023	19.0	5.0	32	10.6	1,942	4.3
Moderate						
2022	14.9	18.4	131	26.7	17,962	14.4
2023	14.9	15.5	66	21.8	6,332	14.0
Middle						
2022	18.7	22.4	122	24.9	22,412	17.9
2023	18.7	21.5	79	26.1	11,940	26.3
Upper						
2022	47.4	41.4	166	33.9	44,941	35.9
2023	47.4	39.3	123	40.6	24,754	54.6
Not Available						
2022	0.0	11.8	26	5.3	35,761	28.6
2023	0.0	18.8	3	1.0	385	0.8
Totals						
2022	100.0	100.0	490	100.0	125,068	100.0
2023	100.0	100.0	303	100.0	45,353	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans among businesses of different sizes. Although the following table illustrates that the bank's lending to businesses with GARs of \$1.0 million or less trailed demographics in 2022 and 2023, it does not reflect the level of demand. Since the bank does not report small business data pursuant to the CRA, examiners cannot directly compare its performance to the peer CRA data. However, the peer CRA data provides additional insight into the level of loan demand. For example, the 2022 peer CRA data shows that all lenders combined made 49.8 percent of their loans to businesses with GARs of \$1.0 million or less. This data suggests that the bank's performance is in line with loan demand.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	88.4	30	45.5	8,286	43.5
2023	89.4	34	40.0	7,277	40.2
>\$1,000,000					
2022	4.1	36	54.5	10,769	56.5
2023	3.7	51	60.0	10,830	59.8
Revenue Not Available					
2022	7.6	0	0.0	0	0.0
2023	7.0	0	0.0	0	0.0
Totals					
2022	100.0	66	100.0	19,055	100.0
2023	100.0	85	100.0	18,108	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

FCB exhibits adequate responsiveness to opportunities for community development lending. During the evaluation period, FCB originated 30 community development loans totaling \$23.2 million. The activity represents a more than threefold increase by number and approximately 56.8 percent increase by dollar amount since the previous evaluation, when the bank originated 9 community development loans for \$14.8 million. The bank's community development lending activity represents approximately 2.3 percent of average total loans and 1.6 percent of average total assets. The bank's community development lending compares reasonably with similarly situated institutions.

The bank's community development loans primarily support community services for low- and moderate-income individuals. As the bank's community development activity has been responsive

to assessment area needs and opportunities, examiners considered community development loan activity that occurred in the statewide or broader regional area, including the assessment area.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/29/21-12/31/21	0	0	0	0	2	963	0	0	2	963
2022	4	7,148	5	3,889	10	4,950	0	0	19	15,987
2023	0	0	4	1,915	2	666	0	0	6	2,581
YTD 2024	0	0	1	3,330	2	387	0	0	3	3,717
Total	4	7,148	10	9,134	16	6,966	0	0	30	23,248
<i>Source: Bank Data</i>										

The following are examples of the bank's community development loans:

- In 2022, the bank originated a \$5.0 million loan to a construction company. Proceeds were used to acquire and demolish a 3.9-acre site in Worcester and construct a new mixed-use development. The development will consist of 81 residential units, the majority of which are designated as affordable for low- and moderate-income individuals. This loan supports affordable housing for low- and moderate-income individuals.
- In 2022, the bank originated a \$3.0 million loan to a Worcester-based organization. The bank renewed and extended the loan in 2024 for \$3.3 million, for total community development credit for this project to \$6.3 million. Funds will be used to renovate a new social services location. The organization provides programs to individuals and families struggling with food, housing, and socioeconomic insecurities. The loan supports community service programs for low- and moderate-income individuals.
- In 2022, the bank participated in a \$41.0 million loan participation. The bank's \$9.0 million participation was used to redevelop an existing property into an 18-unit apartment complex. Of the 18 units to be constructed, 2 of the units are designated as affordable for low- and moderate-income individuals. The bank's pro rata community development credit for its participation in this loan is \$1.0 million. This loan supports affordable housing for low- and moderate-income individuals.
- In 2023, the bank originated two SBA 504 loans totaling \$666,000 to a medical specialty center. The purpose of the funds is to purchase a new building for business operations in downtown Worcester. This loan supports economic development through job creation and retention as part of the SBA 504 program.

Qualified Investments

FCB exhibits adequate responsiveness to opportunities for qualified investments. During the evaluation period, FCB maintained approximately \$9.6 million in qualified investments. This includes equity investments of approximately \$8.6 million and donations totaling \$944,751. Total

community development investments doubled since the prior evaluation and, in total, represent approximately 3.0 percent of average total securities and 0.7 percent of average total assets. The bank's community development investment activity exceeds that of similarly situated institutions.

The bank's primary investment by dollar amount focused on affordable housing that benefited low- and moderate-income individuals, while the majority of donations by number and dollar amount supported community development services to low- and moderate-income individuals.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	750	0	0	0	0	0	0	1	750
11/29/21-12/31/21	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	2	4,236	0	0	0	0	0	0	2	4,236
YTD 2024	4	3,653	0	0	0	0	0	0	4	3,653
Subtotal	7	8,640	0	0	0	0	0	0	7	8,640
Qualified Grants & Donations	13	45	297	563	107	309	12	28	429	945
Total	20	8,685	297	563	107	309	12	28	436	9,585
Source: Bank Records										

The following are notable examples of the bank's qualified investment activity.

Prior Period Investments

- **Quontic Bank Acquisition Corp. (QBAC)** – The bank maintains an investment in QBAC with a book value of \$750,000. QBAC is a Community Development Financial Institution that offers a wide range of banking products, especially home mortgages, to self-employed, small business owners, immigrants, and people of color. QBAC focuses on digital banking and offers community development loan programs to low-income and financially underserved customers and businesses. This investment assists low- and moderate-income individuals in acquiring affordable housing.

Current Period Investments

- In 2023, the bank invested \$2.6 million in a mortgage-backed security. The investment's purpose is to encourage access to credit by purchasing securitized loans. The investment consists of mortgage loans to low- and moderate-income borrowers. This investment supports affordable housing for low- and moderate-income individuals.
- In 2023, the bank invested \$1.7 million in a mortgage-backed security. The investment's purpose is to encourage access to credit by purchasing securitized loans. This investment consists of mortgage loans to low- and moderate-income borrowers. The investment supports affordable housing for low- and moderate-income individuals.

- In 2024, the bank invested \$1.1 million in a mortgage-backed security. The investment's purpose is to support the refinancing of a multi-family project in Malden. The majority of the units in the complex are reserved for low-income families. This investment supports affordable housing for low- and moderate-income individuals.

Donations

The bank made approximately \$944,751 in qualified donations. A majority of these donations benefited community development organizations serving low- and moderate-income individuals and families throughout the assessment area.

The following are examples of qualified grants and donations.

- **Advocates** – Based in Framingham and working throughout the Metrowest region, the organization offers a comprehensive range of programs and support for individuals and families facing disabilities and other life challenges. These include programs for mental health, addiction recovery, and youth and family counseling. The programs primarily benefit individuals that rely on government assistance or social security income. The bank's donation sponsored a 2023 fundraising event and supports community services for low- and moderate-income individuals.
- **Massachusetts Biomedical Initiative (MBI)** – Based in Worcester, this biotech incubator helps emerging life sciences companies create jobs and promotes economic development. Since 2000, MBI has incubated more than 188 companies that have created more than 1,800 jobs.
- **NewVue Communities** – Based in Fitchburg, this non-profit organization transforms abandoned and dilapidated properties into attractive, safe, and affordable housing. The organization's current projects in Athol and Fitchburg provide local low- and moderate-income individuals with the opportunity to relocate into affordable housing. The bank's donation supports affordable housing for low- and moderate-income individuals and families.
- **Storytime Crafts** – The organization's mission is to support and grow literacy, learning, and equitable access to education by working with individuals, schools, and organizations in under-resourced communities. Storytime Crafts was founded with the goal of uniting communities to promote inclusive childhood literacy opportunities. The programs serve and operate in low- and moderate-income census tracts and primarily support the individuals in these areas. The bank's donation supports community services for low- and moderate-income individuals.

Community Development Services

FCB exhibits adequate responsiveness to community development service needs. FCB is actively involved within the assessment area. During the evaluation period, the bank provided approximately 2,905 hours of financial expertise or technical assistance to 48 qualified community

development organizations within its assessment area. Community development services represent a combination of management and employee involvement, financial education, and community outreach. The bank's community development services increased since the prior evaluation and compare favorably to similarly situated institutions. The majority of hours support community services to low- and moderate-income individuals throughout the review period.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/29/21-12/31/21	0	30	8	0	38
2022	10	960	308	0	1,278
2023	153	721	225	0	1,099
YTD 2024	84	383	23	0	490
Total	247	2,094	564	0	2,905
<i>Source: Bank Data</i>					

The following are examples of the community development services.

- **Habitat For Humanity North Central Massachusetts (HFHNCM)** – HFHNCM focuses on providing families with affordable housing by developing and rehabilitating properties in Northern Central MA. HFHNCM sells properties to low- and moderate-income families at no profit and with flexible financing. The director of risk and compliance is a committee member. This service supports affordable housing for low- and moderate-income individuals.
- **United Way of North Central Massachusetts (UWNCM)** - UWNCM provides resources for homeless individuals, families facing food insecurity, and education. The chief retail banking officer assists with the youth financial literacy program and fundraising. This service supports community services for low- and moderate-income individuals.
- **Gardner Community Action Committee (GCAC)** – GCAC focuses on serving the needs of economically disadvantaged individuals in Gardner and surrounding municipalities. Programs include fuel assistance, food distribution, school supplies, and seasonal clothing. A vice president serves as a board member. This service supports community services for low- and moderate-income individuals.
- The bank operates two branches in low-income census tracts, including the main office in Leominster and four branches in moderate-income census tracts. The branch dispersion demonstrates the availability of banking services to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, the bank has a good record relative to fair lending policies and procedures.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2022 and 2023 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to the 2020 U.S. Census, the bank's assessment area contained a total population of 1,279,159 individuals, of which 29.5 percent are minorities. Population demographics within the bank's assessment area reflect a minority population consisting of 0.3 percent American Indian or Alaskan Native, 8.0 percent Asian, 4.9 percent Black/African American, 10.6 percent Hispanic or Latino, and 14.3 percent other.

Examiners compared the bank's level of applications with that of aggregate performance. Comparing this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. The following table illustrates the bank's minority application flow as well as that of the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.2	0.3	0	0.0	0.4
Asian	9	1.4	8.6	8	1.8	8.6
Black/ African American	9	1.4	4.2	10	2.3	4.4
Hawaiian/Pacific Islander	1	0.2	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	6	0.9	1.9	14	3.2	1.8
Total Racial Minority	26	4.1	15.2	32	7.3	15.4
White	505	77.9	60.8	366	83.8	57.2
Race Not Available	117	18.0	24.0	39	8.9	27.4
Total	648	100.0	100.0	437	100.0	100.0
ETHNICITY						
Hispanic or Latino	21	3.2	7.4	18	4.1	7.5
Joint (Hisp/Lat /Not Hisp/Lat)	6	0.9	1.7	3	0.7	1.7
Total Ethnic Minority	27	4.1	9.1	21	4.8	9.2
Not Hispanic or Latino	489	75.5	67.7	367	84.0	64.1
Ethnicity Not Available	132	20.4	23.2	49	11.2	26.7
Total	648	100.0	100.0	437	100.0	100.0
<i>Source: U.S. Census 2020, HMDA Aggregate Data 2022 and 2023, HMDA LAR Data 2022 and 2023</i>						

The bank received 648 home mortgage loan applications from within its assessment area in 2022. Of these applications, the bank received 26, or 4.1 percent, from racial minority applicants. The aggregate received 15.2 percent of its applications from racial minority. For the same period, the bank received 27 applications or 4.1 percent from ethnic groups of Hispanic origin within its assessment area. The bank's performance was below the aggregate ethnic minority application flow of 9.1 percent.

The bank received 437 home mortgage loan applications from within its assessment area in 2023. Of these applications, the bank received 32, or 7.3 percent, from racial minority applicants. Aggregate lenders received 15.4 percent of applications from racial minority applicants. For the same period, the bank also received 21 applications or 4.8 percent from ethnic groups of Hispanic origin within its assessment area. The aggregate lenders received 9.2 percent of applications from ethnic groups of Hispanic origin.

FCB's minority application flow was below that of aggregate lenders in 2022 and 2023. The demographics of the assessment area provides additional context to this performance. Worcester contains most of the majority-minority census tracts. Examiners note that while FCB maintains a branch presence in Worcester, including one branch that borders five of the 13 majority-Black/Hispanic census tracts, the competition in the area for applications remains high. Worcester market share data indicates a competitive market, with a total of 302 lenders in 2023. The bank's challenges in obtaining a large share of applications in this portion of the assessment area contribute to the difference in minority application flow between the bank and the aggregate lenders.

The bank remains cognizant of its performance and management has taken measures to increase its outreach to minority populations. The bank has established a Diversity & Inclusion Council and hired a Community Engagement Officer, tasked to assist in directing marketing initiatives to increase community engagement and brand awareness in majority-minority census tracts through outreach activities and donations to a variety of local non-profit organizations. Considering the demographic makeup of the assessment area, market competition, and the bank's strategic outreach, examiners consider the minority application flow to be adequate.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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