

PUBLIC DISCLOSURE

October 1, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Braintree Co-operative Bank
Cert # 26570**

**1010 Washington Street
Braintree, Massachusetts 02184**

**Division of Banks
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Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
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NOTE:	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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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 **The Braintree Co-operative Bank (the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **October 1, 2013**. 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 and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.

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

A CRA rating of “Satisfactory” is assigned. 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. Small Bank CRA evaluation procedures were utilized and consist of a review of the five lending criteria: Loan-to-Deposit (“LTD”) Ratio; Assessment Area Concentration; Borrower Profile; Geographic Distribution; and Response to CRA complaints. The rating is supported by the following conclusions:

- The Bank's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The Bank originated a majority (68.6 percent) of its home mortgage and small business loans inside the assessment area.
- The distribution of home mortgage loans and small business loans reflects reasonable dispersion penetration to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of home mortgage and small business loans reflects adequate dispersion throughout the assessment area.
- The Bank did not receive any CRA-related complaints during the evaluation period.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC using Small Bank CRA Evaluation Procedures as established by the Federal Financial Institutions Examination Council (FFIEC). Small Bank CRA evaluation procedures are used for institutions with assets of less than \$296 million as of December 31 of either of the prior two calendar years.

Home mortgage loans originated in 2011 and 2012 were analyzed and presented in the tables. Data from the first six months of 2013 was analyzed to identify any trends, and is presented only in the assessment area concentration table. Home mortgage loans include home purchase, home

improvement, or refinancing of dwelling-secured loans. The Bank's home mortgage lending activity in 2011 is compared to aggregate data, as this is the most recent year for which aggregate data is available. In addition, the 2000 United States (U.S.) Census demographic data was utilized for comparison purposes for the 2011 home mortgage lending data analysis; and the 2010 U.S. Census demographic data was utilized for comparison purposes for the 2012 home mortgage lending data analysis.

As a small institution, the Bank is not required to report data on its small business loans; however, the Bank maintained applicable small business lending data that was used in this evaluation. Small business loans originated in 2012 were analyzed. Small business loans, for the purposes of this evaluation, include commercial real estate and commercial and industrial loans with original loan amounts of \$1 million or less as reported on the Bank's Consolidated Report of Condition and Income (Call Report). As the Bank is not required to report its small business data, performance in 2012 was compared with demographic data for that year.

The Bank's home mortgage lending activity is weighed more heavily than the small business lending activity when arriving at overall conclusions and the overall CRA rating. During the evaluation period, residential mortgage lending activity exceeded small business lending activity by number and dollar volume of loans originated. In 2012, for example, the Bank originated 161 home mortgage loans totaling \$34.0 million and 36 small business loans totaling \$5.9 million. Consumer loans were not evaluated given the small percentage of the Bank's total lending activity. The Bank did not originate any small farm loans during the evaluation period.

PERFORMANCE CONTEXT

Description of Institution

The Braintree Co-operative Bank is a state-chartered mutual institution incorporated under the laws of the Commonwealth in 1889. The Bank's main office is located at 1010 Washington Street in Braintree. In addition to the main office, the Bank operates two full-service branches. The branches are located at 505 Quincy Avenue in Quincy and 372 Washington Street in Braintree. Drive-up teller service is provided at both full-service branches and the main office. The Bank offers deposit-taking automated teller machines (ATMs) at each branch as well as two non-deposit taking ATMs at 345 Grove Street in Braintree. The branch at 372 Washington Street also serves as the Bank's Financial Planning Center, and the Bank operates a Loan Center at 1000 Washington Street in Braintree.

The Bank offers a range of products to meet the personal and business needs of its customers. Personal loans include auto, passbook, overdraft protection, personal lines of credit, fixed- and adjustable-rate mortgages, home equity loans and home improvement loans. Business loans include auto, term, lines of credit, overdraft protection, and commercial real estate loans.

As of June 30, 2013, the Bank had total assets of \$251.3 million, and total loans of \$144.6 million, or 57.5 percent of total assets. Since the previous evaluation, the Bank's assets increased 14.1 percent, and loans increased 4.8 percent. Loan growth paired with a 27.4 percent increase in the securities portfolio contributed to the overall growth in assets during this timeframe.

As reflected in Table 1, the Bank is primarily a real estate lender. Loans secured by one-to-four family residences account for the most significant portion of the portfolio, at 75 percent. These loans include closed-end mortgage loans (first and second liens) and revolving, open-end lines of credit. Commercial real estate loans account for the second largest portion of the loan portfolio, at 16.1 percent. This category includes owner-occupied and other non-farm non-residential properties. Commercial and industrial loans account for 3.1 percent of the loan portfolio.

Table 1		
Loan Portfolio Distribution as of June 30, 2013		
Loan Type	Dollar Amount \$ ('000s)	Percent of Total Loans
1-4 Family Residential Construction Loans	2,878	2.0
Construction, Land Development and Other Land Loans	1,887	1.3
Revolving, Open-End Loans Secured by 1-4 Family Residential Properties, Extended Under Lines of Credit	2,382	1.6
Closed-End Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	103,504	71.6
Closed-End Loans Secured by 1-4 Family Residential Properties: Secured by 2nd Liens	2,574	1.8
Secured by Multi-Family (5 or more) Residential Properties	2,295	1.6
Commercial Real Estate (Including Owner-Occupied and Other Non-Farm Non-Residential Properties)	23,272	16.1
Commercial and Industrial Loans	4,451	3.1
Loans to Individuals for Household, Family, or Other Personal Expenditures	1,394	0.9
Total Loans	144,637	100.0

Source: June 30, 2013 Call Report

The Division assigned a “Satisfactory” rating as of its May 24, 2010 evaluation, and the FDIC assigned a rating of “Satisfactory” as of its June 23, 2008 evaluation. 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 Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Bank’s assessment area, as currently defined, meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions; (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not extend substantially beyond state boundaries; (5) does not reflect illegal discrimination; and, (6) does not arbitrarily exclude low- and moderate-income areas.

The Bank has designated its assessment area as the City of Quincy and the Towns of Braintree, Holbrook, Randolph, and Weymouth. Each of these cities and towns are located in Norfolk County, and wholly encompassed within the Boston-Quincy, MA Metropolitan Division. Tables 2 and 3 provide pertinent demographic data based on the 2000 and 2010 U.S. Census, respectively.

Table 2 Assessment Area Demographic Information (2000 Census Data)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	42	2.4	4.8	80.9	11.9
Population by Geography	217,589	1.5	4.9	83.7	9.9
Owner-Occupied Housing by Geography	55,013	0.7	4.0	82.7	12.6
Families by Income Level	54,595	17.2	19.2	25.4	38.2
Distribution of Low- and Moderate-Income Families throughout AA Geographies	19,900	2.9	6.8	83.7	6.6
Businesses by Geography	19,613	0.5	4.2	78.7	16.6
Median Family Income		\$63,817	Median Housing Value		\$182,871
Families Below Poverty Level		4.0%	Unemployment Rate		3.5%
Households Below Poverty Level		6.7%	(2000 Census)		
			Unemployment Rate 2011		7.5%

Source: 2000 U.S. Census data, 2011 HUD-updated Median Family Income, 2011 Bureau of Labor Statistics

Table 3 Assessment Area Demographic Information (2010 Census Data)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	45	4.4	11.1	68.9	15.6
Population by Geography	224,661	3.3	10.8	72.3	13.6
Owner-Occupied Housing by Geography	57,071	1.7	9.1	71.9	17.3
Families by Income Level	55,147	20.9	18.4	23.9	36.8
Distribution of Low- and Moderate-Income Families throughout AA Geographies	21,659	5.5	15.1	70.5	8.9
Businesses by Geography	16,665	2.6	8.7	76.9	11.8
Median Family Income		\$82,523	Median Housing Value		\$351,170
Families Below Poverty Level		5.7%	Unemployment Rate		7.5%
Households Below Poverty Level		8.8%	(2010 Census)		
			Unemployment Rate 2012		6.5%

Source: 2010 U.S. Census data, 2012 FFIEC-updated Median Family Income, 2012 Bureau of Labor Statistics

Geographies

Based on the 2000 U.S. Census data, the Bank's assessment area was comprised of 42 census tracts, including 1 low-, 2 moderate-, 34 middle-, and 5 upper-income tracts. One low-income tract and one moderate-income tract was located in Quincy, and the remaining moderate-income tract was located in Weymouth.

Due to the changes based on 2010 Census data, the composition of the assessment area shifted. Specifically, the number of tracts increased to 45, including an increase to 2 low-income tracts, 5 moderate-income tracts, and 7 upper-income tracts. The number of middle-income census tracts decreased to 31. Both low-income tracts and three moderate-income tracts are located in Quincy. The two remaining moderate-income tracts are located in Weymouth and Holbrook.

Median Family Income

Consideration is given to the distribution of loans to families by income level when compared to the adjusted Median Family Income (MFI) for the assessment area. MFI levels are determined by utilizing estimates provided by the Department of Housing and Urban Development (HUD) for 2011 and by the FFIEC for 2012. Income levels are as follows:

Low-income:	Less than 50% of MFI
Moderate-income:	At least 50%, but less than 80% of MFI
Middle-income:	At least 80%, but less than 120% of MFI
Upper-income:	Equal to or greater than 120% of MFI

According to 2010 U.S. Census data, there were 55,147 families in the Bank's assessment area, of which 20.9 percent were low-income; 18.4 percent were moderate-income; 23.9 percent were middle-income; and 36.8 percent were upper-income. Of families in the Bank's assessment area, 5.7 percent lived below the poverty level.

Housing

The total number of owner-occupied housing units in the Bank's assessment area is 57,071, of which 1.7 percent are located in low-income tracts, 9.1 percent in moderate-income tracts; 71.9 percent in middle-income tracts; and, 17.3 percent are in upper-income census tracts. The data suggests there are limited lending opportunities in the low-income tracts.

Housing Prices

A significant increase in housing values was also noted between 2000 and 2010 Census data. According to 2000 Census data, the median housing value was \$182,871, and was \$351,170 based on 2010 Census data. As low-income families in the assessment area would have incomes below \$42,261 (50 percent of FFIEC-updated median family income for 2012), the high cost of housing would likely be prohibitive for families of this income level.

Business Demographics

The assessment area contains many different types of businesses. The services industry comprises 43.7 percent of area businesses, and retail comprises 11.9 percent. The largest percentage of businesses are located in the middle-income census tracts. According to 2012 business demographic data, the area has 18,959 non-farm businesses, 70.6 percent of which have gross annual revenues (GARs) of \$1 million or less. Furthermore, 64.2 percent of the area's businesses employ four or fewer individuals. Business demographics are derived from Dun & Bradstreet (D&B) data unless otherwise noted.

Competition

The assessment area is a competitive market in terms of financial service providers. In addition to The Braintree Co-operative Bank, there are 26 other financial institutions operating 76 banking offices in the assessment area. Among the more prominent mortgage lenders competing with the bank are Bank of America, N.A., RBS Citizens N.A., Sovereign Bank, and Citibank N.A. The bank competes for small business loans with institutions such as RBS Citizens N.A., Bank of America, N.A., Eastern Bank, Sovereign Bank, and TD Bank, N.A.

Community Contact

A review of a recent community contact was performed in conjunction with this evaluation. The individual contacted was a representative of a non-profit agency involved in affordable housing, education, and providing other services targeted toward low- and moderate-income individuals.

The contact indicated that the assessment area has no one primary credit need. There is a need for many different retail loan products and home financing programs for the purchase, construction, improvement, or refinance of a residence. The area's businesses also require many different commercial credit options to meet a wide variety of financing purposes.

PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans. The Bank's average LTD ratio since the prior CRA evaluation was compared against the ratios of four similarly-situated institutions. These ratios are based on total loans, net of unearned income and allowance for loan and lease losses, as a percentage of total deposits. The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. Table 4 illustrates the Bank's average LTD ratio and the ratios of the similarly-situated institutions for the prior 13 quarters.

Table 4		
Average Net Loan-to-Deposit Comparison as of June 30, 2013		
Bank Name	Loans to Deposit Ratio	Total Assets \$(000s)
Canton Co-operative Bank	70.9	99,832
Abington Bank	85.4	114,178
Pilgrim Bank	73.6	170,352
Weymouth Bank	73.3	215,929
<i>The Braintree Co-operative Bank</i>	<i>65.6</i>	<i>251,309</i>

Source: Report of Condition and Income as of 6/30/2013

The Bank's average LTD ratio during the evaluation period was 65.6 percent, ranging from a low of 61.6 percent as of June 30, 2013 to a high of 68.8 percent as of June 30, 2010. The ratio remained relatively constant between June 2010 and September 2011, and began decreasing thereafter due to growth in deposits as loans decreased between December 2011 and September 2012. Specifically, deposits increased 3.2 percent while loans decreased 3.1 percent. Bank management indicated that the decrease in the loan portfolio was driven by a decrease in 1-4 family adjustable-rate loans and the payoff of a large commercial real-estate loan. The Bank also sells fixed-rate 1-4 family residential loans on the secondary market. Since 2011, the Bank has sold approximately 79 loans totaling \$19.6 million.

2. ASSESSMENT AREA CONCENTRATION

This performance criterion determines the percentage of total lending that occurred within the assessment area. Based on a review of home and small business loan data, a majority of the Bank's lending activity occurred in the assessment area during the evaluation period. Table 5 shows the number and dollar volume of residential mortgages originated inside and outside the assessment area in 2011, 2012, and 2013 through June 30, 2013. Small business loans originated in 2012 are also depicted.

Table 5 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2011										
Home Purchase	19	54.3	16	45.7	35	4,484	54.9	3,690	45.1	8,174
Refinance	21	60.0	14	40.0	35	3,052	45.2	3,700	54.8	6,752
Home Improvement	17	100.0	0	0.0	17	2,910	100.0	0	0.0	2,910
2011 Total	57	65.5	30	34.5	87	10,446	58.6	7,390	41.4	17,836
2012										
Home Purchase	17	70.8	7	29.2	24	3,714	65.9	1,922	34.1	5,636
Refinance	73	69.5	32	30.5	105	15,457	67.2	7,550	32.8	23,007
Home Improvement	24	75.0	8	25.0	32	4,434	82.6	935	17.4	5,369
2012 Total	114	70.8	47	29.2	161	23,605	69.4	10,407	30.6	34,012
2013 (Jan 1-June 30)										
Home Purchase	10	50.0	10	50.0	20	1,953	46.9	2,213	53.1	4,166
Refinance	45	69.2	20	30.8	65	10,486	60.9	6,717	39.1	17,203
Home Improvement	15	75.0	5	25.0	20	3,959	82.9	818	17.1	4,777
2013 Total	70	66.7	35	33.3	105	16,398	62.7	9,748	37.3	26,146
Total Home Loans	241	68.3	112	31.7	353	50,449	64.7	27,545	35.3	77,994
2012 Small Business	26	72.2	10	27.8	36	2,914	49.0	3,030	51.0	5,944
Grand Total	267	68.6	122	31.4	389	53,363	63.6	30,575	36.4	83,938

Source: 2011, 2012, Q1-Q2 2012 HMDA LARs, Internal Bank Records – 2012 small business loans.

The Bank originated a majority of its home mortgage and small business loans inside the assessment area during the evaluation period. The following sections discuss the Bank's performance by loan type.

Home Mortgage Loans

In 2011, the Bank originated 65.5 percent of home mortgage loans in the assessment area by number and 58.6 percent by dollar volume. In 2012, the Bank originated 70.8 percent of its home mortgage loans by number and 69.4 percent by dollar volume inside the assessment area. Between January 1, 2013 and June 30, 2013, the Bank originated 66.7 percent of its home mortgage loans by number and 62.7 percent by dollar volume inside the assessment area. Overall, the Bank originated 68.3 percent of home mortgage loans by number and 64.7 percent by dollar volume inside the assessment area.

Small Business Loans

In 2012, the Bank originated 72.2 percent of its small business loans by number and 49.0 percent by dollar volume inside the assessment area.

3. BORROWER PROFILE

The distribution of loans by borrower income and business revenue was reviewed to determine the extent to which the Bank has addressed the credit needs of assessment area residents and small businesses. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration of loans to individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The following sections discuss the Bank's performance under this criterion by loan type.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration of loans among borrowers of different incomes levels, including low- and moderate-income individuals. Table 6 illustrates the distribution of mortgages by borrower income level in 2011 and 2012, and includes applicable demographic and aggregate data for comparison purposes.

Table 6 Distribution of HMDA Loans by Borrower Income							
Borrower Income Level	Family Distribution by Income Level (2000 Census)	2011 Aggregate Lending %	2011 Bank Lending Data		Family Distribution by Income Level (2010 Census)	2012 Bank Lending Data	
			#	%		#	%
Low	17.2	7.8	7	12.7	20.9	10	9.0
Moderate	19.2	25.8	20	36.4	18.4	26	23.4
Middle	25.4	31.3	12	21.8	23.9	29	26.1
Upper	38.2	35.1	16	29.1	36.8	46	41.4
Total	100.0	100.0	55	100.0	100.0	111	100.0

Source: HMDA LARs for 2011 and 2012, 2011 Aggregate Data, 2000 U.S. Census, and 2010 U.S. Census.

In 2011, the Bank originated 12.7 percent of its home mortgage loans to low-income borrowers and 36.4 percent to moderate-income borrowers, both of which exceeded aggregate lending performance in the same year. The Bank's performance of lending to low-income borrowers is below the percentage of low-income families in the assessment area; however, it is noted that 4.0 percent of families had incomes below the poverty threshold (a sub-set of low-income) according to 2000 Census data. As the MFI for the assessment area was \$63,817 for 2011, a low-income family would have income below \$31,908. Individuals of this income level would likely have difficulty qualifying for a mortgage loan considering the median cost of housing throughout the assessment area. The Bank's performance of lending to moderate-income borrowers significantly exceeded the percentage of moderate-income families in the assessment area.

In 2012, the Bank originated 9 percent of its home mortgage loans to low-income borrowers and 23.4 percent of its home mortgage loans to moderate-income borrowers. Although the origination percentages decreased from 2011 to 2012, the number of loans to both low- and moderate-income borrowers increased. The percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families, but exceeded the percentage of moderate-income borrowers. In addition, from January 1, 2013 through June 30, 2013, the Bank originated 6.7 percent of its home mortgage loans to low-income borrowers and 25 percent of home mortgage loans to moderate-income borrowers.

Small Business Loans

The distribution of small business loans by GAR level reflects reasonable penetration to businesses with GARs of \$1 million or less. Table 7 illustrates the distribution of small business loans by GAR category compared to business demographic data for 2012.

Table 7			
Distribution of Small Business Loans by GAR Level			
Gross Annual Revenues \$(000s)	2012 Bank Lending Data		2012 Total Businesses
	#	%	%
≤ \$1,000	23	88.5	70.6
> \$1,000 or N/A	3	11.5	5.4
Revenues Not Reported	0	0.0	24.0
Total	26	100.0	100.0

Source: Internal Bank Records and 2012 D&B Data.

The Bank originated 88.5 percent of its small business loans to businesses with GARs of \$1 million or less in 2012, which exceeds the percentage of businesses of this revenue level at 70.6 percent. Demonstrating relatively consistent performance in the first six months of 2013, the Bank originated 8 small business loans, or 80 percent, to businesses with GARs of \$1 million or less.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to determine how well the bank is addressing the credit needs throughout the assessment area. This performance factor focuses on the distribution of lending in the area's low- and moderate-income census tracts. Considering assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area. The following sections detail the Bank's performance under this criterion by loan type.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Table 8 illustrates the distribution of the Bank's home mortgages in 2011, which is compared to 2000 U.S. Census data and 2011 aggregate lending data, and the Bank's home mortgages originated in 2012, which is compared to applicable demographics from the 2010 U.S. Census data.

Table 8 Distribution of HMDA Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units (2000 Census)	2011 Aggregate Lending %	2011 Bank Lending Data		% of Total Owner-Occupied Housing Units (2010 Census)	2012 Bank Lending Data	
			#	%		#	%
Low	0.7	0.5	0.0	0.0	1.7	0	0.0
Moderate	4.0	3.8	0.0	0.0	9.1	8	7.0
Middle	82.7	79.7	38	66.7	71.9	73	64.0
Upper	12.6	16.0	19	33.3	17.3	33	29.0
Total	100.0	100.0	57	100	100.0	114	100.0

Source: HMDA LAR for 2011 and 2012, 2011 Aggregate Data, 2000 U.S. Census, and 2010 U.S. Census.

In 2011, the Bank did not originate any home mortgage loans within low- or moderate-income census tracts. According to 2000 U.S. Census data, only 0.7 percent of the area's owner-occupied housing units were located in low-income census tracts, and only 4.0 percent in moderate-income tracts. The small percentage of owner-occupied housing units located in low- and moderate-income tracts suggests limited opportunity for lending in these areas. Aggregate data also suggests limited opportunity, revealing that only 33 home mortgage loans were originated in the sole low-income tract in 2011.

The Bank demonstrated increased lending levels in moderate-income census tracts in 2012, with 7.0 percent of total home mortgage loans originated in this income level of census tract. This performance is slightly below the percentage of owner-occupied housing units in moderate-income census tracts at 9.1 percent. Furthermore, the Bank originated three home mortgage loans, or 4.9 percent, in moderate-income census tracts in the first six months of 2013.

Small Business Loans

The distribution of small business loans reflects reasonable dispersion among businesses of different sizes. Table 9 illustrates the distribution of small business loans in 2012 as compared to the distribution of businesses within the assessment area by census tract income level.

Table 9 Distribution of Small Business Loans by Census Tract Income Level			
Census Tract Income Level	2012 Bank Lending Data		2012 % of Businesses
	#	%	%
Low	0	0.0	2.6
Moderate	2	7.7	8.8
Middle	21	80.8	76.8
Upper	3	11.5	11.8
Total	26	100.0	100.0

Source: Internal Bank Records and 2012 D&B Data.

In 2012, the Bank did not originate any small business loans within low-income tracts. According to the demographic data, only 2.6 percent of businesses within the assessment area are located in low- income tracts. For the same year, the Bank originated 2 small business loans, or 7.7 percent, in moderate-income tracts, which is slightly below the percentage of businesses in moderate-income tracts at 8.8 percent.

5. RESPONSE TO CRA COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

A review of the public file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination.

APPENDIX A

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to the Regulatory Bulletin 1.3-106

The Bank has a thoroughly written loan policy as well as a written fair lending policy. All mortgage loans are written to secondary market guidelines. Exceptions to policy are tracked and reported to the Board on a quarterly basis. The Bank has a second review for all denied home mortgage loans.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

The Bank's home mortgage application rates to minority applicants in 2011 was compared to 2011 aggregate lending and demographic data as derived from the 2000 U.S. Census. In addition, the Bank's home mortgage applications to minorities was compared to 2010 U.S. Census data. Table 10 illustrates the Bank's minority application flow for 2011 and 2012, and includes 2011 aggregate data for comparison purposes.

Table 10					
Minority Application Flow					
RACE	Bank 2011		2011 Aggregate Data	Bank 2012	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	1	1.4	10.6	4	2.8
Black/ African American	1	1.4	4.2	0	0.0
Hawaiian/Pac Isl.	0	0.0	0.2	1	0.7
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	2	2.8	0.9	1	0.7
Total Minority	4	5.6	16.1	6	4.1
White	65	90.3	58.3	133	91.7
Race Not Available	3	4.2	25.6	6	4.1
Total	72	100.0	100.0	145	100.0
ETHNICITY					
Hispanic or Latino	0	0.0	1.4	2	1.4
Not Hispanic or Latino	68	94.4	72.2	135	93.1
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	0.7	0	0.0
Ethnicity Not Available	4	5.6	25.7	8	5.5
Total	72	100	100.0	145	100.0

Source: 2011 and 2012 HMDA LAR & 2011 HMDA Aggregate Data

The Bank's minority application flow in 2011 is significantly below the aggregate minority application rate. The Bank received 5.6 percent of its applications from minorities, while the aggregate received 16.1 percent from minorities. The Bank received no applications from Hispanic or Latino borrowers, while the aggregate application rate to Hispanic or Latino applicants was 1.4 percent.

According to the 2000 U.S. Census, the Bank's assessment area had a total population of 217,589, of which 17.2 percent was minority. The minority population was composed of 8.6 percent Asian; 4.9 percent Black/African American; 2.0 Other; 1.9 percent Hispanic or Latino; and, 0.2 percent American Indian.

In 2012, the Bank received 4.1 percent of its applications from minorities. According to the 2010 U.S. Census, the Bank's assessment area had a total population of 224,661, of which 28.9 percent was minority. The minority population was composed of 13.7 percent Asian; 8.5 percent Black/African American; 2.9 "other"; 3.5 percent Hispanic or Latino; and, 0.2 percent American Indian.

In total for 2011 and 2012, the Bank received 217 HMDA reportable loan applications within its assessment area. Of these applications, 4.6 percent were received from minority applicants, of which 80.0 percent resulted in originations. The Bank also received 2 applications, or 0.9 percent, from Hispanic or Latino applicants, of which 50.0 percent resulted in originations.

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, 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 1010 Washington Street Braintree, MA 02184."

- 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.