

PUBLIC DISCLOSURE

August 4, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

StonehamBank, A Co-operative Bank
Certificate Number: 26559

80 Montvale Avenue
Stoneham, Massachusetts 02180

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 concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

The institution demonstrated 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

StonehamBank, a Co-operative Bank (StonehamBank) is a mutual cooperative financial institution headquartered in Stoneham, Massachusetts (MA). The bank operates four wholly owned subsidiaries. These include: 80 Montvale Avenue LLC, Stoco Securities Corporation, Stoco Securities Corporation II, and 175 Bedford Holdings, LLC. 80 Montvale Avenue, LLC and 175 Bedford Holdings, LLC are limited liability corporations that hold real estate. Stoco Securities Corporation is an MA investment subsidiary that holds investments pledged to the Federal Home Loan Bank of Boston (FHLB) as collateral. Stoco Securities Corporation II is a MA Investment subsidiary that holds investments that the FHLB will not accept as collateral.

StonehamBank received a “Satisfactory” rating at its previous MA Division of Banks and FDIC CRA Performance Evaluation, dated January 24, 2022, based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

StonehamBank operates its main office at 80 Montvale Avenue in Stoneham, MA, and one additional full-service branch in Billerica, MA. Both locations are in middle-income census tracts. During the evaluation period, the bank did not open or close any locations. Branch lobby hours are consistent at both locations, operating from 9:00am-4:00pm Monday through Wednesday, 9:00am-5:00pm Thursday and Friday, and 9:00am-12:00pm on Saturday. Drive-thru hours vary at each location with hours in Stoneham from 8:00am-5:00pm Monday through Friday and 9:00am-1:00pm on Saturdays. The hours at the Billerica location are 9:00am-5:00pm Monday through Friday and 9:00am-1:00pm on Saturday. Each location also maintains a 24-hour drive up automated teller machine (ATM).

The bank offers consumer and commercial checking accounts, savings accounts, money market accounts, certificates of deposit, ATM/debit cards, and mobile and online banking products. The bank also offers residential fixed-rate mortgages, home equity lines of credit (HELOCs), Mass Save HEAT loans, cash reserves, and personal credit cards. For commercial customers, the bank offers commercial real estate, term loans, construction loans, lines of credit, franchise remodeling financing, and business credit cards.

Ability and Capacity

StonehamBank’s assets totaled \$834.2 million as of March 31, 2025, with total loans of \$671.2 million, total securities of \$82.0 million, and total deposits of \$728.8 million. The primary business focus has not changed since the prior evaluation. The bank is primarily a 1-4 family residential lender (accounts for 43.3 percent of the bank’s total loans) followed by nonfarm nonresidential properties at 29.6 percent. The following table illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of 3/31/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	52,390	7.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	290,992	43.3
Secured by Multifamily (5 or more) Residential Properties	52,833	7.9
Secured by Nonfarm Nonresidential Properties	198,426	29.6
Total Real Estate Loans	594,641	88.6
Commercial and Industrial Loans	71,937	10.7
Agricultural Production and Other Loans to Farmers	396	0.1
Consumer Loans	923	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3,306	0.5
Less: Unearned Income	0	0.0
Total Loans	671,203	100.00
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. StonehamBank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), which includes Essex County and Middlesex County. The bank's assessment area has not changed since the previous evaluation.

The assessment area includes Billerica, Burlington, Malden, Medford, Melrose, North Reading, Reading, Stoneham, Tewksbury, Wakefield, Wilmington, Winchester, and Woburn in Middlesex County, and Danvers, Lynnfield, Middleton, Peabody, and Saugus in Essex County.

The following sections discuss demographics and economic information relevant to the assessment area.

Economic and Demographic Data

StonehamBank's assessment area consists of 116 census tracts with the following income designations according to the 2020 United States (U.S.) Census data.

- 3 low-income census tracts,
- 20 moderate-income census tracts,
- 61 middle-income census tracts,
- 30 upper-income census tracts, and

- 2 census tracts with no income designation.

The low-income census tracts are in Malden (2) and Peabody. The moderate-income census tracts are in Danvers (3), Malden (4), Medford (4), Melrose, Peabody (3), Saugus (2), and Woburn (3). There are no underserved or distressed non-metropolitan middle-income geographies or designated disaster areas located in the bank's assessment area. However, the assessment area contains six census tracts designated as Qualified Opportunity Zones (QOZ). QOZs are economically distressed communities approved by the U.S. Department of Treasury, with the intent of spurring economic development and creating jobs. The QOZs are in Malden (2), Medford, Peabody (2), and Saugus (1).

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

Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	116	2.6	17.2	52.6	25.9	1.7
Population by Geography	568,144	2.6	15.5	54.7	26.2	1.0
Housing Units by Geography	222,780	2.4	16.0	55.6	24.9	1.1
Owner-Occupied Units by Geography	147,007	1.4	11.7	56.1	30.2	0.6
Occupied Rental Units by Geography	67,533	4.8	24.4	54.2	14.2	2.3
Vacant Units by Geography	8,240	2.0	22.0	58.2	16.0	1.7
Businesses by Geography	67,409	2.0	18.3	54.5	24.7	0.6
Farms by Geography	1,073	1.5	14.8	58.8	24.6	0.3
Family Distribution by Income Level	144,003	20.0	16.9	22.9	40.2	0.0
Household Distribution by Income Level	214,540	24.0	14.6	18.3	43.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$514,206
			Median Gross Rent			\$1,667
			Families Below Poverty Level			4.0%
Source: 2020 U.S. Census Data, 2024 D&B Data, and FFIEC Estimated Median Family Income. (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2024 D&B data, 67,409 businesses operate in the assessment area. The following reflects the gross annual revenues (GARs) for these businesses.

- 88.2 percent have GARs of \$1.0 million or less,
- 4.1 percent have GARs more than \$1.0 million, and
- 7.7 percent have unknown revenues.

The analysis of small business lending under the Borrower Profile criteria compares the distribution of businesses by GAR level to D&B data. Service industries represent the largest portion of

businesses at 35.7 percent, followed by non-classifiable establishments at 22.1 percent, and finance, insurance, and real estate at 11.3 percent, retail trade at 9.6 percent and construction at 9.4 percent. Most businesses in the assessment are small, 91.8 percent operating with nine or fewer employees, and 91.4 percent of businesses operating from a single location. Additionally, 85.4 percent of businesses in the assessment area have GARs of less than \$500,000.

According to U.S. Bureau of Labor Statistics, the 2024 unemployment rate was 4.1 percent in Essex County and 3.6 percent in Middlesex County. Both unemployment rates were comparable to the MA unemployment rate of 4.0 percent.

The Geographic Distribution criterion compares the home mortgage loans to the distribution of owner-occupied housing units. According to demographic data, 13.1 percent of the owner-occupied housing units in the assessment area are in low- and moderate-income census tracts, limiting the bank's opportunities to lend in those areas.

Examiners used 2022, 2023, and 2024 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the Cambridge-Newton-Framingham, MA MD.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income				
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
2024 (\$146,600)	<\$73,300	\$73,300 to <\$117,280	\$117,280 to <\$175,920	≥\$175,920
Source: FFIEC				

The Borrower Profile criterion compares home mortgage loans to the percentage of families. The bank's assessment area's population consists of 36.9 percent who are considered low- or moderate-income and 4.0 percent of the families are living below the poverty line. Based on the median housing value of \$514,206 in the assessment area, the opportunities for home mortgage lending to low- and moderate-income families are limited.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 33 financial institutions operated 189 locations in the assessment area. Of these institutions, StonehamBank ranked 12th with a deposit market share of 2.4 percent. The top five institutions were Bank of America (15.6 percent); Eastern Bank (12.1 percent); Citizens Bank, N.A. (10.1 percent); Northern Bank & Trust Company (9.2 Percent); and TD Bank, N.A. (6.7 percent), which collectively held 53.7 percent deposit market share.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment area. According to market share data, in 2023 there were 410 lenders that originated or purchased 15,644 home mortgage loans. StonehamBank ranked 67th with a market share of 0.4 percent. StonehamBank was the 13th highest rated state-chartered bank, with Eastern Bank (4.3 percent) and Salem Five Cents Savings Bank (2.9 percent) leading state-chartered banks. The top three lenders, Citizens Bank N.A.; Bank of America N.A.; and Guaranteed Rate, Inc., all of which are larger national lenders, held 18.5 percent of the market share collectively. In 2024, the market remained competitive as 407 lenders originated or purchased 16,924 home mortgage loans. StonehamBank's market share decreased in 2024 which resulted in the bank's ranking dropping to 102nd.

StonehamBank is not required to collect or report its small business loans and elected not to do so. Therefore, the analysis of the sampled small business loans under the Lending test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans in the assessment area and is included for performance context. In 2023, small business aggregate data showed that 161 lenders originated 66,086 small business loans, indicating a high level of competition. The top five lenders were American Express National Bank; JPMorgan Chase Bank N.A.; Bank of America N.A.; Citibank N.A.; and Capital One, N.A. collectively held 72.1 percent of the market share.

Community Contact

As part of the evaluation process, examiners contact third party organizations active in the assessment area to assist in identifying the area's credit and community development needs. This information helps examiners determine what credit and community development opportunities are available and whether local institutions are responsive to those needs.

Examiners contacted a representative of a community service organization located in Middlesex County. The organization assists with developing and locating affordable housing and developing workforces through job search and training assistance. The contact identified affordable loans for affordable housing as a primary credit need within its service area noting that rising housing costs, interest rates, and rental rates have made it difficult for low- and moderate-income families to find affordable housing. The contact also discussed the importance of job training, especially for those that speak English as a second language.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, as well as economic and demographic data, examiners determined that affordable loans for affordable housing and community services such as job training are the primary credit and community development needs. Examiners also identified opportunities for innovative and flexible lending products such as small dollar loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 24, 2022, to the current evaluation dated August 4, 2025. Examiners used the FFIEC Interagency ISI Examination Procedures to evaluate StonehamBank's performance. These procedures include two tests: The CRA Small Bank Lending Test and the Community Development Test (please see Appendices for complete descriptions). Banks must achieve at least a "Satisfactory" rating under each test to receive an overall "Satisfactory" rating. Examiners used full-scope procedures to evaluate the bank's CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. Additionally, the bank requested that examiners consider its HELOCs, which due to an available exception, the bank does not report on its Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) and its Mass Save HEAT loans as products offered to meet the assessment area's credit needs.

For the Lending Test, examiners considered all home mortgage loans reported on the bank's 2022, 2023, and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2022, the bank reported 114 originations totaling \$111.2 million. In 2023, the bank reported 130 originations totaling \$78.8 million, and in 2024, the bank reported 60 originations totaling \$53.4 million. Rising interest rates contributed to the decline in lending from 2023 to 2024. Examiners compared StonehamBank's home mortgage lending performance to 2022, 2023, and 2024 aggregate data and demographics for the respective years. This evaluation also considered the bank's HELOCs for 2022, 2023, and 2024. The bank collected the data but did not report it. The bank originated 59 home equity lines of credit totaling \$8.7 million in 2022, 51 HELOCs in 2023 totaling \$10.1 million, and 63 HELOCs in 2024 totaling \$12.7 million. Demographic information provided a standard of comparison for the HELOCs.

As an ISI, the bank is not required to collect or report small business data. Accordingly, examiners selected a random sample of small business loans originated in 2024 and collected all required small business data fields. Examiners considered this sample to represent the bank's performance during the evaluation. Examiners analyzed a sample of 36 small business loans originated in 2024 totaling \$11.0 million, from a universe of 91 loans totaling \$58.5 million. Examiners compared the bank's small business lending performance to 2024 D&B business demographic data.

Examiners also reviewed the bank's 2024 Mass Save HEAT loans. The bank introduced this product in the fourth quarter of 2023 to assist consumers with no interest loans up to \$25,000 which could be used to lower energy costs for borrowers. Examiners analyzed 2024 activity as this was the first full year of available data. In 2024, the bank originated 33 loans for \$533,048. Examiners compared the bank's lending to demographic data.

The bank's overall record of originating home mortgage loans contributed more weight to the overall conclusions due to the larger number and dollar volume when compared to small business loans, HELOCs, or Mass Save HEAT loans during the evaluation period.

For the Community Development Test, examiners reviewed community development loans, investments and donations, and services since the prior CRA evaluation dated January 24, 2022, to the current evaluation date of August 4, 2025.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to -Deposit Ratio

The LTD ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs. StonehamBank's LTD ratio averaged 97.4 percent over 14 quarters from December 31, 2021 to March 31, 2025. The ratio ranged from a low of 88.8 percent on December 31, 2021, to a high of 106.5 percent on December 31, 2023. The bank's LTD ratio remained relatively steady throughout the evaluation period. Examiners compared the bank's average LTD ratio to that of similarly situated institutions (SSIs), which were selected based on asset size, lending focus, and geographic location. The following table illustrates StonehamBank's LTD is higher than three SSIs and slightly below one SSI.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2025 (\$000s)	Average Net LTD Ratio (%)
StonehamBank	834,218	97.4
The Savings Bank	833,245	79.1
Winchester Co-operative Bank	873,553	83.3
Reading Co-operative Bank	922,342	92.8
Winchester Savings Bank	873,553	99.7
<i>Source: Reports of Condition and Income 12/31/2021- 3/31/2025</i>		

Assessment Area Concentration

As the following table reflects, the bank originated a majority of its home mortgages, HELOCs, sampled small business loans, and Mass Save HEAT loans outside the assessment area. Specifically, the bank originated 48.9 percent by number and 31.7 percent by dollar inside the assessment area. Home mortgage lending fluctuated during the evaluation period with a significant decline in 2024, primarily due to a rising rate environment and declining demand for these products. Conversely, HELOC lending by number remained generally consistent during the evaluation period with a slight increase from 2023 to 2024.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2022	30	26.3	84	73.7	114	27,205	24.5	83,946	75.5	111,151
2023	48	36.9	82	63.1	130	28,551	36.2	50,293	63.8	78,844
2024	19	31.7	41	68.3	60	9,663	18.1	43,782	81.9	53,445
Subtotal	97	31.9	207	68.1	304	65,419	26.9	178,022	73.1	243,441
HELOC										
2022	43	72.9	16	27.1	59	6,407	73.3	2,335	26.7	8,742
2023	40	78.4	11	21.6	51	7,164	70.9	2,938	29.1	10,102
2024	47	74.6	16	25.4	63	8,073	63.5	4,633	36.5	12,706
Subtotal	130	75.1	43	24.9	173	21,644	68.6	9,906	31.4	31,550
Small Business	13	36.1	23	63.9	36	3,372	30.6	7,661	69.4	11,033
Mass Save HEAT Loans										
2024	27	81.8	6	18.2	33	419	78.6	114	21.4	533
Subtotal	27	81.8	6	18.2	33	419	78.6	114	21.4	533
Source: Bank Data										

Borrower Profile

The distribution of loans reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and business of different sizes. The bank's reasonable home mortgage and small business lending performances support this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and the percentage by number of small businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows the bank's performance in lending to low-income borrowers increased from its 2022 levels and remained in line with aggregate. Although the bank's performance was below the percentage of low-income families in the assessment area for all three years, it should be noted that due to a high median housing cost of \$514,206, it would be difficult for low-income families earning less than \$73,300 to afford a home in the assessment area. In lending to moderate-income borrowers, the bank's performance fluctuated with a drastic decline in 2023. Except for its lending performance during 2023, the bank's performance was greater than the aggregate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	20.0	7.1	0	0.0	0	0.0
2023	20.0	5.4	3	6.3	622	2.2
2024	20.0	5.3	1	5.3	130	1.3
Moderate						
2022	16.9	19.0	7	23.3	2,178	8.0
2023	16.9	16.5	2	4.2	556	1.9
2024	16.9	15.3	3	15.8	383	4.0
Middle						
2022	22.9	25.6	2	6.7	725	2.7
2023	22.9	26.0	10	20.8	4,483	15.7
2024	22.9	25.7	2	10.5	1,008	10.4
Upper						
2022	40.2	36.6	6	20.0	3,541	13.0
2023	40.2	37.3	22	45.8	14,158	49.6
2024	40.2	39.3	7	36.8	5,213	54.0
Not Available						
2022	0.0	11.7	15	50.0	20,761	76.3
2023	0.0	14.8	11	22.9	8,733	30.6
2024	0.0	14.3	6	31.6	2,929	30.3
Total						
2022	100.0	100.0	30	100.0	27,205	100.0
2023	100.0	100.0	48	100.0	28,551	100.0
2024	100.0	100.0	19	100.0	9,663	100.0
Source: 2020 U.S. Census Data; Bank Data, 2022, 2023 & 2024 HMDA Aggregate Data						

HELOCs

The distribution of HELOCs reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. In lending to low-income borrowers, the bank's performance declined during the evaluation period and remained less than demographics. Although lending fell below demographics, approximately 4.0 percent of families are below the poverty level, a subset of the low-income category. This would present challenges for borrowers to qualify for a loan under traditional underwriting standards. Conversely, the bank's lending to

moderate-income borrowers was greater than aggregate and fluctuated with the greatest lending occurring during 2024.

Distribution of Home Equity Lines of Credit by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2022	20.0	4	9.3	177	2.8
2023	20.0	2	5.0	80	1.1
2024	20.0	2	4.3	117	1.4
Moderate					
2022	16.9	9	20.9	748	11.7
2023	16.9	6	15.0	562	7.8
2024	16.9	15	31.9	1,799	22.3
Middle					
2022	22.9	8	18.6	1,000	15.6
2023	22.9	10	25.0	1,353	18.9
2024	22.9	14	29.8	1,530	19.0
Upper					
2022	40.2	22	51.2	4,482	70.0
2023	40.2	22	55.0	5,169	72.2
2024	40.2	16	34.0	4,627	57.3
Not Available					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
2024	0.0	0	0.0	0	0.0
Total					
2022	100.0	43	100.0	6,407	100.0
2023	100.0	40	100.0	7,164	100.0
2024	100.0	47	100.0	8,073	100.0
Source: 2020 U.S. Census Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The distribution of sampled small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. Lending to businesses with GARs of \$1 million or less was less than demographics. Since the bank is not a CRA reporter, examiners do not directly compare its performance to aggregate data. However, to obtain a perspective as to the bank's competition and

its lending activity and loan demand, examiners reviewed aggregate data from the previous year, 2023, most recent available. This review showed that the aggregates' lending was also significantly less than demographics with 50.7 percent of their loans to businesses with GARs of \$1.0 million or less. Given this information and the level of competition for small business loans, performance is reasonable. The following table reflects this distribution compared to the percentage of businesses of each GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Business Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.1	8	61.5	1,758	52.1
>\$1,000,000	4.4	5	38.5	1,614	47.9
Revenue Not Available	7.5	0	0	0	0
Total	100.0	13	100.0	3,372	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

Mass Save HEAT Loans

The distribution of Mass Save HEAT loans reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank originated 14.8 percent to low-income borrowers and 18.5 percent to moderate-income borrowers. The bank's performance of lending to moderate-income borrowers exceeded the percentage of households.

Distribution of Mass Save HEAT Loans by Borrower Income Level					
Borrowers Income Level	% of Households	#	%	\$(000s)	%
Low	24.0	4	14.8	59	14.1
Moderate	14.6	5	18.5	78	18.6
Middle	18.3	5	18.5	72	17.2
Upper	43.1	13	48.2	210	50.1
Total	100.0	27	100.0	419	100.0
<i>Source: 2020 U.S. Census Data; Bank Data</i>					

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows that the bank did not originate any loans in low-income

census tracts. Although the bank’s performance compares unfavorable to the aggregate and demographics, examiners attributed minimal weight to the bank’s performance in these three tracts. In the moderate-income census tracts, lending remained consistent during the evaluation period and was less than aggregate and demographics.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.4	1.7	0	0.0	0	0.0
2023	1.4	1.5	0	0.0	0	0.0
2024	1.4	1.5	0	0.0	0	0.0
Moderate						
2022	11.7	12.8	3	10.0	3,428	12.6
2023	11.7	13.1	5	10.4	3,922	13.7
2024	11.7	12.2	2	10.5	1,137	11.8
Middle						
2022	56.1	54.4	23	76.7	19,593	72.0
2023	56.1	53.7	37	77.1	20,580	72.1
2024	56.1	56.4	14	73.7	6,626	68.6
Upper						
2022	30.2	30.2	4	13.3	4,184	15.4
2023	30.2	30.6	6	12.5	4,049	14.2
2024	30.2	29.2	3	15.8	1,900	19.7
Not Available						
2022	0.6	0.9	0	0.0	0	0.0
2023	0.6	1.1	0	0.0	0	0.0
2024	0.6	0.7	0	0.0	0	0.0
Total						
2022	100.0	100.0	30	100.0	27,205	100.0
2023	100.0	100.0	48	100.0	28,551	100.0
2024	100.0	100.0	19	100.0	9,663	100.0
Source: 2020 U.S. Census Data; Bank Data; 2022, 2023 & 2024 HMDA Aggregate Data						

HELOCs

The geographic distribution of HELOCs reflects poor dispersion throughout the assessment area. During the evaluation period, the bank did not originate any HELOCs in low-income census tracts

and six in the moderate-income census tracts. The bank's lending in the moderate-income tracts declined each year and was significantly less than demographics.

Geographic Distribution of Home Equity Lines of Credit					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2022	1.4	0	0.0	0	0.0
2023	1.4	0	0.0	0	0.0
2024	1.4	0	0.0	0	0.0
Moderate					
2022	11.7	3	7.0	291	4.5
2023	11.7	2	5.0	350	4.9
2024	11.7	1	2.1	120	1.5
Middle					
2022	56.1	31	72.1	4,713	73.6
2023	56.1	29	72.5	4,689	65.5
2024	56.1	35	74.5	5,936	73.5
Upper					
2022	30.2	9	20.9	1,403	21.9
2023	30.2	9	22.5	2,125	29.7
2024	30.2	11	23.4	2,017	25.0
Not Available					
2022	0.6	0	0.0	0	0.0
2023	0.6	0	0.0	0	0.0
2024	0.6	0	0.0	0	0.0
Total					
2022	100.0	43	100.0	6,407	100.0
2023	100.0	40	100.0	7,164	100.0
2024	100.0	47	100.0	8,073	100.0
Source: 2020 U.S. Census Data; Bank Data Due to rounding, totals may not equal 100.0%					

Small Business Loans

The geographic distribution of small business loans reflects adequate throughout the assessment area. The following table shows that in 2024; the bank did not originate any sampled small business loans in low-income census tracts. Although the bank's performance compares unfavorable to the demographics, examiners attributed minimal weight to the bank's performance in

these three tracts. In the moderate-income census tracts, the bank originated two or 15.4 percent of the sampled small business loans and its performance was slightly less than demographics.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	2.0	0	0	0	0
Moderate	18.3	2	15.4	462	13.7
Middle	54.5	11	84.6	2,910	86.3
Upper	24.7	0	0	0	0
Not Available	0.6	0	0	0	0
Total	100.0	13	100.0	3,372	100.0
<i>Source: 2024 D&B Data; Bank Data</i>					

Mass Save HEAT Loans

The geographic distribution of Mass Save HEAT Loans reflects a poor dispersion throughout the assessment area. During the evaluation period, the bank did not originate any loans in the low-income census tracts and originated one loan in the moderate-income census tracts.

Geographic Distribution of Mass Save HEAT Loans					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	2.5	0	0.0	0	0.0
Moderate	15.7	1	3.7	9	2.1
Middle	55.5	24	88.9	380	90.7
Upper	25.2	2	7.4	30	7.2
Total	100.0	27	100.0	419	100.0
<i>Source: 2020 U.S. Census Data; Bank Data</i>					

Response to Complaints

Since the previous evaluation, the bank has not received any CRA related complaints; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Satisfactory. The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability

of such opportunities for community development in the institution's assessment area. The following sections discuss the bank's performance under each criterion.

Community Development Loans

StonehamBank originated 14 community development loans totaling approximately \$13 million. The current activity level represents 1.7 percent of average total assets and 2.1 percent of average total loans since the prior evaluation. Since the prior evaluation, lending by both number and dollar increased from 11 community development loans totaling approximately \$2.5 million. When compared to three SSIs, StonehamBank's performance was in-line with two and exceeded the third. SSI activity ranged from .04 to 1.9 percent of average total assets and .06 to 2.7 percent of average total loans. The bank demonstrates responsiveness to opportunities for community development lending.

Of the 14 community development loans, the majority supported economic development, followed by affordable housing and community services. The bank originated 3 loans through the Small Business Administration's (SBA) 504 loan program which supports economic development. The SBA 504 loan program offers small business financing, while supporting permanent job creation, retention, and/or improvement in either low- or moderate-income geographies, or in areas targeted for redevelopment by Federal, state, local, or tribal government. The following table illustrates the bank's community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	1	1,689	0	0	2	1,720	0	0	3	3,409
2023	2	1,605	0	0	2	2,000	0	0	4	3,605
2024	0	0	2	1,300	4	2,931	0	0	6	4,231
YTD 2025	0	0	0	0	1	1,800	0	0	1	1,800
Total	3	3,294	2	1,300	9	8,451	0	0	14	13,045
<i>Source: Bank Data</i>										

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

- In 2022, the bank financed a housing development consisting of 34 units for approximately \$9.6 million. Of the 34 units, 6 were earmarked for affordable housing. Accordingly, the bank received a pro-rata share of the loan as affordable housing credit. This loan was in the greater regional area.
- In 2023, the bank originated a \$1.75 million loan in conjunction with MassDevelopment. Proceeds were used to finance the build and startup of a new specialty restaurant in Medford. This business will provide approximately 54 full-time permanent jobs for low-and moderate-income workers.

- In 2024, the bank originated a \$1.2 million loan to convert a nursing home to a sober living home that will provide housing and social services to low-and moderate-income individuals in recovery. The home is in Stoneham.

Qualified Investments

StonehamBank made an adequate level of investments. Qualified equity investments and donations totaled approximately \$2.6 million, representing 3.1 percent of average total securities and 3.2 percent of total assets. This is an increase by dollar amount from the bank's prior evaluation where investments totaled approximately \$1.8 million. When compared to three SSIs, StonehamBank's performance exceeded two and fell below the third. SSI activity ranged from 1.9 to 31 percent of average total securities. The bank maintains three prior investments supporting small business financing. The bank demonstrates responsiveness to opportunities for qualified investments that support community needs.

The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	3	2,250	0	0	3	2,250
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	3	234	0	0	3	234
2024	0	0	0	0	2	135	0	0	2	135
YTD 2025	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	8	2,619	0	0	8	2,619
Qualified Grants & Donations	0	0	9	10	0	0	0	0	9	10
Total	0	0	9	10	8	2,619	0	0	27	2,629
<i>Source: Bank Data</i>										

The following are examples of the bank's qualified investments and donations:

Prior Period

- The bank maintains three previously purchased SBA-issued bonds, specifically earmarked for Small Business Investment Companies (SBIC). The SBIC uses the proceeds to make capital or equity investments in small businesses.

Current Period

- **Massachusetts Business Development Corporation (MBDC)** – The bank invested \$234,000 in 2023 and \$125,000 in 2024. MBDC works with participating banks and small businesses within MA. Loans guaranteed through its Capital Access Program may be used to start or expand businesses or to provide permanent working capital.
- **Caritas Communities Inc.** – Caritas Communities prevents homelessness by providing low-income individuals and families with permanent affordable housing. This organization serves the Greater Boston area, including the bank’s assessment area.

Community Development Services

Employees provided approximately 396 hours of qualified technical assistance to community organizations. The following table illustrates the bank’s community development services by year and purpose and hours.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	0	43	17	0	60
2023	40	109	27	0	176
2024	40	54	16	0	110
YTD 2025	35	15	0	0	50
Total	115	221	60	0	396
Source: Bank Data					

The following are examples of the bank’s qualified community development services:

- **Housing Families** – A vice president serves on the Board. Housing Families is a 501(c)3 non-profit organization dedicated to providing housing services to low- and moderate-income families in greater Malden.
- **Malden High School** – Three executives provided financial literacy education to Malden High School Students. Malden High School consists of 64 percent low- and moderate-income students.
- **Council of Social Concern** – A senior vice president serves on the Board and multiple committees. Council of Social Concern is a community service organization that provides food assistance, maintains a food pantry, and provides safe and affordable childcare for low- and moderate-income families.

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

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2023 and 2024 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics. Considering the assessment area's demographic composition and comparisons to 2023 and 2024 aggregate data, the bank's minority application flow is reasonable.

According to the 2020 U.S. Census Data, the bank's assessment area contained a total population of 568,144 individuals of which 25.8 percent are minorities. The racial minority population represented is 5.0 percent Black/African American, 10.0 percent Asian, 0.1 percent American Indian, and 6.0 percent other. The ethnic minority population represented is 5.9 percent Hispanic or Latino.

In 2023, the bank received 67 HMDA reportable loan applications within its assessment area. Of these applications, the bank received 12 or 17.9 percent from minority applicants. The aggregate received 16.7 percent of its applications from minority applicants. For the same period, the bank received 2 or 3.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was compared to an aggregate ethnic minority application rate of 7.5 percent.

In 2024, the bank received 23 HMDA reportable loan applications within its assessment area. Of these applications, the bank received 1 or 4.4 percent from minority applicants. The aggregate received 16.8 percent of its applications from minority applicants. For the same period, the bank did not receive any applications from ethnic groups of Hispanic origin within its assessment area. The aggregate received 7.9 percent of applications from ethnic minority applicants.

Examiners compared the bank's 2023 and 2024 lending to 2023 and 2024 aggregate. This comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2023 HMDA		2023 Aggregate Data	Bank 2024 HMDA		2024 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.3
Asian	9	13.4	11.0	1	4.4	11.2
Black/ African American	0	0.0	3.0	0	0.0	3.2
Hawaiian/Pacific Islander	0	0.0	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)	3	4.5	2.2	0	0.0	1.9
Total Racial Minority	12	17.9	16.7	1	4.4	16.8
White	38	56.7	59.2	15	65.2	59.8
Race Not Available	17	25.4	24.1	7	30.4	23.4
Total	67	100.0	100.0	23	100.0	100.0
ETHNICITY						
Hispanic or Latino	1	1.5	5.5	0	0.0	6.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	1.5	2.0	0	0.0	1.8
Total Ethnic Minority	2	3.0	7.5	0	0.0	7.9
Not Hispanic or Latino	45	67.2	68.2	15	65.2	68.8
Ethnicity Not Available	20	29.8	24.3	8	34.8	23.3
Total	67	100.0	100.0	23	100.0	100.0
<i>Source: 2020 US Census Data, HMDA Aggregate Data 2023 & 2024, HMDA LAR Data 2023 and 2024</i>						

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 (Census data): 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 aids 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.