

PUBLIC DISCLOSURE

January 23, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Cooperative Bank
Certificate Number: 26922

40 Belgrade Avenue
Roslindale, Massachusetts 02131

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
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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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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 Cooperative Bank's Satisfactory Community Reinvestment Act (CRA) performance under the five performance criteria supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's CRA performance.

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

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated December 30, 2013, to the current evaluation, dated January 23, 2017. Examiners used Small Bank Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC).

The bank's performance was evaluated 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 December 31, 2016. As of September 30, 2016, residential real estate loans comprise 70.6 percent of the bank's loan portfolio. Commercial loans made up 20.3 percent of the portfolio. Based on loan portfolio distributions and the higher number of home mortgage loan originations compared to commercial loan originations, home mortgage lending carried more weight in determining the rating.

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 2016 is referenced to illustrate trends in the bank's lending data.

The bank's home mortgage lending performance is compared with aggregate HMDA data and demographic data. Aggregate lending data for 2015, the latest available data, reflects lending activity within the bank's designated assessment area from all HMDA-reporting lenders. The bank reported 148 home mortgage loans totaling \$84.9 million in 2015 and 139 loans totaling \$75.9 million in 2016.

As a small bank, The Cooperative Bank is not required by the CRA to report small business loans; therefore, the evaluation only considered small business loans from 2016. The CRA defines small business loans as loans of original amounts of \$1 million or less secured by nonfarm nonresidential properties or reported as commercial industrial loans for Call Report purposes. The bank originated 16 small business loans totaling \$3.1 million during 2016. Based

on the low number of small business loans, examiners gathered relevant information from each loan to evaluate lending performance.

Due to the lack of small farm loans and the low of volume of consumer lending, examiners did not include these loan types within the scope of the evaluation. Examiners considered both the number and dollar volume of home mortgage and small business loan originations; however, the evaluation emphasized the number of loans to limit the influence by factors including applicant income or housing value. The number of loans also better indicates the number of individuals and businesses served by the institution.

DESCRIPTION OF INSTITUTION

Background

The Cooperative Bank is a state-chartered cooperative bank established in 1898. The bank received a Satisfactory rating at its previous CRA evaluation using Interagency Small Bank Examination Procedures. The bank does not have any subsidiaries that engage in retail banking services.

Operations

The bank is a full-service community bank with its main office at 40 Belgrade Avenue in Roslindale, Massachusetts. Additionally, the bank operates full-service branches at 36 Spring Street in West Roxbury and 201 Main Street in Charlestown. The main office is located in a moderate-income census tract, the West Roxbury branch is in an upper-income census tract, and the Charlestown branch is in a middle-income census tract. Each branch has an automated teller machine (ATM).

The Cooperative Bank offers a variety of deposit and lending services. Personal products and services include checking accounts, savings accounts, retirement accounts, CDs, home mortgage loans, and personal loans. Business products and services include checking, disbursement accounts, payroll accounts, credit card processing for merchants, business lines of credit, term loans, equipment and vehicle financing, commercial real estate loans and construction loans.

The bank offers online banking called TCB Online, which enables personal and business customers to check account balances, transfer balances, view electronic statements and make bill payments.

Ability and Capacity

As of September 30, 2016, the bank had total assets of \$357 million and total deposits of \$302 million. Total loans were \$274 million and represented 76.8 percent of total assets. Since the last CRA evaluation, the bank's assets have increased 24.4 percent, with total loans increasing 26.3 percent. The growth was funded by an increase in deposits.

The bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the following table, 60.6 percent of the loans are secured by residential one-to-four family properties, followed by commercial real estate loans at 18.9 percent and construction and land development loans at 8.6 percent. The following table illustrates the current distribution of the bank's loan portfolio.

Loan Portfolio Distribution as of 09/30/2016		
Loan Category	\$(000s)	%
Construction and Land Development	23,669	8.6
Secured by Farmland	1,253	0.5
1-4 Family Residential	165,970	60.6
Multi-family (5 or more) Residential	27,129	9.9
Commercial Real Estate	51,902	19.0
Total Real Estate Loans	269,953	98.6
Commercial and Industrial	3,609	1.3
Agricultural	0	0.0
Consumer	155	0.1
Other	7	0.0
Less: Unearned Income	0	0.0
Total Loans	273,694	100.0
<i>Source: September 30, 2016 Report of Income and Condition</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. The Cooperative Bank delineated one assessment area in the Boston-Cambridge-Quincy MA-NH Metropolitan Statistical Area (MSA).

At the last examination, the bank's assessment area consisted of Hyde Park, Jamaica Plain, Roslindale, West Roxbury and Charlestown; these are City of Boston neighborhoods. The assessment area also included the Town of Westwood. In June 2015, the bank expanded the assessment area to include the entire City of Boston and the Town of Dedham. The bank also removed Westwood from the assessment area after closing the Westwood branch in September 2013. The current assessment area includes the entire City of Boston in Suffolk County and Dedham in Norfolk County. Both communities are within the Boston, MA Metropolitan Division (MD), which is part of the Boston-Cambridge-Quincy MA-NH MSA.

Economic and Demographic Data

The assessment area includes 186 census tracts. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 48 low-income tracts;
- 48 moderate-income tracts;
- 42 middle-income tracts;
- 37 upper-income tracts; and
- 11 tracts with no income designation.

The 11 census tracts with no income designation are located within Boston and include the Boston Harbor Islands, Boston Common, Franklin Park Zoo, college and university campuses and several parks.

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)	186	25.8	25.8	22.5	19.9	6.0
Population by Geography	642,323	26.6	30.4	24.2	18.6	0.2
Housing Units by Geography	280,357	23.1	29.5	25.3	21.9	0.2
Owner-Occupied Units by Geography	93,327	12.1	25.8	32.0	30.0	0.1
Occupied Rental Units by Geography	161,961	29.4	31.2	21.8	17.5	0.1
Vacant Units by Geography	25,069	23.6	32.4	23.4	20.6	0.0
Family Distribution by Income Level	121,974	36.4	17.1	16.9	29.6	0.0
Household Distribution by Income Level	255,288	23.1	29.2	25.5	22.1	0.1
Businesses by Geography	54,126	15.2	18.3	15.4	50.0	1.1
Median Family Income - Boston, MA MD	83,664	Median Housing Value				\$418,391
FFIEC Median Family Income for 2016 Boston MA MD (14454)	90,800	Median Gross Rent			\$1,184	
		Households Below Poverty Level			20.4%	
<i>Source: 2010 U.S. Census</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2015 D&B data, there were 54,126 businesses in the assessment area. The distribution of gross annual revenues (GARs) for these businesses is below:

- 64.0 percent have \$1 million or less;
- 13.0 percent have more than \$1 million; and
- 23.0 percent have unknown revenues.

The service industry represents the largest portion of businesses at 48.8 percent, followed by: finance, insurance and real estate at 14.3; retail trade at 12.7; and non-classifiable establishments and construction at 9.6 percent each. Additionally, 61.7 percent of businesses operate with four or fewer employees and 89.6 percent operate from a single location.

Examiners used the 2015 and 2016 FFIEC updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

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				
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
<i>Source: FFIEC</i>				

Of the 280,357 housing units, 161,961 or 62 percent are rental units. There are 93,327 owner-occupied units, representing 33.3 percent of total units. Approximately 37.9 percent of owner-occupied housing units are located in low- and moderate-income geographies and approximately 60.0 percent of rental units are in low-and moderate-income geographies.

Within the assessment area, approximately 53.5 percent of the families are of low- and moderate-income. In addition, 20.4 percent of households fall below the poverty level. These percentages, combined with the high cost of housing, limit opportunities for many area residents to qualify for home financing. The unemployment rate for the assessment area was 4.3 percent at the last examination. The 2016 unemployment rate for Boston, which includes almost all of the assessment area, was 2.5 percent.

As previously stated, the bank's branches are located in Charlestown, Roslindale, and West Roxbury. The West Roxbury and Roslindale branches are located toward the southeastern corner of Boston, and the Charlestown branch is located in the northern section. Therefore, these branches are not in close proximity to a large portion of the city. Examiners noted that bank branches are most accessible to Dedham and the following neighborhoods in Boston: Charlestown, Downtown, East Boston, Hyde Park, Jamaica Plain, Mattapan, North End, Roslindale, and West Roxbury. Within these neighborhoods there are 11 low-income census tracts and 18 moderate-income census tracts, most of which are in East Boston and Jamaica Plain. As a result of the bank's size and physical locations, it may have difficulty penetrating low- and moderate-income census tracts in the assessment area but outside of these neighborhoods.

Competition

The Cooperative Bank operates in a highly competitive market with large national banks, regional financial institutions, credit unions, mortgage companies, and small community banks. The 2015 HMDA aggregate data reflects 435 reporting lenders originating or purchasing 19,945 residential mortgage loans. The bank ranked 51st and captured a 0.5 percent market share.

The bank is not required to collect or report its small business loan data. Therefore, the analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans. CRA aggregate data for 2015 shows that 131 institutions reported 29,072 small business loans in the assessment area.

There are 55 institutions with 226 branches in the bank's assessment area. For 2015, The Cooperative Bank ranked 15th with a 1.3 percent deposit market share.

Community Contacts

As part of the CRA evaluation process, examiners contact local community organizations or businesses to determine credit needs within the assessment area. Relevant information from contacts assists in determining whether financial institutions are responsive to the credit needs of the community.

Examiners contacted an affordable housing organization in Boston. The community contact referenced a need for more innovative and flexible lending products to help first-time

homebuyers improve their potential to qualify for a mortgage. The contact further identified the need for additional affordable housing units, in particular owner-occupied units and fair market rental units, due to the high housing prices in Boston. In general, the contact indicated that financial institutions are responsive to the credit needs of the community.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Cooperative Bank demonstrated reasonable performance under the lending test. This is supported by the loan-to-deposit ratio, the percentage of loans originated within the bank's assessment area, the geographic distribution of loans, and borrower profile.

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 90.0 percent over the past 12 calendar quarters from December 31, 2013, through September 30, 2016. The ratio fluctuated during this period and ranged from a low of 83.2 percent as of June 30, 2014, to a high of 97.4 percent as of June 30, 2016. The Co-operative Bank maintained a ratio similar to those of comparable institutions, as 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 09/30/16 \$(000s)	Average Net LTD Ratio (%)
Randolph Savings Bank	489,854	83.7
Coastal Heritage Bank	487,486	86.3
North Middlesex Savings Bank	427,396	89.4
The Cooperative Bank	357,084	90.0
Middlesex Federal Savings Bank	375,905	94.0
Everett Co-operative Bank	437,222	101.6

Source: Reports of Income and Condition 12/31/2013 through 09/30/2016

Assessment Area Concentration

The Cooperative Bank originated a majority of its residential and small business loans, by number and dollar volume, within its assessment area. As shown in the following table, the bank originated 61.7 percent of residential loans and 60.0 percent of small business loans in its assessment area. Overall, the bank originated 61.6 percent of loans within its assessment area during 2015 and 2016.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	82	55.4	66	44.6	148	55,995	66.0	28,887	34.0	84,882
2016	95	68.3	44	31.7	139	52,504	69.2	23,409	30.8	75,913
Subtotal	177	61.7	110	38.3	287	108,499	67.5	52,296	32.5	160,795
Small Business										
2016	9	60.0	6	40.0	15	1,929	61.5	1,207	38.5	3,136
Total	186	61.6	116	38.4	302	110,428	67.4	53,503	32.6	163,931

Source: 2015 and 2016 HMDA LARs and 2016 small business loan data

Geographic Distribution

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

Home Mortgage Loans

The bank’s home mortgage lending reflects reasonable penetration of low- and moderate-income census tracts. This conclusion considered the bank’s size, branch locations, and assessment area competition. Although the bank’s 2015 lending percentage in low-income census tracts is lower than the aggregate’s percentage, the bank’s three branches are not located near low-income census tracts. Boston neighborhoods of Roxbury, Dorchester, and Jamaica Plain contain most of the assessment area’s low-income census tracts, and the bank’s branch locations and size make penetrating low-income tracts in Roxbury and Dorchester particularly difficult. Nonetheless, the bank’s lending in low-income census tracts increased in 2016.

The bank’s lending in moderate-income census tracts is slightly below the aggregate’s percentage and the percentage of owner-occupied housing units located in these tracts. The bank increased the number and percentage of loans in moderate-income tracts in 2016, closely approaching the percentage of owner-occupied units.

For 2015, 256 lenders originated and purchased 2,326 HMDA reportable loans in the low-income census tracts. The Cooperative Bank ranked 98th. For moderate-income tracts, The Cooperative Bank ranked 54th out of 306 lenders. The aggregate originated or purchased 4,433 HMDA-reportable loans in moderate-income tracts during 2015.

Low owner-occupancy rates within Boston neighborhoods most accessible to The Cooperative Bank’s branches also supports that the bank’s performance is reasonable. These neighborhoods contain no low-income tracts and five moderate-income tracts with owner-occupied housing units above 40 percent of total housing units. Furthermore, five low-income census tracts and three

moderate-income census tracts have owner-occupancy rates below 20 percent. Low owner-occupancy rates limited bank opportunities to make home mortgage loans in low- and moderate-income tracts in close proximity to bank branches. The following table shows the bank's distribution of residential loans by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	12.1	13.0	4	4.9	3,433	6.1
2016	12.1	--	7	7.4	3,850	7.3
Moderate						
2015	25.8	24.8	18	22.0	10,147	18.1
2016	25.8	--	22	23.2	13,271	25.3
Middle						
2015	32.0	30.8	30	36.6	21,907	39.1
2016	32.0	--	26	27.4	9,052	17.2
Upper						
2015	30.0	31.3	30	36.6	20,508	36.6
2016	30.0	--	40	42.1	26,331	50.2
Not Available						
2015	0.1	0.1	0	0.0	0	0.0
2016	0.1	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	82	100.0	55,995	100.0
2016	100.0	--	95	100.0	52,504	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The bank's distribution of small business loans is reasonable overall. As noted in the following table, the bank did not originate any small business loans in low-income census tracts in 2016. This performance is mitigated by the low number of loans and the location of bank branches relative to low-income census tracts in the assessment area.

The bank's lending in moderate-income census tracts significantly exceeded that reflected by the percentage of businesses operating in those tracts in 2016. This is primarily attributable to the bank's main office in Roslindale being located in a moderate-income census tract.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	15.2	0	0.0	0	0.0
Moderate	18.3	6	66.7	1,309	67.9
Middle	15.4	2	22.2	590	30.6
Upper	50.0	1	11.1	30	1.6
Not Available	1.1	0	0.0	0	0.0
Totals	100.0	9	100.0	1,929	100.0
<i>Source: 1/1/2016 - 12/31/2016 Bank Data</i>					

Borrower Profile

The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. The bank's reasonable home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans originated to low- and moderate-income borrowers and small business loans originated to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The bank's lending to low- and moderate-income borrowers is reasonable. As noted in the following table, the bank's 2015 lending percentage to low-income borrowers is slightly below the aggregate's percentage; however, the bank made only one loan to a low-income borrower. In 2015, 117 lenders reported 407 loans originated and purchased for low-income borrowers, which reflects the high level of competition for such a small number of loans. The bank's number and percentage of loans to low-income borrowers increased in 2016.

While lending to low-income borrowers is significantly below the percentage of low-income families in the assessment area, the high cost of housing mitigates the low number of loans. The assessment area's median home price exceeds \$400,000, making it difficult for low-income families (defined as those earning \$45,400 per year and less) to qualify. Additionally, almost half of the low-income families in the assessment area are below the poverty line.

The bank's lending to moderate-income borrowers was slightly below aggregate lending for 2015 and below the percentage of moderate-income families. The Cooperative Bank ranked 64th out of 215 lenders reporting 1,916 HMDA reportable loans in 2015. The bank's lending to moderate-income borrowers decreased slightly in 2016.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	36.4	2.3	1	1.2	200	0.4
2016	36.4	--	4	4.2	793	1.5
Moderate						
2015	17.0	10.8	7	8.5	1,251	2.2
2016	17.0	--	6	6.3	940	1.8
Middle						
2015	17.0	20.4	11	13.4	2,406	4.3
2016	17.0	--	20	21.1	7,165	13.6
Upper						
2015	29.6	46.1	20	24.4	8,762	15.6
2016	29.6	--	37	38.9	15,978	30.4
Not Available						
2015	0.0	20.4	43	52.4	43,376	77.5
2016	0.0	--	28	29.5	27,628	52.6
Totals						
2015	100.0	100.0	82	100.0	55,995	100.0
2016	100.0	--	95	100.0	52,504	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Small Business Loans

Although the bank's percentage of loans to businesses with GARs of \$1 million or less is well below the demographic percentage, the low number of small business loans limits the affect of this performance on the criterion conclusion.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	68.9	1	11.1	340	17.6
>\$1,000,000	8.2	8	88.9	1,589	82.4
Revenue Not Available	22.9	0	0	0	0
Total	100.0	9	100.0	1,929	100.0

Source: 1/1/2016 - 12/31/2016 Bank Data.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal practices. Therefore, this criterion did not affect the institution's CRA rating.

APPENDIX A

FAIR LENDING POLICIES AND PRACTICES

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

Examiners did not identify any violations of the substantive provisions of the Equal Credit Opportunity Act or related laws and regulations during the examination.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2015 and 2016 HMDA LARs to determine whether the application flow from different minority groups within the assessment area reflected assessment area demographics.

Examiners compared the bank's 2015 residential lending to the 2015 aggregate lending performance. Comparing this data assists in deriving reasonable expectations for the bank's application rate from minority residential loan applicants within its assessment area. Refer to the following table for further details.

Appendix - MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.9	0.2	0	0.0
Asian	1	0.9	5.9	0	0.0
Black/ African American	4	3.6	8.8	3	3.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	0	0.0	1.3	2	2.5
Total Minority	6	5.4	16.5	5	6.2
White	56	50.0	54.9	50	61.7
Race Not Available	50	44.6	28.6	26	32.1
Total	112	100.0	100.0	81	100.0
ETHNICITY					
Hispanic or Latino	1	0.9	4.7	0	0.0
Not Hispanic or Latino	57	50.9	66.1	55	67.9
Joint (Hisp/Lat /Not Hisp/Lat)	3	2.7	0.9	0	0.0
Ethnicity Not Available	51	45.5	28.3	26	32.1
Total	112	100.0	100.0	81	100.0

Banks 2015 and 2016 HMDA LAR, 2015 aggregate data and 2010 U.S Census Data

According to the 2010 U.S. Census data, the assessment area has a population of 642,323, of which 51.4 percent are minorities. The assessment area's minority population includes 0.1 percent American Indian, 8.2 percent Asian/Pacific Islander, 19.8 percent Black, 19.9 percent Hispanic, and 3.4 percent other race.

In 2015, the bank received 112 HMDA-reportable loan applications within its assessment area. Of these applications, the bank received 5.4 percent from racial minority applicants. The bank's application flow was below the aggregate performance of 16.5 percent for applications received from racial minorities. While the bank's performance was lower than the aggregate performance by percentage, a small change in the number of applications can have an effect on the performance compared to the aggregate. Of the bank's 6 applications received from racial minorities in 2015, the bank originated 2 or 34 percent and denied 4 or 66 percent. In 2015, the aggregate had a higher origination rate to racial minority applicants as it originated 57.0 percent of the applications.

In 2015, the bank's received 4 or 3.6 percent of HMDA reportable applications from racial minority applicants of Hispanic origin. This percentage was below the aggregate rate of application. Of the 4 applications, 3 or 75 percent were denied. The remaining application was approved by the bank, however the applicant did not accept it.

Overall, the bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate. The bank is encouraged to continue to provide outreach and marketing efforts to all population segments to reach various demographics.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,

(3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Full-Scope Review: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (innovativeness, complexity, and responsiveness).

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.

Limited-Scope Review: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, total number and dollar amount of investments, and branch distribution).

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[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.