

PUBLIC DISCLOSURE

February 4, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BANK OF EASTON, A CO-OPERATIVE BANK
Certificate Number: 26554**

**275 Washington Street
North Easton, MA 02356**

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

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a reasonable 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.

The assigned rating is based on the following factors:

- 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 in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the prior evaluation dated November 10, 2014 to the current evaluation dated February 4, 2019. Examiners used the Interagency Small Institution Examination Procedures to evaluate Bank of Easton's CRA performance. A "Small Institution" is an institution that, as of December 31 of both the two prior calendar years, had assets of less than \$321 million. The Small Institution evaluation includes an analysis of five performance criteria: (1) loan-to-deposit ratio, (2) assessment area concentration, (3) geographic distribution, (4) borrower distribution, and (5) response to written complaints.

Loan Products Reviewed

The Bank's primary lending focus is home mortgage lending. Examiners considered the Bank's lending activity during the evaluation period, the composition of the loan portfolio, and discussions with management in reaching this conclusion. The CRA evaluation includes an analysis of the Bank's residential loan data for 2016 and 2017.

Home mortgage loan data was obtained from the Bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The Bank reported 40 loans totaling \$11.8 million in 2016 and 30 loans totaling \$9.2 million in 2017. Aggregate market data for 2016 and 2017 was used for comparative purposes to measure the Bank's level of performance with respect to the Geographic Distribution and Borrower Profile criteria.

Small business loans (commercial real estate and commercial and industrial loans) and consumer loans were not considered in this evaluation, as these loans constitute only a small portion of the Bank's loan portfolio and lending activity overall. Small farm loans were not included in the analysis, as the bank did not originate any loans of this type during the review period.

Demographic information referenced in this evaluation was obtained using two different data sets: 2010 United States Census data, against which 2016 lending is compared and 2015 American Community Survey (ACS) data, against which 2017 lending data is compared.

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 review period.

Financial information was obtained from the December 31, 2018 Report of Condition and Income (Call Report).

DESCRIPTION OF INSTITUTION

Background

Bank of Easton, A Co-operative Bank (Bank of Easton or the Bank) is a Massachusetts state-chartered mutual cooperative financial institution founded in 1889 and headquartered in North Easton, Massachusetts. The Bank operates in the southeastern part of Massachusetts, in Bristol and Norfolk Counties.

The Bank received a Satisfactory rating at its previous CRA evaluation conducted by the Division, dated November 10, 2014, based on Interagency Small Institution Examination Procedures. There are currently no financial or legal impediments that would inhibit the bank from meeting the credit needs of its assessment area.

Operations

In addition to the main office located in North Easton, the Bank operates a full-service branch in South Easton. Both branches are located in upper-income census tracts. The Bank has neither opened nor closed any branches, and no merger or acquisition activities have occurred, since the last examination.

Bank of Easton offers a wide variety of products and services to consumers and businesses. The Bank offers loan products including commercial, home mortgage, and consumer loans, with a primary focus on residential lending. The Bank also provides various deposit services such as checking, savings, certificates of deposit, and individual retirement accounts. Alternative banking services include online banking, mobile banking, and electronic bill pay.

Ability and Capacity

Assets totaled approximately \$144 million as of the December 31, 2018 quarterly call report, including total loans of approximately \$89 million and total deposits of approximately \$119 million. Total assets increased by 18.3 percent since the previous evaluation. Residential loans, including multi-family loans, account for the largest portion of the loan portfolio at 94.1 percent. Collectively, loans secured by commercial real estate and commercial and industrial loans represent 5.1 percent of the loan portfolio. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/18		
Loan Category	\$(000s)	%
Construction and Land Development	0	0.0
Secured by Farmland	0	0.0
1-4 Family Residential	83,353	93.8
Multi-family (5 or more) Residential	290	0.3
Commercial Real Estate	4,470	5.0
Total Real Estate Loans	88,113	99.1
Commercial and Industrial	63	0.1
Agricultural	0	0.0
Consumer	702	0.8
Other	11	0.0
Less: Unearned Income	0	0.0
Total Loans	88,889	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Bank of Easton designated its assessment area to include the municipalities of Easton, Mansfield, Norton, and Stoughton. This assessment area is entirely within the Easton, Mansfield, and Norton are located in the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA) (39300) while Stoughton is located in the Boston, MA Metropolitan District (MD) (14454). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 20 census tracts in Bristol and Norfolk Counties and includes the following tract income designation according to the 2015 American Community Survey (ACS) data:

- 1 moderate-income tract,
- 6 middle-income tracts, and
- 13 upper-income tracts.

The moderate income tract in 2017 is located in Stoughton. In 2016 there were two moderate-income tracts, both located in Stoughton. The Bank's 2016 home mortgage lending performance was compared to 2010 U.S. Census demographic data, while 2017 home mortgage lending performance was compared to demographic data based on the 2015 estimates. The most relevant differences between 2016 and 2017 demographic information are as follows:

- The number of moderate-income census tracts decreased from 2 to 1;
- The number of middle-income census tracts decreased from 8 to 6;
- The number of upper-income census tracts increased from 10 to 1.
- The percentage of owner-occupied housing units in moderate-income census tracts decreased from 4.9 percent to 1.3 percent. The change can be attributed to the change in tract classification;
- The percentage of families below the poverty level decreased from 4.2 percent to 3.7 percent.

Demographic information for the assessment area is displayed in the chart below.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	20	0.0	5.0	30.0	65.0	0.0
Population by Geography	94,537	0.0	1.8	28.1	70.1	0.0
Housing Units by Geography	34,282	0.0	2.4	33.5	64.1	0.0
Owner-Occupied Units by Geography	24,964	0.0	1.3	28.2	70.5	0.0
Occupied Rental Units by Geography	7,580	0.0	5.5	48.0	46.5	0.0
Vacant Units by Geography	1,738	0.0	5.4	47.2	47.5	0.0
Businesses by Geography	6,819	0.0	3.4	38.7	57.9	0.0
Farms by Geography	187	0.0	4.8	30.5	64.7	0.0
Family Distribution by Income Level	23,861	12.4	12.5	17.5	57.6	0.0
Household Distribution by Income Level	32,544	15.5	10.7	14.9	58.9	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$335,750
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Gross Rent			\$1,192
			Families Below Poverty Level			3.7%
<i>Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2016 and 2017 FFIEC-updated median family income level is used to analyze home mortgage loans under the borrower criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. These categories are based on the FFIEC-updated median family income of \$90,800 in 2016 and \$94,300 in 2017 in the Boston, MA MD and of \$73,100 in 2016 and \$72,100 in 2017 in the Providence-Warwick, RI-MA MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2016 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
2017 (\$72,100)	<\$36,050	\$36,050 to <\$57,680	\$57,680 to <\$86,520	≥\$86,520
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				

The assessment area consists of 34,282 housing units with a median value of \$335,750. Of these, 72.8 percent are owner-occupied, 22.1 percent are occupied rental units, and 5.1 percent are vacant.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the 2017 year-end unemployment rate was 3.7 for the state of Massachusetts compared to 3.9 percent in Bristol County and 2.7 percent in Norfolk County.

Competition

There is a high level of competition for home mortgage loans among many banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2016, 271 lenders reported 4,009 originated or purchased residential mortgage loans. Bank of Easton ranked 39th out of this group with a 0.6 percent market share. The competition level within the assessment area remained steady. In 2017, 262 lenders originated or purchased 3,158 residential mortgage loans. Bank of Easton ranked 46th with a 0.5 percent market share.

According to the FDIC Deposit Market Share data as of June 30, 2018, 13 financial institutions operated 33 full-service branches within the assessment area. Of these institutions, Bank of Easton ranked 8th with a deposit market share of 4.2%.

Community Contact

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

Examiners contacted a nonprofit organization whose mission is to help people find a safe and affordable place to live. This organization develops and maintains affordable housing, educates and assists homeowners and homebuyers, and helps homeowners repair and maintain their homes. The contact stated that there is a large gap between the supply of affordable housing and the demand. The large amount of commuters has led to a high cost of housing in the area, pricing many low- and moderate-income individuals out of the housing market. The contact also stated that due to a lack of living-wage jobs in the area, that home purchase dollars are hard to obtain.

Examiners also met with an organization focused on the production and protection of low- and moderate-income housing. The contact mentioned that there is a shortage of affordable housing in the area. The contact noted that a major issue in the assessment area was the lack of community involvement from financial institutions, particularly from large, national banks.

Credit and Community Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that loans for affordable housing represent a primary credit need for the assessment area. The real estate market in the area is very competitive. Examiners also determined that community services for low- and moderate-income individuals, particularly with regards to financial literacy classes, represent a significant need in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The Bank’s LTD ratio, calculated from Call Report data, averaged 70.1 percent over the past 18 calendar quarters from September 30, 2014 to December 30, 2018. The ratio ranged from a low of 66.8 percent as of December 31, 2017 to a high of 74.4 percent as of September 30, 2018. The ratio remained generally stable during the evaluation period. The Bank maintained a lower ratio compared to similarly-situated institutions, as shown in the following table. Examiners selected similarly-situated institutions based on geographic location, and lending focus. The Bank indicated that its LTD ratio has historically been maintained at a lower level to be consistent with its lending strategy.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 (\$000s)	Average Net LTD Ratio (%)
Bank of Easton	144,420	70.1
North Easton Savings Bank	554,880	76.3
Stoughton Co-operative Bank	115,390	80.3
<i>Source: Reports of Condition and Income 09/30/14 through 12/31/18</i>		

Assessment Area Concentration

The Bank made a majority of its home mortgage loans, by both number and dollar amount, within the assessment area. The following table capture’s the Bank’s performance by both number of loans and dollar total dollar amount for 2016 and 2017 home mortgage lending.

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										
2016	24	60.0	16	40.0	40	6,388	54.3	5,386	45.7	11,774
2017	16	53.3	14	46.7	30	4,725	51.5	4,443	48.5	9,168
Total	40	57.1	30	42.9	70	11,113	53.1	9,829	46.9	20,942
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans is reviewed to assess how well the Bank is addressing the credit needs of geographies of different income levels, particularly those of low- and moderate-income. As the Bank’s assessment area contains no low-income and only one moderate-income

census tract, this criterion was assigned limited weight in arriving at the overall CRA rating. In 2016 and 2017, the Bank of Easton's distribution of home mortgage loans was reasonable.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels in the assessment area. The Bank's reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers in comparison to aggregate data.

The Bank did not originate a loan to a low-income borrower in 2016 or 2017. The aggregate lending to low-income borrowers was 2.2 percent in 2016 and 2.6 percent in 2017. The performance by the demographic comparator was 13.9 percent in 2016 and 12.4 percent in 2017. The Bank's home mortgage lending to moderate-income borrowers exceeded the aggregate by 5.9 percent in 2016 and trailed it by 12.3 percent in 2017. The Bank also exceeded the demographic comparator in 2016 by 3.9 percent and trailed it by 12.5 percent in 2017. The relatively high cost of housing, along with limited housing stock, limits opportunities to lend. The median housing price of \$335,750 is high, making home ownership difficult for low- and moderate-income borrowers.

Market share data correlates with the Bank's performance compared to the aggregate. In 2016, the bank ranked 29th out of 113 lenders in originating loans to moderate-income borrowers, with a market share of 0.9 percent. The market remained relatively stable in 2017, with 106 lenders originating 389 loans to moderate-income borrowers within the assessment area, as opposed to 432 originations in 2016.

The Bank is making a strategic effort to increase its lending to low- and moderate-income borrowers through an increased emphasis on promoting the Federal Home Loan Bank's Equity Builder Program. This program offers grants to provide low- and moderate-income households with down-payment, closing-cost, home-buyer counseling, and rehabilitation assistance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	13.9	2.2	0	0.0	0	0.0
2017	12.4	2.6	0	0.0	0	0.0
Moderate						
2016	12.8	10.8	4	16.7	813	12.7
2017	12.5	12.3	0	0.0	0	0.0
Middle						
2016	17.6	21.5	8	33.3	2,100	32.9
2017	17.5	23.4	3	18.8	504	10.7
Upper						
2016	55.7	52.5	11	45.8	3,155	49.4
2017	57.6	49.9	12	75.0	4,029	85.3
Not Available						
2016	0.0	13.1	1	4.2	320	5.0
2017	0.0	11.8	1	6.3	192	4.1
Totals						
2016	100.0	100.0	24	100.0	6,388	100.0
2017	100.0	100.0	16	100.0	4,725	100.0
<i>Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0</i>						

Response to CRA-related Complaints

The Bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The bank supports the fair lending process through consistent underwriting procedures, regular monitoring, and appropriate audits.

MINORITY APPLICATION FLOW

Examiners reviewed Bank of Easton’s 2016 and 2017 HMDA LARs to determine if the application flow from different racial groups within the bank’s assessment area reflected assessment area demographics. Examiners compared the Bank’s 2016 and 2017 residential lending to 2016 and 2017 aggregate data. This comparison assists in deriving reasonable expectations for the minority

application rate. Refer to the following table for information regarding the Bank’s minority application flow as well as the aggregate data.

MINORITY APPLICATION FLOW						
RACE	Bank 2016		2016 Aggregate Data	Bank 2017		2017 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0	0.2
Asian	1	3.6	4.0	0	0.0	3.0
Black/ African American	0	0.0	5.3	1	4.6	6.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.0	0	0.0	0.0
Joint Race (White/Minority)	2	7.1	1.4	0	0.0	1.5
Total Minority	3	10.7	11.0	1	4.6	11.5
White	22	78.6	69.6	17	77.3	68.0
Race Not Available	3	10.7	19.4	4	18.1	20.5
Total	28	100.0	100.0	22	100.0	100.0
ETHNICITY						
Hispanic or Latino	1	3.6	1.9	1	4.6	3.1
Not Hispanic or Latino	24	85.7	78.2	16	72.7	76.0
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	1	4.6	1.0
Ethnicity Not Available	3	10.7	18.8	4	18.1	19.9
Total	28	100.0	100.0	22	100.0	100.0

According to 2015 ACS US Census data, the assessment area contained 94,537 individuals, of which 13.7 percent are minorities. The assessment area’s minority and ethnic population is 5.9 percent Black/African American, 2.7 percent Asian, 0.2 percent American Indian, 2.9 percent Hispanic or Latino, and 2.0 percent other race.

In 2016, the Bank received 28 HMDA-reportable loan applications from within its assessment area. Of these applications, it received three or 10.7 percent from minority applicants. This figure is compared to aggregate data showing 11.0 percent of loan applications were received from racial minorities in the assessment area. The Bank received one or 3.6 percent of its applications from ethnic groups of Hispanic and Latino origin, compared to aggregate data showing 1.9 percent of applications were received from Hispanic and Latino applicants in the assessment area.

In 2017, the bank received 22 HMDA-reportable loan applications from within its assessment area. Of these applications, the Bank received one or 4.6 percent from minority applicants, compared to aggregate data showing 11.5 percent of loan applications were received from racial minorities in the assessment area. The Bank received one or 4.6 percent of its applications from ethnic groups of Hispanic and Latino origin, compared against aggregate data showing 3.1 percent of applications received from Hispanic and Latino applicants.

Considering the assessment area’s demographic composition, comparisons to aggregate data in 2016 and 2017, and the Bank’s low amount of overall lending, the bank’s minority application flow is adequate.

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial

institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that

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

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

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

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

Community Development Service: A service that

(1) Has as its primary purpose community development;

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

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

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

Core Based Statistical Areas (CBSAs): 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area: 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[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.