

**PUBLIC DISCLOSURE**

**June 9, 2014**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**MOUNTAINONE BANK**

**Certificate # 90253**

**93 MAIN STREET**

**NORTH ADAMS, MASSACHUSETTS 01247**

**Division of Banks**

**1000 Washington Street, 10<sup>th</sup> Floor**

**Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation**

**350 Fifth Avenue, Suite 1200**

**New York, New York 10118**

<b>NOTE:</b>	<b>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.</b>
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## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) and the Federal Deposit Insurance Corporation (FDIC) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the credit needs of its community, 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 **MountainOne Bank**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **June 9, 2014**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00. The FDIC rates the CRA performance of the institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.*

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test 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 assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these tests is summarized below:

**Lending Test:**

- The loan-to-deposit ("LTD") ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans were originated inside the Combined Assessment Area (Combined AA).
- The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout all census tract income levels.
- There were no CRA-related complaints filed against the Bank during the review period, therefore this performance criterion was not a factor in assigning the overall rating.

**Community Development Test:**

- MountainOne Bank demonstrated adequate responsiveness to the community development needs of its AAs. The Bank met these community development needs through community development loans, qualified investments and grants, and community development services.

## SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and FDIC utilizing Intermediate Small Bank (“ISB”) CRA evaluation procedures, as established by the Federal Financial Institutions Examination Council (“FFIEC”). These procedures include the Lending Test and the Community Development Test. The Lending Test considers the institution’s performance pursuant to the following criteria: LTD ratio; AA concentration; geographic distribution; borrower profile; and record of taking action in response to CRA complaints. The Community Development Test considers the number, dollar amount, and responsiveness of community development loans, qualified investments, and community development services.

This is the first time the Division and the FDIC have conducted a CRA evaluation of MountainOne Bank as a single entity since the mergers with Williamstown Savings Bank and South Coastal Bank, which were previously under a common holding company. Considering the total assets of the separate prior charters of Williamstown Savings Bank and South Coastal Bank, neither bank was subject to ISB evaluation procedures. Of particular relevance is the fact the separate banks did not collect information concerning community development activities for consideration under the Community Development Test prior to the respective mergers.

Examiners analyzed the Bank’s home mortgage and small business loans, as these reflect the primary loan products offered by MountainOne Bank. Home equity lines of credit (HELOCs) were also analyzed, as the Bank collected applicable loan data, and requested its review. A significantly smaller portion of the loan portfolio consists of consumer loans, and no small farm loans are present on the Bank’s most recent Report of Condition and Income (Call Report). As a result, these product lines were not analyzed. Considering the Bank’s loan portfolio distribution and volume of lending by loan type during the evaluation period, significantly more weight was given to the Bank’s performance in home mortgage lending than small business lending or HELOCs when arriving at overall conclusions.

Information concerning home mortgage loans was derived from the Bank’s Loan Application Registers (“LARs”), reported pursuant to the Home Mortgage Disclosure Act (“HMDA”). The LARs contain data about home purchase and home improvement loans, including refinancing, of one-to-four-family and multi-family (five or more units) properties. The evaluation period includes full years 2012 and 2013. While the tables within this evaluation depict 2012 and 2013 home mortgage data, primary emphasis of this evaluation is on performance in 2012, as this is the most recent year for which aggregate data is available. As a result, lending performance in 2012 is provided more weight than performance in 2013. Both years are compared to pertinent demographic data. The borrower profile and geographic distribution criteria consider only those loans made within the Bank’s designated AAs.

MountainOne Bank elected to collect, but not report, its small business data for 2012 and 2013. Information concerning small business loans was derived from the Bank’s records. For purposes of this evaluation, small business loans include commercial real estate and commercial and industrial loans in amounts of \$1 million or less. Business demographic data is provided by Dun and Bradstreet (“D&B”).

Performance with respect to HELOCs in 2012 and 2013 is compared to pertinent demographics. Demographic information from the 2010 U.S. Census is used throughout this Performance Evaluation, unless otherwise noted.

The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services between December 30, 2011 and June 9, 2014.

The Bank designated two separate AAs in which it operates full-service branches, as described in the following Description of Assessment Areas section. These areas include portions of two separate Metropolitan Statistical Areas (MSAs) in the State of Massachusetts. In accordance with the requirements of the Interstate Banking and Branching Efficiency Act, this evaluation presents separate analysis and conclusions for each MSA area. The AA defined in the Pittsfield, Massachusetts MSA is referred to as the “Western AA,” and the area defined within the Boston-Quincy, Massachusetts MSA is referred to as the “Eastern AA.” Considering the distribution of branches, loans and deposits across each AA, examiners reviewed the Bank’s performance in each area using full-scope procedures.

## PERFORMANCE CONTEXT

### Description of Institution

MountainOne Bank is a state-chartered stock savings bank headquartered at 93 Main Street in a moderate-income census tract in North Adams, Massachusetts. As a subsidiary of MountainOne Financial Partners, MountainOne Bank consists of the following banking divisions; MountainOne Bank (formerly Hoosac Bank), Williamstown Savings Bank, and South Coastal Bank.

Incorporated in 1848 as North Adams Savings Bank, the Bank changed its name to Hoosac Bank in 1998. In 2002, Hoosac Bank, Williamstown Savings Bank, and South Coastal Bank became subsidiaries of MountainOne Financial Partners. In 2012, Williamstown Savings Bank merged with and into Hoosac Bank, though both banks retained their respective names. In 2013, Hoosac Bank changed its name to MountainOne Bank, and South Coastal Bank and Williamstown Savings Bank became divisions of MountainOne Bank. The firms Coakley, Pierpan, Dolan & Collins Insurance Agency Inc., True North Insurance Agency Inc., and True North Financial Inc. are wholly owned subsidiaries of MountainOne Bank. These companies offer insurance, investment and retirement services, respectively.

In addition to the main office, MountainOne Bank operates one full-service branch in a middle-income census tract in Pittsfield, as well as a mortgage center in Danvers. The Bank operates its Williamstown Savings Bank Division from a single branch office in an upper-income census tract in Williamstown. The Bank operates its South Coastal Bank Division from a branch in a moderate-income census tract Rockland, an upper-income census tract in Scituate, and a middle-income census tract in Quincy.

In 2013, the Williamstown Savings Bank Division closed a branch in an upper-income census tract of Williamstown. MountainOne Bank also opened a branch in a middle-income census tract of Pittsfield in 2013. No other branch opening or closing activity occurred since the previous evaluation.

The Bank offers a complete array of lending and deposit products. Loan products include residential mortgages, home equity loans and lines of credit, consumer loans, commercial real estate loans, business lines of credit, equipment and vehicle loans, letters of credit, and Small Business Administration loans. Deposit products include a range of personal and business checking and savings accounts, IRAs, money market accounts, and CDs.

As of March 31, 2014 the Bank had total assets of \$774.8 million, which represents a 9.6 percent decrease of the subsidiaries' total combined assets since the most recent CRA evaluation dated December 30, 2011. Although the Bank's assets decreased, the loan portfolio increased 11.7 percent over the same period, to its current level of \$589.7 million as of March 31, 2014. The loan portfolio accounts for 77.5 percent of the Bank's assets. Refer to Table 1 for detailed information regarding the composition of the Bank's loan portfolio.

<b>Table 1 – Loan Portfolio Distribution as of March 31, 2014</b>		
<b>Loan Type</b>	<b>Dollar Amount \$('000s)</b>	<b>Percent of Total Loans</b>
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	49,203	8.3
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	248,586	42.2
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	6,850	1.1
Secured by Multi-Family (5 or more) Residential Properties	26,364	4.5
<b>Total Residential Real Estate Loans</b>	<b>331,003</b>	<b>56.1</b>
Construction, Land Development, and Other Land Loans	29,778	5.1
Secured by Nonfarm Nonresidential Properties	162,540	27.6
<b>Total Real Estate Loans</b>	<b>523,321</b>	<b>88.8</b>
Commercial and Industrial	61,261	10.4
Consumer Loans	1,854	0.3
Loans to nondepository financial institutions and other loans	3,253	0.5
<b>Total Loans</b>	<b>589,689</b>	<b>100.0</b>

*Source: March 31, 2014 Call Report.*

As Table 1 illustrates, the Bank is primarily a residential lender, with 56.1 percent of total loans secured by residential real estate. Nonfarm, nonresidential real estate secured loans account for 27.6 percent of the loan portfolio, followed by commercial and industrial loans accounting for 10.4 percent.

As mentioned above, the Bank's divisions were evaluated separately prior to this CRA evaluation. MountainOne Bank (formerly Hoosac Bank) was last evaluated jointly by the Division and the FDIC on December 30, 2011, which resulted in a "Satisfactory" CRA rating. The FDIC and Division also conducted a joint evaluation of South Coastal Bank as of December 30, 2011. This evaluation resulted in a "Satisfactory" CRA rating. The FDIC last evaluated Williamstown Savings Bank as of August 4, 2008, which resulted in a "Satisfactory" CRA rating.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

### **Description of Assessment Areas**

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. An AA should consist of whole geographies such as counties, cities, or towns. Further, an AA may not reflect illegal discrimination and may not arbitrarily exclude any low- or moderate-income areas, taking into account the institution's size and financial condition.

## Demographic and Economic Information

The Bank's Combined AA includes the non-contiguous Western and Eastern AAs, and encompasses the 47 cities and towns as detailed in Table 2.

Table 2 – Combined Assessment Area Cities and Towns			
Berkshire County		Plymouth County	
Adams	*New Ashford	Abington	Marshfield
*Becket	North Adams	Carver	Norwell
*Cheshire	*Peru	Duxbury	Pembroke
Clarksburg	*Pittsfield	Halifax	Plymouth
*Dalton	*Richmond	Hanover	Plympton
*Florida	*Savoy	Hanson	Rockland
*Hancock	*Washington	Hingham	Scituate
*Hinsdale	Williamstown	Hull	Whitman
*Lanesborough	*Windsor	Kingston	
*Lenox			
Bennington County (Vermont)		Norfolk County	
*Bennington	*Searsbury	Braintree	Weymouth
*Glastenbury	*Stamford	Quincy	
*Pownal	*Sunderland		
*Readsboro	*Woodford		

*\*New municipalities added since the prior evaluations*

The Combined AA includes geographies in the Massachusetts and Vermont. There are two Metropolitan Statistical Areas ("MSAs") and one non-MSA included in the area. In Massachusetts, the Combined AA includes portions of the Pittsfield, Massachusetts MSA and the Boston, Massachusetts Metropolitan Division ("MD") of the larger Boston-Quincy, Massachusetts MSA. All census tracts in the Vermont portion of the Western AA are located in a non-MSA area. Because the Vermont tracts do not extend substantially beyond the Massachusetts border, the tracts are considered part of the Western AA.

The Bank added 22 new communities since the previous evaluations as noted above in Table 2. Table 3 depicts select demographic information for the Bank's Combined AA.

Table 3 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	128	2.3	8.6	63.3	25.8
Population by Geography	590,697	1.8	7.9	63.8	26.5
Owner-Occupied Housing by Geography	166,832	0.7	5.6	64.4	29.3
Businesses by Geography (2012)	56,601	2.7	6.7	60.7	29.9
Businesses by Geography (2013)	51,634	2.7	6.8	60.3	30.2
Distribution of Families by Income Level	150,415	17.8	16.7	22.9	42.6
<b>Median Family Income (MFI)</b>		\$76,701	<b>Median Housing Value</b>		\$342,718
<b>MD #14484 MFI, 2012</b>		\$88,800			
<b>MD #14484 MFI, 2013</b>		\$88,000	<b>Unemployment Rate (2010 U.S. Census)</b>		4.9%
<b>MSA #38340 MFI, 2012</b>		\$69,800			
<b>MSA #38340 MFI, 2013</b>		\$56,400			
<b>VT Non-MSA, 2012</b>		\$63,800			
<b>VT Non-MSA, 2013</b>		\$64,100			
<b>Families Below Poverty Level</b>		5.5%			

*Source: 2010 U.S. Census, 2012 and 2013 D&B data, and 2012 FFIEC-Adjusted Median Family Incomes*

According to 2010 U.S. Census data, the Combined Assessment Area contains 150,415 families. In 2013, the FFIEC-adjusted Median Family Income (“MFI”) for the assessment area was \$79,417. As of 2012, 17.8 percent of families are low-income, 16.7 percent are moderate-income, 22.9 percent are middle-income, and 42.6 percent are upper-income. The 2010 U.S. Census also indicates that 5.5 percent of the families in the Combined AA. Individuals or families with income below the poverty level would likely have difficulty qualifying for home mortgage financing using conventional underwriting standards.

There are 257,046 total housing units within the AA, of which 166,832, or 64.9 percent, are owner-occupied, 66,897, or 26.0 percent, are occupied rental units, and 23,317, or 9.1 percent, are vacant. The minimal percentages of owner-occupied housing units in low- and moderate-income census tracts suggest limited opportunity for home-related lending in these areas.

As displayed in Table 3, the median housing value for the Combined AA is \$342,718. Median values vary between the counties included in the AA; from \$165,000 in Berkshire County to \$380,000 in Norfolk County.

### ***Business Demographic Data***

As shown in Table 3, the number of nonfarm businesses in the Combined AA decreased from 56,601 in 2012 to 51,634 in 2013. The concentration of businesses by census tract income level remained relatively constant year over year. D&B data shows that 72.7 percent of businesses reported gross annual revenues (GARs) of \$1.0 million or less in 2012, with a slight increase to 73.2 percent in 2013. Approximately 68.7 percent of all businesses in the area employ between 1 and 4 individuals, which was similar to the distribution in 2013 at 66.5 percent.

### ***Competition***

The Bank faces significant competition within the assessment area, which includes several locally based institutions such as Adams Community Bank, Berkshire Bank, Greylock Federal Credit Union, as well as a number of large national banks, credit unions, and mortgage companies. In 2012, a total of 441 institutions reported the origination or purchase of at least one home mortgage loan in the Combined AA. MountainOne Bank’s divisions originated a combined total of 602 home mortgage loans, which ranked 14<sup>th</sup>, accounting for a market share of 1.6 percent.

### ***Community Contact***

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in determining the credit and community development needs of the community. Information obtained helps determine whether local financial institutions are responsive to the credit and community development needs, and what credit and community development opportunities are available.

For purposes of this evaluation, examiners contacted a representative of two community service organizations; one in Pittsfield County and one in Norfolk County. The contact from the organization in Pittsfield County indicated that there is a need for further development and support of small businesses. The contact mentioned that there is not an organization that specializes in micro-funding startups and originating loans to smaller businesses. Furthermore, the contact noted that smaller businesses in the area, most with four or fewer employees, often

have difficulty qualifying for credit under conventional underwriting standards. The contact expressed that there is opportunity for more local financial institution involvement in identifying and addressing community development needs of the area.

The contact located in Norfolk County indicated that several financial institutions have been involved in community development programs, particularly by providing financial support to youth development initiatives. The contacted noted that financial education is a key need within the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: LTD Ratio, Assessment Area Concentration, Borrower Characteristics, Geographic Distribution, and Response to CRA Complaints. Overall, the Bank's performance under the Lending Test is "Satisfactory." This rating indicates that the Bank's lending performance demonstrates a reasonable responsiveness to the credit needs of the assessment area.

#### Loan-to-Deposit Ratio

The Bank's LTD ratio is more than reasonable considering the Bank's size, financial condition, assessment area credit needs, general economic conditions, and seasonal variations.

The Bank's average LTD ratio for the preceding ten quarters (December 31, 2011 to March 31, 2013) was 98.1 percent. During the review period, the LTD ratio increased regularly. As of December 31, 2011, the LTD ratio was 87.9 percent, and was 104.4 percent as of March 31, 2014. During this period, the Bank's net loans increased 11.1 percent, while deposits decreased 5.9 percent. Management attributes the decrease in deposits primarily to large-deposit commercial customers making withdrawals based on seasonal influences. Furthermore, the Bank sold 999 home mortgage loans totaling \$280.8 million during the evaluation period. Accordingly, these loans are not captured on the Bank's balance sheet.

Table 4 depicts the Bank's average LTD ratio over the past ten quarters, and two comparable institutions that operate in the Bank's Combined AA. The Bank's average LTD ratio exceeds the ratios of the two comparable institutions.

Table 4 – Loan-to-Deposit Comparison		
Bank Name	Total Assets \$('000s) as of 03/31/14	Average LTD Ratio 12/31/11 – 03/31/14
Webster Five Cents Savings Bank	555,870	77.3
<b>MountainOne Bank</b>	<b>774,814</b>	<b>98.1</b>
Hampden Bank	714,485	95.3

*Source: December 31, 2011 through March 31, 2014 Call Reports*

#### Assessment Area Concentration

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area by evaluating the amount of lending conducted within the AA. Overall, a majority of loans were made in the Bank's AA. Table 5 illustrates the distribution of home mortgage and small business loans, as well as HELOCs, inside and outside the Combined AA in 2012 and 2013. The following sections detail performance under this criterion by loan type.

**Table 5 – Distribution of Loans Inside and Outside of Assessment Area**

Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$('000s)
	#	%	#	%		\$('000s)	%	\$('000s)	%	
<b>Home Mortgage Loans</b>										
<b>2012</b>										
Home Purchase	163	60.1	108	39.9	271	30,670	52.1	28,244	47.9	58,914
Refinance	341	37.8	562	62.2	903	66,768	28.2	170,149	71.8	236,917
Home Improvement	98	81.0	23	19.0	121	9,081	58.1	6,538	41.9	15,619
<b>Total</b>	<b>602</b>	<b>46.5</b>	<b>693</b>	<b>53.5</b>	<b>1,295</b>	<b>106,429</b>	<b>34.2</b>	<b>205,021</b>	<b>65.8</b>	<b>311,450</b>
<b>2013</b>										
Home Purchase	142	52.2	130	47.8	272	29,780	39.7	45,269	60.3	75,049
Refinance	147	35.0	273	65.0	420	27,899	25.3	82,568	74.7	110,467
Home Improvement	95	77.2	28	22.8	123	7,120	46.8	8,090	53.2	15,210
<b>Total</b>	<b>384</b>	<b>47.1</b>	<b>431</b>	<b>52.9</b>	<b>815</b>	<b>64,799</b>	<b>32.3</b>	<b>135,927</b>	<b>67.7</b>	<b>200,726</b>
<b>Total Home Mortgage</b>	<b>986</b>	<b>46.7</b>	<b>1,124</b>	<b>53.3</b>	<b>2,110</b>	<b>171,318</b>	<b>33.4</b>	<b>340,858</b>	<b>66.6</b>	<b>512,176</b>
<b>Small Business Loans</b>										
2012	73	74.5	25	25.5	98	11,737	69.9	5,046	30.1	16,783
2013	110	57.9	80	42.1	190	20,264	40.0	30,452	60.0	50,716
<b>Total Small Business</b>	<b>183</b>	<b>63.5</b>	<b>105</b>	<b>36.5</b>	<b>288</b>	<b>32,001</b>	<b>47.4</b>	<b>35,498</b>	<b>52.6</b>	<b>67,499</b>
<b>Home Equity Lines</b>										
2012	153	59.1	106	40.9	259	15,276	61.3	9,634	38.7	24,910
2013	132	64.4	73	35.6	205	10,543	53.9	9,011	46.1	19,554
<b>Total HELOC</b>	<b>285</b>	<b>61.4</b>	<b>179</b>	<b>38.6</b>	<b>464</b>	<b>25,819</b>	<b>58.1</b>	<b>18,645</b>	<b>41.9</b>	<b>44,464</b>
<b>Grand Total</b>	<b>1,454</b>	<b>50.8</b>	<b>1,408</b>	<b>49.2</b>	<b>2,862</b>	<b>229,048</b>	<b>36.7</b>	<b>395,091</b>	<b>63.3</b>	<b>624,139</b>

Source: 2012 and 2013 HMDA LARs, 2012 and 2013 Bank Small Business, and 2012 and 2013 Home Equity Lines

### Home Mortgage Loans

As noted in Table 5, the overall percentage of home mortgage loans originated inside the Combined AA remained relatively constant between 2012 and 2013, from 46.5 percent to 47.1 percent. The majority of loans made outside the Combined AA is attributed to the Bank's Loan Production Office located outside the AA in Essex County. In 2012, approximately 23.5 percent of all home mortgage loans were originated in Essex County; in 2013, the percentage of originated loans in Essex County was 21.2 percent.

From 2012 to 2013, the total number of home mortgage loan originations decreased by 218, of which 88.9 percent were refinances. The decrease in refinances correlates to the increasing interest rate environment between 2012 and 2013.

### Small Business Loans

The Bank originated 74.5 percent of its small business loans within the Combined AA in 2012, and 57.9 percent in 2013. Despite the declining trend between 2012 and 2013, the Bank originated a majority of its small business loans in the Combined AA.

### Home Equity Loans

The Bank originated 59.1 percent of its home equity loans inside the assessment area in 2012, and 64.4 percent in 2013.

## **Geographic Distribution**

Overall, the geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. The following sections detail the assessment of Bank performance under this criterion by loan type.

### **Home Mortgage Loans**

The distribution of home mortgage loans reflects reasonable dispersion throughout the Combined AA. Table 6 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of owner-occupied housing units by census tract income level for comparison purposes.

<b>Table 6 – Distribution of Home Mortgage Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>% of Total Owner- Occupied Housing Units</b>	<b>2012 Aggregate Lending Data (% of #)</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	0.7	0.7	3	0.5	0	0.0
<b>Moderate</b>	5.6	3.9	62	10.3	32	8.3
<b>Middle</b>	64.4	59.6	331	55.0	223	58.1
<b>Upper</b>	29.3	35.8	206	34.2	129	33.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>602</b>	<b>100.0</b>	<b>384</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data*

In 2012, MountainOne Bank originated 3 mortgages, or 0.5 percent, to borrowers residing in low-income census tracts. This figure is consistent with the aggregate lending percentage of 0.7 percent, as well as the demographic of owner-occupied units in the same areas. The small percentage of owner-occupied housing units in low-income tracts indicates a limited opportunity for home mortgage lending in this area. The Bank ranked 11<sup>th</sup> in the Combined AA in terms of lending in low-income census tracts.

As shown in Table 6, the Bank's lending within moderate-income tracts in 2012 is above aggregate and demographics. The Bank ranked 2<sup>nd</sup> in terms of lending in moderate-income tracts in 2012. The number and percentage of loans in moderate-income tracts declined in 2013, which is attributed to the overall decrease in demand for refinance loans. The level of lending in moderate-income tracts in 2013, however, exceeds demographics.

### **Small Business Loans**

The distribution of small business loans reflects reasonable dispersion throughout the Combined AA. Table 7 illustrates the distribution of small business loans in 2012 and 2013, as well as the percentage of businesses by census tract income level in 2012 and 2013 for comparison purposes.

<b>Table 7 – Distribution of Small Business Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>2012 % of Total Businesses</b>	<b>2012 Bank</b>		<b>2013 % of Total Businesses</b>	<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	2.7	0	0.0	2.7	2	1.8
<b>Moderate</b>	6.8	9	12.3	6.8	15	13.6
<b>Middle</b>	60.7	43	58.9	60.3	62	56.4
<b>Upper</b>	29.9	21	28.8	30.2	31	28.2
<b>Total</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records

MountainOne Bank did not originate any small business loans in the low-income tracts in 2012. In 2013, the Bank originated two small businesses were originated in low-income census tracts, which is slightly below demographics.

In 2012, the Bank originated nine small business loans, or 12.3 percent, in moderate-income census tracts. The overall number and percentage of loans in moderate-income tracts increased further in 2013. The Bank's performance exceeds the percentage of small businesses within moderate-income areas for each year.

### Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable dispersion throughout the Combined AA. Table 8 illustrates the distribution of HELOCs in 2012 and 2013, as well as the percentage of owner-occupied housing units by census tract income level comparison purposes.

<b>Table 8 – Distribution of Home Equity Lines by Census Tract Income Level</b>					
<b>Census Tract Income Level</b>	<b>% of Total Owner-Occupied Housing Units</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	0.7	0	0.0	1	0.7
<b>Moderate</b>	5.6	9	5.9	7	5.3
<b>Middle</b>	64.4	82	53.6	65	49.2
<b>Upper</b>	29.3	62	40.5	59	44.7
<b>Total</b>	<b>100.0</b>	<b>153</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data

In 2012, the Bank did not originate a HELOC in a low-income census tract in 2012, but originated one in 2013. The level of lending in low-income tracts mirrored demographics. In addition, the level of HELOCs in 2012 and 2013 were in line with demographics.

### Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. The following sections detail the assessment of the Bank's performance under this criterion by loan type.

## Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration to borrowers of different income levels, particularly those of low- and moderate-income. Table 9 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of families by income level for comparison purposes.

<b>Table 9 – Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Income Level</b>	<b>% of Total Families</b>	<b>2012 Aggregate Lending Data (% of #)</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	17.8	5.0	43	7.1	25	6.5
<b>Moderate</b>	16.7	17.0	110	18.3	55	14.3
<b>Middle</b>	22.9	23.9	151	25.1	79	20.6
<b>Upper</b>	42.6	39.8	249	41.4	201	52.3
<b>NA</b>	--	14.3	49	8.1	24	6.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>602</b>	<b>100.0</b>	<b>384</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

In 2012, the Bank originated 43 home mortgage loans, or 7.1 percent, of its home mortgage loans to low-income borrowers, which exceeds aggregate performance. The percentage of loans to low-income borrowers is less than the demographic comparison; however, low-income families, particularly those with incomes below the poverty threshold would likely have difficulty qualifying for home mortgage financing considering the relatively high median sales prices throughout the Combined Assessment Area. Furthermore, the Bank ranked 9<sup>th</sup> in lending to low-income borrowers in 2012. In 2013, the Bank's record of lending to borrowers of low- income decreased both by number and percentage. The overall percentage in 2013 is relatively consistent with 2012 levels.

In 2012, the Bank originated 110 home mortgage loans, or 18.3 percent, to moderate-income borrowers, which exceeds aggregate lending performance and the demographic comparison. In addition, the Bank ranked 15<sup>th</sup> in lending to moderate-income borrowers in the Combined AA in 2012. In 2013, there was a decrease in the Bank's number of originations to moderate-income borrowers, but the percentage was still in line with demographics.

## Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses of different sizes, particular those with GARs of \$1 million or less. Table 10 illustrates the distribution of small business loans in 2012 and 2013, as well as the percentage of businesses by GAR level for comparison purposes.

<b>Table 10 – Distribution of Small Business Loans by Gross Annual Revenue Level</b>						
<b>GAR \$(000)</b>	<b>2012 % of Total Businesses</b>	<b>2012 Bank</b>		<b>2013 % of Total Businesses</b>	<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
≤ \$1,000	72.7	31	42.4	73.2	64	57.7
> \$1,000	4.4	34	46.6	4.7	32	28.8
Not Reported	22.9	8	11.0	22.0	14	12.6
<b>Total</b>	<b>100.0</b>	<b>73</b>	<b>100.0</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records

The Bank's level of lending to small businesses was less than demographic data in both 2012 and 2013. However, the number of loans to small businesses more than doubled in 2013, and reflected a significant increase on a percentage basis as well. As noted during a community contact interview, the large number of businesses employing four or fewer employees presents a potential obstacle to making loans to small businesses in the Combined AA. It is also noted that 22.0 or more of area businesses did not report revenue information each year.

### Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable penetration to borrowers of different income levels, particularly those of low- or moderate-income. Table 11 illustrates the distribution of HELOCs in 2012 and 2013, as well as the percentage of families by income level for comparison purposes.

<b>Table 11 – Distribution of Home Equity Loans by Borrower Income Level</b>					
<b>Income Level</b>	<b>% of Total Families</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	17.8	17	11.1	11	8.3
<b>Moderate</b>	16.7	25	16.3	19	14.4
<b>Middle</b>	22.9	44	28.8	27	20.5
<b>Upper</b>	42.6	64	41.9	70	53.0
<b>NA</b>	--	3	1.9	5	3.8
<b>Total</b>	<b>100.0</b>	<b>153</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data*

In 2012, the Bank originated 11.1 percent of home equity lines of credit to low-income borrowers and 16.3 percent to moderate-income borrowers. In 2013, the Bank originated 8.3 percent of home equity lines of credit to low-income borrowers and 14.4 percent to moderate-income borrowers. Although there was a decrease in lending percentages for low- and moderate-income borrowers from 2012 to 2013, the percentages are within a reasonable range of the percentage of low- and moderate-income families within the Combined AA.

### Response to CRA Complaints

MountainOne Bank did not receive any CRA related complaints during the evaluation period; therefore, this factor did not affect the overall Lending Test rating.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

MountainOne Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit opportunity Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the bank's responsiveness to the community development needs of its assessment area through use of community development loans, qualified investments, and community development services. This test considers the bank's capacity and the need and availability of such opportunities for community development activities within the assessment area.

MountainOne Bank demonstrated adequate responsiveness to the community development needs of the area.

Through an analysis of demographic information, opportunities for financial institutions to engage in community development lending, investing, and services. Demographics show that 34.5 percent of assessment area families are low- or moderate-income based on 2010 U.S. Census data. The community contact interviews also indicated that community development opportunities are available within the Bank's Combined AA. These opportunities include workforce development, small business lending, affordable housing, and financial education.

### Community Development Loans

MountainOne Bank originated 18 community development loans totaling \$9,951,812 within the Combined AA during this evaluation period. In addition to the community development loans that benefited the Western and Eastern AAs individually, the Bank made two loans totaling \$9,400 to Massachusetts Business Development Corporation, which benefited the broader statewide area, including both AAs. The Bank's community development loans represent 1.7 percent of total loans as of March 31, 2014. Table 12 illustrates the Bank's community development loans by year and by purpose.

Table 12 – Community Development Loans								
Activity Year	Qualifying Category						Totals	
	Affordable Housing		Community Services		Economic Development			
	#	\$(‘000s)	#	\$(‘000s)	#	\$(‘000s)	#	\$(‘000s)
2012	2	1,177	4	1,167	4	285	10	2,629
2013	0	0	0	0	4	1,820	4	1,820
1/1/2014 -6/10/2014	2	109	0	0	2	5,144	4	5,253
Total	4	1,286	4	1,167	10	7,249	18	9,702

*Source: Bank Records*

The following list illustrates a sample of the Bank's notable community development loans originated during the evaluation period:

- In 2014, the Bank originated a \$5.1 million loan for the construction and permanent financing of a 95-room hotel in Pittsfield. The loan was made through the Small Business Administration's 504 loan program, and promotes economic development through the creation of employment for low- and moderate-income individuals.

- In 2012, the Bank originated three loans totaling \$945,527 to a non-profit organization in Pittsfield that provides services to low- and moderate-income children and families. The organization also provides residential housing for individuals and families that qualify for housing assistance under the Department of Housing and Urban Development's Section 8 voucher program.
- In 2012, the Bank originated a \$536,000 loan to an organization for the purchase of a medical office building in Pittsfield. The purpose of the organization is to advance the independence and productivity of individuals with physical and mental disabilities. The borrower reported that 85 percent of its patients are of low- or moderate-income. Furthermore, the medical office building is located in a moderate-income tract.

### **Community Development Investments**

A qualified investment under this evaluation is a lawful investment, deposit, donation, membership share, or grant that has community development as its primary purpose.

#### **Qualified Equity Investments**

Equity investments made or held during the evaluation period included bonds for the Berkshire Housing Development Corporation (BHDC) and the Berkshire Fund, Inc. Good Samaritan Homeownership Program (GSHP). Specifically, in 2012, the Bank extended five maturing qualified bond investment purchases of BHDC's Collateral Trust Bonds (CTB) totaling \$57,750. In addition, the bank retained four bond investments in the GSHP, which were purchased prior to the current evaluation period, and had a current book value of \$47,250. The BHDC CTB has a primary purpose of creating affordable housing in Berkshire County, and the GSHP helps low- and moderate-income families attain affordable homeownership.

This level of qualified CRA investments represents a nominal percentage of the Bank's total assets of \$774.8 million as of March 31, 2014, and represents a minimal portion of total investments of \$75.6 million, at 0.1 percent, as of the same date.

#### **Qualified Donations**

MountainOne Bank made 95 qualified donations totaling \$250,118 during the evaluation period. This total reflects an increase in the level of qualified donations on an annual basis from \$75,618 in 2012 to \$117,250 in 2013. Qualified donations were at \$57,250 from January 1, 2014, through June 9, 2014.

At 92.6 percent by number and 94.4 percent by dollar amount, a significant majority of the Bank's qualified donations were made to organizations that focus on providing services to low- and moderate-income individuals and families. Table 13 illustrates the Bank's qualified contributions by year and purpose.

Table 13 – Community Development Contributions								
Activity Year	Qualifying Category						Totals	
	Affordable Housing		Community Services		Economic Development			
	#	\$	#	\$	#	\$	#	\$
2012	2	349	50	73,769	1	1,500	53	75,618
2013	2	1,100	27	116,150	0	0	29	117,250
1/1/2014 – 6/10/2014	1	1,000	11	46,250	1	10,000	13	57,250
Total	5	2,449	88	236,169	2	11,500	95	250,118

Source: Bank Records

The Bank made a majority of its qualified donations in the Western AA, at 75.8 percent by number and 87.1 percent by dollar amount. The Eastern AA accounted for 22.1 percent by number of donations, and 12.2 percent by dollar. The remaining 2.1 percent by number and 0.7 percent by dollar, represent donations that were to statewide organizations, which serve the Combined AA. The following list provides details of notable examples of the Bank's qualified donations made during the evaluation period:

- The Bank donated \$25,018 in 2012 and \$30,000 in 2013 to Northern Berkshire United Way. This United Way organization provides services through use of numerous organizations, and estimates that 82 percent of the individuals and families that it serves are from low- or moderate-income families. Furthermore, Northern Berkshire United Way provides services through numerous agencies where a majority of their clients are from low- or moderate-income families.
- The Bank donated \$5,000 in 2012 and \$5,000 in 2013 to Hillcrest Educational Centers, and donated \$5,000 in 2012 to Hillcrest Dental Care. Hillcrest Educational Centers is a residential living and treatment facility for youth with disabilities. Approximately 85 percent of the children participating in its programs are from low- and moderate-income families. Hillcrest Dental Care provides dental care to residents of the Hillcrest Educational Centers and to other children and adults in Berkshire County who are victims of abuse. They also provide dental care assistance to homeless veterans and oral health education at elementary schools throughout Berkshire County.
- The Bank donated \$5,294 in 2012 and \$30,000 in 2013 to Williamstown Community Chest. This is an umbrella organization that donates to numerous other organizations, a majority of which provide services primarily to individuals from low- or moderate-income families.
- MountainOne Bank contributed \$5,000 in 2012 and \$5,000 in 2014 to South Shore Hospital Charitable Foundation. This organization uses funds to support South Shore Hospital and its health care program, South Shore Visiting Nurse Association and Hospice of the South Shore. The donations were targeted toward services for low- and moderate-income individuals.
- The Bank contributed \$1,000 in 2012 and \$3,500 in 2013 to Interfaith Social Services. This organization operates a food pantry in Quincy, Massachusetts. The organization provides services to low- and moderate-income individuals and families.

## **Community Development Services**

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical assistance.

During the evaluation period, the Bank provided or participated in 53 community development services. These services consisted of involvement as members of Boards of Directors; members of Allocation, Finance, Internal Operations, Fundraising, Personnel, and Investments Committees; and, holding positions of Treasurer, Vice President, Secretary, and Case Reviewer. Table 14 summarizes the community development service involvement of Directors, officers, and employees by year and community development purpose.

<b>Table 14 – Community Development Services Provided by Employees</b>				
<b>Activity Year</b>	<b>Qualifying Category</b>			<b>Totals</b>
	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	
	<b>#</b>	<b>#</b>	<b>#</b>	
<b>2012</b>	0	14	0	14
<b>2013</b>	0	18	1	19
<b>1/1/2014 -6/10/2014</b>	0	18	2	20
<b>Total</b>	<b>0</b>	<b>50</b>	<b>3</b>	<b>53</b>

*Source: Bank Records*

The following list illustrates notable examples of the Bank's community development services during the evaluation period:

- Officers and other employees of MountainOne Bank have served in various positions at Northern Berkshire United Way throughout the evaluation period. These services include serving as Board Members, on the Finance Committee, and on the Allocations Committee. Northern Berkshire United Way provides services through several different organizations. These organizations provide services such as free legal aid, treatment of severely ill children and adults, and providing food and other essentials to low-income and homeless individuals and families. A majority of individuals and families served by these organizations are of low- or moderate-income levels.
- Two employees of the bank have been Board Members and on committees of United Cerebral Palsy throughout the evaluation period. United Cerebral Palsy provides support to individuals with disabilities, approximately 85 percent of which are from low- or moderate-income families.
- Employees have served as Board Members and on various committees of Northern Berkshire YMCA. One employee served on the Strategic Planning and the Membership Committees throughout the evaluation period, and the other served on the Finance and the Scholarship Fund Raising Committees since 2013. For the Northern Berkshire YMCA, 60 percent of members are from low- and moderate-income families. In addition, this YMCA operates 44 housing units, all of which are for low- and moderate-income families.

In addition, MountainOne Bank has provided financial literacy training to ten different groups during the evaluation period. These training classes provided attendees with information about various areas related to financial literacy, including understanding credit reports, the home buying process, budgeting, and first-time homebuyer programs.

Two financial literacy training classes utilized the FDIC's MoneySmart program on budgeting and finance. These classes were held in March and April 2014, with approximately 70 attendees at the first class and 7 attendees at the second class.

Finally, MountainOne Bank has a MountainOne Community Resource Center (Resource Center) at its main office in North Adams. The Bank began offering this space and resources on March 29, 2014, immediately following the closure of the North Adams Regional Hospital. This Resource Center was opened to allow former employees of North Adams Regional Hospital to work on their resumes and to work on finding employment. The Resource Center also includes printers and fax machines for the unemployed job seekers to use, and it is staffed with a bank employee from the human resources department to provide assistance. Through the first few weeks after the hospital closed, more than 300 unemployed people used the Resource Center.

### Retail Services

MountainOne Bank operates six full-service branches, including its main office in North Adams. One of these branches (16.7 percent) is in a moderate-income census tract of Rockland, which exceeds the percentage of moderate-income geographies throughout the Combined AA. By having this single branch in a moderate-income tract, it nearly doubles the 8.6 percent of moderate-income tracts within the assessment area.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PITTSFIELD MSA

The AA primarily located in the Pittsfield, Massachusetts MSA (Also known as the “Western AA”) includes 19 municipalities within Berkshire County, and an additional 8 bordering municipalities in Bennington County, Vermont (a non-MSA area). The Bank operates three full-service branches in this AA, including: North Adams (also the headquarters of MountainOne, in a moderate-income census tract); Pittsfield (in a middle-income census tract); and Williamstown (in an upper-income census tract). Table 15 illustrates select demographics of the Western AA.

<b>Table 15 – Assessment Area Demographic Information</b>					
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>
Geographies (Census Tracts)	36	2.8	16.7	61.1	19.4
Population by Geography	126,827	2.7	16.8	60.9	19.6
Owner-Occupied Housing by Geography	35,679	0.7	11.6	64.7	23.0
Businesses by Geography (2012)	11,935	8.5	16.4	52.2	22.9
Businesses by Geography (2013)	10,724	8.5	16.8	51.5	23.2
Distribution of Families by Income Level	31,954	22.6	18.2	23.1	36.1
<b>Median Family Income (MFI)</b>		\$68,800	<b>Median Housing Value Unemployment Rate (2010 U.S. Census)</b>		\$187,648 4.9%
<b>MSA #38340 MFI, 2012</b>		\$69,800			
<b>MSA #38340 MFI, 2013</b>		\$56,400			
<b>Vermont non-MSA, 2012</b>		\$63,800			
<b>Vermont non-MSA, 2013</b>		\$64,100			
<b>Families Below Poverty Level</b>		9.3%			

*Source: 2010 U.S. Census, 2012 and 2013 D&B business data*

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE PITTSFIELD MSA

### LENDING TEST

#### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Western AA. The following sections detail the assessment of the Bank's performance under this criterion by loan type.

#### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion throughout the Western AA. Table 16 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of owner-occupied housing units by census tract income level for comparison purposes.

Table 16 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
<b>Low</b>	0.7	0.9	3	0.6	0	0.0
<b>Moderate</b>	11.6	9.2	53	11.2	28	9.4
<b>Middle</b>	64.7	64.0	267	56.2	172	57.7
<b>Upper</b>	23.0	25.9	152	32.0	98	32.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>475</b>	<b>100.0</b>	<b>298</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

As shown in the above table, the Bank's 2012 performance in low-income census tracts was in line with demographics and aggregate lending for the same year. In 2013, the Bank did not make any loans in low-income census tracts. However, the opportunities for originations are relatively low, as indicated by the small percentage of owner-occupied housing units and the low level of demand as the suggested by aggregate data.

For loans originated in moderate-income geographies, the Bank's 2012 performance mirrored area demographics and slightly exceeded 2012 aggregate lending data. In 2013, the Bank's lending fell slightly to 9.4 percent.

#### Small Business Loans

The distribution of small business loans reflects reasonable dispersion throughout the Western AA. Table 17 illustrates the distribution of small business loans in 2012 and 2013, as well as the percentage of businesses by census tract income level for comparison purposes.

Table 17 – Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2012 % of Total Businesses	2012 Bank		2013 % of Total Businesses	2013 Bank	
		#	%		#	%
<b>Low</b>	8.5	0	0.0	8.5	2	2.9
<b>Moderate</b>	16.4	5	12.5	16.8	13	18.8
<b>Middle</b>	52.2	25	62.5	51.5	34	49.3
<b>Upper</b>	22.9	10	25.0	23.2	20	29.0
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>

Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records

The Bank did not originate any loans to businesses in low- income census tracts in 2012, but increased performance in 2013 with two loans or 2.9 percent. The level of small business lending was below demographic data each year. The Bank was slightly below demographics in terms of lending in moderate-income census tracts in 2012, but increased loan volume in this income level of census tract in 2013. The 2013 level of lending in moderate-income tract surpassed demographic data.

## Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable dispersion throughout the Western AA. Table 18 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as the percentage of owner-occupied housing units by census tract income level for comparison purposes.

<b>Table 18 – Distribution of Home Equity Lines by Census Tract Income Level</b>					
<b>Census Tract Income Level</b>	<b>% of Total Owner-Occupied Housing Units</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	0.7	0	0.0	0	0.0
<b>Moderate</b>	11.6	5	4.6	7	6.5
<b>Middle</b>	64.7	65	59.6	53	49.1
<b>Upper</b>	23.0	39	35.8	48	44.4
<b>Total</b>	<b>100.0</b>	<b>109</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data*

While the Bank did not originate any HELOCs in low-income census tracts of the Western AA, the nominal percentage of owner-occupied housing units in these tracts suggests limited opportunity for originating HELOCs. The Bank originated 4.6 percent of its HELOCs in moderate-income tracts in 2012, and increased the number and percentage in 2013.

## Borrower Profile

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes in the Western AA. The following sections detail the assessment of the Bank's performance under this criterion by loan type.

### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration to borrowers of different income levels, particularly those of low- or moderate-income. Table 19 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of families by income level for comparison purposes.

<b>Table 19 – Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Income Level</b>	<b>% of Total Families</b>	<b>2012 Aggregate Lending Data (% of #)</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	22.6	8.3	34	7.2	15	5.0
<b>Moderate</b>	18.2	21.6	79	16.6	44	14.8
<b>Middle</b>	23.1	23.0	113	23.8	57	19.1
<b>Upper</b>	36.1	38.0	204	42.9	164	55.0
<b>NA</b>	--	9.1	45	9.5	18	6.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>475</b>	<b>100.0</b>	<b>298</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data*

In 2012 the Bank made 34, or 7.2 percent, of its HMDA loans to low- income borrowers. This figure is comparable to the aggregate level of 8.3 percent. However, the Bank's record of lending to low-income applicants is below demographic data. The Bank's level of lending to low-income borrowers declined in 2013. The higher proportion of families below the poverty level (9.3 percent) within Western AA suggests further limitations on opportunity for lending to the low-income segment of the population.

The Bank's level of lending to moderate-income borrowers was below aggregate and demographic data in 2012, and decreased in 2013. This record of lending to moderate-income individuals is within a reasonable range of applicable comparative data.

### Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses of different sizes, particularly those with GARs of \$1 million or less. Table 20 illustrates the distribution of small business loans in 2012 and 2013, as well as the percentage of businesses by GAR level for comparison purposes.

<b>Table 20 – Distribution of Small Business Loans by Gross Annual Revenue Level</b>						
<b>GARs \$(000)</b>	<b>2012 % of Total Businesses</b>	<b>2012 Bank</b>		<b>2013 % of Total Businesses</b>	<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
≤ \$1,000	71.6	22	55.0	72.5	53	76.8
> \$1,000	4.7	17	42.5	5.1	15	21.7
Not Reported	23.7	1	2.5	22.4	1	1.5
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>69</b>	<b>100.0</b>

*Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records*

The Bank originated a majority of its small business loans to businesses with GARs of \$1 million or less in 2012, and further increased the number and percentage of lending to businesses of this GAR level in 2013. Considering the increasing trend of loans to small businesses more than doubling in 2013 and the favorable comparison to demographics, the Bank's level of lending to businesses with GARs of \$1 million or less is reasonable.

### Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable penetration to borrowers of different income levels, particularly those of low- or moderate-income. Table 21 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of owner-occupied housing units by census tract income level for comparison purposes.

<b>Table 21 – Distribution of Home Equity Loans by Borrower Income Level</b>					
<b>Income Level</b>	<b>% of Total Families</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	18.8	13	11.9	9	8.3
<b>Moderate</b>	17.9	19	17.4	16	14.9
<b>Middle</b>	24.3	35	32.1	23	21.3
<b>Upper</b>	39.0	39	35.8	55	50.9
<b>NA</b>	--	3	2.8	5	4.6
<b>Total</b>	<b>100.0</b>	<b>109</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data*

The Bank's level of HELOC lending to low-income borrowers was below demographic data in 2012 and 2013. In addition, the Bank's level of lending to moderate-income borrowers was consistent with demographics in 2012, but declined slightly in 2013. Overall, the Bank's record of lending to low- and moderate-income borrowers is reasonable.

## **COMMUNITY DEVELOPMENT TEST**

MountainOne Bank demonstrated adequate responsiveness to the community development needs of the Western AA through community development loans, qualified investments, and community development services. The following sections detail the Bank's community development activities by type.

### **Community Development Loans**

The Bank originated 12 community development loans totaling \$7,847,981, which were of direct benefit to the Western AA. This level of community development lending represents 63.2 percent of total community development loans by number. Of these, the Bank originated eight loans totaling \$2,513,831 in 2012, one in 2013 for \$85,000, and three loans totaling \$5,249,150 in 2014. The loans supported affordable housing, community services, and economic development. The examples presented in the Combined AA section of this evaluation include community development loans made in the Western AA.

### **Community Development Investments**

#### **Qualified Equity Investments**

All of MountainOne Bank's qualified equity investments benefited the Western AA. These bonds were specifically established to support housing within Berkshire County, which consists of all of the Pittsfield MSA. Please refer to the Combined AA section for complete details.

#### **Qualified Donations**

The Bank made 72 donations totaling \$217,868 in the Western AA. This level of qualified donations represents 75.8 percent of total qualified donations during the evaluation period. Table 22 illustrates the Bank's qualified donations in the Western AA by year and purpose.

Please note that examples of donations across each AA were provided in the Combined AA portion of this evaluation.

Table 22 – Community Development Donations								
Activity Year	Qualifying Category						Totals	
	Affordable Housing		Community Services		Economic Development			
	#	\$	#	\$	#	\$	#	\$
2012	2	349	35	53,269	1	1,500	38	55,118
2013	2	1,100	21	109,400	0	0	23	111,000
1/1/2014 -6/10/2014	1	1,000	9	40,750	1	10,000	11	51,750
Total	5	2,449	65	203,419	2	11,500	72	217,368

*Source: Bank Records*

### **Community Development Services**

A substantial majority (51 of 53) of the Bank's community development services provided during the evaluation period were of direct benefit to the Western AA. Please refer to the Combined AA portion of the evaluation for further details.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOSTON-QUINCY MSA

The Eastern AA is located in the Boston-Quincy, Massachusetts MSA, and includes the 17 municipalities in Plymouth County and 3 municipalities in Norfolk County previously listed in Table 2. The Bank operates three branches in the Eastern AA, including one each in Rockland, Quincy and Scituate. Table 23 illustrates select demographics within this portion of the total assessment area.

Table 23 – Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	92	2.2	5.4	64.1	28.3
Population by Geography	463,870	1.6	5.5	64.6	28.3
Owner-Occupied Housing by Geography	131,153	0.7	4.0	64.3	31.0
Businesses by Geography (2012)	44,071	1.1	4.1	63.0	31.8
Businesses by Geography (2013)	40,379	1.1	4.2	62.6	32.1
Distribution of Families by Income Level	118,461	16.5	16.3	22.8	44.4
<b>MSA #14484 MFI, 2012</b>		\$88,800	<b>Median Housing Value Unemployment Rate (2010 U.S. Census)</b>		\$391,483
<b>MSA #14484 MFI, 2013</b>		\$88,000			4.9%
<b>Families Below Poverty Level</b>		4.5%			

Source: 2010 U.S. Census, 2012 and 2013 D&B business data

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOSTON-QUINCY MSA

### LENDING TEST

#### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Eastern AA. The following sections detail the assessment of the Bank's performance under this criterion by loan type.

#### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion throughout the Eastern AA. Table 24 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of owner-occupied housing units by census tract income level for comparison purposes.

Table 24 – Distribution of Home Mortgage Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Owner- Occupied Housing Units	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
<b>Low</b>	0.7	0.7	0	0.0	0	0.0
<b>Moderate</b>	4.0	3.3	9	7.1	4	4.7
<b>Middle</b>	64.3	59.2	64	50.4	51	59.3
<b>Upper</b>	31.0	36.8	54	42.5	31	36.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>127</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

The Bank did not originate any home mortgage loans in the low-income tracts of the Eastern AA in 2012 or 2013; however, as shown by the nominal percentages reflected by demographic and aggregate data, demand and opportunity for such lending in these tracts is very limited. The Bank's performance of lending in moderate-income geographies in 2012 exceeded aggregate and demographic data. The number and percentage of loans in moderate-income tracts decreased in 2013. Overall, the Bank's level of lending in low- and moderate-income tracts of the Eastern AA is reasonable.

#### Small Business Loans

The distribution of small business loans reflects reasonable dispersion throughout the Eastern AA. Table 25 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as the percentage of businesses by census tract income level for comparison purposes.

<b>Table 25 – Distribution of Small Business Loans by Census Tract Income Level</b>						
<b>Census Tract Income Level</b>	<b>2012 % of Total Businesses</b>	<b>2012 Bank</b>		<b>2013 % of Total Businesses</b>	<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	1.1	0	0.0	1.1	0	0.0
<b>Moderate</b>	4.1	4	12.1	4.2	2	4.9
<b>Middle</b>	63.0	18	54.6	62.6	29	70.7
<b>Upper</b>	31.8	11	33.3	32.1	10	24.4
<b>Total</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>

*Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records*

The Bank did not originate any small business loans in low-income tracts of the Eastern AA in 2012 or 2013; however, as shown by the nominal percentage of businesses in this tract income level, opportunity for such lending in these tracts is limited. The Bank's performance of lending in moderate-income geographies in 2012 far exceeded demographic data. The number and percentage of loans in moderate-income tracts decreased in 2013, but still exceeded demographic data. Overall, the Bank's level of lending in low- and moderate-income tracts of the Eastern AA is reasonable.

#### Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable dispersion throughout the Eastern AA. Table 26 illustrates the distribution of HELOCs in 2012 and 2013, as well as the percentage of owner-occupied housing units by census tract income level for comparison purposes.

Table 26 – Distribution of Home Equity Lines by Census Tract Income Level					
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Bank		2013 Bank	
		#	%	#	%
<b>Low</b>	0.7	0	0.0	1	4.2
<b>Moderate</b>	4.0	4	9.1	0	0.0
<b>Middle</b>	64.3	17	38.6	12	50.0
<b>Upper</b>	31.0	23	52.3	11	45.8
<b>Total</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data

While the Bank did not originate any HELOCs in low-income tracts in 2012, it did originate four HELOCs in moderate-income tracts, which exceeded demographic data. In 2013, the Bank originated one HELOC in a low-income tract, but did not originate any HELOCs in moderate-income tracts. Considering the limited opportunity for lending in the low- and moderate-income tracts of the Eastern AA as suggested by the small percentage of owner-occupied housing units in each of these tract income levels, the Bank's performance is reasonable.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The following sections detail the assessment of Bank performance under this criterion by loan type.

#### **Home Mortgage Loans**

The distribution of home mortgage loans reflects reasonable penetration to borrowers of different income levels, particularly those of low- and moderate-income. Table 27 illustrates the distribution of home mortgage loans in 2012 and 2013, as well as aggregate lending data for 2012 and the percentage of families by income level for comparison purposes.

Table 27 – Distribution of Home Mortgage Loans by Borrower Income Level						
Income Level	% of Total Families	2012 Aggregate Lending Data (% of #)	2012 Bank		2013 Bank	
			#	%	#	%
<b>Low</b>	16.5	4.6	9	7.1	10	11.6
<b>Moderate</b>	16.3	16.5	31	24.4	11	12.8
<b>Middle</b>	22.8	24.0	38	29.9	22	25.6
<b>Upper</b>	44.4	40.0	45	35.4	37	43.0
<b>NA</b>	--	14.9	4	3.2	6	7.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>127</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA Data

In 2012 the Bank's performance of lending to low-income borrowers exceeded aggregate data. While the Bank's level of lending to low-income borrowers was below demographic data, opportunities for lending to this segment are somewhat limited as suggested by the 4.5 percent of families below the poverty threshold and the high median housing values throughout the Eastern AA. The Bank increased its level of home mortgage lending to low-income borrowers in 2013, to 11.6 percent.

In 2012, the Bank made 24.4 percent of its home mortgage loans in this AA to moderate-income borrowers. This level of lending exceeded both aggregate and demographic data. The level of lending to moderate-income borrowers, however, decreased to 12.8 percent in 2013, which was below demographics. Overall, the Bank's level of lending to low- and moderate-income borrowers in the Eastern AA is reasonable.

### Small Business Loans

The distribution of small business loans reflects poor penetration to businesses of different sizes, particularly those with GARs of \$1 million or less. Table 28 illustrates the distribution of small business loans in 2012 and 2013, as well as the percentage of businesses by census tract income level for comparison purposes.

<b>Table 28 – Distribution of Small Business Loans by Gross Annual Revenues</b>						
<b>GAR \$(000)</b>	<b>2012 % of Total Businesses</b>	<b>2012 Bank</b>		<b>2013 % of Total Businesses</b>	<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
≤ \$1,000	73.0	9	27.3	73.3	11	26.8
> \$1,000	4.3	21	63.6	4.7	17	41.5
Not Reported	22.7	3	9.1	22.0	13	31.7
<b>Total</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>

*Source: 2012 and 2013 D&B Business Data; 2012 and 2013 Bank Small Business Loan Records*

The Bank's level of lending to businesses with GARs of \$1 million or less was consistent in 2012 and 2013, and well below the demographic comparison, which shows a larger percentage of businesses of this GAR level each year.

### Home Equity Lines of Credit

The distribution of HELOCs reflects reasonable penetration of loans to borrowers of different income levels, particularly those of low- or moderate-income. Table 29 illustrates the distribution of HELOCs in 2012 and 2013, as well as the percentage of families by income level for comparison purposes.

<b>Table 29 – Distribution of Home Equity Loans by Borrower Income Level</b>					
<b>Income Level</b>	<b>% of Total Families</b>	<b>2012 Bank</b>		<b>2013 Bank</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	17.9	4	9.1	2	8.3
<b>Moderate</b>	18.6	6	13.6	3	12.5
<b>Middle</b>	26.0	9	20.5	4	16.7
<b>Upper</b>	37.5	25	56.8	15	62.5
<b>Total</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data; 2012 and 2013 HELOC Data*

The Bank's performance of lending to low- and moderate-income borrowers was below demographic data in 2012 and 2013; however, the percentages were within a reasonable range considering performance context factors such as the percentage of families below the poverty threshold and high median housing values throughout the Eastern AA.

## **COMMUNITY DEVELOPMENT TEST**

As previously noted, this is the first CRA evaluation of MountainOne Bank including the Williamstown Savings and South Coastal Divisions, which were previously under separate charters and evaluated separately. Considering the total assets of South Coastal and Williamstown Savings Bank prior to the merger, neither was subject to ISB evaluation procedures.

### **Community Development Loans**

MountainOne demonstrated adequate responsiveness to the community development needs of the Eastern AA.

The Bank originated four community development loans totaling \$1,844,000 in the Eastern AA during the evaluation period. Each of these loans had a primary purpose of economic development. By year, the Bank originated one loan for \$109,450 in 2012 and three loans totaling \$1,735,000 in 2013. Please refer to the Combined AA section for examples of the Bank's community development loans.

### **Community Development Investments**

#### **Qualified Equity Investments**

None of MountainOne Bank's qualified equity investments benefited the Boston-Quincy MSA portion of the assessment area.

#### **Qualified Donations**

The Bank made 21 qualified donations totaling \$30,500 in the Eastern AA during the evaluation period. This represented 22.1 percent of total qualified donations by number. Each organization to which the Bank made a donation had a primary purpose of providing services to low- and moderate-income individuals. The Bank made 15 donations totaling \$20,500 in 2012, 4 donations totaling \$4,500 in 2013, and two donations totaling \$5,500 year-to-date 2014. Examples of organizations to which the Bank donated were provided in the Combined AA section.

### **Community Development Services**

The Bank provided two community development services in the Eastern AA during the evaluation period. An employee serves on the Board of Directors for, and is Treasurer of, Triangle, Incorporated. This organization provides services to individuals with disabilities, a majority of whom are low- or moderate-income. An employee also serves as Case Reviewer for the Department of Children and Families, which protects abused and neglected children.

This level of services within the Eastern AA represents a small percentage of the overall level of community development services; however, it is noted that prior to the merger into MountainOne Bank, South Coastal Bank was not subject to ISB CRA evaluation procedures, and did not maintain records of community development services.

#### Retail Services

Of the three full-service branches in the Eastern AA, one is in a moderate-income census tract.

## **APPENDIX**

### ***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.

#### **FAIR LENDING REVIEW**

MountainOne Bank's fair lending controls are evident within its policies and procedures, namely the Loan Policy. All staff (including residential and commercial lending) are provided with online fair lending training. The underwriting and decision making process is centralized. Additionally, all residential loan applications that are slated for denial undergo a secondary review by an underwriting manager or the head of lending. Any exceptions to underwriting or pricing are tracked and reported to the Board on at least a quarterly basis. The Bank utilizes third-party fair lending audits for the residential lending portfolio.

No violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations were identified during the examination.

#### **MINORITY APPLICATION FLOW**

For 2012 and 2013, the Bank received 1,336 HMDA reportable loan applications from applicants within its Combined AA (819 applications in 2012, 517 applications in 2013). Of these applications, 44 were received from minority applicants. For the same period, the Bank received 23 applications from Hispanic/Latino applicants. In 2012, the Bank approved minority applications at a comparable rate to aggregate. Approximately 65 percent of minority applications by race were originated, and 75 percent of Hispanic/Latino applications were originated. Aggregate data show origination rates for these groups of 70.4 percent and 69.9 percent, respectively. In 2013, the Bank's approval rate of minority applications by race increased slightly to 66.6 percent, and the approval rate of Hispanic/Latino applications decreased to 50 percent.

The Bank's minority application flow was compared to aggregate data for 2012. The comparison of this data assists in arriving at reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table A-1 for information on the Bank's minority application flow for 2012 and 2013, as well as the 2012 aggregate lenders (excluding the Bank) in the Bank's Combined AA.

<b>Table A1–Minority Application Flow</b>					
<b>RACE</b>	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	9	1.1	3.9	18	3.5
Black/ African American	2	0.2	0.7	2	0.4
Hawaiian/Pacific Islander	1	0.1	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	8	1.0	0.9	4	0.8
<b>Total Minority</b>	<b>20</b>	<b>2.4</b>	<b>5.7</b>	<b>24</b>	<b>4.6</b>
White	749	91.5	73.1	471	91.1
Race Not Available	50	6.1	21.2	22	4.3
<b>Total</b>	<b>819</b>	<b>100.0</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	8	1.0	0.7	6	1.2
Not Hispanic or Latino	756	92.3	77.2	484	93.6
Joint (Hisp/Lat /Not Hisp/Lat)	5	0.6	0.7	4	0.8
Ethnicity Not Available	50	6.1	21.4	23	4.5
<b>Total</b>	<b>819</b>	<b>100.0</b>	<b>100.0</b>	<b>517</b>	<b>100.0</b>

Source: 2012 and YTD 2013 HMDA Data; 2012 Peer Mortgage Data

According to the 2010 U.S. Census Data, the Combined AA has a total population of 590,697, of which 12.0 percent are minorities. The area's minority population consists of 2.2 percent Black/ African American, 5.2 percent Asian/Pacific Islander, 0.1 percent American Indian, 2.3 percent Hispanic, and 2.2 percent Other.

The Bank's performance was lower than the aggregate performance level for minority applicants by race. The Bank received 2.4 percent of applications from minorities in 2012, compared to the aggregate level of 5.7 percent. The Bank received 1.6 percent of its applications from Hispanic/Latino applicants, compared to the aggregate level of 1.4 percent. In 2013, the Bank experienced an increase to its minority application levels to 4.6 percent by race, and 2.0 percent to Hispanic/Latino applicants.

The Bank's minority application flow, when compared to the aggregate lending performance levels, area demographics, and area competition, is adequate.

## **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 and the Federal Deposit Insurance Corporation, at 93 Main Street, North Adams, MA 01247."

[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.