

PUBLIC DISCLOSURE

February 1, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Everett Co-operative Bank
Certificate Number: 26444

419 Broadway
Everett, Massachusetts 02149

Division of Banks
1000 Washington Street, 10th Floor
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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

The Lending Test is rated Satisfactory.

- The average loan-to-deposit (LTD) ratio of 103.3 percent is more than reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority (56.6 percent) of home mortgage and small business loans within the AA during the evaluation period.
- The geographic distribution of loans reflects excellent dispersion throughout the AA, specifically in low- and moderate-income geographies.
- The distribution of home mortgage and small business borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated October 15, 2012, to the current evaluation dated February 1, 2016. Examiners used Intermediate Small Institution (ISI) Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two tests: the Lending Test and the Community Development Test.

The Lending Test evaluates the bank's performance according to criteria including: LTD ratio, AA concentration, geographic distribution, borrower profile, and the bank's response to CRA-related complaints.

The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services as well as the bank's responsiveness to the community development needs of the AA.

Loan Products Reviewed

Examiners analyzed home mortgage and small business loans to evaluate the bank's lending performance. Small farm loans were not evaluated as the bank does not originate these loans. Additionally, consumer and other loan types were not considered due to the low volume of originations and the overall small percentage of the loan portfolio represented by these loan types.

Examiners evaluated home mortgage lending data for 2014 and 2015 as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2014 lending performance was compared with aggregate lending data for all HMDA reporting lenders and AA demographics. Home mortgage lending in 2015, for which aggregate data is not available, was compared with AA demographics and analyzed for trends. In 2014, the bank originated 164 home mortgage loans totaling \$70.6 million. In 2015, the bank originated 163 loans totaling \$70.0 million.

As an ISI, the bank is not required to collect or report small business lending data; however, the bank elected to collect, but not report, small business data during the evaluation period. As a result, examiners analyzed all small business loans from 2014 and 2015. Small business lending data for 2014 was compared with Dun & Bradstreet (D & B) business demographic data, and 2015 performance was compared with D & B data and considered for trends. In 2014, the bank originated 31 small business loans totaling \$10.1 million. In 2015, the bank originated 31 small business loans totaling \$7.7 million.

Home mortgage lending performance received more weight in arriving at conclusions and ratings under the Lending Test. The bank's portfolio remains weighted in residential real estate loans, including those secured by 1-4 family and multi-family properties at 67.3 percent. Commercial loans, including commercial real estate and commercial and industrial loans represent 24.6 percent of the bank's loan portfolio. Examiners considered both the number and dollar volume

of home mortgage and small business loan originations; however, an emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, housing values, or business size, and provides a better overall indicator of the number of individuals or businesses served by the institution.

Community development loans, investments and services made or provided since Everett Co-operative Bank's prior evaluation were considered under the Community Development Test.

DESCRIPTION OF INSTITUTION

Background

Everett Co-operative Bank is a Massachusetts state-chartered mutual savings bank headquartered in Everett, Massachusetts. The bank primarily serves the region just north of Boston including cities and towns in Essex, Middlesex, and Suffolk Counties. The prior CRA Performance Evaluation, conducted jointly by the FDIC and the Division using the FFIEC's ISI Examination Procedures as of October 15, 2012, resulted in a Satisfactory rating.

Operations

Everett Co-operative Bank operates one full-service branch located at 419 Broadway in Everett, which is located in a moderate-income census tract.

Everett Co-operative Bank offers a standard variety of deposit and loan products and services for businesses and individuals. Deposit products include a variety of checking accounts including free checking, savings, money market accounts, individual retirement accounts, and certificates of deposit. Loan products include consumer, home mortgage, home equity, and a first-time homebuyer (FTHB) loan product, as well as business loans including commercial real estate, lines of credit and SBA guaranteed loans. Additional services offered by the bank include debit cards, online bill-pay and banking, mobile banking, and business cash management services. The bank is also a part of the SUM Network, which allows automated teller machine (ATM) card holders to access ATMs in the network free of charge nationwide. The bank operates three ATMs; one at its current branch and two in Lynnfield.

Ability and Capacity

As of December 31, 2015, the bank had total assets of \$414.0 million including total loans of \$350.4 million. Residential loans account for the largest portion of the loan portfolio at a combined 67.3 percent. Commercial real estate loans account for the next largest portion of the loan portfolio at 23.5 percent.

Loan Portfolio Distribution as of December 31, 2015		
Loan Category	\$(000s)	%
Construction and Land Development	27,888	8.0
Secured by Farmland	0	0.0
1-4 Family Residential	195,234	55.7
Multi-family (5 or more) Residential	40,572	11.6
Commercial Real Estate	82,366	23.5
Total Real Estate Loans	346,060	98.8
Commercial and Industrial	3,948	1.1
Agricultural	0	0.0
Consumer	611	0.2
Other	5	0.0
Less: Unearned Income	(203)	(0.1)
Total Loans	350,421	100.0
<i>Source: Consolidated Reports of Condition and Income as of December 31, 2015</i>		

Examiners did not identify any financial or legal impediments that would limit or impede the bank's ability to meet the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AA(s) within which it will focus its lending efforts and its CRA performance will be evaluated. Everett Co-operative Bank has designated a single, contiguous AA which includes 127 census tracts (CTs), all of which are located in the Boston, MA Metropolitan Division (MD) (14454) and the Cambridge-Newton-Framingham, MA MD (15764). Both MDs are part of the larger Boston-Cambridge-Newton, MA – NH Metropolitan Statistical Area (MSA).

Economic and Demographic Data

The bank's AA includes 127 CTs representing the cities, towns, and neighborhoods of Lynnfield, Peabody, Saugus, Lynn, East Boston, Everett, Chelsea, Malden, Medford, Melrose, Revere, Somerville, and Winthrop. The AA contains 22 low-, 53 moderate-, 46 middle-, and 5 upper-income CTs. One CT does not have an income designation.

Demographic Information for the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	127	17.3	41.7	36.2	3.9	0.9
Population by Geography	584,379	15.1	41.4	39.1	4.4	0.0
Housing Units by Geography	240,752	14.5	41.3	40.2	4.0	0.0
Owner-Occupied Units by Geography	111,926	7.5	36.0	50.4	6.1	0.0
Businesses by Geography (2014)	22,551	12.5	37.6	44.0	5.8	0.1
Businesses by Geography (2015)	31,590	13.6	37.9	42.9	5.5	0.1
Family Distribution by Income Level	136,420	33.7	19.7	21.3	25.3	0.0
Median Family Income (2010 U.S. Census) (Boston, MA MD 14454) (Cambridge-Newton-Framingham, MA MD 15764)		\$83,664 \$90,625	Median Housing Value Median Gross Rent Families Below Poverty Level			\$372,883 \$1,110 9.9%
FFIEC-Estimated Median Family Income for: (Boston, MA MD 14454)						
2014		\$81,500				
2015		\$90,000				
(Cambridge-Newton-Framingham, MA MD (15764)						
2014		\$93,300				
2015		\$101,700				

Source: 2010 U.S. Census, 2014 & 2015 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.

Based on 2010 U.S. Census data, the AA has a total population of 584,379, including 136,420 families. The FFIEC-estimated median family income (MFI) was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies within the AA, as illustrated in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income				
2014 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
Cambridge-Newton-Framingham, MA MD Median Family Income				
2014 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040

Source: FFIEC

The AA includes 240,752 housing units, of which 111,926 (46.5 percent) are owner-occupied, with a weighted average median value of \$372,883. Additionally, there are a total of 113,083 rental units with a median gross rent of \$1,110.

Data from the December 2015 U.S. Bureau of Labor Statistics indicates that the bank's AA has a slightly lower unemployment rate (3.9 percent) than both the Commonwealth of Massachusetts (4.7 percent) and the national rate (5.0 percent).

According to D&B data, the AA included 32,700 non-farm businesses in 2014, with a slight decline to 31,590 in 2015. The analysis of small business loans under the Borrower Profile section of the Lending Test compares the distribution of businesses by gross annual revenue (GAR) level. A majority of the businesses in the AA have GARs of \$1 million or less. GARs for businesses in the AA as of 2015 are below.

- 76.9 percent have \$1 million or less.
- 4.9 percent have more than \$1 million.
- 18.2 percent did not report revenues.

Service industries represent the largest portion of businesses at 46.3 percent; followed by retail trade at 15.6 percent; and construction at 9.4 percent. In addition, 69.4 percent of businesses in the area employ four or fewer people and 91.5 percent of businesses in the area operate from a single location.

Competition

The bank operates in a moderately competitive market for credit and financial services. The FDIC Deposit Market Share data as of June 30, 2015, reveals that 139 financial institutions operate 1,516 branch offices within the Boston-Cambridge-Newton, MA–NH MSA, with the top five institutions accounting for 71.7 percent of total deposit market share. Everett Co-operative Bank ranked 54th with a deposit market share of 0.1 percent.

Aggregate home mortgage lending data for 2014 shows that a total of 434 lenders originated 18,697 home mortgage loans within the bank's AA. The top four lenders include large national and regional banks and mortgage companies such as JP Morgan Chase, Wells Fargo Bank, Guaranteed Rate Inc., and Eastern Bank. Everett Co-operative Bank ranked 46th, with 0.6 percent of the AA market share.

Community Contact

As part of the performance evaluation, examiners contact third-party organizations engaged in community and economic development to aid in identifying the credit and community development needs and opportunities available within the community. Examiners conducted two community contacts with non-profit community development organizations serving different portions of the bank's AA. Both organizations focus on a wide array of community development needs such as affordable housing, community engagement, and economic development.

The community contacts indicated improving trends in local economic conditions. Both contacts indicated that their area would benefit from having more permanent mortgage products focused toward affordable housing. The contacts also stressed the need for more small business lending options in the area including, but not limited to, micro-loans and other innovative and flexible small business lending products. The contacts identified the need for further affordable housing units, FTHB programs, financial literacy, and workforce development programs to support economic expansion and increased employment in the area.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contacts, the bank, and available economic data to determine the primary credit needs of the AA. The bank and the community contacts indicated generally strong or improving economic conditions within parts of the AA; however, a need for affordable housing and additional small business resources were identified. Economic data for the AA supports this assessment of credit and community development needs in the AA. Median housing values within the AA of \$372,883 make homeownership difficult for low- and moderate-income individuals and families.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Everett Co-operative Bank demonstrated reasonable performance under the Lending Test. The bank's geographic distribution and borrower profile performance provide primary support for this conclusion.

Loan-to-Deposit Ratio

Everett Co-operative Bank's average LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The ratio, calculated from Call Report data over the prior calendar quarters from September 30, 2012, through December 31, 2015, averaged 103.3 percent. As detailed in the following table, the bank's LTD was compared with similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank Name	Total Assets as of December 31, 2015 \$(000s)	Average Net LTD Ratio (%)
Stoneham Bank, A Co-operative Bank	506,523	114.5
Eagle Bank	426,093	56.2
Everett Co-operative Bank	414,018	103.3
Beverly Co-operative Bank	371,389	95.7

Source: Consolidated Reports of Condition and Income

The bank's net LTD ratio fluctuated minimally from a high of 106.9 percent (September 30, 2012) to a low of 100.0 percent (September 30, 2015). During this timeframe, net loans increased 22.4 percent and deposits increased 26.9 percent.

Assessment Area Concentration

Overall, the bank originated a majority of its loans inside the AA during the evaluation period. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	94	57.3	70	42.7	164	39,440	55.8	31,192	44.2	70,632
2015	87	53.4	76	46.6	163	33,631	48.0	36,430	52.0	70,061
Subtotal	181	55.4	146	44.6	327	73,071	51.9	67,622	48.1	140,693
Small Business										
2014	19	61.3	12	38.7	31	7,413	73.1	2,730	26.9	10,143
2015	20	64.5	11	35.5	31	3,733	48.4	3,977	51.6	7,710
Subtotal	39	62.9	23	37.1	62	11,146	62.4	6,707	37.6	17,853
Total	220	56.6	169	43.4	389	84,217	53.1	74,329	46.9	158,546

Source: 2014 and 2015 HMDA and CRA Small Business Data

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the AA. Examiners emphasized home mortgage and small business lending in low- and moderate-income geographies.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA, including low- and moderate-income CTs. As detailed in the following table, the bank's lending within low- and moderate-income CTs exceeds both aggregate lending performance and the percentage of owner-occupied housing within these geographies.

Market share data further supports the bank's excellent performance. Specifically, market share reports for 2014 indicate that the bank ranked 45th in lending in low-income geographies. The substantial majority of those ranking higher were much larger regional or national banks and credit unions and mortgage lenders. Market share reports for 2014 indicate that the bank ranked 36th in lending in moderate-income geographies. Again, those ranking ahead were larger regional or national banks and credit unions and mortgage lenders. Both market rankings exceed the bank's overall market rank of home mortgage lending in the AA in 2014. Furthermore, the bank demonstrated increasing trends in lending in low- and moderate-income CTs in 2015. Considering the bank's market ranks in 2014 and the increasing percentages in low- and moderate-income CTs in 2015, performance under this factor is excellent.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	7.5	8.5	10	10.6	8,668	22.0
2015	7.5	--	11	12.6	6,051	18.0
Moderate						
2014	36.0	36.6	43	45.8	13,379	33.9
2015	36.0	--	49	56.3	14,183	42.2
Middle						
2014	50.4	48.7	33	35.1	13,219	33.5
2015	50.4	--	23	26.5	11,483	34.1
Upper						
2014	6.1	6.2	8	8.5	4,174	10.6
2015	6.1	--	4	4.6	1,914	5.7
Totals						
2014	100.0	100.0	94	100.0	39,440	100.0
2015	100.0	--	87	100.0	33,631	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015, HMDA Reported Data; 2014 Aggregate Data; "--" data not available.</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. As shown in the following table, the bank originated one small business loan in a low-income CT in 2014, but did not originate any in 2015. The bank originated a majority (78.9 percent) of their small business loans in moderate-income CTs in 2014, exceeding the percentage of businesses located within those geographies during the review period. In 2015, there was a slight decline in lending to moderate-income tracts by number and dollar volume; however, the bank continued to originate a majority (70.0 percent) of their small business loans in those tracts. These comparisons reflect reasonable performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2014	12.5	1	5.3	409	5.5
2015	13.6	0	0.0	0	0.0
Moderate					
2014	37.6	15	78.9	6,777	91.4
2015	37.9	14	70.0	3,048	81.7
Middle					
2014	44.0	2	10.5	82	1.1
2015	42.9	6	30.0	685	18.3
Upper					
2014	5.8	1	5.3	145	2.0
2015	5.5	0	0.0	0	0.0
N/A					
2014	0.1	0	0.0	0	0.0
2015	0.1	0	0.0	0	0.0
Total					
2014	100.0	19	100.0	7,413	100.0
2015	100.0	20	100.0	3,733	100.0
<i>Source: 2014-2015 D&B Data; 2014 & 2015 CRA bank data</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans to borrowers of different income levels and businesses of different sizes. Examiners emphasized the bank’s record of home mortgage lending to low- and moderate-income borrowers and small business lending to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. In 2014, the bank’s performance for lending to low-income borrowers exceeded aggregate; however, the bank’s percentage of loans to moderate-income borrowers was below aggregate. In 2015, there was an increase in lending to both low- and moderate-income borrowers. The percentage of loans originated to low-income borrowers in 2014 and 2015 was below the percentage of low-income families in the AA. It should be noted that a significant percentage of these home mortgage loans were to borrowers with income not available. Bank management attributes this to a high level of lending to Limited Liability Corporations and real estate trusts.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	33.7	6.0	6	6.4	766	1.9
2015	33.7	--	11	12.6	1,962	5.8
Moderate						
2014	19.7	20.9	11	11.7	2,526	6.4
2015	19.7	--	16	18.4	5,356	15.9
Middle						
2014	21.3	26.3	17	18.1	4,332	11.0
2015	21.3	--	16	18.4	4,715	14.0
Upper						
2014	25.3	28.2	29	30.8	9,851	25.0
2015	25.3	--	22	25.3	9,907	29.5
Income Not Available						
2014	0.0	18.6	31	33.0	21,965	55.7
2015	0.0	--	22	25.3	11,691	34.8
Total						
2014	100.0	100.0	94	100.0	39,440	100.0
2015	100.0	--	87	100.0	33,631	100.0
<i>Source: 2010 U.S. Census; 2014 & 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the percentage of loans to businesses with GARs of \$1 million or less is lower than the percent of businesses in both 2014 and 2015. Overall, this level of lending to small businesses, considering the institution’s size and business focus, is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Annual Revenues	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000					
2014	72.4	11	57.9	4,494	60.6
2015	76.9	8	40.0	1,789	47.9
> \$1,000,000					
2014	4.7	8	42.1	2,919	39.4
2015	4.9	12	60.0	1,944	52.1
Revenue N/A					
2014	22.9	0	0.0	0	0.0
2015	18.2	0	0.0	0	0.0
Total					
2014	100.0	19	100.0	7,413	100.0
2015	100.0	20	100.0	3,733	100.0
<i>Source: 2014-2015 D&B Data; 2014-2015 Bank Records</i>					

Response to Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Everett Co-operative Bank demonstrated adequate responsiveness to the community development needs of its AA 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 Lending

The bank originated 12 community development loans totaling approximately \$9.5 million during the evaluation period. This level of activity represents 2.3 percent of average total assets and 2.8 percent of average total loans since the prior CRA evaluation. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Loans						
Activity Year	Affordable Housing		Economic Development		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
2013	3	2,567	0	0	3	2,567
2014	4	4,341	1	900	5	5,241
2015	4	1,654	0	0	4	1,654
YTD 2016	0	0	0	0	0	0
Total	11	8,562	1	900	12	9,462
<i>Source: Bank Records</i>						

Below are the bank’s community development loans:

- The bank originated 11 community development loans totaling \$8.5 million inside its AA. All 11 loans were multi-family loans and provided affordable rental housing for families at or below 80 percent of the median family income for the MSA. These loans demonstrate the bank’s responsiveness to the need for affordable housing as noted by a community contact.
- The bank originated one loan in the amount of \$900,000 to finance a small business in a moderate-income tract in Revere. The restaurant’s gross annual revenues are under \$1 million. The opening of the restaurant will create jobs for AA residents, including those of low- and moderate-income levels.

Qualified Investments

Everett Co-operative Bank made 50 qualified investments totaling \$71,777. This total is solely composed of grants and donations. This level of activity represents 0.02 percent of average total assets since the prior CRA evaluation. Qualified donations were predominantly to organizations providing community services targeted to 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		Revitalize & Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$
2012 *	1	100	5	11,662	0	0	6	11,762
2013	1	200	15	19,150	0	0	16	19,350
2014	1	400	12	14,810	1	700	14	15,910
2015	1	500	12	23,555	1	700	14	24,755
YTD 2016	0	0	0	0	0	0	0	0
Total	4	1,200	44	69,177	2	1,400	50	71,777

Source: Bank Records- *From October 2012 through December 31, 2012.

From October 12, 2012 through February 1, 2016, the bank contributed \$71,777 to qualified organizations and programs. These grants and donations were responsive to the specific community development needs of the AA.

The following is a sample of organizations that received donations from the bank.

- Mystic Valley Elder Services – This non-profit organization assists low-income elders with financial tasks including bill payment, budgeting, checkbook balancing, and general financial literacy.
- Habitat Plus, Inc. – This non-profit organization provides affordable housing for low- and moderate-income individuals and families, including programs for low- and moderate-income Veterans.
- East Boston Social Center – This is a non-profit organization that provides services to low- and moderate-income children and families of East Boston.
- Joint Committee for Children's Health – This is a non-profit organization that provides health care services to low- and moderate-income families and individuals within the bank's assessment area. The organization is located in Everett, MA.
- Whittier School – A public elementary school located in downtown Everett. A majority of students receive free lunches.
- Money Management International – An organization that provides financial services including: foreclosure prevention, financial education, debt management, bankruptcy counseling, and many other financial workshops. The services are targeted to low- and moderate-income individuals within the bank's AA.

Community Development Services

During the evaluation period, bank employees provided 50 instances of financial expertise or technical assistance to 10 different organizations within the AA; the number was consistent each year between 2012 and 2016. All of the qualified services were related to community services for low- or moderate-income individuals. The following table illustrates the bank's community development services by year and purpose. Below are notable examples of the bank's community development services:

- Everett Development and Finance Corporation (EDFC) – The primary objective of this organization is to improve the living conditions in Everett through revitalization, employment, and new business opportunities. EDFC provides direct financing for small businesses in Everett that may not meet traditional underwriting standards. The bank's Senior Loan Officer serves as a Director and member of the Finance Committee.
- Community Family, Inc. – This organization provides adult day care services, primarily to low- and moderate-income individuals in the community. The bank's Senior Loan Officer serves as the President.
- Portal To Hope – This organization provides healthcare services to low- and moderate-income families and individuals. The bank's President serves as a committee member.
- Everett School Banking Programs – A Branch Manager instructs a weekly school banking program at the Lafayette School, where majority of students are low- and moderate-income. Additionally, the same Branch Manager conducts annual mock job interviews at Everett High School.

Other Community Development Services

- The bank participates in the Massachusetts Community & Banking Council Basic Banking Program. The program's aim is to encourage those with modest incomes, particularly those of low- or moderate-income, to establish banking relationships. Participating banks provide low-cost checking and savings accounts to consumers in their area. The bank offers a checking account and a savings account that meet the Basic Banking guidelines.
- The bank participated in an Interest on Lawyers' Trust Accounts (IOLTA) program during the review period. The interest earned on specific trust accounts are remitted to an IOLTA committee, which in turn provides the funds to the benefit of low-income individuals throughout Massachusetts.

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.

APPENDIX A *Division of Banks*

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.

Based on a review of the bank's public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of the anti-discrimination laws and regulations.

Minority Application Flow

Examiners reviewed the bank's HMDA LARs for 2014 and 2015 to determine if the application flow from different minority groups within the AA was reflective of AA demographics.

The bank's residential lending in 2014 was compared to 2014 aggregate lending data. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following table for information on the bank's minority application flow as well as a comparison to aggregate lending data.

Minority Application Flow					
RACE	Bank 2014		2014 Aggregate Data	Bank 2015	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0
Asian	2	2.0	6.3	1	1.0
Black/ African American	2	2.0	3.8	3	3.0
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1.3	0	0.0
Total Minority	4	4.0	11.9	4	4.0
White	64	62.7	62.5	70	70.0
Race Not Available	34	33.3	25.6	26	26.0
Total	102	100.0	100.0	100	100.0
ETHNICITY					
Hispanic or Latino	5	4.9	9.9	7	7.0
Not Hispanic or Latino	63	61.8	63.8	70	70.0
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	1	1.0
Ethnicity Not Available	34	33.3	25.2	22	22.0
Total	102	100.0	100.0	100	100.0

Source: U.S. Census 2010, HMDA LAR Data 2014 and 2015, HMDA Aggregate Data 2014

According to the 2010 U.S. Census data, the bank's AA has a population of 584,379, of which 37.2 percent are minorities. The AA's minority population consists of 0.1 percent American

Indian, 6.8 percent Asian/Pacific Islander, 7.1 percent Black/African American, 19.7 percent Hispanic, and 3.5 percent other race.

In 2014, the bank received 102 HMDA reportable loan applications within its AA. Of these applications, 4.0 percent were received from racial minority applicants. The bank's application flow was below aggregate performance of 11.9 percent. In 2014, the bank received five applications representing 4.9 percent of applications from the Hispanic or Latino ethnic group. The bank's application flow from this ethnicity category was below the aggregate performance of 9.9 percent.

In 2015, the bank increased its applications from Hispanic applicants (7.0 percent), and its applications to minorities by race remained at 4.0 percent. It should be noted that in 2014, 33.3 percent of applicants did not provide information on their race, and in 2015, 26.0 percent of applicants did not provide information on their race. Overall, considering the demographic composition of the AA, comparisons to aggregate data, and the recent expansion of the bank's AA to include more high-minority CTs, the bank's minority application flow is adequate.

APPENDIX B 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; 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 Areas (CBSAs): 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.