

PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Abington Bank
Certificate Number: 26590

6 Harrison Avenue
Abington, Massachusetts 01752

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

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

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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.

Abington Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans by number and dollar volume within its assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The bank did not receive any CRA-related complaints since the prior evaluation.

The Community Development Test is rated Satisfactory.

- Abington Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

Originally chartered in 1916, Abington Bank is a state-chartered cooperative bank operating in Plymouth and Norfolk counties. The bank's main office is located in Abington, Massachusetts.

Abington Bank is wholly owned by Hometown Financial Group, Inc., a mid-tier holding company located in Easthampton, MA who in-turn, is wholly owned by Hometown Financial Group, MHC, a top-tier holding company. Hometown Financial Group, Inc's three subsidiaries include Abington Bank, Easthampton Savings Bank, and Hometown Bank. Abington Bank has three wholly owned subsidiaries, 16 Harrison Ave, 48 South Main St. Corp, and NACB Securities Corp.

Abington Bank received a "Satisfactory" rating during its prior CRA Performance Evaluation, dated May 6, 2019. Examiners evaluated the bank's performance based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

Operations

In addition to its main office in Plymouth County, Abington Bank operates five full-service branches primarily located in Norfolk County and one in Plymouth County. Specifically, the other branches are in Avon, Cohasset (2), Holbrook, and Marion. The two Cohasset offices are in upper-income census tracts while the other four branches are in middle-income census tracts. Business hours are identical across all branches as well as drive-up teller hours except for the Cohasset Village branch which does not have a drive-up teller facility. Since the last evaluation, the number of branches increased by four due to a merger with Pilgrim Bank mid-year in 2019. The bank did not close any branches during the evaluation period.

Abington Bank offers residential, commercial and consumer loans with a primary focus on residential lending. Residential products include home mortgage loans, home equity and lines of credit, and construction loans. Commercial lending products include commercial real estate, commercial construction and land development, commercial term loans and lines of credit, and loans to condominium associations. Personal and commercial deposit services include checking, savings, money market accounts, and merchant services for business customers. Other personal deposit products include certificate of deposit, individual retirement accounts, and holiday club accounts. Alternative banking services include online, mobile, and telephone banking, electronic bill pay, person-to-person payment features, and ATMs.

Ability and Capacity

As of March 31, 2022, Abington Bank's assets totaled approximately \$607.9 million, including total loans of \$412.6 million (67.9 percent of total assets) and total securities of \$50.8 million. The bank had total deposits of \$489.5 million. Total assets increased by approximately \$374.5 million, or 160.5 percent, since June 30, 2017 (the last quarter used at the prior evaluation), due the merger with Pilgrim Bank and to growth in both loan and securities. Securities increased by approximately \$24.3 million (91.3 percent), almost doubling, and loans increased by approximately \$240.9 million (137.3 percent),

essentially tripling since the prior evaluation. The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the portfolio, followed by loans secured by nonfarm nonresidential properties, which is consistent with the prior evaluation. Loan composition has changed slightly since the prior evaluation. Loans secured by construction and land development and loans secured by 1-4 family residential properties experienced the most significant changes, increasing by 5.4 percent and decreasing by 10.5 percent, respectively. Changes can be attributed to strategic growth in commercial lending and selling of residential mortgage loans on the secondary market.

| Loan Portfolio Distribution as of 3/31/2022 | | |
|--|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 47,427 | 11.4 |
| Secured by Farmland | 0 | 0.0 |
| 1-4 Family Residential | 165,599 | 39.8 |
| Multi-family (5 or more) Residential | 43,993 | 10.6 |
| Commercial Real Estate | 140,605 | 33.7 |
| Total Real Estate Loans | 397,624 | 95.5 |
| Commercial and Industrial | 18,575 | 4.5 |
| Agricultural | 0 | 0.0 |
| Consumer | 156 | 0.04 |
| Other | 0 | 0.0 |
| Less: Unearned Income | 0 | 0.0 |
| Total Loans | 416,367 | 100.0 |
| <i>Source: Reports of Condition and Income</i> | | |

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution’s CRA performance. Abington Bank designated a single assessment area comprised of Plymouth County and portions of Norfolk County. Both Counties are contained within the Boston, MA Metropolitan Division (MD) (#14454). The bank added 25 municipalities (102 census tracts) to the assessment area since the previous evaluation. The following table details the cities and towns in the bank’s assessment area.

| Assessment Area Towns | | | |
|--|------------|----------------|-------------------|
| Plymouth County, MA | | | |
| Abington | Hanover | Marshfield* | Rochester* |
| Bridgewater* | Hanson | Mattapoisett* | Rockland |
| Brockton | Hingham* | Middleborough* | Scituate* |
| Carver* | Hull* | Norwell* | Wareham* |
| Duxbury* | Kingston* | Pembroke | West Bridgewater* |
| East Bridgewater | Lakeville* | Plymouth* | Whitman |
| Halifax* | Marion* | Plympton* | |
| Norfolk County, MA | | | |
| Avon* | Cohasset* | Quincy* | Stoughton* |
| Braintree* | Holbrook | Randolph* | Weymouth |
| *Cities or towns added to the assessment area since the previous evaluation. | | | |

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

Economic and Demographic Data

Abington Bank’s assessment area consists of 155 census tracts with the following income designations according to 2015 ACS data:

- 6 low-income tracts.
- 28 moderate-income tracts.
- 88 middle-income tracts.
- 30 upper-income tracts.
- 3 census tracts with unknown income designation.

The majority of the low- and moderate-income census tracts are in Brockton (five low-income; ten moderate-income) and Quincy (one low-income; six moderate-income). Of the census tracts designated as income unknown, tract 25 023 5612.00 is occupied by Bridgewater State University, tract 25 023 5253.00 is occupied by Old Colony Correctional Center & Bridgewater State Hospital, and tract 25 023 9900.03 is denotes the harbor and Atlantic Ocean surrounding Plymouth County coastline. These areas have limited lending opportunities. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas in the bank’s assessment area. However, there are eleven census tracts designated as Qualified Opportunity Zones (QOZs) within the bank’s assessment area. QOZs are economically distressed communities approved by the U.S. Department of Treasury, with the goal of spurring economic development and job creation.

Specifically, the QOZs are in low-or moderate-income census tracts within Brockton (4), Quincy (2), Randolph (2), Rockland (1), Wareham (1) and Weymouth (1).

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) | 155 | 3.9 | 18.1 | 56.8 | 19.4 | 1.9 |
| Population by Geography | 774,295 | 2.9 | 18.8 | 56.2 | 21.4 | 0.6 |
| Housing Units by Geography | 315,242 | 2.8 | 19.9 | 57.5 | 19.8 | 0.1 |
| Owner-Occupied Units by Geography | 204,499 | 1.0 | 15.2 | 59.8 | 23.9 | 0.0 |
| Occupied Rental Units by Geography | 84,375 | 6.8 | 30.4 | 52.0 | 10.7 | 0.1 |
| Vacant Units by Geography | 26,368 | 3.7 | 22.8 | 56.6 | 17.0 | 0.0 |
| Businesses by Geography | 70,988 | 2.3 | 17.2 | 56.7 | 23.7 | 0.1 |
| Farms by Geography | 1,774 | 0.6 | 12.3 | 61.2 | 25.9 | 0.0 |
| Family Distribution by Income Level | 195,062 | 21.4 | 17.5 | 21.1 | 40.0 | 0.0 |
| Household Distribution by Income Level | 288,874 | 24.3 | 14.7 | 17.5 | 43.5 | 0.0 |
| Median Family Income MSA - 14454 Boston, MA | | \$90,699 | Median Housing Value | | | \$339,632 |
| | | | Median Gross Rent | | | \$1,176 |
| | | | Families Below Poverty Level | | | 6.1% |
| <i>Source: 2015 ACS, 2021 D&B Data, and FFIEC Estimated Median Family Income.</i> | | | | | | |
| <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i> | | | | | | |

According to the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area increased since the prior evaluation, which is directly attributable to the COVID-19 pandemic. Specifically, in 2020, the pandemic adversely affected the labor market, with annual average unemployment rates essentially tripling in both Norfolk and Plymouth Counties, and in MA as a whole. Unemployment rates peaked in April 2020 for both counties at 15.9 percent in Norfolk County and 18.8 percent in Plymouth County, showing the negative impact of the pandemic on the assessment area. However, the economy and labor market are rebounding, as 2021 annual average unemployment rates in both counties, MA, and the entire nation have decreased. Specifically, in April 2022, the annual average unemployment rates dropped to 3.0 percent in Norfolk County, and 3.6 percent in Plymouth County, both comparable to their respective 2019 annual average unemployment rates. The following table reflects unemployment rates in the assessment area compared to the state and national unemployment rates throughout the evaluation period.

| Unemployment Rates | | | |
|--|-------------|-------------|-------------|
| Area | 2019 | 2020 | 2021 |
| | % | % | % |
| Norfolk County | 2.7 | 8.8 | 5.1 |
| Plymouth County | 3.2 | 10.0 | 6.1 |
| Massachusetts | 3.1 | 9.4 | 5.7 |
| National Average | 3.7 | 8.1 | 5.3 |
| <i>Source: U.S. Bureau of Labor Statistics</i> | | | |

The Geographic Distribution criterion compares the home mortgage loans to the distribution of owner-occupied housing units. As shown in the Demographic Information of the Assessment Area table above, 64.9 percent of the 315,242 housing units are owner-occupied, slightly limiting the bank’s opportunities for home mortgage lending in the assessment area. Specifically, only 16.2 percent of owner-occupied units are in low- or moderate-income census tracts, limiting the bank’s home mortgage lending opportunities in those tracts.

Examiners used the 2019, 2020, and 2021 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 MD and MSA in the assessment area.

| Median Family Income Ranges | | | | |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| Boston, MA Median Family Income (14454) | | | | |
| 2020 (\$109,800) | <\$54,900 | \$54,900 to <\$87,840 | \$87,840 to <\$131,760 | ≥\$131,760 |
| 2021 (\$113,700) | <\$56,850 | \$56,850 to <\$90,960 | \$90,960 to <\$136,440 | ≥\$136,440 |
| <i>Source: FFIEC</i> | | | | |

The median housing value in the assessment area, at \$339,632, is high when compared to the median family incomes in the Boston, MA MD. Therefore, there may be limited opportunities for low- and moderate-income families to qualify for a mortgage under conventional underwriting standards. Additionally, over one-third of families in the assessment area (38.9 percent) are low- and moderate-income families, and approximately 6.1% of families live below the poverty line, which represents a subset of low-income families. Therefore, these factors may limit the bank’s home mortgage lending opportunities to low- and moderate-income families and increase competition for home mortgage lending to these families in the assessment area.

Competition

The bank operates in a highly competitive market for financial services. According to 2021 Deposit Market Share data, 26 financial institutions operated 221 branches in the bank’s assessment area. Of these institutions, Abington Bank ranked fourteenth with a deposit market share of 1.7 percent. The top five financial institutions, Rockland Trust Company, Citizens Bank, N.A., Bank of America, N.A., Eastern Bank, and HarborOne Bank, held 63.5 percent deposit market share. Abington Bank was the fourth-highest ranked community bank, with South Shore Bank, Bluestone Bank, and Coastal Heritage Bank community banks with 3.2 percent, 2.1 percent, and 1.9 percent deposit market shares,

respectively. However, South Shore Bank and Bluestone Bank are much larger institutions, with assets approximately \$2.0 billion and \$1.3 billion, respectively, as of March 31, 2022.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment area. In 2020, aggregate home mortgage lending data shows 483 lenders originated or purchased 54,657 home mortgage loans in the assessment area. Abington Bank ranked 87th with a 0.2 percent market share. In 2021, aggregate home mortgage lending data shows that a few more lenders entered the market, as 503 lenders originated or purchased 55,849 home mortgage loans in the assessment area. Despite increased competition, Abington Bank slightly improved its ranking to 85th, and maintained its market share at 0.2 percent. Additionally, 74.2 of lenders held less than 0.1 percent market share. Top lenders in the assessment area included Rocket Mortgage, LLC, Citizens Bank, N.A., Rockland Trust Company, and Loandepot.com, LLC collectively held 17.5 percent market share.

Abington Bank is not required to collect or report its small business lending data and elected not to do so. Therefore, the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans in the assessment area and is included here for performance context.

Community Contact

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

Examiners contacted a local organization within the bank's assessment area that promotes affordable housing, community development, as well as economic revitalization, specifically for the benefit of low- and moderate-income households and small businesses. The organization administers the Federal Community Development Block Grant (CDBG), which provides funding for community development activities that benefit low- and moderate-income individuals and communities. The organization also administers the US Housing and Urban Development (HUD) HOME Investment Partnership Program, which provides funding for creating, buying, and maintaining affordable housing, as well as rental assistance for low-income individuals. The contact noted the area is comprised of a high Cape Verdean population along with other minorities leading to a lack of understanding of banks and the banking system. Additionally noted, language barriers for individuals and small business owners are a significant challenge for those with limited English proficiency (LEP). The contact noted that more outreach from local financial institutions in different languages would be helpful in combatting the language barriers. Regarding economic development, the contact noted that business owners generally need access to financial counseling and education for their small businesses to succeed. Additionally, credit builder lending products would be beneficial. Regarding housing, the contact noted that affordable housing is a constant concern and issue in the area, particularly with respect to the older age of the local housing stock and prohibitive financial challenges for low- and moderate-income homeowners or renters to reside in de-lead and well-maintained properties. It was further noted that, for both individuals and small businesses, increased financial literacy, particularly

including budgeting and financial planning would be highly beneficial. Additionally, the contact noted that donations from financial institutions would be helpful.

A second community contact was conducted with a community development financial institution whose mission is to empower entrepreneurs, strengthen local economies, and create and retain jobs by financing all types of small businesses in Massachusetts and Rhode Island. Clients are primarily small businesses, frequently start-ups, who have been declined for traditional financing. They typically represent low-income minority populations, and frequently are non-English speakers and first-generation businesses. The contact noted the post-pandemic economic conditions continue to present challenges. The contact suggested these businesses can greatly benefit from increased financial and business awareness as well as assistance with overcoming language barriers. Several area institutions were noted to be very supportive of the community and the organization's efforts by sponsoring programs and serving on committees. However, further participation would be welcome, particularly in the form of grants and monetary donations and especially financial literacy for commercial lending. The contact also suggested commercial lending products with no prepayment penalties could benefit low- and moderate-income entrepreneurs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing, in the form of credit builder programs, and, for both individuals and small businesses, financial literacy and increased community organization partnerships are primary community development needs. Additionally, direct charitable donations would provide helpful support.

Furthermore, pandemic relief through community development programs remains a current need for residents and businesses. Financial institutions have an opportunity to provide much-needed grants to community development organizations that specialize in providing community services to low- and moderate-income individuals who have been negatively impacted by the COVID-19 pandemic. Finally, economic development opportunities exist in the form of loans to small businesses to support job retention of low- and moderate-income individuals and within low- and moderate-income geographies.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 25, 2017, to the current evaluation dated July 18, 2022. Examiners used the Interagency Intermediate Small Bank (ISB) Examination Procedures to evaluate Abington Bank's CRA performance. This is the first evaluation conducted using these procedures.

The ISB Examination Procedures include two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's performance based on the LTD ratio, assessment area concentration, geographic distribution, borrower profile, and response to CRA complaints. The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services, as well as the bank's responsiveness to the community development needs of the assessment area.

Banks must achieve at least a Satisfactory rating under each test to receive an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small business, small farm or consumer loans, represent a major product line. They provide no material support for conclusions or ratings; therefore, examiners did not present them.

Examiners considered all home mortgage loans reported on the bank's 2020, and 2021 Home Mortgage Disclosure (HMDA) Loan Application Registers (LARs). In 2020 the bank reported 156 originations totaling \$89.1 million. In 2021, the bank reported 141 originations totaling \$98.1 million. Bank management attributed this decrease to changes in market conditions. Lastly, in 2021, the bank reported 646 originations totaling \$283.9 million. Examiners compared Abington Bank's home mortgage lending performance to 2020 and 2021 aggregate data, and to 2015 American Community Survey (ACS) demographic data.

Demographic information referenced in this evaluation was obtained using 2015 American Community Survey (ACS) data, and the U.S. Bureau of Labor Statistics (BLS). Financial data about the bank came from the March 31, 2022, Report of Income and Condition (Call Report.)

Although the total dollar amounts of loans are discussed, the evaluation focuses on the bank's lending performance by the number of loans originated during the evaluation period, as it is a better indicator of the number of individuals and businesses served.

Under the Community Development Test, examiners reviewed community development activity from January 1, 2019, to the current evaluation date of June 6, 2022. The January 1, 2019, start date corresponds with the first year the bank met thresholds as an Intermediate Small Bank and presented collected Community Development test data.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Abington Bank demonstrated reasonable performance under the Lending Test. Performance under the LTD Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion. The following sections address overall bank performance for each Lending Test component.

Loan-to-Deposit Ratio

Abington's loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's average net LTD ratio, calculated from Call Report data, averaged 89.3 percent over the past 19 calendar quarters from September 30, 2017, to March 31, 2022. The ratio ranged from a high of 100.3 percent in September 30, 2019, to a low of 79.2 percent in September 30, 2021. While the average LTD ratio remained fairly steady, total net loans and total assets both increased over the evaluation period and saw a significant step increase in mid-2019 with the Pilgrim Bank merger. Additionally, the bank sells a significant amount of loans on the secondary market, which further supports the bank's reasonable LTD ratio.

Examiners compared the bank's average LTD ratio to those of similarly situated institutions. Similarly situated institutions were selected based on asset size, lending focus, and geographic location. The following table shows that Abington Bank's LTD ratio is comparable with its ratio placing above one and below two similarly situated institutions.

| Loan-to-Deposit (LTD) Ratio Comparison | | |
|---|--|--|
| Bank | Total Assets as of 3/31/2022 (\$000s) | Average Net LTD Ratio (%) |
| Bank of Canton | 829,382 | 88.1 |
| Abington Bank | 607,939 | 89.3 |
| Norwood Co-operative Bank | 715,016 | 96.7 |
| Mechanics Co-operative Bank | 647,080 | 105.7 |
| <i>Source: Reports of Condition and Income 09/30/2017- 03/31/2022</i> | | |

Assessment Area Concentration

The bank made a majority of their home mortgage loans, by number and dollar volume in its assessment area at 75.1 percent and 52.5 percent, respectively. The bank improved its assessment area concentration from the previous evaluation when it made 55.6% of its loans by number inside the assessment area and 37.3% by dollar amount. Please see the following table.

| Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|---------------|-------------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | | | | | | | | | | |
| 2020 | 117 | 75.0 | 39 | 25.0 | 156 | 47,967 | 53.8 | 41,129 | 46.2 | 89,096 |
| 2021 | 106 | 75.2 | 35 | 24.8 | 141 | 50,356 | 51.3 | 47,790 | 48.7 | 98,146 |
| Total | 223 | 75.1 | 74 | 24.9 | 297 | 98,323 | 52.5 | 88,919 | 47.5 | 187,242 |
| <i>Source: Bank Data Due to rounding, totals may not equal 100.0</i> | | | | | | | | | | |

Borrower Profile

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

The following table shows that the bank's lending to low-income borrowers was above aggregate performance in 2020 and decreased in 2021 to slightly below aggregate. The bank attributed this to changed market conditions over those time periods. The bank's performance in lending to low-income borrowers improved since the prior evaluation, though, through the merger, the assessment area and number of branches increased allowing increased opportunity. The percentage of loans to low-income borrowers is below the percentage of low-income families, which typically reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards. However, low-income families in the assessment area, earning less than \$56,850, most likely have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$339,632. Additionally, the percentage of low-income families in the assessment area also includes those families living below the poverty line. Therefore, the bank has limited lending opportunities to low-income families in the assessment area. Market share data further supports this conclusion. In lending to low-income borrowers, the bank maintained essentially its same ranking in 2021 within the top third of 247 lenders and market share of 0.2 percent.

The bank's lending to moderate-income borrowers was below aggregate performance in 2020 and 2021. The 2021 performance in lending to moderate-income borrowers showed an increasing trend from 2020 to 2021 and was above demographic data. Considering there was a small decrease in overall home mortgage lending when compared to 2020, the increased number of loans to moderate-income borrowers demonstrate that population segment shared in an increased portion of the bank's originations. The bank's performance in lending to moderate-income borrowers improved since its prior evaluation.

The bank offers several programs aimed at low- and moderate-income borrowers, including a First-Time Homebuyer (FTHB) Program and the bank's new Double Down Program. The FTHB program offers a low down-payment and a closing credit of \$950. The bank made 22 originations under the program from 2020 to the start of the examination period. Introduced in 2021, the Double Down

Program is a Certificate of Deposit-secured loan typically in the amount of \$950. With lump-sum funding of the CD by the bank, this zero-interest rate loan is designed to help borrowers establish or rebuild credit.

Additionally, market share data further supports this conclusion. In lending to moderate-income borrowers, the bank improved its ranking from 2020 to 2021 while maintaining its percentage of market share. In 2021, Abington Bank was the fifteenth-highest ranked community bank, with Rockland Trust (market share of 3.7 percent), HarborOne (market share of 1.8 percent), and Envision Bank (market share of 1.8 percent) leading community banks.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|--|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2020 | 21.4 | 5.1 | 10 | 8.5 | 1,679 | 3.5 |
| 2021 | 21.4 | 7.8 | 7 | 6.6 | 878 | 1.7 |
| Moderate | | | | | | |
| 2020 | 17.5 | 20.3 | 17 | 14.5 | 3,205 | 6.7 |
| 2021 | 17.5 | 24.2 | 20 | 18.9 | 3,239 | 6.4 |
| Middle | | | | | | |
| 2020 | 21.1 | 25.4 | 30 | 25.6 | 6,035 | 12.6 |
| 2021 | 21.1 | 27.7 | 19 | 17.9 | 4,100 | 8.1 |
| Upper | | | | | | |
| 2020 | 40.0 | 34.8 | 38 | 32.5 | 11,909 | 24.8 |
| 2021 | 40.0 | 35.0 | 29 | 27.4 | 8,420 | 16.7 |
| Not Available | | | | | | |
| 2020 | 0.0 | 14.4 | 22 | 18.8 | 25,138 | 52.4 |
| 2021 | 0.0 | 5.3 | 31 | 29.2 | 33,718 | 67.0 |
| Totals | | | | | | |
| 2020 | 100.0 | 100.0 | 117 | 100.0 | 47,967 | 100.0 |
| 2021 | 100.0 | 100.0 | 106 | 100.0 | 50,356 | 100.0 |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i> | | | | | | |

Geographic Distribution

The geographic distribution of home mortgages reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Lending in low-income census tracts was in line with aggregate and demographics in 2020 and 2021. The bank’s performance in low-income census tracts showed improvement since its prior evaluation when no originations were made. The bank’s performance in moderate-income census tracts was

below aggregate performance and demographics in 2020 and 2021. Bank performance in 2021 notably increased in lending within moderate-income census tracts. Compared to its prior evaluation, bank performance in 2020 and 2021 demonstrated an increasing trend.

As a significant concentration of low- and moderate-income census tracts exists in Brockton, the bank has particularly focused resources to improve its outreach and lending within the city. This includes partnering with nonprofit and affordable housing organizations to offer first-time homebuyer education, adding a loan originator to focus on lending opportunities within the city, and becoming a member of the Brockton Housing Partnership, an organization made up of local banks and affordable housing organizations to help address the city’s housing needs.

Abington Bank ranked within the top third of 326 lenders that originated or purchased a home mortgage loan in moderate-income census tracts within the assessment area, with a market share of 0.2 percent. Abington Bank was the fourteenth-highest ranked community bank, with Eastern Bank (market share of 3.4 percent), Rockland Bank (market share of 1.7 percent), and Bluestone Bank (market share of 1.4 percent) leading community banks. The City of Brockton is a particularly competitive market where Abington Bank ranked 112th out of 290 lenders and improved its ranking in 2021 to 97th out of 294 lenders for mortgage originations within Brockton.

| Geographic Distribution of Home Mortgage Loans | | | | | | |
|--|-----------------------------------|------------------------------|------------|--------------|---------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2020 | 1.0 | 1.0 | 1 | 0.9 | 210 | 0.4 |
| 2021 | 1.0 | 1.3 | 1 | 0.9 | 8,795 | 17.5 |
| Moderate | | | | | | |
| 2020 | 15.2 | 13.5 | 5 | 4.3 | 2,983 | 6.2 |
| 2021 | 15.2 | 14.6 | 11 | 10.4 | 3,200 | 6.4 |
| Middle | | | | | | |
| 2020 | 59.8 | 57.1 | 69 | 59.0 | 27,661 | 57.7 |
| 2021 | 59.8 | 57.5 | 62 | 58.5 | 28,841 | 57.3 |
| Upper | | | | | | |
| 2020 | 23.9 | 28.3 | 42 | 35.9 | 17,113 | 35.7 |
| 2021 | 23.9 | 26.6 | 32 | 30.2 | 9,520 | 18.9 |
| Not Available | | | | | | |
| 2020 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2021 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2020 | 100.0 | 100.0 | 117 | 100.0 | 47,967 | 100.0 |
| 2021 | 100.0 | 100.0 | 106 | 100.0 | 50,356 | 100.0 |
| <i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%</i> | | | | | | |

Response to Complaints and Fair Lending Policies and Procedures

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating. The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The bank's HMDA LARs for 2020 and 2021 were reviewed to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S Census data, the bank's assessment area contained a total population of 705,258 individuals of which 35.9 percent are minorities. The assessment area's minority and ethnic population is 19.2 percent Hispanic or Latino, 6.6 percent Black/African American, 7.1 percent Asian, and 2.9 percent other.

The bank's level of applications was compared with that of the 2020 and 2021 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

| MINORITY APPLICATION FLOW | | | | | | |
|--|-------------|--------------|------------------------------------|-------------|--------------|------------------------------------|
| RACE | 2020 | | 2020 Aggregate Data | 2021 | | 2021 Aggregate Data |
| | # | % | % | # | % | % |
| American Indian/ Alaska Native | 0 | 0.0 | 0.2 | 1 | 0.6 | 0.2 |
| Asian | 2 | 1.0 | 5.2 | 1 | 0.6 | 5.3 |
| Black/ African American | 4 | 2.1 | 6.8 | 0 | 0.0 | 8.6 |
| Hawaiian/Pacific Islander | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 |
| 5.2 or more Minority | 0 | 0.0 | 0.1 | 0 | 0.0 | 0.1 |
| Joint Race (White/Minority) | 4 | 2.1 | 1.2 | 0 | 0.0 | 1.2 |
| Total Racial Minority | 10 | 5.1 | 13.6 | 2 | 1.2 | 15.7 |
| White | 130 | 66.7 | 64.1 | 100 | 61.4 | 59.4 |
| Race Not Available | 55 | 28.2 | 22.3 | 61 | 37.4 | 25.0 |
| Total | 195 | 100.0 | 100.0 | 163 | 100.0 | 100.0 |
| ETHNICITY | | | | | | |
| Hispanic or Latino | 3 | 1.5 | 3.0 | 2 | 1.2 | 3.4 |
| Joint (Hisp/Lat /Not Hisp/Lat) | 2 | 1.0 | 1.0 | 0 | 0.0 | 1.0 |
| Total Ethnic Minority | 5 | 2.6 | 3.9 | 2 | 1.2 | 4.4 |
| Not Hispanic or Latino | 95 | 48.7 | 72.4 | 69 | 42.3 | 69.9 |
| Ethnicity Not Available | 95 | 48.7 | 23.7 | 92 | 56.4 | 25.8 |
| Total | 195 | 100.0 | 100.0 | 163 | 100.0 | 100.0 |
| <i>Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021</i> | | | | | | |

In 2020, the bank received 195 home mortgage loan applications from within its assessment area. Of these applications ten, or 5.1 percent, were received from racial minority applicants, of which five, or 50.0 percent, resulted in originations. The aggregate received 13.6 percent of its applications from minority consumers, of which 57.8 percent were originated. For the same period, the bank also received five applications, or 2.6 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, three or 60.0 percent were originated, compared with an aggregate application rate of 3.9 percent with a 59.6 percent origination rate.

In 2021, the bank received 163 home mortgage loan applications from within its assessment area. Of these applications, two or 1.2 percent were received from racial minority applicants, of which both or 100.0 percent, resulted in originations. The aggregate received 15.7 percent of its applications from minority consumers, of which 59.0 percent were originated. For the same period, the bank also received two applications, or 1.2 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, one or 50.0 percent, was originated, compared with an aggregate application rate of 4.4 percent with a 59.5 percent origination rate. Notably, aggregate data in the assessment area showed an increasing trend over 2020 and 2021.

Though Abington Bank's flow to applicants of Racial Minority and Hispanic Ethnicity is below aggregate performance, and considering the demographic composition of the assessment area, market competition, and comparisons to aggregate data in 2020 and 2021, the bank's minority application flow is adequate. The bank should remain aware of its continued community outreach strategies to reach all groups within the assessment area.

COMMUNITY DEVELOPMENT TEST

Abington Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to the community development needs and opportunities within its assessment area, examiners also considered community development activities outside the assessment area.

Community Development Loans

Abington Bank demonstrated adequate responsiveness to opportunities for community development lending. During the evaluation period, the bank's community development lending totaled 299 community development loans for approximately \$29.2 million and representing 6.0 percent of average total assets and 8.5 percent of average total loans. Of the total 299 loans, Abington Bank originated nine community development loans totaling approximately \$14.6 million. The majority of the bank's community development lending, by number and dollar, of qualified under the PPP.

In response to the COVID-19 pandemic, the bank participated in the 2020 and 2021 phases of the Small Business Administration's (SBA) Payroll Protection Program (PPP). PPP loans account for 96.5 percent, by number, and 50.0 percent, by dollar, of qualified community development loans.

Out of a total 276 PPP loans for \$15.4 million originated in 2020 and 2021 combined, 247 qualified as community development loans. In 2020, the bank originated 115 loans totaling \$6.5 million in low- and moderate-income census tracts inside the assessment which qualified under economic development and were particularly responsive to community development needs. Also, 29 loans totaling \$1.5 million originated in the assessment area qualified under revitalization or stabilization. In 2021, the bank originated 83 loans totaling \$5.1 million in middle- and upper-income census tracts inside the assessment which qualified under economic development and were particularly responsive to community development needs. Also, 20 loans totaling \$1.5 million originated in the assessment area qualified under revitalization or stabilization. The bank’s participation in the PPP program was responsive given the majority of those originations were within low- or moderate-income census tracts and given the bank’s ability and capacity.

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

| Community Development Lending | | | | | | | | | | |
|--------------------------------------|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 | 1 | 3,975 | 4 | 2,515 | 115 | 6,479 | 29 | 1,526 | 149 | 14,495 |
| 2021 | 1 | 2,120 | 1 | 400 | 83 | 5,128 | 21 | 5,853 | 106 | 13,501 |
| YTD 2022 | 1 | 1,166 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1,166 |
| Total | 3 | 7,261 | 5 | 2,915 | 198 | 11,607 | 50 | 7,379 | 256 | 29,162 |
| <i>Source: Bank Data</i> | | | | | | | | | | |

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

- In 2020 and 2021, the bank originated 276 SBA PPP loans totaling \$15.4 million within low- and moderate-income census tracts. This bank’s involvement in PPP lending shows its commitment to retaining low- and-moderate income jobs for small businesses impacted by the pandemic.
- In 2020, the bank made a loan for \$672,000 for the refinance, renovations and business expansion of a group home used particularly as a sober living house for women. Located in a concentration of low-income geographies, up to 24 occupants pay an affordable weekly rate below HUD Fair Market Rent standards. The 12 one-bedroom units are available to individuals who are looking for a sober living community and are committed to actively practicing recovery.
- In 2020, the bank originated a \$3.9 million loan to refinance a 30-unit 40-B project in Kingston, MA. All units had rents below HUD Fair Market Rents. Based on this metric, these units are likely occupied by low- or moderate-income individuals as affordable housing.
- In 2021, the bank made a loan for \$400,000 for the refinance, renovations and business expansion of a group home used particularly as a sober living house for men. Clients are

referred from jail, detox or other facilities and pay an affordable weekly rate below HUD Fair Market Rent standards. The 10 one-bedroom units are available to individuals who are looking for a sober living community and are committed to actively practicing recovery.

- In 2021, Abington Bank was the lead bank on an \$8,795,000 participation loan with for the construction and permanent financing of a ground-up five-story mixed-use building located in a low-income census tract in Brockton and in close-proximity to public transit station. These units were constructed under the Housing Development Incentive Program (HDIP). The HDIP is a state-run program offered through the Department of Housing and Community Development. The HDIP provides financing incentives to construct market-rate housing projects in gateway cities in order to increase residential growth, expand the diversity of housing stock, support economic development, and promote neighborhood stabilization in designated areas. Gateway cities designate sections of the city that are eligible for the program, therefore allowing gateway cities to determine where the greatest impact would be. This loan demonstrates the bank's commitment to revitalizing and stabilizing a low-income census tract within the bank's assessment area. As the bank's participation rate was fifty percent, the CRA amount qualified was \$4,396,000.
- In 2022, the bank participated in a \$14 million project to develop a 66-unit residential complex in Boylston. Seven of the units are to be dedicated as affordable and reserved for households earning up 80 percent of area median income. Based on the bank's \$14 million participation in the project, the bank's loan has a qualified affordable housing impact of approximately \$1.166 million.

Qualified Investments

Abington Bank demonstrated adequate responsiveness to opportunities for community development investments. The bank made 149 qualified investments totaling approximately \$6.5 million, which includes 4 equity investments totaling approximately \$6.4 million and 145 donations totaling \$115,566. The dollar amount of qualified investments equates to 1.3 percent of average total assets and 13.5 percent of average total securities. The bank's percentage of qualified investments to average total assets is above that of similarly situated institutions. Based on the number of qualified investments, the bank compared above two similarly situated institutions. Further, based on the dollar amount of qualified investments, the bank outperformed all three similarly situated institutions. By dollar amount, the majority of the qualified investments promoted the community development purpose of Affordable Housing demonstrating the bank's responsiveness to the affordable housing needs of the assessment area.

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

| Qualified Investments | | | | | | | | | | |
|------------------------------|--------------------|----------------|--------------------|------------|----------------------|------------|-------------------------|----------|------------|----------------|
| Activity Year | Affordable Housing | | Community Services | | Economic Development | | Revitalize or Stabilize | | Totals | |
| | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) | # | \$(000s) |
| Prior Period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019 | 1 | 1,046 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1,046 |
| 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2021 | 2 | 3,575 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3,575 |
| YTD 2022 | 1 | 1,769 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1,769 |
| Subtotal | 4 | 6,390 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 6,390 |
| Qualified Grants & Donations | 6 | 3.8 | 128 | 106 | 10 | 4.8 | 1 | 1 | 145 | 115.6 |
| Total | 10 | 6,393.8 | 128 | 106 | 10 | 4.8 | 1 | 1 | 149 | 6,505.6 |

Source: Bank Data

Equity Investments

Below are the bank’s qualified equity investments.

- **Mortgage-Backed Securities** - In 2019, 2021 and 2022, the bank purchased four mortgage-backed securities totaling \$6.4 million. Mortgages to 23 low- and moderate-income borrowers within the bank’s assessment area collateralize the securities, eight of which are also located in low- or-moderate-income census tracts.

Donations

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

- **Father Bill’s & MainSpring** – This nonprofit, based in Southeastern Massachusetts, assists veterans, families, and other individuals facing homelessness or emergency needs. The bank’s multiple donations in 2019-2022 funded evolving needs that included gap funding, support of the food pantry, affordable housing and food insecurity programs. These contributions were responsive to community service needs in the assessment area .
- **NeighborWorks Housing Solutions** – This Massachusetts certified development corporation (CDC) is a charter member of the national NeighborWorks America network and focuses efforts on the Southeastern MA region to promote safe and affordable housing as well as to grow financial skills and resources to low- and moderate-income individuals. Programs include homebuyer education, rental assistance, Section 8 housing, and homeless prevention. The bank’s multiple 2021 donations were responsive to identified affordable housing needs within the assessment area.
- **Old Colony YMCA Family Services** – The Old Colony YMCA is a non-profit community service organization that provides wellness and social service programs for the community,

including numerous programs geared toward low- and moderate-income individuals and at-risk children. The Old Colony YMCA has several locations in Plymouth and Norfolk County. The bank's contributions financed the organization's operating funds and holiday gifts to children in need.

- **St. Vincent de Paul Society** – The mission of this organization is to offer hope and services to the poor and suffering on a direct person-to-person basis, working to break the cycles of homelessness, substance abuse and violence. The bank's 2019, 2020 and 2021 donations supported community service needs to low-income individuals within the bank's assessment area.

Community Development Services

Abington Bank demonstrated adequate responsiveness to opportunities for community development services. During the evaluation period, Abington Bank employees and officers provided 53 instances of financial expertise or technical assistance to 36 community development organizations in the bank's assessment area benefitting low- and moderate-income individuals. Services included involvement in community development organizations that provided affordable housing, community services, and economic development for low- and moderate-income individuals. Affordable housing and economic development were identified as primary needs by the community contacts. Abington Bank's performance compared reasonably to similarly situated institutions.

The following table illustrates community development services by year and purpose.

| Community Development Services | | | | | |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| Activity Year | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals |
| | # | # | # | # | # |
| 2019 | 2 | 5 | 3 | 0 | 10 |
| 2020 | 1 | 0 | 6 | 0 | 7 |
| 2021 | 4 | 6 | 5 | 0 | 15 |
| YTD 2022 | 3 | 14 | 2 | 2 | 21 |
| Totals | 10 | 25 | 16 | 2 | 53 |
| <i>Source: Bank Data</i> | | | | | |

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

Employee Involvement

- **Brockton Housing Partnership** - This organization promotes home ownership opportunities for low- and moderate -income families by providing counseling and promoting special mortgage products and down payment assistance programs. A bank vice president provided two in-person financial literacy initiatives in low- and moderate-income neighborhoods.
- **MassHire Greater Brockton Workforce Board (MGBWB)** – This Brockton-based non-profit is a business-led board that oversees workforce development initiatives in Brockton and ten surrounding communities. Trainings through the Center for Workforce Development aim

to align training potential workers with the needs of employers ultimately promoting regional economic development. In 2020-2021 a bank Senior Vice President and in 2020 a bank Assistant Vice President participated in banking and finance industry job training targeted toward entry level positions. The employees' technical expertise supported the economic development need within the assessment area.

- **Metro South Chamber of Commerce (MSCC)** - Based in Brockton MA, this chamber of commerce supports the local business community through education, information, and community development. In 2019-2020, a bank senior executive served on the Board of Directors. In 2021-2022, a bank Vice President sits on the Ambassador Committee of the organization, strategizing ways to increase the relevance and impact of chamber programs. The employees' technical expertise supported economic development needs within the assessment area.
- **Rochester Affordable Housing Committee** – This municipal committee works to aid the Town of Rochester in meeting its minimum state requirement affordable housing unit obligations. A bank senior executive served as a committee member in 2019 and a bank Vice President served as a committee member in 2020-2022. The employees' technical expertise supported the affordable housing need within the assessment area.

Financial Literacy

- **Brockton Housing Partnership** – This organization promotes home ownership opportunities for low- and moderate -income families by providing counseling and promoting special mortgage products and down payment assistance programs. A bank vice president provided two in-person financial literacy initiatives in low- and moderate-income neighborhoods.
- **Credit for Life Fairs** – Credit for Life Fairs give students exposure to living as young adults, with a profession, and annual salary. Students were assigned a credit counselor to review their financial decisions at the conclusion of the event to determine whether the level of success in creating a budget. Multiple bank employees volunteered in Brockton, Randolph, and Holbrook public high schools where a majority of students are from low- or moderate-income families.

Other Services

- **Double Down Program** – This in-house program, launched in 2021, was designed to assist borrowers rebuild and establish credit. It is a certificate of deposit-secured loan of approximately \$950 which matches the first-time homebuyer credit. The bank funds a lump sum deposit to secure the certificate of deposit and the loan interest rate is zero. Upon payoff, the borrower receives the principle plus accrued interest.
- **First-Time Homebuyer Program** – This in-house mortgage loan program offers low down payment options and a closing cost credit of \$950. During the evaluation period, the bank originated 39 residential purchases of which 25 were first-time homebuyers.

- **Federal Home Loan Bank (FHLB) Equity Builder Program** – This program offers grants to member banks for assisting low- and moderate-income households with down payments and closing costs, rehabilitation assistance, and homebuyer counseling. The bank is a participating member in this program.
- **Federal Home Loan Bank (FHLB) Housing Our Workforce Program (HOW)** – This program partners with member banks to provide income-eligible moderate-income homebuyers with matching grants for down payment assistance on a home purchase up to a maximum of \$20,000.
- **Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts Program** - The bank is a participating member in this statewide program designed to encourage those with modest incomes to establish banking relationships. Products meeting MCBC-established guidelines offer low-cost checking and saving accounts to low- and moderate-income individuals. The bank's deposit products meet MCBC guidelines.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development.
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (6 Harrison Avenue Abington, Massachusetts 01752)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.