PUBLIC DISCLOSURE

May 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Walpole Co-operative Bank
RSSD # 63573

982 Main Street
Walpole, MA 02081

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.

TABLE OF CONTENTS

Institution's Community Reinvestment Act (CRA) Rating....2

Scope of Examination....3

Description of Institution....4

Description of Assessment Area....5

Conclusions with Respect to Performance Tests....9

Appendix: Glossary of Terms....A

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.
The Lending Test is rated: SATISFACTORY
The Community Development Test is rated: SATISFACTORY

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

Lending Test

- A more than 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 distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the demographics of the bank's assessment area.

- A reasonable geographic distribution of loans given the bank's assessment area.

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

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

Walpole's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions[1]. 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, loan distribution according to the income of the borrower, geographic distribution of loans, 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 data used for the evaluation and the applicable timeframes are discussed below.

The Lending Test was based on residential mortgage loans and small business loans originated from January 1, 2019 to December 31, 2021. Based on the number of loans originated during the evaluation period, residential mortgage loans and small business loans were weighted equally. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. Although the borrower and geographic distribution tables in this evaluation only include 2020 and 2021 data, the bank's performance in 2019 was also considered when arriving at conclusions. The bank's net LTD ratio was calculated from FFIEC Report of Income and Condition (Call Reports) from December 31, 2019 to March 31, 2023. Assessment area concentration totals and percentages include loans originated from January 1, 2019 through December 31, 2021.

Home mortgage lending data 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 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 American Community Survey (ACS).

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of $1 million or less. Although the bank is not required to collect and report small business loan data, the bank maintained the data for use in this evaluation. A comparison to aggregate lenders for small business lending was not considered appropriate since the bank is not subject to the reporting requirements applicable to large banks. The bank's small business loan performance is shown in comparison to small business demographic data obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

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.

The Community Development Test included a review of community development loans, including Small Business Administration (SBA) Payment Protection Program (PPP) loans, qualified investments, and community development services for the period of January 22, 2020 through May 8, 2023.

Walpole was last examined by the Federal Reserve Bank of Boston for compliance with CRA on January 21, 2020 using intermediate small institution examination procedures and received an overall rating of "Satisfactory." Both the Lending Test and Community Development Test were rated "Satisfactory."

DESCRIPTION OF INSTITUTION

Walpole's sole office is located at 982 Main Street, Walpole, Massachusetts (MA). The bank offers personal products and services such as checking and savings accounts, online and mobile banking, mortgages, and home equity loans. Business products and services include checking and savings accounts, cash management services, commercial real estate loans, and SBA loans.

As of March 31, 2023, bank assets totaled $584.1 million, loans totaled $492.4 million, and deposits totaled $443.8 million. Since the last evaluation, assets increased by 13.6 percent, which was primarily driven by a $49.0 million, or 11.1 percent, increase in loans, and a $14.5 million, or 312.3 percent, increase in cash. The $49.0 million increase in loans was primarily attributed to a $25.3 million, or 48.0 percent, increase in multifamily property loans and a $24.0 million, or 37.0 percent, increase in 1-4 family residential construction loans. Total deposits increased gradually during the evaluation period. As of December 31, 2019, deposits totaled $376.0 million, and increased to a high of $470.5 million as of March 31, 2022. Since March 31, 2022, deposits have decreased to $443.8 million, as of March 31, 2023.

Table 1 shows the bank's loan portfolio composition, by dollar, as of March 31, 2023.

Table 1
Loan Distribution as of March 31, 2023

Loan Type	Dollar Amount $(000s)	Percent of Total Loans (%)
Residential Real Estate	129,554	26.3
Commercial*	362,903	73.7
Total Loans	492,457	**100.0**

Call Report as of March 31, 2023
**May include construction, land development, and other land loans reported on the HMDA LAR*

Commercial loans, which include 1-4 family residential construction, other construction, multifamily residential properties, owner-occupied nonfarm nonresidential properties, other nonfarm nonresidential properties, and commercial and industrial loans, account for the largest share of the bank's loans by dollar, at 73.7 percent. Residential real estate is comprised of revolving, open-end loans secured by 1-4 family residential properties and closed-end first and junior liens secured by 1-4 family residential properties.

According to the FDIC Deposit Market Share Report, as of June 30, 2022, there were 35 financial institutions offering deposit services within the 20 cities and towns that comprise the assessment area. Competition for deposits includes large national banks and community banks.

Bank of America, N.A., is ranked 1st for deposit market share, at 21.6 percent, followed by Citizens Bank, N.A., at 11.2 percent. Walpole was tied for 13th overall with a deposit market share of 2.0 percent. Within Norfolk County, the bank ranked 17th out of 41 financial institutions, with a 1.2 percent market share.

The bank competes against numerous national mortgage companies and national and regional banks for home mortgage loans within the assessment area. National mortgage lenders such as Rocket Mortgage, LLC, Fairway Independent Mortgage Company, and Guaranteed Rate, Inc., were consistently in the top five home mortgage originators in the assessment area. Large national and regional banks such as Citizens Bank, N.A., Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., and Leader Bank, N.A., were consistently in the top 10 home mortgage originators in the assessment area. As of 2021, the bank was in the 77th percentile out of 452 lenders for loan originations in the assessment area.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank demonstrated an ability to meet the credit needs of the assessment area. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of the assessment areas in which it operates.

DESCRIPTION OF ASSESSMENT AREA

Table 2 illustrates the composition of Walpole's assessment area.

Table 2
Assessment Area

MSA/MD	Counties	Cities/Towns
Boston, MA MD	Norfolk	Bellingham, Canton, Dedham, Dover, Foxboro, Franklin, Medfield, Medway, Millis, Needham, Norfolk, Norwood, Plainville, Sharon, Stoughton, Walpole, Wellesley, Westwood, Wrentham
Providence-Warwick, RI-MA MSA	Bristol	Mansfield

The assessment area includes portions of both Norfolk County in the Boston, MA Metropolitan Division (MD) and Bristol County in the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA). Specifically, the assessment area contains 66 of 130 census tracts in Norfolk County and 4 of 126 census tracts in Bristol County. The assessment area has not changed since the previous examination.

Table 3 provides relevant demographic data on the bank's delineated assessment area.

Table 3
Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,779	11.0
Moderate	1	1.4	452	0.5	87	19.2	11,000	11.2
Middle	16	22.9	21,042	21.4	1,094	5.2	18,125	18.4
Upper	53	75.7	76,836	78.1	1,744	2.3	58,426	59.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**70**	**100.0**	**98,330**	**100.0**	**2,925**	**3.0**	**98,330**	**100.0**

	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	830	317	0.3	38.2	420	50.6	93	11.2
Middle	34,576	22,261	21.0	64.4	10,683	30.9	1,632	4.7
Upper	106,763	83,191	78.7	77.9	19,521	18.3	4,051	3.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	**142,169**	**105,769**	**100.0**	**74.4**	**30,624**	**21.5**	**5,776**	**4.1**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	195	0.8	185	0.9	8	0.4	2	1.3
Middle	5,082	21.4	4,539	21.3	522	23.7	21	13.4
Upper	18,433	77.7	16,625	77.9	1,674	76.0	134	85.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**23,710**	**100.0**	**21,349**	**100.0**	**2,204**	**100.0**	**157**	**100.0**
Percentage of Total Businesses:				**90.0**		**9.3**		**0.7**

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The assessment area is comprised of 70 census tracts, of which 1 tract, or 1.4 percent, is moderate-income; 16 tracts, or 22.9 percent, are middle-income; and 53 tracts, or 75.7 percent, are upper-income. There are no low-income tracts in the assessment area. The one moderate income tract is in Stoughton and is approximately a 20-minute drive from the bank's office. The distance of the one moderate-income tract from the bank's only office suggests limited opportunities to originate home mortgage and small business loans in the tract.

Housing

The assessment area includes 142,169 housing units, of which 0.6 percent are in the moderate-income tract, 24.3 percent are in middle-income tracts, and 75.1 percent are in upper-income tracts. The significantly low percentage of housing units in the one moderate-income tract suggests minimal opportunity for the bank to originate home mortgage loans in that tract.

Of all housing units in the assessment area, 74.4 percent are owned-occupied, 21.5 percent are rental, and 4.1 percent are vacant. Based on the ACS, the median housing value in the assessment area was $429,223, which exceeded that of Norfolk County at $399,500, Bristol County at $273,100, and the Commonwealth of Massachusetts (Commonwealth) at $333,100. According to recent data from The Warren Group, Boston, MA, for calendar year 2021, the average median home sales price in the assessment area was $712,326, which exceeded that of Norfolk County at $610,000, Bristol County at $386,000, and the Commonwealth at $494,000.

Median home sales prices for the cities and towns in the assessment area ranged from a high of $1,595,000 in Wellesley to a low of $390,000 in Bellingham. Four of the twenty cities and towns in the assessment area had median home sale values over $1 million and the average median sales price increased for all cities and towns by 22.0 percent from 2019 to 2021. Elevated home values paired with the significant increase in median home sale prices during the evaluation period suggests limited opportunities for homeownership for low- and moderate-income borrowers.

Business Characteristics

According to 2021 D&B data, there were 23,710 businesses within the assessment area, of which 0.8 percent were in the moderate-income tract, 21.4 percent were in middle- income tracts, and 77.7 percent were in upper-income tracts. Based on business distribution of the assessment area, the opportunity for the bank to originate small business loans in the one moderate-income tract is minimal. Of the businesses in the assessment area, 90.0 percent had gross annual revenues (GARs) of $1 million or less, 9.3 percent had GARs of over $1 million, and 0.7 percent did not report revenue.

According to the Massachusetts Department of Economic Research, the top employers in Norfolk County include Partners Healthcare Systems in Braintree, Destination XL Group and Medical Information Tech in Canton, Harvard Pilgrim Health Care in Wellesley, and Hollingsworth & Vose in East Walpole. Other top employers in the county include business and medical software companies and hospitals. According to the Census Bureau, the most common employment sectors for those living in Norfolk County are health care and social assistance, professional, scientific, and technical services, and educational services.

Population

The assessment area has a total population of 382,264 individuals, of which 0.4 percent reside in the moderate-income tract, 22.2 percent live in middle-income tracts, and 77.4 percent live in upper-income tracts. Of the 98,330 families in the assessment area, 0.5 percent reside in the moderate-income tract, 21.4 percent reside in middle-income tracts, and 78.1 percent reside in upper-income tracts. The significantly low percentage of families residing in the one moderate-income tract suggests minimal opportunity for the bank to originate home mortgage loans in that tract.
Of the families in the assessment area, 11.0 percent are low-income, 11.2 percent are moderate-income, 18.4 percent are middle-income, and 59.4 percent are upper-income. Norfolk County,

relative to all other counties in the Commonwealth, has the lowest combined share of low- and moderate-income families as a percentage of total families. Having a limited portion low- and moderate-income families that reside within the assessment area paired with the high home prices suggests limited opportunities for the bank to originate home mortgage loans to low- and moderate-income borrowers.

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 each MSA comprising a portion of the assessment area and the state non-MSA/MD family income for Massachusetts.

Table 4
Median Family Income

MSA/MD	2019	2020	2021
Boston, MA MD	$105,500	$109,800	$113,700
Providence-Warwick, RI-MA MSA	$85,100	$89,000	$87,500
Massachusetts*	$102,600	$109,900	$111,700

FFIEC median family income estimates
**Represents non-MSA portions of the state*

As shown above, the MFI for the Boston, MA MD, and the Massachusetts non-MSA increased each year during the evaluation period, while the MFI for the Providence-Warwick, RI-MA MSA increased from 2019 to 2020 and decreased slightly in 2021. As discussed above, although the MFIs for these areas increased from 2019 to 2021, the median sales price of homes in the cities and towns comprising the assessment area increased at a much higher pace during the same period. The rapid and significant increase in home values in the assessment area suggests significant cost barriers for low- and moderate-income borrowers to afford homes throughout the assessment area.

Employment Statistics

According to the ACS, the unemployment rate in the assessment area was 6.1 percent, which was lower than the unemployment rate for Norfolk County, at 6.9 percent, Bristol County, at 9.0 percent, and the Commonwealth, at 7.6 percent. According to the Bureau of Labor Statistics, the unemployment rate in the assessment was 3.2 percent as of 2019 and increased to 9.7 percent in 2020 due to the COVID-19 pandemic (COVID). The 2021 unemployment rate for the assessment area declined to 5.6 percent as of 2021. The unemployment rate during the evaluation period for the assessment area was generally reflective of the unemployment rate in the Boston, MA MD and the Providence-Warwick, RI-MA MSA.

Community Contacts

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

A community contact was conducted with a real estate agent with over ten years of experience in the housing market in Norfolk and Bristol counties. The contact stated that, due to the very high housing prices in the cities and towns that comprise the assessment area, the most common and often only available avenue for first-time homebuyers or for younger low- and moderate-income borrowers to purchase a home are those benefitting from generational wealth. First-time homebuyers who receive large gifts from their parents to purchase a home are examples. The contact also stated that most homebuyers in the assessment area are typically higher income families who are less reliant on traditional home financing options as they can afford larger downpayments and are selling their current home and upgrading. Lastly, the contact stated that most bank programs that target low- and moderate-income homebuyers are stringent in their underwriting requirements, such as the size of the downpayment or their credit scores. In most cases, real estate agents will refer borrowers to loan originators at mortgage companies or mortgage brokers who can find the lowest rates for homebuyers to improve their chances of homeownership.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Walpole'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 more than 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 latest 14 quarterly FFIEC Call Reports from December 31, 2019 to March 31, 2023. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Table 5 provides a comparison of the bank's average LTD ratio to similarly sized institutions operating within the assessment area.

Table 5 Loan-to-Deposit Ratio Comparison		
Institutions	**Total Assets* $(000's)**	**Average LTD Ratio** (%)**
Walpole Co-operative Bank	**584,123**	**105.3**
Mechanics Cooperative Bank	658,199	101.3
Dean Co-operative Bank	444,389	77.5
Charles River Bank	317,607	72.7
Canton Co-operative Bank	146,710	64.9

**Call Report as of March 31, 2023*
***Call Reports from December 31, 2019 to March 31, 2023.*

The bank's average LTD ratio was higher than the similarly situated institutions operating in the assessment area during the evaluation period, at 105.3 percent. The ratio was at the highest level of 116.3 percent at of the beginning of the evaluation period as of December 31, 2019. The ratio gradually decreased from the high of 116.3 percent to a low of 93.3 percent as of March 31, 2022. The decrease coincided with a gradual increase in the level of deposits during the same period and loans declining to the second lowest level during the evaluation period to $438.3 million. From the low point of 93.2 percent, the bank's LTD ratio increased to 109.4 as of March 31, 2023.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of its loans and, as appropriate, other lending-related activities, 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 Type - Description	**Inside**				**Outside**				**Total**			
	#	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**	**#**	**%**	**$(000s)**	**%**
CV - Home Purchase - Conventional	56	48.7	29,954	29.6	59	51.3	71,169	70.4	115	100.0	101,123	100.0
HI - Home Improvement	6	50.0	913	29.5	6	50.0	2,187	70.5	12	100.0	3,100	100.0
MF - Multi-Family Housing	6	18.8	12,744	17.0	26	81.3	62,353	83.0	32	100.0	75,097	100.0
RF - Refinancing	98	67.6	33,347	52.9	47	32.4	29,725	47.1	145	100.0	63,072	100.0
Residential Total	**166**	**54.6**	**76,958**	**31.7**	**138**	**45.4**	**165,434**	**68.3**	**304**	**100.0**	**242,392**	**100.0**
SB - Small Business	163	77.6	37,482	68.7	47	22.4	17,090	31.3	210	100.0	54,572	100.0
Small Business Total	**163**	**77.6**	**37,482**	**68.7**	**47**	**22.4**	**17,090**	**31.3**	**210**	**100.0**	**54,572**	**100.0**
TOTAL LOANS	**329**	**64.0**	**114,440**	**38.5**	**185**	**36.0**	**182,524**	**61.5**	**514**	**100.0**	**296,964**	**100.0**

HMDA and small business) for 2019-2021. Small business data is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

During the evaluation period, the bank originated 514 loans, of which 304 were residential mortgage loans and 210 were small business loans. In total, 329 loans, or 64.0 percent, were originated inside the assessment area.

Residential Lending

The bank originated a total of 304 residential loans, of which 166 loans, or 54.6 percent, were inside the assessment area. The bank's percentage of home mortgage originations during the evaluation period remained stable from year to year. In 2019, the bank originated 59 home mortgage loans, or 54.1 percent, inside the assessment area. In 2020, the bank originated 70 home mortgage loans, or 56.5 percent, inside the assessment area and in 2021 the bank originated 37 home mortgage loans, or 52.1 percent, inside the assessment area.

The largest share of residential mortgage loans inside the assessment area for each year of the evaluation period were refinance loans. Less than half of the bank's home purchase loans and multifamily home loans, by number and by dollar, were originated inside of the assessment area. Home improvement loans were evenly split between inside and outside the assessment area for each year of the evaluation period.

By dollar volume, the bank only originated 31.7 percent of residential mortgage loans inside the assessment area. A substantial share of the bank's HMDA-reportable loans was to non-natural borrowers for the acquisition and renovation of investment properties outside the assessment area, with a particular concentration in the City of Boston. Bank management attests that although the properties are outside the assessment area, a high share of the borrowers either reside in or have their primary businesses within the assessment area.

Small Business Lending

The bank originated a total of 210 small business loans, of which 163 loans, or 77.6 percent, were inside the assessment area. The bank's percentage of small business loan originations during the evaluation period remained stable from year to year. In 2019, the bank originated 63 small business loans, or 77.8 percent, inside the assessment area. In 2020, the bank originated 59 small business loans, or 78.7 percent, inside the assessment area and in 2021 the bank originated 41 small business loans, or 75.9 percent, inside the assessment area.

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 and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the demographics of the bank's assessment area.

Residential Lending

Table 7 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is reasonable.

Table 7
Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	1	5.3	2.6	115	1.4	1.1	0	0.0	2.6	0	0.0	1.1	11.0
Moderate	0	0.0	15.3	0	0.0	8.4	0	0.0	13.8	0	0.0	8.4	11.2
Middle	4	21.1	20.8	1,581	19.1	14.7	0	0.0	20.0	0	0.0	15.4	18.4
Upper	6	31.6	51.7	2,133	25.7	57.9	3	23.1	50.0	875	9.0	61.4	59.4
Unknown	8	42.1	9.7	4,458	53.8	17.9	10	76.9	13.6	8,801	91.0	13.8	0.0
Total	19	100.0	100.0	8,287	100.0	100.0	13	100.0	100.0	9,676	100.0	100.0	100.0
Refinance Loans													
Low	1	2.1	1.7	62	0.4	0.7	0	0.0	2.8	0	0.0	1.3	11.0
Moderate	7	14.6	10.2	1,604	11.0	6.6	3	13.0	12.3	621	7.3	7.6	11.2
Middle	12	25.0	21.4	3,349	23.0	17.2	7	30.4	20.2	2,170	25.7	15.9	18.4
Upper	26	54.2	57.1	8,871	60.9	65.7	13	56.5	50.9	5,661	67.0	61.4	59.4
Unknown	2	4.2	9.6	689	4.7	9.7	0	0.0	13.7	0	0.0	13.8	0.0
Total	48	100.0	100.0	14,575	100.0	100.0	23	100.0	100.0	8,452	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.4	0	0.0	2.6	0	0.0	3.9	0	0.0	2.3	11.0
Moderate	0	0.0	10.5	0	0.0	8.1	0	0.0	9.7	0	0.0	7.2	11.2
Middle	1	100.0	18.7	60	100.0	16.3	0	0.0	18.2	0	0.0	15.3	18.4
Upper	0	0.0	64.4	0	0.0	67.2	0	0.0	66.5	0	0.0	71.7	59.4
Unknown	0	0.0	3.1	0	0.0	5.9	1	100.0	1.6	175	100.0	3.6	0.0
Total	1	100.0	100.0	60	100.0	100.0	1	100.0	100.0	175	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	2	2.9	2.0	177	0.8	0.9	0	0.0	2.9	0	0.0	1.2	11.0
Moderate	7	10.3	11.3	1,604	7.0	7.1	3	8.1	12.5	621	3.4	7.8	11.2
Middle	17	25.0	20.9	4,990	21.8	16.3	7	18.9	19.9	2,170	11.9	15.6	18.4
Upper	32	47.1	56.0	11,004	48.0	63.2	16	43.2	51.7	6,536	35.7	61.7	59.4
Unknown	10	14.7	9.8	5,147	22.5	12.5	11	29.7	13.0	8,976	49.0	13.6	0.0
Total	68	100.0	100.0	22,922	100.0	100.0	37	100.0	100.0	18,303	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 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.

In 2019, the bank originated 3 residential mortgage loans, or 5.5 percent, to low-income borrowers, which exceeded the aggregate at 2.7 percent. For the same year, the bank originated 4 loans, or 7.3 percent, to moderate-income borrowers, which trailed the aggregate at 12.1 percent. In 2020, the bank originated 2 loans, or 2.9 percent, to low-income borrowers, which exceeded the aggregate, at 2.0 percent. For the same year, the bank originated 7 loans, or 10.3 percent, to moderate-income borrowers, which trailed the aggregate, at 11.3 percent. In 2021, the bank did not originate any residential mortgage loans to low-income borrowers, while the aggregate originated 2.9 percent to low-income borrowers. For the same year, the bank originated 3 loans, or 8.1 percent, to moderate-income borrowers, which trailed the aggregate, at 12.5 percent.

During the evaluation period, the bank's residential home mortgage lending primarily consisted of refinance loans. In 2019, the bank originated two refinance loans to low-income borrowers and three to moderate-income borrowers. In 2020, the bank originated one refinance loan to a low-income borrower and seven to moderate-income borrowers. In 2021, the bank did not originate a refinance loan to a low-income borrower and originated three refinance loans to moderate-income borrowers.

As discussed, Norfolk County is predominately an affluent area with the lowest composition of low- and moderate-income families compared to all other counties in the Commonwealth. The cities and towns comprising the assessment area have high median home sale prices which increased notably during the evaluation period. High and increasing home values can create a financial barrier for home ownership, particularly for low- and moderate-income borrowers. Additionally, a notable share of residential loan borrowers are non-natural persons obtaining financing for investment properties. Considering these potential challenges in originating loans to low- and moderate-income borrowers in the assessment area, the bank's lending performance compared to the aggregate and demographic data is considered reasonable.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 8 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of $1 million or less is reasonable.

Table 8
Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses

	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
By Revenue									
$1 Million or Less	19	32.2	3,335	24.9	12	29.3	2,065	20.9	90.0
Over $1 Million	40	67.8	10,038	75.1	29	70.7	7,820	79.1	9.3
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.7
Total	59	100.0	13,373	100.0	41	100.0	9,885	100.0	100.0
By Loan Size									
$100,000 or Less	32	54.2	1,532	11.5	18	43.9	891	9.0	
$100,001 - $250,000	10	16.9	1,686	12.6	10	24.4	1,739	17.6	
$250,001 - $1 Million	17	28.8	10,155	75.9	13	31.7	7,255	73.4	
Total	59	100.0	13,373	100.0	41	100.0	9,885	100.0	
By Loan Size and Revenue $1 Million or Less									
$100,000 or Less	13	68.4	544	16.3	6	50.0	190	9.2	
$100,001 - $250,000	2	10.5	311	9.3	3	25.0	725	35.1	
$250,001 - $1 Million	4	21.1	2,480	74.4	3	25.0	1,150	55.7	
Total	19	100.0	3,335	100.0	12	100.0	2,065	100.0	

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

During the evaluation period, the bank's origination percentages to businesses with GARs of $1 million or less were far below the percentages of total businesses in the assessment area with GARs of $1 million or less. Although this evaluation does not compare the bank's small business lending percentages to the aggregate percentage of small business reporters, it is noted that the aggregate lending percentages were also far below the percentage of businesses with GARs of $1 million or less in the assessment area. Additionally, examiners provided specific attention to the share of loans to businesses with GARs of $1 million or less with loan amounts of $100,000 or less. The bank's share of loans in amounts of $100,000 are indicative of the bank's responsiveness to smaller businesses.

In 2019, the bank originated 24 small business loans, or 38.1 percent, to businesses with GARs of $1 million or less, while the percentage of businesses with the corresponding revenue was 89.9 percent. For the same year, of the loans to businesses with GARs of $1 million or less, 14 loans, or 58.3 percent, were in loan amounts of $100,000 or less. In 2020, the bank originated 19 small business loans, or 32.2 percent, to businesses with GARs of $1 million or less, while the percentage of businesses with the corresponding revenue was 90.2 percent. For the same year, of the 19 loans originated to businesses with GARs of $1 million or less, 13 loans, or 68.4 percent, were in loan amounts of $100,000 or less. In 2021, the bank originated 12 loans, or 29.3 percent, of small business loans to businesses with GARs of $1 million, while the percentage of businesses in the assessment area with the corresponding revenue was 90.0 percent. For the same year, of the 12 loans originated to businesses with GARs of $1 million or less, 6 loans, or 50.0 percent, were in loan amounts of $100,000 or less.

A substantial portion of the bank's small business loans included in this evaluation were loan renewals to repeat borrowers. As part of its business strategy serving small business loan customers, the bank conducts annual renewals for existing extensions of credit. From 2019 to 2021, 90 small business loans were identified that were renewed to 35 different borrowers at least once during the evaluation period. Additionally, of these 35 borrowers, 28 had GARs of more than $1 million and accounted for 75 small business loans. The high volume of loan renewals to businesses with GARs more than $1 million during the evaluation period provides context for the greater share, by number, of the bank's small business originations to businesses in this revenue category.

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.

Residential Lending

Table 9 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable.

Table 9 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	**Bank And Aggregate Loans By Year**												**Owner Occupied Units %**
	2020						**2021**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.3	0	0.0	0.1	0	0.0	0.4	0	0.0	0.2	0.3
Middle	5	26.3	22.7	1,614	19.5	22.6	0	0.0	23.2	0	0.0	16.6	21.0
Upper	14	73.7	77.0	6,673	80.5	77.2	13	100.0	76.4	9,676	100.0	83.1	78.7
Total	19	100.0	100.0	8,287	100.0	100.0	13	100.0	100.0	9,676	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.1	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	0.3
Middle	5	10.4	18.1	1,536	10.5	13.6	1	4.3	19.4	543	6.4	13.6	21.0
Upper	43	89.6	81.8	13,039	89.5	86.3	22	95.7	80.5	7,909	93.6	86.2	78.7
Total	48	100.0	100.0	14,575	100.0	100.0	23	100.0	100.0	8,452	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.1	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	0.3
Middle	0	0.0	18.5	0	0.0	13.3	0	0.0	16.8	0	0.0	14.5	21.0
Upper	1	100.0	81.4	60	100.0	86.7	1	100.0	83.0	175	100.0	85.4	78.7
Total	1	100.0	100.0	60	100.0	100.0	1	100.0	100.0	175	100.0	100.0	100.0
Multifamily Loans													**Multi-family Units %**
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	6.9	0	0.0	1.7	0	0.0	0.0	0	0.0	0.0	1.7
Middle	2	100.0	31.0	5,984	100.0	58.6	0	0.0	37.9	0	0.0	45.4	30.7
Upper	0	0.0	62.1	0	0.0	39.7	0	0.0	62.1	0	0.0	54.6	67.6
Total	2	100.0	100.0	5,984	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													**Owner Occupied Units %**
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.2	0	0.0	0.1	0	0.0	0.3	0	0.0	0.2	0.3
Middle	12	17.1	19.1	9,134	31.6	16.7	1	2.7	20.2	543	3.0	14.8	21.0
Upper	58	82.9	80.7	19,772	68.4	83.2	36	97.3	79.6	17,760	97.0	85.0	78.7
Total	70	100.0	100.0	28,906	100.0	100.0	37	100.0	100.0	18,303	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank did not originate any home mortgage loans in the moderate-income tract during the evaluation period. Given the very low percentage of families living in the moderate-income tract (0.5 percent), the percentage of owner-occupied housing units in the moderate-income tract (0.3 percent), and the aggregate lending percentage in the moderate-income tract (0.2 percent in 2020 and 0.3 percent in 2021) the bank would not be expected to penetrate this tract with regularity. Given these performance context factors, the bank's residential lending performance for this criterion did not carry weight when determining the Lending Test rating.

Small Business Lending

Table 10 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loan is reasonable.

Table 10 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	$(000)	$%	#	#%	$(000)	$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	0.8
Middle	10	16.9	1,810	13.5	9	22.0	2,415	24.4	21.4
Upper	49	83.1	11,563	86.5	32	78.0	7,470	75.6	77.7
Unknown	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	
Total	59	100.0	13,373	100.0	41	100.0	9,885	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

The bank did not originate a small business loan in the moderate-income tract during the evaluation period. Given the very low percentage of businesses within the moderate-income tract, at 0.8 percent, the bank would not be expected to penetrate this tract with regularity; therefore, the bank's small business lending performance for this criterion did not carry weight when determining the Lending Test rating.

Response to Complaints

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

CONCLUSIONS: LENDING TEST

The bank's performance in meeting the credit needs in the assessment area was demonstrated by its more than reasonable LTD ratio; extending a majority of loans inside the assessment area; and it's reasonable performance of lending to borrowers of different incomes, including low- and moderate-income borrowers and small businesses. Although considered reasonable, the bank's dispersion of loans throughout the assessment area was not weighted as part of its performance given the composition of the assessment area by tract income level and relative performance context. Overall, the bank's lending levels reflected an adequate responsiveness and is therefore rated "Satisfactory."

COMMUNITY DEVELOPMENT TEST

Walpole's performance under the Community Development Test is rated Satisfactory.

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 institution's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

The bank originated seven community development loans in the assessment area, totaling $4.5 million. Of these community development loans, three loans, totaling $2.8 million, supported the creation of 10 affordable housing units in Wrentham. The bank also originated four community development loans supporting economic development, of which two loans were originated through the Federal Home Loan Bank of Boston's Jobs for New England (JNE) Program and two loans were originated under the SBA's 504 loan program. The JNE program is a three-year interest rate subsidy program designed to further enhance member banks' economic development lending activities by funding job growth and economic development throughout New England. The subsidy is used to write down interest rates to zero percent to finance qualifying loans to small businesses. The SBA 504 program is a financing tool for small businesses that promotes economic development through business expansion and job creation.

Based on the demographics of the assessment area and geographic reach of the bank's existing commercial customer base, there are limited opportunities for affordable housing and economic development opportunities within the bank's assessment. Given that the bank met the community development needs within its assessment area through community development lending, examiners are providing additional credit for such activities outside the assessment area. During the evaluation period, the bank also originated a total of 10 community development loans, outside the assessment area, totaling $7.3 million. Of the 10 loans, 6 loans supported the purchase and/or construction of affordable housing units in Framingham, Mattapan, and Somerville, MA. The bank also originated four community development loans under the SBA 504 program beyond the assessment area in Milton and South Dennis, MA.

In response to COVID, the bank was an active originator of PPP loans during the review period. PPP loans are administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act and are designed to help businesses retain workers and staff during the economic hardship resulting from the COVID. In general, PPP loans may be considered particularly responsive to small businesses with annual revenues of $1 million or less or to businesses located in low- or moderate-income geographies. Additionally, such loans generally helped retain jobs for low- or moderate-income individuals or in low or moderate-income geographies and may have helped revitalize or stabilize low- or moderate-income geographies. According to publicly available SBA PPP loan data, the bank originated 242 PPP loans during the evaluation period.

PPP loans were considered under the Community Development Test as community development loans. Based upon a review of a sample of PPP loans, examiners qualified 128 PPP loans inside the assessment area, totaling $5.3 million. The bank also originated 22 PPP loans outside the assessment area, totaling $2.2 million. The substantial share of PPP loans was qualified as economic development as they helped small businesses maintain jobs for low- or moderate-income workers and the remainder were qualified as revitalization/stabilization as they helped to stabilize low- or moderate-income geographies through the continued operation of businesses impacted by COVID.

The bank made $123,600 in qualified investments in the form of donations that primarily supported community development services through the assessment area and larger regional areas that included the assessment area. These donations supported approximately 28 organizations that focused on provided services to low- and moderate-income individuals, and one organization that supports affordable housing initiatives. The following are some of the organizations that received donations from the bank:

Food Pantries – Since the last examination and in light of COVID, the bank more than doubled its qualified donations to food panties throughout the assessment area. In total, the bank donated $87,600 to food pantries that help support low- and moderate-income area families.

Gifts for Kids, Inc. – This is a nonprofit organization with the mission of easing the financial burden of low-income families in Norfolk County. The bank's donations help provide books and clothing for children identified by social service agencies. The bank donated a total of $3,000 during the evaluation period.

HopeHealth Community VNA – The bank donated a total of $6,500 to the elder dental care program, which supports low-cost dental care for low-income individuals aged 60 or older without dental insurance.

During the evaluation period, the president and chief executive officer was a member of the advisory board of a certified development company whose purpose is to stimulate economic development through the creation of jobs throughout New England. Overall, the bank's in-person involvement in community development services, many of which were qualified during the last evaluation, such as first-time homebuyer workshops and financial programming to assist low-income individuals aged 60 or over, was limited due to COVID restrictions.

In March 2020, a Joint Statement on CRA Consideration for Activities in Response to COVID was published by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the Agencies). In this guidance, the Agencies emphasized that prudent efforts to modify the terms on new or existing loans for affected small businesses will receive CRA consideration as such efforts can ease cash flow pressures, improve capacity to service debt, and help recover financial capacity. Based on additional interagency guidance from May 2020, activities such as loan forbearances are deemed particularly responsive as they promote stability for low- or moderate-income homeowners who are experiencing financial hardship due to COVID. During the evaluation period, the bank permitted loan forbearances on commercial and residential loans. In total, the bank granted approximately 60 forbearances on a total loan balance of $54.7 million. Of the total, approximately 92.3 percent by dollar volume were on commercial loans, and 7.7 percent by dollar volume on residential loans. Examiners considered the bank's actions in granting loan forbearances as particularly responsive to the credit needs across all its assessment areas.

In response to COVID, the bank also waived fees for mortgage and commercial late charges from March 2020 through June 2022. The bank also waived overdraft fees on consumer and commercial accounts in response to possible pandemic related hardship and continues not to charge consumer overdraft as of the date of this evaluation. The bank's action in waiving fees during COVID demonstrates its responsiveness to the needs of low- and moderate-income individuals and small businesses.

The bank offers checking and savings accounts that meet the standards of the Massachusetts Community & Banking Council's standards for Basic Banking for Massachusetts. This designation is given when a bank's accounts meet required guidelines that would encourage those with modest incomes to establish banking relationships. The bank also offers access to the FDIC Money Smart Alliance Financial Literacy Program through its website and is approved for in-person classroom instruction on financial literacy.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans that support economic development and affordable housing and qualified investments that support community development services. Although the bank's previously qualified community development services were limited due to COVID restrictions, the bank was able to support low- and moderate-income individuals and small businesses through loan forbearance and fee waiver efforts.

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 was identified.

APPENDIX

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

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

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

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

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

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

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

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

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

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

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

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

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

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

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

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

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

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