

PUBLIC DISCLOSURE

April 4, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Liberty Bay Credit Union

Certificate Number: 67541

300 Granite Street

Braintree, MA 02184

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 **Liberty Bay Credit Union (credit union)** prepared by the Division, the institution's supervisory agency as of **April 4, 2022**. 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 "**High Satisfactory.**" An institution in this group has a good 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. Liberty Bay Credit Union's performance under this test is summarized below:

The Lending Test is rated Satisfactory.

- The loan-to-share (LTS) ratio is more than 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 reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects more than reasonable penetration 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 Lending Test rating.

The Community Development Test is rated High Satisfactory.

- The credit union's community development performance demonstrates good 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 their authority when examining financial institutions subject to their 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 December 16, 2019, to the current evaluation dated April 4, 2022. 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

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 December 31, 2021 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, 2019, 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 2019 the credit union reported 203 originations totaling \$53.2 million within the assessment area. For 2020 the credit union reported 308 originations totaling \$102.2 million within the assessment area. For 2021 the credit union reported 275 originations totaling \$93.8 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 1917, Liberty Bay Credit Union is a community credit union headquartered in Braintree, Massachusetts. Membership at Liberty Bay is open to anyone who lives, works, or attends school in Norfolk and Suffolk County and eligible communities of Plymouth and Middlesex Counties. Membership is also open to those with an affiliation to the credit union's partner organizations or is an immediate family or household member of an existing member.

LBCU has 25,034 members as of December 31, 2021. The credit union received a "High Satisfactory" rating from the Massachusetts Division of Banks during its prior evaluation on December 16, 2019. The Lending Test received a Satisfactory rating, and the Community Development Test received a High Satisfactory rating.

Operations

The credit union's operations are headquartered in its main office located at 300 Granite Street in Braintree, MA, which is in a middle-income census tract. The credit union also maintains branches in Hingham, Scituate, and Woburn. One branch is located in a middle-income census tract, while the other two branches are located in upper-income census tracts.

All branch locations have lobby hours available from 8:30 a.m. to 4:30 p.m. Monday -Friday. Apart from the Woburn location, all branches have lobby hours on Saturday from 9:00 a.m. to 1:00 p.m. LBCU's Woburn location does not offer any lobby hours on Saturday.

The credit union offers the following products and services to its members: checking and savings accounts for consumers and businesses, money market accounts, club savings accounts, share certificates and retirement accounts. It also provides its members with mortgage loans, home equity loans and lines of credit, new and used auto loans, credit builder loans, personal loans and lines of credit, boat loans, and Mass Save HEAT loans. Additional services include ATM/Debit cards, credit cards, internet banking, mobile banking, and business services.

Liberty Bay is part of CO-OP's Shared Branching network. This network gives its members access to over 5,000 participating branches nationwide, plus nearly 30,000 surcharge-free ATMs.

Ability and Capacity

As of December 31, 2021, assets totaled approximately \$714.7 million, and shares totaled \$577.8 million. Total loans were \$489.5 million, representing approximately 68.5 percent of total

assets. Since the previous CRA evaluation, assets increased 7.9 percent, and the lending portfolio increased 5.7 percent. The following table illustrates the distribution of the credit union's loan portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$	%
Unsecured Credit Card Loans	1,605	0.0
Non-Federally Guaranteed Student Loans	8,353,627	1.7
Unsecured Loans/Lines of Credit	13,318,776	2.7
New Vehicle Loans	4,348,311	0.9
Used Vehicle Loans	34,702,597	7.1
Secured Non-Real Estate Loans/Lines of Credit	8,925,653	1.8
Total Loans/Lines of Credit Secured by 1 st Lien 1-4 Family Residential Properties	298,893,381	61.1
Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties	59,411,911	12.0
All Other Real Estate Loans/Lines of Credit	0	0.0
Commercial Loans/Lines of Credit Real Estate Secured	49,399,744	10.1
Commercial Loans/Lines of Credit Not Real Estate Secured	12,159,394	2.5
Total Loans	489,514,999	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 each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Liberty Bay Credit Union has designated its assessment area to include all of Suffolk and Norfolk Counties and portions of Middlesex and Plymouth County. The credit union's assessment area, as currently defined, meets the technical requirements of the CRA Regulation.

Economic and Demographic Data

The assessment area includes 603 census tracts and contains all of Suffolk County and Norfolk County as well as portions of Middlesex County and Plymouth County.

Plymouth County towns include Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Plymouth, Plympton, Rockland, Scituate, West Bridgewater, and Whitman.

Middlesex County towns include Arlington, Belmont, Burlington, Cambridge, Everett, Lexington, Malden, Medford, Melrose, Newton, North Reading, Reading, Somerville, Stoneham, Wakefield, Waltham, Watertown, Weston, Wilmington, Winchester, and Woburn.

The assessment area is unchanged since the previous examination.

The assessment area reflects the following income designations according to the 2015 ACS data:

- 61 low-income tracts,
- 123 moderate-income tracts,
- 211 middle-income tracts, and
- 192 upper-income tracts
- 15 census tracts with no income designation

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)	603	10.1	20.4	35.0	32.0	2.5
Population by Geography	2,748,367	8.5	20.6	37.0	33.4	0.5
Housing Units by Geography	1,115,694	8.0	20.7	38.0	33.0	0.4
Owner-Occupied Units by Geography	587,421	2.9	14.2	41.1	41.6	0.2
Occupied Rental Units by Geography	456,719	14.1	28.8	34.3	22.2	0.6
Vacant Units by Geography	71,554	10.0	23.1	35.9	30.4	0.6
Businesses by Geography	296,590	6.0	14.7	34.5	44.2	0.5
Farms by Geography	4,277	2.5	10.9	42.1	44.4	0.2
Family Distribution by Income Level	628,308	23.4	15.7	18.7	42.1	0.0
Household Distribution by Income Level	1,044,140	26.5	14.1	15.8	43.6	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$440,011
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,358
			Families Below Poverty Level			7.9%
<i>Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

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)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source: FFIEC</i>				

The U.S. Bureau of Labor Statistics (BLS) data indicated that the January 2022 unemployment rate in Massachusetts was 4.7 percent. For the same time period, the counties of the assessment area had an unemployment rate of 4.6 percent in Suffolk County, 4.2 percent in Norfolk County, 3.8 percent in Middlesex County, and 5.6 percent in Plymouth County.

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 loan-to-share ratio for the last 12 quarters is reasonable given the institution’s size, financial condition, and assessment area credit needs.

The credit union’s net LTS ratio, as calculated from the NCUA 5300 Quarterly Call Report data, averaged 90.0 percent over the past 12 calendar quarters from March 31, 2019, through December 31, 2021. The ratio ranged from a low of 80.1 percent as of September 30, 2020, to a high of 101.2 percent as of March 31, 2019.

The credit union’s average LTS ratio over the previous 12 quarters was compared to that of three similarly situated institutions. The institution selection is based on geographic location and lending focus. Liberty Bay Credit Union’s average LTS ratio is higher than those institutions.

Loan-to-Share Ratio Comparison		
Institution	Total Shares (\$)	Average LTS Ratio (%)
Liberty Bay Credit Union	577,780,122	90.0
Sharon & Crescent Credit Union	1,043,434,519	85.1
Quincy Credit Union	649,118,832	64.6
<i>Source: Reports of Income and Condition 03/31/2019 through 12/31/2021</i>		

Assessment Area Concentration

The credit union made a majority of their home mortgage loans, by number and dollar volume in its assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	203	75.7	65	24.3	268	53,296	75.2	17,585	24.8	70,882
2020	308	78.6	84	21.4	392	102,191	81.8	22,811	18.2	125,003
2021	275	74.7	93	25.3	368	93,773	75.3	30,825	24.7	124,598
Subtotal	786	76.0	93	23.6	1,028	249,260	77.4	71,221	22.6	320,483
Total	786	76.0	93	23.6	1,028	249,260	77.4	71,221	22.6	320,483

Source: Credit Union Data

Geographic Distribution

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

In 2019, the credit union's lending in low-income census tracts at 3.0 percent was inline the aggregate at 3.4 percent and above the percentage of owner-occupied housing at 2.9 percent. In moderate-income census tracts the credit union's lending at 8.4 percent was below the aggregate and the percentage of owner-occupied housing units.

In 2020, the credit union's lending in low-come census tracts decreased to 1.9 percent which was below the aggregate at 3.4 percent and the percentage of owner-occupied housing units at 2.9 percent. In moderate-income census tracts the credit union originated 12.3 percent of their home mortgage loans which was slightly behind the aggregate at 14.6 and the percentage of owner-occupied housing units at 14.2 percent.

In 2021, the credit union originated 1.8 percent of home mortgage loans in low-income census tracts which was below the aggregate at 4.0 percent and the owner-occupied housing units at 2.9 percent. In moderate-income census tracts, the credit union originated 13.1 percent of home mortgage loans which was below the owner-occupied housing units at 14.2 percent. The aggregate originated 15.9 percent of home mortgage loans in moderate-income census tracts which was above the percentage of loans originated by the credit union.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.9	3.4	6	3.0	1,485	2.8
2020	2.9	3.4	6	1.9	2,042	2
2021	2.9	4.0	5	1.8	2,036	2.2
Moderate						
2019	14.2	15	17	8.4	3,989	7.5
2020	14.2	14.6	38	12.3	13,321	13
2021	14.2	15.9	36	13.1	11,262	12
Middle						
2019	41.1	40.5	112	55.2	29,325	55
2020	41.1	39.9	162	52.6	48,057	47
2021	41.1	39.6	144	52.4	45,122	48.1
Upper						
2019	41.6	40.9	68	33.5	18,498	34.7
2020	41.6	41.9	102	33.1	38,771	37.9
2021	41.6	40.2	90	32.7	35,353	37.7
Not Available						
2019	0.2	0.3	0	0	0	0
2020	0.2	0.2	0	0	0	0
2021	0.2	0.3	0	0	0	0
Totals						
2019	100	100	203	100	53,296	100
2020	100	100	308	100	102,192	100
2021	100	100	275	100	93,773	100
<i>Source: 2015 ACS; Credit Union Data, 2019 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 more than reasonable penetration to individuals of different income levels.

In 2019, the credit union originated 7.9 percent of loans to low-income borrowers which was below the above the aggregate at 3.9 percent. For the same year, the credit union originated 23.2 percent to moderate-income borrowers, which was above the aggregate at 14.7 percent.

In 2020, the credit union made 6.5 percent of loans to low-income borrowers which was above the aggregate performance of 5.9 percent. The credit union originated 21.4 percent of home mortgage loans to moderate-income borrowers which was above the aggregate at 15.7 percent.

In 2021, the credit union originated 6.9 percent of loans to low-income borrowers which was below the aggregate at 7.4 percent. In moderate-income tracts the credit union's performance decreased to 17.5 percent which was above the aggregate at 17.0 percent.

During the evaluation period, Liberty Bay Credit Union made use of innovative and/or flexible lending practices by creating an emergency loan fund for \$2.0 million for those affected by the COVID-19 pandemic. This loan fund provided the credit union's members a \$2,500 unsecured loan for 12-months with a low interest rate. The credit union originated 41 loans that benefitted low- or moderate-income individuals.

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 #	#	%	\$(000s)	%
Low						
2019	23.5	3.9	16	7.9	2,666	5
2020	23.5	5.9	20	6.5	3,853	3.8
2021	23.5	7.4	19	6.9	2,968	3.2
Moderate						
2019	15.7	14.7	47	23.2	10,387	19.5
2020	15.7	15.7	66	21.4	16,146	15.8
2021	15.7	17.0	48	17.5	12,244	13.1
Middle						
2019	18.7	22	72	35.5	19,531	36.6
2020	18.7	22.6	83	26.9	26,145	25.6
2021	18.7	21.8	93	33.8	31,353	33.4
Upper						
2019	42.1	46.4	68	33.5	20,712	38.9
2020	42.1	46.2	138	44.8	55,630	54.4
2021	42.1	42.9	114	41.5	45,969	49
Not Available						
2019	0	13.1	0	0	0	0
2020	0	9.6	1	0.3	417	0.4
2021	0	10.9	1	0.4	1,240	1.3
Totals						
2019	100	100	203	100	53,296	100
2020	100	100	308	100	102,192	100
2021	100	100	275	100	93,773	100

*Source: 2015 ACS; Credit Union Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Response to Complaints

The credit union did not receive any CRA-related complaints during the evaluation period.

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 fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures.

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the credit union's overall rating.

Minority Application Flow

According to the 2015 ACS Census Data, the credit union's assessment area contained a total population of 2,748,367 individuals of which 31.8 percent are minorities. The assessment area's minority and ethnic population is 10.4 percent Black/African American, 8.6 percent Asian/Pacific Islander, 0.1 percent American Indian, 9.7 percent Hispanic or Latino and 3.0 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 383 HMDA reportable loan applications from within its assessment area. Of these applications, 9.7 percent were received from minority applicants, of which 67.6 percent resulted in originations. The aggregate received 16.0 percent of applications from minority applicants and 61.0 percent were originated during 2020. For the same time period, the credit union received 1.6 percent of applications from Hispanic/Latino applicants with an 83.3 percent origination rate compared to the aggregate with a 4.8 percent application rate with an origination rate of 57.1 percent.

In 2021, the credit union received 308 HMDA reportable loan applications within its assessment area. Of these applications, 28 or 9.1 percent were received from minority applicants, of which 75.0 percent resulted in originations. The aggregate received 17.7 percent of its applications from minority consumers, of which 62.7 percent of which were originated. For the same period, the credit union received 11 or 3.6 percent of all applications from ethnic groups of Hispanic origin within its assessment area all of which 81.8 percent were originated, compared to an aggregate ethnic minority application rate of 5.6 percent with a 59.9 percent origination rate.

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

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 Credit Union Data		2020 Aggregate Data	2021 Credit Union Data		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.3	0.2	0	0	0.2
Asian	4	1	9	4	1.3	9.4
Black/ African American	26	6.8	4.7	19	6.2	6.0
Hawaiian/Pacific Islander	0	0	0.1	0	0	0.1
2 or more Minority	0	0	0.1	1	0.3	0.1
Joint Race (White/Minority)	6	1.6	1.9	4	1.3	1.9
Total Minority	37	9.7	16.0	28	9.1	17.7
White	308	80.4	60.3	234	76	55.8
Race Not Available	38	9.9	23.7	46	14.9	26.5
Total	383	100.0	100.0	308	100.0	100.0
ETHNICITY						
Hispanic or Latino	3	0.8	3.7	5	1.6	4.4
Not Hispanic or Latino	336	87.7	70.4	256	83.1	67.9
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.8	1.1	6	2.0	1.2
Ethnicity Not Available	41	10.7	24.8	41	13.3	26.5
Total	383	100	100	308	100	100.0
<i>Source: 2020 & 2021 HMDA Data *Due to rounding, totals may not equal 100.0 percent.</i>						

COMMUNITY DEVELOPMENT TEST

Liberty Bay Credit Union demonstrated good responsiveness to the assessment area’s community development needs through qualified community development loans, investments and donations, and services in the assessment area. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment area. The credit union was particularly responsive to meeting the assessment area’s community service needs and with assisting to revitalize and stabilizes low-and moderate-income geographies. As the credit union was responsive to the community development needs and opportunities within its assessment area, examiners considered community development activities outside the assessment area. Community development loans in Fall River (outside the credit union’s assessment area) were responsive in meeting affordable housing needs.

Community Development Loans

The credit union originated 18 community development loans totaling \$1.9 million since the previous examination. Of the community development loans, two totaling \$ 732,000 promoted

affordable housing outside of the credit union's assessment area. The remaining 16 community development loans were SBA paycheck protection program (PPP) loans made in response to the Covid-19 pandemic.

The following are the credit union's qualified community development loan activities:

- In 2020, the credit union originated a loan for \$432,000 secured by a six-unit affordable housing residential building in a moderate-income census tract in Fall River. All of the building's units are two-bedroom units, all six of which were rented below the Housing and Urban Development Fair Market Rental rates for the city of Fall River.
- In 2020, the credit union originated a loan for \$300,000 secured by a five-unit affordable housing residential building in a moderate-income census tract in Fall River. The building was comprised of two one-bedroom units, one two-bedroom unit, one three-bedroom unit, and one four-bedroom unit. All five of the building's units were rented below the Housing and Urban Development Fair Market Rental rates for the city of Fall River.
- In 2020 and 2021, the credit union originated 16 SBA PPP loans totaling \$1.1 million within low-and moderate-income census tracts within its assessment area. Of these loans, 9 PPP loans totaling \$924,029 were located within low-income census tracts, and 7 totaling \$196,834 were located within moderate-income census tracts. These loans helped to retain jobs and revitalize and stabilize these geographies during the height of the Covid-19 pandemic.

Qualified Investments

Liberty Bay Credit Union made 55 investments and donations totaling approximately \$1.7 million. The credit union invested \$1.6 million in a qualified equity investment. In addition, the credit union made 54 qualified donations, totaling \$83,783. During the prior evaluation, the credit union made 44 qualified grants and donations totaling \$87,000. These investments demonstrate the credit union's responsiveness, particularly for community service and the revitalization and stabilization of low-and moderate-income census tracts within the assessment area.

The following are notable examples of the credit union's qualified investment activities:

Equity Investment

Current Period Investment

In 2019, The credit union purchased a municipal tax-exempt revenue bond for \$1.6 million. This bond benefits the Boston Water and Sewer Commission, which maintains the city of Boston's water and sewer infrastructure. While the entire city benefits from this bond, 94 of the 181 census tracts within the city, or 51.9 percent, are low-and moderate-income. Due to the purchase of this bond, the Boston Water and Sewer Commission is better able to provide necessary infrastructure and services to the city's low-and moderate-income individuals and census tracts.

Qualified Donations

- **Marissa’s Mission** – This non-profit organization specializes in providing grants to low- and moderate-income families battling cancer. Grants are provided for travel/lodging for cancer treatment, assistance with medical costs, mortgage assistance, groceries, childcare, and other household bills.
- **Julie’s Family Learning Program** – This non-profit family service organization provides educational supportive services to adults and children, including family literacy/life skill classes, financial literacy, child development programs, academic tutoring, and career and college readiness courses. Over fifty percent of the individuals served by the organization are homeless, and forty-five percent are in public housing. Other services offered by the organization include food and emergency assistance, transportation assistance, and individual housing, health, legal, and financial advocacy.
- **Quincy Community Action Program (QCAP)** – This non-profit community service organization provides a wide variety of services to low-income individuals and families in the Quincy community. Programs include adult education, ESOL, job coaching and placement, financial education and coaching, income tax assistance, and early childhood education and care. QCAP also offers heating assistance and system repair/replacement, utility assistance, emergency rent and mortgage assistance, affordable rental units, homeownership assistance, and food assistance.
- **Food Pantries**– During the evaluation period, the credit union donated to several food pantries that serve the assessment area. Pantries include the Braintree Food Pantry, Brett Food Pantry, Germantown Neighborhood Center Food Pantry, Marshfield Food Pantry, Wellspring Multiservice Pantry, and the Weymouth Food Pantry.

Community Development Services

LBCU employees and Trustees provided financial expertise or technical assistance to different community development-related organizations in the assessment area. These services include board involvement in community development organizations as well as financial education and other financial services for low- and moderate-income individuals.

The credit union provides free financial literacy tools accessible through their website. FA\$Ttrack is an online learning portal that ranges in topics from home purchasing, paying for college, retirement planning, and education geared toward young adults and teens. These tools are offered in partnership with Everfi. The credit union also provides financial literacy in the form of first-time homebuyer seminars. Due to the covid-19 pandemic, these have been moved online and conducted through webinars. In March 2022, LBCU hosted a first-time homebuyer webinar with 29 individuals attending, including members and non-members of the credit union.

Shut down during the pandemic, the credit union is reopening its free community room space that consists of a multi-functional room provided expressly for holding meetings, seminars, and events

that are of interest to the communities and non-profit organizations. The credit union's community room space is located in its headquarters at 300 Granite Street in Braintree, MA.

Employee Involvement

LBCU employees participate in local community development organizations and provide financial and technical expertise. The following are examples of organizations that benefited from credit union employee involvement.

- **Joseph “Dodo” Nee South Boston Collaborative Center** – The South Boston Collaborative Center treats individuals and families in the greater south Boston area who are struggling with substance abuse and dependence, as well as a variety of mental health issues. The center provides these services to all in need, regardless of their ability to pay. A member of LBCU's Board of Directors served as the President of the organization in 2019, 2020, 2021, and 2022.

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 (300 Granite Street, Braintree, MA 02184)."

[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.