PUBLIC DISCLOSURE

August 10, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cornerstone Bank
Certificate Number: 90282

176 Main St
Spencer, Massachusetts 01562

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

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

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This document is an evaluation of the Community Reinvestment Act (CRA) performance of Cornerstone Bank (bank) prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of August 10, 2026. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding			X
High Satisfactory			
Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			
** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*			

The Lending Test is rated Satisfactory

- Lending levels reflect good responsiveness to assessment area credit needs.
- A low percentage of loans were made in the institution's assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes.
- The bank makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank has a relatively high level of originated community development loans.
- The bank has a reasonable record relative to its fair lending policies and procedures.
- The bank's lending reflects a reasonable record of preventing the loss of affordable housing.

The Investment Test is rated <u>Satisfactory</u>

- The institution has an adequate level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution makes occasional use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated <u>Outstanding</u>.

- Delivery systems are reasonably accessible to all portions of the institution's assessment area.
- To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Background

Cornerstone Bank is a state-chartered mutual bank, headquartered in Spencer, MA and is a subsidiary of PeoplesBancorp, MHC. The bank received a "Satisfactory" rating during its previous CRA Performance Evaluation on March 4, 2024, based on Interagency Intermediate Small Institution Examination procedures. In 2026 Athol Savings Bank merged with and into Cornerstone Bank. The bank operates three subsidiaries, 338 Main Street Security Corporation, Spensabank, Inc., and SSB Securities Corporation.

Operations

Following the merger with Athol Savings Bank, Cornerstone Bank operates 17 branches throughout Worcester County, Massachusetts. There are three branches located in Worcester, and one each in the towns of Ashburnham, Athol, Barre, Charlton, Gardner, Holden, Leicester, Rutland, Shrewsbury, Southbridge, Spencer, Sturbridge, Webster, and Winchendon. One of the Worcester branches is new since the last exam. The bank also operates two stand-alone automated teller machines (ATMs) in Athol and Warren.

The bank is a full-service financial institution and offers a variety of personal and business deposit and lending products. These include personal checking accounts, savings accounts, retirement accounts, and certificates of deposit. For business customers, checking, savings, and money market accounts are available. Available lending products include home mortgages, home equity lines of credit, and consumer loans. Commercial loan products include business loans and lines of credit, construction loans, commercial mortgages, and SBA loans. Most products are available at all branches and through alternative delivery systems such as the bank's website and online banking, mobile banking, and telephone banking.

Ability and Capacity

As of June 30, 2026, the bank's assets totaled $2.6 billion and deposits totaled $1.9 billion. Assets included total loans of $1.9 billion and total securities of $354 million. Since the prior examination, assets have increased by 61.4 percent, deposits by 48.5 percent, total loans by 48.1 percent, and total securities by 187.8 percent. The bank is primarily a residential lender with a majority of its loan portfolio secured by residential properties. The table below illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 6/30/2026		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	32,607	1.7
Secured by Farmland	832	0.0
Secured by 1-4 Family Residential Properties	1,014,029	52.4
Secured by Multifamily (5 or more) Residential Properties	122,847	6.4
Secured by Nonfarm Nonresidential Properties	554,882	28.7
Total Real Estate Loans	**1,725,197**	**89.2**
Commercial and Industrial Loans	90,972	4.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	117,745	6.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	314	0.0
Less: Unearned Income	0	0.0
Total Loans	**1,934,228**	**100.0**
Source: Reports of Condition and Income as of 6/30/2026		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas (AA) within which its CRA performance will be evaluated. Cornerstone Bank designated a single assessment area that consists of all municipalities within Worcester County, Massachusetts.

Since the prior evaluation, the bank has changed their assessment area to incorporate all of Worcester County while removing the portions of the Massachusetts counties of Hampden and Hampshire and the Connecticut county of Windham that were previously part of its assessment area. The current assessment area was used for the entire CRA evaluation period.

Economic and Demographic Data

Cornerstone Bank's assessment area consists of 191 census tracts with the following income designations according to the 2020 United States (U.S.) Census data:

- 23 low-income tracts,
- 33 moderate-income tracts,
- 85 middle-income tracts,
- 47 upper-income tracts, and
- 3 census tracts with no income designation.

The low-income census tracts are located in Gardner, Fitchburg (3), Leominster, Southbridge (2), Webster, and Worcester (15). The moderate-income tracts are located in Athol (3), Fitchburg (7), Gardner (4), Leominster (2), Milford, Milbury, Southbridge, Webster, and Worcester (13).

There are no underserved or distressed nonmetropolitan middle-income geographies within the AA. However, the AA includes several Opportunity Zones, areas of economic need recommended by the MA governor and approved by the U.S. Department of Treasury. There are 20 census tracts in the AA designated as Opportunity Zones. These tracts are located in Athol (2), Clinton (2), Fitchburg (2), Gardner (2), Leominster (2), Southbridge (2), Spencer, Webster, and Worcester (6).

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

Demographic Information of the Assessment Area						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	191	12.0	17.3	44.5	24.6	1.6
Population by Geography	862,111	10.8	16.2	42.8	29.4	0.9
Housing Units by Geography	336,533	10.8	16.8	44.4	27.6	0.5
Owner-Occupied Units by Geography	206,343	2.9	12.4	49.1	35.5	0.1
Occupied Rental Units by Geography	107,738	24.6	24.5	35.9	13.8	1.2
Vacant Units by Geography	22,452	16.8	20.8	41.3	20.5	0.6
Businesses by Geography	81,099	10.5	14.4	43.6	30.7	0.7
Farms by Geography	2,327	3.5	7.4	50.6	38.3	0.2
Family Distribution by Income Level	205,474	22.7	16.8	20.4	40.1	0.0
Household Distribution by Income Level	314,081	25.4	15.2	16.1	43.4	0.0
Median Family Income MSA - 49340 Worcester, MA MSA		$99,320	Median Housing Value			$292,771
			Median Gross Rent			$1,095
			Families Below Poverty Level			6.4%

Source: 2020 ACS, 2025 D&B Data, and FFIEC Estimated Median Family Income;
(*) The NA category consists of geographies that have not been assigned an income classification.

As shown in the Demographic Information of the Assessment Area table, 61.3 percent of the 336,533 housing units are owner-occupied, providing opportunity for home mortgage lending within the assessment area. However, only 27.6 percent of the owner-occupied units are in low- and moderate-income census tracts. Additionally, a combined 49.1 percent of occupied rental units are within low- and moderate-income tracts. The low owner-occupancy rates and moderate occupied rental unit rates suggest the bank has limited home mortgage lending opportunities in low- and moderate-income census tracts. In addition to the 2020 US Census data, examiners used publicly available HMDA data to determine recent housing prices.

Examiners focused on the 2024 and 2025 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for the assessment area.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Worcester, MA MSA Median Family Income (49340)				
2024 ($114,100)	<$57,050	$57,050 to <$91,280	$91,280 to <$136,920	≥$136,920
2025 ($122,700)	<$61,350	$61,350 to <$98,160	$98,160 to <$147,240	≥$147,240
Source: FFIEC				

Analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) to D&B data. According to 2025 D&B data, 81,099 non-farm businesses operate in the assessment area. Most of these businesses are small, with 63.6 percent employing four or fewer employees and 91.5 percent operating from a single location.

The following reflects GARs for businesses in the assessment area.

- 88.5 percent have revenues of $1.0 million or less,
- 3.4 percent have revenues greater than $1.0 million, and
- 8.0 percent have unknown revenues.

Services industries represent the largest portion of businesses at 34.6 percent; followed by non-classifiable establishments at 20.9 percent; finance, insurance and real estate at 10.6 percent; and retail trade at 10.1 percent.

Competition

Cornerstone Bank operates in a competitive market for banking services. According to 2025 Deposit Market Share data, 28 financial institutions operated 193 full-service branches in the assessment area. National, regional, and community banks and credit unions operated a substantial number of branches in the AA. The top five institutions were large national and regional institutions and collectively captured a 49.8 percent share of the market. Cornerstone Bank ranked 6th with a market share of 5.6 percent.

According to Home Mortgage Disclosure Act (HMDA) aggregate data, a high level of competition for home mortgage loans exists among banks, non-depository mortgage lenders, and credit unions in the assessment area. According to 2025 aggregate data, 461 lenders reported 22,171 home mortgage loans in the area. Cornerstone Bank ranked 10th with a 2.1 percent market share.

The bank faces a high level of competition for small business loans among large national banks and regional banks. In 2024, aggregate small business lending data showed 115 lenders originated or purchased 19,703 small business loans in the assessment area. The top five lenders, American Express National Bank, JPMorgan Chase Bank NA, Citibank, N.A., Capital One, N.A., and Bank of America NA, were large credit card companies and collectively held 65.6 percent of the market share.

Community Contact

As part of the evaluation process, examiners contact community organizations who are active in the assessment area to understand the area's credit and community development needs. The information helps determine whether local financial institutions are responsive to these needs. The information also shows available credit and community development opportunities in the assessment area.

Examiners contacted representatives from two non-profit organizations. Examiners contacted a representative of a community development organization in the bank's assessment area. The interview identified that the greatest needs within the community are access to food resources as well as continued support for high-demand treatment and emergency assistance programs. Decline in donations and reduced state funding have strained food pantry operations, leading to limited inventory and increased demand. While credit needs are not the primary concern for the population served, there are gaps in supportive services such as transportation for essential needs and guidance for educational financing.

The second contact represented a non-profit organization that creates and preserves affordable housing opportunities for low- to moderate-income households and initiates and supports neighborhood revitalization throughout Worcester County. The interview identified several interconnected community development needs throughout Worcester County. A primary need is the preservation and expansion of affordable housing, particularly for very low-income residents, individuals transitioning from homelessness, and adults age 55 and older, who were identified as a growing segment of the local homeless population. The contact emphasized the potential of receivership and rehabilitation of distressed or underutilized properties as a lower-cost alternative to new housing construction, while noting the need for larger and more flexible sources of financing to make these projects feasible. The organization also highlighted the importance of permanent supportive housing and resident services, including service coordination and on-site assistance, to help formerly homeless residents achieve long-term housing stability. In addition, there is a need for greater coordination among the City of Worcester, community development corporations, service providers, financial institutions, and other stakeholders to ensure housing investments are aligned with community needs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contacts, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing for low- and moderate-income individuals is the primary credit need. In addition, there is a strong need for community development services focused towards the unhoused and food insecure populations of the assessment area.

SCOPE OF EVALUATION

General Information

This performance evaluation covers the period from the prior evaluation dated March 4, 2024, to the current evaluation dated August 10, 2026. Examiners used the Interagency Large Institution CRA Examination Procedures, which includes three tests: the Lending Test, Investment Test and Service Test. Examiners used full-scope procedures to evaluate the bank's CRA performance in its assessment area.

Activities Reviewed

Examiners determined the bank's major product lines include home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. When arriving at the Lending test rating and conclusions, examiners placed more weight on the bank's home mortgage lending performance due to the bank's business strategy and loan portfolio distribution.

Examiners analyzed the bank's home mortgage loan originations reported on the bank's 2024 and 2025 Home Mortgage Disclosure Act (HMDA) loan application registers. The bank originated 439 mortgage loans totaling $110.5 million in 2024 and 679 loans totaling $179.0 million in 2025. Examiners compared the bank's home mortgage lending performance to aggregate performance and demographic data for both years.

Examiners analyzed all small business loans reported on the bank's 2024 and 2025 CRA loan registers. During the evaluation period, the bank originated 40 loans totaling $9.3 million in 2024, and 46 loans totaling $14.5 million in 2025. Examiners compared the bank's small business lending for 2024 to aggregate small business loans data and demographic data. The 2025 small business lending was compared to demographic data, as aggregate data was not available at the time of examination.

Examiners reviewed the bank's community development loans and innovative and/or flexible lending practices from the prior evaluation of March 4, 2024, through the current evaluation dated August 10, 2026, under the Lending Test. Under the Investment Test and Service Tests, examiners considered qualified investments, retail services and community development services for the same period.

Examiners also considered the bank's delivery systems for providing retail banking services, including branches and alternative delivery systems, impact of any branch openings and closings during the evaluation period. Examiners also reviewed retail banking products and services targeted to low- and moderate-income individuals or small businesses and/or tailored to meet specific needs within the assessment area. Examiners also considered the bank's prior-period qualified investments that were still outstanding at the start of the evaluation.

Examiners obtained demographic and economic information referenced in this evaluation from the 2020 U.S. Census, Dun & Bradstreet, and the United States Bureau of Labor Statistics. March 31, 2026, Report of Income and Condition (Call Report) provided the financial data.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Lending Activity

Lending levels reflect good responsiveness to the assessment area's credit needs. In 2024, Cornerstone Bank originated or purchased 314 home mortgage loans totaling $71.1 million in the assessment area. In 2025, the bank's performance increased to 455 originated or purchased home mortgage loans totaling $96.6 million.

In 2024, Cornerstone Bank originated 36 small business loans totaling $6.9 million in the assessment area. In 2025 the bank's performance increased to 38 originated small business loans totaling $11.9 million.

The bank's 2024 market share ranking of 20th out of 440 home mortgage lenders and 43rd out of 115 small business lenders as well as the bank's 2025 market share ranking of 10th out of 461 home mortgage lenders supports the bank's good performance.

Assessment Area Concentration

A majority of home mortgage and small business loans are made in the bank's assessment area. The bank originated 70.0 percent of loans inside the assessment area by number, and 59.5 percent of loans in the assessment area by dollar amount. The following table illustrates the bank's lending activity inside and outside the assessment area by number and dollar amount.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	$	%	$	%	
Home Mortgage										
2024	314	71.5	125	28.5	439	71,078,827.00	64.3	39,419,895.00	35.7	110,498,722.00
2025	455	67.0	224	33.0	679	96,588,280.00	54.0	82,413,250.00	46.0	179,001,530.00
Subtotal	**769**	**68.8**	**349**	**31.2**	**1,118**	**167,667,107.00**	**57.9**	**121,833,145.00**	**42.1**	**289,500,252.00**
Small Business										
2024	36	90.0	4	10.0	40	6,860,000.00	73.6	2,456,000.00	26.4	9,316,000.00
2025	38	82.6	8	17.4	46	11,878,460.00	82.2	2,579,000.00	17.8	14,457,460.00
Subtotal	**74**	**86.0**	**12**	**14.0**	**86**	**18,738,460.00**	**78.8**	**5,035,000.00**	**21.2**	**23,773,460.00**
Total	**843**	**70.0**	**361**	**30.0**	**1,204**	**186,405,567.00**	**59.5**	**126,868,145.00**	**40.5**	**313,273,712.00**

Source: Bank Data
Due to rounding, totals may not equal 100.0
Dollar amounts for Small Business, Small Farm, and Consumer loans are multiplied by 1000.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area. The bank's performance in originating home mortgage and small business loans in low- and moderate-income census tracts supports this conclusion.

Home Mortgage

The geographic distribution of home mortgage loans reflects poor penetration throughout the assessment area. In 2024, the bank originated 2.5 percent of home mortgage loans in low-income census tracts, which was below the aggregate performance at 5.0 percent and the percentage of owner-occupied housing units at 2.9 percent. The bank's performance in 2025 was 3.3 percent, which was below the aggregate performance and above the demographic data.

The bank's level of lending in moderate-income census tracts was 7.0 percent, trailing the aggregate at 15.1 percent and the demographic data at 12.4 percent in 2024. The bank's performance decreased in 2025 to 5.5 percent, which was below the aggregate at 14.5 percent and demographic data of 12.4 percent.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2024	2.9	5.0	8	2.5	1,274	1.8
2025	2.9	4.5	15	3.3	3,158	3.3
Moderate						
2024	12.4	15.1	22	7.0	5,292	7.4
2025	12.4	14.5	25	5.5	4,423	4.6
Middle						
2024	49.1	47.0	185	58.9	35,178	49.5
2025	49.1	47.2	275	60.4	59,549	61.7
Upper						
2024	35.5	32.7	98	31.2	28,070	39.5
2025	35.5	33.6	138	30.3	29,239	30.3
Not Available						
2024	0.1	0.2	1	0.3	1,264	1.8
2025	0.1	0.1	2	0.4	219	0.2
Total						
2024	**100.0**	**100.0**	**314**	**100.0**	**71,079**	**100.0**
2025	**100.0**	**100.0**	**455**	**100.0**	**96,588**	**100.0**
Source: 2020 ACS; Bank Data, 2024 & 2025 HMDA Aggregate Data. *Due to rounding, totals may not equal 100.0%*						

Small Business

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2024 the bank originated 19.4 percent of small business loans in low-income census tracts. In 2025, the bank's lending decreased to 10.5 percent of small business loans in low-income census tracts, which was consistent with the percentage of small businesses.

In lending in moderate-income census tracts in 2024, the bank originated 8.3 percent of its small business loans, which was below that of the aggregate. In 2025, the bank's performance decreased to 2.6 percent, which was below the percentage of small businesses. Refer to the table below for further details.

Geographic Distribution of Small Business Loans						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2024	10.7	7.9	7	19.4	1,329	19.4
2025	10.5	--	4	10.5	1,948	16.4
Moderate						
2024	14.6	13.2	3	8.3	751	10.9
2025	14.4	--	1	2.6	88	0.7
Middle						
2024	42.5	43.9	14	38.9	2,124	31.0
2025	43.6	--	26	68.4	8,350	70.3
Upper						
2024	31.4	34.2	10	27.8	2,394	34.9
2025	30.7	--	6	15.8	1,418	11.9
Not Available						
2024	0.7	0.8	2	5.6	262	3.8
2025	0.7	--	1	2.6	75	0.6
Total						
2024	**100.0**	**100.0**	**36**	**100.0**	**6,860**	**100.0**
2025	**100.0**	**--**	**38**	**100.0**	**11,878**	**100.0**
Source: 2024 & 2025 D&B Data; Bank Data, 2024 CRA Aggregate Data *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different sizes. The bank's record of originating home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs less than $1.0 million or less supports this conclusion.

Home Mortgage

The distribution of borrowers reflects adequate penetration among individuals of different income levels. The bank's percentage of loans originated to low-income borrowers was above the aggregate performance in 2024 and 2025. In lending to moderate-income borrowers, the bank's performance was below the aggregate performance for 2024 and above aggregate performance in 2025. The bank originated 16.2 percent of its loans to moderate-income borrowers in 2024. The percentage of loans increased to 19.1 percent in 2025. Refer to the table below for further details.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2024	22.7	4.4	23	7.3	1,501	2.1
2025	22.7	5.2	21	4.6	2,269	2.3
Moderate						
2024	16.8	16.8	51	16.2	7,813	11.0
2025	16.8	18.1	87	19.1	12,393	12.8
Middle						
2024	20.4	24.4	85	27.1	13,025	18.3
2025	20.4	24.7	115	25.3	19,149	19.8
Upper						
2024	40.1	37.4	140	44.6	40,565	57.1
2025	40.1	34.1	213	46.8	55,029	57.0
Not Available						
2024	0.0	17.0	15	4.8	8,175	11.5
2025	0.0	17.9	19	4.2	7,748	8.0
Total						
2024	**100.0**	**100.0**	**314**	**100.0**	**71,079**	**100.0**
2025	**100.0**	**100.0**	**455**	**100.0**	**96,588**	**100.0**
Source: 2020 ACS; Bank Data, 2024 & 2025 HMDA Aggregate Data *Due to rounding, totals may not equal 100.0%*						

Small Business

The distribution of small business loans reflects adequate penetration among businesses of different sizes. The bank's lending to businesses with GARs of $1.0 million or less was below the aggregate performance for 2024. The bank's performance increased from 44.4 percent in 2024 to 50.0 percent in 2025. Refer to the table below for further details.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2024	87.9	54.5	16	44.4	1,433	20.9
2025	88.3	--	19	50.0	6,700	56.4
>$1,000,000						
2024	3.8	--	20	55.6	5,427	79.1
2025	3.5	--	18	47.4	5,158	43.4
Revenue Not Available						
2024	8.3	--	0	0.0	0	0.0
2025	8.2	--	1	2.6	21	0.2
Total						
2024	**100.0**	**100.0**	**36**	**100.0**	**6,860**	**100.0**
2025	**100.0**	**--**	**38**	**100.0**	**11,878**	**100.0**
Source: 2024 & 2025 D&B Data; Bank Data, 2024 CRA Aggregate Data. *Due to rounding, totals may not equal 100.0%*						

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending practices in order to serve the assessment area credit needs. During the evaluation period, Cornerstone Bank originated 21 loans totaling $5.7 million through innovative and flexible lending programs.

- 1 FHA loan totaling $281,801
- 4 Mass Housing FTHB loans totaling $616,429
- 16 Mass Housing Partnership loans totaling $4.8 million

The following are examples of the bank's innovative and flexible lending programs.

Residential Loan Programs

- **FHA Loan –** An FHA loan is a government-insured mortgage that allows borrowers to finance a primary residence with more flexible credit and down-payment requirements than many conventional loans. The program generally allows qualified borrowers to make a down payment as low as 3.5 percent and requires FHA mortgage insurance. During the examination period, the bank originated one FHA loan totaling $281,801.

- **MassHousing FTHB Loan –** MassHousing's First-Time Homebuyer (FTHB) loan programs allow eligible borrowers to finance a primary residence in Massachusetts with competitive fixed-rate financing and low down-payment options. The programs may also offer down-payment assistance and mortgage insurance options, subject to borrower income, credit, purchase price, and other eligibility requirements. During the examination period, the bank originated four Mass Housing FTHB loans totaling $616,429.

- **Mass Housing Partnership (MHP) Loan –** MHP's program allows eligible first-time homebuyers to purchase a primary residence in Massachusetts with as little as 3 percent down and no private mortgage insurance requirement. The program offers fixed-rate financing and may provide additional payment assistance for qualifying borrowers, subject to income, credit, property, and other program eligibility requirements. During the examination period, the bank originated 16 MHP loans totaling $4.8 million.

Community Development Loans

Cornerstone Bank provides a relatively high level of community development loans in the assessment area. The bank originated 38 community development loans totaling $46.0 million that met the needs of affordable housing, economic development, and revitalization and stabilization. This represents a significant increase since the previous evaluation by both number and dollar amount. The bank's community development lending during the evaluation period represents 2.9 percent of average net loans during the evaluation period and 2.3 percent of average assets during the evaluation period. The bank's level of community development lending was comparable to similarly situated institutions.

The bank primarily provided credit to support affordable housing for low- and moderate-income individuals. The focus on affordable housing reflects responsiveness to needs identified by the community contact. Examiners included community development loans impacting the broader regional area in this analysis, given the bank's responsiveness in the assessment area.

The following table illustrates the bank's community development lending activity.

Community Development Loans										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
3/4/2024-12/31/2024	5	3,772	0	0	3	2,475	2	4,558	**10**	**10,805**
2025	4	7,545	0	0	12	4,702	3	7,347	**19**	**19,594**
YTD 2026	6	7,632	0	0	2	5,250	1	2,700	**9**	**15,582**
Total	**15**	**18,949**	**0**	**0**	**17**	**12,427**	**6**	**14,605**	**38**	**45,981**
Source: Bank Data										

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

- The bank originated a $5.6 million loan in January 2025. The proceeds were used to acquire a 63-unit residential property in Norwich CT. All rents are below the US Department of Housing and Urban Development (HUD) fair market rent for the area, which designates affordability. While outside of the assessment area, this loan supports the broader regional area. This loan qualifies for community development as it supports affordable housing for low- and moderate-income families.

- The bank originated a loan for $1.7 million loan to a commercial real estate developer in January 2025. The loan funds are used to purchase and rehabilitate two vacant industrial buildings in Fitchburg MA. The buildings are in a moderate-income census tract and in need of maintenance, which will attract businesses to the area. This loan qualifies for community development as it supports the revitalization and stabilization of a moderate-income area.

- The bank originated a $1.3 million loan with a small business in 2026. The proceeds are used to purchase a commercial property in Westborough, MA in conjunction with the SBA 504 program and the Worcester Business Development Corporation (WBDC). This loan qualifies for community development as it supports economic development through the financing of a small business.

- The bank originated a $50,000 loan to a retirement community in 2024. The proceeds were used to support the infrastructure of mobile park and renovate two homes on the property. The market price of mobile homes on the property reflects a likelihood of serving low- and moderate-income individuals. This loan qualifies for community development as it supports affordable housing for low- and moderate-income families.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file

indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The bank's HMDA LARs for 2024 and 2025 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2024 and 2025, the bank's minority application flow is reasonable.

According to the 2020 US Census Data, the bank's assessment area contained a total population of 862,111 individuals of which 29.1 percent are minorities. The minority population represented is 5.9 percent Black/African American, 6.2 percent Asian, 0.2 percent American Indian, 13.0 percent Hispanic or Latino, and 6.3 percent other.

In 2024, the bank received 497 HMDA reportable loan applications within its assessment area. Of these applications, 43 or 8.6 percent were received from racial minority applicants. The aggregate received 15.1 percent of its applications from racial minority consumers. For the same period, the bank received 40 or 8.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was compared to an aggregate ethnic minority application rate of 11.9 percent.

In 2025, the bank received 645 HMDA reportable loan applications within its assessment area. Of these applications, 39 or 6.1 percent were received from racial minority applicants. For the same period, the bank received 26 or 4.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area.

The bank's level of lending in 2024 and 2025 was compared with that of the 2024 and 2025caggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	**Bank 2024 HMDA**		**2024 Aggregate Data**	**Bank 2025 HMDA**		**2025 Aggregate Data**
	#	%	%	#	%	%
American Indian/ Alaska Native	2	0.4	0.4	2	0.3	0.4
Asian	23	4.6	6.6	16	2.5	5.9
Black/ African American	12	2.4	6	11	1.7	5.6
Hawaiian/Pacific Islander	0	0	0.1	0	0	0.2
2 or more Minority	0	0	0.2	0	0	0.0
Joint Race (White/Minority)	6	1.2	1.7	10	1.6	0.2
Total Racial Minority	**43**	**8.6**	**15.1**	**39**	**6.1**	**12.3**
White	372	74.9	60.9	487	75.5	60.7
Race Not Available	82	16.5	24	119	18.4	25.5
Total	**497**	**100.0**	**100.0**	**645**	**100.0**	**100.0**
ETHNICITY						
Hispanic or Latino	31	6.2	10.1	20	3.1	9.2
Joint (Hisp/Lat /Not Hisp/Lat)	9	1.8	1.8	6	0.9	1.7
Total Ethnic Minority	**40**	**8.0**	**11.9**	**26**	**4.0**	**10.9**
Not Hispanic or Latino	360	72.5	65.1	494	76.6	65.0
Ethnicity Not Available	97	19.5	23	125	19.4	24.1
Total	**497**	**100.0**	**100.0**	**645**	**100.0**	**100.0**
Source: 2020 US Census Data, HMDA Aggregate Data 2024 and 2025, HMDA LAR Data 2024 and 2025						

Loss of Affordable Housing

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank's participation in community development lending reflects reasonable performance for this criterion, reflecting a commitment to supporting and developing affordable housing.

INVESTMENT TEST

The bank demonstrated "Satisfactory" performance under the Investment Test. The bank has an adequate level of qualified community development investments, grants, and donations. The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has a primary purpose of community development.

Investment and Grant Activity

Cornerstone Bank made an adequate level of qualified investments. During the evaluation period, qualified investments, grants and donations totaled $8.5 million. The qualified investments and donations increased approximately 51.8 percent since the last evaluation period when qualified investments totaled $5.6 million. The bank's investment activity represents 0.4 percent of the bank's average assets and approximately 3.0 percent of average investments. The bank's activity was below that of several similarly situated institutions.

The following table reflects the bank's Investment Test activity.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	0	0	4	4,395	0	0	**4**	**4,395**
3/4/2024-12/31/2024	0	0	0	0	0	0	0	0	**0**	**0**
2025	1	205	0	0	1	885	0	0	**2**	**1,090**
YTD 2026	2	1,230	1	950	0	0	0	0	**3**	**2,180**
Subtotal	**3**	**1,435**	**1**	**950**	**5**	**5,280**	**0**	**0**	**9**	**7,665**
Qualified Grants & Donations	16	74	187	694	5	5	6	18	**214**	**791**
Total	**19**	**1,509**	**188**	**1,644**	**10**	**5,285**	**6**	**18**	**223**	**8,456**
Source: Bank Records										

Qualified Investments

The bank has $7.7 million in qualified investments. Investments include Small Business Investment Company (SBIC) and a series of Bonds to qualified organizations. Four of these investments are prior-period investments, the current book value of which totals $4.4 million. The bank also purchased three additional investments during the evaluation period totaling $3.3 million. The following are notable examples of the bank's qualified investments.

Prior Period Investments

The bank maintains four prior period equity investments in SBIC funds totaling $4.4 million. These SBIC investments increase access to capital for small businesses, providing economic development opportunities throughout the assessment area and the broader regional area.

Current Period Investments

The bank purchased three bonds with the Massachusetts Housing Finance Agency totaling $1.4 million. The purpose of these investments is to expand affordable housing access through development and preservation of affordable housing, as well as supporting low-income families in their first home purchase.

The bank purchased an additional bond for $950,000 to support a public school in the assessment area. A majority of the students attending the school are from low- or moderate-income families.

Charitable Contributions

The bank made 212 qualified donations totaling approximately $790,628 during the evaluation period. The majority of donations supported community services for low- and moderate-income individuals. The following are notable examples of examples of qualified donations that impacted the assessment area and broader regional area.

Big Brothers Big Sisters of Central Mass and Metrowest (BBBS) – Big Brothers Big Sisters provides under-resourced children with long-term mentoring relationships. Various programs help match children with a mentor with similar interests who can assist in their social and professional development. This qualifies for community development by supporting community services for low- and moderate-income individuals.

Our Bright Future (OBF) – Located in Southbridge, Our Bright Future is a youth development organization that helps disadvantaged students develop and grow skills for all aspects of life. Programs include, financial literacy, arts and crafts, and STEM topics. This qualifies for community development by providing community services to youth living in low- and moderate-income areas.

Worcester Community Action Council, Inc. (WCAC) – The WCAC is a community action agency dedicated to eradicating poverty. Programs include emergency assistance and educational programs. This qualifies for community development by providing community services to low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. The bank's bond investments are responsive to the need for affordable housing in the assessment area. The bank's donations also reflect focus on meeting essential community needs.

Community Development Initiatives

Cornerstone Bank makes occasional use of innovative and complex investments to support community development initiatives. The bank's current qualified investment portfolio consists of bonds, which are routinely provided by other similarly situated banks.

SERVICE TEST

The bank's performance is rated "Outstanding" under the Service Test. The bank's excellent performance in community development services and good performance in retail services support this conclusion. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Cornerstone Bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area.

The bank operates seventeen full-service branches in the assessment area, all of which have a deposit-taking ATM that can be accessed at all times. Stand-alone ATMs are also available in Warren and Athol. ATMs can be utilized in English and Spanish. All locations also include an Interactive Teller Machine (ITM), which allows customers to interact with a virtual teller during normal business hours.

The following table illustrates the distribution of branches and ATMs by tract income level.

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**		**Opened Branches**		**Closed Branches**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	23	12.0	93,097	10.8	1	5.9	0	0.0	0	0.0	0	0.0
Moderate	33	17.3	139,243	16.2	3	17.6	1	50.0	0	0.0	0	0.0
Middle	85	44.5	368,923	42.8	9	52.9	1	50.0	1	50.0	0	0.0
Upper	47	24.6	253,349	29.4	4	23.5	0	0.0	1	50.0	0	0.0
Not Available	3	1.6	7,499	0.9	0	0.0	0	0.0	0	0.0	0	0.0
Total	**191**	**100.0**	**862,111**	**100.0**	**17**	**0.0**	**2**	**0.0**	**2**	**100.0**	**0**	**0.0**
Source: 2020 ACS; Bank Data												

While the bank only has one branch in a low-income census tract, approximately 82.6 percent of the low-income census tracts in the assessment area are in close proximity (less than two miles) to a branch. The percentage of branches in moderate-income census tracts is comparable to the

demographics of the area. This supports the accessibility of retail services to low- and moderate-income areas.

The bank's alternative delivery systems also expand retail services to all its customers, including low- and moderate-income individuals. All customers can use online and mobile services, which include services like Online Banking and Bill Pay, Mobile Banking, Telephone Banking, Digital Wallet, and Zelle. Customers can access their finances digitally 24 hours a day and perform a wide range of standard banking activities at any time.

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. The bank acquired five branches in the Athol Savings Bank merger, two of which are in moderate-income census tracts. The bank also opened two branches since the last exam. While these new branches are in upper- and middle-income census tracts, they are in close proximity to low- and moderate-income areas.

Reasonableness of Business Hours and Services

The bank's retail services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income individuals and low-and moderate-income geographies.

The bank offers low-cost accounts designed to offer reliable banking solutions for individuals who may have limited or no prior banking experience. In addition to its RITE checking account for students, the bank offers the Cornerstone Plus program, which offers individuals a variety of benefits they might not otherwise have access to. These includes ID theft aid, roadside assistance, health savings, and cell phone protection.

Cornerstone Bank has 19 employees that speak languages other than English, which includes ten different languages and dialects. Having employees who speak various languages assists in enhancing accessibility to banking services for the non-English speakers in the assessment area. In addition, the bank's website displays on its home page the ability to translate the page into Spanish to increase its accessibility.

Community Development Services

The bank is a leader in providing community development services. During the evaluation period, Cornerstone Bank provided 337 instances of community development services. Employees and senior management devoted time to community development organizations, with a particular focus on financial literacy to low- and moderate-income individuals. The bank's level of community development services exceeded similarly situated institutions.

The following table summarizes the community development by year and purpose.

Community Development Services					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
03/04/24-12/31/24	25	100	0	0	**125**
2025	27	100	3	2	**132**
YTD 2026	13	67	0	0	**80**
Total	**65**	**267**	**3**	**2**	**337**
Source: Bank Data					

The following are examples of community development services provided by the bank.

Employee Board Memberships

United Way of South Central Mass – The United Way partners with local agencies to provide support services to community members in need of assistance. Areas of support focus on income, education, and health as the organization works to improve quality of life throughout their communities. A bank employee serves as a board member for the organization. This qualifies for community development by providing community services to low- and moderate-income individuals.

Wachusett Area Chamber of Commerce – The Wachusett Area Chamber of Commerce works to help businesses grow and connect small business owners throughout the Wachusett and Greater Worcester areas. The organization sponsors networking activities, scholarships for local students, and small business grants. A bank employee serves as the organization's treasurer and as an active member of the board of directors. This qualifies for community development by supporting economic development for small businesses.

Worcester Housing Authority (WHA) – The WHA aims to enhance the Worcester community through the development of affordable housing. Programs include not just the development of and access to affordable housing, but education and transportation resources for low- and moderate-income residents. A bank employee serves on the board for the WHA. This qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

Financial Literacy Education

Abby's House – Abby's House is a downtown Worcester organization that provides shelter, advocacy, and housing for homeless, battered, and low-income women. The organization aims to help women and their children build stability and independence by providing a safe area for them to rebuild their lives. Additionally, Abby's House also offers two-bedroom apartments for one-year leases at affordable rates. Cornerstone Bank employees presented seminars on fraud and credit to

women in the program. This qualifies for community development by providing community services to low-income individuals.

Quaboag Valley Community Development Corporation (QVCDC) – Through the QVCDC, bank employees provide financial literacy seminars on a variety of topics for residents and CDC members in a low-income census tract. Topics include various aspects of credit, debt consolidation, and financial fraud. This qualifies for community development by providing community services to low- and moderate-income individuals.

RCAP Solutions, Inc. – RCAP Solutions offers support and assistance to disadvantaged members of the community in a variety of ways, including housing education and assistance, economic development, and community and environmental assistance. Cornerstone Bank serves as the community sponsor for the organization's Housing Consumer Education Center, and through this center several bank employees have presented First-Time Homebuyer Classes. This qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

(1) Has as its primary purpose community development; and

(2) Except in the case of a wholesale or limited purpose bank:

(i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and

(ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

(1) Has as its primary purpose community development;

(2) Is related to the provision of financial services; and

(3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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