

PUBLIC DISCLOSURE

January 17, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City of Boston Credit Union
Charter Number: 67841

455 West Broadway
South Boston, MA 02127

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 Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

This document is an evaluation of the CRA performance of **City of Boston Credit Union (credit union)** prepared by the Division, the institution's supervisory agency as of **January 17, 2023**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

The Lending Test is rated "Satisfactory."

- The loan-to-share (LTS) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The credit union made a majority of its home mortgage loans in the assessment area.
- The geographic distribution of loans reflects good dispersion within the assessment area.
- The distribution of borrowers reflects good penetration among individuals of different income levels.
- The credit union did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The credit union has a weak record relative to its fair lending policies and procedures.

The Community Development Test is rated "Satisfactory."

- The credit union's community development performance demonstrates adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate considering the credit union's capacity and the needs and availability of such opportunities for community development in the credit union's assessment area.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period from the prior evaluation dated March 1, 2021, to the current evaluation dated January 17, 2023. Intermediate Small Institution CRA procedures were used for the evaluation. These procedures require two performance tests: the Lending Test and the Community Development Test.

The Lending Test considered the credit union’s performance according to the following criteria.

- Loan-to-Share ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints
- Fair lending policies and procedures

The Community Development test considered the following factors.

- Number and dollar amount of community development loans, qualified investments and donations, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS). Credit Union financial data reflects the September 30, 2022, Call Report.

Loan Products Reviewed

Examiners determined that the credit union’s major product line is home mortgage loans. This conclusion considered the credit union’s business strategy and the number and dollar volume of loans originated during the evaluation period. Home mortgage lending data analyzed included full-year data from January 1, 2020, through December 31, 2021. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the credit union pursuant to HMDA. For 2020, the credit union reported 137 originations totaling \$46.4 million within the assessment area. For 2021, the credit union reported 149 originations totaling \$59.9 million within the assessment area.

Examiners reviewed the number and dollar volume of home mortgage loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals served.

DESCRIPTION OF INSTITUTION

Background

Chartered by the Commonwealth of Massachusetts in 1915, City of Boston Credit Union, as a wholly cooperative credit union, is headquartered in Boston, Massachusetts. Membership at the credit union is open to individuals who live, work, or attend school in Middlesex, Norfolk, or Suffolk Counties, organization members located in Middlesex, Norfolk, or Suffolk Counties, employees and pensioners of Factory Mutual Insurance Company (FM Global) and its subsidiaries, students, staff, overseers, and alumni of Northeastern University, employees, or pensioners of the City of Boston, the Commonwealth of Massachusetts, or any department, commission, or authority within the Commonwealth of Massachusetts, and family members of those who fit the preceding criteria. The credit union was designated as a Low-Income Credit Union by the Division of Banks and the National Credit Union Administration (NCUA) on June 5, 2014. Eligibility is based on the majority (at least 50.01 percent) of the credit union's membership are low-income as defined in Section 701.34 of the NCUA Rules and Regulations.

The credit union had 33,507 members as of September 30, 2022. The credit union received a "Satisfactory" rating from the Massachusetts Division of Banks during its prior evaluation on March 1, 2021. The Lending Test received a Satisfactory rating, and the Community Development Test received a Satisfactory rating.

Operations

The credit union's administrative office moved to 455 West Broadway, South Boston, MA, located in a moderate-income census tract. The credit union maintains seven other full-service branches. One branch (2 Westland Ave, Boston) is located in a moderate-income census tract, three branches (Dorchester, West Roxbury, Norwood) are located in middle-income census tracts, and three branches (Canton, South Boston, City Hall, Boston, 130 West Broadway) are located in upper-income census tracts. Also, one branch (Johnston, RI) is temporarily closed due to COVID-19 and was closed for the duration of the evaluation period. The credit union opened one branch, functioning as administrative offices as of the evaluation period, at 455 West Broadway, South Boston during the evaluation period and no branches were closed, although the 1151 Boston Providence Hwy, Norwood branch relocated to 1125 Boston Providence Highway.

All branch locations have lobby hours available generally from 8:00 a.m. to 4:00 p.m. Monday - Friday with the exception of 1125 Boston Providence Highway, Norwood which is open Monday-Wednesday-Friday. Apart from the Room 242 City Hall, Boston and 1125 Boston Providence Hwy, Norwood locations, all branches have lobby hours on Saturday from 8:00 a.m. to Noon. The credit union maintains a total of six 24-hour, deposit-taking automatic teller machines (ATMs) and two interactive teller machines (ITMs) at the 2 Westland Ave, Boston

(Fenway) location. ATM availability is expanded globally by the credit union’s participation in the SUM (surcharge-free) network.

The credit union offers the following consumer products and services to its members: personal checking and savings accounts, money market accounts, and club savings accounts, share certificates, 18/65 and retirement accounts. It also provides its members with mortgage loans, home equity loans and lines of credit, new and used auto loans, motorcycle loans, secured and unsecured personal loans, Mass Save HEAT loans, “green” climate sustainable-related loans, uniform and equipment loans, student loans, and holiday and vacation loans. Other services include ATM/Debit cards, credit cards, online banking, mobile banking, mobile app, direct deposit, and 24-hour telephone service.

Ability and Capacity

As of September 30, 2022, assets totaled approximately \$666.8 million and shares totaled \$583.4 million. Total loans were \$456.8 million, representing approximately 68.5 percent of total assets. Since the previous CRA evaluation, assets increased 25.0 percent and the lending portfolio increased 42.2 percent.

The following table illustrates the distribution of the credit union’s loan portfolio.

| Loan Portfolio Distribution as of 9/30/2022 | | |
|---|--------------------|--------------|
| Loan Category | \$ | % |
| Unsecured Credit Card Loans | 4,789,401 | 1.0 |
| Non-Federally Guaranteed Student Loans | 3,932,396 | 0.9 |
| Unsecured Loans/Lines of Credit | 53,322,740 | 11.7 |
| New Vehicle Loans | 33,108,939 | 7.2 |
| Used Vehicle Loans | 47,758,050 | 10.5 |
| Secured Non-Real Estate Loans/Lines of Credit | 702,814 | 0.2 |
| Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties | 279,716,986 | 61.2 |
| Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties | 33,507,001 | 7.3 |
| All Other Real Estate Loans/Lines of Credit | 0 | 0.0 |
| Commercial Loans/Lines of Credit Real Estate Secured | 0 | 0.0 |
| Commercial Loans/Lines of Credit Not Real Estate Secured | 0 | 0.0 |
| Total Loans | 456,838,327 | 100.0 |

Source: Reports of Income and Condition

Examiners did not identify any financial, legal, or other impediments that affect the credit union’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. City of Boston Credit Union designated a single contiguous assessment area that includes 334 census tracts and encompasses all of cities and towns within Norfolk and Suffolk Counties. The assessment area includes 32 cities and towns within the Boston, MA MSA (14454) and consists of the 28 Norfolk municipalities of Avon, Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxborough, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth, and Wrentham, as well as the 4 Suffolk municipalities of Boston, Chelsea, Revere, and Winthrop.

The assessment area is unchanged since the previous examination.

Economic and Demographic Data

The assessment area consists of 334 census tracts that reflect the following income designations according to the 2015 ACS data:

- 48 low-income tracts,
- 76 moderate-income tracts,
- 94 middle-income tracts,
- 103 upper-income tracts, and
- 13 census tracts with no income designation

The low-income census tracts were located in Boston (45), Chelsea, Revere, and Quincy and the moderate-income census tracts were located in Boston (49), Braintree, Chelsea (6), Holbrook, Quincy (6), Randolph (2), Revere (8), Stoughton, Weymouth, and Winthrop. The credit union maintains a branch in Ware.

The assessment area contained 103 majority minority census tracts and there are many opportunity zones. The opportunity zones are areas of economic need recommended by the Governor of Massachusetts and approved by the U.S. Department of Treasury. Many of these zones have the lowest median family income within MA. Within the credit union's assessment area, there are 23 census tracts designated as opportunity zones. They are located in Boston (13), Chelsea (2), Quincy (2), Randolph (2), Revere (2), Weymouth, and Winthrop.

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) | 334 | 14.4 | 22.8 | 28.1 | 30.8 | 3.9 |
| Population by Geography | 1,446,640 | 11.9 | 24.2 | 29.8 | 33.6 | 0.6 |
| Housing Units by Geography | 593,783 | 10.7 | 24.0 | 30.7 | 33.9 | 0.7 |
| Owner-Occupied Units by Geography | 284,163 | 3.8 | 16.9 | 34.6 | 44.3 | 0.4 |
| Occupied Rental Units by Geography | 272,054 | 17.6 | 31.0 | 27.2 | 23.3 | 0.9 |
| Vacant Units by Geography | 37,566 | 13.6 | 27.2 | 26.4 | 31.7 | 1.1 |
| Businesses by Geography | 158,686 | 7.1 | 16.2 | 24.9 | 50.9 | 1.0 |
| Farms by Geography | 1,922 | 3.1 | 13.1 | 29.7 | 53.9 | 0.4 |
| Family Distribution by Income Level | 317,929 | 25.8 | 15.4 | 17.6 | 41.2 | 0.0 |
| Household Distribution by Income Level | 556,217 | 28.8 | 13.7 | 15.2 | 42.4 | 0.0 |
| Median Family Income MSA - 14454 Boston, MA | \$90,699 | Median Housing Value | | \$428,362 | | |
| Median Family Income MSA - 14454 Boston, MA | \$90,99 | Median Gross Rent | | \$1,326 | | |
| | | Families Below Poverty Level | | 9.8% | | |

Source: 2015 ACS, 2021 D&B Data, and FFIEC Estimated Median Family Income.
 (*) The NA category consists of geographies that have not been assigned an income classification.

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

| 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 |

Source: FFIEC

The U.S. Bureau of Labor Statistics (BLS) data indicated that the November 2022 (seasonally adjusted) unemployment rate in Massachusetts was 3.4 percent. For the same time period, the counties of the assessment area had an unemployment rate (not seasonally adjusted) of 2.7 percent in Suffolk County and 2.6 percent in Norfolk County.

Competition

City of Boston Credit Union operates in a competitive market for retail services. According to June 2022 Deposit Market Share data, there were 82 financial institutions operating 475 branches in the assessment area. City of Boston Credit Union ranked 42nd with a deposit market share of

0.2 percent. Three institutions ahead of City of Boston Credit Union included the large national retail institutions (Citizens Bank, N.A., Bank of America, N.A., and Santander Bank, N.A.) with a combined deposit market share of 35.0 percent.

The credit union operates in a highly competitive area for mortgage loans. In 2021, 550 lenders reported 79,952 originated or purchased home mortgage loans. City of Boston Credit Union ranked 91st with a 0.2 percent market share. The five most prominent lenders were large mortgage companies, accounting for 24.2 percent of the total market share.

Community Contact

Examiners determined that affordable housing for low- and moderate-income individuals and families, and economic development for local small businesses represent the primary community development needs of the assessment area. This determination is based on information from the community contact and the assessment area's demographic and economic data. Specifically, economic development, in the form of providing financing to aspiring small business owners, could help spur job creation in the area.

Examiners contacted representatives of an economic development agency located in the assessment area. The agency manages public works improvement projects, oversees development in urban renewal areas, and helps create employment and affordable housing opportunities for residents. The agency also administers various programs and grants, such as the city's Federal Community Development Block Grant (CDBG.) The CDBG provides funding for activities that benefit low- and moderate-income individuals and neighborhoods and the HOME Program, which funds the rehabilitation, creation, and preservation of affordable housing. The contact discussed the need for more affordable housing units in the area. Many residents face the risk of eviction or foreclosure, especially as rent and housing prices had increased since the COVID-19 pandemic. The contact also noted the challenge to find low-income housing properties due to acquisition costs and market conditions. The contact further discussed the language barrier challenges in the area, noting that banks should provide additional multi-language services to reach the area's diverse populations. This includes multi-lingual first-time homebuyer courses. The contact further noted the large opportunities for small businesses in the area and the need for local financial institutions to provide financing to aspiring small business owners.

Credit and Community Development Needs and Opportunities

Examiners determined that affordable housing for low- and moderate-income individuals and families and economic development for local small businesses, specifically, start-up financing, represent the assessment area's primary community development needs. Economic, demographic, and community information contributed to this determination. Affordable housing loans and small business loans for start-ups are needed. Additionally, there are opportunities for financial literacy education, particularly to prospective non-English speaking applicants.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Share Ratio

This performance criterion determines what percentage of the credit union's share base is reinvested in the form of loans and evaluates its appropriateness. The average net LTS ratio for the last eight quarters is reasonable given the institution's size, financial condition, and assessment area credit needs. The credit union's net LTS ratio, calculated from the NCUA 5300 Quarterly Call Report data, averaged 68.3 percent over the past eight calendar quarters from December 30, 2020, through September 30, 2022. This ratio ranged from a high of 78.0 percent as of September 30, 2022, to a low of 61.3 percent as of March 31, 2021, and beginning with first quarter 2021, showed an increasing trend during the evaluation period. The trend was attributed to growth through purchased and brokered home mortgage loans. The credit union's average LTS ratio was compared to that of two similarly situated institutions. The institution selection is based on asset size, geographic location and lending focus. City of Boston Credit Union's average LTS ratio is higher than one of those institutions.

| Loan-to-Share Ratio Comparison | | |
|---|--|----------------------------------|
| Institution | Total Assets as of 9/30/2022 (\$) | Average LTS Ratio (%) |
| Liberty Bay Credit Union | 729,578,915 | 86.4 |
| City of Boston Credit Union | 666,804,582 | 68.3 |
| Quincy Credit Union | 719,041,365 | 58.0 |
| <i>Source: Reports of Income and Condition 12/31/2020 through 9/30/2022</i> | | |

Assessment Area Concentration

With 68.1 percent by number, and 63.2 percent by dollar amount, the credit union made a majority of its home mortgage loans in its assessment area. By number, this performance represents a 12.2 percent decrease since the prior evaluation. This change is attributed to purchased residential loans during the evaluation period falling outside the credit union's assessment area. 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 | 137 | 75.3 | 45 | 24.7 | 182 | 46,405 | 78.3 | 12,840 | 21.7 | 59,245 |
| 2021 | 149 | 62.6 | 89 | 37.4 | 238 | 59,911 | 55.0 | 49,055 | 45.0 | 108,967 |
| Total | 286 | 68.1 | 134 | 31.9 | 420 | 106,317 | 63.2 | 61,895 | 36.8 | 168,212 |
| <i>Source: Bank Data; Due to rounding, totals may not equal 100.0</i> | | | | | | | | | | |

Geographic Distribution

Considering the credit union's assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loans reflects good penetration in the low- and moderate-income geographies.

The credit union's performance in low-income census tracts was above the aggregate lending percentage in 2020 and 2021 with a notable increase from 2020 into 2021. The credit union's lending also exceeds the demographic of owner-occupied housing in low-income areas for both years.

In moderate-income census tracts, the credit union's activity exceeds aggregate lending and demographic lending in 2020 by several percentage points. While the credit union's performance trended down slightly into 2021 to 19.5 percent, performance continued to exceed aggregate and demographic lending percentages.

Please refer to the table below for more information.

| Geographic Distribution of Home Mortgage Loans | | | | | | | |
|---|-----------------------------------|------------------------------|---------------------|------------|--------------|---------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | Market Share % of # | # | % | \$(000s) | % |
| Low | | | | | | | |
| 2020 | 3.8 | 3.8 | 0.3 | 8 | 5.8 | 2,741 | 5.9 |
| 2021 | 3.8 | 4.4 | 0.4 | 14 | 9.4 | 4,476 | 7.5 |
| Moderate | | | | | | | |
| 2020 | 16.9 | 16.4 | 0.2 | 29 | 21.2 | 8,928 | 19.2 |
| 2021 | 16.9 | 17.9 | 0.2 | 29 | 19.5 | 9,125 | 15.2 |
| Middle | | | | | | | |
| 2020 | 34.6 | 33.0 | 0.3 | 76 | 55.5 | 26,037 | 56.1 |
| 2021 | 34.6 | 32.4 | 0.2 | 58 | 38.9 | 20,202 | 33.7 |
| Upper | | | | | | | |
| 2020 | 44.3 | 46.4 | 0.1 | 23 | 16.8 | 8,389 | 18.1 |
| 2021 | 44.3 | 44.8 | 0.1 | 48 | 32.2 | 26,109 | 43.6 |
| Not Available | | | | | | | |
| 2020 | 0.4 | 0.5 | 0.3 | 1 | 0.7 | 310 | 0.7 |
| 2021 | 0.4 | 0.5 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | | | | | | | |
| 2020 | 100.0 | 100.0 | 0.2 | 137 | 100.0 | 46,405 | 100.0 |
| 2021 | 100.0 | 100.0 | 0.2 | 149 | 100.0 | 59,911 | 100.0 |
| <i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i> | | | | | | | |

Borrower Profile

The distribution of home mortgage loans reflects good penetration to individuals of different income levels.

Home mortgage lending to low-income borrowers was above aggregate lending trends in 2020 and 2021. The credit union's lending to low-income borrowers was essentially steady by number and percentage from 2020 to 2021. The percentage of loans to low-income borrowers is less than the percentage of low-income families (for both the institution and aggregate lenders), which reflects the difficulty for a low-income family to qualify for a mortgage using conventional underwriting standards.

The credit union's performance to moderate-income borrowers was comparable to aggregate lenders in 2020 and was slightly below the demographic of moderate-income families. The credit union's performance improved significantly in 2021 by number, dollar amount and percentage. The credit union's lending to moderate-income borrowers in 2021 exceeded both aggregate and demographic performance percentages. Please refer to the table below for more information on the credit union's home mortgage lending.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | | |
|--|----------------------|-------------------------------------|----------------------------|------------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | Market Share % of # | # | % | \$(000s) | % |
| Low | | | | | | | |
| 2020 | 25.8 | 2.9 | 0.3 | 7 | 5.1 | 1,331 | 2.9 |
| 2021 | 25.8 | 4.0 | 0.2 | 8 | 5.4 | 1,493 | 2.5 |
| Moderate | | | | | | | |
| 2020 | 15.4 | 14.2 | 0.2 | 19 | 13.9 | 5,240 | 11.3 |
| 2021 | 15.4 | 15.4 | 0.2 | 27 | 18.1 | 7,374 | 12.3 |
| Middle | | | | | | | |
| 2020 | 17.6 | 22.5 | 0.3 | 47 | 34.3 | 15,145 | 32.6 |
| 2021 | 17.6 | 21.4 | 0.3 | 44 | 29.5 | 16,839 | 28.1 |
| Upper | | | | | | | |
| 2020 | 41.2 | 48.5 | 0.2 | 63 | 46.0 | 24,620 | 53.1 |
| 2021 | 41.2 | 45.4 | 0.2 | 70 | 47.0 | 34,205 | 57.1 |
| Not Available | | | | | | | |
| 2020 | 0.0 | 11.8 | 0.0 | 1 | 0.7 | 70 | 0.2 |
| 2021 | 0.0 | 13.7 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | | | | | | | |
| 2020 | 100.0 | 100.0 | 0.2 | 137 | 100.0 | 46,405 | 100.0 |
| 2021 | 100.0 | 100.0 | 0.2 | 149 | 100.0 | 59,911 | 100.0 |
| <i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i> | | | | | | | |

Discriminatory or Other Illegal Credit Practices and Effect on CRA Rating

Examiners noted areas within the credit union's fair lending program which must be improved in order to mitigate discriminatory practices and violations. Per the Division's regulation 209 CMR 46.28(3), the result of this evaluation did not adversely affect the Commissioner's CRA evaluation and overall rating.

Response to Complaints and 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 credit union did not receive any complaints pertaining to the institution's CRA performance since the prior examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures.

Minority Application Flow

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 1,446,640 individuals, of which 38.5 percent are minorities. The assessment area's minority and ethnic population is 13.4 percent Black/African American, 9.1 percent Asian/Pacific Islander, 0.1 percent American Indian, 13.0 percent Hispanic or Latino and 2.9 percent Other.

The credit union's level of lending was compared with that of the aggregate's lending performance level for the most recent years that data was available, the years 2020 and 2021. The comparison of this data assists in deriving reasonable expectations for the rate of applications the credit union received from minority residential loan applicants.

In 2020, the credit union received 144 HMDA reportable loan applications from within its assessment area. Of these applications, 34.7 percent were received from minority applicants, of which 92.0 percent resulted in originations. The aggregate received 17.3 percent of applications from minority applicants and 59.7 percent were originated during 2020. For the same time period, the credit union received 15.3 percent of applications from Hispanic/Latino applicants with a 90.9 percent origination rate compared to the aggregate with a 5.9 percent application rate with an origination rate of 56.1 percent.

In 2021, the credit union received 163 HMDA reportable loan applications within its assessment area. Of these applications, 54 or 33.1 percent were received from minority applicants, of which 81.5 percent resulted in originations. The aggregate received 19.4 percent of its applications from minority consumers, of which 61.4 percent were originated. For the same period, the credit union received 16 or 9.8 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 81.3 percent were originated, compared to an aggregate ethnic minority application rate of 6.7 percent with a 59.1 percent origination rate.

Refer to the table below for information on the credit union's minority application flow as well as the aggregate in the credit union's assessment area.

| MINORITY APPLICATION FLOW | | | | | | |
|--------------------------------|------------|--------------|---------------------------|------------|--------------|---------------------------|
| RACE | 2020 | | 2020 Aggregate Data | 2021 | | 2021 Aggregate Data |
| | # | % | % | # | % | % |
| American Indian/ Alaska Native | 1 | 0.7 | 0.2 | 0 | 0.0 | 0.2 |
| Asian | 1 | 0.7 | 9.4 | 4 | 2.5 | 10.0 |
| Black/ African American | 41 | 28.5 | 5.6 | 47 | 28.8 | 7.2 |
| Hawaiian/Pacific Islander | 3 | 2.1 | 0.2 | 0 | 0.0 | 0.1 |
| 5.2 or more Minority | 1 | 0.7 | 0.1 | 0 | 0.0 | 0.2 |
| Joint Race (White/Minority) | 3 | 2.1 | 1.9 | 3 | 1.8 | 1.9 |
| Total Racial Minority | 50 | 34.7 | 17.3 | 54 | 33.1 | 19.4 |
| White | 91 | 63.2 | 58.6 | 97 | 59.5 | 53.7 |
| Race Not Available | 3 | 2.1 | 24.1 | 12 | 7.4 | 26.9 |
| Total | 144 | 100.0 | 100.0 | 163 | 100.0 | 100.0 |
| ETHNICITY | # | % | % | # | % | % |
| Hispanic or Latino | 18 | 12.5 | 4.7 | 14 | 8.6 | 5.4 |
| Joint (Hisp/Lat /Not Hisp/Lat) | 4 | 2.8 | 1.2 | 2 | 1.2 | 1.3 |
| Total Ethnic Minority | 22 | 15.3 | 5.9 | 16 | 9.8 | 6.7 |
| Not Hispanic or Latino | 120 | 83.3 | 69.1 | 134 | 82.2 | 66.7 |
| Ethnicity Not Available | 2 | 1.4 | 25.0 | 13 | 8.0 | 26.7 |
| Total | 144 | 100.0 | 100.0 | 163 | 100.0 | 100.0 |

Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021

Considering the demographic composition of the assessment area and comparisons to aggregate data, the credit union’s minority application flow is more than adequate.

COMMUNITY DEVELOPMENT TEST

City of Boston Credit Union’s community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development services and qualified donations. Examiners considered the credit union’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Services

During the evaluation period, the credit union employees provided financial expertise or technical assistance to community development organizations within its assessment area. The community development services show the credit union’s commitment to meet the community development needs of the assessment area.

The following are examples of community development services provided by the credit union and its staff.

- ***Bank On Boston Coalition*** – The Bank on Boston Coalition brings government agencies, financial institutions, and community organizations together to analyze the landscape of financial services offered throughout the city. The organization gathers the input from residents and establishes program processes and policies. The Coalition is led by the City

of Boston Mayor's Office of Financial Empowerment and the City of Boston Mayor's Office of New Urban Mechanics.

- ***Boston Builds Credit*** – Boston Builds Credit is a community-based organization that is looking to advance safe and affordable credit building programs to empower Boston residents. The organization focuses on credit building as a key component of the journey toward financial success. An employee of the credit union serves at Boston Builds Credit.

Financial Literacy Seminars

City of Boston Credit Union management and staff participated in 56 financial literacy workshops or seminars with qualified community organizations.

- ***Gavin House-*** During the evaluation period, City of Boston Credit Union provided Personal Banking Basics financial literacy classes at Gavin House. The Gavin House is a recovery home for adult men which aims to restore dignity and self-respect in a supportive and understanding home-like environment.
- ***Project Place*** – The City of Boston Credit Union provided “Getting Back on Track Financially” classes at Project Place. Project Place provides an opportunity for homeless and low-income individuals by providing the skills, education and resources needed to obtain and sustain employment and housing.

Qualified Donations

During the evaluation period, City of Boston Credit Union made 74 qualified donations for \$241,350 to organizations in the assessment area that primarily benefitted low- and moderate-income individuals, and families, as well as low- and moderate-income areas.

The following are notable examples of qualified donations:

- ***Fourth Presbyterian Church*** – During the evaluation period, the credit union donated to the Fourth Presbyterian Church's food pantry located in South Boston. The food pantry serves those who are facing food insecurity in the South Boston community.
- ***Massachusetts Affordable Housing Alliance (MAHA)*** – During the evaluation period, the credit union made a donation to MAHA. MAHA provides educational seminars for low- and moderate-income individuals and families on the topics of home ownership and foreclosure prevention.
- ***Possibilities Here, Inc.*** – Possibilities Here, Inc. works to break the foster care system's cycle of poverty and abused experienced by young women, so that they can be successful in work, family, and life. City of Boston Credit Union donated to this organization during the evaluation period.

- ***United Way of Massachusetts*** – City of Boston Credit Union made multiple donations to the United Way of Massachusetts. The United Way works with volunteers, supporters and advocates to build stronger neighborhoods through supporting programs that focus on ending homelessness and moving families out of poverty.

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 institution 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.

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.

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 refinancing 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.

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.

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 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 (455 West Broadway, South Boston, MA 02127)."

[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.