

# **PUBLIC DISCLOSURE**

May 31, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Rockland Trust Company  
Certificate Number: 9712

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Rockland, Massachusetts 02370

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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.

## TABLE OF CONTENTS

Institution Rating	
Overall Rating .....	1
Performance Test Ratings Table .....	1
Summary of Major Factors Supporting Rating .....	1
Institution	
Scope of Evaluation .....	3
Description of Institution .....	6
Description of Assessment Area .....	8
Conclusions on Performance Criteria .....	14
Discriminatory or Other Illegal Credit Practices Review .....	27
Appendix	
Scope of Evaluation .....	28
Division of Banks Fair Lending Policies and Procedures .....	29
Glossary .....	31

## INSTITUTION RATING

**INSTITUTION’S CRA RATING: This institution is rated Satisfactory.**

An institution in this group has a reasonable record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The FDIC and the Commonwealth of Massachusetts Division of Banks (Division) jointly prepared Rockland Trust Company’s Community Reinvestment Act (CRA) performance evaluation (PE). The following table indicates the performance level of the bank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory		X	
Satisfactory*	X		
Needs to Improve			
Substantial Noncompliance			

*\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

*\*\* FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.*

**The Lending Test is rated Satisfactory.**

- Lending levels reflect adequate responsiveness to AA credit needs.
- A substantial majority of home mortgages and small business loans were made within the AA.
- The geographic distribution of home mortgages and small business loans reflect adequate penetration throughout the AA.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and businesses of different size.
- The bank has made an adequate level of community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve AA credit needs.

**The Investment Test is rated High Satisfactory.**

- The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The bank makes significant use of innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Outstanding.**

- Delivery systems are accessible to essentially all portions of the bank's AA.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AAs, particularly the low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated February 10, 2014, to the current evaluation dated May 31, 2017. The FDIC and Division used Interagency Large Bank CRA Examination Procedures to evaluate Rockland Trust Company's (RTC) CRA performance. These procedures consist of the Lending, Investment, and Service Tests.

The Lending Test includes the following criteria:

- Lending activity
- AA concentration
- Geographic distribution
- Borrower profile
- Community development lending
- Innovative or flexible lending practices

The Investment Test includes the following criteria:

- The dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments
- The degree to which the qualified investments are not routinely provided by private investors.

The Service Test includes the following criteria:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

The bank delineated the following Metropolitan Statistical Areas (MSAs) as its AAs: the Barnstable Town MSA, Boston-Cambridge-Newton MSA, Providence-Warwick MSA, and the Worcester MSA. All of the bank's AA's are subject to full scope reviews; however, these four MSAs are contiguous and are located within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Therefore, examiners conducted a full-scope review of the CSA and rated this as one AA. CRA PE tables are presented in this report to enhance the analysis and provide detailed information regarding the bank's performance. Please note that not all percentages within tables add up to 100 percent due to rounding. This examination does not include any lending activity performed by affiliates.

### **Loan Products Reviewed**

Examiners determined the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. Although the bank originated small farm and consumer loans during the evaluation period, its activities in these areas are nominal and would

not affect Lending Test results; therefore, the Lending Test does not include these products. The bank does not offer a small dollar loan program. Table 1 details the bank's loan originations over the most recent full calendar year (2016) by loan type:

<b>Table 1 - Loans Originated (2016)</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	200,500	9.4	77	1.9
Secured by Farmland	200	0.0	1	0.0
1-4 Family Residential	317,501	14.9	1,583	38.6
Multi-Family Residential	69,940	3.3	45	1.1
Commercial Real Estate	500,091	23.5	302	7.4
Agricultural Production	353	0.0	10	0.2
Commercial and Industrial	1,015,165	47.8	1,825	44.5
Consumer Purpose	1,777	0.1	233	5.7
Obligations of states and political subdivisions in the U.S.	16,336	0.8	4	0.1
Other Loans	2,753	0.2	18	0.5
Lease Financing Receivables	773	0.0	1	0.0
<b>Gross Loans</b>	<b>2,125,389</b>	<b>100.0</b>	<b>4,099</b>	<b>100.0</b>
<i>Source: Bank Records</i>				

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

Small business loans include loans and credit lines with origination amounts of \$1 million or less categorized as secured by nonfarm nonresidential property or as commercial and industrial loans. Examiners included small business loans reported on RTC's 2015 and 2016 CRA Small Business Loan Registers. For 2015, the bank reported 2,152 small business loans totaling \$286.6 million, and for 2016 the bank reported 2,162 loans totaling \$283.4 million.

The evaluation used 2010 U.S. Census data, 2015 and 2016 D&B business survey data, and 2015 aggregate CRA small business loan data for comparative purposes. D&B data is only used as an indicator of business demographics and is not an absolute indicator of loan demand. D&B data includes all businesses in a given area that voluntarily responds to a survey request, including a large number of small businesses that have limited or no credit needs. The business survey data regularly indicates that a vast majority of businesses in a given area are small businesses. Aggregate CRA small business loan data for 2016 was not yet available.

The evaluation also considered all home mortgage loans reported on the bank's 2015 and 2016 Home Mortgage Disclosure (HMDA) Loan Application Registers (LARs). The HMDA-reportable loans include transactions for home purchases, home improvement, and refinance loans on one-to-four family dwellings and multifamily (five or more units) properties. For 2015, the bank originated 1,601 HMDA loans totaling \$501.8 million, and for 2016 the bank originated 2,000 loans totaling \$694.6 million. The evaluation used 2010 U.S. Census data and 2015 aggregate HMDA data for comparative purposes. Aggregate HMDA data for 2016 was not yet available.

Considering the loan portfolio distribution and lending activity during the evaluation period, small business and home mortgage lending received equal weight when arriving at overall Lending Test conclusions. For the Lending Test, examiners reviewed the number and dollar volume of small business and HMDA loans; however, examiners emphasized performance by number of loans, because the number of loans is a better indicator of the number of businesses and individuals served.

The evaluation also reviewed the bank's community development loans, investments, and services since the prior CRA evaluation dated February 10, 2014. Qualified investments included new investments and grants, as well as outstanding investments from the prior performance evaluation.

## DESCRIPTION OF INSTITUTION

### **Background**

RTC is a state-chartered commercial bank headquartered in Rockland, Massachusetts. The bank predominately conducts business in eastern Massachusetts as a full-service community bank and is wholly owned by Independent Bank Corp. RTC's major business lines include commercial lending, retail banking, and investment management.

Since the prior evaluation, the bank maintained two Community Development Corporations (CDCs) and two Community Development Entities (CDEs). Rockland Trust Community Development Corporations (RTCDC) are a direct subsidiary of the bank and houses Rockland Trust Company CDC I, CDC II, CDE III, and CDE IV. During the evaluation period, the bank established a new CDE, the Rockland Trust Company CDE V LLC.

Each of the CDEs were established for the express purpose of deploying New Markets Tax Credit (NMTC) awards by making community development loans. The NMTC program is administered by the United States Department of the Treasury's Community Development Financial Institutions Fund. It was created to spur new or increased investments into operating businesses or real estate projects located in low-income communities by permitting individual and corporate investors to receive tax credit by investing in certified CDEs. To qualify as a CDE, an organization must demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and maintain accountability to residents of low-income communities.

The FDIC and Division last evaluated RTC's CRA performance as of February 10, 2014, and assigned an Outstanding rating using Interagency Large Bank CRA Examination Procedures.

### **Operations**

The bank offers a variety of business and personal banking products and services. These include commercial real estate and non-real estate loans, small business administration (SBA) loans, loans secured by one-to-four family residences, multifamily, consumer, and construction loans. Deposit products include checking and money market deposit accounts. Alternative banking services include remote deposit capture for business accounts and online and mobile banking.

Including its main office, the bank operates 83 full-service branches and 2 limited-service offices in the Commonwealth of Massachusetts. The largest concentration of branches are in Plymouth County (33.3 percent) followed by Norfolk County (20.2 percent). Automated teller machines (ATMs) are also located at 44 of the branch locations.

Since the last PE, the bank opened one branch in Norfolk County, closed five branches within Barnstable, Plymouth, Bristol, and Middlesex Counties, relocated three branches in Middlesex County, and acquired 13 branches within Norfolk, Suffolk, and Middlesex Counties. One branch was closed in a moderate-income census tract (CT), while the remaining branches were either closed or opened in middle- or upper-income CTs.

The bank also acquired three institutions since the previous evaluation:

- **Peoples Federal Savings Bank (Peoples Federal)** was acquired on February 21, 2015 and had total assets of \$596 million as of December 31, 2014. The Office of the Comptroller of the Currency (OCC) had most recently evaluated Peoples Federal’s CRA performance as of January 1, 2014, indicating an Outstanding rating. RTC added eight branches through this acquisition.
- **Bank of Cape Cod** was acquired on November 11, 2016 and had total assets of \$262 million as of September 30, 2016. The FDIC and Division had most recently evaluated Bank of Cape Cod’s CRA performance as of August 22, 2011, indicating a Satisfactory rating. RTC added one branch through this acquisition.
- **Edgartown National Bank** was acquired on May 13, 2017 and had total assets of \$182 million as of March 31, 2017. The OCC had most recently evaluated Edgartown National bank’s CRA performance as of May 12, 2014, indicating an Outstanding rating. The bank added four branches through this acquisition.

**Ability and Capacity**

RTC assets totaled approximately \$7.7 billion as of March 31, 2017, and included total loans of \$6.1 billion and securities of \$903.9 million. Total assets increased significantly during the review period, driven by acquisition activities and loan growth. Specifically, total loans increased 29.8 percent since December 31, 2013. Table 2 details the distribution of the bank’s loan portfolio:

<b>Table 2 - Loan Portfolio Distribution as of 3/31/17</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	400,040	6.6
Secured by Farmland	5,158	0.0
1-4 Family Residential	2,006,783	33.1
Multifamily (5 or more) Residential	494,783	8.2
Commercial Real Estate	2,152,722	35.5
<b>Total Real Estate Loans</b>	<b>5,059,486</b>	<b>83.4</b>
Agricultural	8,794	0.1
Commercial and Industrial	882,408	14.5
Consumer	9,378	0.2
Obligations (Other than Securities and Leases) of States and Political Subdivisions	96,917	1.6
Other	10,069	0.2
Lease financing receivables	702	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>6,067,754</b>	<b>100.0</b>
<i>Source: March 31, 2017 Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. The bank delineated its AA to include cities and towns dispersed among four AAs. The AAs comply with CRA technical requirements. Table 3 details the communities comprising the bank’s AA by Metropolitan Divisions (MD), MSA, and counties.

<b>Table 3 - AA Composition</b>			
<b>AA</b>	<b>MSA</b>	<b>MSA or MD #</b>	<b>Counties</b>
Barnstable AA	Barnstable Town MSA	12700	Barnstable
Boston AA	Boston-Cambridge-Newton MSA	14454 / 15764	Essex, Middlesex, Norfolk, Plymouth, Suffolk
Bristol AA	Providence-Warwick MSA	39300	Bristol
Worcester AA	Worcester MSA	49340	Worcester

*Source: Bank Records*

As previously indicated, this evaluation presents all delineated AAs as one AA since all AAs are contiguous and comprise the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA) #148.

### **Economic and Demographic Data**

The CSA includes all 854 CTs in the 4 individual AAs. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 98 low-income tracts,
- 167 moderate-income tracts,
- 338 middle-income tracts,
- 238 upper-income tracts, and
- 13 census tracts with no income designation.

Table 4 details demographic data for the CSA:

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	854	11.5	19.6	39.6	27.9	1.5
Population by Geography	3,756,557	9.4	18.2	42.1	30.2	0.1
Housing Units by Geography	1,619,989	8.9	18.7	44.3	28.1	0.0
Owner-Occupied Units by Geography	889,790	3.3	12.8	48.0	35.9	0.0
Occupied Rental Units by Geography	564,642	17.7	27.5	36.3	18.4	0.0
Vacant Units by Geography	165,557	9.2	19.7	51.6	19.5	0.0
Businesses by Geography	273,950	7.2	13.0	39.7	39.9	0.2
Farms by Geography	5,218	2.9	8.7	49.9	38.5	0.0
Family Distribution by Income Level	902,346	22.4	16.3	20.5	40.8	0.0
Household Distribution by Income Level	1,454,432	25.8	14.6	17.2	42.4	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA	75,056	Median Housing Value		413,264		
		Median Gross Rent		1,139		
Median Family Income MSA - 14454 Boston, MA MD	83,664	Families Below Poverty Level		7.3%		
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD	90,625					
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA	70,496					
Median Family Income MSA - 49340 Worcester, MA-CT MSA	77,128					

*Source: 2010 U.S. Census and 2016 D&B Data*  
*(\*) The NA category consists of geographies that have not been assigned an income classification.*

There are 1.6 million housing units in the CSA, 54.9 percent of which are owner-occupied, 34.9 percent are occupied rental units, and 4.4 percent are vacant. The geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the table above, there are limited opportunities for owner-occupied home mortgage lending in low- and moderate-income tracts. Only 3.3 percent of owner-occupied units are in low-income tracts and 12.8 percent are in moderate-income tracts.

Examiners used the 2015 and 2016 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. Table 5 details the low-, moderate-, middle-, and upper-income categories by MD and MSA:

<b>Table 5 – Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Barnstable Town, MA MSA Median Family Income (12700)</b>				
2015 (\$80,300)	<\$40,150	\$40,150 to <\$64,240	\$64,240 to <\$96,360	≥\$96,360
2016 (\$77,100)	<\$38,550	\$38,550 to <\$61,680	\$61,680 to <\$92,520	≥\$92,520
<b>Boston, MA MD Median Family Income (14454)</b>				
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
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
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
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2015 (\$74,400)	<\$37,200	\$37,200 to <\$59,520	\$59,520 to <\$89,280	≥\$89,280
2016 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
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

*Source: FFIEC Median Family Income Data*

The analysis of small business loans under the Borrower Profile criterion compares the distribution of the bank’s small business loans to the distribution of businesses by Gross Annual Revenue (GAR) level.

In 2016, service industries represent the largest portion of businesses at 49.6 percent; followed by retail trade (13.2 percent); finance and insurance (10.1 percent); construction (8.2 percent); and non-classifiable industries (7.3 percent). In addition, 72.4 percent of businesses within the area have four or fewer employees, and 90 percent operate from a single location. According to the 2016 D&B data, there were 273,950 non-farm businesses operating within the CSA. GARs for these businesses are detailed below.

- 83.1 percent have \$1 million or less.
- 7.2 percent have more than \$1 million.
- 9.7 percent have unknown revenues.

According to the January 2017 *Moody’s Economy.com (Moody’s)*, the Barnstable MSA economy is advancing, but the pace exhibits deceleration. However, job growth over the last year exceeds that in the northeast and the nation, bringing the unemployment rate down to a 16-year low of 3.1 percent. The biggest challenge of the area is the distribution of various age groups, as one-third of the population is 65 and older. The working age population has been shrinking for more than a decade attributed to the number of retirees. The area’s housing market is unique as second or vacation homes account for a larger than average share of the housing stock. While homeownership and vacancy rates are below average, single-family home construction is increasing. Top employers in the area are Cape Cod Healthcare Inc., Woods

Hole Oceanographic Institution, Hawthorne Motel, Steamship Authority and JML Care Center.

According to the January 2017 *Moody's*, the Boston MD is one of New England's top performers directly attributable to growth in technology and a thriving healthcare industry. Boston is highly dependent on healthcare in providing jobs and income since the state budget favors medical service providers. Employment in Boston's financial sectors reflected strong gains as securities firms accounted for 40 percent of the jobs. Boston's housing prices are about 10 percent above the prerecession peak and reporting record highs directly attributed to low inventories. According to the Greater Boston Realtors Association, unsold inventory is down sharply from a year ago and higher interest rates have not restrained buyers demand in the Boston MD. Top employers in the area are Partners HealthCare, University of Massachusetts, Steward Health Care System, Beth Israel Deaconess Medical Center, and State Street Corporation.

According to the January 2017 *Moody's*, the Cambridge-Newton-Framingham MD is performing well above the national average. With unemployment at 2.5 percent, the labor force is growing faster than the national rate. The area relies heavily on the education and high-tech industries for employment. Above-average household incomes are attributed to the higher skilled workforce, contributing to record high housing prices. Single-family and multi-family housing permits for construction or home improvement has declined in the fourth quarter of 2016. Lower inventories in housing have kept house prices and rental rates high. Top employers in the area are Harvard University, Massachusetts Institute of Technology, Biogen IDEC, and Novartis Institute of Biomedical Research, and Mount Auburn Hospital.

According to the January 2017 *Moody's*, the Providence-Warwick RI-MA reflected a slowdown in employment during the fourth quarter of 2016. The area has strong ties to the rapidly growing Boston area. The competitive salaries offered in Boston impacted the Providence-Warwick area while an influx of residents commutes to Boston for work. However, the income generated from Boston provides a boost in consumer spending in the Providence-Warwick area. Higher paying management jobs also expanded with notable additions last year at Hasbro and CVS Healthcare Corporation. New residential construction has also reflected a slowdown following the surge in multifamily building. Housing prices in the area are slightly higher than the national average. Top employers in the area are Lifespan, Care New England, CVS Health Corporation, Citizens Financial Group Inc., and General Dynamic Electric Boat.

According to the January 2017 *Moody's*, the Worcester MA-CT labor markets slowed in the fourth quarter of 2016 due to an aging population and the lack of skilled labor. A large number of healthcare providers are concentrated within the area, which accounts for one-fifth of the labor force. Other industries such as manufacturing reflected better performance when compared with similar industries nationally. Business costs in this area are lower when compared to areas such as Boston. However, the industrial vacancy rate is extremely high as much of the space is undesirable to modern manufacturers because of the prohibitive cost of necessary upgrades and high business tax rates. Existing home sales have also picked up, driving inventories to record lows and encouraging new construction. Top employers in the area are the University of Massachusetts Memorial Health Care, University of Massachusetts Medical School, Fallon Clinic, Reliant Medical Group, and Saint Vincent's Hospital.

Data obtained from the U.S. Bureau of Labor and Statistics on the unemployment rate in the AAs as compared to the state of Massachusetts and the National Average is shown on Table 6. The unemployment rate in each of the areas has trended downward in 2016; however, with the exception of the National Average and the Providence-Warwick, RI-MA MSA, there was slight increase in the unemployment rate for the state and other areas as of April 2017. Table 6 details the unemployment rate for each individual AA:

<b>Area</b>	<b>2015</b>	<b>2016</b>	<b>April 2017</b>
	%	%	%
Barnstable Town, MA MSA	6.2	3.8	4.7
Boston, MA MD	3.8	2.3	3.2
Cambridge-Newton-Framingham, MA MD	3.6	2.3	3.2
Providence-Warwick, RI-MA MSA	5.2	4.2	4.2
Worcester, MA-CT MSA	4.8	3.0	4.1
State	4.6	2.8	3.8
National Average	5.0	4.7	4.5
<i>Source: Bureau of Labor Statistics</i>			

### **Competition**

The bank operates in a highly competitive market for deposits and loans. According to June 30, 2015 FDIC Summary of Deposits data, 213 financial institutions operated 1,359 branch offices within the bank’s AA. The bank ranked fourth with a 6.4 percent deposit market share in the AA. The market leaders were primarily large national banks with numerous offices throughout the metropolitan areas, including Citizen’s Bank, N.A; Bank of America, N.A; Santander Bank N.A. Eastern Bank also ranked ahead of RTC in deposit market share.

HMDA and small business loan aggregate data reflects the level of demand for home mortgage and small business loans and are included as a contextual barometer of lending conditions in the AA. Based on 2015 home mortgage loan aggregate data, the competition for home mortgage loans in the bank’s AA is strong. During 2015, 636 lenders reported 130,634 loans purchased or originated, totaling approximately \$46.7 billion within the AA. The bank ranked 20<sup>th</sup> with a 1.1 percent market share.

The five most prominent home mortgage lenders have a nationwide presence, and their lending levels accounted for over 20.0 percent of the total market share. They were primarily large national banks with numerous offices throughout the metropolitan area, including J.P. Morgan Chase Bank N.A.; LoanDepot.com LLC; Wells Fargo Bank N.A.; Quicken Loans; and Bank of America N.A. Aggregate data for 2016 was not available at the time of the evaluation.

Aggregate small business lending data for 2015 showed that 181 institutions reported 116,406 small business loans in the AA. The bank ranked 14<sup>th</sup> 1,983 loans and a 1.8 percent market share. Additionally, the five most prominent small business lenders have a nationwide presence, and their lending levels accounted for 61.3 percent of the total market share. The market leaders were primarily large national banks with numerous offices throughout the metropolitan area that includes American Express Federal Savings Bank; Bank of America, N.A.; Capital One Bank, N.A.; Citibank, N.A.; and Chase Bank, N.A. Aggregate data for 2016 was not available during the time of the evaluation.

### **Community Contact**

As part of the CRA evaluation process, examiners contacted third parties to gain performance context in the assessment of the credit and community development needs of the bank's AA. Relevant information from the contacts assists in determining whether local financial institutions are responsive to the credit needs of the community, and what community development opportunities, if any, are available. Two existing community contacts were utilized in conjunction with this evaluation.

Examiners reviewed an existing contact conducted with a representative of an economic development organization primarily serving the southeast quadrant of Massachusetts. The organization also promotes growth supporting small businesses by providing flexible financing options. The contact indicated that the area has reached max capacity to grow and prosper given the demographics of the workforce. For example, the economic conditions are limited because of the lack of the skilled labor available. Since the area is heavily concentrated by technology and healthcare industries, more high skilled workers are needed to fill jobs in the area. As a result, the current market conditions appear to be unfavorable for businesses. However, a majority of the financial institutions in the area reflected involvement with affordable housing and economic development activities. RTC was specifically mentioned as an institution involved in providing community development initiatives.

Examiners also considered an existing contact conducted with a representative from an affordable housing authority serving the southeast portion of Massachusetts. The organization's primary purpose is to provide assistance to low- and moderate-income (LMI) individuals. The contact stated that the surrounding counties have recently experienced some economic slowdown. The primary community development needs are affordable housing and economic development. Key improvements are needed to revitalize and restore abandoned properties in downtown areas. The contact indicated that financial institutions are heavily involved in community development activities by participating on the Boards of various community-based organizations and engaging in affordable housing and economic development initiatives.

### **Credit and Community Development Needs and Opportunities**

Based on information gathered from bank management, demographic and economic data, and information provided by community contacts, examiners determined that affordable housing, economic development, and community services continue to be a significant need in the area. In addition, opportunities exist for offering products and services geared toward LMI individuals. Finally small business loans represent a primary credit need.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The bank is rated Satisfactory in the Lending Test. The Lending Test evaluates the bank's record of helping to meet the credit needs of its AAs by considering an institution's home mortgage, small business, and community development lending.

### Lending Activity

The bank's lending levels reflect adequate responsiveness to the credit needs of the AA. For small business loans, the bank originated 1,983 loans totaling \$245.6 million in 2015 and 1,985 loans totaling \$237.2 million within its AA. For home mortgage loans, RTC originated 1,439 loans totaling \$444.6 million in 2015 and 1,763 loans totaling \$605.3 million in 2016. The bank also extended \$102 million in community development loans, much of which supported affordable housing.

### AA Concentration

The bank originated a substantial majority of its loans within the designated AAs. The bank originated 90.6 percent by number and 86.8 percent by dollar volume of loans inside the AA. These percentages reflect the bank's strong commitment to lend within the AAs it serves. The bank's overall performance reflects a slight improvement when compared to the prior evaluation. Table 7 details the bank's small business loans and home mortgage loans that were originated inside and outside of the bank's AA by number and dollar volume in 2015 and 2016.

<b>Table 7 - Lending Inside and Outside of the AA</b>											
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>	
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Home Mortgage											
2015	1,439	89.9	162	10.1	1,601	444,587	88.6	57,195	11.4	501,782	
2016	1,763	88.2	237	11.9	2,000	605,294	87.1	89,335	12.9	694,629	
<b>Subtotal</b>	<b>3,202</b>	<b>88.9</b>	<b>399</b>	<b>11.1</b>	<b>3,601</b>	<b>1,049,881</b>	<b>87.8</b>	<b>146,530</b>	<b>12.2</b>	<b>1,196,411</b>	
Small Business											
2015	1,983	92.1	169	7.9	2,152	245,589	85.7	41,043	14.3	286,632	
2016	1,985	91.8	177	8.2	2,162	237,204	83.7	46,234	16.3	283,438	
<b>Subtotal</b>	<b>3,968</b>	<b>92.0</b>	<b>346</b>	<b>8.0</b>	<b>4,314</b>	<b>482,793</b>	<b>84.7</b>	<b>87,277</b>	<b>15.3</b>	<b>570,070</b>	
<b>Total</b>	<b>7,170</b>	<b>90.6</b>	<b>745</b>	<b>9.4</b>	<b>7,915</b>	<b>1,532,674</b>	<b>86.8</b>	<b>233,807</b>	<b>13.2</b>	<b>1,766,481</b>	
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016</i>											

**Geographic Distribution**

Overall, the bank’s geographic distribution of loans reflects adequate penetration throughout the AA. Examiners focused on the bank’s small business and home mortgage lending performance in low- and moderate-income census tracts. There were no conspicuous gaps in the geographic distribution of loans in either product.

***Small Business Lending***

The geographic distribution of small business loans reflects adequate penetration throughout the AA. For comparison, the table below used 2015 aggregate lending data and the percentage of businesses by CT income level. Table 8 details the distribution of small business loans:

<b>Table 8 – Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2015	7.1	6.2	82	4.1	9,603	4.0
2016	7.2	--	96	4.8	12,166	5.0
Moderate						
2015	13.0	13.2	228	11.5	32,812	13.0
2016	13.0	--	221	11.1	28,280	12.0
Middle						
2015	39.9	42.1	1,105	55.7	126,180	51.0
2016	39.7	--	1,135	57.2	124,699	53.0
Upper						
2015	39.8	38.3	567	28.6	75,994	31.0
2016	39.9	--	530	26.7	70,156	30.0
Not Available						
2015	0.2	0.3	1	0.0	1,000	0.0
2016	0.2	--	3	0.2	1,903	1.0
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>1,983</b>	<b>100.0</b>	<b>245,589</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>1,985</b>	<b>100.0</b>	<b>237,204</b>	<b>100.0</b>

*Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.*

The bank’s 2015 penetration in low-income CTs at 4.1 percent is slightly below aggregate performance and the percentage of businesses in these tracts. The bank’s lending to moderate-income CTs at 11.5 percent is also slightly below aggregate performance and the percentage of businesses in moderate-income CTs. In 2016, the bank’s performance in both low- and moderate-income CTs remained consistent with 2015 levels.

The flat trend line in the bank’s performance and percentage of businesses between the two years is reflective of the stagnant growth of jobs in the AA. In addition, the area’s high business tax

rates create barriers to entry for new businesses. Despite these economic challenges, the bank’s overall lending distribution reflects reasonable performance.

**Home Mortgage Lending**

The geographic distribution of HMDA loans reflects adequate penetration throughout the AA. For comparison, the table below shows 2015 aggregate lending data and the percentage of owner-occupied housing units by tract income level. Table 9 details the distribution of HMDA loans in the AAs:

<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2015	3.3	3.9	62	4.3	24,342	5.5
2016	3.3	--	73	4.1	27,837	4.6
Moderate						
2015	12.8	13.0	189	13.1	58,580	13.2
2016	12.8	--	233	13.2	127,982	21.1
Middle						
2015	48.0	46.4	795	55.2	204,524	46.0
2016	48.0	--	1,031	58.5	267,532	44.2
Upper						
2015	35.9	36.7	393	27.3	157,141	35.3
2016	35.9	--	426	24.2	181,943	30.1
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>1,439</b>	<b>100.0</b>	<b>444,587</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>1,763</b>	<b>100.0</b>	<b>605,294</b>	<b>100.0</b>

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

The bank’s 2015 penetration in low-income CTs at 4.3 percent slightly exceeds both the aggregate lending percentage and the percentage of owner-occupied housing units. Additionally, lending in moderate-income CTs at 13.1 percent is comparable with aggregate performance and the percentage of owner-occupied housing units. In 2016, the bank’s lending in low-income CTs at 4.1 percent and moderate-income CTs at 13.2 percent reflected minimal change when compared to the prior year.

The flat trend line reflected in the two years is attributable to a number of factors. The AA experiences record highs in housing prices, which has caused an influx of residents to commute to the metropolitan areas for work. Further, as indicated by economic data, second or vacation homes account for a larger than average share of the housing inventory in the Barnstable AA.

During the review period, homeownership and vacancy rates were below average. 2015 Market share reports also support the bank’s reasonable performance. For low-income tracts, RTC ranked 18<sup>th</sup> out of 354 lenders. The bank ranked 22<sup>nd</sup> out of 449 lenders in the AA’s moderate-income tracts. These rankings are similar to RTC’s 20<sup>th</sup> overall rank in the AA.

**Borrower Profile**

Overall, the distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different revenue sizes, given the product lines offered by the bank. More emphasis was placed on bank lending to businesses with GARs of \$1 million or less and LMI borrowers. The overall performance in the AA is driven by a combination of the bank’s small business and HMDA lending levels.

***Small Business Loans***

The distribution of small business loans reflects adequate penetration to businesses with GARs of \$1 million or less. For comparison, the table below shows aggregate lending data and the percentage of businesses reporting GARs of \$1 million or less. Table 10 details the bank’s distribution of small business loans by revenue category:

<b>Table 10 – Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2015	75.7	47.7	921	46.4	77,816	31.7
2016	83.1	--	899	45.3	72,838	30.7
>1,000,000						
2015	6.2	--	560	28.2	115,216	46.9
2016	7.2	--	536	27.0	108,922	45.9
Revenue Not Available						
2015	18.1	--	502	25.3	52,557	21.4
2016	9.7	--	550	27.7	55,444	23.4
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>1,983</b>	<b>100.0</b>	<b>245,589</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>1,985</b>	<b>100.0</b>	<b>237,204</b>	<b>100.0</b>
<i>Source: 2015 &amp; 2016 D&amp;B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.</i>						

In 2015, loans originated to businesses with GARs of \$1 million or less was on par with aggregate lending data but below the percentage of small businesses. Specifically, the bank’s lending performance at 46.4 percent was slightly below aggregate lending data at 47.7 percent and significantly below the percentage of small businesses at 75.7 percent.

The bank’s 2016 small business lending performance at 45.3 percent decreased slightly by both the percentage and number of loans originated to businesses with GARs of \$1 million or less. The slight decline is attributed to the lack of ability to expand. As indicated in the economic data,

labor firms are paying more for office space with rents up by an average of 10 percent in 2016. Start-ups or smaller businesses in the AA simply do not have the funds to compete, and some have relocated outside of the AA where costs are lower and skilled labor is more abundant. In addition, the community contact indicated that area has reached maximum capacity to grow and prosper given the demographics of the workforce. Technology and healthcare industries prevail in the area and require more highly skilled workers to meet job demand in the needs. Despite these economic challenges, the overall lending performance shows that the bank is meeting the credit needs of small businesses.

### ***Home Mortgage Loans***

The distribution of HMDA loans reflects good penetration among borrowers of different income levels. For comparative purposes, the table below uses aggregate lending levels and the distribution of families by income level. Examiners emphasized the aggregate lending data rather than on the percentage of families, as it more accurately reflects home mortgage credit needs. Table 11 details the bank’s borrower profile performance for HMDA loans in the AAs:

<b>Table 11 – Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2015	22.4	3.7	98	6.8	12,756	2.9
2016	22.4	--	88	5.0	13,244	2.2
Moderate						
2015	16.3	14.2	328	22.8	70,422	15.8
2016	16.3	--	385	21.8	85,124	14.1
Middle						
2015	20.5	21.2	390	27.1	95,541	21.5
2016	20.5	--	496	28.1	131,546	21.7
Upper						
2015	40.8	41.9	482	33.5	152,063	34.2
2016	40.8	--	631	35.8	202,977	33.5
Not Available						
2015	0.0	19.0	141	9.8	113,805	25.6
2016	0.0	--	163	9.2	172,403	28.5
<b>Totals</b>						
<b>2015</b>	<b>100.0</b>	<b>100.0</b>	<b>1,439</b>	<b>100.0</b>	<b>444,587</b>	<b>100.0</b>
<b>2016</b>	<b>100.0</b>	<b>--</b>	<b>1,763</b>	<b>100.0</b>	<b>605,294</b>	<b>100.0</b>

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

In 2015, the bank’s lending activity to low-income borrowers at 6.8 percent exceeds aggregate lending data but is far less than the percentage of low-income families. However, lending to moderate-income borrowers at 22.8 percent exceeds both aggregate lending data at 14.2 percent and percentage of moderate-income families at 16.3 percent.

At 5.0 percent, the bank’s 2016 lending penetration to low-income borrowers decreased from 2015 by number of loans and percentage of lending. Lending to low-income borrowers also remains below the percentage of low-income families at 22.4 percent. At 21.8 percent, the lending percentage to moderate-income borrowers decreased slightly but continued to exceed the percentage of moderate-income families.

Market share reports from 2015 also support the bank’s good lending penetration to LMI borrowers in the AA. RTC ranked 12<sup>th</sup> out of 317 lenders in lending to low-income borrowers and 13<sup>th</sup> out of 425 lenders in lending to moderate-income borrowers. These ranks exceeded the bank’s overall AA market rank.

As previously mentioned, the high cost of housing affected LMI lending opportunities in the AAs. However, the bank has addressed some of these challenges during the review period by originating or participating in various innovative and flexible programs to assist LMI borrowers to qualify for and take advantage of home mortgage loans. The Innovative and/or Flexible Lending Practices section of this PE includes a few examples of these programs. Community contacts indicated the bank’s commitment and willingness to originate mortgage loans to LMI borrowers. Overall, the distribution of home mortgage lending among LMI borrowers is good.

**Community Development Lending**

The bank has made an adequate level of community development (CD) loans. The bank originated 20 CD loans totaling \$101.9 million during the evaluation period. By dollar volume, this level represented approximately 1.3 percent of average total assets (\$7.7 billion) and 1.6 percent of average total loans (\$6.1 billion) as of the March 31, 2017 Call Report. Table 12 details the bank’s CD loan activity by AA and CD category:

Table 12 – CD Lending in the AA												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>Boston AA</b>												
2014	0	0	1	7,145	1	1,500	0	0	0	0	2	8,645
2015	6	44,798	2	7,517	1	3,700	0	0	0	0	9	56,015
2016	4	10,691	2	10,333	0	0	0	0	0	0	6	21,024
<b>Subtotal</b>	<b>10</b>	<b>55,489</b>	<b>5</b>	<b>24,995</b>	<b>2</b>	<b>5,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>85,684</b>
<b>Bristol AA</b>												
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	1	1,500	0	0	1	3,400	0	0	2	4,900
2016	0	0	0	0	0	0	1	11,405	0	0	1	11,405
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1,500</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>14,805</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>16,305</b>
<b>Total</b>	<b>10</b>	<b>55,489</b>	<b>6</b>	<b>26,495</b>	<b>2</b>	<b>5,200</b>	<b>2</b>	<b>14,805</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>101,989</b>

Source: Bank records from 8/25/2014 through 5/31/2017

Compared to the prior evaluation, CD loan volume decreased 45.5 percent by number, and increased 15.8 percent by dollar volume; however, CD loan growth by dollar volume trailed the bank's overall loan growth. A majority of the dollars were concentrated in affordable housing activities. The bank's commitment to fund affordable housing activities demonstrated the bank's responsiveness to CD needs of the AA. In 2014, the bank did not originate any CD loans in the Bristol AA. Also, the bank did not originate any CD loans year-to-date (YTD) in 2017. The bank also did not originate any CD loans in the Barnstable and Worcester AAs. Below are notable examples of the bank's CD loans:

- The bank originated a \$30 million dollar line of credit for syndication with Capital One for the purpose of bridging the gap between the origination of an underlying Fannie Mae eligible affordable multifamily loan and their sale to either Fannie Mae or a pre-approved Institutional Investor under a fixed price purchase contract.
- The bank originated an \$11.4 million dollar loan for the purpose of rehabilitating a multifamily housing project in Fall River. This project also qualified for the Mass Historical Rehabilitation Tax Credit and the Housing Development Incentive Program (HDIP). The HDIP is a development tool to increase residential growth, expand diversity of housing stock, support economic development and promote neighborhood stabilization in designated areas.
- The bank originated a \$9.4 million dollar loan for the purchase and renovation of eight multifamily housing projects located in the South End of New Bedford. Each one of the buildings is located in a low-income census tract. This project also qualified for the Low Income Housing Tax Credit (LIHTC) on both a state and federal level.

### **Innovative and Flexible Lending**

The bank uses innovative and flexible lending practices in order to serve AA credit needs. The bank offers various special mortgage loan programs to assist lower-income individuals, first-time homebuyers, or veterans in pursuing or maintaining home ownership. Additionally, the bank offers SBA loans to better meet the credit needs of the area's small businesses. Loans originated under these programs were reported on the bank's HMDA LARs and CRA Small Business Loan Registers and have already received credit in the Lending Test. The following descriptions highlight RTC's innovative and flexible lending programs geared towards low- and moderate-income individuals and small businesses.

- MassHousing Loans – MassHousing is an independent quasi-public authority that provides financing for affordable housing in Massachusetts. The bank offers MassHousing loan programs to aid LMI first-time buyers in qualifying for a home purchase. The loan programs feature low down payments and below market interest rates. During the examination period, the bank originated 454 MassHousing loans totaling \$124.8 million, a 33 percent increase by number since the prior evaluation.
- SBA Lending – The bank also offers loan programs through the SBA, including the SBA 504 and SBA 7(a). These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. The bank originated 369 SBA-guaranteed loans

totaling \$71.1 million during the examination period. Of those loans, 319 totaling \$38.3 million were through the SBA's 7(a) program and 50 loans totaling \$32.8 million through the SBA's 504 program.

- Massachusetts Capital Access Program (CAP) – CAP is designed to help small businesses throughout Massachusetts obtain business loans. Using cash collateral guarantees from a loan loss reserve fund, this program enables the bank to make loans to small businesses that might not qualify for traditional financing. During the examination period, the bank originated 33 loans totaling \$3.3 million.

## **INVESTMENT TEST**

The bank is rated High Satisfactory in the Investment Test. The Investment Test evaluates the bank's record of helping to meet the credit needs of the AA by using qualified investments that benefit the AA or a broader statewide or regional area that includes the AA. The regulation defines a qualified investment as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Qualified investments included those acquired or made since the previous CRA performance evaluation and those made in prior periods and still held by the bank. Examiners do not consider activities under the Investment Test that are considered under the Lending or Service Tests.

### **Investment Activity**

The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period the bank made both equity investments and charitable contributions totaling approximately \$46 million, which represents 0.5 percent of average total assets and 3.9 percent of total securities as of March 31, 2017.

### ***Qualified Investments***

The bank made approximately \$44.6 million in qualified equity investments. A total of 19 investments are in the bank's portfolio, including 14 new commitments made during the review period. During the review period, the bank maintained approximately \$774,608 in prior-period community development investments. Furthermore, at the prior evaluation, the bank made \$135.9 million in NMTCs that benefited community needs creating a long-term impact on the community. However, during the current review period, no NMTCs were awarded. Despite, the lack of NMTCs, the bank continued to focus on other investment opportunities such as LIHTCs.

Of total investments by dollar amount, 65 percent of investments promoted economic development, followed by 33 percent of investments supporting affordable housing. These investments demonstrate the bank's commitment to invest in small business development and affordable housing activities, which are community development needs identified by a community contact. Since RTC made no equity investments in the Bristol and Worcester AA, those AAs are not presented in the table below. The following table details the bank's AA, community development equity investments by year and the community development purpose.

Table 13 – Qualified Equity Investments in the AA												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>Barnstable</b>												
Prior Period	0	0	0	0	0	0	1	774,608	0	0	1	774,608
2014	2	9,327,347	0	0	0	0	0	0	0	0	2	9,327,347
2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	1	930,501	0	0	0	0	0	0	0	0	1	930,501
2017	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>3</b>	<b>10,257,848</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>774,608</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>11,032,456</b>
<b>Boston</b>												
Prior Period	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	3	27,695,000	0	0	0	0	3	27,695,000
2015	1	1,317,276	0	0	0	0	0	0	0	0	1	1,317,276
<b>Subtotal</b>	<b>1</b>	<b>1,317,276</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>27,695,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>29,012,276</b>
<b>Statewide</b>												
<b>Prior Period</b>	0	0	0	0	4	1,475,171	0	0	0	0	4	1,475,171
<b>2014</b>	2	2,993,986	0	0	0	0	0	0	0	0	2	2,993,986
<b>2015</b>	2	50,000	0	0	0	0	0	0	0	0	2	50,000
<b>2016</b>	2	35,000	0	0	0	0	0	0	0	0	2	35,000
<b>2017</b>	1	15,000	0	0	0	0	0	0	0	0	1	15,000
<b>Subtotal</b>	<b>7</b>	<b>3,093,986</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>1,475,171</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>4,569,157</b>
<b>Grand Total</b>	<b>11</b>	<b>14,669,110</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>29,170,171</b>	<b>1</b>	<b>774,608</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>44,613,889</b>

Source: Bank Records from 2/10/2014 through 5/31/2017.

Listed below are notable examples of the bank's CD investments:

- The bank invested in 11 LIHTC totaling \$14.6 million for the development of affordable housing within the AA.
- The bank invested in three Massachusetts Development Finance Agency Revenue Bonds totaling \$27.6 million. The investments promoted economic development by supporting business development, job creation, information technology, equipment and renovations.

### ***Grants and Donations***

Since the previous CRA evaluation, the bank extended grants and donations totaling approximately \$1.4 million. This level reflected a 54 percent increase since the previous CRA evaluation. Several factors contributed to the increase in qualified charitable contributions. The AA expanded, allowing for more opportunities to make contributions in the AA. Furthermore, the bank created two charitable foundations when merging with People's Federal Savings Bank. The two foundations are

the Rockland Trust Peoples Federal Charitable Foundation and Rockland Trust Charitable Foundation. These foundations together increased the number of donations. The following table details the bank's donations by AA, community development category, and year:

<b>Table 14 - Qualified Grants and Donations by AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
<b>Barnstable</b>										
2014	2	750	13	5,800	2	2,000	0	0	17	8,550
2015	0	0	2	3,000	0	0	0	0	2	3,000
2016	0	0	1	2,500	0	0	0	0	1	2,500
2017	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>2</b>	<b>750</b>	<b>16</b>	<b>11,300</b>	<b>2</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>14,050</b>
<b>Boston</b>										
2014	4	7,075	65	99,500	0	0	0	0	69	106,575
2015	2	2,000	37	507,875	0	0	0	0	39	509,875
2016	0	0	47	591,625	3	5,000	0	0	50	596,625
2017	0	0	12	25,270	2	750	0	0	14	26,020
<b>Subtotal</b>	<b>6</b>	<b>9,075</b>	<b>161</b>	<b>1,224,270</b>	<b>5</b>	<b>5,750</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>1,239,095</b>
<b>Bristol</b>										
2014	1	500	19	23,000	2	3,225	0	0	22	26,725
2015	0	0	3	5,500	0	0	0	0	3	5,500
2016	0	0	3	5,800	0	0	0	0	2	5,800
2017	1	1,000	0	0	0	0	0	0	1	1,000
<b>Subtotal</b>	<b>2</b>	<b>1,500</b>	<b>25</b>	<b>34,300</b>	<b>2</b>	<b>3,225</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>39,025</b>
<b>Worcester</b>										
2014	0	0	3	3,250	0	0	0	0	3	3,250
2015	0	0	2	5,000	0	0	0	0	2	5,000
2016	0	0	2	5,000	0	0	0	0	2	5,000
2017	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>13,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>13,250</b>
<b>Statewide</b>										
2014	3	4,500	9	29,500	0	0	0	0	12	34,000
2015	0	0	4	48,500	0	0	0	0	4	48,500
2016	0	0	2	27,500	0	0	0	0	2	27,500
2017	1	200	3	3,000	0	0	0	0	4	3,200
<b>Subtotal</b>	<b>4</b>	<b>4,700</b>	<b>18</b>	<b>108,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>113,200</b>
<b>Grand Total</b>	<b>14</b>	<b>16,025</b>	<b>227</b>	<b>1,391,620</b>	<b>9</b>	<b>10,975</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>1,418,620</b>

Source: Bank Records from 2/10/2014- 5/31/2017

Listed below are notable examples of the bank's grants and donations:

- South Eastern Economic Development – The non-profit organization supports economic development throughout the AA. The bank's contributions assist the organization with its mission to focus on job creation by financing small businesses.
- Housing Assistance Corporation (HAC) – HAC works to develop affordable housing and provides homeless prevention assistance. The bank's contributions enable HAC to focus on employment, housing stabilization, and community development.
- United Way – United Way chapters in the AA focus on identifying the needs of underserved groups and persons, including low- and moderate-income residents, and providing monetary assistance. The bank's contribution benefited the United Way of Fall River, Greater Plymouth County, Cape Cod, Massachusetts Bay and Greater New Bedford.
- Franklin Food Pantry – The pantry provides immediate hunger relief and healthy sustainable solutions to low-income households. In the last year, 423 households received assistance. In addition to the bank's financial contributions, funds were allocated to cover the annual rent for the pantry.

### **Responsiveness to Credit and Community Development Needs**

The bank exhibits good responsiveness to credit and community needs. The bank's qualified investments have community development purposes that benefited the entire AA and a statewide regional area. As noted previously, the community contact identified community development services as the primary need for low- and moderate-income individuals in the AA. In addition, the bank made a majority of investments towards low-income housing tax credit projects. Tax credit projects were highlighted as a need by the community contact and they will continue to be necessary for affordable housing, economic and income growth in the future. This further demonstrates the bank's responsiveness and willingness for the community.

### **Community Development Initiatives**

The bank makes significant use of innovative and/or complex investments to support community development initiatives. An example of these kinds of investment is the LIHTC projects. These investments promote affordable housing in the AA. In addition, the bank invested in a number of Economic Development Corporations such as the South Eastern Economic Development Council, Common Capital, Inc. and New Bedford Economic Development. These companies create innovative lending products for small businesses, which would be unable to obtain traditional bank financing. Many of these companies focus on making loans to start-ups, who do not currently have the collateral to qualify for a bank loan, and working with the company until they are able to obtain more traditional financing.

**SERVICE TEST**

The bank is rated Outstanding in the Service Test. The Service Test evaluates the bank's record of helping to meet the credit needs of its AA by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

**Retail Banking Services**

The bank's overall accessibility of delivery systems, alternative delivery systems, banking products and services, and business hours within its AA are accessible to all portions of the bank's AA low- and moderate-income individuals and geographies, in the AA. The following are specific comments related to the bank's performance under the retail banking services component of the service test.

***Accessibility of Delivery Systems***

Delivery systems are accessible to essentially all portions of the bank's AA. The bank's branches, all with 24-hour ATMs, are located throughout the AA and are accessible and convenient to low- and moderate-income residents and low- and moderate-income census tracts. The bank maintains 83 branch locations with at least one ATM. Since 2014, the bank increased its branch presence and widened its footprint through eight additional branch locations, one of which is in a low-income CT in Allston, MA. There were seven branches opened through mergers and one branch in Quincy established by the bank. The bank also operates twelve remote ATMs. Since 2014, the bank added two additional ATMs in low-income areas of the AA. All ATMS are SMART ATMs, which offer envelope free deposits for cash and checks, touch screen menus and enhanced image receipts.

Table 15 shows the distribution of CTs, population, branches, and ATMs by CT income level.

Table 15 - Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	98	11.5	351,381	9.4	4	4.8	5	5.3
Moderate	167	19.6	685,226	18.2	9	10.8	10	10.5
Middle	338	39.6	1,582,685	42.1	48	57.8	51	53.7
Upper	238	27.8	1,133,573	30.2	22	26.5	29	30.5
NA	13	1.5	3,692	0.1	0	0.0	0	0.0
<b>Total</b>	<b>854</b>	<b>100.0</b>	<b>3,756,557</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>95</b>	<b>100.00</b>

*Source: 2010 U.S. Census & Bank Records*

The bank operates two limited-service branches. One limited service branch is located in Duxbury and serves the residents at the Village of Duxbury, an assisted living residence. The other limited service branch is located at Woburn High School and provides students with educational and vocational opportunities. In addition to branches, the bank has 11 commercial loan production offices in Massachusetts staffed with commercial lenders. One of the commercial lending offices is in a low-income area.

The bank also provides a number of alternative delivery systems. Online Banking is available to

consumers and businesses, which allows customers to view account balances, transfer funds, and make loan payments through the bank's website. Bill payment is also available to checking account customers. A Rockland Trust debit card allows customers to pay for purchases at merchant locations that accept Visa and have the funds deducted directly from their checking account at no charge. The bank also can issue instant debit cards for convenience when a replacement card is needed.

The bank operates a Customer Information Center for both Consumers and Businesses opened Monday through Friday 7:00 a.m. – 8:00 p.m., Saturday 8:00 a.m. to 5:00 p.m. and Sunday 11:00 a.m. and 5:00 p.m. to access account information, check balances, transfer funds between accounts, and make loan payments. Remote deposit capture allows customers to deposit checks using their mobile device. Approximately 40 percent of the bank's employees speak different languages, including Spanish, Portuguese, Russian, and Hindi. These services are critical, as AA demographics indicate a large portion of low- and moderate-income individuals in the bank's community are first-generation Americans and English may not be their first language.

### ***Changes in Branch Locations***

The bank's record of opening and closing branches did not adversely affect the accessibility of its delivery systems to low- and moderate- income geographies or individuals in its AA. As previously mentioned, the bank has increased its branch presence by eight branches with one of these branches being in a low-income area. There were five branch closings since the last examination. In September 2015, the bank closed a branch in Malden, MA in a moderate- income area. In 2016, there were four branch closings. These closings consisted of a branch closing in Osterville, Watertown and Rochester all of which were in middle-income areas. There was one branch closing in North Somerset in an upper-income area.

### ***Reasonableness of Business Hours and Services***

Services, including business hours, do not vary in such a way that inconveniences any portion of the AA, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services are more than sufficient to meet the needs of the AA. Most of the bank's branches are open on Saturdays, with 21 of the branches having hours on Sundays.

### **Community Development Services**

In meeting community development service needs, the bank was a leader in its efforts and in offering its financial expertise to community development groups in the AA. The CRA regulation defines a community development service as a service for an organization that meets the definition of community development and the service is related to the technical expertise of the individual. Bank individuals participate on many credit committees for a local community service organization that provides housing loans and micro-loans for small businesses, and to low- and moderate- income individuals who wouldn't otherwise qualify for a loan.

Bank employees participated with 242 organizations for over 2,500 hours of involvement during the examination period. The bank's variety of involvement covered community development opportunities in the area, from board involvement with local organizations, to financial education and technical assistance provided directly to individuals. A substantial majority of bank services promoted community

services targeted to LMI individuals. A community contact identified community services as a significant need for low- and moderate-income individuals. The table below details the bank’s community development services by the number of organization and hours served.

<b>Table 16 – Community Development Services by Organizations</b>						
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Neighborhood Stabilization</b>	<b>Totals</b>
	#	#	#	#	#	#
2014-2017 Totals	<b>10</b>	<b>223</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>242</b>
<i>Source: Bank Records from 2/10/2014- 5/31/2017</i>						

<b>Table 17 – Community Development Services by Hours</b>						
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Neighborhood Stabilization</b>	<b>Totals</b>
	#	#	#	#	#	#
2014-2017 Totals	<b>78</b>	<b>2,556</b>	<b>248</b>	<b>0</b>	<b>0</b>	<b>2,882</b>
<i>Source: Bank Records from 2/10/2014- 5/31/2017</i>						

Listed below are notable examples of the bank’s CD services:

- A Board Member of the bank serves as co-chair of a housing task force. The task force is comprised of a diverse group of business, civic and community leaders dedicated to promoting Massachusetts housing needs. The task force utilizes data and research to advocate for local and state policies supporting affordable housing.
- A bank officer serves on the finance and audit committee of a non-profit association whose mission is to improve the quality of life for all through a combination of programs that promote healthy spirit, mind, and body. Programs offered include a food pantry, child care, adult education classes and financial assistance. Many of these programs directly benefit low and moderate-income individuals.
- A bank officer is a board member and treasurer of a community development financial institution CDFI. The CDFI provides financial resources and technical expertise for community-based and other non-profit organizations engaged in community development in Massachusetts.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were identified.

## APPENDIX

### SCOPE OF EVALUATION

<b>SCOPE OF EVALUATION</b>		
Examiners utilized Large Bank CRA Evaluation procedures for the bank's four AAs.		
<b>TIME PERIOD REVIEWED</b>	Lending was reviewed and analyzed for the years 2015 and 2016 detailed in the PE.  CD loans, qualified investments, and CD services were considered from February 10, 2014, through May 31, 2017.	
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>
Rockland Trust Company		HMDA and Small Business
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>
None	N/A	N/A

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA)	Full-Scope	1	N/A

## FAIR LENDING POLICIES AND PROCEDURES

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

## MINORITY APPLICATION FLOW

Rockland Trust's 2015 and 2016 HMDA data were reviewed to determine whether the application flow from different minority groups within the bank's AA was reflective of the AA demographics.

The bank's residential lending in 2015 was compared to the 2015 aggregate lending performance, the most recent year for which aggregate data was available. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants within its AA. Refer to the table below for further details.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	8	0.3	0.1	10	0.3
Asian	61	2.4	5.3	105	3.6
Black/ African American	79	3.1	4.1	82	2.8
Hawaiian/Pacific Islander	1	0.1	0.1	2	0.1
2 or more Minority	3	0.1	0.1	3	0.1
Joint Race (White/Minority)	19	0.8	1.4	34	1.2
<b>Total Minority</b>	<b>171</b>	<b>6.8</b>	<b>11.1</b>	<b>236</b>	<b>8.1</b>
White	1,935	77.0	65.4	2,270	78.4
Race Not Available	406	16.2	23.5	388	13.5
<b>Total</b>	<b>2512</b>	<b>100.0</b>	<b>100.0</b>	<b>2894</b>	<b>100.0</b>
ETHNICITY					
Hispanic or Latino	149	5.9	3.2	210	7.3
Not Hispanic or Latino	1,921	76.5	72.7	2,244	77.5
Joint (Hisp/Lat /Not Hisp/Lat)	16	0.6	1.0	27	1.0
Ethnicity Not Available	426	17.0	23.1	413	14.2
<b>Total</b>	<b>2512</b>	<b>100.0</b>	<b>100.0</b>	<b>2894</b>	<b>100.0</b>

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

According to the 2010 U.S. Census data, the bank's AA has a population of 3,756,557 of which 25.7 percent are minorities. The AA's minority population includes 0.2 percent American Indian, 6.2 percent Asian/Pacific Islander, 7.9 percent Black, 8.1 percent Hispanic, and 3.3 percent other race.

In 2015, the bank received 2,512 HMDA-reportable loan applications within its AA. Of these applications, 171 were received from racial minority applicants. The bank's application flow was below the aggregate performance of 11.1 percent for applications received from racial minorities. In 2015, the bank received 165 applications representing the Hispanic or Latino ethnic groups performing above the 2015 aggregate performance.

In 2016, the bank's HMDA reportable applications increased while maintaining an application rate from ethnic and racial minority applicants in the AA.

The bank's minority application flow is considered reasonable. During the review period, the bank exhibited a focus to different segments of the population through outreach and operations. The bank is encouraged to continue to monitor its application levels going forward to remain apprised of any trends and opportunities.

## 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 nonmetropolitan 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 nonmetropolitan 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.

**Core Based Statistical Areas (CBSAs):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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 nonmetropolitan 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:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan 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 nonmetropolitan 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 Federal Deposit Insurance Corporation and the Massachusetts Division of Banks, at 120 Liberty Street, Brockton, Massachusetts 02301."

[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.