

PUBLIC DISCLOSURE

March 21, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Canton Co-operative Bank
Certificate Number: 26450

671 Washington Street
Canton, MA

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

This document is an evaluation of the CRA performance of **Canton Co-operative Bank (or the bank)** prepared by the Division, the institution's supervisory agency, as of **March 21, 2016**. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING:

This institution is rated “Satisfactory” by the Division.

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.

Based on the small institution CRA evaluation procedures specified for institution with assets of less than \$304 million as of December 31 of either of the prior two calendar years, adjusted annually, Canton Co-operative's overall CRA performance is considered “Satisfactory” based on the following:

Lending Test

The institution is rated “Satisfactory” under the Lending Test. This rating is supported by the following summary of results.

The average loan-to-deposit (LTD) ratio was analyzed over the previous 16 quarters and is considered adequate at 59.7 percent given the bank's size, financial condition, and assessment area credit needs.

A majority of the bank's home mortgage loans by number and dollar amount, were within its designated assessment area. During 2014 and 2015, 79.5 percent of the number of home mortgage loans were made inside the assessment area.

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- and moderate-income). The bank demonstrated a positive trend in lending to both low and moderate-income borrowers from 2014 to 2015. Given the area's demographics and positive trend, the performance is considered good.

The geographic distribution of loans reflects adequate dispersion throughout the assessment area.

The bank did not receive any CRA-related complaints during the period reviewed.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Small Institution Examination Procedures to evaluate Canton Co-operative Bank's CRA performance. These procedures utilize the CRA Small Bank Lending Test. The Lending Test considered the institution's performance according to the following criteria. The CRA evaluation was conducted concurrently with the Federal Reserve Bank of Boston.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Loan Products Reviewed

Examiners determined that the bank's major product line is home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period.

In addition, this evaluation considered all home mortgage loans reported on the bank's 2014 and 2015 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2014 the bank reported 42 originations totaling \$12.3 million, and for 2015 the bank reported 36 originations totaling \$9.1 million. Examiners did not identify any trends between 2014 and 2015 that materially affect conclusions. Therefore, this evaluation presents information for 2014, the most recent year for which aggregate data is available.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loan. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of businesses and individuals served.

DESCRIPTION OF INSTITUTION

Background

Canton Co-operative Bank is located in Canton, MA, and operates from its main location at 671 Washington Street. The institution received a Satisfactory rating at its previous evaluation by the Division of Banks on February 27, 2012.

Operations

Canton Co-operative offers loan products such as home mortgage loans consisting of fixed and adjustable rate mortgages, home equity loans, construction loans, and first time homebuyer options. The institution provides a variety of personal and business deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation. Banking hours are considered convenient and accessible to the bank's customers.

The bank maintains a website at www.cantoncoopbank.com. The website includes information about products and services, hours, online banking services, and online mortgage applications and general banking news and information on upcoming educational seminars. Online banking services include bill payment, e-statements, and check orders.

Ability and Capacity

Assets totaled approximately \$105 million as of December 31, 2015, including total loans of approximately \$54 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 12/31/2015		
Loan Category	\$(000s)	%
Construction and Land Development	6,080	11.2
Secured by Farmland	0	0.0
1-4 Family Residential	38,445	70.6
Multi-family (5 or more) Residential	2,616	4.8
Commercial Real Estate	7,130	13.1
Total Real Estate Loans	54,271	99.7
Commercial and Industrial	66	0.2
Agricultural	0	0.0
Consumer	63	0.1
Other	0	0.0
Less: Unearned Income	0	0.0
Total Loans	54,400	100.0

Source: Reports of Income and Condition

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs

DESCRIPTION OF ASSESSMENT AREA

Economic and Demographic Data

The CRA requires each financial institution to designate one or more assessment area(s) within which it will focus its lending efforts, and its CRA performance will be evaluated. For purposes of this evaluation, the designated assessment include all of Norfolk County. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The bank's AA includes 130 CTs representing the municipalities of Avon, Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxborough, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth and Wrentham. As of the date of the evaluation, the AA contains 2 low-income, 7 moderate-income, 55 middle-income, and 66 upper-income CTs. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	130	1.5	5.4	42.3	50.7	0.0
Population by Geography	670,850	1.11	4.3	44.4	50.2	0.0
Housing Units by Geography	268,057	1.3	4.9	46.9	47.0	0.0
Owner-Occupied Units by Geography	179,764	0.5	3.6	43.4	52.5	0.0
Occupied Rental Units by Geography	75,416	2.9	5.7	45.6	46.5	0.0
Vacant Units by Geography	12,877	2.0	5.7	45.6	46.5	0.0
Businesses by Geography	55,017	0.8	3.3	41.9	53.9	0.0
Family Distribution by Income Level	168,233	15.0	14.0	20.0	51.0	0.0
Household Distribution by Income Level	255,180	1.2	5.0	46.6	47.2	0.0
Median Family Income (2010 U.S. Census)		\$108,954	Median Housing Value			\$453,103
FFIEC-Estimated Median Family Income for 2015 Boston MA MD (15764)		\$90,000	Median Gross Rent			\$1,236
			Unemployment Rate			4.2%
			Families Below Poverty Level			7.1%
<i>Source: 2010 U.S. Census, and FFIEC-Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2014 Dun & Bradstreet data, there were 55,017 businesses. Gross annual revenues (GARs) for these businesses are below.

- 77.5 percent have \$1 million or less.
- 6.1 percent have more than \$1 million.
- 16.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 51.6 percent; followed by retail trade (11.6 percent); construction (8.6 percent). In addition, 70 percent of area businesses have four or fewer employees, and 90 percent operate from a single location.

The 2014 and 2015 FFIEC-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table. These categories are based on the 2014 and 2015 FFIEC updated median family income.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston Quincy MD Median Family Income (\$00,000)				
2014 (\$87,200)	<\$43,600	\$46,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000to <\$118,000	≥\$118,000
<i>Source: FFIEC.</i>				

The analysis of the bank’s home mortgage lending also includes comparisons to the distribution of assessment area families by income level. The above Table reveals there is a much higher representation of upper-income families compared to other income categories, at 50.7 percent. Middle-income families have the next highest representation at 42.3 percent and the percentage of families below the poverty level is 7.1 percent

Within the assessment area, there are 268,057 housing units. Of these, 95.9 of owner-occupied units are middle-and upper income census tract, while only 2.9 percent are in low-income tracts. This greatly limits opportunities to make home mortgage loans in low-income census tracts. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

According to the 2010 U.S. Census, the median housing value for the assessment area was \$453,103. The high median sales price for homes within the assessment area suggests that opportunities to make home mortgage loans to low- and moderate-income borrowers may be limited.

According to the 2010 U.S. Census, the unemployment rate for the assessment area was 4.2 percent. Recent data obtained from the U.S. Bureau of Labor and Statistics Data obtained from that the 2015 year-end unemployment rate for Norfolk County was 3.7 percent. Unemployment rates declined throughout the evaluation period from 5.0 in 2014 to 4.2 in 2015.

Competition

The bank operates in a highly competitive market for credit and financial services. Aggregate lending data for 2014 shows that a total of 441 lenders originated or purchased home mortgage loans within the bank’s assessment area. The top ten lenders include large national and regional banks as well as mortgage companies such as JP Morgan Chase, Quicken Loans, and Wells Fargo. Canton Cooperative Bank ranked 36th, with a 0.18 percent market share.

Community Contact

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

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

The contact indicated the biggest need in the community is basic banking programs for underbanked and non banked individuals in the community. These groups of individuals have a challenging time obtaining a basic checking account due to a negative banking history and incurred fees.

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

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. Positively, both the bank and the community contact indicated generally strong economic conditions within the assessment area; however, a need for affordable housing was identified. Economic data for the assessment area supports this assessment of credit and community development needs in this region. Median housing values within the assessment area of more than \$403 thousand make home ownership difficult for low- and moderate-income borrowers

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Canton Co-operative Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 59.7 percent over the past 16 calendar quarters from March 31, 2012 to December 31, 2015. The ratio ranged from a high of 64.2 percent as of March 31, 2012, to a low of 52.0 percent as of December 31, 2013. The ratio remained generally low. The bank maintained a lower ratio when compared to similarly situated institutions, as shown in the following table. The bank sells a percentage of loans which are not factored into the overall loan to deposit ratio and decreases the size of the portfolio relative to deposits. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The bank has indicated that its LTD ratio has historically been maintained at a lower level, and is part of its overall business strategy.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2015 \$(000s)	Average Net LTD Ratio (%)
Canton Co-operative Bank	105,439	59.7
Avon Co-operative Bank	94,650	95.9
Stoughton Co-operative Bank	108,356	80.5
Holbrook Co-operative Bank	104,139	83.3

Source: Reports of Income and Condition 3/31/2012 through 12/31/2015

Assessment Area Concentration

Canton Co-operative Bank originated a majority by both number and dollar volume of its home mortgage loans within the assessment area during the evaluation period. The following table details the bank's lending activity inside and outside of the assessment area in 2014 and 2015.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2014	36	85.7	6	14.3	42	10,264	83.6	2,020	16.4	12,284
2015	26	72.2	10	27.8	36	6,898	75.6	2,223	24.2	9,121
Total	62	79.5	16	20.5	78	17,162	80.2	4,243	19.8	21,405

Source: 2014, 2015 HMDA Reported Data

Borrower Profile

In 2014, the bank originated 1 loan to a low-income borrower and in 2015 there were 3 loans to low-income borrowers. These figures indicate a good performance, taking into account the high cost of housing in the assessment area, median family income of borrowers designated as low-income, and competitive market.

In 2014, the bank originated 5 loans to moderate-income borrowers, above the aggregate by 1.1 percent. In 2015, 6 or 23.1 percent of loans were made to moderate-income borrowers. There is no aggregate data for 2015, but the bank's performance in this area suggests a positive performance considering the relatively low volume of loans the bank originates on an annual basis.

The median family income and median housing value of the assessment area make home ownership difficult for low- and moderate-income borrowers in this area. Given the area's demographics and the Bank's positive trend of lending to moderate-income borrowers, the overall performance is considered good.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	15.0	3.4	1	2.8	50	0.5
2015	15.0	--	3	11.5	295	4.3
Moderate						
2014	15.7	12.8	5	13.9	725	7.1
2015	15.7	--	6	23.1	706	10.2
Middle						
2014	18.5	20.4	9	25.0	2,225	21.7
2015	18.5	--	3	11.5	696	10.1
Upper						
2014	50.9	46.7	18	50.0	6,049	58.9
2015	50.9	--	13	50.0	4,994	72.4
Income not Available						
2014	--	16.7	3	8.3	1,215	11.8
2014	--	--	1	3.9	207	3.0
Total						
2014	100.0	100.0	36	100.0	10,264	100.0
2015	100.0	--	26	100.0	6,898	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

Geographic Distribution

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

Canton Co-operative Bank did not originate any loans to borrowers located in low- and moderate-income tracts in 2014, and originated one loan in a moderate-income tract in 2015. The bank's performance in this area can largely be attributed to the lack of low- and moderate-income tracts in its assessment area; there are 130 total census tracts, 2 of which are low-income and 7 are moderate-income. Moreover, only 6.2 percent of occupied housing units in the assessment area are located within these tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	0.5	0.5	0	0.0	0	0.0
2015	0.5	--	0	0.0	0	0.0
Moderate						
2014	3.6	3.8	0	0.0	0	0.0
2015	3.6	--	1	3.8	219	3.2
Middle						
2014	43.4	41.6	14	38.9	3,831	37.3
2015	43.4	--	10	38.5	1,886	27.3
Upper						
2014	52.5	54.1	22	61.1	6,433	62.7
2015	52.5	--	15	57.7	4,793	69.5
Totals						
2014	100.0	100.0	36	100.0	10,264	100.0
2015	100.0	--	26	100.0	6,898	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						

Response to CRA Complaints and Fair Lending Policies and Practices

Canton Co-operative Bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the Lending Test rating.

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Division's Regulatory Bulletin 1.3 -106, Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified.

The institution has a satisfactory record of developing and implementing fair lending policies and practices.

Fair Lending Audits are conducted by the bank's third party auditor on an annual basis.

Monitoring for fair lending includes second reviews of all denied application to ensure compliance with fair lending laws and regulation. Additional monitoring occurs within the quarterly CRA Committee discussion.

Fair lending training is provided to all lending personnel, including compliance with fair lending laws and regulations.

The bank has developed credit products, including those with flexible lending criteria and/or government lending programs.

Minority Application Flow

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

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

Minority Application Flow					
RACE	Bank 2014		2014 Aggregate Data	Bank 2015	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0
Asian	0	0.0	8.5	1	3.1
Black/ African American	1	2.3	3.6	1	3.1
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1.5	0	0.0
Total Minority	1	2.3	13.9	2	6.2
White	37	86.1	62.4	27	84.4
Race Not Available	5	11.6	23.7	3	9.4
Total	43	100.0	100.0	32	100.0
ETHNICITY					
Hispanic or Latino	0	0.0	1.8	0	0.0
Not Hispanic or Latino	38	88.4	73.8	29	90.6
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	0.9	0	0.0
Ethnicity Not Available	5	11.6	23.5	3	9.4
Total	43	100.0	100.0	32	100.0
<i>Source: U.S. Census 2010, HMDA LAR Data 2014 and 2015, HMDA Aggregate Data 2014</i>					

According to the 2010 U.S. Census data, the bank’s assessment area has a population of 670,850, of which 19.7 percent are minorities. The assessment area’s minority population includes 0.1 percent American Indian, 8.5 percent Asian/Pacific Islander, 3.6 percent Black, 1.8 percent Hispanic, and 5.7 percent other race.

In 2014, the bank received 43 HMDA-reportable loan applications within its assessment area. Of these applications, one was received from a racial minority applicant located within Quincy. Quincy’s minority population represents 36% and has the lowest owner occupancy rate among all towns in the assessment area. The bank’s application flow was below the 2014 aggregate performance of 13.9 percent for applications received from minorities. In 2014 and 2015, the bank did not receive any applications representing the Hispanic or Latino ethnic group. The 2014 aggregate performance was 1.8 percent.

In 2015, the bank received 32 HMDA reportable loan applications. Of these applications, two were received from racial minority applicants.

The relatively low minority application flow is comparable to that noted at the previous evaluation and was discussed with management. In part, the low minority application rate can be attributed to the lack of branch presence in higher minority geographies within the assessment area. However, in recognition of the low minority application flow, management has implemented several initiatives to monitor and improve its accessibility to potential applicants of all backgrounds. These initiatives included reviewing the bank’s online website to ensure minorities are represented, and a periodic review of minority applications.

GLOSSARY

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

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

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

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

Family Income: Includes the income of all members of a family that are age 15 and older.

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

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

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

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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

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

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

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

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

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or

equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and non-metropolitan areas.

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

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

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

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

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (671 Washington Street in Canton, Massachusetts)."

[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.