

PUBLIC DISCLOSURE

November 28, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charles River Bank
Certificate Number: 26602

70 Main Street
Medway, Massachusetts 02053

Commonwealth of Massachusetts
Division of Banks
1000 Washington St, 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution 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 following summarizes the bank's performance.

- The average loan-to-deposit (LTD) ratio of 80.3 percent is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority (69.7 percent) of its home mortgage and small business loans within the assessment area during the evaluation period.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area, including low- and moderate-income geographies.
- The distribution of borrowers reflects good penetration of loans among businesses of different sizes and individuals of different income levels, including low- and moderate-income individuals.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the CRA rating.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 1, 2012 to the current evaluation dated November 28, 2016. Examiners used Small Bank Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate Charles River Bank's CRA Performance.

Examiners evaluated the institution's performance according to the following criteria:

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

Loan Products Reviewed

This evaluation focused on home mortgage and small business lending activity from January 1, 2015 to September 30, 2016. The bank's most recent Call Report as of September 30, 2016, shows that 67.6 percent of the bank's loan portfolio is residential real estate loans. Commercial real estate and commercial and industrial loans made up 29.5 percent of the portfolio.

Information related to residential mortgage lending was derived from the Loan Application Registers (LARs) maintained by the bank, 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 multifamily properties (five or more units). The evaluation emphasized the bank's home mortgage lending performance in 2015, as this is the most recent year for which aggregate lending data is available. Home mortgage lending data for the first 3 quarters of 2016 (YTD2016) is referenced to illustrate trends in the bank's lending data.

The bank's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the bank's designated assessment area. The bank's home mortgage lending performance was also compared with demographic data.

Small business loans were also reviewed for the same period. Small business loans include loans whose original amounts are \$1 million or less and are secured by nonfarm nonresidential properties or are commercial and industrial loans. The bank's internal records indicated that 26 small business loans totaling \$4.4 million were originated in 2015, and 25 small business loans totaling \$4.6 million were originated in YTD2016. The bank's small business lending performance was compared with the 2015 and 2016 demographic data from Dun & Bradstreet.

Examiners reviewed the number and dollar volume of home mortgage loans and small business loans. While number and dollar volume of loans are presented, examiners emphasized

performance by number of loans because it is not influenced by factors including applicant income, housing values, or business size, and provides a better overall indicator of the number of individuals and businesses served by the bank.

DESCRIPTION OF INSTITUTION

Background

Charles River Bank is a state-chartered bank headquartered in Medway, Massachusetts. The previous CRA Performance Evaluation, dated October 1, 2012, resulted in a Satisfactory rating.

Operations

The bank's main office is located at 70 Main Street, Medway, in an upper-income census tract. Additional branch offices are located at 2 South Maple Street, Bellingham, in a middle-income census tract, and at 1 Hastings Street, Mendon, in an upper-income tract. The bank also operates a branch located at Medway High School. With the exception of the high school branch, which operates only during school hours, each branch offers extended service hours on Thursdays and Fridays, and are open for limited hours on Saturdays.

Charles River Bank offers a variety of deposit and loan products and services for individuals and businesses. Deposit products include checking accounts, savings accounts, certificates of deposits, individual retirement accounts (IRAs), and money market accounts. Consumer loan products offered include home mortgage, home equity, vehicle, construction, MassSave, and passbook loans. Business loan products include commercial real estate, equipment, lines of credit, and Small Business Administration (SBA) loans. The bank has online and mobile banking platforms.

Ability and Capacity

As of September 30, 2016, the Bank had total assets of \$230.5 million and total deposits of \$190.7 million. Total loans were \$161.4 million and represented 70.0 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 84.1 percent. Since the last CRA evaluation, the bank's assets have increased 11.2 percent, net loans have increased 32.4 percent, and deposits have increased 14.8 percent.

The loan portfolio consists predominantly of loans secured by 1-4 family residential properties, as illustrated in the following table.

| Loan Portfolio Distribution as of September 30, 2016 | | |
|--|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 1,723 | 1.1 |
| 1-4 Family Residential | 100,835 | 62.5 |
| Multi-family (5 or more) Residential | 8,263 | 5.1 |
| Commercial Real Estate | 40,176 | 24.9 |
| Total Real Estate Loans | 150,997 | 93.6 |
| Commercial and Industrial | 7,469 | 4.6 |
| Consumer | 2,878 | 1.8 |
| Other | 22 | 0.0 |
| Total Loans | 161,366 | 100.0 |
| <i>Source: Reports of Condition and Income (Call Report) as of September 30, 2016.</i> | | |

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more assessment areas(s) within which its CRA performance will be evaluated. Charles River Bank designated a single assessment area which encompasses parts of the Boston Metropolitan Division (MD), the Cambridge-Newton-Framingham MD, and the Worcester Metropolitan Statistical Area (MSA).

The assessment area consists of the following towns and cities; Bellingham, Blackstone, Franklin, Holliston, Hopedale, Medway, Mendon, Milford, Millis, Millville, Norfolk, Northbridge, Upton, and Uxbridge.

The assessment area has changed since the last exam, as the Town of Hopkinton is no longer a part of the bank’s assessment area.

Economic and Demographic Data

The bank’s assessment area consists of 31 census tracts that reflect the following designations, according to the 2010 U.S. Census:

- 0 low-income tracts
- 2 moderate-income tracts
- 12 middle-income tracts
- 17 upper-income tracts

Please refer to the following table for relevant demographic information regarding the assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|--|----------|------------------------------|-----------------|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 31 | 0.0 | 6.5 | 38.7 | 54.8 | 0.0 |
| Population by Geography | 182,055 | 0.0 | 5.4 | 41.1 | 53.5 | 0.0 |
| Housing Units by Geography | 66,627 | 0.0 | 6.1 | 43.4 | 50.5 | 0.0 |
| Owner-Occupied Units by Geography | 50,869 | 0.0 | 3.1 | 40.0 | 56.9 | 0.0 |
| Occupied Rental Units by Geography | 12,804 | 0.0 | 17.6 | 54.7 | 27.7 | 0.0 |
| Vacant Units by Geography | 2,954 | 0.0 | 9.0 | 52.4 | 38.6 | 0.0 |
| Businesses by Geography | 11,835 | 0.0 | 6.2 | 41.1 | 52.7 | 0.0 |
| Family Distribution by Income Level | 47,477 | 13.8 | 14.1 | 21.5 | 50.6 | 0.0 |
| Household Distribution by Income Level | 63,673 | 16.7 | 12.6 | 16.3 | 54.3 | 0.0 |
| Median Family Income MSA - 14454 Boston, MA MD | \$83,664 | Median Housing Value | | \$356,533 | | |
| | | Median Gross Rent | | \$989 | | |
| Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD | \$90,625 | Families Below Poverty Level | | 3.3% | | |
| Median Family Income MSA - 49340 Worcester, MA-CT MSA | \$77,128 | | | | | |
| <i>Source: 2010 U.S. Census and 2016 D&B Data</i> (*) The NA category consists of geographies that have not been assigned an income classification. | | | | | | |

The assessment area consists of 66,627 housing units, of which 50,869 or 76.4 percent are owner-occupied units, 12,804 or 19.2 percent are rental units, and 2,954 or 4.4 percent are vacant. Of the owner-occupied units, 3.1 percent are located in moderate-income tracts. The assessment area's median housing value is \$356,533, and the median gross monthly rent is \$989.

The 2015 and 2016 FFIEC-updated median family income (MFI) level is used to analyze home mortgage lending. The low-, moderate-, middle- and upper-income categories are presented in the following table.

| Median Family Income Ranges | | | | |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| Boston, MA MD Median Family Income (14454) | | | | |
| 2015 (\$90,000) | <\$45,000 | \$45,000 to <\$72,000 | \$72,000 to <\$108,000 | ≥\$108,000 |
| 2016 (\$90,800) | <\$45,400 | \$45,400 to <\$72,640 | \$72,640 to <\$108,960 | ≥\$108,960 |
| Cambridge-Newton-Framingham, MA MD Median Family Income (15764) | | | | |
| 2015 (\$101,700) | <\$50,850 | \$50,850 to <\$81,360 | \$81,360 to <\$122,040 | ≥\$122,040 |
| 2016 (\$98,600) | <\$49,300 | \$49,300 to <\$78,880 | \$78,880 to <\$118,320 | ≥\$118,320 |
| Worcester, MA-CT MSA Median Family Income (49340) | | | | |
| 2015 (\$81,500) | <\$40,750 | \$40,750 to <\$65,200 | \$65,200 to <\$97,800 | ≥\$97,800 |
| 2016 (\$78,500) | <\$39,250 | \$39,250 to <\$62,800 | \$62,800 to <\$94,200 | ≥\$94,200 |
| <i>Source: FFIEC Estimated Median Family Incomes</i> | | | | |

According to 2016 Dunn & Bradstreet data, there are 11,835 businesses within the assessment area. Gross annual revenues (GARs) for these businesses are below:

- 84.9 percent have GARs of \$1 million or less
- 6.0 percent have GARs of more than \$1 million
- 9.1 percent have unknown revenues

Service industries represent the largest portion of businesses at 49.3 percent, followed by construction at 12.1 percent and retail trade at 11.5 percent. In addition, 73.8 percent of businesses have four or fewer employees, and 91.3 percent operate from a single location.

According to the 2010 U.S. Census, the unemployment rate for the assessment area was 6.1 percent. Data obtained from the U.S. Bureau of Labor and Statistics as of September 2016 indicates that the unemployment rate was 3.3 percent statewide in Massachusetts, 2.8 percent for Middlesex County, 3.0 percent for Norfolk County, and 3.5 percent for Worcester County.

Competition

There is a high level of competition for loans among several banks, credit unions, and non-depository lenders in the assessment area. In 2015, 338 lenders reported a total of 7,477 home mortgage loans originated or purchased in the assessment area. Charles River Bank ranked 17th with a market share of 1.4 percent. The top three lenders in the assessment area were Wells Fargo Bank with 5.6 percent of the market share, JP Morgan Chase Bank with 5.3 percent of the market share, and Guaranteed Rate Inc. with 4.4 percent of the market share.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to gain an understanding of the credit and community development needs.

Examiners conducted a community contact with a local government organization that fosters economic and community development in the bank’s assessment area. The contact stated that affordable housing is a primary need in the community. Home prices in the area have risen

considerably in the last decade, pricing many low- and moderate-income individuals and families out of the market. Seniors and other individuals that rely on fixed-incomes are especially vulnerable to the rising home prices. The contact also stated that increasing the rental housing stock in the area would benefit individuals that cannot qualify for home purchase credit. Demographic data shows that the majority of the area's housing stock, at 76.4 percent, is owner occupied units, while rental units only make up 19.2 percent of the housing stock.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing was the area's greatest need. Financial institutions can participate by funding affordable housing developments, offering specialized loan products such as first time homebuyer loans, and partnering with local organizations whose mission is to provide housing to low- and moderate-income individuals and families.

CONCLUSIONS ON PERFORMANCE CRITERIA

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 80.3 percent over the past 16 calendar quarters from December 31, 2012, to September 30, 2016. The ratio ranged from a low of 72.9 percent as of December 31, 2012, to a high of 87.9 percent as of March 31, 2016.

Charles River Bank's average net LTD ratio is similar to that of comparable institutions. This is shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

| Loan-to-Deposit Ratio Comparison | | |
|---|---|--------------------------------------|
| Bank | Total Assets as of 09/30/2016 \$(000s) | Average Net LTD Ratio (%) |
| <i>Charles River Bank</i> | 230,507 | 80.3 |
| Dean Cooperative Bank | 282,619 | 86.1 |
| Wrentham Cooperative Bank | 114,909 | 70.0 |
| <i>Source: Reports of Income and Condition 12/31/12 through 9/30/16</i> | | |

Assessment Area Concentration

The bank made a majority of loans, by number and dollar volume, inside its assessment area as shown in the following table.

| 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 | | | | | | | | | | |
| 2015 | 105 | 74.5 | 36 | 25.5 | 141 | 21,826 | 69.1 | 9,766 | 30.9 | 31,592 |
| 2016 | 66 | 61.1 | 42 | 38.9 | 108 | 14,822 | 54.6 | 12,344 | 45.4 | 27,166 |
| Subtotal | 171 | 68.7 | 78 | 31.3 | 249 | 36,648 | 62.4 | 22,110 | 37.6 | 58,758 |
| Small Business | | | | | | | | | | |
| 2015 | 18 | 69.2 | 8 | 30.8 | 26 | 2,643 | 60.4 | 1,732 | 39.6 | 4,375 |
| 2016 | 20 | 80.0 | 5 | 20.0 | 25 | 3,315 | 71.5 | 1,320 | 28.5 | 4,635 |
| Subtotal | 38 | 74.5 | 13 | 25.5 | 51 | 5,958 | 66.1 | 3,052 | 33.9 | 9,010 |
| Total | 209 | 69.7 | 91 | 30.3 | 300 | 42,606 | 62.9 | 25,162 | 37.1 | 67,768 |
| <i>Source: 2015 and YTD2016 HMDA and Bank Data;</i> | | | | | | | | | | |

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects adequate dispersion throughout the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Examiners focused on the percentage by number of loans originated in moderate-income census tracts.

| Geographic Distribution of Home Mortgage Loans | | | | | | |
|---|--|-------------------------------------|------------|--------------|-----------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | Aggregate Performance % of # | # | % | \$(000s) | % |
| Moderate | | | | | | |
| 2015 | 3.1 | 3.0 | 1 | 1.0 | 150 | 0.7 |
| 2016 | 3.1 | -- | 0 | 0.0 | 0 | 0.0 |
| Middle | | | | | | |
| 2015 | 40.0 | 39.1 | 35 | 33.3 | 7,574 | 34.7 |
| 2016 | 40.0 | -- | 22 | 33.3 | 3,902 | 26.3 |
| Upper | | | | | | |
| 2015 | 56.9 | 57.9 | 69 | 65.7 | 14,102 | 64.6 |
| 2016 | 56.9 | -- | 44 | 66.7 | 10,920 | 73.7 |
| Not Available | | | | | | |
| 2015 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2016 | 0.0 | -- | 0 | 0.0 | 0 | 0.0 |
| Totals | | | | | | |
| 2015 | 100.0 | 100.0 | 105 | 100.0 | 21,826 | 100.0 |
| 2016 | 100.0 | -- | 66 | 100.0 | 14,822 | 100.0 |

Source: 2010 U.S. Census; 2015 and YTD2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Examiners focused on the comparison of the bank's lending to aggregate data for 2015. The bank originated one loan at 1.0 percent in moderate-income census tracts, which is lower than the aggregate at 3.0 percent. In YTD2016, the bank did not originate any loans in the moderate-income tracts.

It was noted that the opportunity to originate home mortgage loans in the moderate-income tracts is limited, as only 3.1 percent of the owner-occupied housing units in the assessment area are located in these tracts. Further analysis shows that the percentage of rental-occupied housing units is high in both moderate-income tracts; 48.0 percent of total units are rental-occupied in the tract located in Northbridge, and 65.0 percent of total units are rental-occupied in the tract located in Milford. Lastly, the bank does not have a branch presence in Northbridge and Milford, affecting the level of home mortgage lending in these areas.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank’s lending in moderate-income tracts by percentage exceeded the percentage of businesses for both 2015 and YTD2016.

| Geographic Distribution of Small Business Loans | | | | | |
|--|----------------------------|-----------|--------------|-----------------|--------------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Moderate | | | | | |
| 2015 | 6.6 | 2 | 11.1 | 225 | 8.5 |
| 2016 | 6.2 | 2 | 10.0 | 255 | 7.7 |
| Middle | | | | | |
| 2015 | 40.4 | 2 | 11.1 | 250 | 9.5 |
| 2016 | 41.1 | 5 | 25.0 | 469 | 14.1 |
| Upper | | | | | |
| 2015 | 53.0 | 14 | 77.8 | 2,168 | 82.0 |
| 2016 | 52.7 | 13 | 65.0 | 2,591 | 78.2 |
| N/A | | | | | |
| 2015 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2016 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | | | | | |
| 2015 | 100.0 | 18 | 100.0 | 2,643 | 100.0 |
| 2016 | 100.0 | 20 | 100.0 | 3,315 | 100.0 |
| <i>Source: 2015 D&B Data; 2015 and YTD2016 Bank Data</i> | | | | | |

Borrower Profile

The distribution of borrowers reflects good penetration of loans among businesses of different sizes and individuals of different income levels, including low- and moderate-income individuals.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is good.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | | |
|---|----------------------|-------------------------------------|------------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | Aggregate Performance % of # | # | % | \$(000s) | % |
| Low | | | | | | |
| 2015 | 13.8 | 3.4 | 2 | 1.9 | 253 | -- |
| 2016 | 13.8 | -- | 6 | 9.1 | 687 | 4.6 |
| Moderate | | | | | | |
| 2015 | 14.1 | 13.8 | 21 | 20.0 | 3,432 | -- |
| 2016 | 14.1 | -- | 10 | 15.2 | 2,272 | 15.3 |
| Middle | | | | | | |
| 2015 | 21.5 | 22.0 | 25 | 23.8 | 4,410 | -- |
| 2016 | 21.5 | -- | 21 | 31.8 | 4,316 | 29.1 |
| Upper | | | | | | |
| 2015 | 50.6 | 43.9 | 53 | 50.5 | 12,631 | -- |
| 2016 | 50.6 | -- | 25 | 37.9 | 6,584 | 44.4 |
| Not Available | | | | | | |
| 2015 | 0.0 | 17.0 | 4 | 3.8 | 1,100 | -- |
| 2016 | 0.0 | -- | 4 | 6.1 | 963 | 6.5 |
| Totals | | | | | | |
| 2015 | 100.0 | 100.0 | 105 | 100.0 | 21,826 | 100.0 |
| 2016 | 100.0 | -- | 66 | 100.0 | 14,822 | 100.0 |

Source: 2010 U.S. Census; 2015 and YTD2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

For 2015, examiners compared the bank's lending to low- and moderate-income individuals against the aggregate. The bank's lending to low-income borrowers is slightly lower than the aggregate by 1.5 percent. The bank's lending to moderate-income borrowers is higher than the aggregate by 6.2 percent.

Market share data from 2015 shows that the bank ranked 45th with a 0.8 percent market share of lending to low-income borrowers. For lending to moderate-income borrowers, the bank ranked 11th with a 2.0 percent market share.

In YTD2016, the bank's lending to low-income borrowers increased to 9.1 percent, while lending to moderate-income borrowers decreased to 15.2 percent.

Small Business Loans

The distribution of small business loans with GARs of \$1 million or less is adequate. The bank's lending by percentage was lower than the percentage of businesses in this revenue category for both 2015 and YTD2016.

| Distribution of Small Business Loans by Gross Annual Revenue Category | | | | | |
|--|------------------------|-----------|--------------|-----------------|--------------|
| Gross Annual Revenues | % of Businesses | # | % | \$(000s) | % |
| ≤ \$1,000,000 | | | | | |
| 2015 | 80.2 | 10 | 55.6 | 1,908 | 72.2 |
| 2016 | 84.9 | 8 | 40.0 | 1,127 | 34.0 |
| > \$1,000,000 | | | | | |
| 2015 | 5.3 | 8 | 44.4 | 735 | 27.8 |
| 2016 | 6.0 | 9 | 45.0 | 1,749 | 52.8 |
| Revenue N/A | | | | | |
| 2015 | 14.5 | 0 | 0.0 | 0 | 0.0 |
| 2016 | 9.1 | 3 | 15.0 | 439 | 13.2 |
| Total | | | | | |
| 2015 | 100.0 | 18 | 100.0 | 2,643 | 100.0 |
| 2016 | 100.0 | 20 | 100.0 | 3,315 | 100.0 |

Source: 2015 D&B Data; 2015 and YTD2016 Bank Data

Discriminatory or Other Illegal Credit Practices Review

Response to CRA Complaints

The bank received no complaints pertaining to the institution's CRA performance since the previous examination. This factor did not affect the CRA rating.

Minority Application Flow

The bank's HMDA LARs for 2015 and YTD2016 were reviewed to determine if the application flow from different minority groups was reflective of the assessment area demographics.

The bank's application flow for 2015 was compared to the 2015 aggregate. The comparison of this data assists in deriving reasonable expectations for the rate of applications the institution received from minority residential loan applicants. Refer to the table below.

| Minority Application Flow | | | | | |
|----------------------------------|------------------|--------------|----------------------------|------------------|--------------|
| RACE | Bank 2015 | | 2015 Aggregate Data | Bank 2016 | |
| | # | % | % | # | % |
| American Indian/ Alaska Native | 0 | 0.0 | 0.1 | 0 | 0.0 |
| Asian | 3 | 2.1 | 3.2 | 2 | 2.3 |
| Black/ African American | 0 | 0.0 | 0.8 | 0 | 0.0 |
| Hawaiian/Pacific Islander | 0 | 0.0 | 0.0 | 0 | 0.0 |
| 2 or more Minority Races | 0 | 0.0 | 0.0 | 0 | 0.0 |
| Joint Race (White/Minority) | 3 | 2.1 | 1.2 | 1 | 1.1 |
| Total Minority | 6 | 4.2 | 5.3 | 3 | 3.4 |
| White | 128 | 91.5 | 73.8 | 76 | 87.4 |
| Race Not Available | 6 | 4.3 | 20.9 | 8 | 9.2 |
| Total | 140 | 100.0 | 100.0 | 87 | 100.0 |
| ETHNICITY | | | | | |
| Hispanic or Latino | 1 | 0.7 | 1.6 | 0 | 0.0 |
| Not Hispanic or Latino | 128 | 91.5 | 76.5 | 78 | 89.7 |
| Joint (Hisp/Lat /Not Hisp/Lat) | 3 | 2.1 | 0.9 | 1 | 1.1 |
| Ethnicity Not Available | 8 | 5.7 | 21.0 | 8 | 9.2 |
| Total | 140 | 100.0 | 100.0 | 87 | 100.0 |

Source: 2010 U.S. Census; 2015 and YTD2016 Bank Data, 2015 HMDA Aggregate Data

According to the 2010 U.S. Census data, the bank's assessment area had a population of 182,055 individuals, of which 8.9 percent are minorities. The assessment area's minority and ethnic population consists of 0.1 percent American Indian, 2.2 percent Asian/Pacific Islander, 1.4 percent Black, 3.3 percent Hispanic, and 1.9 percent other.

In 2015, the bank received 140 HMDA reportable loan applications within its assessment area. Of these applications, 4.2 percent were received from racial minorities. This is slightly below the aggregate of 5.3 percent. For the same year, the bank received 2.8 percent of applications from Hispanic or Latino individuals, which is slightly higher than the aggregate of 2.5 percent.

In YTD2016, the bank received 3.4 percent of applications from racial minorities. For the same year, the bank received one application or 1.1 percent from Hispanic or Latino individuals.

The bank's minority application flow, when compared to the aggregate and the demographics, 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, require all financial institutions to take the following actions within 45 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 "70 Main Street Medway, Massachusetts 02053."

- 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.