PUBLIC DISCLOSURE

May 15, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Easton
RSSD #956376

275 Washington Street
North Easton, MA 02356

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.

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

- A reasonable loan-to-deposit (LTD) ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area(s), 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 and farms of different sizes that is reasonable given the demographics of the bank’s assessment area.

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

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

SCOPE OF EXAMINATION

BOE's CRA performance was reviewed in accordance with the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions[1] and was evaluated based on the following performance criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The data used for the evaluation and the applicable timeframes are discussed below.

The bank's performance was based on residential mortgage loans originated from January 1, 2018 through December 31, 2021. While only 2020 and 2021 data are included in the geographic and borrower distribution tables in the body of this evaluation, the bank's lending performance from 2018 through 2021 is considered with equal weight when arriving at conclusions. The bank's 2018 and 2019 geographic and borrower distribution tables are included in Appendix A. As a non-Home Mortgage Disclosure Act (HMDA) reporter in 2020 and 2021, examiners utilized a sample of loans originated in 2020 and 2021 for this evaluation. 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.

Home mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the 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 American Community Survey (ACS).

The bank's net LTD ratio was calculated from FFIEC Consolidated Reports of Condition and Income (Call Reports) from March 31, 2019 to March 31, 2023. Assessment area concentration totals and percentages included loans originated from January 1, 2018 through December 31, 2021.

BOE's CRA performance was last examined by the Federal Reserve Bank of Boston on February 4, 2019. The examination resulted in a "Satisfactory" rating.

1 "Small institution" means a bank or savings association that, as of December 31, of either of the prior two calendar years, had assets of less than $1.503 billion. As the bank's assets were also below $376 million, the bank was not considered an intermediate small institution.

DESCRIPTION OF INSTITUTION

Established in 1889, BOE is a Massachusetts state-charted mutual co-operative bank and has been a state member bank since September 2004. Headquartered at 275 Washington Street, North Easton, MA, the bank operates an additional full-service branch at 12 Robert Drive, South Easton, MA. Located in Bristol County, MA in the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA), each office maintains lobby hours Monday through Saturday and is equipped with a 24-hour ATM.

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.bankofeaston.com. Loan applications can be submitted online, by mail, or in person at either office.

According to the March 31, 2023 Call Report, BOE's total assets stand at $192.9 million, with $99.6 million in total loans and $171.9 million in deposits. The bank experienced organic growth since the last CRA evaluation in 2019. From the December 31, 2018 Call Report, assets increased by 33.6 percent from $144.4 million, loans increased by 12.1 percent from $88.9 million, and deposits increased by 44.1 percent from $119.2 million. Table 1 shows the bank's loan portfolio distribution as of March 31, 2023.

Table 1 Loan Distribution as of March 31, 2023		
Loan Type	**Dollar Amount $(000s)**	**Percent of Total Loans (%)**
Residential RE	94,634	95.0
Agriculture	0	0.0
Commercial*	4,259	4.3
Consumer	728	0.7
Other	5	0.0
Total Loans	99,626	**100.0**

Call Report as of March 31, 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.

BOE is primarily a residential lender with residential real estate loans comprising 95.0 percent of the loan portfolio. Since the last evaluation, residential real estate loans increased by 36.3 percent from $69.4 million to $94.6 million.

BOE operates in a competitive banking environment. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, as of June 30, 2022, 13 depository institutions operated branches within the bank's assessment area. With 4.2 percent of the deposit market share, BOE ranked 8th within its market area. North Easton Savings Bank, Bank of America, N.A., and Citizens Bank, N.A. together captured a majority of the assessment area's deposit market share, with 18.8 percent, 18.5 percent, and 17.9 percent, respectively. Of the five deposit-taking institutions operating within the Town of Easton alone, BOE still holds the smallest deposit market share, at 13.0 percent. North Easton Savings Bank operates five branches in the bank's assessment area and holds the largest share of deposits in the Town of Easton, with 38.0 percent, while HarborOne Bank's single branch holds the second largest share, with 21.7 percent.

BOE also faces competition for loans against several larger, national institutions in the assessment area. Prior to becoming a non-HMDA reporter, BOE ranked 38th of 79 HMDA reporters that originated or purchased home mortgage loans within the assessment area, based on 2019 FFIEC aggregate data. The top three ranked lenders included larger national banks and mortgage companies: Citizens Bank, N.A., Quicken Loans, and Wells Fargo Bank, N.A. In 2018, BOE ranked 25th of 66 HMDA reporters that originated or purchased home mortgage loans within the assessment area.

Financial capacity, legal impediments, local economic conditions, demographics, and market competition are all considered when examining the bank's CRA performance. There are no legal or financial impediments that would hinder the bank's ability to meet the credit needs of its assessment area. Consistent with the bank's asset size, business strategy, and resources, BOE has demonstrated its ability to meet the credit needs of the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires a financial institution to define an assessment area within which its CRA performance will be evaluated based upon where it focuses its lending efforts. The majority of the evaluation is based upon activity within the defined assessment area. BOE has delineated its assessment area to include the towns of Easton, Mansfield, and Norton, which are part of Bristol County, MA within the Providence-Warwick, RI-MA MSA, and the Town of Stoughton, which is part of Norfolk County within the Boston, MA Metropolitan Division (MD). The assessment area has not changed since the prior examination.

Assessment area demographics and local economic conditions have a significant impact on an institution's ability to lend. Table 2 provides pertinent demographic information on the bank's assessment area and thus potential lending opportunities.

Table 2
Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,960	12.4
Moderate-income	1	5.0	452	1.9	87	19.2	2,977	12.5
Middle-income	6	30.0	6,812	28.5	387	5.7	4,180	17.5
Upper-income	13	65.0	16,597	69.6	417	2.5	13,744	57.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**20**	**100.0**	**23,861**	**100.0**	**891**	**3.7**	**23,861**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	830	317	1.3	38.2	420	50.6	93	11.2
Middle-income	11,493	7,035	28.2	61.2	3,638	31.7	820	7.1
Upper-income	21,959	17,612	70.5	80.2	3,522	16.0	825	3.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**34,282**	**24,964**	**100.0**	**72.8**	**7,580**	**22.1**	**1,738**	**5.1**

2015 ACS data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The assessment area contains 20 census tracts. There are no low-income tracts, 1 moderate-income tract, 6 middle-income tracts, and 13 upper-income tracts. As towns with higher income, Easton, Mansfield, and Norton contain the assessment area's 11 of 13 upper-income tracts and 2 of the 6 middle-income tracts. Stoughton includes the assessment area's remaining 4 middle-income tracts and the sole moderate-income tract. A substantial portion of the moderate-income census tract is located in Stoughton Center and is comprised of businesses and an elementary school, middle school, and high school.

Housing

Of the 34,282 housing units in the assessment area, the majority, 83.1 percent, are single-family homes, while 15.9 percent are multifamily, and 1.1 percent are mobile homes. As shown in Table 2, owner-occupied units account for 72.8 percent of the housing stock in the assessment area, followed by rentals, at 22.1 percent, and vacancies, at 5.1 percent. Only 2.4 percent of housing units are located within the assessment area's sole moderate-income census tract. Of these housing units, 38.2 percent are owner-occupied, 50.6 percent are rental, and 11.2 percent are vacant. 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. The low percentage of owner-occupied housing units and the low percentage of one-to-four family housing units in the moderate-income tract suggest limited opportunity to originate home mortgage loans in this area.

Based on 2015 ACS data, the median housing value for a single-family home in the assessment area is $337,823, which is slightly higher than the median housing value of the Commonwealth of Massachusetts at $333,100. By tract income, the median housing values are $235,869 in moderate, $285,202 in middle, and $362,097 in upper. However, housing values in the assessment area have significantly increased since 2015, as indicated by more recent data from The Warren Group, Peabody, MA. Table 3 shows the median sales price for a single-family home in each town in the assessment area for calendar years 2018 to 2021.

Table 3
Median Sales Price of a Single-Family Residence

Town	2018	2019	2020	2021
Easton	$445,500	$461,250	$505,000	$610,000
Mansfield	$450,000	$465,000	$500,000	$575,000
Norton	$366,000	$372,450	$405,500	$480,000
Stoughton	$370,000	$399,900	$435,000	$499,500

The Warren Group

On average, the median home sales price in the assessment area increased by 32.7 percent from 2018 to 2021. Easton experienced the highest increase in median home sales price, at 36.9 percent, followed by Stoughton, which contains the assessment area's sole moderate-income tract, with a 35-percent increase in median home sales price. 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 Beige Book, home sales, particularly of single-family homes, have substantially declined, with closed sales down 20 to 30 percent year-over-year.

Population

According to 2015 ACS data, the assessment area has a population of 94,537. At the census tract level, 1,695 individuals, or 1.8 percent, reside in the moderate-income census tract, while 26,590, or 28.1 percent, reside in middle-income census tracts, and 66,252, or 70.1 percent, reside in upper-income census tracts.

The assessment area comprises 23,861 families, of which 12.4 percent are low-income, 12.5

percent are moderate-income, 17.5 percent are middle-income, and 57.6 percent are upper-income. In comparison to the Commonwealth of Massachusetts, the assessment area is comprised of significantly more upper-income families and less low-income, moderate-income, and middle-income families. The majority of families in the assessment area, 69.6 percent, reside in upper-income census tracts while 28.5 percent reside in middle-income census tracts. Only 452 families, or 1.9 percent, reside in the moderate-income census tract. Within the bank's assessment area, 3.7 percent of families are below the poverty level.

The assessment area contains 32,544 households, of which 15.5 percent are low-income, 10.7 percent are moderate-income, 14.9 percent are middle-income, and 58.9 percent are upper-income. When compared to the Commonwealth, there are significantly more upper-income households in the assessment area and less low-income, moderate-income, and middle-income households. Of the 32,544 households, just 2.3 percent reside in the moderate-income census tract, 32.8 percent reside in the middle-income census tracts, and 64.9 percent reside in the upper-income census tracts.

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.

As of 2015 ACS data, the assessment area MFI is $106,898, well above the MFIs of the Boston, MA MD at $90,699, Providence-Warwick, RI-MA MSA at $70,875, and Commonwealth of Massachusetts at $87,085. In the assessment area low-income families earn less than $53,449, moderate-income families earn between $53,449 and $85,518, middle-income families earn between $85,518 and $128,278, and upper-income families earn at least $128,278.

Table 4 displays the MFI income adjustments for the assessment area over the evaluation period.

Table 4
Median Family Income

MSA/MD	2018	2019	2020	2021
Boston, MA MD	$99,300	$105,500	$109,800	$113,700
Providence-Warwick, RI-MA MSA	$80,600	$85,100	$89,000	$87,500
Commonwealth of Massachusetts*	$80,700	$102,600	$109,900	$111,700

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

Over the evaluation period, the MFI for all three areas has increased year-over year. From 2018 to 2021, the MFI increased by 14.5 percent for the Boston, MA MD, 8.6 percent for the Providence-Warwick, RI-MA MSA, and 38.4 percent for the Commonwealth of Massachusetts. While the MFI has increased, it has not been able to keep up with the staggering increase in median home sales prices, indicating affordability challenges and barriers to homeownership.

Employment Statistics

According to the 2015 ACS, the unemployment rate was 6.9 percent in both the assessment area and Norfolk County, MA, and 9.0 percent in Bristol County, MA. More recent data from the U.S. Bureau of Labor Statistics reveals the average unemployment rate for each town in the assessment area during the evaluation period was 4.5 percent in Easton, 4.7 percent in Mansfield, 5.3 percent in Norton, and 5.6 percent in Stoughton. Due to the COVID-19 pandemic, each town experienced significant unemployment rates in 2020. Most notably, the unemployment rate in Stoughton jumped from 3.3 percent in March 2020 to 18.1 percent in April 2020. At the county level, the average unemployment rate over the evaluation period was 6.4 percent for Bristol County, MA, and 4.9 percent for Norfolk County, MA. While unemployment rates fluctuated throughout the evaluation period, these figures have increased overall since the prior CRA evaluation.

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.

One contact is an experienced real estate agent, who has operated over ten years in the housing market of Norfolk and Bristol counties. The contact stated commonly, for low- and moderate-income borrowers or first-time homebuyers able to purchase a home, they are oftentimes beneficiaries of generational wealth (e.g., large gifts from family) to be able to afford the very high housing prices in assessment area towns. The contact also stated 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 current homes to upgrade. Lastly, the contact stated most bank programs that target low- and moderate-income homebuyers are stringent in their underwriting requirements, such as downpayment amount and/or credit scores. In most cases, real estate agents will refer borrowers to mortgage brokers or loan originators at mortgage companies, who can find the lowest rates to improve the homebuyers' chances.

A second set of contacts manage an affordable housing non-profit organization that serves approximately 500 people throughout southeastern Massachusetts annually. Their mission is to help low-income and moderate-income families and individuals prosper through affordable housing and financial literacy. The contacts stated the assessment area is not affordable and that all areas have been experiencing affordability challenges, such that grant opportunities oftentimes do not pan out for first-time homebuyers because home prices are too high and where their income ratio only qualifies up to a certain point. They attributed issues with low housing inventory, market adjustments, high utility bills, and rising prices as barriers to homeownership. The contacts indicated the need for flexible first-time homebuyer programs with raised income level thresholds to meet the gap between traditional median income levels, particularly affecting middle-income borrowers, who cannot qualify for special programs but continue to struggle with affordability to be able to purchase a home. Furthermore, the contact advocated for post-purchase requirements and counseling to help recidivism.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

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

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. BOE's LTD ratio has trended downward from its previous average LTD ratio of 70.1 percent at the prior CRA evaluation to its current ratio of 60.3 percent. The bank's LTD ratio has fluctuated over the past 17 quarters, ranging from a low of 54.5 percent to a high of 70.4 percent.

Table 5 provides a comparison of the bank's average LTD over the past 17 quarters under evaluation to similarly sized institutions operating within and/or around the assessment area.

Table 5
Loan-to-Deposit Ratio Comparison

Institutions	Total Assets* $(000s)	Average LTD Ratio** (%)
Stoughton Co-operative Bank	120,027	83.0
Canton Co-operative Bank	146,710	66.4
Wrentham Co-operative Bank	154,531	65.7
Bank of Easton	**192,895**	**60.3**

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

The bank's average LTD ratio of 60.3 percent is lower than the above similarly situated depository institutions, of which only Stoughton Co-operative Bank operates within the BOE's assessment area. While BOE has the comparatively largest asset size among this group, the bank's delineated assessment area is also the smallest among the four banks, limiting reach for loans. Over the evaluation period, increased deposits during the COVID-19 pandemic, coupled with strong competition for loans, have contributed to lower LTD ratios. Overall, the bank's average LTD ratio is relatively in line, particularly in recent quarters, with similar institutions operating around the bank's market area. Thus, BOE'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 its loans are in the bank's 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	Inside				Outside				Total	
	#	%	$ (000s)	%	#	%	$ (000s)	%	#	$ (000s)
Home Purchase	26	47.3	10,674	52.1	29	52.7	9,800	47.9	55	20,474
Home Improvement	3	75.0	527	75.1	1	25.0	175	24.9	4	702
Refinancing	63	55.8	17,945	54.1	50	44.2	15,247	45.9	113	33,192
Total	**92**	**53.5**	**29,146**	**53.6**	**80**	**46.5**	**25,222**	**46.4**	**172**	**54,368**

HMDA data for 2018, 2019, 2020 & 2021*.*
Total percentages shown may vary by 0.1 percent due to automated rounding differences.
**As BOE was not a HMDA reporter in 2020 and 2021, numbers for these years were obtained from a validated sample of loans.*

From 2018 through 2021, BOE originated 92, or 53.5 percent, of its HMDA loans inside the assessment area. However, over the review period, loans within the assessment area for specific years wavered, and sometimes fell below a majority. In 2021, HMDA loans originated inside the assessment area fell slightly below a majority with 22 of 45, or 48.9 percent, originated inside the assessment area. Three of 8, or 37.5 percent, home purchases and 19 of 37, or 51.4 percent, refinances were originated inside the assessment area.

In 2020, the majority of the bank's HMDA loans, were originated inside the assessment area. BOE originated 29 of 50, or 58.0 percent, inside the assessment area. Three of 9, or 33.3 percent, home purchases; 0 of 1, or 0.0 percent, home improvement; and 26 of 40, or 65.0 percent, refinances were originated inside the assessment area. Inside the assessment area, originations of home purchases were below a majority while refinances were above a majority in 2020 and 2021.

In 2019, HMDA loans originated inside the assessment area again fell slightly below a majority with 13 of 28, or 46.4 percent, originated inside the assessment area. Three of 8, or 37.5 percent, home purchases; 1 of 1, or 100.0 percent, home improvement; and 9 of 19, or 47.4 percent, refinances were originated inside the assessment area. Inside the assessment area, originations of both home purchases and refinances were slightly below a majority in 2019.

In 2018, the majority of the bank's HMDA loans were originated inside the assessment area. BOE originated 28 of 49 loans, or 57.1 percent, inside the assessment area. Seventeen of 30, or 56.7 percent of home purchases; 2 of 2, or 100.0 percent of home improvements; and 9 of 17, or 52.9 percent of refinances were originated inside the assessment area. All loan types were above a majority in 2018.

Home improvement and refinance loans constituted the highest concentration of mortgage loans within the assessment area, at 75.0 percent and 55.8 percent, respectively. The bank's loans are largely concentrated around its branches within the Town of Easton. Over the entire evaluation period, the bank was only able to originate a handful of loans in each of the remaining towns in the assessment area. The bank reaches outside the assessment area mainly through broker relationships and purchasing loans.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. 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 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 and demographic data. Although both the number and the dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily than the dollar volume, as the number of loans is more correlated to the number of borrowers served. 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 Loans By Year								Families by Family Income %
	2020				2021				
	Bank				Bank				
	#	#%	$(000s)	$%	#	#%	$(000s)	$%	
Home Purchase Loans									
Low	0	0.0	0	0.0	0	0.0	0	0.0	12.4
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	12.5
Middle	0	0.0	0	0.0	1	33.3	200	13.5	17.5
Upper	2	66.7	350	42.6	2	66.7	1,280	86.5	57.6
Unknown	1	33.3	473	57.4	0	0.0	0	0.0	0.0
Total	3	100.0	823	100.0	3	100.0	1,480	100.0	100.0
Refinance Loans									
Low	0	0.0	0	0.0	1	5.3	55	1.1	12.4
Moderate	5	19.2	816	10.4	2	10.5	182	3.6	12.5
Middle	3	11.5	717	9.1	3	15.8	646	12.7	17.5
Upper	18	69.2	6,328	80.5	13	68.4	4,214	82.7	57.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	26	100.0	7,862	100.0	19	100.0	5,097	100.0	100.0
Total Home Mortgage Loans									
Low	0	0.0	0	0.0	1	4.5	55	0.8	12.4
Moderate	5	17.2	816	9.4	2	9.1	182	2.8	12.5
Middle	3	10.3	717	8.3	4	18.2	846	12.9	17.5
Upper	20	69.0	6,678	76.9	15	68.2	5,494	83.5	57.6
Unknown	1	3.4	473	5.4	0	0.0	0	0.0	0.0
Total	29	100.0	8,684	100.0	22	100.0	6,577	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: ACS
Note: Percentages may not total 100.0 percent due to rounding. Aggregate data is not available.

Within the assessment area, 12.4 percent of families are low-income, and 12.5 percent of families are moderate-income. In 2020, the bank did not make any home mortgage loans to low-income borrowers, which is considered reasonable given the bank's low origination volume and limited opportunities to lend to low-income borrowers in the assessment area. The bank extended 5 mortgage loans, or 17.2 percent, to moderate-income borrowers in 2020, which exceeded the percentage of moderate-income families in the assessment area. In 2021, the bank made 1 loan, or 4.5 percent, to a low-income borrower, and 2 loans, or 9.1 percent, to moderate-income borrowers, trailing the demographic levels of low- and moderate-income families. All loans made to low- and moderate-income borrowers in 2020 and 2021 were refinances.

Although not included in the table above, this evaluation also included analysis of the bank's borrower distribution of home mortgage lending in 2018 and 2019 (Table 9 in Appendix). As BOE was a HMDA reporter in 2018 and 2019, aggregate data is only available for those two years in the evaluation period. Aggregate lenders originated just 3.2 percent and 2.5 percent of their HMDA-reportable loans to low-income borrowers in 2018 and 2019, respectively. Had the bank originated just one loan, the bank would have exceeded the aggregate. Given the high home prices in the assessment area relative to the income levels of low-income borrowers, it is not expected that the bank or the aggregate lending percentages be comparable to the percentage of low-income families.

In 2018, the bank made 3 loans, or 10.7 percent, to moderate-income borrowers, trailing both the aggregate at 15.7 percent and demographic level at 12.5 percent of families that are moderate-income in the assessment area. Of these 3 loans, 1 was a home purchase and 2 were refinances, the latter of which accounted for 22.2 percent of the bank's refinances, slightly exceeding the aggregate and demographic level. In 2019, the bank extended 5 loans, or 38.5 percent, to moderate-income borrowers, well exceeding the aggregate at 13.9 percent and demographic level. Of these 5 loans, 1 was a home purchase, 3 were refinances, and 1 was a home improvement. It is noted that the bank experienced a significant drop in HMDA loans in 2019.

The bank's ability to extend home mortgage loans, particularly for home purchase, to low-income and moderate-income families is impacted by the housing supply and market valuations. Information gathered from community contacts indicated a shortage of affordable housing and a need for first-time home buyer and financial literacy programs in the area. The competitive market in which the bank operates, coupled with the lack of affordable housing inventory, indicates limited opportunities for the bank to lend to low- and moderate-income borrowers.

As BOE operates in an affluent area, the bank is meeting the credit needs of its communities through its lending to middle-income and upper-income borrowers. The bank's lending distribution to middle-income borrowers slightly exceeded the demographic level in 2021, while trailing the demographic in 2018 through 2020 and aggregate in 2018 and 2019. The lending distribution to upper-income borrowers trailed both the aggregate and demographic level in 2019 but exceeded the aggregate in 2018 and demographic level in all three of the other years. In light of the aforementioned factors, the bank's distribution of borrowers reflects reasonable penetration among individuals of different income levels.

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 8 provides a comparison of the bank's lending by census tract income level to the demographics of the assessment area, which does not have low-income census tracts. The bank's geographic distribution of loans to census tracts of different income levels, including low- and moderate-income census tracts, is reasonable.

Table 8 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography									
Geographic Income Level	Bank Loans By Year								Owner Occupied Units %
	2020				2021				
	Bank				Bank				
	#	#%	$(000s)	$%	#	#%	$(000s)	$%	
Home Purchase Loans									
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	1.3
Middle	0	0.0	0	0.0	1	33.3	200	13.5	28.2
Upper	3	100.0	823	100.0	2	66.7	1,280	86.5	70.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	3	100.0	822,500	100.0	3	100.0	1,479,500	100.0	100.0
Refinance Loans									
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	1.3
Middle	4	15.4	841	10.7	6	31.6	1,565	30.7	28.2
Upper	22	84.6	7,020	89.3	13	68.4	3,532	69.3	70.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	26	100.0	7,862	100.0	19	100.0	5,097	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
Moderate	0	0.0	0	0.0	0	0.0	0	0.0	1.3
Middle	4	13.8	841	9.7	7	31.8	1,765	26.8	28.2
Upper	25	86.2	7,843	90.3	15	68.2	4,812	73.2	70.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.0
Total	29	100.0	8,684	100.0	22	100.0	6,577	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: ACS
Note: Percentages may not total 100.0 percent due to rounding. Aggregate data is not available.

Although the bank did not make any home mortgage loans in the moderate-income tract throughout the evaluation period, the bank is not reasonably expected to penetrate this tract due to the very low percentage of owner-occupied housing units in the sole moderate-income tract, at 1.3 percent. In 2020, the bank made 4 loans, or 13.8 percent, in middle-income tracts, below the demographic level, and extended 25 loans, or 86.2 percent, in upper-income tracts, well above the demographic level. The majority, 22 of 26, or 84.6 percent, of refinances in 2020 were made in upper-income tracts. In 2021, the bank made 7 loans, or 31.8 percent, in middle-income tracts and 15 loans, or 68.2 percent, in upper-income tracts, which were both in line with the demographic levels. The majority, 13 of 19, or 68.4 percent, of refinances in 2021 were made in upper-income tracts.

Although not included in the table above, this evaluation also included analysis of the bank's geographic distribution of home mortgage lending in 2018 and 2019 (Table 10 in Appendix). For the bank's HMDA-reportable years, the aggregate's lending activity was in-line with the percentage of owner-occupied units in the moderate-income tract for 2018 but was below in 2019. As noted earlier, a substantial portion of the moderate-income tract is located in Stoughton Center, comprised of businesses and three schools. Rental units account for the majority of housing units within this tract, which indicates limited opportunities to originate home mortgage loans in the moderate-income tract. Moreover, the competitive market in which the bank operates further limits the bank's opportunities to lend in this tract.

In 2018, the bank made 7 loans, or 25.0 percent, in middle-income tracts, slightly below both the aggregate, at 28.9 percent, and demographic level of owner-occupied units, at 28.2; and extended 21 loans, or 75.0 percent, in upper-income tracts, above both the aggregate, at 69.8 percent, and demographic level of owner-occupied units, at 70.5 percent. The majority, 15 of 17, or 88.2 percent, of home purchases in 2018 were made in upper-income tracts. In 2019, the bank only extended 1 of its 13 loans, or 7.7 percent, inside the assessment area in middle-income tracts, well below the aggregate, at 26.1 percent, and demographic level; the rest of the 12 loans, or 92.3 percent, were made in upper-income tracts, well exceeding the aggregate, at 73.0 percent, and demographic level. The majority, 8 of 9, or 88.9 percent, of refinances in 2019 were made in upper-income tracts. This occurrence is an anomaly in the bank's lending patterns as the bank experienced a significant drop in HMDA loans.

The bank's assessment area is primarily comprised of middle-income (6) and upper-income (13) census tracts, and as a result, most of the bank's loans are made within these tracts. A substantial majority of the bank's loans originated inside the assessment area are concentrated around its branches, both of which are in upper-income tracts within the Town of Easton. Over the entire evaluation period, the bank was only able to originate a handful of loans in each of the remaining towns in the assessment area. The next slightly largest concentration of the bank's loans was made in the Town of Stoughton, where the moderate-income tract and majority, 4 of 6, of middle-income tracts are located.

An analysis of lending throughout the bank's assessment area was conducted to determine whether there were any conspicuous lending gaps. 2020 was the only year in the evaluation period that the bank was able to penetrate half of the census tracts within the assessment area. During the rest of the evaluation period, the bank penetrated less than half of its assessment area in each of the other three years. There were no conspicuous gaps in the bank's geographic lending distribution throughout the evaluation period. As mentioned earlier, the majority of loans were made inside the town of Easton, which is considered reasonable as both of the bank's branches are located in the town. The bank's lending opportunities are limited by strong competition, rising mortgage rates, and high home prices. Given performance context, BOE's geographic distribution of loans reflects reasonable dispersion throughout the assessment area, exhibiting the bank's ability to meet the credit needs of its community.

Response to Complaints

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

CONCLUSION

The bank'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, BOE's lending levels reflect an adequate level of responsiveness, and the bank is therefore rated Satisfactory.

APPENDIX

Table 9
Distribution of 2018 and 2019 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000s)	$%	$%	#	#%	#%	$(000s)	$%	$%	
Home Purchase Loans													
Low	0	0.0	2.4	0	0.0	1.4	0	0.0	1.6	0	0.0	0.8	12.4
Moderate	1	5.9	16.8	100	1.4	11.8	1	33.3	17.8	81	7.1	13.3	12.5
Middle	1	5.9	26.6	338	4.7	23.1	0	0.0	25.9	0	0.0	23.2	17.5
Upper	15	88.2	50.5	6,791	93.9	59.7	0	0.0	40.3	0	0.0	47.4	57.6
Unknown	0	0.0	3.7	0	0.0	4.1	2	66.7	14.3	1,062	92.9	15.2	0.0
Total	17	100.0	100.0	7,229	100.0	100.0	3	100.0	100.0	1,143	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	4.7	0	0.0	2.4	0	0.0	2.9	0	0.0	1.3	12.4
Moderate	2	22.2	17.7	186	6.9	13.5	3	33.3	11.6	372	16.3	8.6	12.5
Middle	2	22.2	21.5	412	15.2	19.8	1	11.1	21.9	402	17.7	19.7	17.5
Upper	5	55.6	53.1	2,111	77.9	60.6	5	55.6	49.2	1,503	66.0	53.9	57.6
Unknown	0	0.0	3.1	0	0.0	3.8	0	0.0	14.3	0	0.0	16.5	0.0
Total	9	100.0	100.0	2,709	100.0	100.0	9	100.0	100.0	2,277	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.2	0	0.0	3.9	0	0.0	3.3	0	0.0	1.0	12.4
Moderate	0	0.0	12.2	0	0.0	10.1	1	100.0	9.1	150	100.0	7.7	12.5
Middle	0	0.0	23.7	0	0.0	20.0	0	0.0	25.4	0	0.0	23.2	17.5
Upper	1	50.0	57.6	20	5.3	61.7	0	0.0	59.8	0	0.0	66.5	57.6
Unknown	1	50.0	3.2	357	94.7	4.3	0	0.0	2.4	0	0.0	1.6	0.0
Total	2	100.0	100.0	377	100.0	100.0	1	100.0	100.0	150	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	3.2	0	0.0	1.8	0	0.0	2.5	0	0.0	1.1	12.4
Moderate	3	10.7	15.7	286	2.8	11.9	5	38.5	13.9	603	16.9	10.8	12.5
Middle	3	10.7	23.5	750	7.3	21.2	1	7.7	23.6	402	11.3	21.0	17.5
Upper	21	75.0	52.4	8,922	86.5	59.6	5	38.5	45.6	1,503	42.1	50.7	57.6
Unknown	1	3.6	5.2	357	3.5	5.5	2	15.4	14.3	1,062	29.7	16.4	0.0
Total	28	100.0	100.0	10,315	100.0	100.0	13	100.0	100.0	3,570	100.0	100.0	100.0

Source: 2019 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.

Table 10													
Distribution of 2018 and 2019 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000s)	$%	$%	#	#%	#%	$(000s)	$%	$%	
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	1.5	0	0.0	1.1	0	0.0	1.2	0	0.0	0.8	1.3
Middle	2	11.8	31.3	908	12.6	26.7	0	0.0	30.2	0	0.0	26.8	28.2
Upper	15	88.2	67.2	6,321	87.4	72.2	3	100.0	68.6	1,143	100.0	72.4	70.5
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	17	100.0	100.0	7,229	100.0	100.0	3	100.0	100.0	1,143	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	1.2	0	0.0	0.9	0	0.0	0.8	0	0.0	0.6	1.3
Middle	4	44.4	26.9	807	29.8	24.0	1	11.1	23.4	182	8.0	20.5	28.2
Upper	5	55.6	71.9	1,902	70.2	75.1	8	88.9	75.7	2,095	92.0	79.0	70.5
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	9	100.0	100.0	2,709	100.0	100.0	9	100.0	100.0	2,277	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	1.4	0	0.0	0.9	0	0.0	0.5	0	0.0	0.3	1.3
Middle	1	50.0	27.0	357	94.7	24.1	0	0.0	24.9	0	0.0	19.0	28.2
Upper	1	50.0	71.6	20	5.3	75.0	1	100.0	74.6	150	100.0	80.7	70.5
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	2	100.0	100.0	377	100.0	100.0	1	100.0	100.0	150	100.0	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	1.4	0	0.0	1.0	0	0.0	0.9	0	0.0	0.7	1.3
Middle	7	25.0	28.9	2,072	20.1	27.7	1	7.7	26.1	182	5.1	23.2	28.2
Upper	21	75.0	69.8	8,243	79.9	71.3	12	92.3	73.0	3,388	94.9	76.2	70.5
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	28	100.0	100.0	10,315	100.0	100.0	13	100.0	100.0	3,570	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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