

PUBLIC DISCLOSURE

March 25, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WEYMOUTH BANK

CERT # 26548

**WEYMOUTH BANK
744 BROAD STREET
WEYMOUTH, MA 02189**

**Division of Banks
1000 Washington Street
Boston, MA 02118**

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

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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Weymouth Bank (or the Bank)**, prepared by the Division as of March 24, 2014. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00 et seq.

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

An institution in this group has an adequate 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. Based on the small institution CRA evaluation procedures specified for institution with assets of less than \$300 million as of December 31 of either of the prior two calendar years, adjusted annually, Weymouth Bank's overall CRA performance is considered "Satisfactory" based on the following:

The average Loan-To-Deposit (LTD) ratio is considered adequate at 70.4 percent given the Bank's size, financial condition, and assessment area credit needs.

Based on a review of home mortgage and small business loan data, a high percentage of the Bank's lending activity occurs within the institution's assessment area at 90.5 percent.

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The Bank made a reasonable percentage of home mortgage and small business loans within low- and moderate-income (LMI) census tracts.

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different revenue sizes.

Weymouth Bank did not receive any CRA-related complaints during the evaluation period

PERFORMANCE CONTEXT

Description of Institution

Weymouth Bank is a state-chartered cooperative bank established in 1889. The Bank is an independent, community bank headquartered on Broad Street in East Weymouth, Massachusetts. The Bank, formerly South Weymouth Co-operative Bank, was Weymouth's first cooperative bank. In 1981, North and South Weymouth Co-operative Banks merged into the now present Weymouth Bank. In addition to its main office, the Bank has two full service branches. The main branch in East Weymouth is located in a moderate-income geography. The South Weymouth and Kingston branches are located in middle-income geographies.

Since the last evaluation conducted by the Division and the Federal Deposit Insurance Corporation on January 25, 2010, the Bank has not established, closed, or relocated any branch locations. Office hours are reasonable and convenient. The Bank's branches are full service including drive-up windows, automated teller machines (ATMs), night deposits, and safe deposit boxes. The drive-up teller at all three offices opens at 8:00 a.m. and the lobbies open at 8:30 a.m. The drive-up teller and lobbies remain open until 4:30 p.m. with extended hours until 6:00 p.m. on Thursday and Friday evenings. The branches are also open from 8:30 a.m. until 12:00 p.m. on Saturday. The Bank maintains an ATM at each branch office. ATMs are affiliated with the SUM network and Allpoint, a surcharge free ATM.

Weymouth Bank maintains a website at www.weymouthbank.com. The Bank's website provides various personal and business product information as well as product rates. Customers can apply for a residential mortgage through the Bank's online mortgage application. The Bank also offers retail and business online banking which allows customers to view account balances and history, transfer funds between Weymouth Bank accounts, pay bills, schedule automatic recurring payments, view images of paid checks, and download account history. Similar capabilities are offered through the Bank's mobile banking.

The Bank offers a full range of products and services which meet the financial needs of consumers and businesses. Consumer loan product offerings include home equity lines of credit, auto and truck loans, closed-end home equity loans, secured and unsecured personal loans, single payment time notes, and student loans. The Bank's residential mortgage products include adjustable- and fixed-rate mortgages and first time home buyer programs. Commercial loan product offerings include business lines of credit, commercial and industrial loans, overdraft protection plans, real estate loans, single payment time notes, and U.S. Small Business Administration (SBA) loans.

As of December 31, 2013, the Bank's assets totaled \$208.3 million and total loans represented \$144.6 million or 68.8 percent of total assets. Since the prior evaluation, the Bank's asset size increased 6.0 percent while total loans increased at a rate of 9.0 percent. Currently, 1-4 family residential real estate loans represent the largest portion of the Bank's loan portfolio at 50.0 percent, which is a slight decrease in the loan portfolio distribution from the previous evaluation where this lending category totaled 59.2 percent at the prior evaluation. Commercial real estate combined with commercial and industrial loans account for the second largest portion of total loans at 36.6 percent, and is a similar distribution since the last evaluation. Table 1 depicts the Bank's loan portfolio by loan type.

Table 1 – Loan Portfolio Distribution as of December 31, 2013		
Loan Type	Dollar Amount \$(000s)	% of Total Loans
Construction, Land Development, and Other Land Loans	123	0.1
Revolving, Open-end Loans Secured by 1-4 Fam. Res. Prop. and Extended Under Lines of Credit	1,951	1.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	70,632	48.8
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	1,672	1.2
Secured by Multi-Family (5 or more) Residential Properties	10,861	7.5
Secured by Nonfarm Nonresidential Properties (Commercial Real Estate)	41,716	28.8
Total Real Estate Loans	126,955	87.8
Commercial and Industrial	11,069	7.6
Consumer Loans	6,522	4.5
other loans	57	0.1
Total Loans	144,603	100.0

Source: December 31, 2013 FFIEC Call Report

The Division last evaluated Weymouth Bank’s CRA performance on January 25, 2010 and an overall rating of Satisfactory was assigned.

Description of Assessment Area

The CRA requires the designation of one or more assessment areas within which a financial institution’s record of helping to meet the credit needs of its community will be evaluated. Generally, an assessment area should consist of Metropolitan Statistical Areas (MSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions, such as counties, cities, or towns. The Bank has one designated assessment area that conforms to CRA requirements as it consists of whole geographies, does not arbitrarily exclude low- or moderate-income areas, does not extend beyond state boundaries, and does not reflect illegal discrimination.

Weymouth Bank has defined the municipalities of Braintree, Cohasset, Holbrook, Weymouth, and Quincy which are part of Norfolk County. With additional towns that include; Abington, Duxbury, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Rockland, Plymouth, Plympton, and Scituate which are part Plymouth County.

These 20 municipalities in are located within the Boston-Quincy, Massachusetts (MA) Metropolitan District (MD) #14484.

According to the 2010 Census data, the assessment area contained 89 census tracts: There are two low-income tracts, six moderate-income, 54 middle-income and 27 upper-income census tracts. Refer to Table 2 for demographic information about the assessment area according to the 2010 Census data.

Table 2 Demographic Information for Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	89	2.2	6.7	60.7	30.3
Population by Geography	456,205	1.6	6.6	61.3	30.4
Owner-Occupied Housing by Geography	128,614	0.7	5.1	60.6	33.5
Business by Geography	40,071	1.2	4.9	59.1	34.8
Family Distribution by Income Level	116,374	16.5	16.2	22.5	44.8
Distribution of Low and Moderate Income Families throughout AA Geographies	38,118	3.1	10.6	64.8	21.5
Median Family Income for AA 2010 Census 2013 FFIEC Adjusted MFI – Boston-Quincy MD Families Below Poverty Level		\$94,353 \$88,000 4.3%	Median Housing Value Unemployment Rate	\$415,590 7.0	

*Source: 2010 U.S. Census, 2013 FFIEC updated MFI, and March, 2013 Bureau of Labor Statistics for Boston MA MD

Median Family Income Levels

The analysis under the *Borrower Characteristics* section of the evaluation is based on the distribution of home mortgage loans to borrowers of different incomes. The analysis utilizes income data from the 2010 U.S. Census that have been annually adjusted by the Department of Housing and Urban Development (HUD) for inflation and other economic events. The 2012 MFI information for the MD's in which the Bank designated its assessment area is in Table 2

The analysis of the Bank's home mortgage lending also includes comparisons to the distribution of assessment area families by income level. Table 2 reveals that middle and upper-income families have the highest representation of all income categories.

Housing Characteristics

Among other statistics, Table 2 also illustrates the distribution of owner-occupied housing units by census tract income level. Table 2 shows owner-occupied housing units in the assessment area are heavily concentrated in middle-income census tracts. Only 5.8 percent of total owner-occupied units are in the 8 low- and moderate-income tracts of the assessment area. These figures can limit opportunities to make home mortgage loans in either of these census tract categories.

Unemployment Data

The unemployment rate in the assessment area was 7.0 percent based on the 2010 U.S. Census Data. State unemployment rates were obtained from the Bureau of Labor Statistics. As of December 2013 the unemployment rate in Massachusetts stood at 7.1 percent and at February 2014 the unemployment rate dropped to 6.5 percent.

The county unemployment rates were obtained from the Executive Office of Labor and Workforce Development and are as of December 2013. Plymouth County unemployment rate is 7.4 percent and the Norfolk County unemployment rate is 5.6 percent.

Business Demographic Data

According to Table 2, there is a higher concentration of businesses in upper-income census tracts. Dun & Bradstreet data indicated that 72.8 percent of businesses reported gross annual revenues (GARs) of \$1.0 million or less in 2012. While economic challenges during the review period may have limited demand for credit from small businesses, there appears to be a high percentage of small businesses in the assessment area.

Competition

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size and type from community banks, savings banks, and mortgage companies to large national banks. Among the more prominent lenders competing in Weymouth Bank's assessment area are Wells Fargo Bank, N.A.; Bank of America, N.A.; Rockland Trust Company, and Provident Funding Associates.

The 2012 Peer Mortgage shows that 451 lender originate 44,139 residential mortgage loans in the Bank's assessment area. Weymouth Bank ranked 33rd with 0.75 percent market share. The Bank does not purchase loans, but many of the large national banks ranked ahead of the Weymouth Bank purchased large pools of residential loans.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available. For purposes of this evaluation, information provided by one such contact was referenced in preparing this evaluation.

An interview was conducted with a community contact that serves the Bank's assessment area. This organization is dedicated to helping low-and moderate income people improve the quality of their lives and achieve self sufficiency. The programs offered by this organization include: adult education and workforce development, head start, affordable housing, housing counseling, housing stabilization, financial literacy and an emergency food center.

The contact indicated the biggest need in the community is financial literacy education. Knowledge on establishing a checking and savings account and budgeting would be helpful throughout the community.

Overall, the contact noted that large national banks in the assessment area could be more responsive to the credit needs of the community and can participate with this organization in financing initiatives, and community programs. The contact did indicate that the community banks are those that offer the most assistance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Small Institution CRA evaluation procedures utilize five performance criteria: Loan to Deposit (LTD) ratio, assessment area concentration, lending to borrowers of different incomes (borrower profile), geographic distribution of loans and the institution's record of taking action in response to CRA complaints.

1. LOAN TO DEPOSIT ANALYSIS

This performance criterion evaluates the proportion of the Bank's deposit base reinvested in the form of loans. The analysis was performed using Federal Financial Institution Examination Council (FFIEC) quarterly call report data for the period ending March 31, 2010 through December 31, 2013. The analysis was conducted to determine the extent of the Bank's lending compared to deposits received from its customers.

Weymouth Bank's average LTD ratio for the time period was calculated at 74.0 percent and is considered adequate given the Bank's size, financial condition, and the assessment area credit needs. Over the past 16 quarters, the LTD ratio had a high of 84.3 percent in March 2010 to a low of 64.0 percent in March 2012. Fluctuations in the Bank's LTD ratio during the period reviewed can be attributed to an increase in deposits and the sale of loans in the secondary market. Weymouth Bank sells loans to Freddie Mac and to the Federal Home Loan Bank under the FHLB Traditional program. All fixed rate mortgage loans are sold on the secondary market while adjustable rate mortgage loans remain in the Bank's portfolio.

In 2012 and 2013, Weymouth Bank utilized Federal Home Loan Bank advances. This method assisted the Bank in funding its lending activity and enabled the Bank to grant loans and remain competitive with other area institutions.

The most recent LTD ratio was also compared to some similarly situated institutions to assist in forming conclusions about the appropriateness of the Bank's LTD. As displayed in Table 3 below, the Bank's LTD ratio is at a reasonable level.

Institution	Avg. Net LTD Ratio	Asset Size \$(000's)
<i>Weymouth Bank</i>	<i>74.0</i>	<i>208,300</i>
S-Bank	73.9	188,500
Braintree Cooperative Bank	65.6	250,200

**as of December 31, 2013; Source: Call Report Data.*

Based on the above, the Bank meets the standards for satisfactory performance for this criterion.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential and small business loans.

Based on a review of home loan and small business data, a high percentage (90.5percent) of the Bank's lending activity occurs within the institution's assessment area. Table 4 illustrates the Bank's record of extending residential and small business loans inside and outside the assessment area by number and dollar amount over the period reviewed.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage Loans										
2012										
Home Purchase	15	68.2	7	31.8	22	3,573	66.2	1,824	33.8	5,397
Refinance	74	88.1	10	11.9	84	18,154	84.9	3,233	15.1	21,387
Home Improvement	165	93.2	12	6.8	177	4,687	98.0	95	2.0	4,782
Total	254	89.8	29	10.2	283	26,414	83.7	5,152	16.3	31,566
2013										
Home Purchase	17	85.0	3	15.0	20	4,514	87.1	666	12.9	5,180
Refinance	35	81.4	8	18.6	43	8,064	83.8	1,563	16.2	9,627
Home Improvement	199	95.2	10	4.8	209	4,438	79.8	1,123	20.2	5,561
Total	251	92.3	21	7.7	272	17,016	83.5	3,352	16.4	20,368
Total Home Mortgage	505	91.0	50	9.0	555	43,430	83.6	8,504	16.4	51,934
Small Business Loans										
2012	21	87.0	3	13.0	24	4,011	95.0	215	5.0	4,226
2013	20	83.3	4	12.7	24	2,910	52.6	2,625	47.4	5,535
Total Small Business	41	85.4	7	14.6	48	6,921	70.9	2,840	29.1	9,761
Grand Total	546	90.5	57	9.5	603	50,351	81.6	11,344	18.4	61,694

Source 2012 and 2013 Weymouth HMDA LARS and Small Business Internal Records

Residential Lending

Loan for home improvement loans represented the highest volume of loans by loan purpose for each year. The Bank's Mass Save Heat loan product resulted in a large volume of loans which are categorized as home improvement loans.

From 2012 to 2013, the performance in the assessment area remained the same. Overall, the Bank originated 505 home mortgage loans totaling approximately \$43.4 million inside the assessment area during the evaluation period. This represents 91.0 percent of the total number of residential loans originated by the Bank and 83.6 percent by dollar amount. This performance demonstrates an increase from the previous examination which evaluated home mortgage loans for years 2007, 2008, and 2009. The overall home mortgage loan percentage in the previous exam was 84.1 percent.

Small Business Lending

Of the 48 sampled small business loans, 41 or 90.5 percent were originated inside the assessment area. By total dollar amount, the Bank originated \$6.9 million or 70.9 percent inside the assessment area.

Based on the Bank's level of residential and business lending in the assessment area, the Bank's responsiveness to credit needs is considered to exceed the standards for satisfactory performance.

3. BORROWER PROFILE

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analysis was conducted on the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with GARs of \$1 million or less.

The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Low-income is defined by the US Census Bureau as income below 50 percent of the MFI level for the MSA. In the Boston-Quincy MA MSA for 2012 and 2013, a low-income family earned \$44,399 or less and \$43,999 or less, respectively. Moderate-income is defined as income between 50 to 79 percent of the MFI. In 2012 and 2013, a moderate-income family earned no more than \$71,039 and \$70,399, respectively. Middle-income is defined as income between 80 and 119 percent of the MFI. Middle-income families earned no more than \$106,559 for 2012 and no more than \$105,599 for 2013. Upper-income is defined as income greater than 120 percent of the MFI. Upper-income family households earned \$106,560 or more for 2012 and \$105,600 or more for 2013.

Residential Lending

Table 5 illustrates the loans originated and categorized by the applicants' reported income in relation to the median family income (MFI) for the MSA in which the property is located. The table also presents the Bank's HMDA reportable lending performance and the 2012 aggregate data (exclusive of Weymouth Bank). In addition, the table also reflects the percentage of family households in each of the borrower income categories.

Table 5 - Distribution of HMDA Loans by Borrower Income						
Median Family Income Level	% of Total Families	Aggregate Lending Data 2012	2012 Bank Lending		2013 Bank Lending	
		%	#	%	#	%
Low	16.5	4.4	25	9.8	18	7.2
Moderate	16.2	16.0	39	15.4	31	12.3
Middle	22.5	23.5	74	29.1	78	31.1
Upper	44.8	41.2	112	44.1	117	46.6
Income NA		14.9	4	1.6	7	2.8
Total	100.0	100.0	254	100.0	251	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data and 2010 U.S. Census Data

The Bank's percentage of lending to low-income borrowers far exceeds the aggregate's percentage of lending in 2012. The Bank originated 9.8 percent of its HMDA reportable loans to low-income borrowers while the aggregate originated 4.4 percent. Market Share Reports for 2012 demonstrate Weymouth Bank ranked 12th out of 208 lenders in lending to low-income borrowers in Weymouth Bank's assessment area.

In 2012, the Bank originated 15.4 percent of total loans to moderate-income borrowers. This figure was similar although slightly below the aggregate lenders at 16.0 percent and the percentage of families at 16.2 percent.

In 2013, the Bank's performance for the low-income borrowers decreased to 7.2 percent while lending volume stayed consistent. For moderate-income borrowers, the Bank's performance decreased to 12.3 percent, which is below the percentage of moderate-income families.

Management indicated the declining trend into 2013 is based on the competition in the assessment area. The Bank plans to continue to promote its first-time homebuyer program and outreach initiatives with local community development organizations in the assessment area.

Small Business Lending

The Bank's small business lending activity, reflects reasonable penetration among businesses of different sizes, particularly to those with GARs of \$1 million or less. Table 6 details the Bank's distribution of lending to businesses of different sizes compared to the percentage of businesses in the assessment area.

Table 6 – Distribution of Small Business Loans by Gross Annual Revenues (GAR)						
GAR \$(000)	2012 % of Total Businesses	2012 Bank		2013 % of Total Businesses	2013 Bank	
		#	%		#	%
≤ \$1,000	72.8	12	57.1	73.3	9	45.0
> \$1,000	4.8	9	42.9	5.1	11	55.0
Not Reported	22.4	0	0.0	21.6	0	0.0
Total	100.0	21	100.0	100.0	20	100.0

Source: Sample of the Bank's Small Business Loans for 2012 and 2013 2012 and 2013 Business Geo-demographic data

The Bank originated a majority of small business loans to businesses with GAR of \$1 million or less. This figure is below the percentage of businesses in the assessment area with GAR of \$1 million or less. In 2013, the percentage of lending shifted slightly, with the majority of loans in the revenue category of over \$1million.

Weymouth Bank is an approved Small Business Administration (SBA) lender. SBA loans offer a variety of programs. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. During the evaluation period, the Bank originated 5 SBA loans totaling \$1.2 million.

Within each year, the Bank originated a majority loan loans with loan amounts of \$100,000 or less. Based on the Bank’s lending to different borrowers and businesses in the assessment area, the Bank’s responsiveness to credit needs is considered to meet the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank’s residential and business loans within the assessment area by census tract income level. Emphasis is placed on lending in low- and moderate-income census tracts. As mentioned previously under the *Description of the Assessment Area*, the Bank’s assessment area comprises 89 census tracts: two (2.3 percent) low-income census tracts, six (6.7 percent) moderate-income, 54 (60.7 percent) middle-income, and 27 (30.3 percent) upper-income census tracts. Based on a review of the HMDA LARs and the sample of small business loans, the overall geographic distribution of loans reflects a reasonable penetration throughout the assessment area.

Residential Lending

Table 7 illustrates the geographic distribution of the Bank’s 2012 and 2013 residential mortgage lending within the assessment area by number. For comparison purposes, the percentage of owner-occupied housing units within each income category as well as the aggregate market lending data for 2012 is included.

Table 7 Distribution of HMDA Loans by Income Category of the Census Tract						
Census Tract Income Level	% Owner- Occupied Housing Units	Aggregate Lending Data 2012	Bank 2012		Bank 2013	
			#	%	#	%
		%				
Low	0.7	0.7	2	0.8	1	0.4
Moderate	5.1	4.1	15	5.9	12	4.8
Middle	60.7	55.8	140	55.1	145	57.8
Upper	33.5	39.4	97	38.2	93	37.0
Total	100.0	100.0	254	100.0	251	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data and 2010 U.S. Census Data

The majority of the Bank’s home mortgage loans are concentrated in middle and upper income census tracts, which is comparable to the aggregate and the demographics of the Bank’s assessment area.

In 2012, the Bank originated two home mortgage loans in the two low-income census tracts of the Bank’s assessment which are both located in Quincy. This figure is slightly higher than the aggregate (0.7 percent) and the percentage of owner occupied housing units (0.7 percent).

In 2012, the Bank originated 5.9 percent of its HMDA reportable loans in the six moderate-income census tracts of the assessment area, which is higher than the aggregate’s percentage of 4.1 percent and higher than the percentage of owner-occupied units of 5.1 percent. The Bank’s East Weymouth branch is located in a moderate-income geography, which makes lending opportunities more accessible to moderate-income areas.

In 2013, the Bank originated 0.4 percent in low-income tracts, which is a decrease from the previous year. The Bank’s lending to moderate-income tracts decreased to 4.8 percent, which is below the percentage of owner-occupied units. Management indicated that the declining trend is indicative of economic factors and competition in the assessment area.

Small Business Lending

Table 8 compares the geographic distribution of the Bank’s small business loans within the assessment area to the business demographics.

Table 8 – Distribution of Small Business Loans by Census Tract Income Level					
Census Tract Income Level	2012 % of Total Businesses	2012 Bank		2013 Bank	
		#	%	#	%
Low	1.1	3	14.3	1	5.0
Moderate	4.9	2	9.5	2	10.0
Middle	59.8	10	47.6	12	60.0
Upper	34.2	6	28.6	5	25.0
Total	100.0	21	100.0	20	100.0

Source: Sample of Bank’s 2012 and 2013 Small Business Loans, 2012 and 2013 Business Geo-demographic Data

Within in the sample of loans reviewed, the Bank originated the majority of small business loans in middle income and upper-income census tracts. In 2012, 14.3 percent of the Bank’s small business loans were in low-income census tracts, which is higher than the percentage of businesses at 1.1 percent.

The Bank originated 9.5 percent of small business loans in the moderate-income census tracts, which was higher than the percentage of businesses of 4.9 percent.

Overall, the Bank has a good dispersion among the various census tract geographies.

5. RESPONSE TO COMPLAINTS AND FAIR LENDING POLICIES AND PROCEDURES

The Bank’s fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division’s Community Reinvestment and Fair Lending Policy. Based upon the review of the Bank’s public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

Minority Application Flow

According to the 2010 U.S. Census Data, the Bank’s assessment area in 2012 contained a total population of 456,205 individuals of which 13.2 percent are minorities. The assessment areas racial and ethnic minority population is 6.5 percent Asian, 2.3 percent Black/African American, 2.1 Hispanic, 0.1 percent American Indian, and 2.2 percent other race.

For 2012 and 2013, the Bank received 663 HMDA-reportable loan applications from within its assessment area. Of these applications, 16 or 2.4 percent were received from racial minority applicants. For the same time period, the Bank received 10 applications from ethnic minorities of Hispanic origin.

The Bank's level of lending was compared with the aggregate's lending performance level for 2012, the most recent year for which data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

MINORITY APPLICATION FLOW					
RACE	Bank 2012		Aggregate 2012	Bank 2013	
	Amt	%	% of #	Amt	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	3	0.9	4.4	1	0.3
Black/ African American	1	0.3	0.7	1	0.3
Hawaiian/Pac Isl.	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	4	1.2	0.8	6	1.8
Total Minority	8	2.4	6.2	8	2.4
White	301	90.4	71.4	305	92.4
Race Not Available	24	7.2	22.4	17	5.2
Total	333	100.0	100.0	330	100.0
ETHNICITY					
Hispanic or Latino	2	.6	0.6	3	.9
Not Hispanic or Latino	300	90.1	76.2	305	92.4
Joint (Hisp/Lat /Not Hisp/Lat)	1	.3	0.7	4	1.2
Ethnicity Not Available	30	9.0	22.5	18	5.5
Total	333	100.0	100.0	330	100.0

2012 and 2013 HMDA LARs, 2012HMDA Aggregate, 2010 Census Data

The Bank's performance was below the 2012 aggregate performance level for minority applicants. In 2012, the Bank received 2.4 percent of its applications from racial minorities while the aggregate was at 6.2 percent. In 2012, the Bank's racial minority application flow was .9 percent while the aggregate was at 1.3 percent.

In 2013, applications from racial minority groups remained the same while the application from ethnic groups of Hispanic origin increased from 3 to 7 applications.

In recognition of the low minority application flow, management is recommended to monitor and its accessibility to potential applicants of all backgrounds.

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 744 Broad Street Weymouth, MA 02189.

- 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.