

PUBLIC DISCLOSURE

February 26, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mansfield Co-operative Bank
Certificate Number 26448

80 North Main Street
Mansfield, Massachusetts 02048

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

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the Bank's Lending Test and Community Development Test performance.

The Lending Test is rated **Satisfactory** by the Division.

- 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 and small business 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 and businesses of different sizes.
- The Bank's loan originations do not show an undue concentration or a systematic pattern of lending resulting in the loss of affordable housing.
- 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 **Satisfactory** by the Division.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 20, 2015 to the current evaluation dated February 26, 2018. The Massachusetts Division of Banks (Division) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Intermediate Small Institution Examination Procedures to evaluate Mansfield Co-operative Bank's (the Bank) CRA performance. These procedures consist of the Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints
- Loss of Affordable Housing

The Community Development Test considered the following factors.

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

Loan Products Reviewed

Examiners determined the Bank's major product lines are home mortgage and small business loans. This conclusion considered the Bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The Bank's record of originating home mortgage loans contributed more weight to the overall conclusions due to the larger loan volume when compared to small business lending during the most recent calendar year. Also, no other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

This evaluation considered all home mortgage loans reported on the Bank's 2016 and 2017 Loan Application Registers (LARs). While two years of data is presented in the Lending Test, the Bank's primary focus is on 2016 lending data and comparison to the 2016 aggregate and assessment area demographics. Aggregate data includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area. The evaluation focused on lending performance in 2016, as this is the most recent year for which aggregate information is available. Throughout the Lending Test 2017 data is analyzed as a trend in performance.

Small business loans were also reviewed for the same period and include commercial real estate and commercial and industrial loans in the amount of \$1 million or less. As an Intermediate Small Institution, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect, but not report, the data. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, the Bank's performance was compared to applicable businesses demographic data.

For the Lending Test, 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 and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated January 20, 2015.

DESCRIPTION OF INSTITUTION

Background

Mansfield Co-operative Bank is a state-chartered bank headquartered at 80 North Main Street in Mansfield, Massachusetts. The Bank operates in the eastern part of Massachusetts, in Bristol, Norfolk, and Plymouth Counties. The Bank received a Satisfactory rating at its previous CRA evaluation conducted by the Division, dated January 20, 2015, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

In addition to the main office located in Mansfield, the Bank has full-service branches in Norton, Plainville, Easton, and West Bridgewater. The Mansfield and Easton branches are located in middle-income census tracts, while the remaining branches are located in upper-income census tracts. The Bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

The Bank offers personal and business services and loans. Personal services include checking and savings accounts, CDs and IRAs, online banking, wire transfers, and safety deposit boxes. Business services include business checking accounts, money market accounts, online banking, remote deposit capture, and credit card services. Personal loans include fixed-rate, adjustable-rate, construction, and home equity lines of credit. In addition, specialty loan programs offered include first-time homebuyer loans, Mass Housing and a Community Loan Program. Business loans include lines of credit, term loans, SBA loans, commercial real estate loans, and revolving construction lines of credit.

Ability and Capacity

Assets totaled approximately \$507 million as of the December 31st, 2017 quarterly call report, including total loans of approximately \$409 million and total deposits of approximately \$416 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of December 31, 2017		
Loan Category	Dollar Amount \$(000s)	% of total loans
Construction and Land Development	36,116	8.8
Secured by Farmland	0	0.0
1-4 Family Residential	182,365	44.6
Multi-family (5 or more) Residential	51,363	12.6
Commercial Real Estate	128,237	31.4
Total Real Estate Loans	398,081	97.4
Commercial and Industrial	10,285	2.5
Agricultural	0	0.0
Consumer	123	0.1
Other	11	0.0
Less: Unearned Income	0	0.0
Total Loans	408,500	100.0
<i>Source: Reports of Income and Condition, 12/31/2017</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Mansfield Co-operative Bank designated its assessment area to include the municipalities of Attleboro, Brockton, Easton, Foxboro, Mansfield, North Attleboro, Norton, Plainville, Taunton, and West Bridgewater. Foxboro and Plainville are located in the Boston, MA MD (#14454) and are part of Norfolk County. Brockton and West Bridgewater are also part of the Boston, MA MD and are located in Plymouth County. The remaining towns in the assessment area are in the Providence-Warwick, RI-MA MSA (#39300) and are located in Bristol County. Note that Brockton has been added to the institution's assessment area since the pervious CRA evaluation.

Economic and Demographic Data

According to the 2016 demographic data, the assessment area contains 64 census tracts. These tracts reflect the following income designations according to the 2010 U.S. Census: 6 low-income tracts in Brockton and Taunton, 16 moderate-income tracts in Brockton, Taunton and Attleboro, 22 middle-income tracts in Plainville, Brockton, West Bridgewater, Easton, Mansfield, Norton, Taunton, North Attleboro and Attleboro. Lastly, there are 20 upper-income tracts throughout Foxboro, Easton, Mansfield, Norton, Taunton, North Attleboro and Attleboro.

In 2017, the U.S Census data updated demographic information, creating an update to the census tract distribution throughout Mansfield Co-operative Bank's assessment area resulting in 6 low income tracts, 17 moderate-income tracts, 17 middle-income tracts and 24 upper-income census tracts.

The following table illustrates select demographic characteristics of the assessment area in 2016.

2016 Demographic Information of the Assessment Area						
Assessment Area: Mansfield Co-operative Bank						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	64	9.4	25.0	34.4	31.2	0.0
Population by Geography	319,361	8.0	22.2	32.5	37.3	0.0
Housing Units by Geography	125,152	8.7	22.8	33.6	34.9	0.0
Owner-Occupied Units by Geography	80,465	3.4	18.2	36.5	41.9	0.0
Occupied Rental Units by Geography	39,791	18.2	31.7	27.9	22.2	0.0
Vacant Units by Geography	7,896	18.9	29.1	30.9	21.0	0.0
Businesses by Geography	18,834	7.7	16.8	37.5	38.0	0.0
Farms by Geography	374	2.7	8.0	41.2	48.1	0.0
Family Distribution by Income Level	81,311	20.6	17.0	20.9	41.5	0.0
Household Distribution by Income Level	117,256	22.5	14.3	18.3	44.9	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$89,431	Median Housing Value			\$325,393
Median Family Income MSA – 39300 Providence-Warwick, RI-MA MSA		\$73,225	Median Gross Rent			\$935
			Families Below Poverty Level			6.7%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i>						
<i>(*) 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 according to each metropolitan area.

It should be noted that a majority of the Bank’s volume of lending in 2016 was concentrated in the Providence Warwick, MSA as 6 of the 10 cities/towns in the assessment area within this MSA and also 3 out of 5 of the Bank’s branches are also in this MSA. The Providence Warwick, MSA area has a lower median family income than the Boston MD. The lower median family-income level creates challenges for low-and moderate-income families to qualify for home financing and limits the Bank’s lending opportunities.

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 (74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
<i>Source: FFIEC</i>				

There are 125,152 housing units. Of these, 64 percent are owner-occupied, 29 percent are occupied rental units, and 6 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

There are minimal owner-occupied housing units (3.4 percent) in the 6 low-income census tracts in the assessment area situated in Brockton and Taunton. These factors indicate limited opportunities for owner-occupied home mortgage lending within the low-income census tracts. The percentage of vacant properties (18.9 percent), however, demonstrates opportunities for rehabilitating and renovating properties in the assessment area. In the assessment area's moderate-income census tracts a similar scenario is present with limited owner occupied housing units and a high percentage of vacant housing units.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2016 D&B data, there were 18,834 businesses within the assessment area. Gross annual revenues (GARs) for these businesses are below.

- 81.9 have \$1 million or less.
- 7.0 have more than \$1 million.
- 11.0 percent have unknown revenues.

Service industries represent the largest portion of distribution at 45.9 percent; followed by retail trade (14.2 percent); construction (9.9 percent); and finance and insurance (8.4 percent). In addition, 70.2 percent of area businesses have four or fewer employees, and 87.4 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the December 2017 unemployment rate was 3.5 percent for Massachusetts statewide, 3.2 percent for the Boston MSA, and 4.6 percent for the Providence MSA.

Competition

The assessment area is competitive in the market for financial services. Mansfield Co-operative Bank competes with large national banks, small community banks, non-depository mortgage

lenders, and credit unions in its assessment area. According to 2016 aggregate HMDA data, Mansfield Co-operative Bank ranked 27th with a market share of 1.0 percent among 407 reporting institutions in the assessment area. The majority of institutions ranking ahead of Mansfield Co-operative Bank were large national banks and credit unions, with three local institutions ranking ahead of the Bank; Harbor One Bank, Rockland Trust Company, and North Easton Savings Bank.

Although not directly compared to Mansfield Co-operative performance, small business loan aggregate data reflects the level of demand for small business loans and is therefore included. Aggregate data for 2016 shows that 137 institutions reported 42,376 small business loans in the assessment area, indicating a high degree of competition for this product. This data includes originations by large banks or banks that optionally report CRA data.

Community Contact

Examiners considered a community contact conducted with a representative from an affordable housing authority serving the southeast portion of Massachusetts. The organization's primary purpose is to provide assistance to low- and moderate-income (LMI) individuals. The contact stated that the surrounding counties have recently experienced some economic slowdown. The primary community development needs are affordable housing and economic development. Key improvements are needed to revitalize and restore abandoned properties in downtown areas. The contact indicated that financial institutions are heavily involved in community development activities by participating on the Boards of various community-based organizations and engaging in affordable housing and economic development initiatives.

Credit and Community Development Needs and Opportunities

Based on information gathered from bank management, demographic and economic data, and information provided by community contacts, examiners determined that affordable owner-occupied housing is a need in the assessment area. In addition, low- and moderate-income tracts contain vacant or abandoned properties requiring rehabilitation. Opportunities for small business loans and revitalization projects also exist in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Mansfield Co-operative Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance support this conclusion.

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 94.1 percent over the past 13 calendar quarters from December 31, 2014, to December 31, 2017. The ratio ranged from a low of 89.9 percent as of September 30, 2016, to a high of 97.4 percent as of March 31, 2015. The ratio remained generally stable during the evaluation period. During the exam period, a total of 601 loans were closed with a total dollar amount of \$181.3 million. The Bank maintained 54% of loans in its portfolio and sold approximately 46% of loans to Fannie Mae. The Bank maintained a ratio similar to those of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average LTD Ratio (%)
Mansfield Co-operative Bank	506,539	94.1
North Easton Savings Bank	544,591	75.5
Norwood Co-operative Bank	485,394	91.3
Walpole Co-operative Bank	479,741	109.3

Source: Call Report data

Assessment Area Concentration

The Bank made a majority of home mortgage and small business loans, by number within its assessment area. The average of the years under review is used to determine the percentage as shown below.

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										
2016	177	64.4	98	35.6	275	50,716	49.5	51,627	50.4	102,343
2017	108	56.8	82	43.2	190	32,062	46.6	36,731	53.4	68,793
Total	285	61.2	180	38.0	465	82,778	50.3	88,358	49.7	171,136
Small Business										
2016	12	57.1	9	42.9	21	2,473	56.9	1,870	43.1	4,343
2017	9	47.4	10	52.6	19	2,980	40.6	4,362	59.4	7,342
Total	21	52.5	19	47.5	40	5,453	39.6	6,232	60.4	11,685
Grand Total	306	60.5	199	39.5	505	88,231	48.2	94,590	51.8	182,821

Source: 1/1/2016 – 12/31/2017 HMDA data and Bank Small Business Internal Data 2016-2017

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The Bank’s reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The Bank did not originate any home mortgage loans in low-income tracts. Low-income census tracts contain a limited amount of owner occupied housing units, resulting in fewer lending opportunities within these tracts. In 2016 and 2017, the Bank originated a total 14 loans in the moderate-income census tracts in the assessment area. The Bank continues to make efforts throughout the assessment area’s low and moderate-income areas. The Bank offers a CRA loan product within the Bank’s assessment area. The CRA product provides a reduction in mortgage insurance for qualified applicants that meets specific credit criteria. During the exam period, there was one CRA loan made in a moderate-income tract in Taunton. The following table shows the Bank’s performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)
Low					
2016	1.8	3.8	0	0.0	0
2017	2.8	-	0	0.0	0
Moderate					
2016	12.4	15.3	5	2.8	1,234
2017	16.6	-	9	8.3	2,019
Middle					
2016	56.8	33.2	61	34.5	17,375
2017	29.5	-	25	23.1	6,641
Upper					
2016	29.0	47.8	111	62.7	32,107
2017	51.1	-	74	68.5	23,402
Totals					
2016	100.0	100.0	177	100.0	50,716
2017	100.0	--	108	100.0	32,062
<i>Source: 2010 U.S. Census; 1/1/2016 – 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available</i>					

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. The percentage of businesses in low- and moderate-income areas is limited and creates fewer opportunities for bank lending in these areas. In addition to business demographics, examiners considered competition and the Bank's capacity. The following table shows that the Bank had no loans in low-income census tracts in 2016 and 2017. The Bank made one loan in moderate-income tracts in 2017.

This performance did not significantly affect the overall conclusion. Primarily, the Bank originated significantly more home mortgage loans than small business loans, as commercial loans reflect the Bank's secondary product.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2016	7.7	0	0.0	0	0.0
2017	8.0	0	0.0	0	0.0
Moderate					
2016	16.8	0	0.0	0	0.0
2017	17.3	1	11.1	750	25.2
Middle					
2016	37.5	6	50.0	695	28.1
2017	28.4	4	44.4	368	12.3
Upper					
2016	38.0	6	50.0	1,778	71.9
2017	46.2	4	44.4	1,862	62.5
Totals					
2016	100.0	12	100.0	2,473	100.0
2017	100.0	9	100.0	2,980	100.0
<i>Source: 2016 D&B Data; 2016-2017 Bank Small Business Internal Data; "--" data not available</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the assessment area. The Bank's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. This criteria also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

Borrower Distribution of Home Mortgage Loans					
Tract Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)
Low					
2016	19.5	2.6	5	2.8	619
2017	22.4	-	2	1.8	234
Moderate					
2016	17.4	14.0	13	7.3	2,476
2017	16.9	-	15	13.9	3,210
Middle					
2016	22.6	21.1	33	18.6	8,008
2017	19.2	-	22	20.3	5,854
Upper					
2016	40.5	42.2	117	66.1	32,935
2017	41.5	-	62	57.4	20,166
NA					
2016	0.0	20.1	9	5.0	6,678
2017	0.0	-	7	6.5	2,598
Totals					
2016	100.0	100.0	177	100.0	50,716
2017	100.0	--	108	100.0	32,062
<i>Source: 2010 U.S. Census; 1/1/2016 – 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available</i>					

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. Examiners focused on the comparison to aggregate data.

The Bank's home mortgage lending to low-income borrowers in 2016 was in line with the aggregate performance. This performance is reasonable considering the median housing price of \$325,393 is high and makes home-ownership difficult for low- and moderate-income borrowers to qualify for al mortgage. The Bank's home mortgage lending to moderate-income borrowers in

2016 is below the aggregate. The Bank offers the Mass Housing loan program aimed to assist low and moderate-income borrowers. The Bank also engages in outreach services that advocate for affordable housing which would support low and moderate-income borrowers.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that 2016, lending figures shows 16.7 percent of the small business loans by number were originated to businesses with GARs of \$1 million or less. In 2017, there was an increase to 33.3 percent. This number compares reasonably to the percent of businesses in this revenue category. The Bank’s lending levels are minimal where a small change in the loans volume within each year, will have an effect on the percentages.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	83%	2	16.7	575	23.3
2017	81%	3	33.3	899	30.2
>1,000,000					
2016	8.0%	10	83.3	1,898	76.7
2017	6.5%	6	66.7	2,081	69.8
Totals					
2016		12	100.0	2,473	100.0
2017		9	100.0	2,980	100.0
<i>Source: 2016 D&B Data; 2015-2017 Bank Small Business Internal Data; "--" data not available</i>					

The distribution of loans by loan size included 10 loans totaling \$600,000 to loans that were \$100,000 or less. These loans consisted of business lines of credit for working capital, loans to purchase equipment for businesses, and a commercial loan for purchase and renovation of a business. For loan sizes of \$100,000 to \$250,000 there were 12 loans totaling \$2 million for mainly working capital. Lastly, there were 7 loans totaling \$4,595 million to loan sizes of \$250,001 to \$1 million for the purposes of working capital and commercial mortgages.

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.

Loss of Affordable Housing

The review concentrated on the suitability and sustainability of mortgage loans originated by Mansfield Co-operative Bank by taking into account delinquency and default rates of the Bank and those of the overall marketplace. Information provided by the Bank was reviewed, as were

statistics available on delinquency and default rates for mortgage loans. Additionally, other available sources, including public records of foreclosure filings and individual meeting minutes, were examined.

A review of information and documentation, from both internal and external sources as partially described above, did not reveal lending practices or products that showed an undue concentration of a systematic pattern of lending, including a pattern of early payment defaults resulting in the loss of affordable housing units. Furthermore, delinquency rates were found to be consistent with industry averages.

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. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

The bank’s HMDA LARs for 2016 and 2017 were reviewed to determine if the application flow from the different racial groups within the bank’s assessment area was reflective of the assessment area’s demographics.

MINORITY APPLICATION FLOW					
RACE	2016 Bank Data		2016 Aggregate Data`	2017 Bank Data	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.8
Asian	3	1.5	2.3	3	2.5
Black/ African American	3	1.5	12.0	1	0.8
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	1	0.5	0.1	0	0
Joint Race (White/Minority)	2	1.0	1.1	2	1.7
Total Minority	9	4.5	15.9	7	5.8
White	170	83.7	59.7	96	80.8
Race Not Available	24	11.8	24.4	16	13.4
Total	203	100.0	100.0	119	100.0
ETHNICITY					
Hispanic or Latino	1	0.5	3.4	2	1.7
Not Hispanic or Latino	176	86.7	73.3	100	84.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.5	1.0	1	0.8
Ethnicity Not Available	25	12.3	22.3	16	13.4
Total	203	100.0	100.0	119	100.0
<i>Source: U.S. Census 2010, HMDA LAR Data 2016 & 2017, HMDA Aggregate Data 2016</i>					

According to the 2016 ACS U.S. census demographic data, the Bank's assessment area has a population of 319,361 individuals of which 25.1 percent are minorities. The assessment area's minority population consists of 0.2 percent American Indian, 2.6 percent Asian/Pacific Islander, 10.7 percent Black/African American, 5.6 percent Hispanic, and 6.0 percent other race.

In 2017, census data was updated and also includes an update on the demographic level. The total population increased to 323,037 person and the minority population increased to 26.1 percent. Minority populations for Black/African increased to 13.4 percent and other race categories decreased to 3.8 percent.

In 2016, the Bank received 203 HMDA reportable loan applications within its assessment area. Of these applications, 4.5 percent were received from racial minority applicants and 1.0 percent of applications were received from ethnic minority applicants. The Bank's application flow was below the aggregate's performance for racial and ethnic minorities. However during 2017, the Bank received an increase in the percentage of minority applications. Application increased to 5.8 percent from minorities by race and 2.5 percent from minorities by ethnicity.

Mansfield Co-operative Bank continues to make efforts in reaching all demographics throughout the assessment area. Outreach initiatives include marketing and financial literacy seminars. Additionally, in August 2017, the Bank hired a bi-lingual loan originator who speaks Spanish. The originator partnered with Pro-Home to conduct a first time homebuyer seminar to 55 attendees in Taunton. Pro-Home advocates for affordable housing throughout south eastern Massachusetts.

Overall, considering the demographic composition of the assessment area, comparisons to aggregate data, and the Bank's outreach efforts, the Bank's minority application flow is adequate.

COMMUNITY DEVELOPMENT TEST

Mansfield Co-operative Bank demonstrated adequate responsiveness to the community development needs of its assessment area through qualified community development community development loans, investments in the form of donations and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

The Bank originated 5 Community Development Loans totaling \$1.9 million. This represents an increase in dollar volume of CD Loans from the prior examination totaling \$393,000. The Community Development Loans benefited affordable housing and economic development. Both of these categories were determined to be a primary need in the assessment area.

Qualified Investments

The Bank provided assistance to community development efforts in the assessment area through charitable contributions to area groups and organizations. The Bank has demonstrated an adequate level of responsiveness to needs within the assessment area.

During the examination period, the Bank granted \$364,340 in charitable donations to community organizations, of which \$186,286 or 51.1 percent of all contributions made by the Bank were considered qualified investments under the CRA. Of the qualified donation, approximately 89.3 percent were made through the Bank's charitable foundation.

The following are examples of organizations that have received qualified contributions from the Bank.

Pro-Home Inc. – Pro-Home Inc. is a nonprofit organization established for the production and protection of affordable housing. Pro-Home's activities range from financial literacy services to counseling for first-time homebuyers and those facing foreclosure to a down payment and closing cost assistance program.

My Brother's Keeper – My Brother's Keeper is an organization that delivers furniture and food to families in need.

Children's Advocacy Center of Bristol County – The Children's Advocacy Center of Bristol County provides services to children and intellectually disabled adults who have been victims of severe physical abuse, witness to violence or sexual abuse.

School on Wheels – The mission of School on Wheels is to support the academic, social, and emotional growth of students impacted by homelessness.

West Side Benevolent Circle – West Side Benevolent Circle is an all-volunteer organization providing assistance for families in Mansfield. The organization's activities include food gift cards, fuel assistance, rent assistance, and an annual Christmas drive to provide gifts for needy families.

Food Pantries – The Bank donated to multiple food pantries throughout the exam period, totaling.

Community Development Services

During the evaluation period, bank employees provided 33 instances of financial expertise or technical assistance to 12 different community development-related organizations. Below are some notable examples of the Bank's community development services and employee involvement.

Our Daily Bread - Our Daily Bread is a food pantry located in Mansfield. Multiple bank employees have served on the steering committee, and a commercial loan officer also served on the planning committee for a fundraiser benefitting the organization.

Southeastern Economic Development Corporation (SEED) – SEED is a regional nonprofit economic corporation focusing on job creation by financing all types of small businesses in

Massachusetts. A vice president for the Bank is a member of SEED's board and one of the Bank's commercial loan officers has served on SEED's micro-loan committee.

Old Colony Habitat for Humanity – Habitat for Humanity works to provide affordable housing in partnership with families by acquiring land from local communities, banks and individual donors. The organization will then work with volunteers and partner families on all aspects of construction. The Bank's Risk Manager and a Senior Customer Service Specialist both have served on the organization's Board.

On Common Ground – On Common Ground has a mission of mentoring adults who are experiencing poverty. Mentees in the program typically work with their mentors to find employment, further their education, improve their budgeting skills, and find secure and stable housing.

Educational Seminars

Employees of Mansfield Co-operative Bank have conducted and participated in numerous seminars designed to educate consumers about banking and banking products available to meet their specific needs.

The Bank held two first time homebuyer seminars during the examination period. These seminars educate first time homebuyers on the purchase of a new home and provide awareness of available programs that offer additional assistance to first time buyers such as those offered by Mass Housing. Seminars include topics such as budgeting, credit scores, appraisals, and home inspections.

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (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 Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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 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, 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.