PUBLIC DISCLOSURE

September 20, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commonwealth Cooperative Bank
RSSD # 275479

1172 River Street
Hyde Park, MA 02136

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: 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'S CRA RATING: This institution is rated SATISFACTORY.

Commonwealth Cooperative Bank (CCB or the bank) demonstrates adequate responsiveness to the credit needs of its assessment area based on the following findings:

- The average loan-to-deposit (LTD) ratio of 104.2 percent is more than reasonable, given the bank's size, financial condition, and assessment area credit needs.
- A majority (65.9 percent) of residential mortgage loans and, as appropriate, other lending-related activities are in the assessment area.
- The geographic distribution of residential mortgage loans reflects excellent dispersion throughout the assessment area.
- The distribution of residential mortgage loans to borrowers of different income levels (including low- and moderate-income individuals) is reasonable given the demographics of the assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA evaluation.

SCOPE OF EXAMINATION

CCB's CRA performance was reviewed in accordance with the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions[1] and was evaluated based on the following performance criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The data used for the evaluation and the applicable timeframe are discussed below.

The lending test focused on residential mortgage lending from January 1, 2017 to December 31 31, 2020. The 2019 and 2020 information are included in tables. Information for residential mortgage lending in 2017 and 2018 was not included in the tables; however, information from these two years was used to analyze for trends. All loan data provided was obtained from reporting required by the Home Mortgage Disclosure Act (HMDA). As of April 2020, the Consumer Finance Protection Bureau (CFPB) revised the HMDA reporting threshold. According to the new threshold, "institutions originating fewer than 100 closed-end mortgage loans in either of the two preceding calendar years will not have to report such data effective July 1, 2020". As CCB's closed-end mortgage loans were below the threshold, the bank was not required to report HMDA data for 2020.

Residential mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank. The LARs record data for home purchase loans, home improvement loans and refinance loans for one-to-four family and multi-family (five or more unit) properties. Changes in HMDA reporting requirements beginning in 2018 included the determination of whether a loan is HMDA-reportable and includes new loan types of "other purpose" and "NA" purpose. "Other purpose" loans are for purposes other than home purchase, refinancing, or home improvement. This evaluation does not include analysis of "other purpose" loans reported on the bank's 2019 and 2020 LARs. Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. While not required to report HMDA data for 2020, the bank's residential loan performance was compared to applicable aggregate data; the 2019 and 2020 aggregate data was obtained from the CFPB. The bank's residential lending performance was compared to demographics from the 2015 American Community Survey (ACS).

CCB's CRA performance was last examined by the Federal Reserve Bank of Boston on July 10, 2017, in accordance with the FFIEC Examination Procedures for Small Institutions. The examination resulted in a "Satisfactory" rating.

1 "Small institution" means a bank or savings association that, as of December 31, of either of the prior two calendar years, had assets of less than $1.322 billion. As the bank's assets were also below $330 million, the bank was not considered an intermediate small institution.

DESCRIPTION OF INSTITUTION

CCB is a state-chartered, mutually owned cooperative bank headquartered in the Hyde Park neighborhood in Boston, MA. The main office is located at 1172 River Street, Hyde Park, MA. In addition to the main office, the bank operates two full-service branches in Boston, one in the Jamaica Plain neighborhood and one in the Government Center area of downtown Boston. No branches have opened or closed since the previous CRA evaluation. The bank also operates a cash only Automated Teller Machine (ATM) at each of the branches, and at one standalone ATM in Hyde Park. CCB has two wholly owned subsidiaries: Hyde Park Investment Corporation II, a Massachusetts Securities Corporation that buys, sells, and holds investment securities for the bank's portfolio, and Fairmount Avenue LLC, which owns the commercial property that houses a walk-up and drive-up teller area, an ATM and the bank's accounting and operations department.

As of June 30, 2021, CCB's assets totaled $199.9 million, with total loans of $133.3 million and total deposits of $152.4 million. As of June 30, 2020, CCB reported total assets of $193.1 million, representing a modest 3.5 percent year-over-year growth. The bank is primarily a residential lender, with 68.0 percent of its loan portfolio secured by residential real estate; commercial loans (including commercial and industrial, and nonfarm nonresidential) represent 19.7 percent of lending; and construction and land development loans represent 12.2 percent. The loan portfolio composition was stable during the review period.

Table 1 illustrates the breakdown of the bank's loan portfolio as of June 30, 2021.

Table 1 Loan Distribution as of June 30, 2021		
Loan Type	**Dollar Amount $(000s)**	**Percent of Total Loans %**
1-4 Residential – Closed End	82,888	62.2
Nonfarm Nonresidential	18,454	13.8
Construction and Land Development	16,210	12.2
Multi-family	5,924	4.4
1-4 Residential – Open End	1,873	1.4
Commercial and Industrial	7,904	5.9
Consumer	151	0.1
Total Loans	*133,255*	*100.0*

Call Report as of June 30, 2021.

The bank offers a traditional suite of loan and deposit products for consumer and business customers. Consumer and business products include personal and business checking accounts, savings accounts, certificates of deposit, and money market accounts. Residential loan products include fixed and adjustable-rate mortgages, and home equity loans and lines of credit. The bank also offers a discounted closing costs program for first-time home buyers. In addition to its residential loans, the bank offers a variety of consumer and commercial products to serve the local community, including construction and commercial real estate loans.

The bank's website, www.commonwealthcoop.com, provides branch and ATM location information and a listing and description of loan and deposit services. Along with other traditional delivery methods, the bank receives deposit applications for existing customers through its website. Loan applications can be requested by phone, by mail, or by visiting a branch. Applications are also available on the bank's website; however, they must be submitted in person, by email, or by mail.

CCB operates in a highly competitive market. The bank conducts business primarily in Suffolk County and in portions of Middlesex and Norfolk counties, which are dominated by major national banks: Bank of America, N.A, Citizens Bank, N.A., and Santander Bank, N.A. Regional and community banks also operate in the assessment area; however, their market share is considerably lower, typically falling below 1.0 percent. According to the June 30, 2021, FDIC Deposit Market Share Report, the bank ranked 62nd out of 89 institutions in its assessment area. CCB has three locations, with only 0.03 percent of the deposit market share.

CCB did not face any legal or financial impediments during the review period that would have prevented it from meeting the credit needs of its assessment area in a manner consistent with its asset size, business strategy, resources, and local economic conditions.

DESCRIPTION OF ASSESSMENT AREA

CCB's assessment area remains unchanged since the previous CRA evaluation, and consists of the entirety of Suffolk County, as well as portions of adjacent Middlesex County and Norfolk County. Suffolk County and Norfolk County are located in the Boston, MA Metropolitan Division (MD), while Middlesex County is located in the Cambridge-Newton-Framingham, MA MD. These MDs are encompassed within the larger Boston-Cambridge-Newton, MA-NH MSA.

The assessment area is largely urban, as it consists of the city of Boston and neighboring cities and towns. Suffolk County includes the cities of Boston, Chelsea, and Revere, and the town of Winthrop. The municipalities in the assessment area within Middlesex County include Arlington, Belmont, Cambridge, Lexington, Medford, Newton, Somerville, Waltham, Watertown, Winchester, and Woburn. The municipalities in the assessment area within Norfolk County include Brookline, Canton, Dedham, Milton, Needham, Norwood, Quincy, Wellesley, and Westwood. The assessment area consists of 404 census tracts, of which 50 are low-income, 91 are moderate-income, 122 are middle-income, 128 are upper-income, and 13 are unknown-income. The unknown-income census tracts mainly represent parks and golf courses.

Table 2 provides a summary of demographic information for the bank's assessment area in 2020.

Table 2
Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	50	12.4	36,052	10.1	10,856	30.1	93,950	26.4
Moderate-income	91	22.5	77,192	21.7	11,781	15.3	54,693	15.3
Middle-income	122	30.2	117,750	33.0	8,115	6.9	61,027	17.1
Upper-income	128	31.7	124,349	34.9	4,176	3.4	146,716	41.2
Unknown-income	13	3.2	1,043	0.3	163	15.6	0	0.0
Total Assessment Area	**404**	**100.0**	**356,386**	**100.0**	**35,091**	**9.8**	**356,386**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	67,577	11,673	3.8	17.3	50,522	74.8	5,382	8.0
Moderate-income	164,524	50,207	16.3	30.5	102,321	62.2	11,996	7.3
Middle-income	237,127	111,691	36.3	47.1	111,682	47.1	13,754	5.8
Upper-income	227,442	133,081	43.2	58.5	80,228	35.3	14,133	6.2
Unknown-income	4,063	1,086	0.4	26.7	2,555	62.9	422	10.4
Total Assessment Area	**700,733**	**307,738**	**100.0**	**43.9**	**347,308**	**49.6**	**45,687**	**6.5**

2020 FFIEC Census Data information
Total percentages shown may vary by 0.1 percent due to automated rounding differences

Population

The assessment area has a population of 1,679,226 individuals. It includes 655,046 households, 356,386 of which are families. Based on 2015 ACS data, the majority, at 41.2 percent, of families are upper-income. Middle-income families represent 17.1 percent of the assessment area population, while moderate- and low-income families represent 15.3 and 26.4 percent of the assessment area population, respectively. These figures are similar to the breakdown of income by families across the entire Commonwealth of Massachusetts, where upper-income families again comprise the highest percentage of the population, at 40.9 percent. Middle-income families (19.4 percent), moderate-income families (16.4 percent), and low-income families (23.3 percent) are in line with the breakdown of the population within the assessment area. The percentage of families in the assessment area living below the poverty level is 9.8 percent, which is slightly above the Commonwealth of Massachusetts' average of 8.2 percent. A higher percentage of families in Suffolk County, at 16.3 percent, are living below the poverty level, compared to 4.3 percent in Norfolk County and 5.6 percent in Middlesex County. Families living below the poverty level within the low- and moderate-income census tracts account for 30.1 percent and 15.3 percent, respectively, of families in those income categories.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low income is defined as family income less than 50 percent of the area median income; moderate income is defined as income of at least 50 percent and less than 80 percent of median income; middle income is defined as income of at least 80 percent but less than 120 percent of median income; and upper income is defined as 120 percent of median income and above. Table 3 displays the MFI used to classify borrowers.

Table 3
MFI Used to Classify Borrowers

MSA/MD	FFIEC Estimated MFI	
	2019	2020
Boston MD	105,500	109,800
Cambridge- Newton- Framingham MD	115,500	118,800
Commonwealth of Massachusetts	$102,600	$109,900

FFIEC MFI Reports found at www.ffiec.gov/Medianincome.htm.

Based on the 2015 ACS, the MFI in the assessment area is $91,590. According to the more recent FFIEC MFI, which updates the MFI annually, the estimated MFI for the Boston, MA MD and the Cambridge, MD increased from $105,500 to $109,800 and from $115,500 to $118,800, respectively, from 2019 to 2020. In both years and both MDs, the MFI is higher than the state median; however, rising home prices, discussed below, outpace family income, making home ownership difficult for many borrowers.

Housing

There are 700,733 housing units in the assessment area of which the majority, at 65.8 percent, are 1-4 family housing, 34.2 percent are multi-family (five or more units), and 0.12 percent are mobile homes. Less than half of the homes in the bank's assessment area are owner-occupied (43.9 percent). Owner-occupied units are even less common in low- and moderate-income census tracts as 17.3 percent and 30.5 percent, respectively, are in those tracts. Comprising nearly half of housing stock are rental units (49.6 percent), which is also heavily influenced by the large number of transient college students living in the area.

According to the 2015 ACS data, the affordability ratio in the assessment area is 15.7 percent, which is lower than the affordability ratio within the state, at 20.6 percent. The housing affordability ratio is calculated by dividing the MFI by the median housing value. A higher ratio means housing is generally considered more affordable, while a lower ratio reflects less affordable housing.
As discussed above, the MFI in the assessment area is in line with the state; however, the median home value in the assessment area ($457,691) is above the Massachusetts' median housing value of $333,100. According to the January 2021 edition of the Beige Book[2] published by the Federal Reserve, through December 2020 in the First Federal Reserve District residential real estate markets remained strong despite low inventories, resulting in increased median sale prices.

2 Beige Book--January 13, 2021 (federalreserve.gov)

According to data compiled by The Warren Group, Peabody, MA, as of 2020, the median sales prices for homes in Middlesex County, Norfolk County, and Suffolk County were $590,000, $545,000, and $660,000, respectively. This represents a significant increase in median sales prices from the last CRA evaluation in 2017. This increase in home value is consistent with an overall increasing trend in home values in Massachusetts. In Massachusetts, the median sale price for homes in 2020 reached $435,000, a 20.8 percent increase from $360,000 in 2017.

Community Contact

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. Information from a non-profit organization, previously interviewed, that serves some of the communities in the assessment area was used. The organization was created to enable community members to secure a stable home and offer economic opportunity initiatives to improve the lives of low- and moderate-income individuals. A second organization that also serves the affordable housing and economic needs of its community was contacted. Both contacts noted their concern that residents may lose their jobs and face eviction out of their apartments because of the COVID-19 pandemic. These non-profit organizations further emphasized the lack of financial literacy for residents, and for small businesses that needed assistance with how to obtain Paycheck Protection Program (PPP) loans to sustain their operations. The second contact further added the need in the neighborhoods for credit unions and low-cost mortgages that would provide needed access to loans to residents, and capital to create start-up businesses or maintain the current ones. As mentioned earlier, the affordability ratio within the assessment area is lower than the state; therefore, homeownership may not be within the reach of many residents within the assessment area, particularly low- and moderate-income borrowers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

A small bank's lending performance is evaluated pursuant to the following criteria: (1) the bank's LTD ratio; (2) assessment area concentration; (3) lending to borrowers of different income levels; (4) geographic distribution of loans; and (5) record of taking action in response to consumer complaints. The following details the bank's efforts regarding each performance criterion.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank's net LTD ratio is calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

The bank's average LTD ratio is 104.2 percent, which is more than reasonable given the bank's size, financial condition, and assessment area credit needs. During the review period, the bank's quarterly LTD ratio ranged from a low of 86.9 percent, as of June 30, 2021, to a high of 112.1 percent, as of September 30, 2017. The bank saw a gradual decrease in LTD beginning on September 30, 2020, to the current date of June 30, 2021. The COVID-19 pandemic in 2020 slowed many activities in many sectors of the economy. As the construction permit process slowed down, the bank experienced a decrease in lending activity while its deposits increased. In comparison, the quarterly LTD ratios for the regional peers in Table 4 ranged from a low of 65.5 percent on June 30, 2021 to a high of 94.1 percent on March 31, 2018. CCB's lowest percentage is still considered on the higher end relative to the peer banks. While the bank has sold a few loans to the secondary market in the past, it has not sold any since the last examination.

Table 4 provides a comparison of the bank's average LTD over the past 18 quarters under evaluation to similarly sized institutions operating within or near the assessment area.

Table 4
Loan-to-Deposit Ratio Comparison

Institution	Total Assets* $(000's)	Average LTD Ratio** (%)
Commonwealth Cooperative Bank	**199,914**	**104.2**
Patriot Community Bank	211,784	87.1
Stoughton Cooperative Bank	126,294	80.3
Canton Cooperative Bank	145,537	71.1

**Call Report as of June 30, 2021.*
***Call report from March 31, 2017 to June 30, 2021.*

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of loans are located in the bank's assessment area. Table 5 presents the bank's levels of lending inside and outside the assessment area for 2019 and 2020.

Table 5 - Lending Inside and Outside the Assessment Area										
Loan Type - Description	Inside				Outside				Total	
	#	%	$(000s)	%	#	%	$(000s)	%	#	$(000s)
Home Purchase - Conventional	15	60.0	1,067,231	32.1	10	40.0	2,257,297	67.9	25	3,324,528
Home Improvement	3	100.0	380	100.0	0	0.0	0	0.0	3	380
Multi-Family Housing	5	83.3	12,253	73.0	1	16.7	4,535	27.0	6	16,788
Refinancing	35	64.8	9,913,987	73.8	19	35.2	3,511,871	26.2	54	13,425,858
TOTAL LOANS	**58**	**65.9**	**10,993,851**	**65.6**	**30**	**34.1**	**5,773,703**	**34.4**	**88**	**16,767,554**

Residential loan data January 1, 2019 through December 31, 2020

During the review period, the bank made 64 loans in 2017, 60 loans in 2018, 41 loans in 2019, and 47 loans in 2020. The bank indicated that the annual decrease in loans is attributable to a lack of opportunity to purchase loans. In such a competitive market as Boston, where large banks and mortgage companies dominate the residential mortgage arena, the bank purchases residential loans to subsidize local originations. However, the purchase market has dried up as originators kept their loans in-house, and the bank only purchased a very low number of loans since the last CRA evaluation.

The majority of the bank's residential loans were inside the assessment area during 2019 and 2020. During these two years, the bank made a total of 88 residential loans. Of these loans, 65.9 percent by number and 65.6 percent by dollar volume were made inside the assessment area. Refinance loans comprise the largest portion of loans inside the assessment area, at 60.3 percent by number, followed by home purchase loans, at 25.9 percent. By comparison, the percentages of the bank's residential loans made inside the assessment area in 2018; were 69.5 percent by number and a slightly higher dollar volume, at 73.1 percent. Similarly, in 2017, 71.9 percent of the residential loans by number and 78.8 percent by dollar volume were made within the bank's assessment area.

Lending outside the assessment area is due to several factors, among which, the 2009 merger between CCB and Hyde Park Cooperative Bank resulting in a customer base with a large composition of Massachusetts state employees, as the Boston branch was located close to many state offices. These employees do not necessarily live within the bank's assessment area, even though they are customers of the bank, further explaining the loans originated outside the assessment area. Moreover, CCB's customer base is multi-generational, and with rising housing costs in the bank's assessment area coupled with student loan debt,[3] younger customers seeking their first homes must often look for more affordable homes outside of the bank's assessment area. Given the highly competitive market, economic environment, and other performance

3 Student-debt-in-the-united-states-chart.jpg

context factors, the bank's level of lending reflects adequate responsiveness to assessment area credit needs.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. Under this criterion, the bank's lending activity is compared to an aggregate group of lenders operating inside the assessment area and to the percentage of owner-occupied properties within each census tract income level. The bank's performance compared to the aggregate is given more weight in the analysis because aggregate performance is more indicative of lending opportunities inside the assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Table 6 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.[4]

4 The distribution of bank loans by product in both years, does not provide numbers meaningful enough to analyze. Therefore, the bank's home purchase, refinances, home improvement, and multi-family loans are not discussed.

Table 6 - Geographic Distribution of Residential Loans															
PRODUCT TYPE	Tract Income Levels	Owner Occupied Units	Bank & Aggregate Lending Comparison												
			2019						2020						
			Count			Dollar			Count			Dollar			
			Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
		%	#	%	%	$ (000s)	$ %	$ %	#	%	%	$ (000s)	$ %	$ %	
HOME PURCHASE	Low	3.8%	2	15.4%	4.6%	$1,585	18.8%	3.9%	0	0.0%	4.3%	$0	0.0%	3.5%	
	Moderate	16.3%	3	23.1%	20.1%	$1,534	18.2%	16.4%	0	0.0%	19.3%	$0	0.0%	14.4%	
	Middle	36.3%	5	38.5%	36.3%	$3,203	38.0%	29.8%	1	50.0%	35.8%	$496,000	46.8%	27.3%	
	Upper	43.2%	3	23.1%	38.3%	$2,109	25.0%	49.1%	1	50.0%	40.0%	$562,800	53.2%	54.2%	
	Unknown	0.4%	0	0.0%	0.6%	$0	0.0%	0.7%	0	0.0%	0.6%	$0	0.0%	0.6%	
	Total	*100.0%*	*13*	*100.0%*	*100.0%*	*$8,431*	*100.0%*	*100.0%*	*2*	*100.0%*	*100.0%*	*$1,058,800*	*100.0%*	*100.0%*	
REFINANCE	Low	3.8%	0	0.0%	4.4%	$0	0.0%	3.9%	3	11.5%	3.6%	$1,731,200	17.5%	3.3%	
	Moderate	16.3%	1	11.1%	17.4%	$825	21.1%	14.5%	3	11.5%	16.2%	$660,000	6.7%	13.7%	
	Middle	36.3%	5	55.6%	36.1%	$1,447	37.0%	29.9%	10	38.5%	36.1%	$3,594,375	36.3%	31.3%	
	Upper	43.2%	3	33.3%	41.7%	$1,640	41.9%	51.2%	10	38.5%	43.7%	$3,924,500	39.6%	51.2%	
	Unknown	0.4%	0	0.0%	0.4%	$0	0.0%	0.5%	0	0.0%	0.4%	$0	0.0%	0.5%	
	Total	*100.0%*	*9*	*100.0%*	*100.0%*	*$3,912*	*100.0%*	*100.0%*	*26*	*100.0%*	*100.0%*	*$9,910,075*	*100.0%*	*100.0%*	
HOME IMPROVEMENT	Low	3.8%	1	33.3%	3.9%	$80	21.1%	4.0%	0	0.0%	3.9%	$0	0.0%	3.9%	
	Moderate	16.3%	2	66.7%	17.4%	$300	78.9%	16.4%	0	0.0%	14.1%	$0	0.0%	13.1%	
	Middle	36.3%	0	0.0%	36.5%	$0	0.0%	29.2%	0	0.0%	36.0%	$0	0.0%	29.6%	
	Upper	43.2%	0	0.0%	42.1%	$0	0.0%	50.3%	0	0.0%	45.8%	$0	0.0%	53.2%	
	Unknown	0.4%	0	0.0%	0.2%	$0	0.0%	0.1%	0	0.0%	0.2%	$0	0.0%	0.2%	
	Total	*100.0%*	*3*	*100.0%*	*100.0%*	*$380*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*100.0%*	
MULTIFAMILY	Low	0.0%	2	40.0%	12.9%	$2,303	18.8%	9.6%	0	0.0%	15.0%	$0	0.0%	13.3%	
	Moderate	0.0%	1	20.0%	30.1%	$4,800	39.2%	25.0%	0	0.0%	33.2%	$0	0.0%	31.0%	
	Middle	0.0%	1	20.0%	28.4%	$3,650	29.8%	29.9%	0	0.0%	29.6%	$0	0.0%	35.1%	
	Upper	0.0%	1	20.0%	28.3%	$1,500	12.2%	35.2%	0	0.0%	21.7%	$0	0.0%	20.3%	
	Unknown	0.0%	0	0.0%	0.4%	$0	0.0%	0.2%	0	0.0%	0.5%	$0	0.0%	0.2%	
	Total	*0.0%*	*5*	*100.0%*	*100.0%*	*$12,253*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*100.0%*	
HMDA TOTALS	Low	3.8%	5	16.7%	4.4%	$3,968	15.9%	4.3%	3	10.7%	3.9%	$1,731,200	15.8%	4.0%	
	Moderate	16.3%	7	23.3%	18.3%	$7,459	29.9%	16.1%	3	10.7%	16.9%	$660,000	6.0%	15.0%	
	Middle	36.3%	11	36.7%	35.9%	$8,300	33.2%	29.5%	11	39.3%	35.8%	$4,090,375	37.3%	30.1%	
	Upper	43.2%	7	23.3%	40.8%	$5,249	21.0%	49.5%	11	39.3%	42.9%	$4,487,300	40.9%	50.5%	
	Unknown	0.4%	0	0.0%	0.5%	$0	0.0%	0.6%	0	0.0%	0.5%	$0	0.0%	0.5%	
	Total	*100.0%*	*30*	*100.0%*	*100.0%*	*$24,976*	*100.0%*	*100.0%*	*28*	*100.0%*	*100.0%*	*$10,968,875*	*100.0%*	*100.0%*	

2015 U.S. Census, 2019 and 2020 Aggregate HMDA Data, 2019 and 2020 bank residential loan data.
Totals shown may vary due to automated rounding differences.

In 2019, the bank originated 5 residential loans, or 16.7 percent, in low-income census tracts, which exceeded the aggregate, at 4.4 percent, and owner-occupied housing units, at 3.8 percent. Within moderate-income census tracts, the bank originated 7 loans representing 23.3 percent, exceeding the aggregate, at 18.3 percent, and the percentage of owner-occupied housing units in these census tracts, at 16.3 percent. Of note, owner-occupied units (17.3 percent) consist of a smaller portion of housing units in low-income tracts and 30.5 percent in moderate-income tracts. Examiners acknowledged that the low volume of the bank's lending can create large percentage shifts with a small number of loans moving to other census tracts. Nonetheless, the bank's lending activity in these tracts is excellent and particularly noteworthy, considering that these demographic factors, as well as competition from larger institutions and mortgage companies, limit the bank's ability to lend in those tracts.

In 2020, the bank originated 3 home mortgage loans, or 10.7 percent, in low-income tracts, which exceeded the aggregate, at 3.9 percent, and the percentage of owner-occupied housing units, at 3.8 percent. The bank originated 3 home mortgage loans, or 10.7 percent, in moderate-income census tracts, which fell below the aggregate, at 16.9 percent, and the percentage of owner-occupied housing units in these tracts, which was 16.3 percent. Similar to 2019, demographic factors and competition limit the bank's ability to make loans in low- and moderate-income tracts.

In 2019 and 2020, the bank exceeded the aggregate and the owner-occupied percentages in lending in middle-income tracts. Conversely, the bank's loans in upper -income tracts fell below the aggregate and the owner-occupied percentage.

The performance in low- and moderate-income tracts in 2019 and 2020 was a continuous positive trend from the bank's performance in 2017 and 2018. In 2017, CCB's loans in low-income tracts at 4.3 percent slightly lagged the aggregate at 5.4 percent. However, loans in moderate-income tracts at 34.8 percent significantly exceeded the aggregate at 19.9 percent. Further, in 2018, CCB's performance exceeded the aggregate in low- and moderate-income tracts at 9.5 percent to 4.9 percent, and 26.2 percent to 19.6 percent, respectively. In addition, the bank's performance exceeded the owner-occupied percentages in 2017 and 2018 in low- and moderate-income tracts. In summary, over the review period, the bank exceeded the aggregate in low-income tracts in three of the four years reviewed and exceeded the demographics in all four years. Similarly, the bank's performance exceeded the aggregate and the demographics in moderate-income tracts in three of the four years. Taken together, the bank's performance in meeting the credit needs of the assessment area, including in low- and moderate-income census tracts, is considered excellent.

An analysis of the bank's low- and moderate-income census tracts was conducted to determine if there were any conspicuous lending gaps. While it may appear that there are lending gaps in the assessment area's low-and moderate-income census tracts, this is reasonable given the bank's generally low level of lending overall and the large assessment area in which the bank operates. As mentioned previously, the bank's assessment area is comprised of 404 census tracts; of these, 50 are low-income tracts and 91 are moderate-income tracts. In 2019 and 2020, the bank originated 8 loans in 6 low-income tracts and 10 loans in 8 moderate-income tracts. Most of the loans were made in Boston, Quincy, and Revere where majority of those census tracts are located. Since CCB is a small institution, it is not required to lend evenly throughout its assessment area, nor does it have the capacity to penetrate the entire assessment area, the apparent lending gaps are considered reasonable.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. Under this criterion, the bank's lending activity is compared to an aggregate group of lenders operating inside the assessment area and to the percentage of families in the assessment area within each income level. The bank's performance compared to the aggregate is given more weight in the analysis because aggregate performance is more indicative of lending opportunities inside the assessment area. The distribution of loans to borrowers of different income levels, including low- and moderate-income individuals, is reasonable when compared to assessment area demographics and aggregate performance.

Table 7 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and aggregate data. The table further outlines the bank's performance by loan type in comparison to the aggregate group.

Table 7 - Borrower Distribution of Residential Loans

PRODUCT TYPE	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison											
			2019						2020					
			Count			Dollar			Count			Dollar		
			Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
		%	#	%	%	$(000s)	$ %	$ %	#	%	%	$(000s)	$ %	$ %
HOME PURCHASE	Low	26.4%	0	0.0%	2.1%	$0	0.0%	0.9%	0	0.0%	2.0%	$0	0.0%	0.8%
	Moderate	15.3%	0	0.0%	11.2%	$0	0.0%	6.2%	1	50.0%	11.9%	$496,000	46.8%	6.3%
	Middle	17.1%	0	0.0%	18.6%	$0	0.0%	13.4%	0	0.0%	18.7%	$0	0.0%	12.7%
	Upper	41.2%	4	30.8%	55.4%	$2,337	27.7%	63.9%	1	50.0%	55.8%	$562,800	53.2%	60.3%
	Unknown	0.0%	9	69.2%	12.7%	$6,094	72.3%	15.6%	0	0.0%	11.6%	$0	0.0%	19.9%
	Total	*100.0%*	*13*	*100.0%*	*100.0%*	*$8,431*	*100.0%*	*100.0%*	*2*	*100.0%*	*100.0%*	*$1,058,800*	*100.0%*	*100.0%*
REFINANCE	Low	26.4%	0	0.0%	3.4%	$0	0.0%	1.5%	2	7.7%	2.4%	$415,000	4.2%	1.2%
	Moderate	15.3%	2	22.2%	11.7%	$210	5.4%	7.1%	2	7.7%	12.0%	$535,000	5.4%	7.8%
	Middle	17.1%	1	11.1%	20.8%	$310	7.9%	15.7%	7	26.9%	22.5%	$2,441,000	24.6%	17.8%
	Upper	41.2%	5	55.6%	53.1%	$2,567	65.6%	63.8%	11	42.3%	54.1%	$4,543,000	45.8%	62.1%
	Unknown	0.0%	1	11.1%	11.0%	$825	21.1%	11.9%	4	15.4%	9.0%	$1,976,075	19.9%	11.2%
	Total	*100.0%*	*9*	*100.0%*	*100.0%*	*$3,912*	*100.0%*	*100.0%*	*26*	*100.0%*	*100.0%*	*$9,910,075*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	26.4%	0	0.0%	5.1%	$0	0.0%	2.8%	0	0.0%	5.2%	$0	0.0%	2.9%
	Moderate	15.3%	1	33.3%	13.1%	$100	26.3%	8.2%	0	0.0%	12.0%	$0	0.0%	8.3%
	Middle	17.1%	0	0.0%	23.2%	$0	0.0%	16.6%	0	0.0%	22.0%	$0	0.0%	16.6%
	Upper	41.2%	0	0.0%	53.7%	$0	0.0%	59.0%	0	0.0%	56.3%	$0	0.0%	61.0%
	Unknown	0.0%	2	66.7%	4.9%	$280	73.7%	13.4%	0	0.0%	4.4%	$0	0.0%	11.3%
	Total	*100.0%*	*3*	*100.0%*	*100.0%*	*$380*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*100.0%*
MULTIFAMILY	Low	26.4%	0	0.0%	0.2%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Moderate	15.3%	0	0.0%	0.4%	$0	0.0%	0.1%	0	0.0%	0.0%	$0	0.0%	0.0%
	Middle	17.1%	0	0.0%	0.4%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Upper	41.2%	0	0.0%	1.4%	$0	0.0%	0.4%	0	0.0%	0.7%	$0	0.0%	0.4%
	Unknown	0.0%	5	100.0%	97.7%	$12,253	100.0%	99.4%	0	0.0%	99.3%	$0	0.0%	99.6%
	Total	*100.0%*	*5*	*100.0%*	*100.0%*	*$12,253*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*100.0%*
HMDA TOTALS	Low	26.4%	0	0.0%	3.0%	$0	0.0%	1.2%	2	7.1%	2.4%	$415,000	3.8%	1.0%
	Moderate	15.3%	3	10.0%	11.4%	$310	1.2%	6.0%	3	10.7%	11.8%	$1,031,000	9.4%	6.8%
	Middle	17.1%	1	3.3%	19.6%	$310	1.2%	13.2%	7	25.0%	21.1%	$2,441,000	22.3%	14.9%
	Upper	41.2%	9	30.0%	53.1%	$4,904	19.6%	58.1%	12	42.9%	54.1%	$5,105,800	46.5%	57.5%
	Unknown	0.0%	17	56.7%	12.9%	$19,452	77.9%	21.5%	4	14.3%	10.6%	$1,976,075	18.0%	19.9%
	Total	*100.0%*	*30*	*100.0%*	*100.0%*	*$24,976*	*100.0%*	*100.0%*	*28*	*100.0%*	*100.0%*	*$10,968,875*	*100.0%*	*100.0%*

2015 U.S. Census, 2019 and 2020 Aggregate HMDA Data, 2019 and 2020 bank residential loan data.
Totals shown may vary due to automated rounding differences.

The bank did not extend any residential loans to low-income borrowers in 2019, while the aggregate originated 3.0 percent, but fell below the demographics, at 26.4 percent. This performance of the aggregate indicates the lack of buying power for low-income borrowers in the bank's expensive and competitive market. In terms of lending to moderate-income borrowers, the bank made 10.0 percent of its residential loans by number to these borrowers. The bank's performance was slightly below the aggregate, at 11.4 percent.

In 2020, the bank exceeded the aggregate with 7.1 percent of loans to low-income borrowers compared to 2.4 percent for the aggregate. However, the bank's 10.7 percent of loans to moderate-income borrowers slightly lagged the aggregate, at 11.8 percent. While the bank originated a very low number of loans to these borrowers, the percentages are reasonable.

While not shown in the table, 2017 and 2018 data were also analyzed and considered in this evaluation. In 2017, the bank made 1 loan, or 2.2 percent, to low-income borrowers, which is slightly below the aggregate, at 2.9 percent. Loans to moderate-income borrowers were also below the aggregate, at 6.5 percent (3 loans) to the aggregate's 11.5 percent. In 2018, CCB did not make any loans to low-income borrowers compared to the aggregate, at 3.7 percent. Similarly, loans to moderate-income borrowers were also below the aggregate, at 7.1 percent (3 loans) to 11.2 percent. It is noted that lenders originating most loans in this market are large national banks and mortgage companies typically offering a wider variety of loan products and rates CCB could not compete with.

Throughout the review period, the performance of the bank and the aggregate for lending to low- and moderate- income borrowers were less than the percentage of families of these income levels, further explaining the limited lending opportunities to these borrowers. However, it is not expected that the bank meets the demographic indicator for low- or moderate-income families, because not all families with low- or moderate-incomes can qualify for a mortgage given the income demographics of the market and the median housing values. As mentioned, earlier, the ACS 2015 MFI in the assessment area was $91,590, which means that low-income families earn under $45,795 annually, and moderate-income families earn between $45,795 and $73,272 annually. Furthermore, 9.9 percent of families in the assessment area live below the poverty level. This percentage is much higher for low- and moderate-income individuals. With the median home value of $457,691 in the assessment area, home affordability may be a challenge for low- or moderate-income families. Further, the community contacts mentioned their concern for low- and moderate-income families not being able to pay their rents and getting evicted especially during the COVID-19 pandemic, which creates added economic insecurity and challenges to homeownership.

Over the years, CCB has been active with some renovation and new construction loans made for investment properties in Boston, which may explain the relatively high percentages of unknown incomes for these borrowers. In 2017, 2018, 2019, and 2020, 47.8 percent, 38.1 percent, 56.7 percent, and 14.3 percent of loans, respectively, were made to borrowers with unknown incomes, possibly, explaining the limited lending to low- and moderate-income borrowers. Considering these factors, the distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers.

Response to Complaints

The bank has not received any CRA-related complaints since the previous CRA evaluation; therefore, this criterion was not assessed.

Other Activities

In response to the COVID-19 pandemic in 2020, the bank facilitated 29 PPP loans, totaling $3.6 million. These loans are administered by the Small Business Administration (SBA) as part of the Coronavirus Aid, Relief, and Economic Security Act. PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. In addition, the bank allowed one commercial loan and eight residential loans in deferment to assist its customers during the pandemic, demonstrating CCB's responsiveness in serving the credit need of its assessment area.

CONCLUSION

The bank has met the credit needs in its assessment area by making the majority of its loans within its assessment area and has maintained a more than reasonable LTD ratio. The bank exhibited an excellent distribution of loans across census tract income levels. Its performance in meeting credit needs in the assessment area by extending loans to borrowers of different incomes, including low- and moderate-income borrowers, is reasonable. Given economic, demographic, and competitive conditions in the assessment area, the bank's lending performance level is rated "Satisfactory".

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
    - a. Rates of poverty, unemployment, and population loss; or
    - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (non-MSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12