

PUBLIC DISCLOSURE

June 24, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bristol County Savings Bank
Certificate Number: 23622

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This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

This institution is rated **High Satisfactory** by the Massachusetts Division of Banks.

This institution is rated **Satisfactory** by the Federal Deposit Insurance Corporation (FDIC).

While both agencies agreed on the bank’s overall performance, Part 345 of FDIC Rules and Regulations does not provide an overall rating of “High Satisfactory.” An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of Bristol County Savings Bank (BCSB) with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory			
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>** FDIC rules and regulations stipulate use of a “High Satisfactory” and “Low Satisfactory” for the three tests. For purposes of this jointly issued public evaluation, the term “Satisfactory” will be used in lieu of “Low Satisfactory” for the Lending, Investment, and Service Test ratings, as the Division of Banks does not have a “Low Satisfactory” rating.</i></p>			

The Lending Test is rated Satisfactory.

- Lending levels reflects adequate responsiveness to assessment area credit needs.
- An adequate percentage of loans are made in the bank’s assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among borrowers of different income levels and businesses of different sizes.
- The bank is a leader in making community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated Outstanding.

- 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 excellent 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 readily accessible to all portions of the assessment area.
- To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Business hours and services are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and 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 May 16, 2016, to the current evaluation dated June 24, 2019. Examiners used the Interagency Large Bank Examination Procedures to evaluate BCSB's CRA performance. These procedures include three tests: the Lending, Investment and Service tests.

The Lending Test assessed the bank's performance according to the following criteria:

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

The Investment Test assessed the following factors:

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

The Service Test assessed the following factors:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- The extent, innovativeness, and responsiveness of community development services

The bank does not have any affiliates that make retail loans; therefore, this evaluation does not include lending activity performed by affiliates.

Assessment Areas Reviewed

The CRA requires separate performance analyses and conclusions in each metropolitan statistical area (MSA) where the bank maintains branch offices. BCSB operates 18 branch offices, of which 17 are located in the Providence-Warwick, RI-MA Multistate MSA and one is located in the Boston, MA Metropolitan Division (MD). Examiners performed a full-scope review of bank performance in both areas; however, performance in the Providence-Warwick, RI-MA MSA received substantially more weight when determining the overall rating, as the bank's main office and a vast majority of branches, deposits, and lending activity are in this MSA. The following table shows the distribution of branches, deposits, and lending activity in each area.

Area Breakdown of Loans, Deposits, and Branches								
Assessment Area	Home Mortgage Loans		Small Business Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	\$(000s)	%	#	%
Providence-Warwick, RI-MA MSA	874	97.0	789	94.3	1,667,927	98.1	17	94.4
Boston, MA MD	27	3.0	48	5.7	31,851	1.9	1	5.6
Total	901	100.0	837	100.0	1,699,778	100.0	18	100.0

Source: Bank Records from 01/01/2016 through 12/31/2018; FDIC Summary of Deposits (06/30/2018)

Loan Products Reviewed

Based on the number and dollar volume of loans originated during the review period, the bank's major product lines are home mortgage and small business loans. The bank originated more home mortgage loans by both number and dollar amount than small business loans during the evaluation period; therefore, home mortgage lending performance carried greater weight in assigning the Lending Test rating. The bank did not originate any small farm loans during the evaluation period; therefore, examiners did not evaluate this product line. Additionally, examiners did not review consumer loans since the bank did not collect or report this data.

Examiners reviewed all loans reported on the bank's HMDA LARs for 2016, 2017, and 2018. The bank reported 610 loans totaling \$205.0 million in 2016, 527 loans totaling \$173.7 million in 2017, and 450 loans totaling \$149.9 million. Examiners compared the bank home mortgage lending against 2016 and 2017 aggregate lending data and demographics. Geographic Distribution and Borrower Profile performance tables show the bank's HMDA lending data from both 2016 and 2017. Because aggregate data is not yet available for 2018, Geographic Distribution and Borrower Profile tables do not include the bank's 2018 HMDA lending.

Examiners also reviewed all small business loans reported on the bank's CRA Loan Registers for 2016, 2017, and 2018. The bank reported 415 small business loans totaling \$88.7 million in 2016, 396 loans totaling \$105.7 million in 2017, and 314 loans totaling \$79.0 million in 2018. Examiners compared the bank's performance to 2016 and 2017 aggregate data, which excludes activity of many smaller institutions not required to report CRA data. CRA aggregate data for 2018 was not available as of the evaluation date; therefore, small business loan performance for that year is not included in the Geographic Distribution and Borrower Profile performance tables.

Although examiners reviewed the number and dollar volume of home mortgage and small business loans, they focused on the number of loans when assessing performance, as it better indicates the number of individuals and businesses served. The evaluation considered innovative or flexible lending and community development loans made between May 16, 2016 and June 24, 2019. The Investment Test and Service Test considered the number and dollar amount of qualified investments and community development services during the same timeframe.

Examiners obtained the demographic and economic information referenced in the evaluation from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, Moody's Analytics, and U.S. Bureau of Labor Statistics. In addition, examiners obtained BCSB's financial data from its March 31, 2019, Report of Income and Condition (Call Report).

DESCRIPTION OF INSTITUTION

Background

BCSB is a Massachusetts state-chartered mutual savings bank headquartered in Taunton. The bank operates throughout Southeastern Massachusetts and Rhode Island. BCSB is wholly owned by Beacon Bancorp, a Mutual Bank Holding Company. The bank has subsidiaries and affiliates, none of which offers banking products or services. Bristol County Savings Charitable Foundation was established in 1996 to provide grants to charitable organizations in southeastern Massachusetts and Rhode Island. The bank funds area organizations and/or key initiatives within designated communities through the foundation. The institution received a High Satisfactory rating from the Division and a Satisfactory rating from the FDIC at the prior joint evaluation using Interagency Large Institution Examination Procedures.

Operations

BCSB provides credit, deposit accounts, and services to consumers and businesses. Consumer lending products include home mortgage loans, home equity loans, Mass Save HEAT loans, automobile loans, secured and unsecured personal loans, and credit cards. Additionally, BCSB participates in state and federally guaranteed programs geared towards low- and moderate-income borrowers. The bank also offers commercial term loans, Small Business Administration (SBA) loans, lines of credit, commercial real estate loans, and business credit cards.

Consumer and commercial deposit products include a range of checking, savings, money market, certificate of deposit accounts, and individual retirement accounts. Alternative banking services include online bill pay, internet and mobile banking, automated teller machines (ATMs), interactive teller machines (ITMs), and a 24/7 automated telephone banking service. Additionally, the bank offers drive-up services at all branches.

The bank currently operates 16 full-service branches, 2 limited-services branches, and 23 ATMs and ITMs. Since the previous CRA evaluation, the bank opened a branch in downtown New Bedford in a low-income census tract. Additionally, the bank operates loan centers in Attleboro, Massachusetts and Warwick, Rhode Island.

Ability and Capacity

As of March 31, 2019, the bank had total assets of \$2.2 billion, which included total loans of \$1.8 billion. The bank's net loan-to-deposit ratio as of the same date was 98.9 percent. Since the last exam, the bank's loan portfolio has grown in residential, commercial, consumer and auto lending. Loans secured by one-to-four family and multi-family residential properties account for the largest portion of the portfolio, followed by loans secured by nonfarm nonresidential properties and commercial and industrial loans. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/2019		
Loan Category	\$(000s)	%
Construction and Land Development	59,831	4.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	734,987	55.8
Secured by Multifamily (5 or more) Residential Properties	49,506	3.7
Secured by Nonfarm Nonresidential Properties	472,539	35.8
Total Real Estate Loans	1,316,863	74.5
Commercial and Industrial Loans	140,074	7.9
Agricultural Loans	0	0.0
Consumer Loans	305,135	17.3
Other Loans	4,459	0.2
Less: Unearned Income	0	0.0
Total Loans	1,766,531	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank has defined assessment areas consisting of cities and towns in the Providence-Warwick, RI-MA MSA and the Boston, MA MD.

BCSB's Providence-Warwick, RI-MA MSA assessment area contains all cities and towns in Bristol County, Massachusetts: Acushnet; Attleboro; Berkley; Dartmouth; Dighton; Easton; Fairhaven; Fall River; Freetown; Mansfield; New Bedford; North Attleboro; Norton; Raynham; Rehoboth; Seekonk; Somerset; Swansea; Taunton; and Westport. This area also includes Pawtucket, Rhode Island. The Boston, MA MD assessment area includes just three municipalities: Franklin, Plainville, and Wrentham, Massachusetts.

Economic and Demographic Data

The bank's overall assessment area includes 156 census tracts. The census tracts reflect the following income designations according to 2015 ACS data:

- 25 low-income tracts,
- 41 moderate-income tracts,
- 42 middle-income tracts,
- 47 upper-income tracts, and
- 1 census tract with no income designation.

Most low- and moderate-income census tracts are in Taunton, Attleboro, North Attleboro, Fall River, and New Bedford. Pawtucket, Rhode Island also contains a high concentration of low- and moderate-income census tracts. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the assessment areas. However, there are 11 census tracts designated as opportunity zones in Fair Haven, Fall River, New Bedford, North Attleboro, and Taunton. These zones are recommended by the Governor of Massachusetts and approved by the U.S. Department of Treasury as areas with high economic needs and low median family incomes.

According to Moody's Analytics, the largest employers in the Providence-Warwick, RI-MA MSA are Lifespan, Care New England, CVS Health Corp., Citizens Financial Group, and General Dynamics Electric Boat. Economic strengths of the area include strong links to fast-growing Boston, large collection of colleges and universities, and strong commercial real estate. Economic weaknesses include a heavy tax burden, poor infrastructure, and unequal distribution of wealth. House price appreciation in the Providence-Warwick, RI-MA MSA has dipped below the U.S. average.

Individual assessment area sections include detailed demographic and economic data.

Competition

There is a high level of competition for home mortgage and small business loans among banks, credit unions, and non-depository lenders in the assessment areas. According to 2017 aggregate data, 399 lenders reported 20,096 originated or purchased residential mortgage loans. BCSB ranked 18th with a 1.4 percent market share. Large national banks, non-depository lenders, and several state-chartered community banks had higher rankings than BCSB. The 2017 aggregate small business lending data shows that 135 institutions reported 42,041 small business loans in assessment area counties, indicating a high level of competition for this product. BCSB ranked 19th with a 0.8 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties who are active in community affairs to assist in assessing the credit and community development needs of the bank's assessment area. Information collected from contact with community organizations aids in determining how well local institutions respond to community needs.

Examiners contacted a representative from an organization that mobilize partners and resources to help fund and provide support services for residents in Massachusetts' South Coast region. Most of the organization's resources and volunteers focus on supporting services provided to New Bedford residents due to the city's population density and service needs. The contact explained that the region lacks organizations and services that promote accumulating savings, obtaining job certifications and/or educational degrees, and workforce training for low- and moderate-income individuals. The contact noted that financial institutions have provided valuable support through volunteers and donations.

A second community contact was conducted with an economic development corporation serving the assessment area. The contact indicated the need for small dollar loans, lines of credit, and SBA micro loans to assist small businesses. Additionally, the contact noted a need for financial literacy for small business owners.

Credit and Community Development Needs and Opportunities

Examiners identified assessment area credit and community development needs based on demographic and economic information, discussions with management, and community contacts. Community services supporting low- and moderate-income individuals represent the area's primary community development need. Examiners also determined the need for affordable housing programs and flexible small business lending programs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BCSB demonstrated Satisfactory performance under the Lending Test. The following sections address overall bank performance for each Lending Test component.

Lending Activity

BCSB's lending activity reflects adequate responsiveness to the assessment area's credit needs. In 2016, the bank originated 361 home mortgage loans totaling \$108.8 million and 320 small business loans totaling \$65.5 million in its assessment areas. In 2017, BCSB originated 282 home mortgage loans for \$77.8 million and 295 small business loans for \$73.8 million in its assessment areas. In 2018, the bank originated 258 home mortgage loans for \$72.5 million and 222 small business loans for \$51.4 million in its assessment area.

During 2016, BCSB attained a good market rank for HMDA lending inside the assessment area. The bank ranked 14th among 419 lenders with a 1.6 percent market share. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate on a regional or national basis. These include Wells Fargo Bank, Quicken Loans, Santander Bank, JPMorgan Chase Bank, and Citizens Bank. BCSB ranked 3rd among state-chartered institutions, after BayCoast Bank and Envision Bank. In 2017, BCSB ranked 18th among 399 lenders, with a slightly lower market share of 1.4 percent.

For small business lending, BCSB ranked 11th out of 90 CRA-reporting institutions that originated 11,069 small business loans in Bristol County, Massachusetts in 2016. Small business lending rankings are determined only at the county level. The bank's market share was 2.4 percent by number and 13.3 percent by dollar volume. BCSB was ranked first by dollar volume.

Assessment Area Concentration

The bank made an adequate percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. The following table details lending inside and outside of the assessment area for each product type.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	361	59.2	249	40.8	610	108,787	53.1	96,178	46.9	204,965
2017	282	53.5	245	46.5	527	77,758	44.8	95,911	55.2	173,669
2018	258	57.3	192	42.7	450	72,481	48.3	77,459	51.7	149,940
Subtotal	901	56.8	686	43.2	1,587	259,026	49.0	269,548	51.0	528,574
Small Business										
2016	320	77.1	95	22.9	415	65,520	73.9	23,188	26.1	88,708
2017	295	74.5	101	25.5	396	73,773	69.8	31,938	30.2	105,711
2018	222	70.7	92	29.3	314	51,371	65.0	27,676	35.0	79,047
Subtotal	837	74.4	288	25.6	1,125	190,664	69.7	82,802	30.3	273,466
Total	1,738	64.1	974	35.9	2,712	449,690	56.1	352,350	43.9	802,040

Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0 percent.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment area. Examiners focused on the percentage by number of loans originated in low- and moderate-income census tracts, comparisons to aggregate lending and demographic data, and trends over the review period. BCSB had adequate geographic distribution in the Providence-Warwick, RI-MA MSA for both home mortgage and small business lending. Refer to The Geographic Distribution section of the Providence-Warwick, RI-MA MSA portion of this evaluation for a detailed performance analysis.

The Massachusetts portion of the evaluation did not analyze geographic distribution, as there are no low- or moderate-income census tracts within this portion of the assessment area.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among individuals of different income levels and businesses of different sizes. Examiners focused primarily on the percentage, by number, of home mortgage loans extended to low- and moderate-income borrowers and the percentage of small business loans to businesses with gross annual revenues (GARs) of \$1 million or less.

Adequate home mortgage lending to low- and moderate-income borrowers in both rated areas primarily support the bank's adequate borrower profile performance overall. Although BCSB had poor lending penetration to businesses with GARs of \$1 million or less in both rated areas, home mortgage lending carried greater weight when determining the overall conclusion. Refer to the Borrower Profile section for each rated area for a detailed performance analysis.

Innovative or Flexible Lending Practices

BCSB uses innovative or flexible lending practices in order to serve assessment area credit needs. BCSB does so through residential and commercial products, increasing access to credit and providing homeownership and entrepreneurship opportunities.

Home Mortgage Loan Programs

First-time Homebuyer (FTHB) Program: The bank established its own FTHB program for individuals who have not owned a principal residence within the past three years. The program includes a 30-year fixed rate, 5/5 adjustable rate, or 7/1 adjustable rate mortgage; and the bank waives mortgage insurance for borrowers that make a 10 percent down payment. BCSB originated 160 FTHB loans for \$32.8 million during the review period.

MassHousing Loans: MassHousing loans include features such as low down payments, competitive interest rates, reduced mortgage insurance premiums, and special programs for veterans such as *Operation Welcome Home*. In addition the bank offers a *Buy City* program, which utilizes MassHousing's MIPlus Mortgage Insurance that allows up to 100 percent loan-to-value (LTV) for loans in Attleboro, Fall River, New Bedford, and Taunton, all of which are cities in the bank's Providence-Warwick, RI-MA MSA assessment area. These mid-sized cities contain most of the assessment area's low- and moderate-income census tracts. The bank originated 38 MassHousing loans totaling \$7.4 million.

Chase-HomeReady: HomeReady is a product designed to serve creditworthy low- to moderate-income borrowers, whether a first-time homeowner or not, with expanded eligibility for financing homes in low- or moderate-income geographies. Flexible features include up to 97 percent LTV for 1-unit homes or 85 percent LTV for 2-units. BCSB originated 34 home loans under this program for a total of \$9.8 million.

USDA Rural Development Program: USDA Guaranteed Rural Housing loans feature 100 percent financing for qualified low- and moderate-income families purchasing primary residences. The bank originated three USDA loans for \$807,000 during the review period.

Equity Builder: The bank offers this program through the Federal Home Loan Bank of Boston (FHLBB). This program offers flexible terms, conditions, and underwriting guidelines to help serve the credit needs of low- and moderate-income homebuyers. The FHLBB offers its member banks grants to provide households with less than 80 percent of area median income with assistance in areas such as down payment, closing costs, and homebuyer counseling.

Commercial Loan Programs

Small Business Administration (SBA) 504 CDC Program: This program provides purchase financing for fixed assets such as real estate and machinery. The program works by distributing funding among three parties: the business owner (10 percent), the financial institution (50 percent), and the SBA (40 percent). BCSB originated 23 SBA 504 loans totaling \$19.5 million during the evaluation period.

SBA Preferred Lending Program (PLP): The SBA designated BCSB a PLP lender for 2018 and 2019. As a PLP designated lender, BCSB is able to underwrite and approve SBA loans, making the process much quicker. Under this program, the bank originated 10 loans for approximately \$10.4 million in the two years.

SBA 7A Program: This program helps small businesses with start-up expenses or expansion. BCSB funds the loan, and the SBA provides a loan guarantee of 75 to 90 percent of the total loan amount, depending on how the proceeds are used. These SBA loans offer smaller down payments, flexible terms, and guarantees. During the evaluation period, the bank originated 5 loans totaling \$400,000 through this program.

SBA Express Loan Program: This program provides a streamlined approval process that enables faster turnaround times for approval and easy-to-use lines of credit. Revolving lines of credit or term loans can be originated up to \$350,000, and the SBA guarantees 50 percent. Through this program, BCSB originated 22 loans totaling \$2.5 million during the review period.

SBA Small Loan Advantage (SLA): SLA is structured to encourage existing SBA lenders to make lower-dollar loans, which often benefit businesses in underserved markets. These loans offer an 85 percent guarantee for loans up to \$150,000 and 75 percent for those greater than \$150,000. The bank originated 12 SLA loans for \$961,000 during the review period.

Community Development Lending

The bank is a leader in community development loans. During the evaluation period, BCSB originated or renewed 58 community development loans totaling \$47.8 million. Even though the 58 loans were 4 short of the prior evaluation number, the dollar amount from the current evaluation exceeded that from the prior period. During the prior CRA evaluation, the bank originated or renewed 62 community development loans totaling \$39.4 million.

The total dollar amount of community development loans originated during the evaluation period represents 2.2 percent of total assets and 2.7 percent of total loans, which are similar ratios to the last evaluation. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2016	2	225	4	439	1	25	0	0	7	689
2017	4	1,658	16	6,896	2	10,200	0	0	22	18,754
2018	5	1,442	13	15,549	1	25	0	0	19	17,016
YTD 2019	4	6,111	4	2,962	2	2,225	0	0	10	11,298
Total	15	9,436	37	25,846	6	12,475	0	0	58	47,757

Source: Bank Records from May 17, 2016 through June 24, 2019.

Following are examples of BCSB’s community development loans.

- In 2016, the bank originated a \$200,000 loan to a non-profit organization for the purpose of providing heating assistance to low-income families within the assessment area.
- In 2017, BCSB originated a \$1.2 million commercial mortgage loan to a healthcare center in Fall River, MA. The loan was a refinance to help consolidate existing debt and provide new funds for working capital. Sixty-four percent of the care center patients are on Medicaid and 92 percent have income below the poverty level.
- In 2017, the bank originated a \$1.3 million loan to an LLC for the purpose of refinancing an existing loan and for working capital for a low- and moderate-income housing community. The community is located in an historic neighborhood in New Bedford, MA. The apartments were originally built in the 1870's as worker housing for the local mills. Since then, in an effort to stabilize the historic area, renovation of the 144 apartment home community was completed in 2002 creating quality affordable housing.
- In 2018, BCSB originated or renewed three loans totaling approximately 12.4 million to a non-profit corporation that offers an extensive array of programs for low- and moderate-income individuals with mental disabilities. The organization provides residential and day-program services to educate and improve the quality of life for clients.
- In 2018, the bank originated a \$664,000 mortgage loan to an LLC for the purpose of acquiring a multi-family apartment building in a moderate-income census tract in Pawtucket, RI. All 12 of the apartments have rents that are below the U.S. Department of Housing's (HUD) fair market rent levels.
- In early 2019, the bank originated an \$832,000 loan to a non-profit, which along with a mortgage insurance guarantee through Massachusetts Development Finance Agency, allowed them to expand their operation and move into a bigger space. The non-profit offers a wide range of services, which includes crisis intervention, violence prevention, life transition, and self-sufficiency opportunities. The non-profit primarily serves low-income individuals.

INVESTMENT TEST

BCSB demonstrated Outstanding performance under the Investment Test. The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The bank exhibits excellent responsiveness to credit and community economic development needs. The bank makes significant use of innovative and complex investments to support community development initiatives. BCSB increased the number of equity investments since the previous evaluation. This investment growth exhibits the bank's commitment to their community, especially considering the significant competition in the combined assessment area.

The bank primarily funds grants, donations and equity investments through Bristol County Savings Charitable Foundation, Inc. (the Foundation). The Foundation has four separate funds:

the BCSB Fund, which operates throughout the assessment area; the Pawtucket Advisory Board, which funds grants within the City of Pawtucket, RI; the Taunton/Attleboro Advisory Board; and the South Coast Advisory Board, serving greater New Bedford and Fall River. This structure allows the Foundation to best respond to different needs in each market area.

Investment Activity

BCSB has an excellent level of qualified investments. BCSB and the Foundation made 368 qualified investments \$20.2 million during the review period, representing a significant increase from \$3.7 million during the prior review period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	893	0	0	0	0	0	0	1	893
2016	1	503	1	2,800	0	0	0	0	2	3,303
2017	1	467	0	0	0	0	1	446	2	913
2018	3	1,099	1	2,201	1	250	0	0	5	3,550
YTD 2019	0	0	0	0	1	9,000	0	0	1	9,000
Subtotal	6	2,963	2	5,001	2	9,250	1	446	11	17,659
Qualified Grants & Donations	20	139	319	2,210	7	112	11	135	357	2,596
Total	26	3,102	321	7,211	9	9,362	12	581	368	20,255

Source: Bank Records

Equity Investments

The bank has 11 qualified equity investments totaling \$17.6 million, of which 10 totaling \$16.7 million are new and 1 totaling \$893,000 remains from the prior period. Please refer to the individual assessment area discussions for highlights of equity investments.

Qualified Grants and Donations

During the evaluation period, the Foundation made \$2.6 million in qualified donations. This level of donation activity is consistent with the last examination. All qualified donations benefited the combined assessment area or the broader statewide or regional areas that included the bank’s assessment areas. The majority of qualified donations supported organizations that provide community services to low- and moderate-income individuals and families. Please refer to the individual assessment area discussions for highlights of donations.

Responsiveness to Credit and Community Development Needs

BCSB exhibits excellent responsiveness to credit and community economic development needs. During the evaluation period, the bank made several investments in the form of Federal Historic Tax Credits (HTCs) to help rehabilitate underutilized or vacant buildings in distressed areas of New Bedford. These investments are responsive to critical affordable housing needs and the

revitalization initiatives set forth by the respective local and regional governments. Additionally, these investments occurred in low-income areas and designated opportunity zones.

The bank further demonstrates responsiveness with the purchase of Massachusetts Revenue Bonds that benefit low- and moderate-income individuals within the Providence-Warwick, RI-MA MSA. The majority of the bank's qualified investments promoted community services to low- and moderate-income individuals, which is a key community development need throughout assessment area.

Innovativeness or Complexity of Qualified Investments

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The bank's qualified investments and grants were both innovative and/or complex. As noted previously, the bank's use of HTCs reflects its willingness to make equity investments with higher complexity.

In addition, under the bank's self-created Equity Investment program established in 2016, the Board approved \$1 million in financing for four separate equity investments of \$250,000 in each of the bank's four market areas. The bank receives a dividend on any income generated from these projects, which it gives back to the investment recipient as an annual contribution. The bank has funded two investments for \$500,000 through this program. This program's unique structure reflects innovativeness, and the collaboration required among bank personnel, the Board, and non-profit organizations reflects complexity.

SERVICE TEST

The bank demonstrated Outstanding performance under the Service Test. The bank's delivery systems are readily accessible to all portions of its assessment areas. To the extent changes have been made, BSCB's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Services are tailored to the convenience and needs of the assessment area, particularly within low and moderate-income geographies and to low- and moderate-income individuals. Additionally, the bank continues to be a leader in providing community development services throughout its assessment areas.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of its assessment areas. Alternative delivery systems supplement the bank's branches.

Distribution of Branches

The bank maintains 16 full-service branches, 2 limited-service branches, and 23 ATMs and ITMs within the combined assessment area. As displayed in the following table, the branch and ATM distribution is comparable to the percentage of the population in low-income geographies.

This demonstrates an excellent level of commitment to serving the needs of low- and moderate-income communities through retail services.

Combined Assessment Area Branch and ATM Distribution by Census Tract Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	25	16.0	77,448	11.4	2	11.1	3	13.0
Moderate	41	26.3	136,617	20.2	3	16.7	3	13.0
Middle	42	26.9	192,010	28.4	4	22.2	7	30.4
Upper	47	30.1	270,836	40.0	9	50.0	10	43.6
NA	1	0.6	0	0.0	0	0.0	0	0.0
Total	156	100.0	676,911	100.0	18	100.0	23	100.0

Source: 2015 ACS and Bank Records

Included in the 23 ATMs are 3 standalone ATMs that have both deposit taking and/or cash-dispensing functions. Since the last evaluation, the bank established 2 ITMs. ITMs accept deposits, dispense cash, and look like an ATM; however, they provide a real time, face-to-face conversation with a teller using video cameras. The ITMs are located at the New Bedford Downtown branch in a low-income census tract and at the Taunton County Street branch in a middle-income tract. ITMs offer extended hours past normal branch hours. The bank also offers online banking, mobile banking, and a Call Center.

Changes in Branch Locations

To the extent changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. In 2018, the bank opened one branch in downtown New Bedford in a low-income area. This is the third BCSB branch in New Bedford, but the first in the downtown area. The office features retail space, a residential and commercial loan office, and community space. The bank has positioned a community investment officer at this branch, with a primary role of ongoing community outreach to identify community needs and seek opportunities.

Reasonableness of Business Hours and Services

BSCB’s retail services and business hours are tailored to the convenience and needs of the assessment area, particularly within low and moderate-income geographies and to low and moderate-income individuals. The bank offers community room spaces that consist of a multi-functional room provided expressly for holding meetings for non-profit organizations in the community. BCSB offers community room space at its new downtown branch in New Bedford and at the Taunton headquarters, both of which are in low-income census tracts.

Community Development Services

BCSB is a leader in providing community development services. The bank demonstrates outstanding responsiveness to the needs and opportunities of the communities it serves, primarily

through officer involvement on the boards of various community organizations and the provision of educational seminars. During the evaluation period, 107 employees devoted 1,807 community services hours to qualified organizations. Employees devoted time to community development organizations supporting affordable housing, community services, economic development, neighborhood revitalization and stabilization initiatives, first-time homebuyer seminars, and financial literacy. Financial literacy events involve students from elementary schools to high school. The chart below highlights a sample of involvement in community development organizations.

Community Development Services				
Brief Service Description	Community Development Purpose	Bank Sponsored Event, Program or Seminar	Technical Assistance or Direct Involvement by Bank Employee	Bank Product or Service
Pro Home <i>First-time Homebuyer Seminars</i>	Affordable Housing	2017, 2018, 2019		
New Bedford Economic Development Council <i>The president serves on the Regeneration Committee, several vice presidents serve on the Loan Committee, and another vice president is a Board Member</i>	Economic Development		2016, 2017, 2018, 2019	
South Eastern Economic Development Corporation <i>Nine commercial lending vice presidents serve on Committees and Boards</i>	Economic Development		2016,2017, 2018,2019	
Junior Achievement of Southeastern Massachusetts <i>A vice president is on the Board and two other vice presidents serve in leadership roles</i>	Community Services		2016,2017 2018,2019	
<i>Source: Bank Records</i>				

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 bank’s overall CRA rating.

PROVIDENCE-WARWICK, RI-MA MSA

CRA RATING FOR PROVIDENCE-WARWICK, RI-MA MSA:

The Division of Banks rated BCSB **High Satisfactory**

The FDIC rated BCSB **Satisfactory**

While both agencies agreed on the bank's performance in the multistate MSA, FDIC CRA Regulations do not have an overall High Satisfactory rating.

The Lending Test is rated: **Satisfactory**

The Investment Test is rated: **Outstanding**

The Service Test is rated: **Outstanding**

SCOPE OF EVALUATION

A full-scope review was conducted of BCSB's performance within the Providence-Warwick, RI-MA MSA portion of its assessment area. In determining the overall rating, much greater weight was placed on the bank's performance in this assessment area because the bank maintains nearly all retail services in this area, and the vast majority of bank lending, investment, and service activity occurs in the multistate MSA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PROVIDENCE-WARWICK, RI-MA MSA

BCSB's main office is located at 35 Broadway in Taunton, MA, which is in a low-income census tract. In addition, BCSB operates 16 branch offices in the following towns within the Providence-Warwick, MA-RI MSA: Attleboro (2), Dartmouth, East Freetown, Fall River, New Bedford (3), North Attleboro, Raynham (3), Rehoboth, and Taunton (2), Massachusetts, and one branch located in Pawtucket, Rhode Island.

This assessment area includes the following 21 cities and towns: Acushnet, Attleboro, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Freetown, Mansfield, New Bedford, North Attleboro, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport, Massachusetts and Pawtucket, Rhode Island.

The Providence-Warwick, RI-MA MSA assessment area consists of 147 census tracts that reflect the following income designations according to the 2015 ACS:

- 25 low-income tract
- 41 moderate-income tract
- 41 middle-income tracts
- 39 upper-income tracts
- 1 census tract with no income designation

The following tables provide additional demographic and economic information.

Assessment Area Demographic Information						
Assessment Area: BCSB MSA 39300 Providence Warwick RI MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	147	17.0	27.9	27.9	26.5	0.7
Population by Geography	624,158	12.4	21.9	29.8	35.9	0.0
Housing Units by Geography	262,635	14.7	24.3	30.2	30.9	0.0
Owner-Occupied Units by Geography	143,853	4.4	15.5	35.8	44.3	0.0
Occupied Rental Units by Geography	96,155	27.9	36.0	23.1	13.1	0.0
Vacant Units by Geography	22,627	24.0	30.0	24.9	21.1	0.0
Businesses by Geography	35,467	13.5	16.5	31.1	38.9	0.0
Farms by Geography	1,008	6.2	11.1	26.4	56.3	0.0
Family Distribution by Income Level	155,962	24.8	17.5	18.9	38.8	0.0
Household Distribution by Income Level	240,008	27.6	14.9	16.2	41.4	0.0
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Housing Value			\$254,389
			Median Gross Rent			\$833
			Families Below Poverty Level			10.4%

*Source: 2010 U.S. Census & 2015 ACS Census and 2017 D&B Data. Due to rounding, totals may not equal 100.0 percent.
(*) The NA category consists of geographies that have not been assigned an income classification.*

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2016 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
2017 (\$74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
2018 (\$80,600)	<\$40,300	\$40,300 to <\$64,480	\$64,480 to <\$96,720	≥\$96,720

Source: FFIEC

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE PROVIDENCE-WARWICK, RI-MA MSA

LENDING TEST

BCSB demonstrated adequate performance under the Lending Test in this area. The following sections discuss bank performance under each Lending Test factor.

Lending Activity

BCSB's lending levels reflect adequate responsiveness to assessment area credit needs. In 2016, the bank originated 346 home mortgage loans for \$101.7 million and 298 small business loans for \$61.6 million. In 2017, BCSB originated 274 home mortgage loans for \$74.4 million and 280 small business loans for \$71.1 million. In 2018, the bank originated 254 home mortgage loans for \$70.7 million and 211 small business loans for 49.6 million.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout this area. Adequate home mortgage and small business lending performances support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration, particularly to low- and moderate-income geographies in the assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: BCSB MSA 39300 Providence Warwick RI MA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	6.0	5.4	16	4.6	15,035	14.8
2017	4.4	5.3	7	2.6	2,307	3.1
Moderate						
2016	14.2	12.8	26	7.5	4,369	4.3
2017	15.5	16.6	23	8.4	4,215	5.7
Middle						
2016	42.9	42.1	141	40.8	31,850	31.3
2017	35.8	34.9	73	26.6	16,349	22.0
Upper						
2016	36.9	39.7	163	47.1	50,407	49.6
2017	44.3	43.3	171	62.4	51,556	69.3
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	346	100.0	101,661	100.0
2017	100.0	100.0	274	100.0	74,427	100.0
<i>Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Bank lending lags both the aggregate and demographics in low- and moderate-income census tracts in 2016 and 2017. In 2018, however, bank lending improved in both low- and moderate-income census tracts to 3.2 percent and 10.6 percent, respectively. Although no 2018 aggregate data is available for comparison, the bank’s increasing percentages in 2018 and significant competition for home mortgage loans support that its performance is adequate.

Since the previous CRA evaluation, BCSB has opened one branch in downtown New Bedford in a low-income area. The office features retail space, a loan office, and community space. The bank has positioned a community investment officer at this branch, with a primary role of ongoing outreach within the community to seek opportunities and identify community needs.

Small Business Loans

As shown in the following table, the geographic distribution of small business loans reflects good penetration throughout the assessment area. In 2016 and 2017, the bank’s lending performance in low-income tracts trails the corresponding aggregate data as well as the percentage of businesses within the tracts. However, BCSB’s performance in moderate-income tracts in both 2016 and 2017 exceeds both aggregate performance and demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: BCSB MSA 39300 Providence Warwick RI MA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	15.4	14.4	37	12.4	5,724	9.3
2017	13.5	12.7	24	8.6	7,589	10.7
Moderate						
2016	13.9	13.8	53	17.8	10,907	17.7
2017	16.5	17.0	60	21.4	12,353	17.4
Middle						
2016	37.8	37.5	104	34.9	23,719	38.5
2017	31.1	30.1	68	24.3	18,436	25.9
Upper						
2016	32.8	34.2	104	34.9	21,242	34.5
2017	38.9	40.2	128	45.7	32,695	46.0
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	298	100.0	61,592	100.0
2017	100.0	100.0	280	100.0	71,073	100.0

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 & 2017 CRA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.

Borrower Profile

Home Mortgage Loans

The distribution of home mortgage loans by borrower income levels reflects adequate penetration to retail customers of different income levels. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: BCSB MSA 39300 Providence Warwick RI MA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	24.6	3.9	10	2.9	1,071	1.1
2017	24.8	4.1	5	1.8	545	0.7
Moderate						
2016	17.1	15.9	42	12.1	6,707	6.6
2017	17.5	17.5	47	17.2	7,941	10.7
Middle						
2016	20.0	23.8	91	26.3	19,071	18.8
2017	18.9	25.3	60	21.9	12,640	17.0
Upper						
2016	38.4	39.8	182	52.6	57,549	56.6
2017	38.8	37.2	151	55.1	48,710	65.4
Not Available						
2016	0.0	16.6	21	6.1	17,263	17.0
2017	0.0	15.9	11	4.0	4,591	6.2
Totals						
2016	100.0	100.0	346	100.0	101,661	100.0
2017	100.0	100.0	274	100.0	74,427	100.0
<i>Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Bank lending to low- and moderate-income borrowers for the most part lags both the aggregate and demographic in 2016 and 2017. However, bank lending to moderate-income borrowers increased in 2017 to a comparable level with both the aggregate and demographics. Considering competition, bank lending to low- and moderate-income borrowers is reasonable.

Small Business Loans

The distribution of small business loans reflects poor penetration to businesses with GARs of \$1 million or less. BCSB's lending to these businesses lags both the aggregate and demographic data. In 2018, bank lending to these businesses decreased to 27.5 percent. The downward trend and unfavorable aggregate and demographic comparisons reflect poor performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: BCSB MSA 39300 Providence Warwick RI MA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	83.0	42.4	101	33.9	12,086	19.6
2017	83.3	42.4	82	29.3	11,839	16.7
>1,000,000						
2016	6.5	--	197	66.1	49,506	80.4
2017	6.4	--	198	70.7	59,234	83.3
Revenue Not Available						
2016	10.5	--	0	0.0	0	0.0
2017	10.3	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	298	100.0	61,592	100.0
2017	100.0	100.0	280	100.0	71,073	100.0
<i>Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 & 2017 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Innovative and Flexible Lending

BCSB uses innovative and flexible lending practices in order to serve assessment area credit needs. All innovative and flexible lending programs discussed in the overall section are offered in the Providence-Warwick, RI-MA MSA assessment area.

Community Development Lending

BCSB is a leader in making community development loans. All of the bank's community development loans were made within the Providence-Warwick, RI-MA MSA. Please refer to the overall Community Development Lending section for details.

INVESTMENT TEST

Investment Test performance in the Providence-Warwick, RI-MA MSA is Outstanding.

Investment Activity

The bank made an excellent level of qualified community development investments in the multistate MSA. Qualified investments totaled \$20.2 million and benefited the assessment area and a statewide regional area. The following examples represent qualified investments that specifically benefit the Providence-Warwick, RI-MA MSA

Prior Period Investments

- The bank continues to hold an investment in the Access Capital Strategies Community Investment Fund. The fund helps to build stronger communities through its support of low- and moderate-income homebuyers, affordable rental housing units, SBA loans, and economic development projects. The has a current book value of \$893,000.

New Investments

- In 2017, the bank purchased \$445,587 worth of Federal Historic Rehab Tax Credits to assist with the restoration and preservation of two historic buildings located in a low-income census tract in New Bedford.
- In 2016, the bank purchased a \$2.8 million MassDevelopment tax-exempt bond to finance a non-profit organization's facility expansion. The organization provides early intervention programs, adult day health services, and early head-start programs for low-income families and seniors living in Attleboro, Brockton, Fall River, New Bedford, Norton and the Greater Taunton Area.
- In 2019, the bank provided a \$9 million tax-exempt bond for an economic development opportunity in Pawtucket, RI. The financing allowed the company to relocate its business operations to a moderate-income census tract in Pawtucket, RI.

The following examples represent qualified donations and grants within the Providence-Warwick, RI-MA MSA.

Pro Home, Inc. – Pro-Home helps promote affordable housing for low- and moderate-income individuals or families. The bank's annual contribution over a three-year period supported housing counseling services, first-time homebuyer counseling, tenant/landlord counseling, foreclosure counseling, and other relevant housing-related education specifically supporting low- and moderate-income families and individuals. Pro-Home serves 13 cities and towns in Southeastern Massachusetts.

New Bedford Economic Development Council – The New Bedford Economic Development Council focuses on both seeking new business investment in New Bedford and assisting local companies with start-up, expansion, and other business concerns. The bank's contribution supported economic development in the Providence-Warwick, RI-MA MSA.

In-kind Donations – In addition to monetary donations, the bank made \$36,500 in in-kind donations to local non-profit groups. Among these donations were a handicap accessible ramp donated to the Old Colony Habitat for Humanity, and various donations of furniture to a local head-start program serving children from low- and moderate-income families.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank's current period equity investments provide services to low- and moderate-income individuals. A community contact identified the low-income population as a group with

significant needs, indicating that the bank's qualified investments are particularly responsive to the area's community development needs.

Community Development Initiatives

The bank makes significant use of innovative and/or complex investments to support community economic development initiatives. The bank served as the agent bank for the purchase of tax-exempt bonds. The bonds provide assistance to low- and moderate-income individuals and support economic development in the Providence-Warwick, RI-MA MSA. Refer to the overall section for additional support regarding investment innovation and complexity.

SERVICE TEST

Service Test performance in the Providence-Warwick, RI-MA MSA is Outstanding.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to essentially all portions of the institutions assessment area. The bank operates 17 of its 18 branches in this assessment area. Alternative delivery systems supplement the bank's branches. Refer to the overall section for a comprehensive discussion of retail services.

Changes in Branch Locations

To the extent changes have been made, BCSB's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank opened one branch in a low-income a low-income census tract and did not close any branches in the assessment area.

Reasonableness of Business Hours and Services

Services and business hours are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and/or individuals. Refer to the overall section for a comprehensive discussion of retail services.

Community Development Services

The bank is a leader in providing community development services in the assessment area. BCSB's employees devoted approximately 1800 hours to community development services during the evaluation period. Refer to the overall section for a comprehensive discussion of community development services, nearly all of which occurred in this assessment area.

MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS: Satisfactory

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

SCOPE OF EVALUATION

A full-scope review was conducted of BCSB’s Massachusetts performance, which consists of the Boston, MA MD assessment area. Considering the distribution of branches and overall lending activities, examiners placed minimal weight on the bank’s Massachusetts performance when arriving at overall ratings and conclusions. This analysis excludes activities in portions of Massachusetts included in the Providence-Warwick, RI-MA MSA.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MASSACHUSETTS

The Boston, MA MD assessment area consists of Franklin, Plainville, and Wrentham, Massachusetts. BCSB operates one branch (Franklin) in this area, which consists of nine census tracts according to the 2015 ACS: 3 middle-income tracts and 6 upper-income tracts. The following tables provide demographic and economic information for this area.

Demographic Information of the Assessment Area						
Assessment Area: BCSB MSA 14454 Norfolk County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	0.0	11.1	88.9	0.0
Population by Geography	52,753	0.0	0.0	11.1	88.9	0.0
Housing Units by Geography	19,278	0.0	0.0	9.5	90.5	0.0
Owner-Occupied Units by Geography	14,781	0.0	0.0	9.6	90.4	0.0
Occupied Rental Units by Geography	3,585	0.0	0.0	9.2	90.8	0.0
Vacant Units by Geography	912	0.0	0.0	7.8	92.2	0.0
Businesses by Geography	3,918	0.0	0.0	7.5	92.5	0.0
Farms by Geography	116	0.0	0.0	6.0	94.0	0.0
Family Distribution by Income Level	13,533	9.6	11.4	20.0	59.0	0.0
Household Distribution by Income Level	18,366	15.3	10.5	15.2	59.0	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$385,759
			Median Gross Rent			\$1,091
			Families Below Poverty Level			2.3%

*Source: 2010 U.S. Census, 2015 ACS and 2017 D&B Data. Due to rounding, totals may not equal 100.0 percent.
(*) The NA category consists of geographies that have not been assigned an income classification.*

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)				
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<i>Source: FFIEC</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The Lending Test is rated Satisfactory. The following sections address bank performance for each factor.

Lending Activity

Considering the limited branch presence that BCSB has within the Boston, MA MD assessment area, the bank's lending activity reflects adequate responsiveness to credit needs. In 2016, the bank originated 15 home mortgage loans for \$7.1 million and 22 small business loans for \$3.9 million. In 2017, BCSB originated 8 home mortgage loans for \$3.3 million and 15 small business loans for \$2.7 million. In 2018, the bank originated 4 home mortgage loans for \$1.8 million and 11 small business loans for \$1.8 million.

Geographic Distribution

Because the Boston, MA MD does not contain low- or moderate-income census tracts, geographic distribution did not affect the Lending Test rating in Massachusetts.

Borrower Profile

The distribution of borrowers reflects, given the institution's product lines, adequate penetration among retail customers of different income levels and business customers of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans by borrower income levels reflects adequate penetration to retail customers of different income levels. The following table illustrates the distribution of home mortgage loans by borrower income level

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: BCSB MSA 14454 Norfolk County						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	12.3	3.2	1	6.7	191	2.7
2017	9.6	3.8	0	0.0	0	0.0
Moderate						
2016	13.1	12.0	1	6.7	168	2.4
2017	11.4	13.1	0	0.0	0	0.0
Middle						
2016	22.5	21.0	3	20.0	1,371	19.2
2017	20.0	25.4	2	25.0	833	25.0
Upper						
2016	52.0	51.8	10	66.7	5,396	75.7
2017	59.0	47.8	6	75.0	2,498	75.0
Not Available						
2016	0.0	12.0	0	0.0	0	0.0
2017	0.0	9.9	0	0.0	0	0.0
Totals						
2016	100.0	100.0	15	100.0	7,126	100.0
2017	100.0	100.0	8	100.0	3,331	100.0
<i>Source: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

As shown in the table, BCSB’s lending to low- and moderate-income borrowers was minimal during the review period. However, the area contains limited opportunities. Considering the bank’s limited branch presence in this area, its performance is reasonable.

Small Business Loans

The distribution of small business loans reflects poor penetration to businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: BCSB MSA 14454 Norfolk County						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2016	80.3	45.3	5	22.7	325	8.3
2017	80.5	47.0	4	26.7	600	22.2
>1,000,000						
2016	6.9	--	17	77.3	3,603	91.7
2017	6.8	--	11	73.3	2,100	77.8
Revenue Not Available						
2016	12.9	--	0	0.0	0	0.0
2017	12.7	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	22	100.0	3,928	100.0
2017	100.0	100.0	15	100.0	2,700	100.0

Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; 2016 & 2017 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.

Bank performance lags both the aggregate and demographics. Similar to overall lending by GAR level, the bank’s lending penetration to businesses with GARs of \$1 million or less is poor.

Innovative and Flexible Lending

All of the innovative and flexible lending programs discussed in the overall section are offered in the Boston, MA MD assessment area.

Community Development Lending

The institution did not originate any community development loans in the Boston, MA MD. However, the lack of low- and moderate-income tracts and the bank’s limited presence in this area lessened the effect of this factor on the Lending Test rating.

INVESTMENT TEST

BCSB’s Investment Test performance is Satisfactory. The bank has an adequate level of qualified investments, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

Investment Activity

During the examination period, the bank had 44 donations and grants totaling \$359,500 that benefited this assessment area and broader statewide regional area. One specific contribution to a local non-profit organization provided community service to low-and moderate-income individuals.

Franklin Food Pantry – The food pantry distributes food to low- and moderate-income individuals and families in Franklin through their walk-in pantry and food deliveries. The Pantry depends on donations from the community.

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs when considering the limited operations in this area.

Community Development Initiatives

The bank rarely uses innovative or complex investments to support community development initiatives in this area.

SERVICE TEST

The bank's Service Test performance is rated Satisfactory.

The bank's delivery systems are accessible to essentially all portions of this area. The bank operates one full-service branch and an ATM in an upper-income census tract. No branches were opened or closed within the Boston, MA MD during the evaluation period. Most of the bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within the Boston, MA MD. The bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals. BCSB provides an adequate level of community development services in this area.

APPENDIX

MASSACHUSETTS DIVISION OF BANKS – Minority Application Flow

BCSB's HMDA LARs for 2017 and 2018 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 2017 demographic data, the bank's assessment area contained a total population of 676,911 of which 18.5 percent are minorities. The assessment area's minority and ethnic population is 4.4 percent Black/African American, 2.1 percent Asian, 0.1 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 8.0 percent Hispanic or Latino and 3.9 percent other.

In 2017, the bank received 398 HMDA reportable loan applications from within its assessment area. Of these applications, 36 or 9.0 percent were received from racial minority applicants, of which 26 or 72.2 percent resulted in originations. For the same time period, the bank also received 9 or 2.3 percent of applications from ethnic groups of Hispanic origin within its assessment area, of which 4 or 44.4 percent resulted in originations.

The 2017 aggregate received 28,092 HMDA reportable loan applications of which 2,139 or 7.6 percent were received from minority applicants and 1,375 or 64.3 percent were originated. For the same time period, the aggregate received 1,429 applications or 5.1 percent from Hispanic applicants of which 902 or 63.1 percent were originated.

In 2018, the bank received 367 HMDA reportable loan applications from within its assessment area. Of these applications, 31 or 8.4 percent were received from racial minority applicants, of which 23 or 74.2 percent resulted in originations. There were 14 or 3.8 percent of applications received from Hispanic applicants and 6 or 42.9 percent were originated.

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 assessment area.

MINORITY APPLICATION FLOW					
RACE	HMDA 2017		HMDA Aggregate 2017	HMDA 2018	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	2	0.5
Asian	16	4.0	1.9	13	3.5
Black/ African American	12	3.0	4.1	10	2.7
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	8	2.0	1.2	6	1.6
Total Minority	36	9.0	7.6	31	8.4
White	311	78.1	71.0	285	77.7
Race Not Available	51	12.8	21.4	51	13.9
Total	398	100.0	100.0	367	100.0
ETHNICITY					
Hispanic or Latino	3	0.8	4.2	10	2.7
Not Hispanic or Latino	336	84.4	73.9	294	80.1
Joint (Hisp/Lat /Not Hisp/Lat)	6	1.5	0.9	4	1.1
Ethnicity Not Available	53	13.3	21.0	59	16.1
Total	398	100.0	100.0	367	100.0

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2017 and 2018, the bank's minority application flow is reasonable.

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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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.