

# **PUBLIC DISCLOSURE**

November 12, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Cooperative Bank**  
Certificate Number: 26922

40 Belgrade Avenue  
Roslindale, MA 02131

Division of Banks  
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made the majority of its home mortgage loans 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 among different income levels and businesses of different sizes
- The bank 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.**

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

## DESCRIPTION OF INSTITUTION

### ***Background***

The Cooperative Bank (TCB) is a state-chartered cooperative bank established in 1898. Bank headquarters are located in Roslindale, MA. The previous evaluation, dated January 23, 2017 resulted in a Satisfactory rating under Interagency Small Bank Examination Procedures. The FDIC and the Commonwealth of Massachusetts Division of Banks (Division) jointly conducted the previous evaluation.

### ***Operations***

TCB operates three full-service branches in Massachusetts within the Boston neighborhoods of Roslindale, West Roxbury, and Charlestown. The Roslindale and West Roxbury branches are located in middle-income census tracts. The Charlestown branch is located in an upper-income census tract. Each branch maintains an automated teller machine (ATM). The bank did not open or close any branches since the previous evaluation period. The bank does not have any affiliates or subsidiaries that engage in retail banking services.

TCB offers a variety of deposit and lending products. Personal deposit products include checking, savings, certificates of deposit, money market, and individual retirement accounts. Home mortgage loan products include fixed- and adjustable-rate mortgages, construction loans, and home equity lines of credit (HELOCs). The bank offers a first-time homebuyers product through the MassHousing program. Personal consumer loan products include unsecured lines of credit and installment loans.

Business deposit products include checking, savings, money market, and general disbursement deposit accounts. Business lending products include two types of loan products through the Small Business Association (SBA), commercial lines of credit, term loans, commercial real estate loans, and commercial construction loans. The bank also offers business services including merchant point-of-sale processing services and hardware, as well as the Interest on Lawyers Trust Accounts (IOLTA) program.

The bank also offers several additional services including online banking, mobile banking, access to an ATM network, and investment and insurance products.

### ***Ability and Capacity***

As of June 30, 2019, the bank's assets totaled \$431.3 million and deposits totaled \$341.5 million. The loan portfolio consisted of \$353.7 million in total loans, which represented 89.0 percent of total assets. During the evaluation period, total assets increased by 15.8 percent, and total loans increased by 29.2 percent.

TCB is primarily a residential real estate lender with home mortgage loans totaling 68.7 percent of the loan portfolio. Commercial real estate loans and commercial and industrial loans totaled 21.8 percent of the loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2019</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	27,696	7.8
Secured by Farmland	1,096	0.3
Secured by 1-4 Family Residential Properties	200,296	56.6
Secured by Multi-family (5 or more) Residential Properties	42,752	12.1
Secured by Non-farm Non-Residential Properties	67,799	19.2
<b>Total Real Estate Loans</b>	<b>339,639</b>	<b>96.0</b>
Commercial and Industrial Loans	9,330	2.6
Consumer	4,603	1.3
Other Loans	79	0.0
<b>Total Loans</b>	<b>353,651</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

There were no apparent financial or legal impediments limiting the bank's ability to help meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREA

TCB designated its assessment area to include two municipalities, Boston and Dedham. The City of Boston is located in Suffolk County and the Town of Dedham is located in Norfolk County. Both municipalities are part of the Boston, MA Metropolitan Division (MD), which is part of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area. The assessment area did not change since the previous evaluation.

### *Economic and Demographic Data*

The assessment area consists of 186 census tracts that reflect the following income designations according to 2015 American Community Survey (ACS) data:

- 45 low-income census tracts
- 49 moderate-income census tracts
- 42 middle-income census tracts
- 38 upper-income census tracts
- 12 census tracts without an income designation

All of the low- and moderate-income census tracts are located in Boston. The assessment area does not include any designated distressed or underserved middle-income census tracts. Census tracts without an income designation are located in the Boston Harbor Islands, Franklin Park Zoo, Arnold Arboretum, the Boston Common, and several other parks.

The U.S. Census Bureau updates census data every five years. The most recent update was due to the 2015 ACS and became effective in 2017. As a result, several census tract designations changed inside the assessment area since the previous evaluation. Changes include a net loss of three low-income census tracts and a net gain of one moderate- and one upper-income census tract, and one census tract without an income designation.

Examiners evaluate demographic characteristics of the assessment area to provide insight into the opportunities to originate loans and conduct community development activities in low- and moderate-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	186	24.2	26.3	22.6	20.4	6.5
Population by Geography	675,505	24.2	30.2	25.3	19.0	1.2
Housing Units by Geography	288,365	20.9	29.2	25.1	23.4	1.4
Owner-Occupied Units by Geography	94,442	10.5	24.0	34.7	29.7	1.1
Occupied Rental Units by Geography	171,431	26.5	31.8	20.7	19.6	1.5
Vacant Units by Geography	22,492	22.0	31.1	18.6	26.4	1.9
Businesses by Geography	54,732	12.8	17.8	16.7	50.5	2.2
Farms by Geography	360	8.3	19.2	34.4	37.5	0.6
Family Distribution by Income Level	129,000	37.1	16.6	15.4	30.9	0.0
Household Distribution by Income Level	265,873	35.5	14.2	14.8	35.5	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$422,297
			Median Gross Rent			\$1,331
			Families Below Poverty Level			16.2%

*Source: 2015 ACS Census and 2018 D&B Data*  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

Examiners use the FFIEC median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table represents the low-, moderate-, middle-, and upper-income categories based on the 2017 and 2018 FFIEC median family incomes for the Boston, MA MD.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA MD Median Family Income (14454)</b>				
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160

*Source: FFIEC*

Low- and moderate-income census tracts account for 50.5 percent of the census tracts within the assessment area. The population consists of 54.4 percent low- or moderate-income individuals. In addition, 16.2 percent of families within the Boston, MA MD are below the poverty level, indicating increased opportunities for community development within the assessment area.

Within the Boston, MA MD, the median housing value was \$422,297. With low- and moderate-income families making below \$75,440 in 2017 and below \$79,440 in 2018, housing is relatively

unaffordable for low- and moderate-income borrowers. While 32.8 percent of all housing units in the assessment area are owner-occupied, only 10.5 percent of owner-occupied housing units are located in low-income census tracts and 24.0 percent are located in moderate-income census tracts. This indicates limited opportunities to originate home mortgage loans to individuals and families.

According to the U.S. Bureau of Labor Statistics, the average unemployment rate of the Boston, MA MD was 3.6 percent in 2017 and 3.2 percent in 2018. The unemployment rates of the Boston, MA MD were slightly below statewide unemployment rates of 3.8 percent in 2017 and 3.4 percent in 2018. According to Moody's Analytics as of October 2019, the top three employment industries are education and healthcare (22.7 percent), professional and business services (16.9 percent), and government (11.7 percent). The top three employers include Partners HealthCare, the University of Massachusetts, and Stop & Shop Supermarket Co.

The analysis of small business loans under the Borrower Profile criterion compared lending activity to the distribution of businesses by gross annual revenue (GAR) level. According to 2018 Dun & Bradstreet Corporation (D&B) data, the assessment area consisted of 54,732 non-farm businesses with the following GAR levels.

- 79.9 percent have \$1 million or less
- 8.6 percent have more than \$1 million
- 11.5 percent have unknown revenues

### ***Competition***

The assessment area is highly competitive for financial services. According to FDIC Summary of Deposit Market Share data as of June 30, 2019, 41 financial institutions operate 231 full-service branches within the assessment area. TCB ranked 18<sup>th</sup> with 0.2 percent deposit market share. The top three financial institutions made up 83.0 percent of the deposit market share.

According to peer mortgage data, 450 lenders originated 21,121 home mortgage loans in 2017 within the assessment area. TCB ranked 58<sup>th</sup> with a 0.4 percent market share. The top three financial institutions were national lenders with a combined market share of 15.7 percent.

### ***Community Contact***

As part of the evaluation, examiners contact third parties active within the assessment area to assist in ascertaining the credit and community development needs of the area. The information obtained helps determine whether local financial institutions are responsive to the credit and community development needs and opportunities within the assessment area.

Examiners contacted a non-profit organization serving neighborhoods within Boston. The organization focuses on educating potential borrowers on financing options, as well as the responsibilities, advantages, and disadvantages of homeownership. The contact identified a significant need for affordable housing stock, as well as the need for first-time homebuyer programs with enhanced down-payment assistance. The contact further indicated that a portion of low- and moderate-income borrowers are delaying home purchases or are purchasing homes outside of Boston due to the high cost of homeownership. In addition, the contact indicated a need for more

financial literacy programs, particularly for younger borrowers with student loan debt, as they represent an increasing percentage of potential homebuyers.

***Credit and Community Development Needs and Opportunities***

Considering information from the community contact and bank management, as well as demographic and economic data, examiners determined that affordable housing and economic development are the primary community development opportunities of the assessment area. Examiners also identified a need for credit products that provide options for first-time homebuyers for low- and moderate-income individuals.

## SCOPE OF EVALUATION

### *General Information*

This evaluation, conducted jointly by the FDIC and the Division, covers the period from the prior evaluation dated January 23, 2017, to the current evaluation dated November 12, 2019. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate TCB's CRA performance. These procedures include the Small Bank Lending Test and the Community Development Test. Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

For demographic comparisons, examiners used data from the 2015 ACS, D&B, and the U.S. Bureau of Labor Statistics. Financial data about the bank was gathered from the June 30, 2019 Report of Income and Condition (Call Report).

This evaluation does not include any lending activity performed by affiliates.

### *Activities Reviewed*

As part of the Lending Test, examiners considered home mortgage and small business loans based on the bank's business strategy and the number and dollar volume of loan originations during the evaluation period. The loan portfolio consisted primarily of home mortgage loans. Therefore, examiners attributed more weight to home mortgage lending activity than small business lending when evaluating lending activity during the evaluation period. Although the Lending Test reflects the number and dollar volume of loans, examiners gave more weight to the number of loans because it better indicates the number of individuals and businesses served.

Examiners analyzed all home mortgage loans reported on the 2017 and 2018 Home Mortgage Disclosure (HMDA) Loan Application Registers (LARs). Home mortgage lending included 126 originated loans totaling approximately \$68.0 million in 2017 and 143 originated loans totaling approximately \$87.7 million in 2018. Examiners used aggregate HMDA data to analyze performance for 2017. Aggregate data includes all lenders who reported a home mortgage origination or purchase in the bank's assessment area.

Bank records indicate that the bank originated 15 small business loans totaling approximately \$5.5 million in 2018. The bank does not collect or report small business data; therefore, examiners sampled all 15 small business loans originated. Examiners considered D&B demographic data while evaluating small business lending activities. Examiners did not use aggregate data, as the bank does not report small business loans.

Examiners did not consider small farm or consumer lending within the scope of the evaluation due to the nominal percentage of farm and consumer loans in the loan portfolio.

The Community Development Test considered the number and dollar amount of qualified community development loans, investments, and services throughout the evaluation period.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

TCB demonstrated reasonable CRA performance under the Lending Test. Reasonable Geographic Distribution and Borrower Profile performance primarily support this conclusion. The following summarizes performance under each Lending Test criterion.

#### **Loan-to-Deposit (LTD) Ratio**

TCB's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD ratio averaged 99.7 percent over the past 10 quarters from March 31, 2017 to June 30, 2019. The ratio ranged from a low of 92.2 percent as of March 31, 2017 to a high of 104.4 percent as of March 31, 2019.

Examiners compared the bank's average net LTD ratio to that of similarly situated institutions. Examiners selected the comparable institutions based on asset size, geographic location, and lending focus. As shown in the following table, the bank maintained a ratio that was comparable to similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Cooperative Bank</b>	<b>431,325</b>	<b>99.7</b>
Norwood Co-operative Bank	558,695	99.5
Everett Co-operative Bank	512,292	102.4
Middlesex Federal Savings	420,725	112.0
<i>Source: Reports of Condition and Income 03/31/17 through 06/30/2019</i>		

#### **Assessment Area Concentration**

TCB made a majority of its home mortgage loans and small business loans, by number and dollar volume, within the assessment area. The following table illustrates the bank's home mortgage and small business lending activity inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	70	55.6	56	44.4	126	39,395	57.9	28,608	42.1	68,003
2018	82	57.3	61	42.7	143	52,693	60.1	35,016	39.9	87,709
<b>Subtotal</b>	<b>152</b>	<b>56.5</b>	<b>117</b>	<b>43.5</b>	<b>269</b>	<b>92,088</b>	<b>59.1</b>	<b>63,624</b>	<b>40.9</b>	<b>155,712</b>
Small Business										
2018	11	73.3	4	26.7	15	2,905	52.7	2,602	47.3	5,506
<b>Subtotal</b>	<b>11</b>	<b>73.3</b>	<b>4</b>	<b>26.7</b>	<b>15</b>	<b>2,905</b>	<b>52.7</b>	<b>2,602</b>	<b>47.3</b>	<b>5,506</b>
<b>Total</b>	<b>163</b>	<b>57.4</b>	<b>121</b>	<b>42.6</b>	<b>284</b>	<b>94,993</b>	<b>58.9</b>	<b>66,226</b>	<b>41.1</b>	<b>161,219</b>
<i>Source: Bank &amp; HMDA Data, Evaluation Period: 1/1/2017 - 12/31/2018</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of home mortgage and small business lending activities support this conclusion. Examiners focused on the percentage by number of loans originated in low- and moderate-income census tracts.

### ***Home Mortgage Loans***

The overall geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The home mortgage lending activity in low-income census tracts helps supports this conclusion. The percentage of home mortgage loans originated in low-income census tracts exceeded both aggregate and demographic data in 2017 and compared favorably to demographic data in 2018. However, the lending activity within moderate-income census tracts trailed aggregate performance and demographic data, reflecting poor dispersion. The following table illustrates the dispersion of home mortgage loans by census tract income designation within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	10.5	12.6	10	14.3	8,049	20.4
2018	10.5	--	13	15.9	9,874	18.7
Moderate						
2017	24.0	26.0	11	15.7	6,859	17.4
2018	24.0	--	11	13.4	9,550	18.1
Middle						
2017	34.7	32.1	28	40.0	15,972	40.5
2018	34.7	--	33	40.2	16,757	31.8
Upper						
2017	29.7	27.9	21	30.0	8,515	21.6
2018	29.7	--	25	30.5	16,513	31.3
Not Available						
2017	1.2	1.4	0	0.0	0	0.0
2018	1.2	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>	<b>39,395</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>--</b>	<b>82</b>	<b>100.0</b>	<b>52,694</b>	<b>100.0</b>

*Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.*

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The distribution of small business loans in moderate-income census tracts helps support this conclusion. While the bank did not originate any small business loans to businesses in low-income census tracts, lending in moderate-income tracts was well above the percentage of businesses located in these geographies. The following table illustrates the dispersion of small business loans by census tract income designation within the assessment area in 2018.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	12.8	0	0.0	0	0.0
Moderate	17.8	4	36.4	1,350	46.5
Middle	16.7	6	54.5	1,380	47.5
Upper	50.5	1	9.1	175	6.0
Not Available	2.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>2,905</b>	<b>100.0</b>
<i>Source: 2018 D&amp;B Data; 1/1/2018 - 12/31/2018 Bank Data</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 activities support this conclusion. Examiners focused on lending activity to low- and moderate-income individuals and to businesses with GARs below \$1 million.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to borrowers of different income levels is reasonable. The bank's lending activities to low- and moderate-income individuals primarily support this conclusion. The percentage of home mortgage loans to low-income borrowers in 2017 exceeded that of aggregate by 2.8 percentage points; however, performance declined in 2018. The percentage of home mortgage loans to moderate-income borrowers in 2017 was slightly below aggregate; however, had a positive increase in 2018. The following table illustrates the dispersion of home mortgage loans by borrower income level within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	37.1	2.9	4	5.7	613	1.6
2018	37.1	--	2	2.4	425	0.8
Moderate						
2017	16.6	11.6	5	7.1	1,262	3.2
2018	16.6	--	8	9.8	2,309	4.4
Middle						
2017	15.5	20.8	9	12.9	2,062	5.2
2018	15.5	--	8	9.8	2,604	4.9
Upper						
2017	30.9	50.8	27	38.6	13,215	33.5
2018	30.9	--	40	48.8	22,868	43.4
Not Available						
2017	0.0	13.9	25	35.7	22,243	56.5
2018	0.0	--	24	29.3	24,488	46.5
<b>Totals</b>						
<b>2017</b>	<b>100.0</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>	<b>39,395</b>	<b>100.0</b>
<b>2018</b>	<b>100.0</b>	<b>--</b>	<b>82</b>	<b>100.0</b>	<b>52,693</b>	<b>100.0</b>

Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.

### Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less within the bank's assessment area. The percentage of loans to businesses with GARs of \$1 million or less was in line with demographics. The following table shows the percentage of small business loans originated within the assessment area to businesses with GARs below and above \$1 million in 2018.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.9	7	63.6	1,405	48.4
>1,000,000	8.6	4	36.4	1,500	51.6
Revenue Not Available	11.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>2,905</b>	<b>100.0</b>

Source: 2018 D&B Data, 1/1/2018 - 12/31/2018 Bank Data.

### Response to Complaints

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

### **COMMUNITY DEVELOPMENT TEST**

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

### Community Development Loans

TCB originated 11 community development loans totaling approximately \$6.7 million during the evaluation period. This level of activity represents 1.6 percent of average total assets and 1.9 percent of average total loans since the prior CRA evaluation. Of the 11 community development loans, 10 loans totaling approximately \$6.1 million promoted economic development in the assessment area.

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

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
01/24/2017 – 12/31/2017	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
2018	0	0	0	0	7	3,114	0	0	<b>7</b>	<b>3,114</b>
YTD 2019	0	0	0	0	3	2,982	1	563	<b>4</b>	<b>3,545</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>6,096</b>	<b>1</b>	<b>563</b>	<b>11</b>	<b>6,659</b>

*Source: Bank records*

Below are notable examples of the bank's community development loans:

- In 2018, the bank originated a \$120,000 SBA Express line of credit to provide working capital to a physician's office located in downtown Roslindale, which serves Roslindale and the broader community. The bank promoted economic development in its assessment area by financing the office, which has annual revenues less than \$1 million.
- In 2019, the bank originated a \$1 million loan under the SBA's 504 program to finance the acquisition of an industrial site located in Hyde Park. SBA 504 loans are available through Certified Development Companies, which are SBA community-based partners. By financing the acquisition under the 504 program, the bank promoted economic development in its assessment area.

- Also in 2019, the bank originated a \$563,000 loan to a business located on Blue Hill Avenue in Mattapan, within a low-income census tract. Blue Hill Avenue is a commercial corridor home to many minority-owned businesses and provides access to and from Boston’s major employment centers for Roxbury, Dorchester, and Mattapan residents. It also supports the highest bus ridership in the entire MBTA system. The City of Boston’s “Blue Hill Avenue Transportation Action Plan” seeks to revitalize the corridor and surrounding area. Accordingly, by issuing the loan, the bank is helping to revitalize or stabilize a low-income geography in its assessment area.

**Qualified Investments**

TCB made 23 qualified investments totaling \$43,865. This dollar amount is composed solely of grants and donations benefitting the assessment area. This level of donations represents approximately 2.3 percent of pre-tax net operating income.

Of the total dollar amount, all of the donations benefitted community service organizations that serve low- and moderate-income individuals. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
1/24/2017 -12/31/2017	0	0	5	7,250	0	0	0	0	5	7,250
2018	0	0	6	9,900	0	0	0	0	6	9,900
YTD 2019	0	0	12	26,715	0	0	0	0	12	26,715
<b>Total</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>43,865</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>43,865</b>

*Source: Bank Records*

Below are notable examples of the bank’s qualified investment activities.

- ***Sociedad Latina:*** Sociedad Latina works in partnership with Latino youth and families to end the cycle of poverty, unequal access to health services, and lack of educational and professional opportunities in its community. The bank’s contribution supports programs and initiatives to help Latinos succeed through education, civic engagement, and workforce development.
- ***Charlestown Boys & Girls Club:*** This organization primarily serves low- and moderate-income at-risk youth. The goal of the club is to help as many children as possible break the cycle of poverty.
- ***Ethos:*** Ethos is a not-for-profit, private organization that promotes independence and wellbeing of the elderly and disabled. The average income of its clients is below the federal poverty level. Its Money Management program is designed to safeguard low-income seniors

and adults with disabilities from the dire consequences of ongoing financial mismanagement and financial exploitation. The bank's contributions support this program.

- ***Food Pantries:*** The bank's multiple contributions supported two area food pantries: the Roslindale Food Pantry and The Harvest on the Vine Pantry of St. Mary-St. Catherine of Siena Parish. These organizations provide basic food and toiletries free of charge to qualifying residents of Roslindale, West Roxbury, and Charlestown.

### **Community Development Services**

During the evaluation period, two bank employees provided four instances of financial expertise or technical assistance to community development-related organizations in the assessment area. For example, the following organization benefited from the bank's services.

- ***Charlestown Boys & Girls Club:*** This organization primarily serves low- and moderate-income at-risk youth. A bank director serves on the board of this organization.

### ***Other Community Services***

- **IOLTA:** The bank participates in the IOLTA program. Interest earned on the accounts is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.
- **Massachusetts Community and Banking Council's (MCBC) Basic Banking:** The bank offers a checking product that meets the Basic Banking in Massachusetts guidelines set forth by the MCBC. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## **APPENDICES**

### **MASSACHUSETTS DIVISION OF BANKS**

#### **FAIR LENDING POLICIES AND PROCEDURES**

The Division provides comments regarding an institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon a review of the bank's public comment file and compliance with applicable fair lending laws and regulations, examiners did not identify any violations of those laws or regulations.

#### **MINORITY APPLICATION FLOW**

Examiners reviewed the bank's 2017 and 2018 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S. Census data, the bank's assessment area contains a population of 675,505 individuals, of which 53.2 percent are minorities. The assessment area's minority population is 22.1 percent Black/African American, 9.0 percent Asian, 0.2 percent American Indian, 18.4 percent Hispanic or Latino, and 3.5 percent Other.

In 2017, the bank received 80 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received two, or 2.5 percent, from minority applicants, one of which was originated. Compare to aggregate data, which indicates 21.5 percent of applications received were from minority applicants. For the same period, one application representing 1.3 percent of total applications was received from ethnic groups of Hispanic origin within the assessment area, whereas aggregate data indicates 6.5 percent of total applications were received from this ethnic group in the assessment area.

In 2018, the bank received 96 HMDA-reportable loan applications from within its assessment area. Of these, the bank received four, or 4.2 percent, from minority applicants, all of which were originated. Compare to aggregate data, which indicates 23.9 percent of applications were received from minority applicants. For the same period, the bank received four applications, or 4.2 percent, from ethnic groups of Hispanic origin within its assessment area, whereas aggregate data indicates 7.3 percent of total applications were received from this ethnic group in the assessment area.

The bank's performance in 2017 and 2018 with respect to applications received from racial minorities fell below aggregate performance for Asian, Black/African American, and Joint Race borrowers. For borrowers of Hispanic origin, the bank's 2017 performance fell below the aggregate. Performance increased slightly in 2018, however, the aggregate also increased; bank performance still fell well below that of the aggregate. Examiners noted that the bank was above the aggregate by 10.6 percent (2017) and 14.8 percent (2018) in applications received from borrowers who did not provide their race or whose race was not available. These figures were largely attributable to the number of applications received on behalf of non-natural persons. Refer to the following table detailing the bank's minority application flow and aggregate data in the bank's assessment area.

RACE	Bank 2017		2017 Aggregate Data	Bank 2018		2018 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.4
Asian	1	1.3	7.7	0	0.0	8.7
Black/ African American	1	1.3	11.6	3	3.1	12.3
Hawaiian/Pacific Islander	0	0.0	0.2	1	1.0	0.3
2 or more Minority	0	0.0	0.1	0	0.0	0.3
Joint Race (White/Minority)	0	0.0	1.7	0	0.0	1.8
<b>Total Minority</b>	<b>2</b>	<b>2.5</b>	<b>21.5</b>	<b>4</b>	<b>4.2</b>	<b>23.9</b>
White	50	62.5	53.9	54	56.3	51.4
Race Not Available	28	35.0	24.6	38	39.6	24.8
<b>Total</b>	<b>80</b>	<b>100.0</b>	<b>100.0</b>	<b>96</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	<b>1</b>	<b>1.3</b>	<b>5.3</b>	<b>2</b>	<b>2.1</b>	<b>6.0</b>
Not Hispanic or Latino	51	63.8	69.5	54	56.3	68.1
Joint (Hisp/Lat /Not Hisp/Lat)	<b>0</b>	<b>0.0</b>	<b>1.2</b>	<b>2</b>	<b>2.1</b>	<b>1.3</b>
Ethnicity Not Available	28	35.0	24.0	38	39.6	24.6
<b>Total</b>	<b>80</b>	<b>100.0</b>	<b>100.0</b>	<b>96</b>	<b>100.0</b>	<b>100.0</b>

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

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

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

### **Community Development Test**

The Community Development Test considers the following criteria:

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and

rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a

population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, 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.