

PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Reading Co-operative Bank

Certificate Number: 26620

180 Haven Street
Reading, Massachusetts 01867

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

This document is an evaluation of the CRA performance of Reading Co-operative Bank (the bank) prepared by the Division, the institution's supervisory agency as of July 31, 2023. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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 neighborhood, in a manner consistent with its resources and capabilities.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a majority of home mortgage loans inside the assessment area.
- The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating. Reading Co-operative Bank has an adequate record relative to fair lending policies and practices.

The Community Development Test is rated Satisfactory.

The institution demonstrated adequate responsiveness to the community development needs of its assessment area 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 area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 2, 2019, to the current evaluation dated July 31, 2023. The Massachusetts Division of Banks (Division) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Intermediate Small Institution Examination Procedures to evaluate Reading Co-operative Bank's CRA performance. These procedures include two tests: the Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints and record related to fair lending practices.

The Community Development Test considered the following factors

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Lending and community development performance were evaluated based primarily on activities inside the bank's assessment area. The bank's assessment area is comprised of portions of Middlesex and Essex Counties both under the Cambridge-Newton-Framingham, MA MSA.

Activities Reviewed

Examiners reviewed the lending activity and determined the bank's major product lines are home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

This evaluation considered all home mortgage loans reported on the bank's 2021 and 2022 Application Registers (LARs). Aggregate data for 2021 and 2022 includes the lending activity of all institutions subject to HMDA reporting within the banks assessment area.

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

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services since the prior CRA evaluation date of December 2, 2019.

DESCRIPTION OF INSTITUTION

Background

Reading Co-operative Bank, established in 1886, is a full-service mutual bank headquartered in Reading, Massachusetts (MA). The bank operates two wholly owned subsidiaries, 180 Haven Street Securities Corporation and 230 Lowell Street Securities Corporation. Both security corporations buy, sell, and hold securities. The bank also maintains the Reading Cooperative Charitable Foundation dedicated to grant-making to non-profit 501(c)(3) organizations or public schools serving Andover, Burlington, North Reading, Reading, or Wilmington.

Reading Co-operative Bank operates in the eastern part of MA in the counties of Essex, MA and Middlesex, MA. Reading Co-operative Bank received a “Satisfactory” rating from the Division of Banks during its prior evaluation, dated December 12th, 2019.

Operations

In November of 2021, Reading Co-operative Bank acquired two branches from Coastal Heritage Bank.

The bank’s corporate headquarters is located at 55 Walkers Brook Drive, Reading, MA. The bank operates a total of nine full-service branches, four in Essex County, MA and five in Middlesex County, MA. The branches are located in the following cities and towns in Massachusetts: Andover, Burlington, Lawrence, Lynn, Nahant, North Reading, Reading (2), Wakefield, Wilmington (2.) All branches, except Burlington, have drive-up facilities and offer Saturday hours. Also, all branches, except Lynn and Nahant have 24-hour automated teller machine (ATM) access. The bank operates two stand-alone walk-up ATMs. One is located at 55 Walkers Brook Drive, Reading (cash-dispensing only) and another at 917 Lynnfield Street, Lynnfield (deposit-taking). Additionally, two of the bank’s branches are high school branches located in Reading (restricted non-public access) and Wakefield and operate during school hours.

The main office, located in Reading, is an upper-income census tract as are the Andover, North Reading, both high school branches, and the two stand-alone ATMs. The Burlington, both Wilmington, and the Nahant branches are in middle-income census tracts. The Lynn branch is in a moderate-income census tract. The Lawrence branch is in a low-income census tract.

Ability and Capacity

As of June 30, 2023, Reading Co-operative Bank’s assets totaled approximately \$858.4 million, including total loans of \$651 million (75.8 percent of total assets) and total securities of \$152.4 million. The bank had total deposits of \$700.9 million. Following the previous evaluation, since

December 2, 2019, total assets increased by approximately \$266.9 million, or (45.1 percent) and total deposits increased by \$222.9 million or (46.7 percent). The increases are primarily due to the acquisition of two Coastal Heritage Bank branches as well as the bank’s branch expansion to the City of Lawrence. The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the portfolio at 59.0 percent and the total of all loans secured by real estate accounted for 93.6 percent. This shows a slight decrease of 1.5 percent from the prior evaluation. Loans secured by nonfarm nonresidential properties were the next largest portion at 13.8 percent. This slightly decreased from the prior evaluation. Consumer Loans showed a slight increase from the prior evaluation.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	55,168	8.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	383,930	59.0
Secured by Multifamily (5 or more) Residential Properties	79,795	12.3
Secured by Nonfarm Nonresidential Properties	90,039	13.8
Total Real Estate Loans	608,932	93.6
Commercial and Industrial Loans	31,636	4.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	10,292	1.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	72	0.01
Less: Unearned Income	0	0.0
Total Loans	650,932	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank’s assessment area is primarily comprised of the Cambridge-Newton-Framing, MA MSA. The bank designated a single assessment area comprised of 26 municipalities, fourteen in Essex County and twelve in Middlesex County.

Assessment Area Towns			
Essex County, MA			
Andover	Haverhill*	Lawrence	Lynn*
Lynnfield	Marblehead*	Methuen	Middleton
Nahant*	North Andover	Peabody*	Salem*
Saugus*	Swampscott*		
Middlesex County, MA			
Bedford	Billerica	Burlington	Lexington
North Reading	Reading	Stoneham	Tewksbury
Wakefield	Wilmington	Winchester	Woburn

**Added to assessment area since prior evaluation.*

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

Economic and Demographic Data

Reading Co-operative Bank’s assessment area consists of 180 census tracts and reflect the following income designations according to the 2020 ACS U.S. Census:

- 31 Low-income tracts,
- 36 Moderate-income tracts,
- 69 Middle- Income tracts,
- 43 Upper-Income tracts, and
- 1 tract with no income designation

The assessment area’s low-income census tracts are primarily concentrated in Lynn, Lawrence, Haverhill, Methuen, Peabody, Salem, Woburn, and Saugus, MA. Billerica, Tewksbury, Burlington, Wakefield, North Andover, Stoneham, Swampscott, Wilmington, Marblehead, Middleton, Nahant, North Reading, and Reading have moderate-income tracts. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the bank’s assessment area. However, there are several opportunity zones within portions of the Massachusetts assessment area. Together, federal and state officials designate opportunity zones as areas of high economic need, with many opportunity zones having the lowest median family income in the state. Opportunity zone locations in the bank’s assessment area include Haverhill, Lawrence, Lynn, Methuen, Peabody, Salem, and Saugus. The one census tract with no income designation is in the town of Swampscott. The majority of the census tract is taken up by Harold A. King Town Forest as well as a local commercial quarry business.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	180	17.2	20.0	38.3	23.9	0.6
Population by Geography	895,247	15.5	20.1	38.4	25.8	0.2
Housing Units by Geography	336,853	14.5	19.7	40.3	25.4	0.2
Owner-Occupied Units by Geography	213,248	5.4	16.5	45.7	32.2	0.2
Occupied Rental Units by Geography	110,661	31.5	25.5	30.1	12.8	0.1
Vacant Units by Geography	12,944	18.4	21.4	38.8	20.7	0.6
Businesses by Geography	92,699	12.2	16.5	40.2	31.0	0.1
Farms by Geography	1,641	7.6	18.8	45.2	28.0	0.4
Family Distribution by Income Level	221,342	25.0	17.8	20.5	36.8	0.0
Household Distribution by Income Level	323,909	28.3	15.6	17.6	38.6	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$470,213
Families Below Poverty Level		6.2%	Median Gross Rent			\$1,422

*Source: 2020 ACS, 2022 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 2020 US Census data, housing unit statistics in low and moderate-income census tracts show an owner occupancy rate of 34.1 percent and rental unit rate of 57.0 percent. The moderately low owner-occupancy rates and higher rental rates indicate limited owner-occupied home mortgage lending opportunities in those census tracts. Both factors may also signal a need for affordable rental housing in these areas. The percentage of vacant properties, 39.8 percent, in low and moderate-income census tracts, however, demonstrates opportunities for rehabilitating and renovating properties in the assessment area.

Examiners used the FFIEC- updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low, moderate, middle, and upper-income categories. These categories are based on the 2020 and 2021 FFIEC updated median family income for each MD in the assessment area. According to 2020 US Census data, the percentage of families below the poverty level in the assessment area is 6.2 percent. This may limit these families from qualifying for a home mortgage loan, which limits lending opportunities.

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 (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
<i>Source: FFIEC</i>				

Competition

Reading Co-operative Bank operates in a highly competitive market for home mortgage loans. According to Deposit Market Share data as of June 30, 2022, 41 financial institutions operated 265 branches in the bank’s assessment area. Of these institutions, the bank ranked 10th with a deposit market share of 1.6 percent.

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. In 2022, aggregate home mortgage lending data showed 457 lenders originated or purchased 26,079 home mortgage loans in the assessment area. Reading Co-operative Bank ranked 41st with a 0.6 percent market share and was the top-ranked community bank. The top five lenders were primarily large banks or mortgage companies and collectively held approximately 21.8 percent of the market share and included Citizens Bank, N.A., Eastern Bank, Guaranteed Rate, Inc., TD Bank, N.A., and Crosscountry Mortgage, Inc.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the credit and community development needs of the area. The information helps determine whether local financial institutions are responsive to those needs. The information also shows what credit and community development opportunities are available.

Examiners contacted a representative of a local non-profit organization operating in the assessment area. The organization provides homeownership and landlord education, financial and credit counseling, technical support, and advocacy for affordable housing. Potential first-time home buyers and access to credit are challenged by a number of factors. Increased mortgage interest rates, home sale prices, limited availability of affordable inventory, and strict zoning laws inhibiting new development present obstacles to long-term investments for these potential buyers. Insufficient or poor credit remains a challenge based on conventional underwriting standards. Further, with more than four dozen languages spoken in the area, language and cultural barriers challenge underserved and underbanked residents.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing financing assistance and development of affordable housing units are primary community development needs. Reduced mortgage interest rates, more flexible underwriting standards, alternative credit scoring methods, and use of down payment assistance programs are areas of opportunity. Additionally, there are opportunities for providing technical expertise and financial literacy opportunities to those of diverse backgrounds allowing them to feel welcome.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Reading Co-operative Bank demonstrated a reasonable performance under the Lending Test. Loan to Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 88.6 percent over the past 15 calendar quarters ending from December 31, 2019, to June 30, 2023. The ratio ranged from a low of 82.3 percent as of September 30, 2021, to a high of 98.3 percent as of June 30, 2020. These percentages were impacted in 2020 and in 2021 as a result of the bank's branch acquisitions, changing business strategy focus to increase commercial lending coupled with the temporary deposit growth due to economic stimulus payments in connection with the COVID-19 pandemic. Examiners selected three comparable institutions based on their asset size, geographic location, and lending focus. The following table shows that Reading Co-operative Bank's ratio ranked above two and below one of those similarly situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net LTD Ratio (%)
Savings Bank, Wakefield	746,883	89.1
Reading Co-operative Bank	858,404	88.6
Cape Ann Savings Bank	911,348	84.1
Winchester Savings Bank	752,960	80.3
<i>Source: Reports of Condition and Income 12/31/2019- 06/30/2023</i>		

Assessment Area Concentration

Reading Co-operative Bank originated a majority of its home mortgages loans within its assessment area. During the review period, Reading Co-operative Bank originated 329 loans, or 63.5 percent, within its assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	167	67.1	82	32.9	249	63,323	57.6	46,678	42.4	110,001
2022	162	60.2	107	39.8	269	79,871	54.0	67,914	46.0	147,784
Total	329	63.5	189	36.5	518	143,194	55.5	114,592	44.5	257,786
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage loans reflects reasonable dispersion amongst census tracts within its assessment area. Reading Co-operative Bank's 2021 performance among low-income census tracts was in line with the aggregate and above demographic data. The 2022 performance showed a notable increase by both number and percentage and were well above aggregate and demographic data. The percentage of 2021 lending in moderate-income tracts was well below the aggregate and demographic data however, a similar trend to the low-income performance is seen here, showing a notable increase into 2022 with performance close to yet below the aggregate and demographic data. The acquisition of the two Coastal Heritage branches and expansion of the bank's physical presence into the Lawrence market increased the number of low and moderate-income branches and census tracts which allowed for increased opportunity.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	6.6	8.3	14	8.4	14,207	22.4
2022	5.4	8.1	21	13.0	22,516	28.2
Moderate						
2021	13.2	13.2	5	3.0	1,744	2.8
2022	16.5	18.9	24	14.8	11,753	14.7
Middle						
2021	51.1	48.6	78	46.7	22,454	35.5
2022	45.7	42.5	58	35.8	21,062	26.4
Upper						
2021	29.2	29.8	70	41.9	24,919	39.4
2022	32.2	30.3	59	36.4	24,539	30.7
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	0.2	0	0.0	0	0.0
Totals						
2021	100.0	100.0	167	100.0	63,323	100.0
2022	100.0	100.0	162	100.0	79,871	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low-to-moderate income borrowers. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

The following table shows that in 2021, the bank's lending to low-income borrowers was below aggregate and demographic data. However, the bank's 2022 performance increased to slightly under aggregate performance. Notably, low-income families in the assessment area, earning less than \$69,350 in the Cambridge-Newton-Framingham, MA MSA most likely would have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$470,213. Additionally, the percentage of low-income families in the assessment area includes families living below the poverty level (6.2 percent.) These facts help explain the disparity between the bank and aggregate lending data versus the percentage of families.

In 2021, the bank's performance in lending to moderate-income borrowers matched aggregate data and was above the demographic. In 2022, showing a small decrease, lending performance was slightly below aggregate yet remained above the demographic.

The bank offers several programs designed to benefit low- and moderate-income borrowers, including the bank's own first-time home buyer mortgage product that offers a \$500 closing cost credit, the Federal Home Loan Bank of Boston's Equity Builder and Housing Our Workforce Program, and MassHousing ONE Mortgage Program. All programs assist low and moderate income-eligible borrowers to purchase a primary residence with a variety of benefits including low down payment, minimum credit score, interest rates, and allows down payment assistance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	25.4	6.9	9	5.4	1,594	2.5
2022	25.0	9.0	14	8.6	2,247	2.8
Moderate						
2021	16.9	21.0	35	21.0	7,864	12.4
2022	17.8	22.2	31	19.1	9,727	12.2
Middle						
2021	20.5	23.0	45	26.9	13,492	21.3
2022	20.5	23.3	40	24.7	14,970	18.7
Upper						
2021	37.2	34.7	60	35.9	21,569	34.1
2022	36.8	32.3	52	32.1	24,867	31.1
Not Available						
2021	0.0	14.5	18	10.8	18,805	29.7
2022	0.0	13.2	25	15.4	28,060	35.1
Totals						
2021	100.0	100.0	167	100.0	63,323	100.0
2022	100.0	100.0	162	100.0	79,871	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Response to Complaints

Reading Co-operative Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

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. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair

Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The bank’s HMDA LARs for 2021 and 2022 were reviewed to determine if the bank’s application flow from different racial and ethnic groups reflected the assessment area’s demographics.

According to 2020 ACS U.S. Census data, the bank’s assessment area contained a total population of 895,247 individuals of which 35.8 percent are minorities. This illustrates a demographic change of an 8.8 percent increase in total minorities since the 2015 ACS U.S. Census data. The assessment area’s minority and ethnic population is 20.8 percent Hispanic or Latino, 4.4 percent Black/African American, 6.9 percent Asian, and 21.4 percent other.

The bank’s level of applications was compared with that of the 2021 and 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank’s minority application flow as well as the aggregate lenders in the bank’s assessment area.

MINORITY APPLICATION FLOW						
RACE	2021		2021 Aggregate Data	2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.4
Asian	8	3.8	7.4	14	6.6	7.9
Black/ African American	2	0.9	3.3	5	2.4	4.0
Hawaiian/Pacific Islander	0	0.0	0.1	4	1.9	0.3
2 or more Minority	0	0.0	0.1	1	0.5	0.1
Joint Race (White/Minority)	4	1.9	1.4	8	3.8	1.7
Total Racial Minority	14	6.6	12.5	32	15.0	14.5
14.5White	163	76.9	60.9	132	62.0	59.7
Race Not Available	35	16.5	26.6	49	23.0	26.0
Total	212	100.0	100.0	213	100.0	100.0
ETHNICITY						
Hispanic or Latino	11	5.2	11.2	14	6.6	13.5
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.9	1.3	5	2.4	1.5
Total Ethnic Minority	13	6.1	12.4	19	8.9	14.9
Not Hispanic or Latino	146	68.9	63.0	131	61.5	61.6
Ethnicity Not Available	53	25.0	24.6	63	29.6	23.5
Total	212	100.0	100.0	213	100.0	100.0

Source: ACS Census 2015, ACS 2020, HMDA Aggregate Data 2021 and 2022, HMDA LAR Data 2021 and 2022

In 2021, the bank received 212 home mortgage loan applications from within its assessment area. Of these applications fourteen, or 6.6 percent, were received from racial minority applicants, of which eleven, or 78.6 percent, resulted in originations. The aggregate received 12.5 percent of its applications from minority consumers, of which 63.7 percent were originated. For the same period, the bank also received thirteen applications, or 6.1 percent, from ethnic groups of Hispanic origin

within its assessment area. Of these applications, nine or 69.2 percent were originated, compared with an aggregate application rate of 12.4 percent with a 60.9 percent origination rate.

In 2022, the bank received 213 home mortgage loan applications from within its assessment area. Of these applications, thirty-two or 15.0 percent were received from racial minority applicants, of which twenty-one or 65.6 percent, resulted in originations. The aggregate received 14.5 percent of its applications from minority consumers, of which 57.7 percent were originated. For the same period, the bank also received nineteen applications or 8.9 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, fifteen or 78.9 percent were originated compared with an aggregate application rate of 14.9 percent with a 49.1 percent origination rate. Notably, aggregate data in the assessment area showed an increasing trend over 2020 and 2021.

Reading Co-operative Bank's 2022 performance from racial minority applicants, having more than doubled over 2021 performance, was in line with the aggregate percentage. The bank's minority application performance from applicants of Hispanic ethnicity was below aggregate performance and showing an increasing trend. The bank's additional strong fair lending controls and strategic efforts mitigate the below-aggregate performance. Through the bank's marketing, expanded branching structure during the evaluation period, and outreach efforts to incorporate strategies ensure that diverse individuals have access to credit.

COMMUNITY DEVELOPMENT TEST

Reading Co-operative Bank demonstrated adequate responsiveness to the assessment area's community development needs through qualified community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. Reading Co-operative's leadership level and involvement in community development lending when compared to similarly situated banks supports this rating.

Community Development Loans

Reading Co-operative Bank's qualified community development lending total was \$42.8 million. The bank originated a total of 17 community development loans totaling approximately \$795,185 during the evaluation period. Four CD loans were originated by the bank alone totaling approximately \$710,776. The bank originated another thirteen participation loans totaling approximately \$84,409. This level of activity represents approximately 0.1 percent of average total assets and 0.2 percent of average total loans as of the June 30, 2023, Call Report. An additional 1,059 totaling \$42.1 million were originated in 2020 and 2021 as part of the SBA Paycheck Protection Program (PPP) in response to the COVID-19 pandemic and considered particularly responsive to community development needs within the assessment area.

The bank's CD lending activity by dollar amount was comparable with the higher range of comparable institutions, when excluding the bank's PPP loans. Additionally, the bank's CD loan activity by number increased, however activity by dollar amount decreased from the previous evaluation period, during which the bank made 4 CD loans totaling \$3.9 million.

The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	371	20,017	16	396	387	20,413
2021	0	0	0	0	281	14,969	391	6,707	672	21,676
2022	0	0	0	0	7	649	0	0	7	649
YTD 2023	0	0	0	0	10	146	0	0	10	146
Total	0	0	0	0	669	35,781	407	7,103	1,076	42,884

Source: Bank Data

The following are examples of the bank’s qualified community development loans.

- In 2022 and 2023, Reading Co-operative Bank participated with a community development financial institution (CDFI) to provide needed support to small businesses in Lawrence, MA. The bank’s participation involved thirteen loans totaling \$84,409. The bank’s investment will provide support to existing and start-up businesses in a predominantly low-income and Gateway City area.
- In 2023, in conjunction with a MassDevelopment Industrial Bond, the bank participated in this \$750,000 loan to purchase and renovate a manufacturing facility in Lynn, MA, in a low-income area. The start-up company will generate jobs for low- and moderate-income individuals in the area. The bank’s participation in the loan totaled \$375,000.
- In 2022, the bank originated a \$268,000 loan to a minority-owned small business in downtown Lawrence to purchase the building in which it was operating. This loan helped retain jobs in this Gateway City and was responsive to economic development needs in the assessment area.
- In 2023, the bank originated a \$100,000 line of credit for working capital and equipment expenses for a small business operating in a moderate-income area. The total CRA qualified investment during the evaluation period was \$12,974.50.
- In response to the COVID-19 pandemic in 2020 and 2021, the bank originated 1,059 PPP loans totaling approximately \$42.1 million within its assessment area. Further, 257 PPP loans, totaling approximately \$13.1 million, originated outside the bank’s assessment area were also considered. These loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans help businesses retain staff during the economic crisis due to the Covid-19 pandemic. These loans are particularly responsive as they provided funding to businesses in order to retain jobs during the pandemic. Reading Co-Operative Bank was a leader among participating Massachusetts financial institutions under the PPP Program.

Qualified Investments

Reading Co-operative Bank made 130 qualified investments totaling approximately \$2.7 million, which includes 10 qualified equity investments of \$2.0 million and 120 charitable donations totaling approximately \$662, 902. Investment activity increased since the previous evaluation where the bank made 87 investments totaling approximately \$232,00.

The dollar amount of qualified investments equates to 0.4 percent of average total assets and 2.6 percent of average total securities. The bank’s investment activity supported economic development and revitalization or stabilization initiatives. The bank’s donations assisted some of the lowest income individuals and areas of its assessment area with the significant majority of activity qualifying under the community service purpose followed by economic development. Reading Co-operative Bank’s investment activity, by dollar compared above, and by number was comparable with similarly situated institutions who received a Satisfactory on the Community Development Test.

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	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	1	3	2	809	3	811
2021	0	0	0	0	3	53	0	0	3	53
2022	0	0	0	0	4	1,162	0	0	4	1,162
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	8	1,217	2	809	10	2,026
Qualified Grants & Donations	0	0	96	240	20	412	4	12	120	664
Total	0	0	96	240	28	1,629	6	821	130	2,690

Source: Bank Data

Equity Investments

Below are the bank’s qualified equity investments.

- *Municipal Bond* - In 2020, the bank invested in a municipal bond from the city of Lawrence. Proceeds from the bond will be used for public infrastructure improvements which will revitalize the designated Gateway City of Lawrence. The majority of census tracts in Lawrence are low-income. The qualified CRA amount equated to the draw amount of \$315,000 during the evaluation period.
- *Municipal Bond* – In 2020, the bank invested in a municipal bond from the city of Lowell. Proceeds from the bond will be used toward construction and capital improvements of a 6-story hospital facility in the City of Lowell, which is designated a Gateway City. The majority of census tracts in Lowell are low and moderate-income. The qualified CRA amount equated to the draw amount of \$493,750 during the evaluation period.

- *Massachusetts Development Finance Agency Bond* - In 2022, Reading Co-operative Bank invested \$3.3 million in a Massachusetts Development Finance Agency industrial bond to fund the purchase and renovations of a manufacturing facility for a start-up business in Lynn, a business that will provide new low- and moderate-income jobs. The qualified CRA amount equated to draw amounts of approximately \$1.2 million during the evaluation period,
- *Community Development Tax Credits* - During the evaluation period, the bank purchased seven community investment tax credits in support of multiple organizations operating in the assessment area. Funds to Lawrence Community Works supported affordable housing opportunities and utility assistance for Lawrence households; funds to Mill Cities Community Investments, a Community Development Financial Institution, provide alternative funding to individuals and businesses in low- and moderate-income and under-resourced communities; and funds supported Groundwork Lawrence provide community services such as fresh food access and employment initiatives. The bank purchased the tax credits for \$2,500 in 2020, \$52,500 in 2021, and \$52,500 in 2023.

Donations

Below are notable examples of the bank's qualified donations.

- *Mill Cities Community Investments* – Headquartered in Lawrence, MMCI is a non-profit organization and certified community development financial institution (CDFI) that is a financing and lending alternative for businesses and homeowners and specializes in financing under-resourced communities. The bank's support in 2019, 2020, provided substantial support to area economic development needs.
- *Lawrence Partnership* – This partnership is a coalition of leaders from business, education, healthcare, and nonprofits coordinating resources and ideas to invest in people and nurture small business owners by providing training, generating career paths, and catalyzing workforce and economic development to lift residents to a greater prosperity to become more independent for a predominantly low-income area. The bank's multiple annual and meeting sponsorships in 2020, 2021, 2022, and 2023 were responsive to economic development needs of the area.
- *Greater Lawrence Community Action Council Inc. (GLCAC)* – The GLCAC works with local, state, and Federal governments as well as private organizations to address poverty in the Greater Lawrence area. With an emphasis on education, social services, childcare, and housing, the GLCAC provides community services to low- and moderate -income-individuals. In 2020, 2021, 2022, and 2023, the bank's support was responsive to area community service needs in the form of capital campaign pledges and donations to the organization.
- *The United Way of Massachusetts Bay, The One Lawrence Fund* – Operating in Eastern Massachusetts and Southeastern New Hampshire and Maine, the nonprofit organization pools fundraising and support for the purpose of helping those most in need. The goals include improving area health, education, and financial stability and particularly in times of crisis.

This fund was established to provide emergency assistance and resources to individuals and families impacted by the COVID-19 pandemic, especially those not qualifying for other resources. The bank's 2020 support to the fund was particularly responsive to community service needs.

- *Leading through Empowering Opportunities, LEO, Inc.* - LEO Inc.'s mission is to strengthen the Greater Lynn community through resources and services for children, families, and individuals. Services include early education and childcare, the Head Start program, food security services, fuel assistance, the VITA income tax preparation program, emergency services, financial literacy education, weatherization and home energy assistance. The bank's 2022 contribution was supportive of assessment area community service needs toward a new preschool.
- *Food Pantries and Food Recyclers* - The bank's multiple contributions supported many area food pantries and other organizations that distributed food during the evaluation period. Support to alleviate food insecurity during the COVID-19 pandemic is particularly responsive. Qualified nonprofit organizations included: Bread and Roses, Groundwork Lawrence, Lazarus House, Merrimack Valley Food Bank, North Reading Food Pantry as well as food drives at the Merrimack Valley YMCA food drive and Northeastern YWCA food drive.

Community Development Services

During the evaluation period, Reading Cooperative Bank employees and officers provided 90 hours, equating to 34 instances of financial or technical to 13 different community development organizations in the form of employee involvement, educational seminars, and other services. This represents a decrease in activity from the previous examination total of 95 instances while increasing from 13 different organizations. Reading Co-operative Bank ranked below its peers who received a Satisfactory under the Community Development Test.

The following are notable examples of the bank's community development services.

Employee Involvement

- *Boys & Girls Club of Lawrence* – The organization allows all children to receive community support and neighborhood resources. Special attention is given to at-risk youth and children from disadvantaged circumstances, with a substantial majority of the club's membership from low- and moderate-income families. In 2020, a senior executive served on the organization's board, and in 2023 four other bank executives conducted financial literacy events.
- *Lawrence Community Works (LCW)* – LCW is a Community Development Corporation that promotes equitable development and economic justice for Lawrence families. The majority of those served by LCW are of low or moderate-income levels. In 2020 and 2023, a bank employee presented multiple financial literacy education events on topics such as information protection and confidentiality.
- *Leaders Engaged and Activated to Drive System-wide change (LEADS)* – Originating in

Lawrence, MA, LEADS works to improve the prospects of communities through an innovative program expanding leadership capacity, connectivity, and social capital of leaders in Gateway Cities of Massachusetts. In 2019, 2021, 2022, and 2023, bank executives provided educational presentations on topics such as small business support, personal financial education as a broader issue, addressing uneven wealth creation in the Haverhill community, and providing flexible capital for affordable housing.

- *The Rollins School, Lawrence* – Nearly ninety percent of this public early childhood school’s students come from families with low or moderate incomes. In 2020 and 2023, a bank manager and two executives provided age-appropriate financial literacy education at the school such as “Teach Children to Save.”

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.

PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Reading Cooperative Bank
RSSD #1008674

180 Haven Street
Reading, Massachusetts 01867

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

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

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

The Lending Test is rated: SATISFACTORY

The Community Development Test is rated: SATISFACTORY

Reading Cooperative Bank (RCB or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test

- A reasonable loan-to-deposit ratio (LTD) (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.
- A majority of the bank's loans and, as appropriate, other lending-related activities, are in its assessment area.
- A reasonable geographic distribution of loans given the bank's assessment area.
- A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) that is reasonable given the demographics of the bank's assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

Community Development Test

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

SCOPE OF EXAMINATION

RCB's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the bank provides community development services; and the bank's responsiveness through such activities.

The Lending Test evaluated residential mortgage loans originated from January 1, 2019 through December 31, 2022. Although loan data from all four years was analyzed, the lending tables for geographic and borrower distribution only include 2021 and 2022 data. Assessment area concentration totals and percentages include loans originated throughout the four-year evaluation period. While both the number and dollar volume of loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. The bank's net LTD ratio was calculated from FFIEC Consolidated Reports of Condition and Income (Call Reports) from December 31, 2019 to June 30, 2023.

Home mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). Residential loans with a purpose of "other" and/or "not applicable" were excluded from the analysis. The bank's residential lending activity was compared to the aggregate of all lenders operating within the bank's assessment area. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. "Other" and "not applicable" loans have also been excluded from the aggregate data. The bank's residential mortgage lending performance was also compared to demographics from the 2015 and American Community Surveys (ACS) and the 2020 U.S. Census.

The Community Development Test included a review of community development loans, qualified investments, and community development services from December 3, 2019 through July 31, 2023 and evaluated in the context of community needs and the bank's capacity.

RCB's CRA performance was last examined by the Federal Reserve Bank of Boston on December 2, 2019. The examination resulted in a "Satisfactory" rating overall.

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$376 million as of December 31 of both of the prior two calendar years and less than \$1.503 billion as of December 31 of either of the prior two calendar years.

DESCRIPTION OF INSTITUTION

RCB is a full-service community bank headquartered at 180 Haven Street in Reading, Massachusetts. The bank maintains two wholly owned subsidiaries that acquire, sell, and hold investment securities: 180 Haven Street Securities Corporation and 230 Lowell Street Securities Corporation. The bank also maintains the Reading Cooperative Charitable Foundation, which is committed to supporting education, civic, and charitable events throughout its assessment area.

In addition to its main office in Reading, the bank operates eight full-service branches in Andover, Burlington, Lawrence, Lynn, Nahant, North Reading, and Wilmington (2). On July 31, 2023, the bank opened its newest branch in Lawrence. Prior to the new branch opening, the bank operated a temporary office with limited services across the street. In November 2021, the bank acquired the Lynn and Nahant branches from Coastal Heritage Bank, Weymouth, MA. The Lawrence branch is in a low-income tract, while the Lynn branch is in a moderate-income tract. The bank's main office, as well as its Andover and North Reading branches, are in upper-income tracts. The remaining branches are in middle-income census tracts. In addition to its full-service branches, the bank operates two educational branches in Reading and Wakefield. The Reading educational branch is a student-run branch located at Reading Memorial High School that is exclusively open to the high school community; while the Wakefield educational branch is located at the Northeast Metropolitan Regional Vocational School and is open to the public. The bank also maintains two standalone ATMs within the assessment area.

Through its full-service locations, the bank offers a traditional suite of deposit and loan products for consumer and business customers. Deposit products include personal and business checking accounts, savings accounts, and certificates of deposit. Residential loan products include fixed- and adjustable-rate mortgages and home equity loans and lines of credit; commercial loan products include commercial credit lines, commercial mortgages, and term loans. The bank's deposit and loan products are listed and described on the bank's website: www.readingcoop.com. Loan applications can be submitted online, by mail, or in person.

As of the June 30, 2023 Call Report, RCB had \$858.4 million in total assets, with \$650.9 million in total loans and \$701.0 million in total deposits. Since the last CRA evaluation, the bank experienced increases in assets by 45.1 percent from \$591.5 million, total loans by 37.9 percent from \$472.1 million, and total deposits by 46.7 percent from \$478.0 million. The branch acquisitions and low loan rate environment contributed to the bank's growth over the review period. Residential real estate loans increased by 15.6 percent from \$448.8 million to \$518.9 million, while commercial loans grew by 62.9 percent from \$157.5 million to \$256.6 million. While commercial loans experienced the most growth, the bank remains primarily a residential lender with 79.7 percent of total loans categorized as residential real estate and 18.7 percent of total loans categorized as commercial. Table 1 on the following page displays the bank's loan distribution by loan type.

Table 1		
Loan Distribution as of June 30, 2023		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	463,725	71.2
Commercial*	121,675	18.7
Consumer	10,292	1.6
Other	55,240	8.5
Total Loans	650,932	100.0

Call Report as of June 30, 2023.

**May include construction, land development, and other land loans reported on the HMDA LAR*

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

Per the June 30, 2022 FDIC Market Share Report, 40 depository institutions operated branches within the bank's assessment area. RCB ranked 14th, with 1.7 percent of the deposit market share. Accounting for 57.1 percent, the following five larger national and regional institutions together captured the majority of the deposit market share within the bank's assessment area: Bank of America, N.A. (19.0 percent), TD Bank, N.A. (11.1 percent), Eastern Bank (9.7 percent), Salem Five Cents Savings Bank (9.1 percent), and Citizens Bank, N.A. (8.2 percent). According to bank and aggregate 2022 HMDA data, RCB ranked 41st of 454 HMDA reporters in the assessment area for total mortgage originations and purchases. The top five mortgage lenders in the assessment area (Citizens Bank, NA; Eastern Bank; Guaranteed Rate, Inc.; TD Bank, NA; and CROSSCOUNTRY Mortgage, Inc.) are larger, and in most cases, national lenders and hold over a fifth of the market with 21.8 percent share combined.

The bank has the ability to meet the credit needs of its assessment area taking into consideration its financial capacity, local economic conditions, demographics, and the competitive market in which it operates. Although RCB faces robust competition from larger institutions, there are no legal or financial impediments that would impact the bank's ability to meet the credit needs within its delineated assessment area.

DESCRIPTION OF ASSESSMENT AREA

RCB has delineated one assessment area that consists of a portion of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (181 of 531 census tracts). After the Lynn and Nahant branch purchases in November 2021, the bank expanded its assessment area in 2022. Prior to the assessment area change, the bank's assessment area contained 102 of 481 census tracts in the MD. The assessment area grew from 18 to 26 contiguous cities and towns located in portions of Essex County and Middlesex County. Increasing to 13 of 35 municipalities within Essex County, the bank added the 8 cities and towns of Haverhill, Lynn, Marblehead, Nahant, Peabody, Salem, Saugus, and Swampscott to its assessment area, which already included Andover, Lawrence, Lynnfield, Middleton, and North Andover. The Middlesex County cities and towns in the assessment area include Bedford, Billerica, Burlington, Lexington, Methuen, North Reading, Reading, Stoneham, Tewksbury, Wakefield, Wilmington, Winchester, and Woburn which comprise 13 of a total 54 in the county.

Table 2 reflects the most recent demographics in 2022 for the current assessment area. Of the assessment area's 181 census tracts, 31, or 17.1 percent, are low-income; 36, or 19.9 percent, are moderate-income; 69, or 38.1 percent, are middle-income; 43, or 23.8 percent, are upper-income; and 2, or 1.1 percent, are unknown-income. The majority of low- and moderate-income tracts are located in Lawrence, Lynn, and Haverhill. Since the last CRA evaluation, low-income tracts increased from 18 to 31, and moderate-income tracts increased from 5 to 36, with the expansion of the assessment area and census tract update. On the following page, Table 3 reflects the demographics from 2019 through 2021 based on the current assessment area.

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	31	17.1	28,353	12.8	5,963	21.0	55,228	25.0	
Moderate	36	19.9	41,503	18.8	3,578	8.6	39,382	17.8	
Middle	69	38.1	88,425	39.9	2,847	3.2	45,269	20.5	
Upper	43	23.8	62,669	28.3	1,197	1.9	81,463	36.8	
Unknown	2	1.1	392	0.2	45	11.5	0	0.0	
Total AA	181	100.0	221,342	100.0	13,630	6.2	221,342	100.0	
			Housing Type by Tract						
	Housing Units by Tract	Owner-occupied			Rental		Vacant		
		#	% by tract	% by unit	#	% by unit	#	% by unit	
Low	48,736	11,538	5.4	23.7	34,814	71.4	2,384	4.9	
Moderate	66,245	35,234	16.5	53.2	28,245	42.6	2,766	4.2	
Middle	135,713	97,428	45.7	71.8	33,260	24.5	5,025	3.7	
Upper	85,500	68,633	32.2	80.3	14,182	16.6	2,685	3.1	
Unknown	659	415	0.2	63.0	160	24.3	84	12.7	
Total AA	336,853	213,248	100.0	63.3	110,661	32.9	12,944	3.8	

2020 Census.

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

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	36	21.2	33,100	15.5	8,291	25.0	54,406	25.4
Moderate	25	14.7	30,100	14.1	3,413	11.3	36,089	16.9
Middle	71	41.8	96,264	45.0	3,859	4.0	43,942	20.5
Upper	37	21.8	54,445	25.5	1,175	2.2	79,472	37.2
Unknown	1	0.6	0	0.0	0	0.0	0	0.0
Total AA	170	100.0	213,909	100.0	16,738	7.8	213,909	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	55,711	13,269	6.6	23.8	38,792	69.6	3,650	6.6
Moderate	51,185	26,672	13.2	52.1	21,342	41.7	3,171	6.2
Middle	146,504	103,558	51.1	70.7	36,114	24.7	6,832	4.7
Upper	73,612	59,056	29.2	80.2	11,401	15.5	3,155	4.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	327,012	202,555	100.0	61.9	107,649	32.9	16,808	5.1

2015 ACS.

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

Housing

Based on 2020 U.S. Census data, of the 336,853 housing units in the assessment area, the majority, 79.0 percent, are single-family homes, while 21.0 percent are multifamily. Further, 14.5 percent of housing units in the assessment area are located in low-income tracts, and 19.7 percent are located in moderate-income tracts. As demonstrated in Table 2, owner-occupancy is correlated with census tract income levels: the higher the income level, the higher the owner-occupancy rate. Owner-occupied units account for 63.3 percent of the housing stock in the assessment area, followed by rentals, at 32.9 percent, and vacancies, at 3.8 percent. Within low-income tracts, only 23.7 percent of housing units are owner-occupied, 71.4 percent are rental, and 4.9 percent are vacant. Within moderate-income tracts, 53.2 percent are owner-occupied, 42.6 percent are rental, and 4.2 percent are vacant.

The median housing value for a single-family home in the assessment area is \$466,395, which is below the median housing value of Middlesex County at \$540,300, but slightly above Essex County at \$436,600. By tract income, the median housing values are \$297,893 in low, \$347,495 in moderate, \$441,198 in middle, and \$669,493 in upper. However, housing values in the assessment area have significantly increased over the evaluation period, as indicated by more recent data from The Warren Group, Peabody, MA. Middlesex County median single-family home values have increased by 32.2 percent from \$559,000 in 2019 to \$739,000 in 2022, while Essex County median single-family home values have increased by 36.2 percent from \$459,000 in 2019 to \$625,000 in 2022.

Housing values in the assessment area have been consistently on the rise, compared to family

income, which presents affordability challenges and obstacles to home ownership for low- and moderate-income families. Furthermore, residential real estate sales have declined sharply in recent months, as low inventories and high prices, including higher mortgage rates, have continued to deter transactions. According to the January 2023 Federal Reserve Bank of Boston Beige Book (Beige Book), home sales, particularly of single-family homes, have sharply declined, with closed sales down 20 to 30 percent year-over-year. Nonetheless, the April 2023 Beige Book found median single-family home prices had modest year-over-year increases, which is partly attributed to a decline in the proportion of starter homes on the market. Low inventories coupled with high mortgage rates have significantly impacted residential lending.

Population

According to 2020 U.S. census data, the assessment area has a population of 895,247. At the census tract level, 138,966 individuals, or 15.5 percent, reside in low-income tracts; 179,516 individuals, or 20.1 percent, reside in moderate-income tracts; 343,654, or 38.4 percent, reside in middle-income tracts; and 231,376, or 25.8 percent, reside in upper-income tracts. The assessment area contains 323,909 households, of which 28.3 percent are low-income, 15.6 percent are moderate-income, 17.6 percent are middle-income, and 38.6 percent are upper-income. Of these households, 221,342 are families, 25.0 percent of which are low-income, 17.8 percent are moderate-income, 20.5 percent are middle-income, and 36.8 percent are upper-income. By census tract level, 12.8 percent of families reside in low-income tracts; 18.8 percent reside in moderate-income tracts; 39.9 percent reside in middle-income tracts; and 28.3 percent reside in upper-income tracts. In the assessment area, 6.2 percent of families fall below the poverty level.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 4 displays the MFI incomes for MD in which the assessment area is within and the non-MSA portions of the state.

Table 4				
Median Family Income				
MSA/MD	2019	2020	2021	2022
Cambridge-Newton-Framingham, MA MD	\$115,500	\$118,800	\$120,200	\$138,700
Commonwealth of Massachusetts MFI*	\$102,600	\$109,900	\$111,700	\$119,400
<i>FFIEC median family income estimates</i>				
<i>*Represents non-MSA portions of the state</i>				

MFIs have increased year-over-year throughout the evaluation period. From 2019 to 2022, the Cambridge-Newton-Framingham, MA MD MFI increased by 20.1 percent, and the Commonwealth of Massachusetts MFI increased by 16.4 percent. While MFIs have increased,

they have not been able to keep up with median home prices, which significantly increased well over 30.0 percent during the same period.

As of the 2020 U.S. Census, the assessment area MFI is \$111,657, which is significantly below the Middlesex County MFI at \$132,362 and Cambridge-Newton-Framingham, MA MD MFI at \$121,481. However, the assessment area MFI is slightly above the Essex County MFI at \$102,807 and Commonwealth of Massachusetts MFI at \$106,526. While the assessment area is equally comprised of cities and towns across Essex County and Middlesex County, the MFI of Essex County, where the majority of low- and moderate-income tracts are located, is substantially lower than that of Middlesex County.

Employment Statistics

According to 2020 U.S. Census data, the unemployment rate was 5.1 percent in the assessment area, 5.2 percent in Essex County, and 4.2 percent in Middlesex County. More recent data from the U.S. Bureau of Labor Statistics reveals the average unemployment rates during the evaluation period were 5.9 percent for Essex County and 4.4 percent for Middlesex County. Notably, within Essex County, average unemployment rates were 10.6 percent in Lawrence, 7.2 percent in Lynn, and 6.1 percent in Haverhill. Due to the COVID-19 pandemic, each city experienced staggering unemployment rates in 2020, with drastic jumps from March 2020 to April 2020. Within one month, the unemployment rates soared from 6.0 percent to 28.7 percent in Lawrence, 3.7 percent to 22.0 percent in Lynn, and 3.6 percent to 19.9 percent in Haverhill. While unemployment rates fluctuated throughout the evaluation period, these figures have increased overall since the prior CRA evaluation.

Community Contact

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

For this evaluation, an organization was contacted which operates an affordable housing non-profit organization that has served over 20,000 families in Merrimack Valley, which includes Lawrence and Haverhill, and beyond. With virtual services, the organization reaches many communities in Massachusetts and other states. Services include homeownership education, down payment assistance program facilitation, affordable housing placement, and credit counseling. The contact stated obtaining mortgages from local community banks for low- and moderate-income borrowers is particularly difficult because interest rates and closing costs are too high. The contact further believes banks are not willing to be more flexible with underwriting standards, which include very restrictive debt-to-income ratios, loan-to-value ratios, and credit scores. Contact suggestions include more transparency around non-traditional credit scoring systems, creating in-house portfolio products for young people with student loans to afford homes, reduced interest-rate products to help low- and moderate-income earners, and assisting borrowers that do not have social security numbers but do have individual taxpayer identification numbers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

RCB’s performance under the Lending Test is rated Satisfactory.

The following information further details the data compiled and reviewed, as well as conclusions on the bank’s performance.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank’s deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank demonstrates a reasonable loan-to-deposit ratio (considering seasonal variations) given the bank’s size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

The bank’s net LTD figures are calculated from the bank’s quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. RCB’s LTD ratio has trended downward from its previous average LTD of 103.0 percent at the prior CRA evaluation to its current ratio of 88.6 percent. Over the past 15 quarters, the bank’s LTD ratio fluctuated, ranging from a high of 98.3 percent to a low of 80.5 percent.

Table 5 provides a comparison of the bank’s average LTD over the past 15 quarters under evaluation to similarly sized institutions operating within the assessment area.

Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Pentucket Bank	968,393	91.9
Winchester Savings Bank	746,883	89.1
Reading Cooperative Bank	858,404	88.6
The Savings Bank	752,960	80.3

*Call Reports as of June 30, 2023

**Call Reports from December 31, 2019 to June 30, 2023.

RCB’s average LTD ratio of 88.6 percent is generally in line with its peers, while higher than that of The Savings Bank, Wakefield, MA. Over the evaluation period, the bank’s average LTD ratio remained relatively in line with similar institutions operating in the bank’s assessment area. Increased deposits during the COVID-19 pandemic, coupled with strong competition for loans, have contributed to lower LTD ratios. Thus, RCB’s average LTD ratio is considered reasonable.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of RCB’s HMDA loans, are in its assessment area. Table 6

presents the bank’s levels of lending inside and outside the assessment area for the entire evaluation period.

Table 6 Lending Inside and Outside the Assessment Area										
Loan Types	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Improvement	23	71.9	4,320	63.6	9	28.1	2,469	36.4	32	6,789
Home Purchase	131	45.6	61,738	37.6	156	54.4	102,316	62.4	287	164,054
Multi-Family Housing	36	49.3	50,962	49.7	37	50.7	51,573	50.3	73	102,535
Refinancing	363	71.6	120,718	65.3	144	28.4	64,043	34.7	507	184,761
TOTAL LOANS	553	61.5	237,738	51.9	346	38.5	220,401	48.1	899	458,139

HMDA for 2019, 2020, 2021, & 2022.

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

Overall, RCB originated 553 of 899 total HMDA loans, or 61.5 percent, within its assessment area during the evaluation period. As further detailed below, the bank originated a majority of its HMDA loans inside the assessment area in each year of the evaluation period. Additionally, the majority of total home improvement and refinance loans were made inside the assessment area, while a slight majority of total home purchase and multi-family loans were made outside the assessment area. These trends were seen in three of the four years in the evaluation period.

In 2019, the bank originated 86 of 165 HMDA loans, or 52.1 percent, inside the assessment area, but experienced significant fluctuations by loan type. First, all seven of the bank’s home improvement loans were made inside the assessment area. Second, multi-family loans originated inside the assessment area were at their lowest point of the entire evaluation period, at 18.2 percent. In 2020, the bank significantly increased its HMDA lending by 39.4 percent and originated 148 of 230 HMDA loans, or 64.3 percent, inside the assessment area. Moreover, 2020 was the only year in which the majority of each loan type was originated inside the assessment area.

In 2021, the bank originated 165 of its 244 HMDA loans, or 67.6 percent, inside the assessment area. In 2022, the bank originated 154 of its 260 HMDA loans, or 59.2 percent, inside the assessment area. In 2022, the bank saw significant increases in multi-family, home purchase, and home improvement loans. From 2021 to 2022, multi-family loans nearly doubled from 13 to 24; home purchases tripled from 38 total loans to 117; and home improvement loans quadrupled from 4 loans to 16. Demand for refinances, however, drastically fell with rising interest rates, as originations decreased by 45.5 percent, from 189 total refinances in 2021 to 103 in 2022.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The bank demonstrates a reasonable geographic distribution of loans given the bank’s assessment area. Table 7 provides a comparison of the bank’s lending by census tract

income level to the aggregate lending data and demographics of the assessment area.

Table 7 Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	2	13.3	11.2	800	10.6	8.9	6	10.3	8.2	2,815	9.0	6.4	5.4
Moderate	1	6.7	15.6	604	8.0	12.6	10	17.2	19.8	4,813	15.4	15.6	16.5
Middle	5	33.3	47.3	2,569	34.1	42.4	23	39.7	42.3	10,555	33.8	37.2	45.7
Upper	7	46.7	25.9	3,553	47.2	36.1	19	32.8	29.5	12,999	41.7	40.7	32.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.2	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	15	100.0	100.0	7,526	100.0	100.0	58	100.0	100.0	31,182	100.0	100.0	100.0
Refinance Loans													
Low	6	4.3	7.2	1,478	3.4	5.8	7	9.3	8.6	6,438	22.1	7.4	5.4
Moderate	3	2.1	12.6	846	2.0	9.9	9	12.0	19.8	2,861	9.8	16.0	16.5
Middle	71	50.4	49.3	19,805	46.1	43.9	31	41.3	42.1	9,548	32.8	36.7	45.7
Upper	61	43.3	30.9	20,831	48.5	40.4	28	37.3	29.2	10,221	35.2	39.8	32.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.2	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	141	100.0	100.0	42,960	100.0	100.0	75	100.0	100.0	29,068	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.1	0	0.0	2.6	1	10.0	4.5	338	24.0	3.3	5.4
Moderate	0	0.0	10.0	0	0.0	6.8	0	0.0	14.3	0	0.0	9.5	16.5
Middle	2	66.7	50.0	80	13.8	43.1	1	10.0	45.7	83	5.9	40.0	45.7
Upper	1	33.3	36.0	500	86.2	47.5	8	80.0	35.3	985	70.1	47.0	32.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.2	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	3	100.0	100.0	580	100.0	100.0	10	100.0	100.0	1,406	100.0	100.0	100.0
Multi-Family Loans													Multi-family Units %
Low	6	100.0	55.9	11,928	100.0	29.9	6	54.5	49.8	12,428	74.7	39.0	25.8
Moderate	0	0.0	19.1	0	0.0	20.5	4	36.4	23.2	3,688	22.2	24.1	20.9
Middle	0	0.0	17.4	0	0.0	34.6	1	9.1	19.0	520	3.1	24.6	37.3
Upper	0	0.0	7.6	0	0.0	15.0	0	0.0	8.1	0	0.0	12.4	16.0
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	6	100.0	100.0	11,928	100.0	100.0	11	100.0	100.0	16,636	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	14	8.5	8.3	14,206	22.6	7.8	20	13.0	8.0	22,019	28.1	9.5	5.4
Moderate	4	2.4	13.3	1,450	2.3	11.2	23	14.9	19.0	11,362	14.5	16.1	16.5
Middle	78	47.3	48.6	22,454	35.6	42.9	56	36.4	42.5	20,706	26.4	36.0	45.7
Upper	69	41.8	29.8	24,884	39.5	38.1	55	35.7	30.3	24,205	30.9	38.2	32.2
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.2	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	165	100.0	100.0	62,994	100.0	100.0	154	100.0	100.0	78,292	100.0	100.0	100.0
2016-2020 U.S. Census Bureau: American Community Survey 2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

Exceeding both the aggregate and demographic levels throughout the entire evaluation period, RCB's HMDA lending performance in low-income census tracts within the assessment area is strong. In 2021, the bank originated 14 of 165, or 8.5 percent, home mortgage loans in low-income tracts, compared to 8.3 percent by the aggregate and 6.6 percent of owner-occupied housing units. For 2022 home mortgages, the bank originated 20 of 154, or 13.0 percent, loans in low-income tracts, outperforming the aggregate and demographics, which were 8.0 percent and 5.4 percent, respectively. Loans originated in low-income tracts were primarily located in Lawrence, where the bank opened a new branch during the review period.

Conversely, the bank's HMDA lending in moderate-income census tracts trailed the aggregate in each year of the evaluation but did exhibit a positive trend over the review period, which is noteworthy given the considerable increase in moderate-income tracts in the assessment area. The bank originated 4, or 2.4 percent, of home mortgage loans in moderate-income tracts in 2021, significantly lagging the aggregate and owner-occupied units at 13.3 percent and 13.2 percent, respectively. In 2022, RCB's lending in moderate-income tracts substantially increased to 23, or 14.9 percent, originations in 2022. While the bank's loans in moderate-income tracts still trailed the aggregate's 19.0 percent, the bank's originations closed in on the 16.5 percent of owner-occupied units. Furthermore, the bank notably outperformed both the aggregate and demographic levels with 4 of 11, or 36.4 percent, of multi-family originations in moderate-income tracts, compared to 23.2 percent by the aggregate and 20.9 percent of multi-family units.

An analysis of lending throughout the bank's assessment area was conducted to determine whether there were any conspicuous lending gaps. In 2022, RCB penetrated approximately half of the census tracts in each income category in the assessment area. There were no conspicuous gaps in the bank's geographic lending distribution throughout the evaluation period. While home prices have greatly increased over the evaluation period, the bank has been able to meet the credit needs of its communities, particularly with home mortgages in low- and moderate-income tracts. Thus, taking into account the bank's home mortgage originations across all census tract income levels, the bank's geographic distribution is considered reasonable.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a distribution of loans to individuals of different income levels (including low- and moderate-income individuals) that is reasonable given the demographics of the bank's assessment area. Table 8 on the following page provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The tables further outline the bank's performance by loan type in comparison to the aggregate group.

Table 8 Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	\$%	#	%	%	\$(000)	%	\$%	
Home Purchase Loans													
Low	1	6.7	6.8	350	4.7	3.3	1	1.7	6.8	240	0.8	3.0	25.0
Moderate	1	6.7	22.2	394	5.2	16.5	9	15.5	21.2	3,285	10.5	15.0	17.8
Middle	4	26.7	23.4	1,359	18.1	21.8	14	24.1	22.8	5,678	18.2	20.6	20.5
Upper	4	26.7	31.8	1,385	18.4	41.4	21	36.2	32.4	12,928	41.5	42.9	36.8
Unknown	5	33.3	15.8	4,038	53.7	16.9	13	22.4	16.9	9,051	29.0	18.3	0.0
Total	15	100.0	100.0	7,526	100.0	100.0	58	100.0	100.0	31,182	100.0	100.0	100.0
Refinance Loans													
Low	8	5.7	7.0	1,244	2.9	4.0	8	10.7	12.9	1,317	4.5	7.7	25.0
Moderate	34	24.1	21.1	7,470	17.4	16.1	19	25.3	26.0	4,853	16.7	21.3	17.8
Middle	39	27.7	22.9	12,052	28.1	20.9	20	26.7	22.1	6,837	23.5	20.3	20.5
Upper	54	38.3	34.6	19,648	45.7	43.7	24	32.0	27.6	10,963	37.7	37.2	36.8
Unknown	6	4.3	14.4	2,546	5.9	15.4	4	5.3	11.3	5,098	17.5	13.6	0.0
Total	141	100.0	100.0	42,960	100.0	100.0	75	100.0	100.0	29,068	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	6.0	0	0.0	4.1	3	30.0	7.6	408	29.0	4.9	25.0
Moderate	0	0.0	17.0	0	0.0	12.7	0	0.0	19.7	0	0.0	13.3	17.8
Middle	2	66.7	24.1	80	13.8	20.4	1	10.0	28.6	80	5.7	23.0	20.5
Upper	1	33.3	50.1	500	86.2	56.3	6	60.0	41.7	918	65.3	52.8	36.8
Unknown	0	0.0	2.7	0	0.0	6.5	0	0.0	2.4	0	0.0	5.9	0.0
Total	3	100.0	100.0	580	100.0	100.0	10	100.0	100.0	1,406	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	9	5.7	7.0	1,594	3.1	3.7	12	8.4	9.1	1,965	3.2	4.5	25.0
Moderate	35	22.0	21.0	7,864	15.4	16.1	28	19.6	22.4	8,138	13.2	16.7	17.8
Middle	45	28.3	23.0	13,491	26.4	21.1	35	24.5	23.5	12,595	20.4	20.6	20.5
Upper	59	37.1	34.8	21,533	42.2	43.3	51	35.7	32.5	24,809	40.2	42.1	36.8
Unknown	11	6.9	14.2	6,584	12.9	15.8	17	11.9	12.5	14,149	22.9	16.1	0.0
Total	159	100.0	100.0	51,066	100.0	100.0	143	100.0	100.0	61,656	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

RCB slightly trailed the aggregate in lending to low-income borrowers in the assessment area. In 2021, the bank made 9 of 159, or 5.7 percent, home mortgages to low-income borrowers, compared to 7.0 percent by the aggregate and 25.4 percent of low-income families. For home purchases, however, the bank’s 1 of 15, or 6.7 percent, loans was in line with the aggregate at 6.8 percent. The bank’s lending to low-income borrower’s trended slightly upwards in 2022, when the bank originated 12 of 143, or 8.4 percent, loans to low-income borrowers, compared to 9.1 percent by the aggregate and 25.0 percent of low-income families. Both the bank and the aggregate were well below the demographic levels, demonstrating a challenge to homeownership for low-income families. With the single-family median value of \$466,395, home prices in the assessment area significantly outpace earnings of low-income families, who make less than \$55,828.50, presenting affordability barriers to homeownership. RCB’s lending to moderate-income borrowers, however, exceeded the percentages of moderate-

income families in the assessment area, which was 16.9 percent in 2021 and 17.8 percent in 2022. Further, in 2021, the bank made 35, or 22.0 percent, home mortgages to moderate-income borrowers, slightly outperforming the aggregate's 21.0 percent. Notably, the bank made 34 of 141, or 24.1 percent, refinances to moderate-income borrowers, also outperforming the aggregate's 21.1 percent. With only 1 of 15, or 6.7 percent, home purchases made to moderate-income borrowers, however, the bank significantly trailed the aggregate's 22.2 percent. In 2022, the bank's lending to moderate-income borrowers slightly dipped to 28, or 19.6 percent, trailing the aggregate's 22.4 percent. As RCB's lending to moderate-income borrowers exceeded the percentages of moderate-income families in the assessment area, the bank demonstrated its ability to meet the credit needs to these borrowers in its community. Given performance context considerations, the bank's overall distribution of borrowers reflects reasonable penetration among individuals of different income levels.

Response to Complaints

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

CONCLUSIONS: LENDING TEST

RCB's performance in meeting the credit needs in the assessment area is demonstrated by its record of extending loans to borrowers of different incomes, including low- and moderate-income borrowers. The bank has also met the credit needs in its assessment area by making the majority of its loans within its assessment area. The bank exhibited a reasonable distribution of loans across census tract income levels and has maintained a reasonable LTD ratio. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Given economic, demographic, and competitive conditions in the assessment area, RCB's lending levels reflect an adequate level of responsiveness. Therefore, the Lending Test is rated Satisfactory.

COMMUNITY DEVELOPMENT TEST

RCB's performance under the Community Development Test is rated Satisfactory. The bank demonstrated an adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services.

Community Development Loans

The bank made 4 community development loans, totaling \$710,776, and 13 loan participations, totaling \$84,401, through the Lawrence Venture Fund via the Lowell Community Loan Fund, which supported local small businesses located in low- and moderate-income tracts in Lawrence, Lynn, and Methuen. Thus, all 17 of these community development loan activities qualified as economic development.

Additionally, the bank participated in the first and second rounds of the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA) as part of the Coronavirus Aid, Relief, and Economic Security Act. RCB originated 1,059 PPP loans, totaling \$42.1 million, inside the assessment area that also qualified as community development loans. Of these, 407 PPP loans, or \$7.2 million, qualified as revitalization and stabilization, and 652 PPP loans, or \$34.9 million, qualified as economic development. The bank originated an additional 257 PPP loans outside of the assessment area. PPP loans are designed to help small businesses retain workers and staff during the economic crisis due to the COVID-19 pandemic. All the loans met the size requirements set out by the SBA, and the vast majority were also to businesses where the jobs retained would benefit low- and moderate-income individuals. Particularly because RCB extended PPP loans to all eligible applicants regardless of existing customer relationships, these loans were considered highly responsive to the needs of small businesses during the COVID-19 pandemic.

Qualified Investments

For community development investments, RCB made investments in the form of 10 bonds and investments that totaled \$2.0 million. One of the three bonds was a participation purchase in a MassDevelopment loan that qualified as economic development, that was responsive to creating jobs in Lynn. The other two bonds qualified as revitalization and stabilization, as they were responsive to community service needs in low- and moderate-income populations in the assessment area, including Lawrence. Seven investments, totaling \$107,500, were made in connection with the Community Investment Tax Credit Program (CITC) created by the Commonwealth of Massachusetts. The CITC encourages initiatives, involving residents, public and private stakeholders, and community development corporations (CDCs), to develop and implement programs aimed at improving economic opportunities for low- and moderate-income individuals throughout the Commonwealth.

The bank also invested in community organizations serving low- and moderate-income populations in the assessment area in the form of 133 qualified donations, totaling \$621,699. The following list is a sample of organizations to which the bank donated during the evaluation period:

- Greater Lawrence Community Action Council, Inc. (GLCAC): GLCAC was initially founded to combat poverty, and its purpose is to encourage and promote improvement of community life in Greater Lawrence through education, social services, child care, housing, and youth employment. Serving over 30,000 individuals, GLCAC provides a variety of community services for families, immigrants, youth, and seniors. Early learning services include Head Start in five locations in Lawrence and Methuen and the Child Care Center in Lawrence. Located in a low-income census tract, the organization also provides education and training for English for Speakers of Other Languages and financial education seminars, offered both in English and Spanish. Health and nutrition services include assistance navigating health care, lead poisoning prevention program, and Lawrence Women, Infants and Children program.
- Lawrence CommunityWorks (LCW): LCW is a CDC, located in a low-income census tract, with a mission to revitalize Lawrence neighborhoods by working at the intersection of community planning, organizing, and asset building to promote affordable housing and economic development. LCW implements programming in financial empowerment, workforce development, after-school and summer enrichment, real estate development, and networking organizing. In collaboration with Lawrence Public Schools, LCW also coordinates the Lawrence Working Families Initiative. During the COVID-19 pandemic, LCW also offered relief services, including community support and resources.
- Mission of Deeds, Inc.: Based in Reading, this non-profit's mission is to end homelessness. The organization provides basic home necessities without charge to those in need in Essex County and Middlesex County. Since its foundation, it has furnished apartments for approximately 15,500 families.
- Lazarus House Ministries: Located in Lawrence, this non-profit organization combats food insecurity by providing nutritional services through a soup kitchen, food pantry, groceries, and to-go meals for local residents who are in need. The organization runs an emergency shelter and thrift store, where clothing can be obtained at low or no cost. It also provides training in culinary arts and classes for English for Speakers of Other Languages.

Community Development Services

With branch presences in Lawrence and Lynn, the bank offered community development services to low- and moderate-income populations in these cities. Further supporting several community organizations, bank personnel were actively engaged in providing community development services across 13 organizations, namely participating on boards and conducting financial literacy courses. The following is a sample of the bank's involvement during the review period:

- Junior Achievement of Greater Boston: Junior Achievement's stated purpose is "to inspire and prepare young people to succeed in a global economy." Core programming for middle and high school students is focused on work readiness, entrepreneurship, and financial literacy. Bank employees conducted financial literacy classes in Lawrence.
- Rollins Early Childhood Center: The center is a Lawrence public school for pre-

kindergarten and kindergarten. Bank employee conducted financial literacy class, which included lessons on saving.

- Boys and Girls Club of Lawrence: The club’s mission is “to enable all young people of Greater Lawrence, especially those who need us most, to reach their full potential as productive, caring, responsible citizens.” Programming supports youth in local community engagement, providing academic support and promoting healthy lifestyles through peer mentoring. The CRA officer participated on the advisory board.
- Eliot Community Human Services: Eliot Community Human Services is a non-profit organization located in Lexington that provides community-based services to over 50,000 individuals and families throughout the Commonwealth of Massachusetts annually. Their mission is to assist individuals with limited or no resources by providing homeless and mental health services. The bank’s vice president of credit served on the organization’s finance committee as treasurer.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

During this evaluation period, the bank originated a reasonable level of community development loans to borrowers that helped promote economic development, revitalization, and stabilization. RCB provided qualified investments in communities within the assessment area through qualified investments and donations to organizations serving low- and moderate-income populations. The bank was particularly responsive to the needs of the assessment area in response to the COVID-19 and resulting economic hardship. Moreover, bank employees conducted community services supporting a variety of non-profit and public organizations throughout the assessment area. Overall, RCB’s community development initiatives demonstrate an adequate responsiveness to community development needs. Thus, the Community Development Test is rated Satisfactory.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

GLOSSARY

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

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

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

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

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

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

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

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

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

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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