

PUBLIC DISCLOSURE

April 22, 2013

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Commonwealth Cooperative Bank

CERT # 29842

**1172 RIVER STREET
HYDE PARK, MASSACHUSETTS 02136**

**Division of Banks
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Boston, MA 02118**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, NY 10118**

NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations 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.

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution CRA Rating	
	a. Overall Rating	1
	b. Scope of the Examination	2
	c. Description of the Institution.....	3
	d. Description of the Assessment Area.....	4
	e. Conclusions Regarding Performance Criteria	8
III.	Appendix	
	Appendix A.....	A-1
	Division of Banks – Fair Lending Policies and Procedures	
	Appendix B.....	B-1
	General Definitions	

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 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 **Commonwealth Cooperative Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **April 22, 2013**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC’s Rules and Regulations.

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

An institution in this group has an adequate 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 asset of less than \$296 million as of December 31, of either of the prior two calendar years, Commonwealth Cooperative Bank’s overall CRA performance is considered “Satisfactory” based on the following:

Lending Test

- The loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs.
- A majority of loans are in the institution’s assessment area.
- The distribution of loans to borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the Bank during the review period, therefore this performance criterion was not a factor in assigning the overall rating.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and FDIC. Small Bank CRA evaluation procedures, as established by the Federal Financial Institutions Examination Council (FFIEC), were used to assess the Bank’s CRA performance, as Commonwealth Cooperative Bank had total assets of less than \$296 million, as of December 31 of either of the prior two calendar years. These procedures evaluate the Bank’s performance pursuant to the following criteria: loan-to-deposit (LTD) ratio; assessment area concentration; geographic distribution of loans;

lending to borrowers of different incomes; and record of taking action in response to CRA complaints.

This evaluation focused on home mortgage lending, as this reflects the primary loan product offered by the Bank. Home mortgage lending activity from January 1, 2011, to December 31, 2012 was analyzed.

Small business loans including commercial real estate and commercial and industrial loans represent 9.9 percent of the loan portfolio and were not considered in the evaluation. In addition, consumer loans and small farm loans were not considered in the evaluation as consumer loans represent a nominal percentage at 2.6 percent of the loan portfolio, and the Bank does not maintain any small farm loans in its loan portfolio.

Information concerning home mortgage lending was derived from the Bank's Loan Application Registers (LARs), reported in accordance with the Home Mortgage Disclosure Act (HMDA). The LARs contain data about the home purchase, home improvement, and refinancing of one-to-four-family and multi-family (five or more units) properties. While the tables depicted both 2011 and 2012 home mortgage data, the primary focus of this evaluation is lending performance in 2011, as this is the most recent year for which aggregate data is available. Aggregate lending data is used for comparison purposes within the evaluation, is a measure of loan demand, and includes lending information from institutions reporting at least one home mortgage in the Bank's assessment area. Residential lending activity for 2012 was also analyzed to identify any significant trends or anomalies. The borrower profile and geographic distribution criteria consider only those loans made within the Bank's designated assessment area.

Demographic information from the 2000 U.S. Census data is used when evaluating the Bank's 2011 home mortgage lending and 2010 U.S. Census data is used when evaluating the 2012 home mortgage lending. Financial data was derived from the December 31, 2012, FFIEC Report of Condition and Income (Call Report).

PERFORMANCE CONTEXT

Description of Institution

Commonwealth Cooperative Bank is a Massachusetts state-chartered, mutually-owned cooperative bank headquartered in the Hyde Park neighborhood of Boston, Massachusetts. The Bank resulted from the merger, on January 1, 2009, of Commonwealth Cooperative Bank into Hyde Park Cooperative Bank. Hyde Park Cooperative then changed its name to Commonwealth Cooperative Bank. The main office is located at 1172 River Street in Hyde Park, Massachusetts and provides lobby hours for customers, accepts loan applications, and also houses Bank management. The main office is located in a moderate-income census tract. Commonwealth Cooperative Bank operates two branch locations at 3815 Washington Street in Jamaica Plain, a moderate income census tract, and at Two Center Plaza in downtown Boston, Massachusetts, an upper income census tract. The Jamaica Plain branch relocated in December 2011 from 733 Center Street in Jamaica Plain. The new location allows for a drive up and ATM facility, convenient lobby hours and ample parking for customers and is accessible by public transportation. The branch location at Two Center Plaza in Boston has lobby hours available to Bank customers. Adjacent to the main office at 46 Fairmount Avenue in Hyde Park, Commonwealth Cooperative Bank has an ATM and walk up/drive up facility with convenient business hours.

Commonwealth Cooperative Bank is a full-service community bank offering a wide variety of products and services. The Bank offers a variety of residential mortgage loans including fixed and adjustable rate options for the purchase, refinance, improvements, and construction of residential property. In addition, Commonwealth Cooperative Bank offers financing programs through MassHousing and also first-time homebuyer programs, home equity lines of credit; and home equity loans. The Bank offers commercial loans for the purchase or refinance of commercial real estate loans, business lines of credit, term loans and construction loans. Unsecured and secured consumer loans are also offered.

The Bank also offers deposit products and services, including checking accounts, savings accounts, money market accounts, certificates of deposit, safe deposit boxes and ATM and debit cards. Services for businesses include business checking accounts, money market accounts, and sweep accounts. Other services include telephone banking and online banking for balance inquiry, transferring funds between accounts and bill payments.

As of December 31, 2012, the Bank reported total assets of \$172.1 million. Assets increased by 18.9 percent since June 30, 2008. The Bank's loan portfolio, which represents 67.1 percent of total assets, increased 25.5 percent during this time. Table 1 details the distribution of Commonwealth Cooperative Bank's loan portfolio as of December 31, 2012.

As shown in Table 1, Commonwealth Cooperative Bank's portfolio is composed primarily of residential real estate secured loans which account for the largest loan distribution at 87.3 percent. At approximately \$109.3 million, the Bank's real estate loan portfolio has increased by 23.3 percent since June 30, 2008.

Table 1 – Loan Portfolio Distribution as of December 31, 2012		
Loan Type	Dollar Amount \$('000s)	% of Total Loans
Construction, Land Development, and Other Land Loans	7,428	6.4
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	1,560	1.3
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	83,735	72.5
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	1,397	1.2
Secured by Multi-Family (5 or more) Residential Properties	6,755	5.8
Total Residential Real Estate Loans	93,447	80.9
Secured by Nonfarm Nonresidential Properties	8,446	7.3
Total Real Estate Loans	109,321	94.6
Commercial and Industrial	2,904	2.6
Loan to Individuals for Household, Family, and Other Personal Expenditures (Consumer Loans)	3,336	2.8
Less: Unearned Income	<3>	0.0
Total Loans	115,558	100.0

Source: December 31, 2012 Call Report

The Division last evaluated Commonwealth Cooperative Bank's CRA performance on October 29 2007, and assigned an overall rating of "Satisfactory." The Office of Thrift Supervision last evaluated Commonwealth Cooperative Bank's performance on April 10, 2008 and an overall rating of "Satisfactory" was assigned. There are no apparent financial or legal impediments that would limit Commonwealth Cooperative Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires each financial institution 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.

Commonwealth Cooperative Bank's assessment area consists of geographies within three counties in Massachusetts: Middlesex County, Norfolk County, and Suffolk County. The municipalities within Middlesex County include Arlington, Belmont, Cambridge, Lexington, Medford, Newton, Somerville, Waltham, Watertown, Winchester, and Woburn. The municipalities within Norfolk County include Brookline, Canton, Dedham, Milton, Needham, Norwood, Quincy, Wellesley, and Westwood. The municipalities within Suffolk County include Boston, Chelsea, Revere, and Winthrop. All of these cities and towns are part of the Boston, Massachusetts Metropolitan Division (MD) or the Cambridge, Massachusetts MD.

According to the 2000 Census data, the assessment area contained 364 census tracts: 40 low-income tracts, 110 moderate-income tracts, 128 middle-income tracts, 85 upper-income tracts, and 1 NA income tract. All of the low-income tracts were located in Boston, Cambridge, Chelsea, and Quincy, while the moderate-income tracts were located in multiple municipalities throughout the Bank's assessment area. Refer to Table 3 for demographic information about the assessment area according to the 2000 Census data.

Table 3 Demographic Information for Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	364	11.0	30.2	35.2	23.4	0.3
Population by Geography	1,569,113	8.5	31.9	35.1	24.5	0.0
Owner-Occupied Housing by Geography	289,800	2.7	21.3	41.2	34.8	0.0
Business by Geography	178,531	10.3	20.0	33.6	36.1	0.0
Farms by Geography	1,384	3.5	17.7	45.2	33.6	0.0
Family Distribution by Income Level	346,496	25.2	17.7	20.1	37.0	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	148,865	14.3	41.9	31.7	12.2	0.0
Median Family Income		\$67,792		Median Housing Value		\$269,030
HUD Adjusted Median Family Income for 2011		\$95,144		Unemployment Rate		2.7%
Families Below Poverty Level		8.5%				

*Source: 2000 U.S. Census and 2011 HUD updated MFI

According to the 2010 Census data, the composition of Commonwealth Cooperative Bank's changed. Of the 404 census tracts, there were 63 low-income tracts, 93 moderate-income tracts, 122 middle-income tracts, 114 upper-income tracts, and 12 NA income tracts. Except for Somerville, which added a low-income census tract, and Belmont, which added a moderate-income census tract, the dispersion by municipality of low- and moderate-income tracts in the assessment area remained the same. Refer to Table 4 for demographic information about the assessment area according to the 2010 Census data.

Table 4 Demographic Information for Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	404	15.6	23.0	30.2	28.2	3.0
Population by Geography	1,619,650	14.3	23.7	33.0	28.8	0.1
Owner-Occupied Housing by Geography	306,756	5.7	17.6	37.5	39.2	0.0
Business by Geography	173,057	9.1	16.2	29.2	45.1	0.5
Farms by Geography	1,444	4.9	15.4	39.5	40.0	0.2
Family Distribution by Income Level	345,920	27.0	16.0	18.6	38.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	148,427	23.9	30.8	30.5	14.8	0.0
Median Family Income		\$89,457		Median Housing Value		\$469,144
FFIEC Adjusted Median Family Income for 2012		\$96,233		Unemployment Rate		7.1%
Families Below Poverty Level		9.4%				

*Source: 2010 U.S. Census, 2012 FFIEC updated MFI, and February, 2013 Bureau of Labor Statistics for Boston MA MD

The Department of Housing and Urban Development (HUD) estimated adjusted Median Family Income (MFI) figures annually through 2011. The MFI figures are used to determine the income level for borrowers and geographies. HUD estimated the 2011 MFI figure of CCB's assessment area to be \$76,421. In 2012 and going forward, the Federal Financial Institutions Examination Council (FFIEC) provides estimates for the adjusted MFI. In 2012, the MFI for CCB's assessment area was \$96,233.

Population

According to the 2010 U.S. Census, Commonwealth Cooperative Bank's assessment area has a total population of 1,619,650 comprised of 641,313 households, of which 345,920 are families. Of all families in the assessment area, 27.0 percent are low-income, 16.0 percent are moderate-income, 18.6 percent are middle-income, and 38.5 percent are upper-income. A closer look at the family demographics reveals that the percent of families below poverty level increased from 8.5 percent to 9.4 percent from the 2000 to the 2010 Census, and the percent of area households that receive some form of public assistance remained near 2.8 percent. These demographics may indicate an individual's reduced ability to secure a mortgage loan, given the median housing value, thereby reducing a financial institution's ability to penetrate these populations.

Housing

Commonwealth Cooperative Bank's assessment area consists of 691,631 total housing units, of which 306,756 or 44.4 percent are owner-occupied, 334,557 or 48.4 percent are rental units, and 50,318 or 7.3 percent are vacant units. The median housing value in 2012 for the assessment area was \$469,144.

By census tract income level, 5.7 percent of owner-occupied housing units are in low-income census tracts, 17.6 percent owner-occupied housing units are in moderate-income census tracts, 37.5 percent are in middle-income tracts, and 39.2 percent are in upper-income tracts. Compared to the data from the 2000 Census, the changes in percentages of owner-occupied housing units in both low- and moderate-income census tracts is directly proportional with the changes in total housing units and also the number of census tracts.

Economic Information

According to the Bureau of Labor Statistics, unemployment rates have decreased over the past year in the Boston area, although at a smaller percentage than the national average. According to the annual February, 2013 labor force data by county, Suffolk County, where Commonwealth Cooperative Bank's three branches are all located, had a 7.1 percent unemployment rate, the highest of the three counties included in the Bank's assessment area, with Middlesex County at 5.7 percent, and Norfolk County at 6.0 percent. The Boston MD experienced a -0.4 percent decrease in unemployment from January, 2012 to February, 2013. A reduction in the unemployment rate is one factor that may enhance a financial institution's ability to lend to a Bank's assessment area.

Competition

Home mortgage lending within the assessment area is highly competitive. Over 519 lenders originated or purchased one or more home mortgage loans within the assessment area in 2011.

Competition comes from financial institutions of every size, including large national banks and mortgage companies, such as Bank of America, NA (with 8.8 percent market share) and Wells Fargo Bank, NA, (with 7.4 percent market share) as well as from locally- and non-locally-based financial institutions, credit unions, and other lending institutions.

Community Contacts

In conjunction with this CRA evaluation, interviews were conducted with two community contacts in Boston. The organizations both were involved in financial education programs in the Boston and surrounding areas. In addition, one organization was also involved in providing research, assistance, direction, and other housing services to first time homebuyers and/or low- and moderate-income individuals.

Credit needs in the greater Boston area were identified as financial education, homebuyer counseling, basic banking products, and other mortgage-related activities. Financial literacy was mentioned as an ongoing need where financial institutions can help through both involvement in the programs as well as funding. Although neither of the contacts specified the Bank by name, one contact indicated the longstanding presence of smaller community banks provides a stable banking environment in some low- and moderate-areas in Boston. The contact indicated involvement from small and large banks was helpful, as each brings something different to projects within the community. The other contact indicated that many participants in their financial education programs were reluctant to obtain a mortgage from larger financial institutions due to the recent recession and the sub-prime lending products perceived to be offered by large institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit (LTD) Ratio

This performance criterion determines what percentage of Commonwealth Cooperative Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's average net Loan-to-Deposit (LTD) ratio of 105.3 percent is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

The Bank's current net LTD ratio is 104.1 percent as of December 31, 2012. During the evaluation period, this ratio ranged from a high of 116.3 percent at December 31, 2009 to a low of 94.3 percent at June 30, 2008. The average net LTD ratio was calculated by averaging Commonwealth Cooperative Bank's 19 quarterly LTD ratios for the period of April 1, 2008, through December 31, 2012.

The resulting average net LTD ratio was compared to those of similarly-situated financial institutions based on lending focus, geographic location, and asset size. As shown in Table 5, average LTD ratios of the other institutions range between 76.7 percent and 90.1 percent. Commonwealth Cooperative Bank's average LTD ratio at 105.3 percent is higher than all three similarly situated banks, and is considered more than reasonable.

Institution	Avg. Net LTD Ratio	Asset Size \$(*000s)
<i>Commonwealth Cooperative Bank</i>	<i>105.3%</i>	<i>172,143</i>
Stoughton Cooperative Bank	90.1%	89,592
Meetinghouse Bank	79.5%	81,821
Canton Cooperative Bank	78.4%	100,492
Pilgrim Bank	76.7%	172,545

Source: Call Report Data since last CRA Public Evaluation (04/01/2008 - 12/31/2012)

Additionally, during the examination period Commonwealth Cooperative Bank purchased 20 loans totaling \$16.1 million from Boston Private Bank and Trust Company and purchased an additional 10 loans from Washington Trust Company totaling \$6.8 million. Commonwealth Cooperative Bank is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments. This, in addition to the Bank's LTD ratio, demonstrates its willingness to reinvest in the community through its lending services

Assessment Area Concentration

This performance criterion determines what percentage of Commonwealth Cooperative Bank's lending was inside and outside the assessment area. As Table 6 illustrates, the Bank originated a majority of its home mortgage loans within its designed assessment area.

Table 6 Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number Loans					Dollar Volume (000's)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
2011 HMDA										
Home Purchase	22	78.6	6	21.4	28	10,369	79.0	2,762	21.0	13,131
Home Improvement	4	40.0	6	60.0	10	394	13.1	2,609	86.9	3,003
Refinance	13	61.9	8	38.1	21	4,092	41.7	5,724	58.3	9,816
2011 Total	39	66.1	20	33.9	59	14,855	57.2	11,095	42.8	25,950
2012 HMDA										
Home Purchase	17	63.0	10	37.0	27	11,096	82.2	2,401	17.8	13,497
Home Improvement	7	77.8	2	22.2	9	2,231	86.8	340	13.2	2,571
Refinance	25	58.1	18	41.9	43	15,174	54.7	12,550	45.3	27,724
2012 Total	49	62.0	30	38.0	79	28,501	65.1	15,291	34.9	43,792
Grand Total	88	63.8	50	36.2	138	43,356	62.2	26,386	37.8	69,742

Source: 2011 and 2012 HMDA LARs.

Home Mortgage Lending

Table 6 shows Commonwealth Cooperative Bank originated 138 home loans totaling \$69.7 million during 2011 and 2012. Combined, there were 88 loans originated or purchased within the Bank's assessment area, representing 63.8 percent of the total loans. In 2011, 39 of 59 loans, totaling 66.1 percent, were within the assessment area. Similarly, in 2012, 49 of 79 loans, totaling 62.0 percent, were within the assessment area. The increase in home mortgage lending volume from 59 loans to 79 is generally attributed to the improved economy and recovery of the housing market in the assessment area. According to Bank management, the residential market has stabilized and residential lending has remained constant during the review period.

As a community bank, Commonwealth Cooperative Bank strives to focus its lending efforts within its defined assessment area and continues to show a strong commitment to the area.

Borrower Profile

This performance criterion evaluates the distribution of the Bank's home mortgages by borrower income level. For this review, emphasis is placed on loans to low- and moderate-income borrowers. Overall, the distribution of borrowers reflects, given the product lines by the institution, reasonable penetration among retail customers of different income levels.

Home Mortgage Lending

The distribution of HMDA-reportable loans within the Bank's assessment area reflects a reasonable penetration among borrowers of different income levels. Table 7 illustrates HMDA loan originations, categorized by borrower income level, reported by Commonwealth Cooperative Bank during 2011 and 2012, and compares this activity to the 2011 aggregate lending data and the percentage of families by income level within the assessment area using the 2000 Census demographics (for the 2011 performance comparison) and compared with the percentage of families by income level using the 2010 Census demographics (for the 2012 performance comparison).

Table 7 Distribution of Home Mortgage Loans by Borrower Income Level							
Borrower Income Level	% of Total Families (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Total Families (2010 Census)
		#	%		#	%	
Low	25.2	2	5.1	3.5	3	7.7	27.0
Moderate	17.7	7	18.0	13.0	4	10.3	16.0
Middle	20.1	5	12.8	21.1	5	12.8	18.6
Upper	37.0	14	35.9	46.6	5	12.8	38.5
NA	0.0	11	28.2	15.7	22	56.4	0.0
Total	100.0	39	100.0	100.0	39	100.0	100.0

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

As shown in Table 7, the proportion of Commonwealth Cooperative Bank's lending to low-income borrowers in 2011, at 5.1 percent, is above the aggregate performance of 3.5 percent but below the percentage of families at 25.2 percent in this income level. According to the 2000 Census, 8.5 percent of the families within the assessment area have incomes below the poverty threshold (a sub-set of low-income families) and would most likely not qualify for home ownership. As such, the Bank's lending performance is considered reasonable. In 2012, Commonwealth Cooperative Bank's home mortgage lending to low-income borrowers increased to 7.7 percent, although the number of loans only increased from two to three. The lending is still considered reasonable when considering the percentage of families below the poverty level increased to 9.4 percent based on the 2010 Census.

In 2011, the Bank made 18.0 percent of its home mortgage loans to moderate-income borrowers, which is above both the aggregate percentage of 13.0 percent and the percentage of total moderate-income families at 17.7 percent. In 2012, the Bank's percentage of loans to moderate-income borrowers decreased to 10.3 percent, below the percent of moderate-income families at 16.0 percent according to the 2010 Census.

It is important to note that for both years review there is a relatively significant number of originations for which the income of the borrower is not available. This was due to the purchased loans for which income is not reported by the purchaser.

Although the percentage decreased in 2012, the lending by borrower income is considered reasonable, considering the high competition in the assessment area and the lending percentages by borrower income was above the aggregate lenders in 2011.

Geographic Distribution

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with an emphasis on lending in low- and moderate-income census tracts. Overall, the geographic distribution of home mortgage loans reflects a reasonable penetration throughout the assessment area.

Home Mortgage Lending

The Bank's geographic distribution of home mortgage lending reflects a reasonable dispersion throughout the assessment area. Table 8 summarizes the 2011 and 2012 home mortgage lending categorized by census tract income level. The lending activity is compared with the percent of owner-occupied housing units based on the 2000 and 2010 Census, and in 2011 the Bank's home mortgage lending performance is further compared to aggregate lending performance.

Census Tract Income Level	% of Owner-Occupied Housing Units (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Owner-Occupied Housing Units (2010 Census)
		#	%		#	%	
Low	2.6	3	7.7	2.8	3	7.7	5.7
Moderate	21.3	6	15.4	17.4	4	10.3	17.6
Middle	41.2	19	48.7	39.9	15	38.4	37.5
Upper	34.8	11	28.2	39.9	17	43.6	39.2
Total	100.0	39	100.0	100.0	39	100.0	100.0

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

As reflected in Table 8, the overall percentage of Commonwealth Cooperative Bank's originated loans in 2011 in low-income census tracts exceeds demographic data and area aggregate lending data. In 2012, the percentage of home mortgage loans made in low-income census tracts remained the same at 7.7 percent. This level of lending is above the percentage of owner-occupied housing units in low-income areas at 5.7 percent.

Commonwealth Cooperative Bank's lending in 2011 in moderate-income census tracts at 15.4 percent is below the demographic data at 21.3 percent and below the aggregate lenders who reported 17.4 percent. In 2012, the Bank's percentage of loans in moderate-income census tracts decreased to 10.3 percent, below the percent of owner occupied housing units at 17.6 percent according to the 2010 Census.

Given the high level of competition in this area and the relatively high unemployment rates for the time periods evaluated, this performance is considered reasonable within low- and moderate-income census tracts in the assessment area.

Response to CRA Complaints

The Bank did not receive any CRA-related complaints during the evaluation period.

APPENDIX A
DIVISION OF BANKS
Fair Lending Policies and Procedures

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

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

The Bank has a second review process to ensure that denied applications are in no way the result of discriminatory practices. In addition, internal monitoring efforts are considered satisfactory.

The Bank staff has received adequate training relative to fair lending.

The Bank's marketing and advertising was reviewed. Further reviews of advertising channels were conducted to ensure equal distribution throughout the Bank's assessment area.

Overall, the institution's fair lending policies and procedures were deemed satisfactory.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable applications the Bank received from minority applicants. For the period reviewed, the Bank received 99 residential loan applications from within its assessment area. In 2011, Commonwealth Cooperative Bank had no applications from racial or ethnic minority applicants. In 2012, the Bank received one application, representing 2.0 percent of total applications from a minority applicant and this application resulted in an origination.

In order to derive reasonable expectations for the rate of applications the Bank received from minority residential loan applicants, the Bank's minority application flow in each year was compared with the racial and ethnic composition of the assessment area and the 2011 aggregate data for all other HMDA reporters within the assessment area. The most recent comparative data available for aggregate performance levels in relation to the Bank's performance is calendar year 2011. The Bank performed below the aggregate lenders. Aggregate data for 2011 indicated of the total applications received throughout the assessment area, 15.4 percent were received from minority applicants

According to 2010 Census Data, the Bank's assessment area contained a total population of 1,619,650 individuals, 37.0 percent of which is representative of various racial and ethnic minorities. The breakout of the assessment area's minority population is as follows: 11.9 percent Hispanic, 3.3 percent "other race," 10.0 percent Asian/Pacific Islander, 11.7 percent Black and 0.1 percent American Indian/Alaska Native. The Bank's performance was also below the assessment area demographics.

The minority application flow was discussed with Bank management. In part, the low minority application rate can be attributed to the overall low volume of applications combined with the strong level of competition from surrounding financial institutions. Bank management also

explained that the majority of the Bank's applications are received from corporations or entities, for which government monitoring data is not collected. In 2011 and 2012, there were approximately 48.0 percent and 73.0 percent of applications where the ethnic or racial composition of the borrower was not identified.

To generate more applications from different segments of the population, the Bank continues to market and advertise in the local community newspapers and other publications.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

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 both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

HOUSING TERMS

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 which 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).

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.

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.

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.

INCOME TERMS

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.

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.

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

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 consist of only one person, median household income is usually less than median family income.

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.

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.

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.

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.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (“HUD”) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income. 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. 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 1172 River Street, Hyde Park, MA 02136

[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.