PUBLIC DISCLOSURE

June 3, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Patriot Community Bank
RSSD # 3437166

237 Lexington Street
Woburn, Massachusetts 01801

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.

Patriot Community Bank (PCB or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

- The bank's loan-to-deposit (LTD) ratio of 91.5 percent is reasonable given the bank's size, financial condition, and assessment area credit needs.
- A majority of the bank's residential real estate and small business loans (56.9 percent) are in the bank's assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment area.
- There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

SCOPE OF EXAMINATION

PCB's CRA performance was reviewed in accordance with the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Small Institutions.[1] PCB was evaluated based on the following performance criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, distribution of loans made to borrowers of different income levels and to businesses of different sizes, and record of responding to CRA-related complaints.

The evaluation focused on full year home mortgage loan data under the Home Mortgage Disclosure Act (HMDA) from January 1, 2015 through December 21, 2017. This includes all full years of data following the bank's previous CRA evaluation dated April 21, 2015. Tables included in this report cover data from 2016 and 2017 unless otherwise noted. HMDA loans reported on the bank's Loan Application Register (LAR) include home purchase, home improvement, and refinance loans for one-to-four family and multi-family (five or more units) properties. The bank's data is shown in comparison to the 2016 and 2017 residential lending aggregate data obtained from the FFIEC HMDA data. Aggregate data consists of lending information from all HMDA reporters that originated or purchased home mortgage loans in the bank's assessment area. Residential market and demographic data was derived from 2010 United States Census (Census) and compared to the bank's 2015 and 2016 HMDA loan data. The bank's home mortgage lending performance for 2017 was compared to demographics from the 2015 American Community Survey (ACS) based on the FFIEC's policy regarding the implementation of the ACS.

Small business loans were also reviewed as they comprise a sizeable portion of PCB's loan portfolio. For the purpose of this evaluation, small business loans include non-farm, non-residential real estate loans and commercial and industrial loans with original loan amounts of $1million or less. The bank is not currently required to collect and report small business loans; however, it provided the information for 2015 through 2017, which examiners compared to relative demographic information obtained from Dun & Bradstreet, Inc. Short Hills, NJ (D&B). Information included in the tables covers data from 2016 and 2017 unless otherwise noted. A comparison to aggregate lenders for small business was not considered appropriate since PCB is not subject to the reporting requirements applicable to large banks.

The analysis of the bank's net LTD ratio includes the last 17 quarters, which represent the period since the prior CRA examination from January 1, 2015 through December 31, 2018.

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 $1.284 billion. As the bank's assets were below $1.284 million, for the calendar years preceding this evaluation, the bank was not considered an intermediate small institution.

DESCRIPTION OF INSTITUTION

PCB is an independent state-chartered co-operative bank located at 237 Lexington Street, Woburn, Massachusetts. Since PCB's inception in 2006, this location has been the bank's sole full service branch, located in a middle-income census tract. The bank offers business, commercial, and personal products and services such as fixed and adjustable rate mortgages; jumbo, construction, interest-only, and bridge loans; and checking and savings accounts to meet the credit needs of its community.

According to the bank's Consolidated Report of Condition and Income (Call Report), as of March 31, 2019, PCB's assets totaled $176.8 million, an increase of 21.0 percent or approximately $30.7 million from the last CRA evaluation. Total loans also increased by 27.8 percent, or $30.7 million, to $141.0 million, and total deposits increased by 19.2 percent, or $24.3 million, to $151.1 million.

Table 1 shows the loan distribution by dollar volume as of March 31, 2019. The loan portfolio is comprised primarily of real estate secured loans, at 95.2 percent. Commercial real-estate lending accounts for the highest percentage of the portfolio at 32.6 percent. This is an increase of 10.2 percent, or $17.8 million, from the previous CRA evaluation when commercial real-estate lending totaled $28.1 million, and accounted for 25.5 percent of the portfolio. HMDA reportable loans (1-4 family residential and multi-family residential) account for the next highest portion of the bank's loan portfolio, at 26.9 percent. This is a slight decrease from the previous examination when these loan types accounted for 27.3 percent of the portfolio. There has been an increase in construction lending since the previous examination, which currently totals approximately $27.8 million and accounts for 19.7 percent of the portfolio, from $17.4 million as of the previous CRA evaluation when construction and land development lending made up 15.9 percent of the portfolio. Revolving 1-4 family residential loans make up the next highest portion of the current loan portfolio, at 16.0 percent, followed by commercial and industrial loans, at 4.8 percent. The only notable decrease in the loan portfolio since the last examination was a 7.7 percent, or $7.1 million decrease in commercial and industrial loans.

Table 1
Loan Distribution as of March 31, 2019

Loan Type	Dollar Amount $(000s)	Percent of Total Loans
Construction and Land Development	27,804	19.7
Revolving 1-4 Family Residential	22,535	16.0
1-4 Family Residential	27,209	19.3
Multi-Family (5 or more) Residential	10,693	7.6
Commercial RE	45,991	32.6
Total Real Estate Loans	**134,232**	**95.2**
Commercial and Industrial	6,726	4.8
Consumer	62	0
Other	15	0
Total Loans	**141,035**	**100.0**

Call Report as of March 31, 2019
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In addition to traditional loan products, the bank also participates in loan programs sponsored by the Federal Housing Administration (FHA), the United States Department of Veterans Affairs, the Get the Lead Out program sponsored by the Mass Housing Finance Agency (MHFA), HomeReady mortgages sponsored by the Federal National Mortgage Association (Fannie Mae), and Home Possible mortgages sponsored by the Federal Home Loan Mortgage Corporation (Freddie Mac). These flexible loan programs are geared towards low-and moderate income individuals. PCB sells its originated loans to investors in the secondary market; loans sold provide the bank funds to meet the credit requests of consumers.

The previous CRA examination resulted in a "Satisfactory" rating. PCB operates in a highly competitive market. According to the FDIC Deposit Market Share Report, as of June 30, 2018, there were 53 financial institutions with branch offices located in the bank's assessment area, Middlesex County. Competition for deposits includes large national banks and community banks. The top five banks by market share hold approximately 52.1 percent of the total deposit market share. Bank of America, N.A., holds 23.6 percent of deposits in the bank's market, followed by Citizens Bank, N.A., with 13.0 percent, TD Bank, N.A., with 5.6 percent, Middlesex Savings Bank, at 5.1 percent, and Century Bank and Trust Company, with 4.8 percent. PCB ranks 38th overall in Middlesex County, with a deposit market share of 0.3 percent.

In terms of loan market share, the bank was ranked 46th of 538 HMDA reporters in lending within Middlesex County in 2016. In 2017, the bank was ranked 57th of 516 institutions who originated or purchased home mortgage loans within the assessment area.

There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area. The bank has the ability to meet the credit needs of its assessment area taking into consideration its financial capacity, local economic conditions, demographics, and the competitive market in which operates, although PCB operates in a highly competitive environment.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires a financial institution to define an assessment area within which its CRA performance will be evaluated based upon where it focuses its lending efforts. This evaluation focused on lending activity within PCB's defined assessment area.

At the previous evaluation PCB defined its assessment area as the following 23 cities and towns: Acton, Andover, Arlington, Bedford, Belmont, Billerica, Burlington, Carlisle, Concord, Lexington, Medford, North Andover, North Reading, Reading, Stoneham, Sudbury, Tewksbury, Wakefield, Waltham, Westford, Wilmington, Winchester, and Woburn. The majority of these cities and towns are located in Middlesex County, with the exception of Andover and North Andover, which are located in Essex County.

In January 2019, the bank revised its assessment to include Middlesex County in its entirety and removed the Essex County portion of the assessment area. Middlesex County accounts for a portion of the Cambridge-Newton-Framingham MA, Metropolitan Division (Cambridge MD), which is part of the Boston-Cambridge-Newton MA-NH Metropolitan Statistical Area (MSA). Although the assessment area was changed in January 2019, the bank's lending performance was evaluated on the expanded assessment area for the entire evaluation period. With the 2019 expansion, the number of census tracts in the bank's assessment area has increased from 127 tracts to 318 tracts. The number of families increased from 163,089 at the time of the previous examination to 366,038 based on the 2010 census data. In addition to the expansion, demographic data was updated as a result of the 2015 ACS data. These changes primarily affected the assessment area's low- and moderate-income geographies between 2016 and 2017 as depicted in the tables below.

Refer to Tables 2 and 3 for relevant demographic data used for evaluative purposes for each year.

Table 2
2016 Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	12	3.8	8,959	2.4	2,280	25.4	72,010	19.7
Moderate-income	64	20.1	63,543	17.4	7,139	11.2	57,296	15.7
Middle-income	127	39.9	152,599	41.7	6,285	4.1	75,944	20.7
Upper-income	114	35.8	140,937	38.5	2,879	2	160,788	43.9
Unknown-income	1	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total Assessment Area	**318**	**100.0**	**366,038**	**100.0**	**18,583**	**5.1**	**366,038**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	19,400	3,672	1	18.9	13,822	71.2	1,906	9.8
Moderate-income	118,548	45,335	12.4	38.2	65,014	54.8	8,199	6.9
Middle-income	262,765	160,721	43.9	61.2	87,672	33.4	14,372	5.5
Upper-income	206,486	156,575	42.7	75.8	40,036	19.4	9,875	4.8
Unknown-income	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Total Assessment Area	**607,199**	**366,303**	**100.0**	**60.3**	**206,544**	**34.0**	**34,352**	**5.7**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	2,400	2.9	2,068	2.8	316	3.7	16	3.8
Moderate-income	10,787	13.2	9,631	13.2	1,107	13.1	49	11.7
Middle-income	32,603	39.9	28,687	39.3	3,768	44.6	148	35.2
Upper-income	35,999	44	32,536	44.6	3,256	38.5	207	49.3
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	**81,789**	**100.0**	**72,922**	**100.0**	**8,447**	**100.0**	**420**	**100.0**
	Percentage of Total Businesses:			**89.2**		**10.3**		**0.5**

2010 Census Data and 2016 D&B data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 3
2017 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	22	6.9	21,067	5.6	4,497	21.3	77,176	20.5
Moderate-income	55	17.3	57,456	15.3	6,122	10.7	59,012	15.7
Middle-income	126	39.6	154,522	41.0	7,240	4.7	74,412	19.8
Upper-income	114	35.8	143,411	38.1	3,300	2.3	165,856	44.1
Unknown-income	1	0.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	**318**	**100.0**	**376,456**	**100.0**	**21,159**	**5.6**	**376,456**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	37,559	8,851	2.4	23.6	26,316	70.1	2,392	6.4
Moderate-income	106,263	43,399	11.9	40.8	56,199	52.9	6,665	6.3
Middle-income	261,619	157,663	43.1	60.3	91,333	34.9	12,623	4.8
Upper-income	211,648	155,588	42.6	73.5	46,293	21.9	9,767	4.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**617,089**	**365,501**	**100.0**	**59.2**	**220,141**	**35.7**	**31,447**	**5.1**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	3,779	5	3,246	4.9	507	6.1	26	6.5
Moderate-income	9,147	12.1	8,224	12.3	877	10.5	46	11.5
Middle-income	31,318	41.4	26,785	40	4,394	52.8	139	34.8
Upper-income	31,396	41.5	28,665	42.8	2,543	30.6	188	47.1
Unknown-income	0	0	0	0	0	0.0	0	0.0
Total Assessment Area	**75,640**	**100.0**	**66,920**	**100.0**	**8,321**	**100.0**	**399**	**100.0**
	Percentage of Total Businesses:			**88.5**		**11.0**		**0.5**
	Total Farms by Tract		**Farms by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	10	2.7	9	2.5	1	8.3	0	0.0
Moderate-income	24	6.5	24	6.7	0	0.0	0	0.0
Middle-income	102	27.7	99	27.8	3	25.0	0	0.0
Upper-income	232	63.0	224	62.9	8	66.7	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**368**	**100.0**	**356**	**100.0**	**12**	**100.0**	**0**	**0.0**
	Percentage of Total Farms:			**96.7**		**3.3**	**0**	**0.0**

2015 ACS and 2017 D&B data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As previously stated, the expansion of the assessment area increased the number of census tracts from 127 at the previous CRA evaluation to 318 tracts. The inclusion of the cities of Cambridge (32), Lowell (25) and Somerville (18), as well as the town of Newton (18) accounted for the largest share of the new census tracts. Due to the changes from the 2010 Census to the 2015

ACS, as of 2017, the number of low-income tracts increased from 12 to 22; moderate-income tracts decreased from 64 to 55; middle-income tracts decreased slightly from 127 to 126. Upper-income tracts were unaffected by the updates and remained at 114 tracts. The assessment area has one unknown census tract.

Within the assessment area, as of 2017, 6.9 percent of the tracts are low-income, an increase from 2016 where 3.8 percent of the tracts were low-income; 17.3 percent are moderate-income, a decrease from 20.1 percent in 2016; 39.6 percent of tracts are middle-income based on the 2017 data, a slight decrease from 39.9 percent in 2016; and the percentage of upper-income tracts remained stable at 35.8 percent. The majority of low- and moderate-income tracts are concentrated in the cities of Lowell, Malden, Somerville, Cambridge, Everett, and Framingham. As of 2017, of the total 25 census tracts located in Lowell: 12 are low-income, 10 are moderate-income, and 3 are middle-income which means that 54.5 percent of the low income tracts and 18.2 percent of the moderate-income tracts in the assessment area are located in the city of Lowell. Of the 11 census tracts located in Malden, 2 are low-income, 8 are moderate-income, and 1 is middle-income. Everett has 8 census tracts of which 4 are low-income and 4 are moderate-income. Cambridge and Somerville each have 1 low-income tract and 7 moderate-income tracts.

Housing Characteristics

According to the ACS data in 2017 there were 617,089 total housing units in the assessment area, an increase from 607,199 housing units in 2016. These units are distributed among the following census tract income categories: 37,559 (6.1 percent) housing units are located in low-income tracts, a sizeable increase from 19,400 in 2016; 106,263 (17.2 percent) housing units are located in moderate-income tracts, a decrease from 118,548 in 2016; 261,619 (42.4 percent) housing units are located in middle-income tracts, a slight decrease from 262,765 housing units in 2016; and (34.2 percent) 211,648 housing units are located in upper-income tracts, a decrease from 206,486 in 2016.

The number of owner-occupied housing units ("OOHU") decreased slightly to 365,501 in 2017 from 366,303 in 2016. As of 2017, 59.2 percent of the total housing units in the assessment area are OOHU, a decrease from 60.3 percent in 2016; 35.7 percent are rental units, an increase from 34.0 percent in 2016; and 5.1 percent are vacant, a slight decrease from the previous 5.7 percent. In sum, the composition of housing stock within the assessment area has remained largely stable.

While the increase in total housing units located in low-income census tracts noted above may indicate an increased capacity to extend home mortgage loans within these census tracts, it is noted that the majority of units in low income census tracts are rental, 70.2 percent in 2016 and 70.1 percent in 2017. The assessment area's low-income census tracts also contain a high percentage of multi-family units based on the Census and ACS data. Although not displayed in the Tables 2 and 3 above, 58.8 percent of units were multi-family in 2016; the ACS estimated that 40.3 percent housing units in the assessment area's low-income census tracts were multi-family in 2017. As indicated in Table 1, multi-family lending is not one of the bank's primary products, which may further limit the bank's capacity to extend mortgage loans within these census tracts.

Within moderate-income geographies, there is also a relatively high level of rental units, the 2016 data indicates 54.8 percent of units are rental, while 2017 estimated slightly fewer rental units, at 52.9 percent. Moderate-income census tracts also contain fewer multi-family units, based on the census data, 29.7 percent of units within moderate-income geographies were multi-family. The updated ACS data indicates 30.4 percent of units within these census tracts were multi-family.

As of 2017, roughly 23.2 percent of the housing units (143,371) are multi-family structures with 5 units or more, a slight increase from 22.1 percent in 2016. The median age of the housing stock is the same across income tract categories at 61 years. The median home value in Middlesex County is $420,753 based on the 2010 census data, the updated ACS figures indicate a median home value of $414,600 for Middlesex County. More updated figures obtained from The Warren Group, Boston, MA, indicate the median home value in Middlesex County was $497,000 in 2017, an increase from 2016 where the median home value was $460,000. Median home values in Middlesex country generally exceed home values for both the MSA and the Commonwealth of Massachusetts.

Population

As of the 2015 ACS, the population of Middlesex County is 1,556,116 individuals. This number represents a 3.5 percent increase from the county's population as of the 2010 Census, and accounts for 23.2 percent of the total population of the Commonwealth of Massachusetts. The percentage of the population of individuals between the ages of 25 to 64 is currently at 55.9 percent, a decrease from 56.0 percent in 2016.

Income

In 2017, 376,456 families resided in the bank's assessment area, of which 20.5 percent are low-income; 15.7 percent are moderate-income; 19.8 percent are middle-income; and 44.1 percent are upper-income. In addition, 5.6 percent of the families in the assessment area have incomes below the poverty line which is lower than the percentage for the Commonwealth of Massachusetts, at 8.2 percent. As these percentages reflect, 63.9 percent of the families residing in the assessment area are either middle- or upper-income, suggesting that the bank may receive the highest percentage of residential loan applications from middle- and upper-income borrowers.

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. The following table displays the MFI incomes for the assessment area.

Table 4
MSA/ MD Median Family Income Comparison

	2016	*2017*
15764 – Cambridge MD	$90,625	$100,380
Assessment Area: Middlesex County	$96,713	$106,981
Massachusetts	$81,165	$87,085

FFIEC median family income estimates.

The MFI within the assessment area is higher than both the MFI for the Cambridge MD and Massachusetts, which would suggest a relatively more affluent population. However, despite the increase in MFI, as previously mentioned under *Housing Characteristics*, the median home values in the assessment area decreased slightly over this same time period.

Business and Employment Statistics

The number of businesses in the assessment area decreased from 81,789 businesses in 2016 to 75,640 businesses in 2017. Of this number 5.0 percent are located in low-income tracts; 12.1 percent are located in moderate-income tracts; 41.4 percent are located in middle-income tracts; 41.5 percent are located in upper-income tracts. The vast majority of these businesses (88.5 percent) have gross annual revenues of $1million or less; 11.0 percent reported gross annual revenues of over $1million; and 0.5 percent did not report revenues. The top three employers in the assessment area, each employing over 10,000 employees, are Lahey Hospital & Medical Center, and Oracle Corporation, both located in Burlington, as well as the Massachusetts Institute of Technology, located in Cambridge. The average unemployment rate for the assessment area for the period under review was 3.4 percent, below the average rate for Massachusetts, which was 4.1 percent over the same time period.

Community Contacts

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. A community contact was conducted with an organization that serves low-income families in Greater Boston in need of housing services. The contact stated that real estate projects and development are driving a lot of change in Boston and the surrounding cities and towns. The contact stated that affordable housing will continue to be a need in the community as real-estate prices have increased astronomically. As a result, low-income families are forced to move elsewhere to live in communities that cost less. In addition, families transitioning out of emergency shelters to low income housing require some basic banking and financial resources. Many of these transitioning families, have damaged account histories and are unable to open new accounts. The contact felt a fresh start savings account program would be helpful for these families and individuals. The contact stated that the underbanked population is growing and this pressing need should be resolved as a collective effort.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LTD 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 LTD ratio is reasonable given PCB's asset size, financial condition, and competition from local financial institutions. As of March 31, 2019, PCB's LTD ratio was 91.5 percent, a 13.1 percent increase over its LTD from the previous 17 quarters. PCB's LTD falls within the range of most competing institutions as shown in Table 5.

Table 5 provides a comparison of the bank's average LTD over the past 17 quarters under evaluation to similarly sized institutions operating within the assessment area.

Table 5
Loan-to-Deposit Ratio Comparison

Institutions	Total Assets* $(000's)	Average LTD Ratio** (%)
Middlesex Federal Savings	418,546	104.3
Winter Hill Bank, FSB	363,973	102.3
Washington Saving Bank	250,388	98.2
Melrose Bank	322,297	96.5
Patriot Community Bank	176,815	91.5
Wakefield Co-operative Bank	223,367	87.5
North Cambridge Co-operative Bank	90,057	73.0
Eagle Bank	456,214	70.8

**Call Report as of 12/31/2018*
***Call Reports from 01/01/2015 to 03/31/2019*

Further, not reflected in the figures above, the bank sells home mortgage loans on the secondary market. In 2015, the bank sold 464 loans, totaling $186.4 million, in 2016 the bank sold 486, totaling $188.9 million, and in 2017, 246 loans, totaling $98.2 million were sold.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As evidenced by the numbers below, the bank extended a majority of loans, 56.9 percent within its assessment area. Table 6 presents the bank's levels of lending inside and outside of its assessment area for the evaluation period

Table 6 Lending Inside and Outside the Assessment Area										
Loan Types	**Inside**				**Outside**				**Total**	
	#	%	$(000s)	%	#	%	$(000s)	%	#	$(000s)
Home Improvement	10	52.6	$4,205	39.5	9	47.4	$6,448	60.5	19	10,653
Home Purchase	341	55.2	160088	55.7	277	44.8	127159	44.3	618	287,247
Multi-Family Housing	5	62.5	$6,580	36.9	3	37.5	$11,255	63.1	8	17,835
Refinancing	371	56.9	$146,250	57.5	281	43.1	$108,193	42.5	652	254,443
Total HMDA related	**727**	**56.1**	**$317,123**	**55.6**	**570**	**43.9**	**$253,055**	**44.4**	**1297**	**570,178**
Small Business	43	75.4	$11,965	67.5	14	24.6	$5,763	32.5	57	17,728
Total Small Bus. related	**43**	**75.4**	**$11,965**	**67.5**	**14**	**24.6**	**$5,763**	**32.5**	**57**	**17,728**
TOTAL LOANS	**770**	**56.9**	**$329,088**	**56.0**	**584**	**43.1**	**$258,818**	**44.0**	**1354**	**587,906**

HMDA and small business data January 1, 2015 through December 31, 2017; Small business data is bank provided.

Lending within the assessment area has improved since the prior CRA evaluation when just 36.3 percent of loans were made within the assessment area. This is in part attributable to the expansion of the assessment area to include Middlesex County in its entirety.

Residential Lending

As displayed in the table above, during the review period, the bank originated a total of 1,297 HMDA reportable loans of which 727, or 56.1 percent, were inside of its assessment area. The bank's lending within the assessment area, on a percentage basis, has increased from year to year during the review period. In 2015, the bank extended a total of 497 HMDA reportable loans of which 262, or 52.7 percent were within the assessment area. In 2016, the bank extended a total of 517 HMDA reportable loan of which 295, or 57.1 percent were within the assessment area, and in 2017, the bank extended a total of 283 HMDA reportable loans of which 170, or 60.1 percent were within the assessment area. In addition to expanding the assessment area, the increase in the bank's year to year lending ratio can be attributed to increased marketing and active monitoring efforts. There was little variation between HMDA product types, with a majority of each loan type made within the assessment area.

Small Business Lending

The bank also extended a majority of small business loans within the assessment area, at 75.4 percent. The bank has consistently extended a high percentage of small business loans within the assessment area throughout the review period.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Residential Lending

Table 7 provides a comparison of the bank's 2016 and 2017 lending by income level to the income distribution of families in the assessment area as well as to the aggregate in each respective year. The bank's HMDA lending to borrowers of different income levels is considered reasonable given the bank's capacity and constraints and the demographics of the assessment area.

Table 7
Borrower Distribution of HMDA Loans

Product Type	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison 2016						Families by Family Income %	Bank & Aggregate Lending Comparison 2017					
			Count			Dollar				Count			Dollar		
			Bank		Agg	Bank		Agg		Bank		Agg	Bank		Agg
			#	%	%	$(000s)	$ %	$ %		#	%	%	$(000s)	$ %	$ %
HOME PURCHASE	Low	19.7%	1	0.9%	4.1%	$340	0.7%	1.7%	20.5%	3	2.7%	4.5%	$870	1.5%	1.9%
	Moderate	15.7%	5	4.6%	14.3%	$1,782	3.5%	8.9%	15.7%	14	12.5%	14.6%	$4,589	8.0%	9.1%
	Middle	20.7%	39	36.1%	22.3%	$14,632	28.7%	17.9%	19.8%	27	24.1%	22.2%	$10,183	17.8%	18.0%
	Upper	43.9%	50	46.3%	46.7%	$23,719	46.5%	57.8%	44.1%	57	50.9%	46.6%	$31,220	54.7%	57.9%
	Unknown	0.0%	13	12.0%	12.7%	$10,487	20.6%	13.7%	0.0%	11	9.8%	12.1%	$10,253	18.0%	13.2%
	Total	*100.0%*	*108*	*100.0%*	*100.0%*	*$50,960*	*100.0%*	*100.0%*	*100.0%*	*112*	*100.0%*	*100.0%*	*$57,115*	*100.0%*	*100.0%*
REFINANCE	Low	19.7%	2	1.1%	3.0%	$580	0.8%	1.5%	20.5%	0	0.0%	5.9%	$0	0.0%	2.4%
	Moderate	15.7%	7	3.8%	11.5%	$1,912	2.8%	7.6%	15.7%	6	11.3%	17.1%	$1,928	9.3%	9.5%
	Middle	20.7%	69	37.3%	22.9%	$21,892	31.8%	18.9%	19.8%	15	28.3%	24.1%	$4,452	21.5%	16.2%
	Upper	43.9%	106	57.3%	50.7%	$43,617	63.4%	60.4%	44.1%	32	60.4%	42.8%	$14,342	69.2%	63.7%
	Unknown	0.0%	1	0.5%	11.9%	$810	1.2%	11.6%	0.0%	0	0.0%	10.2%	$0	0.0%	8.3%
	Total	*100.0%*	*185*	*100.0%*	*100.0%*	*$68,811*	*100.0%*	*100.0%*	*100.0%*	*53*	*100.0%*	*100.0%*	*$20,722*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	19.7%	0	0.0%	3.9%	$0	0.0%	1.5%	20.5%	0	0.0%	4.9%	$0	0.0%	1.9%
	Moderate	15.7%	0	0.0%	12.1%	$0	0.0%	7.2%	15.7%	3	60.0%	14.0%	$1,379	61.3%	9.0%
	Middle	20.7%	0	0.0%	22.5%	$0	0.0%	17.2%	19.8%	0	0.0%	23.8%	$0	0.0%	16.9%
	Upper	43.9%	1	100.0%	54.7%	$400	100.0%	64.9%	44.1%	0	0.0%	50.9%	$0	0.0%	61.7%
	Unknown	0.0%	0	0.0%	6.8%	$0	0,0	9.2%	0.0%	2	40.0%	6.4%	$870	38.7%	10.4%
	Total	*100.0%*	*1*	*100.0%*	*100.0%*	*$400*	*100.0%*	*100.0%*	*100.0%*	*5*	*100.0%*	*100.0%*	*$2,249*	*100.0%*	*100.0%*
MULTIFAMILY	Low	19.7%	0	0.0%	0.0%	$0	0.0%	0.0%	20.5%	0	0.0%	0.0%	$0	0.0%	0.0%
	Moderate	15.7%	0	0.0%	0.0%	$0	0.0%	0.0%	15.7%	0	0.0%	0.0%	$0	0.0%	0.0%
	Middle	20.7%	0	0.0%	0.0%	$0	0.0%	0.0%	19.8%	0	0.0%	0.0%	$0	0.0%	0.0%
	Upper	43.9%	0	0.0%	0.0%	$0	0.0%	0.0%	44.1%	0	0.0%	0.0%	$0	0.0%	0.0%
	Unknown	0.0%	1	100.0%	100.0%	$1,600	100.0%	100.0%	0.0%	0	0.0%	100.0%	$0	0.0%	100.0%
	Total	*100.0%*	*1*	*100.0%*	*100.0%*	*$1,600*	*100.0%*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*0.0%*
HMDA TOTALS	Low	19.7%	3	1.0%	3.5%	$920	0.8%	1.5%	20.5%	3	1.8%	5.0%	$870	1.1%	2.0%
	Moderate	15.7%	12	4.1%	12.6%	$3,694	3.0%	7.7%	15.7%	23	13.5%	15.4%	$7,896	9.9%	8.8%
	Middle	20.7%	108	36.6%	22.5%	$36,524	30.0%	17.4%	19.8%	42	24.7%	22.9%	$14,635	18.3%	16.5%
	Upper	43.9%	157	53.2%	49.2%	$67,736	55.6%	56.2%	44.1%	89	52.4%	45.4%	$45,562	56.9%	57.6%
	Unknown	0.0%	15	5.1%	12.3%	$12,897	10.6%	17.3%	0.0%	13	7.6%	11.4%	$11,123	13.9%	15.1%
	Total	*100.0%*	*295*	*100.0%*	*100.0%*	*$121,771*	*100.0%*	*100.0%*	*100.0%*	*170*	*100.0%*	*100.0%*	*$80,086*	*100.0%*	*100.0%*

2010 U.S. Census & 2015 ACS, 2016 and 2017 Aggregate HMDA Data, 2016 and 2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As displayed above, in 2016, the bank originated 3 loans, or 1.0 percent, to low-income borrowers, which trailed the aggregate by 2.5 percentage points. For the same year, the bank originated 12 loans, or 4.1 percent, to moderate-income borrowers, which was well below the aggregate, at 12.6 percent. This appears to be an anomaly given the higher percentage of loans extended to moderate-income borrowers in 2015 and 2017, at 11.1 percent and 13.5 percent, respectively.

The bank extended just one multi-family and one home improvement loan in 2016; the income levels of these borrowers were unknown and upper, respectively. The majority of the bank's loans were for the purpose of home purchase or refinance. The distribution of these loan types among middle- and upper-income borrowers was consistent with the bank's overall performance in that year. The majority of loans, 53.2 percent were extended to upper-income borrowers, followed by middle-income borrowers, at 36.6 percent, borrowers whose income was unknown, at 5.1 percent, moderate-income borrower, at 4.1 percent, and low-income borrowers, at 1.0 percent.

In 2017, the bank originated 3 loans, or 1.8 percent, to low-income borrowers, which was below the aggregate at 5.0 percent. All of the loans extended to low-income borrowers were home purchase loans. For the same year, the bank originated 23 loans, or 13.5 percent, to moderate-income borrowers, which was below the aggregate at 15.4 percent. The bank's percentage of home purchase and refinance loans to moderate-income borrowers was in line with the bank's overall performance, while all home improvement loans made in that year were extended to moderate-income borrowers. The highest percentage of loans, at 52.4 percent were made to upper-income borrowers.

Although not provided in Table 7, 2015 lending was also analyzed. In 2015, the bank originated 5 loans, or 1.9 percent, to low-income borrowers which fell below the aggregate, at 4.3 percent. For the same year, the bank originated 29 loans, or 11.1 percent, to moderate-income borrowers, which fell below the aggregate, at 14.1 percent.

As discussed, the bank has recently revised its assessment area, expanding the number of families in the assessment area from 163,089 to 366,038. Low- and moderate-income families represented 14.3 percent and 14.4 percent of the population in the prior assessment area, respectively. The percentage of low-income families in the current assessment area has increased to 19.7 percent of the larger total, while moderate –income families account for 15.7 percent. The larger market in which PCB now operates is dominated by large national financial institutions as well as mortgage companies. Many smaller institutions with similar assets size to PCB generally have a longer tenure in their respective communities and are more developed with established branch networks as opposed to a sole branch. Further these branches are in closer proximity to low- and-moderate-income census tracts which may be more accessible to low and moderate-income families. PCB operates in only one location.

In order to meet the needs of its entire community, PCB has partnered with Community Service Network (CSN), a local non-profit, whose mission is to assist low- and-moderate income individuals obtain knowledge, skills, and services that promote independence and self-sufficiency. PCB in partnership with CSN provides first time homebuyer pre-purchase seminars at its branch location annually. This seminar is designed to help individuals learn about obtaining a mortgage, understanding credit/ credit scores and preparing for a down payment. These educational services align with needed tools for low- and moderate-income families outlined by the community contact.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 8 details the bank's lending to small businesses according to gross annual revenue (GAR).

Table 8 *Distribution of Small Business Loans by Gross Annual Revenue of Business*						
Gross Annual Revenues	***2016 Total Business***	***2016 Bank***		***2017 Small Businesses***	***2017 Bank***	
	%	*#*	*%*	*%*	*#*	*$*
$1 million or less	89.2	10	71.4	*88.5*	3	20.0
Over $1million	*10.3*	3	21.4	*11.0*	6	40.0
N/A	*0.5*	1	7.1	*0.5*	6	40.0
Total	*100.0*	14	100.0	*100.0*	15	100.0

D&B 2016 &2017 Small business data for 2016 and 2017 is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Although not displayed in the table above, in 2015, the bank made all of its 14 small business loans to businesses with a GAR of $1 million or less. In 2016, the bank made a total of 14 small business loans 10, or 71.4 percent of which were made to businesses with GAR of $1million or less. In 2017, the bank made a total of 15 small business loans, 3 of which were to businesses with a GAR of a $1million or less and 6 loans where GAR was reported as N/A. While the bank's 2017 performance suggests a drop in lending to smaller size business, it is difficult to draw meaningful conclusions when analyzing a small number of loans.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Residential Lending

Table 9 provides a comparison of the bank's 2016 and 2017 lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 9
Geographic Distribution of HMDA Loans

Product Type	Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison 2016						Owner Occupied Units %	Bank & Aggregate Lending Comparison 2017					
			Count			Dollar				Count			Dollar		
			Bank		Agg	Bank		Agg		Bank		Agg	Bank		Agg
			#	%	%	$ (000s)	$ %	$ %		#	%	%	$ (000s)	$ %	$ %
HOME PURCHASE	Low	1.0%	0	0.0%	1.3%	$0	0.0%	1.0%	2.4%	1	0.9%	3.6%	$265	0.5%	2.4%
	Moderate	12.4%	15	13.9%	13.2%	$6,978	13.7%	10.5%	11.9%	14	12.5%	14.1%	$7,357	12.9%	11.1%
	Middle	43.9%	45	41.7%	45.9%	$17,788	34.9%	39.2%	43.1%	42	37.5%	43.0%	$17,728	31.0%	36.8%
	Upper	42.7%	48	44.4%	39.6%	$26,194	51.4%	49.3%	42.6%	55	49.1%	39.3%	$31,765	55.6%	49.7%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*108*	*100.0%*	*100.0%*	*$50,960*	*100.0%*	*100.0%*	*100.0%*	*112*	*100.0%*	*100.0%*	*$57,115*	*100.0%*	*100.0%*
REFINANCE	Low	1.0%	1	0.5%	1.1%	$415	0.6%	0.9%	2.4%	0	0.0%	3.3%	$0	0.0%	1.9%
	Moderate	12.4%	17	9.2%	11.3%	$5,680	8.3%	9.2%	11.9%	1	1.9%	13.8%	$470	2.3%	8.7%
	Middle	43.9%	73	39.5%	44.4%	$23,870	34.7%	38.3%	43.1%	22	41.5%	44.7%	$7,382	35.6%	51.5%
	Upper	42.7%	94	50.8%	43.2%	$38,846	56.5%	51.6%	42.6%	30	56.6%	38.1%	$12,870	62.1%	37.9%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*185*	*0.0%*	*100.0%*	*$68,811*	*100.0%*	*100.0%*	*100.0%*	*53*	*100.0%*	*100.0%*	*$20,722*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	1.0%	0	0.0%	0.8%	$0	0.0%	0.9%	2.4%	0	0.0%	2.1%	$0	0.0%	1.9%
	Moderate	12.4%	1	100.0%	10.0%	$400	100.0%	9.2%	11.9%	2	40.0%	12.1%	$870	38.7%	10.3%
	Middle	43.9%	0	0.0%	44.7%	$0	0.0%	35.9%	43.1%	3	60.0%	42.5%	$1,379	61.3%	35.3%
	Upper	42.7%	0	0.0%	44.5%	$0	0.0%	54.0%	42.6%	0	0.0%	43.4%	$0	0.0%	52.5%
	Unknown	0.0%	0	0.0%	0.0%	$0	0,0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*1*	*100.0%*	*100.0%*	*$400*	*100.0%*	*100.0%*	*100.0%*	*5*	*100.0%*	*100.0%*	*$2,249*	*100.0%*	*100.0%*
MULTIFAMILY*	Low	1.0%	0	0.0%	6.4%	$0	0.0%	8.1%	2.4%	0	0.0%	17.9%	$0	0.0%	6.4%
	Moderate	12.4%	0	0.0%	43.9%	$0	0.0%	21.3%	11.9%	0	0.0%	37.2%	$0	0.0%	36.4%
	Middle	43.9%	0	0.0%	35.6%	$0	0.0%	50.8%	43.1%	0	0.0%	31.6%	$0	0.0%	39.4%
	Upper	42.7%	1	100.0%	14.1%	$1,600	100.0%	19.9%	42.6%	0	0.0%	13.3%	$0	0.0%	17.8%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*1*	*100.0%*	*100.0%*	*$1,600*	*100.0%*	*100.0%*	*100.0%*	*0*	*0.0%*	*100.0%*	*$0*	*0.0%*	*100.0%*
HMDA TOTALS	Low	1.0%	1	0.3%	1.2%	$415	0.3%	1.3%	2.4%	1	0.6%	3.4%	$265	0.3%	2.4%
	Moderate	12.4%	33	11.2%	12.1%	$13,058	10.7%	10.4%	11.9%	17	10.0%	14.0%	$8,697	10.9%	11.3%
	Middle	43.9%	118	40.0%	45.0%	$41,658	34.2%	39.2%	43.1%	67	39.4%	43.5%	$26,489	33.1%	42.1%
	Upper	42.7%	143	48.5%	41.7%	$66,640	54.7%	49.0%	42.6%	85	50.0%	39.1%	$44,635	55.7%	44.2%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*295*	*100.0%*	*100.0%*	*$121,771*	*100.0%*	*100.0%*	*100.0%*	*170*	*100.0%*	*100.0%*	*$80,086*	*100.0%*	*100.0%*

**Distribution of multi-family units by census tract income*
2010 U.S. Census & 2015 ACS, 2016and 2017Aggregate HMDA Data, 2016 and2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As displayed in Table 9, the bank extended just one refinance loan in a low-income census tract in 2016; the loan accounted for 0.3 percent of total loans extended in that year. The bank's performance, on a percentage basis, was below the total percentage of owner occupied units in those census tracts at 1.0 percent as well as the aggregate's percentage of loans, at 1.2 percent. While lagging the aggregate as well as demographic indicators, opportunity for extending home mortgage loans within low-income tracts is limited, and there is significant competition. According to HMDA market peer reports, in 2016 there were 174 lenders who originated or purchased home mortgage loans within the low-income census tracts within the bank's assessment area. The top lenders were Wells Fargo Bank, N.A, Leader Bank, N.A., LoanDepot, JPMorgan Chase Bank, N.A., and Jeanne D'Arc Credit Union. Of the 174 total lenders, 74 were also able to extend just 1 loan within these tracts. The aggregate's highest percentage of loans in low-income census tracts by loan type, 6.4 percent, were multi-family loans. As discussed this is not an active product line for the bank, which may somewhat explain the gap in performance between the bank and aggregate.

In terms of lending within the assessment area's moderate-income geographies, the bank was also slightly below the aggregate and demographic indicators overall. Competitive factors may have affected the bank's ability to compete within these moderate-income geographies. Several of the cities and towns recently added to the bank's assessment area have significant concentrations of moderate-income census tracts. With just one branch office and more limited asset size, it would be difficult for the bank to match the performance of more established lenders in these competitive areas. The bank was able to extend home purchase and refinance loans within moderate-income geographies. The bank's one home improvement loan was also in a moderate-income census tract. As previously discussed, the bank makes very few multi-family loans, with just one extended in 2016. Of the multi-family loans extended by the 2016 aggregate, the highest percentage, 43.9 percent, were made within moderate income geographies. As within low-income geographies, the bank' product mix with very few multi-family loans may have contributed to the lower percentage of loans extended by the bank within moderate-income geographies as compared to the aggregate.

The bank made the highest percentages of home purchase and refinance loans within the assessment area's middle- and upper-income census tracts; as discussed previously, the majority of owner occupied units are also located in these areas.

While there was a decline in the overall number of loans made in 2017, as well as loans made within the assessment area, the bank's performance, on a percentage basis, was in line with 2016. The bank was able to extend just one loan within a low-income census tract. Based on demographic indicators there is a limited opportunity to lend within these geographies as just 2.4 percent of owner occupied units are located within these census tracts. The bank's percentage was also below the 2017 aggregate, at 3.4 percent.

The bank extended 17 loans within moderate-income tracts in 2017, or 10.0 percent of the bank's loans extended within the assessment area in that year, trailing the aggregate's 14.0 percent. The bank was more inline in terms of dollar volume with 10.9 percent compared to 11.3 percent, indicating the bank's loans were higher dollar volumes on average. The majority of the bank's loans in moderate-income tracts, or 14, were home purchase loans. Competition within moderate-income census tracts was also considered. There were 348 reporters who originated or purchased a home mortgage loan within moderate-income census tracts in 2017. The bank was ranked 53rd in lending within these tracts, slightly exceeding its rank of 57th in HMDA lending in Middlesex County overall. Aggregate data showed improved trends in lending to moderate-income census tracts in 2017. As with 2016, the aggregate's percentage of multi-family loans in low- and moderate-income areas was well above the overall percentage of lending in moderate-income census tracts.

The bank's 2015 lending was also analyzed and was consistent with performance highlighted in the years included within Table 9. The bank extended one additional loan in a low-income census tract in that year accounting for 1.1 percent of loans. The bank made 19 loans, or 7.3 percent, within moderate-income census tracts while the aggregate extended 12.1 percent of loans within these tracts.

There were no conspicuous gaps in loans in low- or moderate-income tracts unexplained by performance context. The bank made loans in 3 of the 12 low-income geographies in 2015, penetrating 25.0 percent of those tracts. In 2016, the bank made one loan in those 12 tracts, for 8.3 percent. In 2017, the number of low-income tracts increased to 22, the bank was able to extend loans in 2 of those geographies. The bank extended loans in 13 of the 64 moderate-income geographies in 2015, covering 20.3 percent. In 2016, the bank made loans in 24, or 37.5 percent, of the moderate-income geographies. In 2017, the bank made loans within 15, or 27.3 percent of the geographies categorized as moderate-income in that year.

Small Business Lending

Table 10 represents the distribution of small business loans by census tract income level.

Table 10
Geographic Distribution of Small Business Loans by Census Tract

Census Tract Income Level	*2016 Total Business by Tract*	*2016 Bank*		*2017 Total Business by Tract*	*2017 Bank*	
	%	*#*	*%*	*%*	*#*	*%*
Low	*2.9%*	*0*	*0.0%*	*5.0%*	*2*	*13.3%*
Moderate	*13.2%*	*0*	*0.0%*	*12.1%*	*2*	*13.3%*
Middle	*39.9%*	*7*	*50.0%*	*41.4%*	*8*	*53.3%*
Upper	*44.0%*	*7*	*50.0%*	*41.5%*	*3*	*20.0%*
N/A	*0.0%*	*0*	*0.0%*	*0.0%*	*0*	*0.0%*
Total	*100.0%*	*14*	*100.0%*	*100.0%*	*15*	*100.0%*

D&B 2015 and 2017 Small business data for 2016 and 2017 is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As displayed in Table 10, the bank extended no small business loans within the assessment area's low- or moderate-income census tracts in 2016. The bank's small business lending was evenly disbursed amongst middle and upper-income geographies. The bank was able to make 2 small business loans, or 13.3 percent within low-income census tract in 2017, exceeding the percentage of business located in those geographies. An additional 2 loans, 13.3 percent were made within moderate-income census tracts, matching the percentage of total businesses within those tracts. The majority of loans were extended in middle-income geographies in that year.

Although not provided in table format, the bank's 2015 lending was also reviewed. The bank made no loans within low-income geographies and 2 loans, for 14.3 percent within moderate income geographies. Of the 14 total loans, 6, or 42.9 percent, were extended in middle- and an additional 6 in upper-income census tracts. Overall, it appears the bank is achieving a reasonable dispersion throughout census tract income levels, although as previously stated, it is difficult to draw meaningful conclusion, when as demonstrated, one or two loans can significantly shift the percentages.

There were no conspicuous gaps in loans in low- or moderate-income tracts unexplained by performance context. The majority of the bank's small business loans were made within its historic assessment area in closer proximity to the bank's sole location.

Response to Complaints

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

CONCLUSION

Given its size and financial condition, the bank has maintained a reasonable LTD ratio. The majority of loans were generated inside of the assessment area during the review period and the percentage of loans generated inside of the assessment area has increased from year to year. Moreover, given the bank's size, single branch location, as well as, the competitiveness of the market in which it operates, its lending to borrowers of different income levels and businesses of different size is reasonable as well as the geographic distribution of loans. There were no CRA-related complaints against the bank during the review period. Given these factors, the bank's lending performance 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.