PUBLIC DISCLOSURE

August 10, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cornerstone Bank
RSSD # 447100

176 Main Street
Spencer, MA 01562

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

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

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

The following table indicates the performance level of Cornerstone Bank (Cornerstone or the bank) with respect to the Lending, Investment, and Service Tests.

	Cornerstone Bank		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	**Lending Test***	**Investment Test**	**Service Test**
Outstanding			**X**
High Satisfactory			
Low 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 major components supporting the ratings in the above reference table include:

Lending Test

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in the bank's assessment area.
- An adequate percentage of loans are made in the bank's assessment area.
- A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment area.
- An adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- An adequate record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, and businesses with gross annual revenues (GARs) of $1 million or less, consistent with safe and sound operations.
- Limited use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank has made a relatively high level of of community development loans.

Investment Test

- An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.

- Occasional use of innovative or complex qualified investments.

- Adequate responsiveness to credit and community development needs.

Service Test

- The bank's service delivery systems are accessible to portions of its assessment area, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.

- 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's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.

- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Cornerstone is a state member bank established in 2017 through the merger of Spencer Bank and Southbridge Savings Bank. The bank is a wholly-owned subsidiary of mutual holding company PeoplesBancorp MHC as of January 31, 2025. On December 31, 2025, Cornerstone completed a merger with Athol Savings Bank, which now operates as a division of Cornerstone Bank.

Cornerstone offers community banking services through its main office, located at 176 Main Street, Spencer, MA, and 16 branch locations located in Charlton, Holden, Leicester, Rutland, Shrewsbury, Southbridge, Sturbridge, Webster, Worcester (3), Athol, Barre, Gardner, Winchendon, and Ashburnham. In addition, the bank operates 30 automated teller machines (ATMs) of which 2 are interactive teller machines (ITMs). The main office and each branch are equipped with at least one full-service ATM. ITMs replaced the drive-up windows at the Charlton and Spencer branches. In addition, the bank maintains standalone ATMs in Athol and Warren.

Five of the bank's branch offices were acquired through the merger with Athol Savings Bank; these locations are in Athol, Barre, Gardner, Winchendon, and Ashburnham. The bank also opened one location in Worcester in April 2025, and one location in Shrewsbury in March 2024. All the bank's branch locations, including those acquired through the Athol merger, are in Worcester County.

The bank offers an array of loan and deposit products to consumers and businesses. Deposit products include checking, savings, certificates of deposit, individual retirement accounts, and overdraft protection. The bank's lending products include residential mortgage loans, first-time homebuyer loans, downpayment assistance programs, home equity lines of credit (HELOCs), Mass Save HEAT Loans, auto loans, overdraft lines of credit, personal loans, commercial business loans, and commercial real estate loans.

This is the bank's first CRA evaluation as a Large Bank[1]; the previous CRA evaluation, dated March 4, 2024, was conducted by the Federal Reserve Bank of Boston under Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions. That examination resulted in a CRA rating of "Satisfactory".

The bank's assets total $2.6 billion as of June 30, 2026, which is approximately a 62.5 percent increase from the previous evaluation. Total assets, total loans, and total deposits have increased from the previous CRA evaluation primarily due to merger activity with Athol Savings Bank. Loans have increased to $1.9 billion, and deposits also total $1.9 billion as of June 30, 2026; this represents approximately a 46.2 percent increase for loans and 46.2 percent increase in deposits from the previous evaluation. The bank remains primarily a residential real-estate lender, with 1-4 family loans accounting for 52.4 percent of the loan portfolio. The next highest percentage is comprised of non-farm non-residential (commercial) real-estate loans at 28.7 percent.

Refer to Table 1 below for a detailed break out of the bank's loan portfolio.

1 "Large Banks" are banks or savings associations with assets of at least $1.649 billion as of December 31 of both of the prior two calendar years.

Table 1 Composition of Loan Portfolio as of June 30, 2026		
Loan Type	**$(000)**	**%**
Construction and Land Development	32,607	1.7
Farmland	832	0.0
1- to 4-Family Residential Real Estate	1,014,029	52.4
Multifamily Residential Real Estate	122,847	6.4
Nonfarm Nonresidential Real Estate	554,882	28.7
Commercial and Industrial	90,972	4.7
Consumer	117,745	6.1
Other	314	0.0
Gross Loans	1,934,228	100.0
Note: Percentages may not total 100.0 percent due to rounding. *Call Report as of June 30, 2026*		

The bank faces competition for residential lending from local and regional financial institutions, and nationwide mortgage companies. Top competitors for residential mortgage loans across the bank's assessment area in 2025 included Rocket Mortgage, LLC, United Wholesale Mortgage, PennyMac Loan Services, LLC, and JPMorgan Chase Bank, N.A. Cornerstone was ranked 10th of 461 institutions that reported originating or purchasing a home mortgage loan in the assessment area in that year. The bank's market rank reflects a strong ability to compete in the residential market. The bank also faces strong competition for small business loans. In 2025, there were 115 institutions who reported small business loans in the assessment area; Cornerstone was ranked 39th. Top small business lenders in the assessment area include American Express, N.B., JPMorgan Chase Bank, N.A., Citibank, N.A., and Capital One, N.A. In terms of deposit market share, there are 26 FDIC-insured institutions operating 192 branch offices within the assessment area. Cornerstone is ranked 4th with 8.6 percent of the deposit market share.

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

The bank's current assessment area consists of the entirety of Worcester County, MA, which is part of the Worcester, MA Metropolitan Statistical Area (MSA). The assessment area has changed since the prior examination. At the prior examination, the bank defined its CRA assessment area to include 34 contiguous towns and cities located in portions of Worcester County, MA; Hampden County, MA; Hampshire County, MA; and Windham County, CT.

Refer to the following table for relevant demographic information of the current assessment area.

Table 2
2025 Cornerstone Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	23	12.0	15,336	7.5	3,935	25.7	46,622	22.7
Moderate	33	17.3	30,721	15.0	3,515	11.4	34,520	16.8
Middle	85	44.5	93,614	45.6	4,087	4.4	41,841	20.4
Upper	47	24.6	65,269	31.8	1,461	2.2	82,491	40.1
Unknown	3	1.6	534	0.3	230	43.1	0	0.0
Total AA	**191**	**100.0**	**205,474**	**100.0**	**13,228**	**6.4**	**205,474**	**100.0**

	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	36,254	5,978	2.9	16.5	26,503	73.1	3,773	10.4
Moderate	56,616	25,562	12.4	45.1	26,394	46.6	4,660	8.2
Middle	149,336	101,395	49.1	67.9	38,668	25.9	9,273	6.2
Upper	92,728	73,270	35.5	79.0	14,845	16.0	4,613	5.0
Unknown	1,599	138	0.1	8.6	1,328	83.1	133	8.3
Total AA	**336,533**	**206,343**	**100.0**	**61.3**	**107,738**	**32.0**	**22,452**	**6.7**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	3,635	10.9	3,260	10.7	347	13.3	28	11.1
Moderate	4,920	14.7	4,472	14.7	423	16.3	25	9.9
Middle	14,389	43.1	13,192	43.2	1,082	41.6	115	45.5
Upper	10,208	30.6	9,403	30.8	721	27.7	84	33.2
Unknown	205	0.6	176	0.6	28	1.1	1	0.4
Total AA	**33,357**	**100.0**	**30,503**	**100.0**	**2,601**	**100.0**	**253**	**100.0**
Percentage of Total Businesses:				**91.4**		**7.8**		**0.8**

Source: 2025 FFIEC Census Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

As displayed above, the assessment area contains 191 census tracts. Of the total tracts, 23 or 12.0 percent are low-income, 33 or 17.3 percent are moderate-income, 85 or 44.5 percent are middle-income, 47 or 24.6 percent are upper-income and three or 1.6 percent are unknown-income. The largest concentration of low- and moderate-income census tracts are in the City of Worcester.

Housing

The assessment area contains 336,533 housing units of which the majority, at 61.3 percent, are owner-occupied. Of the total owner-occupied units, 2.9 percent are located in the assessment area's low-income census tracts, 12.4 percent are located in moderate-income census tracts, 49.1 percent are located in middle-income census tracts, 35.5 percent are located in upper-income census tracts, and just 0.1 percent are located in the unknown-income census tracts. The lack of owner-occupied units in low-income census tracts can hinder a bank's ability to lend in these areas, as most of the units are rental.

Recent data obtained from The Warren Group, Peabody, MA, shows that the median housing sales price in Worcester County was $420,000 in 2023, $450,000 in 2024, and $470,000 in 2025.

Population

The assessment area contains a total population of 862,111 individuals based on 2020 U.S. Census data. The population is comprised of 314,081 households, of which 205,474 are families. Of the assessment area's families, 22.7 percent are low-income, 16.8 percent are moderate-income, 20.4 percent are middle-income, and 40.1 percent are upper-income. Approximately 6.4 percent of families are below the poverty level.

Business Characteristics

There are 33,357 businesses in the assessment area. The vast majority, at 91.4 percent, have gross annual revenues less than or equal to $1 million, 7.8 percent have revenues over $1 million, and 0.8 percent have unknown revenues. Of the total businesses, 10.9 percent are in low-income census tracts, 14.7 percent are located in moderate-income census tracts, 43.1 percent are located in middle-income census tracts, 30.6 percent are in upper-income census tracts, and 0.6 percent are located within the unknown-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. The following table displays the MFI used to classify borrowers within the MSA/MD portion(s) of the assessment area and the non-MSA portion of the state.

Table 3
Median Family Income

MSA/MD	2023	2024	2025
Worcester, MA MSA	$115,600	$114,100	$122,700
State MFI*	$130,000	$106,700	$124,700

FFIEC median family income estimates

**Represents non-MSA portions of the state*

As displayed in the table above, the median family income in the Worcester, MA MSA increased from $115,600 in 2023 to $122,700 in 2025.

Employment Statistics

According to data from the Bureau of Labor Statistics, the unemployment rate for Worcester County was 3.6 percent in December 2023, 4.0 percent in December 2024, and 4.7 percent in December 2025. This is generally consistent with Massachusetts statewide unemployment rates, which were 3.6 percent in December 2023, 3.9 percent in December 2024, and 4.6 percent in December 2025.

SCOPE OF EXAMINATION

Cornerstone's CRA performance evaluation was conducted using the FFIEC Examination Procedures for Large Institutions. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The Lending Test analyzed residential mortgage loans and small business loans originated from January 1, 2023, to December 31, 2025. Residential mortgage loans were weighed more heavily than small business loans based on the volume of originations. Analysis of the bank's residential mortgage lending was conducted utilizing loans reported under the Home Mortgage Disclosure Act (HMDA). The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment area. Aggregate data was obtained from the Consumer Financial Protection Bureau and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. The bank's residential mortgage lending performance was also compared to demographics from the U.S. Census.

Small business loans included commercial real estate loans and commercial and industrial loans with original loan amounts of $1 million or less. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and to demographic information obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

The review period for the Investment Test and the Service Test was March 4, 2024, through August 10, 2026. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank. Under the Lending Test, community development loans were also considered from March 4, 2024, through August 10, 2026.

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.

Two community contacts were conducted in conjunction with this examination. One was conducted with a nonprofit organization providing basic needs, shelter, recovery, and employment training to low-income individuals throughout Worcester County. 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. The contact described that financial

institutions could support the community by increasing involvement through financial contributions, volunteer efforts, and partnerships with local organizations. Additionally, institutions can provide value through financial education initiatives, particularly around navigating higher education financing, and by supporting programs that improve access to essential services, such as transportation and food security.

A second contact was conducted with a nonprofit organization that creates and preserves affordable housing opportunities for low- to moderate-income households and supports neighborhood revitalization throughout Worcester County. The contact identified affordable housing as a primary need, as home prices have increased rapidly over the last several years in Worcester County, straining affordability for low- and moderate-income individuals. Additional affordable housing investment and lending from financial institutions are key community development needs. The contact also noted that according to City of Worcester data, elderly individuals are the fastest rising homeless population in the city, demonstrating need for additional services to support this vulnerable population.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Cornerstone Bank's performance under the Lending Test is rated Low Satisfactory.

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

Lending Activity

The bank demonstrates excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business in its assessment area.

Residential Lending

Cornerstone reported a total of 971 HMDA loans in the assessment area during the evaluation period. In 2023, the bank was ranked 12th of 442 home mortgage lenders in the assessment area. In 2024, the bank was ranked 19th of 441 lenders in the assessment area. In 2025, the bank was ranked 10th of 461 lenders in the assessment area.

Small Business Lending

Cornerstone reported a total of 130 small business loans in the assessment area during the evaluation period. In 2025, the bank was ranked 39th of 115 lenders in the assessment area. The bank was not required to report its small business loans in 2023 and 2024; therefore, market share comparisons are not available for these years.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 4 demonstrates an adequate percentage of its loans are made in its assessment area. The table

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

Table 4
Lending Inside and Outside the Assessment Area
Assessment Area: Cornerstone

Loan Type - Description	Inside				Outside				Total			
	#	%	$(000s)	%	#	%	$(000s)	%	#	%	$(000s)	%
Home Purchase	364	63.7	128,247	58.5	207	36.3	90,842	41.5	571	100.0	219,089	100.0
Home Improvement	340	72.5	35,901	62.8	129	27.5	21,241	37.2	469	100.0	57,142	100.0
Multi-Family Housing	33	89.2	22,638	61.6	4	10.8	14,088	38.4	37	100.0	36,726	100.0
Refinancing	234	79.9	43,090	70.7	59	20.1	17,869	29.3	293	100.0	60,959	100.0
Total HMDA related	**971**	**70.9**	**229,876**	**61.5**	**399**	**29.1**	**144,040**	**38.5**	**1,370**	**100.0**	**373,916**	**100.0**
Small Business	130	52.6	28,804	60.3	117	47.4	18,987	39.7	247	100.0	47,791	100.0
Total Small Bus. related	**130**	**52.6**	**28,804**	**60.3**	**117**	**47.4**	**18,987**	**39.7**	**247**	**100.0**	**47,791**	**100.0**
TOTAL LOANS	**1,101**	**68.1**	**258,680**	**61.3**	**516**	**31.9**	**163,027**	**38.7**	**1,617**	**100.0**	**421,707**	**100.0**

HMDA and small business for 2023. 2024, and 2025
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Residential Lending

Of the 1,370 loans reported on Cornerstone's HMDA LARs during the evaluation period, 971 loans, or 70.9 percent, were inside the bank's assessment area. Of the total HMDA loans inside the assessment area, 290 loans were from 2023, 272 loans were from 2024, and 409 loans were from 2025. The percentage of HMDA loans reported inside the assessment area has shown a slight declining trend, with 77.3 percent of loans inside the assessment area in 2023, 71.0 percent in 2024, and 66.8 percent in 2025.

Small Business Lending

The bank originated or purchased 247 small business loans during the evaluation period, of which 130 loans, or 52.6 percent, were inside the assessment area. Of the total small business loans originated or purchased inside the assessment area, 56 loans were from 2023, 36 loans were from 2024, and 38 loans were from 2025. The percentage of small businesses loans inside the assessment area has shown an increasing trend, with 34.8 percent of loans inside the assessment area in 2023, 90.0 percent in 2024, and 82.6 percent in 2025. The low percentage of small business loans inside the assessment area in 2023 was due to the bank's strategy of purchasing small business loans throughout the broader regional area for that year.

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 poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

Residential Lending

Table 5 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution is poor.

Table 5
Distribution of 2024 and 2025 Home Mortgage Lending By Income Level of Geography
Assessment Area: Cornerstone

Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2024						2025						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
	Home Purchase Loans												
Low	3	2.8	6.0	435	1.1	5.6	3	2.2	5.3	618	1.4	5.3	2.9
Moderate	9	8.3	16.4	2,270	5.9	14.0	8	5.8	16.6	1,744	3.8	14.1	12.4
Middle	62	56.9	47.3	18,498	48.2	44.2	94	68.1	46.2	31,337	68.5	42.2	49.1
Upper	35	32.1	30.0	17,179	44.8	36.0	33	23.9	31.7	12,028	26.3	38.2	35.5
Unknown	0	0.0	0.2	0	0.0	0.2	0	0.0	0.2	0	0.0	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	109	100.0	100.0	38,382	100.0	100.0	138	100.0	100.0	45,727	100.0	100.0	100.0
	Refinance Loans												
Low	2	3.5	3.9	630	5.3	4.3	3	2.6	3.5	890	3.9	3.7	2.9
Moderate	3	5.3	15.3	473	4.0	13.4	5	4.3	13.3	379	1.7	11.9	12.4
Middle	31	54.4	46.4	4,499	37.7	43.9	66	56.4	47.5	12,351	54.0	43.6	49.1
Upper	20	35.1	34.2	5,075	42.5	38.2	42	35.9	35.6	9,182	40.1	40.6	35.5
Unknown	1	1.8	0.2	1,264	10.6	0.2	1	0.9	0.1	69	0.3	0.1	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	57	100.0	100.0	11,941	100.0	100.0	117	100.0	100.0	22,871	100.0	100.0	100.0
	Home Improvement Loans												
Low	1	1.0	2.5	25	0.2	2.1	4	2.9	3.0	468	2.9	4.3	2.9
Moderate	7	7.1	12.5	778	7.0	10.5	9	6.5	11.7	1,267	7.8	9.3	12.4
Middle	65	65.7	45.6	7,053	63.4	40.7	77	55.8	48.9	9,224	57.0	45.3	49.1
Upper	26	26.3	39.3	3,266	29.4	46.7	47	34.1	36.3	5,060	31.3	40.8	35.5
Unknown	0	0.0	0.1	0	0.0	0.1	1	0.7	0.1	150	0.9	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	99	100.0	100.0	11,122	100.0	100.0	138	100.0	100.0	16,169	100.0	100.0	100.0
	Multifamily Loans												Multi-family Units %
Low	0	0.0	31.7	0	0.0	25.3	3	18.8	36.1	1,003	15.6	41.6	26.5
Moderate	1	14.3	26.9	1,613	29.2	17.5	3	18.8	23.6	1,959	30.5	23.7	23.5
Middle	5	71.4	34.7	3,305	59.9	50.8	10	62.5	29.6	3,462	53.9	16.7	34.1
Upper	1	14.3	6.6	600	10.9	6.4	0	0.0	10.6	0	0.0	18.0	14.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	7	100.0	100.0	5,518	100.0	100.0	16	100.0	100.0	6,424	100.0	100.0	100.0
	Total Home Mortgage Loans												Owner Occupied Units %
Low	6	2.2	5.0	1,090	1.6	6.2	13	3.2	4.6	2,979	3.3	8.7	2.9
Moderate	20	7.4	15.3	5,134	7.7	13.7	25	6.1	14.7	5,349	5.9	14.3	12.4
Middle	163	59.9	46.8	33,355	49.8	44.2	247	60.4	46.9	56,374	61.8	40.0	49.1
Upper	82	30.1	32.7	26,120	39.0	35.6	122	29.8	33.7	26,270	28.8	36.9	35.5
Unknown	1	0.4	0.2	1,264	1.9	0.2	2	0.5	0.1	219	0.2	0.2	0.1
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	272	100.0	100.0	66,963	100.0	100.0	409	100.0	100.0	91,191	100.0	100.0	100.0

Source: 2025 FFIEC Census Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2024, the bank originated six loans, or 2.2 percent, in low-income tracts. At 2.2 percent, the bank's lending percentage was below the percentage of owner-occupied housing units at 2.9 percent and below the aggregate at 5.0 percent. In the same year, the bank originated 20 loans, or 7.4 percent, in moderate-income tracts. At 7.4 percent, the bank's lending percentage was below the percentage of owner-occupied housing units at 12.4 percent, and below the aggregate at 15.3 percent.

In 2025, the bank originated 13 loans, or 3.2 percent, in low-income tracts, which was above the percentage of owner-occupied housing units but below the aggregate at 4.6 percent. For the same year, the bank originated 25 loans, or 6.1 percent, in moderate-income tracts, which was below the percentage of owner-occupied housing units and below the aggregate at 14.7 percent.

The bank's lending in 2023 reflected better performance than the years in the table, particularly in lending to low-income tracts. In 2023, the bank originated 17 loans, or 5.9 percent, in low-income tracts, which was above the percentage of owner-occupied housing units at 2.8 percent and above the aggregate at 4.5 percent. For the same year, the bank originated 22 loans, or 7.6 percent, in moderate-income tracts, which was below the percentage of owner-occupied housing units at 11.3 percent and below the aggregate at 14.0 percent.

Cornerstone's poor performance in lending to low- and moderate-income tracts can be partly attributed to the bank's limited presence in northern Worcester County during a significant portion of the evaluation period. Cornerstone expanded its assessment area during the evaluation period to include all portions of Worcester County due to the Athol Savings Bank merger completed December 31, 2025. Prior to the merger, Cornerstone did not have any branches in the northern portion of Worcester County, and the bank's limited presence resulted in low lending volume in low- and moderate-income tracts in northern municipalities including Athol, Gardner, Leominster and Fitchburg.

There were no conspicuous lapses or gaps in lending in central and southern Worcester County. The bank continues to engage in outreach and geographically targeted homebuyer classes in low- and moderate-income tracts to improve its geographic lending patterns.

Small Business Lending

Table 6 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is adequate.

Table 6
Distribution of 2024 and 2025 Small Business Lending By Income Level of Geography
Assessment Area: Cornerstone

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2024						2025						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	7	19.4	7.8	1,329	19.4	8.9	4	10.5	8.0	1,948	16.4	7.8	10.9
Moderate	3	8.3	13.1	751	10.9	14.0	1	2.6	13.6	88	0.7	14.6	14.7
Middle	14	38.9	43.7	2,124	31.0	42.8	26	68.4	42.6	8,350	70.3	41.0	43.1
Upper	10	27.8	34.1	2,394	34.9	33.2	6	15.8	35.0	1,418	11.9	35.5	30.6
Unknown	2	5.6	0.8	262	3.8	1.1	1	2.6	0.6	75	0.6	1.0	0.6
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	
Total	36	100.0	100.0	6,860	100.0	100.0	38	100.0	100.0	11,878	100.0	100.0	100.0

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2024, the bank originated seven loans, or 19.4 percent, in low-income tracts. At 19.4 percent, the bank's lending percentage was above the share of total businesses in low-income tracts at 10.9 percent and above the aggregate at 7.8 percent. For the same year, the bank originated three loans, or 8.3 percent, in moderate-income tracts, which was below the share of total businesses in moderate-income tracts at 14.7 percent, and below the aggregate at 13.1 percent.

In 2025, the bank originated four loans, or 10.5 percent, in low-income tracts. At 10.5 percent, the bank's lending percentage was below the share of total businesses in low-income tracts and the aggregate at 8.0 percent. For the same year, the bank originated one loan, or 2.6 percent, in moderate-income tracts, which was below the share of total businesses in moderate-income tracts and below the aggregate at 13.6 percent.

The bank's performance in 2023 is similar to the years in the table. In 2023, the bank originated four loans, or 7.1 percent, in low-income tracts. At 7.1 percent, the bank's lending percentage was below the share of total businesses in low-income tracts at 9.8 percent and below the aggregate at 7.5 percent. For the same year, the bank originated five loans, or 8.9 percent, in moderate-income tracts, which was below the share of total businesses in moderate-income tracts at 13.8 percent, and below the aggregate at 13.1 percent.

There were no conspicuous gaps in the bank's small business lending in low- and moderate-income tracts during the evaluation period.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates an adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

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

Table 7
Distribution of 2024 and 2025 Home Mortgage Lending By Borrower Income Level
Assessment Area: Cornerstone

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2024						2025						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
	Home Purchase Loans												
Low	3	2.8	2.7	409	1.1	1.1	7	5.1	3.4	1,093	2.4	1.5	22.7
Moderate	21	19.3	16.2	4,592	12.0	10.7	26	18.8	17.2	6,208	13.6	11.8	16.8
Middle	24	22.0	24.9	6,348	16.5	21.9	29	21.0	25.7	7,787	17.0	23.1	20.4
Upper	54	49.5	36.4	24,317	63.4	45.3	72	52.2	32.9	29,459	64.4	41.2	40.1
Unknown	7	6.4	19.8	2,716	7.1	20.9	4	2.9	20.8	1,180	2.6	22.4	0.0
Total	109	100.0	100.0	38,382	100.0	100.0	138	100.0	100.0	45,727	100.0	100.0	100.0
	Refinance Loans												
Low	6	10.5	6.6	400	3.3	3.3	5	4.3	6.4	559	2.4	3.1	22.7
Moderate	9	15.8	17.5	1,383	11.6	12.1	23	19.7	18.5	3,116	13.6	12.2	16.8
Middle	16	28.1	21.4	2,594	21.7	18.4	36	30.8	22.7	6,364	27.8	19.1	20.4
Upper	26	45.6	35.0	7,564	63.3	39.8	52	44.4	34.1	12,507	54.7	40.7	40.1
Unknown	0	0.0	19.5	0	0.0	26.5	1	0.9	18.3	325	1.4	24.9	0.0
Total	57	100.0	100.0	11,941	100.0	100.0	117	100.0	100.0	22,871	100.0	100.0	100.0
	Home Improvement Loans												
Low	5	5.1	5.9	200	1.8	3.1	7	5.1	8.6	402	2.5	5.2	22.7
Moderate	15	15.2	18.3	1,288	11.6	12.3	27	19.6	20.1	2,444	15.1	13.8	16.8
Middle	32	32.3	27.5	3,108	27.9	21.9	39	28.3	26.8	4,121	25.5	22.1	20.4
Upper	45	45.5	44.8	5,983	53.8	56.3	64	46.4	39.9	8,442	52.2	49.8	40.1
Unknown	2	2.0	3.5	543	4.9	6.5	1	0.7	4.6	760	4.7	9.1	0.0
Total	99	100.0	100.0	11,122	100.0	100.0	138	100.0	100.0	16,169	100.0	100.0	100.0
	Total Home Mortgage Loans												
Low	14	5.3	4.4	1,009	1.6	1.8	19	4.8	5.3	2,054	2.4	2.2	22.7
Moderate	45	17.0	16.9	7,263	11.8	11.1	76	19.3	18.2	11,768	13.9	12.1	16.8
Middle	72	27.2	24.6	12,050	19.6	21.1	104	26.5	24.9	18,272	21.6	21.8	20.4
Upper	125	47.2	37.7	37,864	61.6	45.0	188	47.8	34.2	50,408	59.5	41.6	40.1
Unknown	9	3.4	16.5	3,259	5.3	21.0	6	1.5	17.4	2,265	2.7	22.3	0.0
Total	265	100.0	100.0	61,445	100.0	100.0	393	100.0	100.0	84,767	100.0	100.0	100.0

Source: 2025 FFIEC Census Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

In 2024, the bank originated 14 home mortgage loans, or 5.3 percent, to low-income borrowers. At 5.3 percent, the bank's lending percentage was below the percentage of low-income families in the assessment area at 22.7 percent, and above the aggregate at 4.4 percent. Given the financial

challenges for some low-income families to obtain a home mortgage loan, it is not expected that the bank's lending percentage aligns with the percentage of low-income families in the assessment area. For the same year, the bank originated 45 home mortgage loans, or 17.0 percent, to moderate-income borrowers, which was slightly above the percentage of moderate-income families in the assessment area at 16.8 percent, and slightly above the aggregate at 16.9 percent.

In 2025, the bank originated 19 home mortgage loans, or 4.8 percent, to low-income borrowers. At 4.8 percent, the bank's lending percentage was below the percentage of low-income families in the assessment area and below the aggregate at 5.3 percent. For the same year, the bank originated 76 home mortgage loans, or 19.3 percent, to moderate-income borrowers, which was above the percentage of moderate-income families in the assessment area and above the aggregate at 18.2 percent.

The bank's lending in 2023 reflected similar performance compared to the years in the table. In 2023, the bank originated 15 home mortgage loans, or 5.4 percent, to low-income borrowers. At 5.4 percent, the bank's lending percentage was below the percentage of low-income families in the assessment area and slightly below the aggregate at 5.7 percent. For the same year, the bank originated 49 home mortgage loans, or 17.5 percent, to moderate-income borrowers, which was above the percentage of moderate-income families in the assessment area at 16.5 percent and below the aggregate at 20.7 percent.

The bank's adequate distribution of loans to low- and moderate-income borrowers was supported by the bank's limited use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers, particularly for home purchases. The bank exceeded the aggregate for home purchase loans to low- and moderate-income borrowers in 2024 and 2025. The following is a description of innovative and/or flexible residential lending programs offered by the bank.

- *MassHousing* – MassHousing mortgages are designed to help low- and moderate-income borrowers, including first-time homebuyers, in Massachusetts by providing mortgage loans with lower down payment requirements, grants and downpayment assistance, and discounted private mortgage insurance with job loss protection. The bank originated six MassHousing loans, totaling $1.0 million.

- *Massachusetts Housing Partnership (MHP) ONE Program* – This program helps low- and moderate-income homebuyers by providing mortgages with low downpayment requirements, no mortgage insurance, and discounted interest rates. In addition, the program offers the ONE+ mortgage which targets first-time homebuyers purchasing a home in certain designated Massachusetts cities and towns. The ONE+ program offers enhanced assistance through downpayment assistance, closing cost credits, and interest rate buy-downs. The bank originated 10 MHP ONE loans, totaling $3.0 million, and 10 MHP ONE+ loans, totaling $4.5 million.

- *Federal Housing Administration (FHA)* – FHA loans are government-insured and offered by approved lenders. These loans allow lower down payment minimums and lower credit scores than traditional lenders. The bank originated one FHA loan, totaling approximately $280,000.

- *Downpayment Assistance* – The bank offers downpayment assistance to income-eligible borrowers through various programs including the Federal Home Loan Bank Equity Builder Program, Housing Our Workforce, and Lift Up Homeownership. A total of 25 borrowers received downpayment assistance, totaling approximately $725,000.

Small Business Lending

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

Table 8
Distribution of 2024 and 2025 Small Business Lending By Revenue Size of Businesses
Assessment Area: Cornerstone

	Bank And Aggregate Loans By Year												Total Businesses %
	2024						2025						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	16	44.4	54.5	1,433	20.9	33.8	20	52.6	52.4	6,720	56.6	32.2	91.4
Over $1 Million	20	55.6		5,427	79.1		18	47.4		5,158	43.4		7.8
Revenue Unknown	0	0.0		0	0.0		0	0.0		0	0.0		0.8
Total	36	100.0		6,860	100.0		38	100.0		11,878	100.0		100.0
By Loan Size													
$100,000 or Less	14	38.9	96.1	515	7.5	52.0	10	26.3	96.0	559	4.7	51.8	
$100,001 - $250,000	13	36.1	2.4	2,252	32.8	15.7	9	23.7	2.4	1,575	13.3	14.8	
$250,001 - $1 Million	9	25.0	1.6	4,093	59.7	32.3	19	50.0	1.6	9,745	82.0	33.4	
Total	36	100.0	100.0	6,860	100.0	100.0	38	100.0	100.0	11,878	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	11	68.8		321	22.4		6	30.0		221	3.3		
$100,001 - $250,000	4	25.0		774	54.0		3	15.0		571	8.5		
$250,001 - $1 Million	1	6.3		338	23.6		11	55.0		5,929	88.2		
Total	16	100.0		1,433	100.0		20	100.0		6,721	100.0		

Source: 2025 FFIEC Census Data
2025 Dun & Bradstreet Data
2016 - 2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2024, the bank originated 16 loans, or 44.4 percent, to businesses with GARs of $1 million or less, which was below the share of total businesses with GAR of $1 million or less in the assessment area at 91.4 percent, and below the aggregate at 54.5 percent. In 2025, the bank originated 20 loans, or 52.6 percent, to businesses with GARs of $1 million or less, which was below the share of businesses with GAR of $1 million or less in the assessment area and slightly above the aggregate at 52.4 percent.

The bank's performance in 2023 is similar to the years provided in the table. In 2023, the bank originated 19 loans, or 33.9 percent, to businesses with GARs of $1 million or less, which was below the share of total businesses with GAR of $1 million or less in the assessment area at 91.1 percent, and below the aggregate at 55.7 percent.

The bank demonstrated an adequate record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, and businesses, with gross annual revenues of $1 million or less, consistent with safe and sound operations. Cornerstone's adequate record is based on the adequate borrower distribution of HMDA loans to low-income borrowers, and an adequate distribution of small business loans to businesses in low-income tracts and to businesses with GARs of $1 million or less.

Community Development Lending Activities

The bank's community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution's assessment area(s); 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

The bank demonstrated it has made a relatively high level of community development loans. The bank originated 38 community development loans for $46.0 million, of which 28 loans, totaling $20.8 million, directly impacted the bank's assessment area. The remaining loans were originated in a greater statewide or regional area that included the bank's assessment area.

Table 9 provides a summary of the bank's community development lending by year and purpose.

Table 9
Community Development Loans by Purpose
Assessment Area: Cornerstone

Community Development Category	3/4/2024-12/31/2024		2025		1/1/2026 – 3/2/2026		Total	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
Affordable Housing	5	3,774	4	7,545	6	7,634	15	18,953
Community Services	0	0	0	0	0	0	0	0
Economic Development	3	2,475	12	4,702	1	1,250	16	8,427
Revitalization/ Stabilization	2	4,558	3	7,348	2	6,700	7	18,606
Total	**10**	**10,807**	**19**	**19,595**	**9**	**15,584**	**38**	**45,986**

Source: Bank records

The following are examples of community development loans:

- A $1.7 million loan to rehabilitate two vacant industrial properties in a moderate-income tract in Fitchburg. This loan assisted in revitalizing the moderate-income tract by attracting new businesses in the area.

- A $2.4 million loan that provided working capital to an entity that creates and retains affordable housing in Worcester. A majority of the entity's tenants utilized Section 8 housing vouchers.

- A $1.3 million Small Business Association (SBA) 504 loan to a small business in Westborough. The SBA 504 program, which consists of financing from the bank in

conjunction with a certified development company (CDC), helps promote economic development through job creation and retention.

- A $1.6 million loan that provides 19 units of affordable housing in a low-income tract in Southbridge. All rents are below fair market rents and are affordable to low- and moderate-income individuals.

INVESTMENT TEST

Cornerstone's performance under the Investment Test is rated Low Satisfactory.

The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments[2] that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. The institution's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which qualified investments are not routinely provided by private investors.

The bank demonstrated an adequate level of qualified community development investments and grants. The bank made a total of $7.7 million in qualified investments and approximately $791,000 in donations. Compared to the last examination, qualified investments have increased 57.1 percent by dollar amount, and donations have increased by 15.5 percent by dollar amount.

Qualified Investments

The following are descriptions of the bank's qualified investments.

- *Massachusetts Housing Finance Agency (MHFA) Bond Program:* This program raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and to developers who build or preserve affordable or mixed-income rental housing. The bank purchased three MHFA bonds, totaling $1.4 million, during the evaluation period; this includes bonds purchased by Athol Savings Bank and subsequently acquired by Cornerstone upon the merger date. These investments promote affordable housing in the assessment area and the broader statewide area.

- *Public School District Municipal Bond:* During the evaluation period, Cornerstone invested in one municipal bond, totaling $1.0 million, for the rehabilitation of a high school building located in the assessment area. The bank's investment assists a public school that predominately serves low- and moderate-income students.

- *Small Business Investment Company (SBIC) Investments*: SBICs are privately owned and managed investment funds that use a mix of private investor capital and government-guaranteed debt to make equity and debt investments in qualifying small businesses. The bank maintains five prior period SBIC investments with current book values, totaling $5.3

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

million. The bank's SBIC investments promote economic development and impact the assessment area and the broader statewide area.

The bank occasionally uses innovative or complex qualified investments to support community development initiatives. SBIC funds are considered complex funds regulated by the SBA which serve as financial intermediaries in providing capital to small businesses and startups. MHFA housing bonds are often backed by several underlying mortgages and properties, which add to complexity.

The bank demonstrated adequate responsiveness to the credit and community development needs of the assessment area. The bank's investments in MHFA bonds are responsive to the assessment area's affordable housing needs, which is a key community development need as described by the community contacts. The bank's prior investments in SBIC funds continue to help meet the credit needs of small businesses and promote economic development. The bank's investment in the municipal bond is responsive to the community needs of a school district located inside the assessment area.

Grants and Donations

Table 10 displays qualified grants and donations by year and community development purpose.

Table 10
Qualified Grants and Donations by Purpose
Assessment Area: Cornerstone

Community Development Category	3/4/2024-12/31/2024		2025		1/1/2026 – 3/2/2026		Total	
	#	$	#	$	#	$	#	$
Affordable Housing	3	9,500	5	23,000	3	7,500	11	40,000
Community Services	51	181,725	75	293,778	61	227,475	187	702,978
Economic Development	4	5,000	6	11,500	5	6,050	15	22,550
Revitalization/ Stabilization	1	500	2	2,000	5	22,600	8	25,100
Total	**59**	**196,725**	**88**	**330,278**	**74**	**263,625**	**221**	**790,628**

Source: Bank records

The bank provided 221 donations, totaling approximately $791,000, in the assessment area or a broader statewide/regional area that includes the assessment area. Of the total, the highest volume by number and dollar volume were qualified as supporting community services.

The following is a sample of the organizations within the assessment area that benefited from the bank's contributions:

- *Abby's House (Abby Kelley Foster House, Inc)* - this organization provides overnight shelter services, long-term affordable housing, and education support services for low-income women and children.

- *Center of Hope Foundation, Inc.* - this organization serves low- and moderate-income individuals with disabilities through vocational employment services, family and youth services, transportation services, and a food bank.

- *Our Bright Future Inc.* - this organization aims to help low-income children break the cycle of generational poverty through education and youth development programs.

- *Worcester Community Action Council Inc.* - this community action agency supports low- and moderate-income individuals through various social services including energy assistance, early education and care, financial empowerment, and career readiness.

SERVICE TEST

Cornerstone's performance under the Service Test is rated Outstanding.

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services

Retail banking services evaluate the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or primarily serving low- and moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank demonstrated its service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. Table 11 displays the distribution of the bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts. Note that the table includes the five branches acquired during the Athol Savings Bank merger that was completed on December 31, 2025.

Table 11 Distribution of Branch Offices by Income Category Assessment Area: Cornerstone				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	12.0	10.8	1	5.9
Moderate	17.3	16.2	3	17.7
Middle	44.5	42.8	9	52.9
Upper	24.6	29.4	4	23.5
Unknown	1.6	0.9	0	0.0
Total	100.0	100.0	17	100.0

Source: 2025 FFIEC Census Data
Percentages may not total 100.0 percent due to rounding

Of the bank's 17 branches, one branch, or 5.9 percent, is in a low-income tract in Southbridge. This is below the percentage of low-income tracts and the percentage of the population that resides in low-income tracts. Three, or 17.7 percent, of the bank's branches are in moderate-income tracts located in Worcester, Athol, and Gardner. The bank's share of branches in moderate-income tracts is similar to the percentage of moderate-income tracts in the assessment area at 17.3 percent, and exceeds the share of population residing in those tracts at 16.2 percent. Three of the bank's middle- and upper-income branches are within one mile of low- and moderate-income tracts, further demonstrating accessibility. These branches are located in Webster, Worcester, and Shrewsbury.

To the extent that changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. This is primarily driven by Cornerstone's acquisition of Athol Savings Bank's five branch locations. The acquisition resulted in two additional branches located in moderate-income tracts in Athol and Gardner. In addition to the Athol Savings Bank acquisitions, Cornerstone opened two branches during the evaluation period; one branch in an upper-income tract in Shrewsbury, and one branch in a middle-income tract in Worcester. As mentioned, the Shrewsbury branch is located within one mile of a moderate-income tract.

Services, including business hours, do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Cornerstone branch hours, including hours at the branches located in low- and moderate-income tracts, are generally 8:30 a.m. to 4:00 p.m. Monday through Wednesday, 8:30 a.m. to 6:00 p.m. on Thursday, 8:30 a.m. to 5:00 p.m. on Friday, and 8:30 a.m. to 1:00 p.m. on Saturday. The Athol Savings Bank division branches have slightly different hours than the Cornerstone branches, with hours generally from 8:30 a.m. to 4:00 p.m. Monday through Friday, and 8:30 to noon Saturday.

Cornerstone is a participant in the *Bank On Worcester County* program which is coordinated by the Worcester Community Action Council. The program partners with regional financial institutions to offer accounts featuring low opening deposit requirements, no monthly maintenance fees, and no charges for bill pay or check cashing. Cornerstone's participation in this program

enhances the availability of the bank's deposit accounts and services to low- and moderate-income individuals and areas.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness and responsiveness of community development services.

The bank is a leader in providing community development services, reflected through the extent and degree to which they serve low- and moderate-income areas, and their responsiveness to available opportunities through board and committee memberships, financial literacy, and homebuying education events. During the evaluation period, 52 employees provided community development services to 41 organizations which benefited the assessment area.

Employee Services

Bank employees served on boards and committees of organizations focused primarily on community services for low- and moderate-income individuals and families. The following are examples of community development services:

- *Department of Children and Families Worcester* - This state agency organization provides child protection, foster care, housing stabilization, and family support services. A majority of families served are low-income. A bank senior vice president served on the organization's board of directors.

- *Literacy Volunteers of Greater Worcester* - This organization provides free literacy classes to support low-income adults, immigrants, and refugees in obtaining economic security, better employment, and educational access. A bank market manager served on the organization's board of directors.

- *Rainbow Child Development Center* - This organization provides early education, care, and therapeutic services to low-income and underserved children. A bank senior vice president served on the organization's board of directors.

- *United Way of Central Massachusetts* - This organization assists low- and moderate-income individuals and families through food security initiatives, emergency financial relief, and youth and family support services. A bank vice president and a bank community relations manager served on the organization's board of directors.

Financial Literacy Education

Bank employees participated in providing financial literacy education which were aimed at educating low- and moderate-income students, career readiness and workforce development, homebuyer education, and credit and financial counseling. These events were responsive to the needs of the assessment area.

The following are examples of involvement in financial literacy activities:

- *Boys and Girls Club of Worcester* - This organization provides mentoring, programs, and services to low- and moderate-income youth across Central Massachusetts. Several bank employees provided financial education classes to youth served by this organization.

- *Quaboag Valley Community Development Corporation* - This community development organization provides small business support through financing and technical assistance, workforce development, financial literacy initiatives, and community projects. Several bank employees provided financial education and technical assistance to clients served by this organization.

- *RCAP Solutions* - This affordable housing organization offers housing counseling, rental and financial assistance, homelessness prevention, and housing voucher administration to low- and moderate-income families. Several bank employees provided homebuyer education to first-time homebuyers in conjunction with this organization.

- *Worcester Housing Authority* - This public housing organization provides affordable housing options and support services to low- and moderate-income individuals. Several bank employees provided homebuyer education to clients of this organization.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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