

PUBLIC DISCLOSURE

November 13, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Easton Savings Bank
Certificate Number: 90259

20 Eastman Street
South Easton, Massachusetts 02375

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
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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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

North Easton Savings Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- 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 Lending Test rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities throughout the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 25, 2014, to the current evaluation dated November 13, 2017. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two performance tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria:

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

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that North Easton Savings Bank's major product line is home mortgage loans followed by small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans was significantly above small business loans during the evaluation period. Accordingly, examiners weighted home mortgage loan performance higher when determining overall conclusions. The bank does not originate small farm loans; therefore, this loan category was not used for analysis in this evaluation.

This evaluation considered all home mortgage loans reported on the bank's 2015 and 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 195 HMDA-reportable loans totaling \$56.2 million in 2015, and 259 loans totaling \$78.6 million in 2016. Examiners compared the bank's performance in 2015 and 2016 to respective aggregate HMDA data. Aggregate data includes reported assessment area lending activity from institutions subject to HMDA reporting requirements. Examiners also compared 2015 and 2016 lending performance to applicable demographic data.

As an ISI, the bank is not required to report small business lending. Examiners collected small business data from bank records for loans originated in 2016 to draw conclusions about the bank's small business lending performance. The bank originated 28 small business loans totaling approximately \$5.6 million during 2016. As a non-reporter, aggregate small business lending data does not serve as an appropriate comparison; therefore, examiners only compared the bank's small business lending to D&B business demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized the bank's performance by number of loans, as the number of loans is a better indicator of the number of individuals and businesses served. Demographic information referenced in this evaluation was obtained from the 2010 United States (U.S.) Census, unless otherwise noted.

For the Community Development Test, examiners drew conclusions based on the data bank management provided on community development loans, qualified investments, and community development services since the prior CRA evaluation dated August 25, 2014.

DESCRIPTION OF INSTITUTION

Background

North Easton Savings Bank is a state-chartered, mutual savings bank headquartered in South Easton, Massachusetts (MA). The bank operates in the southeastern part of MA in the counties of Bristol, MA; Norfolk, MA; and Plymouth, MA. North Easton Savings Bank operates two wholly-owned subsidiaries, North Easton Security Corporation and Washington 555. North Easton Security holds the bank’s investment portfolio and Washington 555 holds other bank assets including foreclosed properties. The bank’s main office is located at 20 Eastman Street, South Easton, MA. The Division and the FDIC conducted the prior CRA Evaluation jointly using ISI Examination Procedures and rated the institution Satisfactory.

Operations

North Easton Savings Bank currently operates nine full-service branches, including its main office, which are in the MA towns of South Easton (3), North Easton (1), Easton (1), Mansfield (1), Norton (2), and North Attleboro (1). North Easton Savings Bank offers loan products that include home mortgage, consumer, and commercial loans, but does not make agricultural loans. Its primary focus is on home mortgage lending. The institution provides a variety of deposit services that include checking, savings, money market deposit accounts, certificates of deposit, and Individual Retirement Accounts (IRAs). Alternative banking services include internet and mobile banking, electronic bill pay, and automated teller machines (ATMs). Each branch has an ATM available for customer use, and there is one additional standalone ATM located at Wheaton College in Norton.

Ability and Capacity

Assets totaled approximately \$540 million as of September 30, 2017; which included total loans of \$394 million and securities totaling \$92 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 09/30/17		
Loan Category	\$(000s)	%
Construction and Land Development	17,222	4.4
1-4 Family Residential	331,067	84.0
Multi-family (5 or more) Residential	8,070	2.0
Non-farm, Non-residential Properties	28,013	7.1
Total Real Estate Loans	384,372	97.5
Commercial and Industrial	4,960	1.3
Consumer	4,822	1.2
Other	82	Nominal
Total Loans	394,236	100.0
<i>Source: Reports of Condition and Income (Call Report)</i>		
<i>Due to rounding, total percentage may not equal 100.0 percent.</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. North Easton Savings Bank designated one assessment area including the contiguous communities of Attleboro, Easton (including North Easton and South Easton), Mansfield, North Attleboro, Norton, and Taunton all located within Bristol County, MA; Stoughton located in Norfolk County, MA; and Brockton located in Plymouth County, MA. The assessment area has not changed since the prior evaluation.

Economic and Demographic Data

The assessment area includes 65 census tracts (CTs) with the following income designations according to the 2010 U.S. Census:

- 6 low-income tracts,
- 18 moderate-income tracts,
- 23 middle-income tracts, and
- 18 upper-income tracts.

Four of the low-income CTs are located in Brockton, MA and two are located in Taunton, MA. The moderate-income CTs are located in Attleboro, Brockton, Stoughton, and Taunton. 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)	65	9.2	27.7	35.4	27.7	0.0
Population by Geography	314,278	8.1	24.0	34.2	33.7	0.0
Housing Units by Geography	122,828	8.9	24.8	35.3	31.0	0.0
Owner-Occupied Units by Geography	78,876	3.5	20.1	38.2	38.1	0.0
Occupied Rental Units by Geography	36,401	18.4	33.3	30.3	18.0	0.0
Vacant Units by Geography	7,551	19.8	32.6	29.2	18.4	0.0
Businesses by Geography	17,912	8.1	19.9	38.9	33.1	0.0
Farms by Geography	347	2.9	12.7	39.8	44.7	0.0
Family Distribution by Income Level	79,759	21.5	17.3	20.7	40.5	0.0
Household Distribution by Income Level	115,277	23.4	14.4	18.3	43.9	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$83,664	Median Housing Value			\$310,284
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$70,496	Median Gross Rent			\$935
			Families Below Poverty Level			7.1%

*Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0.*

According to 2016 D&B data, the assessment area has 17,912 businesses, of which 8.1 percent operate in low-income CTs and 19.9 percent operate in moderate-income CTs. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Gross annual revenues (GARs) for these businesses are:

- 82.5 percent have \$1 million or less,
- 6.7 percent have more than \$1 million, and
- 10.8 percent have unknown revenues.

Service industries represent the largest portion of businesses at 45.6 percent; followed by retail trade (14.3 percent); construction (9.9 percent); and finance, insurance, and real estate (8.5 percent). In addition, 70.5 percent of area businesses have four or fewer employees, and 87.5 percent operate from a single location. The largest employers in the region include the Good Samaritan Medical Center and Massasoit Community College (Brockton), General Dynamics Mission System (Taunton) and Medtronic Inc. (Mansfield).

The Borrower Profile uses FFIEC-updated median family income levels to analyze home mortgage loans. Norfolk and Plymouth County communities are within the Boston, MA Metropolitan Division (MD) and Bristol County communities are within the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA). The following table presents low-, moderate-, middle- and upper-income category ranges for 2015 and 2016.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
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
<i>Source: FFIEC</i>				

North Easton Savings Bank’s assessment area contains 122,828 housing units. Of these, 64.2 percent are owner-occupied, 29.6 percent are occupied rental units, and 6.2 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data obtained from the U. S. Bureau of Labor and Statistics indicates that the assessment area unemployment rate (9.3 percent) is higher than the unemployment rates of the Commonwealth of Massachusetts (3.9 percent), and the United States (4.2 percent) as of September 2017.

Competition

The assessment area is a competitive market for financial services. According to FDIC Deposit Market Share data as of June 2017, there were 18 financial institutions within the bank’s

assessment area that operated 84 full-service branches with aggregate deposits of \$6.7 billion. Of these institutions, North Easton Savings Bank ranked 5th with a 7.3 percent deposit market share. The top three depository institutions in the area (HarborOne Bank, Bank of America, and Bristol County Savings Bank) had a combined 47.4 percent market share.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2016, 361 lenders reported a total of 12,352 residential mortgage loans originated or purchased. North Easton Savings Bank ranked 20th with a market share of 1.4 percent. The three most prominent home mortgage lenders (Wells Fargo Bank, Residential Mortgage Services, and Quicken Loans) accounted for only 15.8 percent of total market share.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available. As part of this examination, examiners conducted two such contacts.

Examiners conducted the first community contact interview with a representative of a non-profit organization located in Brockton, MA, which focuses on affordable housing. The contact discussed the lack of living wage jobs combined with the high cost of living as hindering factors for individuals to obtain housing. This contact noted that local financial institutions are responsive to the housing needs of the community, with banks providing various financial literacy programs geared towards first-time home buyers.

Examiners also contacted a representative of an economic development corporation located in Brockton. The contact identified a significant need for flexible small business lending, particularly in the area of start-up capital, and general economic development for entrepreneurs. The contact indicated downtown Brockton presents many opportunities for this type of lending, particularly in the Main Street area and the neighborhoods of Campello and Montello. The contact also indicated that there is a demand for further financial involvement in the areas of job training and services related to professional expertise.

Credit and Community Development Needs and Opportunities

Considering information from the community contact as well as demographic and economic data, examiners determined that affordable housing in low- and moderate-income census tracts represents a key credit need in the assessment area. Examiners also determined that home mortgage products represent the primary credit need of the community, with an emphasis on products allowing low down payments or flexible features due to the high cost of housing. Other key community development needs include economic development and job creation, workforce development, and financial literacy education.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

North Easton Savings Bank demonstrated satisfactory performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. North Easton Savings Bank's LTD ratio, calculated from Call Report data, averaged 74.4 percent over the past 13 calendar quarters from September 30, 2014, to September 30, 2017. During the evaluation period, the ratio steadily increased from a minimum of 68.4 percent as of September 30, 2014 to a maximum of 80.6 percent as of September 30, 2017. The bank's LTD ratio is 6.1 percent higher than its LTD ratio performance from the previous exam. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s) as of 09/30/17	Average LTD Ratio (%) 09/30/2014 – 09/30/17
Fall River Five Cents Savings Bank	858,014	83.1
Bridgewater Savings Bank	568,449	91.1
North Easton Savings Bank	539,519	74.4
Norwood Co-Operative Bank	486,367	88.8
Bank of Easton	135,693	69.2

Source: Call Report data

Assessment Area Concentration

North Easton Savings Bank originated a majority of home mortgage and small business loans by number within the assessment area during the evaluation period. The following table details bank home mortgage and small business lending activity inside and outside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	90	46.2	105	53.8	195	21,088	37.5	35,107	62.5	56,195
2016	168	64.9	91	35.1	259	38,997	49.6	39,569	50.4	78,566
Subtotal	258	56.8	196	43.2	454	60,085	44.6	74,676	55.4	134,761
Small Business										
2016	15	53.6	13	46.4	28	2,666	47.7	2,924	52.3	5,590
Subtotal	15	53.6	13	46.4	28	2,666	47.7	2,924	52.3	5,590
Total	273	56.6	209	43.4	482	62,751	44.7	77,600	55.3	140,351

Source: 2015 - 2016 HMDA LAR Data and 2016 Small Business Bank Data

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is supported by reasonable geographic distribution of home mortgage and small business loans. The following sections detail this analysis by loan type.

Home Mortgage Loans

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. In 2015, the bank had limited lending in low- and moderate-income tracts; however, this performance improved notably in 2016. The bank's performance in 2016 was consistent with demographic and aggregate data in low-income CTs. In moderate-income CTs in 2016, the bank's performance exceeded both demographic and aggregate lending data. The increase in lending within low- and moderate-income geographies in 2016 resulted from the bank's purchasing a pool of loans in low- and moderate-income CTs, demonstrating the bank's commitment to serving these portions of the assessment area.

Market share data further supported North Easton Savings Bank's reasonable performance. In 2016, the bank ranked 20th in lending within its assessment area with a 1.4 percent market share, but the bank exceeded these rankings in the moderate-income CTs. The bank ranked 11th out of 220 lenders within moderate-income CTs where the bank captured a 1.8 percent market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	3.5	4.4	1	1.1	233	1.1
2016	3.5	4.0	5	3.0	606	1.6
Moderate						
2015	20.1	20.4	6	6.7	986	4.7
2016	20.1	20.0	44	26.2	6,033	15.5
Middle						
2015	38.2	36.9	30	33.3	6,308	29.9
2016	38.2	37.4	35	20.8	7,506	19.2
Upper						
2015	38.1	38.4	53	58.9	13,561	64.3
2016	38.1	38.6	84	50.0	24,852	63.7
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2015	100.0	100.0	90	100.0	21,088	100.0
2016	100.0	100.0	168	100.0	38,997	100.0
Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0						

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion. However, in addition to demographic data examiners also considered competition and the bank's capacity to lend in low- and moderate-income census tracts. The following table shows that the bank did not originate any loans in low- and moderate-income census tracts in 2016.

This performance did not significantly affect the overall conclusion because home mortgage lending received more weight. The bank originated far more home mortgage loans than small business loans, as commercial loans represent the bank's secondary product, and the bank devotes significantly more resources to home mortgage lending.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	Bank Data 2016			
		#	%	\$(000s)	%
Low	8.1	0	0.0	0	0.0
Moderate	19.9	0	0.0	0	0.0
Middle	38.9	6	40.0	986	37.0
Upper	33.1	9	60.0	1,680	63.0
Totals	100.0	15	100.0	2,666	100.0

Source: 2016 D&B Data, 2016 Small Business Bank Records

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes in 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 home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. The following sections detail this analysis by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. In 2015, the bank performed slightly below the aggregate lending to low-income borrowers by 3.2 percent, and increased lending to these borrowers to 10.7 of total home mortgage loans in 2016.

Although these levels fall short of the percentage of families designated as low-income, a low-income family with an income of no more than \$45,000 in 2015 in the Boston, MA MD and \$37,200 in the Providence-Warwick, RI-MA MSA would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$310,284. Therefore, opportunities for lending to low-income families are limited.

Lending to moderate-income borrowers fell somewhat below both the percentage of families within this income classification and aggregate lending to these borrowers; however, the bank's lending is reasonable and shows an increasing trend from 2015 to 2016.

2016 market share data further supported North Easton Savings Bank's reasonable performance under this criterion. Market share data is reflective of the bank's lending performance to low-income borrowers, as the bank exceeds its overall market share ranking with these borrowers. In lending to low-income borrowers, the bank rises to 5th out of 123 lenders, with a market share of 3.1 percent compared to a ranking of 20th with market share of 1.4 percent overall. In lending to moderate-income individuals, the bank ranked 23rd out of 208 lenders with a market share of 1.2 percent. The following table illustrates the distribution of loans, demographic, and aggregate data by income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	21.5	5.4	2	2.2	270	1.3
2016	21.5	4.8	18	10.7	1,766	4.5
Moderate						
2015	17.3	19.3	14	15.6	2,190	10.4
2016	17.3	18.2	27	16.1	3,679	9.4
Middle						
2015	20.7	22.2	11	12.2	1,841	8.7
2016	20.7	23.3	27	16.1	5,097	13.1
Upper						
2015	40.5	30.5	59	65.6	15,957	75.7
2016	40.5	36.3	92	54.8	27,473	70.4
Not Available						
2015	0.0	22.6	4	4.4	830	3.9
2016	0.0	17.4	4	2.4	982	2.5
Totals						
2015	100.0	100.0	90	100.0	21,088	100.0
2016	100.0	100.0	168	100.0	38,997	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less. As shown in the following table, the bank made a significant portion of its small business loans to businesses with GARs of \$1 million or less. Additionally, of the 12 loans made to businesses with GARs of \$1 million or below, 50.0 percent are in loan amounts of \$100,000 or less, which is indicative of lending to the smallest of assessment area businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	Bank Data 2016			
		#	%	\$(000s)	%
≤ \$1,000,000	82.3	12	80.0	2,189	82.1
> \$1,000,000	6.7	3	20.0	477	17.9
Revenue Not Available	11.0	0	0.0	0	0.0
Total	100.0	15	100.0	2,666	100.0

Source: 2016 D&B Data, 2016 Small Business Bank Records. * Due to rounding, totals may not equal 100.0 percent.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

North Easton Savings Bank demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified donations, and community development services, considering the institution's capacity and the need and availability of such opportunities.

Community Development Loans

North Easton Savings Bank originated four community development loans totaling approximately \$1.0 million during the evaluation period. This level of activity represents 0.3 percent of average assets and 0.5 percent of average total loans since the prior CRA evaluation. All community development loans financed affordable housing within the assessment area.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2014 (8/25 – 12/31)	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	3	600,000	3	600,000
2016	1	432,000	0	0	0	0	0	0	1	432,000
YTD 2017	0	0	0	0	0	0	0	0	0	0
Total	1	432,000	0	0	0	0	3	600,000	4	1,032,000

Source: Bank Records

Three of the community development loans provided construction financing for single-family dwellings in moderate-income geographies. These activities helped revitalize the assessment area's neediest community by attracting new residents and providing affordable homeownership opportunities for low- or moderate-income families.

Furthermore, the bank originated a \$2.7 million dollar loan to a municipal housing authority in the assessment area that refinanced first mortgages on multiple one-to-four family dwellings used for Section 8 housing, providing 37 affordable housing units. Since this loan is HMDA-reportable it does not receive community development loan credit, but it represents a loan that responded to a significant community development need.

Qualified Investments

North Easton Savings Bank’s qualified investments consist solely of charitable donations. The bank made 110 total qualified donations totaling \$174,660 during the evaluation period, an increase over the \$101,033 made during the previous evaluation period. This total dollar amount represents 0.04 percent of average assets during the evaluation period, and all donations provided support to activities related to affordable housing and community services. The following table depicts the bank’s qualified donations by community development purpose and year.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2014 (8/25 – 12/31)	3	5,750	12	13,012	0	0	0	0	15	18,762
2015	8	9,600	27	38,406	0	0	0	0	35	48,006
2016	6	12,375	25	36,450	0	0	0	0	31	48,825
YTD 2017	3	7,325	26	51,742	0	0	0	0	29	59,067
Total	20	35,050	90	139,610	0	0	0	0	110	174,660

Source: Bank Records

Below are notable examples of the bank’s qualified investment activities:

Boys & Girls Club of Brockton – The club is located in a low-income census tract and offers programs such as sports fitness and recreation, education and career development, health and life skills, character and leadership development, and summer programs. The club provides youth programs and childcare services primarily for low- and moderate-income individuals and families.

Father Bill’s and Mainspring – A nonprofit organization in southeastern Massachusetts with programs that provide emergency and permanent housing and help people obtain skills, jobs, housing, and services. These programs primarily benefit low- and moderate-income individuals.

Old Colony YMCA Family Life Center (FLC) – FLC is a transitional housing program for families living in the City of Brockton. FLC provides case management and supportive services to families and children who are experiencing multiple crises and in need of support. These programs primarily benefit low- and moderate-income individuals.

School on Wheels of Massachusetts (SOWMA) – SOWMA provides academic support and one-on-one mentoring to children impacted by homelessness. Multiple donations during the examination period helped the organization serve the bank’s assessment area and broader statewide area.

Community Development Services

During the evaluation period, 21 bank employees provided financial expertise or technical assistance to 18 different community development-related organizations and activities within the

assessment area. The following table illustrates a breakdown of these services by year and community development purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2014 (8/25 – 12/31)	3	26	-	-	-	29
2015	4	26	-	-	-	30
2016	4	26	-	-	-	30
YTD 2017	4	26	-	-	-	30
Total	15	104	-	-	-	119
<i>Source: Bank Records</i>						

Below are notable examples of the community development services provided by bank officers and employees:

- **Easton Food Pantry** – Since 1978, the Easton Food Pantry has been dedicated to providing food to residents in times of need. An employee from the bank is on this organization’s Board of Directors.
- **For Our Residents of Easton (F.O.R.E.)** – F.O.R.E. was formed by Easton residents to provide support to families in need during the holiday season. All donations stay in town to benefit the children of Easton. Three bank employees function as Directors at F.O.R.E. and one works as Treasurer.
- **Mansfield Housing Corporation (MHC)** – Incorporated in 2010, MHC’s mission is to investigate and implement alternatives for providing affordable housing to low- and moderate-income households, act as a consultant and advisor to the Town of Mansfield in implementing affordable housing plans, and create and/or provide housing. A bank employee is the Chairman of this organization.
- **NeighborWorks Southern Mass/Brockton Advisory Board** – The mission of this organization is to create housing opportunities by educating and assisting first-time home buyers to purchase their own homes, developing affordable housing for those in need, and making home rehabilitation loans.
- **Housing Solutions of Southeastern Massachusetts** – Formally known as South Shore Housing, this organization is a regional nonprofit organization focused on providing housing services and developing affordable housing in Plymouth and Bristol Counties in Massachusetts. A bank employee serves as Treasurer for this group.

Educational Services and Seminars

In addition to serving in leadership roles at community organizations, bank officers participated in various educational programs geared towards low- and moderate-income individuals during the evaluation period.

Several bank employees participated in “Credit for Life Fairs” at Brockton High School during the evaluation period. These events are opportunities for high school students to learn the basics of personal finance. The program is an interactive fair where each student is given a scenario that provides them with net income and a blank budget sheet. Then they must visit 15 booths offering different options for things like housing, transportation, and food and decide what lifestyle choices their budget allows.

During the evaluation period, the bank sponsored or co-sponsored 25 homebuyer seminars. Two of these seminars were co-sponsored by NeighborWorks of Southern Massachusetts, a nonprofit that provides education and assistance for prospective and existing homeowners. Seminar topics included credit and preparing a budget, understanding the mortgage process, understanding bank financing, working with a real estate agent, home inspections, homeowner’s insurance, purchase and sale agreements, and closing on your bank loan.

Other Community Development Services

The bank participates in the following public and privately sponsored programs that have special features that are of particular benefit to low- and moderate-income individuals.

Basic Banking for Massachusetts

The bank continued its participation in this program during the evaluation period. The program is voluntary for financial institutions and helps expand access to banking products and services to low- and moderate-income individuals. The bank offers checking and savings accounts that meet the Massachusetts Community and Banking Council guidelines for low-cost accounts.

Equity Builder

The Federal Home Loan Bank Equity Builder Program (EBP) provides grant money for down payment and closing cost assistance for low- and moderate-income homebuyers. Individuals and households can receive EBP assistance to purchase their primary residence. Buyers must complete an approved homebuyer counseling program. The bank continued to offer loans under this program during the evaluation period.

IOLTA Accounts

North Easton Savings Bank maintains Interest on Lawyers’ Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

APPENDIX A

Fair Lending Policies and Procedures – MA Division of Banks

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's assessment area contained a total population of 314,278 individuals of which 26.6 percent are minorities. The assessment area's minority and ethnic population is 11.7 percent Black/African American, 2.6 percent Asian, 0.2 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 5.8 percent Hispanic or Latino and 6.3 percent other.

In 2015, the bank received 133 HMDA reportable loan applications from within its assessment area. Of these applications, two or 1.5 percent were received from minority applicants, of which zero or 0.0 percent resulted in originations. The aggregate received 15,005 HMDA reportable loan applications of which 2,629 or 17.5 percent were received from minority applicants and 1,533 or 58.3 percent were originated. For the same time period, the bank also received one or 0.8 percent of applications from ethnic groups of Hispanic origin within its assessment area of which one or 100.0 percent were originated versus the aggregate that received 737 applications or 4.9 percent of which 459 or 62.3 percent were originated.

For 2016, the bank received 228 HMDA reportable loan applications from within its assessment area. Of these applications, 29 or 12.7 percent were received from minority applicants, of which 25 or 86.2 percent resulted in originations. The aggregate received 18,486 HMDA reportable loan applications of which 3,358 or 18.2 percent were received from minority applicants and 1,940 or 58.0 percent were originated. For the same time period, the bank received five or 2.2 percent of applications from ethnic groups of Hispanic origin within its assessment area of which two or 40.0 percent were originated versus the aggregate that received 839 applications or 4.5 percent of which 460 or 54.8 percent were originated.

The bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2015. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2015		2015 Aggregate Data	Bank 2016		2016 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	1	0.75	2.5	4	1.7	2.7
Black/ African American	1	0.75	13.3	22	9.7	13.5
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.3
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	0	0.0	1.1	3	1.3	1.3
Total Minority	2	1.5	17.5	29	12.7	18.2
White	124	93.2	60.2	183	80.3	60.9
Race Not Available	7	5.3	22.3	16	7.0	21.0
Total	133	100.0	100.0	228	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	3.8	4	1.7	4.5
Not Hispanic or Latino	124	93.2	73.1	207	90.8	74.3
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.8	1.1	1	0.5	1.0
Ethnicity Not Available	8	6.0	22.0	16	7.0	20.2
Total	133	100.0	100.0	228	100.0	100.0

Source: US Census 2010, HMDA Aggregate Data 2015, HMDA LAR Data 2015 and 2016 *Due to rounding, totals may not equal 100.0 percent.

Considering the demographic composition of the assessment area and comparisons to aggregate data, the bank's minority application flow is adequate.

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;
- (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 Area (CBSA): 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 120 percent or more of the area median income, or a median family income that is 120 percent or more 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.