

PUBLIC DISCLOSURE

August 29, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mutual Bank
RSSD # 121679

570 Washington Street
Whitman, Massachusetts 02382

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.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

Mutual Bank (the bank) has met the criteria for a Satisfactory rating based on following:

Lending Test

- The average loan-to-deposit ratio of 95.3 percent was more than reasonable given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of loans (85.6 percent by number) were made in the assessment area during the review period.
- The distribution of loans to borrowers of different income levels, including to low- and moderate- income individuals, reflects reasonable penetration.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank during the review period.

Community Development Test

- The bank's community development performance demonstrates adequate responsiveness to community development needs of the assessment area through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

Mutual Bank's CRA performance was evaluated in accordance with the Federal Financial Institutions Examination Council (FFIEC) Intermediate Small Institution Examination Procedures. Under these procedures, banks with assets of at least \$304 million as of December 31 of both of the prior two calendar years and less than \$1.216 billion as of December 31 of either of the prior two calendar years are evaluated under the Lending Test and the Community Development Test. The bank has defined one, contiguous assessment area that was evaluated using the full-scope procedures.

Performance under the Lending Test was based on home mortgage lending since this is the bank's primary product line. This loan data was obtained from the Loan Application Register (LAR) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LAR records data for home purchase loans, home improvement loans and refinance loans for one-to-four family and multifamily (five or more unit) properties. Small business loans were not considered in the evaluation since commercial lending is not a major product line and, as an Intermediate Small Bank, Mutual Bank is not required to collect and report this loan data.

The review period for the Lending Test was January 1, 2012 through June 30, 2016.¹ While the bank's performance in 2012, 2013 and the first two quarters in 2016 was considered in the evaluation for trend purposes, information for the two most recent full years only, 2014 and 2015, is included in the tables unless otherwise noted. Aggregate lending data used for comparison purposes within the evaluation includes lending information from HMDA reporters that originated or purchased at least one home mortgage loan in the assessment area.

The Community Development Test included a review of the bank's responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. These activities were considered within the context of the community needs and the capacity of the bank. The review period for the Community Development Test was January 22, 2013 through August 29, 2016, representing the period since the last federal CRA examination.

Unless otherwise noted, demographic information referenced in the evaluation was obtained from the United States Census Bureau's (U.S. Census) American Community Survey (ACS) or Dun & Bradstreet, Inc., Short Hills New Jersey (D&B). One community contact interview was conducted to obtain additional insight into the credit needs of the assessment area.

This is Mutual Bank's first CRA examination conducted by the Federal Reserve Bank of Boston. The bank's last federal CRA examination was conducted by the Office of the Comptroller of Currency on January 22, 2013, in accordance with the FFIEC Intermediate Small Institution Examination Procedures. That examination resulted in an "Outstanding" rating.

¹ The Lending Test of the bank's last federal CRA examination only considered through December 31, 2011.

DESCRIPTION OF INSTITUTION

Mutual Bank is a state-chartered mutual savings bank headquartered at 570 Washington Street in Whitman, Massachusetts. Founded in 1889, the bank became a member of the Federal Reserve System on September 25, 2013. Mutual Bank does not have a holding company structure and operates two wholly-owned security corporation subsidiaries. The bank offers a standard array of retail loan and deposit products for both personal and business customers. The bank's website, www.mymutualbank.com, provides branch and ATM location information and a listing and description of all its loan and deposit services, including rates. Along with other traditional delivery methods, the bank receives initial loan and deposit applications through its website.

In addition to the main office, the bank operates eight full-service branch locations in Brockton (2), Carver, Halifax, Hanson, Middleboro, Plymouth, and Whitman, Massachusetts. One of the two Brockton branches is located in a moderate-income census tract while the remaining eight branches are located in middle-income census tracts. During the review period, Mutual Bank sold one branch in Falmouth, Massachusetts on Cape Cod. This branch was located in a middle-income census tract. All branches are open Monday through Friday with extended evening hours on Thursday and Friday. Each branch also offers Saturday hours. The bank operates a 24-hour automated teller machine (ATM) at all nine branch locations as well as a standalone ATM in East Bridgewater, Massachusetts.

As of June 30, 2016, Mutual Bank's assets totaled \$475.3 million. Deposits totaling \$360.4 million funded 75.8 percent of total assets. Total loans and leases represented \$356.3 million, or 75.0 percent, of total assets. The bank is primarily a home mortgage lender with residential real estate loans, including multifamily loans, totaling \$256.6 million, or 72.0 percent, of the loan portfolio. Major residential product offerings include fixed- and adjustable-rate closed-end mortgages, as well as home equity lines of credit. In addition, Mutual Bank has partnered with MassHousing and participates in the Federal Home Loan Bank of Boston's Equity Builder Program to expand financing opportunities, particularly for low- and moderate-income homebuyers. Commercial lending, while constituting a significantly less portion of overall lending, is the bank's second largest business line, with commercial real estate, construction and land development, and commercial and industrial loans together totaling \$76.9 million, or 21.6 percent, of the loan portfolio. Consumer loans represent \$22.8 million, or 6.4 percent, of the loan portfolio. Table 1 summarizes the loan portfolio composition, as of June 30, 2016.

Table 1		
Loan Portfolio Composition as of June 30, 2016		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
1-4 Family Residential - Closed-End	203,563	57.1
1-4 Family Residential - Revolving	45,016	12.6
Commercial Real Estate	41,289	11.6
Construction and Land Development	25,824	7.2
Consumer	22,745	6.4
Commercial and Industrial	9,761	2.7
Multifamily	8,053	2.3
Total Loans	356,251	100.0

*Consolidated Report of Condition and Income
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

Mutual Bank operates in a highly competitive banking environment. According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, 61 FDIC-insured depository institutions operated a branch within the assessment area as of June 30, 2015. Competitors for home mortgage loans within the assessment area include large national banks and mortgage companies, as well as community banks and credit unions. In 2015, 562 lenders originated or purchased a HMDA-reportable loan in the assessment area. Mutual Bank ranked forty-fifth with 311 loans originated and 64 loans purchased. Wells Fargo Bank, NA, and JP Morgan Chase Bank, NA, two of the nation's largest national banks, ranked first and second, respectively, each with over 3,000 loans originated or purchased, the majority of which were purchased. A number of mortgage companies are included near the top of the list.

Mutual Bank 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

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. The majority of the evaluation is based upon activity within the defined assessment area. Mutual Bank has defined one, intrastate assessment area that includes a portion of the Boston, MA Metropolitan Division (MD), a portion of the Providence-Warwick, RI-MA Metropolitan Statistical Area (MSA), and the entirety of the Barnstable Town, MA MSA. These areas are included within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area. Details of the counties, cities, and towns included in each of the MSAs that make up the assessment area are provided below:

Boston, MA MD

The bank's assessment area includes the entirety of Norfolk and Plymouth Counties. These two counties are a part of the Boston-Cambridge-Newton, MA-NH MSA, which includes Norfolk County, Plymouth County, and Suffolk County. Norfolk and Plymouth Counties contain 130

and 101 census tracts, respectively. Suffolk County consists of the cities of Boston, Chelsea, Revere, and Winthrop and is the northernmost county in the Boston, MA MD, geographically distant from the bank's branch network. Norfolk County includes the following 28 cities and towns: Avon, Bellingham, Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Foxboro, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth and Wrentham. Plymouth County includes the following 27 cities and towns: Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Lakeville, Marion, Marshfield, Mattapoisett, Middleboro, Norwell, Pembroke, Plymouth, Plympton, Rochester, Rockland, Scituate, Wareham, West Bridgewater and Whitman.

Providence-Warwick RI-MA MSA

The bank includes the entirety of Bristol County within the assessment area. Bristol County is one of the six counties in the Providence-Warwick RI-MA MSA, and the only one in the Commonwealth of Massachusetts, the other five located in the State of Rhode Island. Bristol County includes 126 census tracts comprising the following 20 cities and towns: Acushnet, Attleboro, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Freetown, Mansfield, New Bedford, North Attleboro, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport.

Barnstable Town, MA MSA

The bank also takes the Barnstable Town, MA MSA as part of its assessment area. This MSA consists solely of Barnstable County. Barnstable County includes 57 census tracts comprising the following 15 towns that make up Cape Cod: Barnstable, Bourne, Brewster, Chatham, Dennis, Eastham, Falmouth, Harwich, Mashpee, Orleans, Provincetown, Sandwich, Truro, Wellfleet, and Yarmouth. The Town of Barnstable consists of seven villages: Barnstable Village, Centerville, Cotuit, Hyannis, Marston Mills, Osterville and West Barnstable.

Together, the assessment area is an expansive geographic area encompassing all of Southeastern Massachusetts. This area includes the southwestern suburbs of the City of Boston, many of which are the wealthiest communities in Massachusetts, along with the Gateway Cities of Attleboro, Barnstable, Brockton, Fall River, New Bedford, Quincy, and Taunton.² The assessment area also includes rural areas, especially in parts of Cape Cod, which is a seasonal tourist destination.

² A Gateway City is a municipality with a population greater than 35,000 and less than 250,000; median household income below the state average; and a rate of educational attainment of a bachelor's degree or above that is below the state average.

A map of the assessment area is provided below:

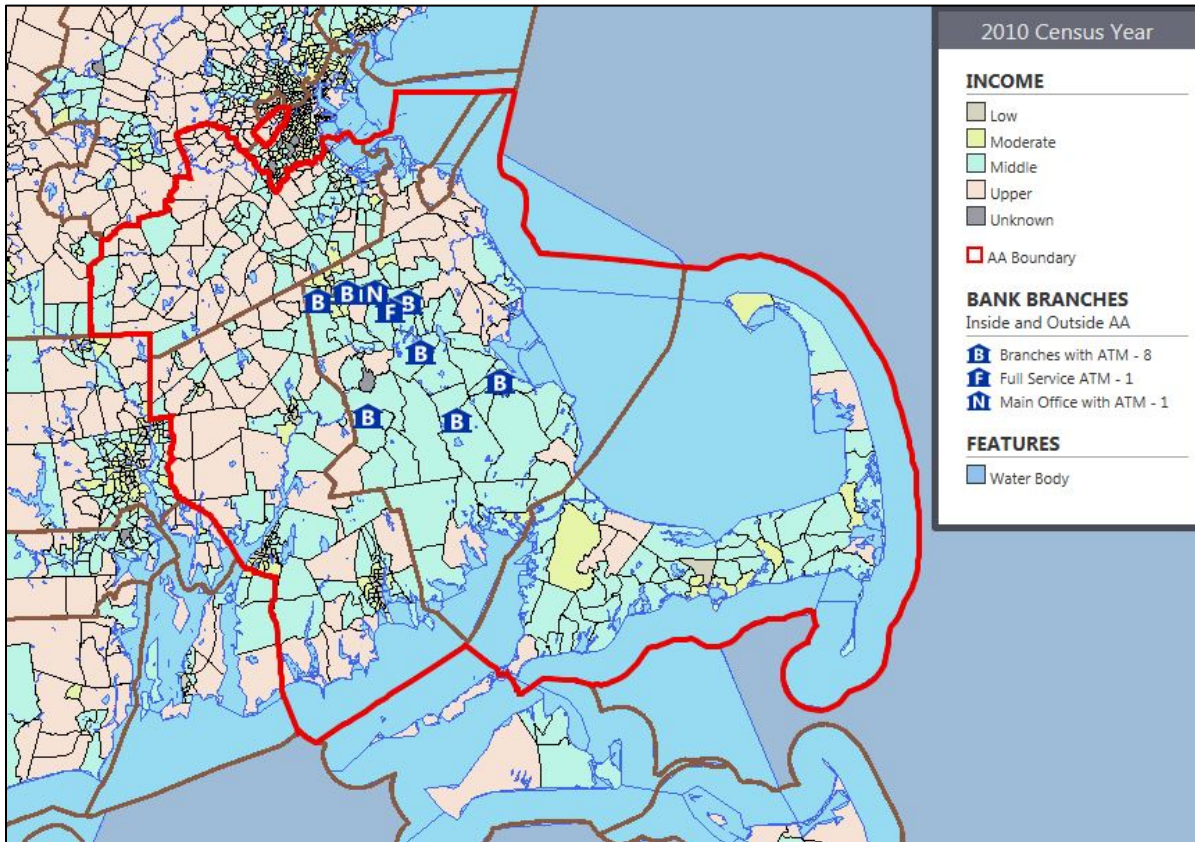


Table 2 below provides a summary of demographic information for the assessment area.

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	29	7.0	21,261	4.3	5,983	28.1	92,556	18.6
Moderate-income	57	13.8	53,568	10.7	6,908	12.9	80,904	16.2
Middle-income	196	47.3	251,324	50.4	11,923	4.7	106,211	21.3
Upper-income	128	30.9	172,702	34.6	4,103	2.4	219,184	43.9
Unknown-income	4	1.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	414	100.0	498,855	100.0	28,917	5.8	498,855	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	45,222	9,562	1.8	21.1	29,476	65.2	6,184	13.7
Moderate-income	105,900	46,519	8.7	43.9	42,780	40.4	16,601	15.7
Middle-income	443,613	282,806	53.1	63.8	93,055	21.0	67,752	15.3
Upper-income	259,478	194,168	36.4	74.8	44,750	17.2	20,560	7.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	854,213	533,055	100.0	62.4	210,061	24.6	111,097	13.0

2010 U.S. Census Data

Assessment Area Composition

The assessment area consists of 414 census tracts, of which 29 are low-income, 57 are moderate-income, 196 are middle-income, 128 are upper-income, and 4 are unknown-income. One of the unknown income census tracts consists of the Old Colony Correctional Center in Bridgewater while the other three consist of the ocean and have no population or housing characteristics. A majority of the low- and moderate-income census tracts are located in the cities of New Bedford (10 low- and 14 moderate-income), Fall River (9 low- and 9 moderate-income), and Brockton (4 low- and 12 moderate-income). No census tracts are considered distressed or underserved by the FFIEC.

Population

The assessment area has a total population of 1,929,942 individuals. Of the assessment area population, 5.0 percent of individuals reside in the low-income census tract, 11.2 percent reside in moderate-income census tracts, 49.1 percent reside in middle-income census tracts, and 34.7 percent reside in upper-income census tracts. The age characteristics of the assessment area population are in line with the Commonwealth of Massachusetts. The population of the bank's assessment area has experienced stable growth. According to the U.S. Census Population Estimates Program, the population of the assessment area grew by 2.5 percent between April 1,

2010 and July 1, 2015. Over the same period, the population of Massachusetts grew by 3.8 percent, while the population of the United States rose by 4.1 percent.³

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as income of 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 the median income; middle-income is defined as income of at least 80 percent but less than 120 percent of the median income; and upper-income is defined as 120 percent of the median income and above. Table 3 displays the MFI for the assessment area in 2014 and 2015.

Table 3		
Median Family Income Used to Classify Borrowers		
MSA/MD	FFIEC Estimated MFI	
	2014	2015
Boston, MA (MD)	87,200	90,000
Providence-Warwick, RI-MA (MSA)	72,200	74,400
Barnstable Town, MA (MSA)	74,900	80,300

FFIEC Median Family Income Estimates

The FFIEC estimates the 2014 and 2015 MFI for the Boston, MA MD to be \$87,200 and \$90,000, respectively. The MFI for the Providence-Warwick, RI-MA MSA is lower, at \$72,200 and \$74,400 in 2014 and 2015, respectively. The MFI for the Barnstable Town, MA MSA is \$74,900 in 2014, which is in line with that of the Providence-Warwick, RI-MA MSA, but increased to \$80,300 in 2015. Accordingly, 18.6 percent and 16.2 percent of families in the assessment area are low- and moderate-income, respectively. A higher percentage of families are middle-income at 21.3 percent and the highest percentages of families are upper-income at 43.9 percent. Comparably, the Commonwealth of Massachusetts has a higher percentage of low-income families at 22.2 percent and a lower percentage of upper-income families at 40.7 percent.

The percentage of families in the assessment area living below the poverty level is 5.8 percent, which is below the Commonwealth of Massachusetts average of 7.5 percent. A higher percentage of families in Bristol County, at 8.8 percent, are living below the poverty level compared to approximately 5.0 percent in the other three counties that comprise the assessment area. It should be noted that 28.1 percent of families in the low-income census tracts, and 12.9 percent of families in the moderate-income census tracts are living below the poverty level. This restricts, to some extent, the ability to provide home mortgage credit to this population.

Housing

The assessment area contains 854,213 housing units, of which 84.5 percent are 1-4 family. Of the total housing units in the assessment area, 62.4 percent are owner-occupied, 24.6 percent are rental units, and 13.0 percent are vacant. Within low-income census tracts, only 21.1 percent of housing units are owner-occupied as rental and vacant units comprise a relatively high percent of

³ U.S. Census Bureau, Population Estimates Program. Retrieved from www.census.gov/popest/

the housing stock, at 65.2 percent and 13.7 percent, respectively. This low availability of owner-occupied units limits, to some extent, home mortgage lending opportunities in these census tracts. Within moderate-income census tracts, 43.9 percent of housing units are owner-occupied. The percentage of housing units that are owner-occupied is higher, at 63.8 percent and 74.8 percent, within middle- and upper-income census tracts, respectively.

According to the 2010 U.S. Census, the median housing value of the assessment area was \$366,390. The median housing value was highest within Norfolk County and Barnstable County at \$408,100 and \$392,700, respectively, and was in line with the assessment area average in Plymouth County at \$360,700. The median housing value was lowest in Bristol County at \$306,600. More recent housing data indicates that the housing market in Massachusetts is strong. According to The Warren Group, Boston, Massachusetts, which records and tracks real estate transactions, the median sale price of a single-family home in July of 2016 was \$369,900, while the median sale price of a condominium during the same month was \$350,000. On average, year-to-date median sales prices in Massachusetts have risen over the last year due to low inventory and high demand, buoyed in part by low interest rates.⁴ As a result, housing affordability continues to be a challenge for many residents in the assessment area.

Economic Conditions

Economic conditions in the assessment area are generally stable and improving. According to the U.S. Bureau of Labor Statistics, the average unemployment rate for the Commonwealth of Massachusetts in 2015 was 5.0 percent.⁵ Comparably, the average unemployment rates for both Barnstable County and Bristol County were higher, at 6.3 percent. The unemployment rate for Plymouth County was 5.2 percent, which was in line with the state average, while the unemployment rate for Norfolk County was 4.3 percent, below the state average. Overall, unemployment rates in the assessment area were lower now than they were in previous years. However, areas of persistent unemployment still exist in parts of the assessment area, particularly in the post-industrial cities of Brockton, Fall River, and New Bedford.

The assessment area economy is predominantly supported by small firms in service-oriented sectors. According to D&B, there are 105,435 businesses operating within the assessment area. The vast majority of the businesses, 92.1 percent, have gross annual revenues less than or equal to \$1 million. Primary industries in the assessment area include retail trade, construction, and health care and social assistance. According to the Massachusetts Executive Office of Labor and Workforce Development website, major employers within the Brockton-Bridgewater-Easton, MA New England City and Town Area (NECTA) Division include Children's Hospital, Inc., Massasoit Community College, and Signature Health Care.⁶

Credit conditions in the assessment area are generally strong. According to a Federal Reserve Bank of New York credit accessibility study, all adults in Barnstable County and 99.7 percent of

⁴ The Warren Group, "Condominiums Surpass Last Month's High, Set New Record". August 23, 2016. Retrieved from www.thewarrengroup.com/2016/08/massachusetts-single-family-homes-sales-continue-to-rise/

⁵ U.S. Bureau of Labor Statistics, Economic Releases. Retrieved from www.bls.gov/

⁶ Massachusetts Executive Office of Labor and Workforce Development, Largest Employers by Area. Retrieved from http://lmi2.detma.org/lmi/Largest_employer_index.asp. NECTAs are delineated by the Office of Management and Budget. They are similar to the county-based metropolitan and micropolitan statistical areas, however, NECTAs are based on county subdivisions, usually cities and towns.

adults in Norfolk County and Plymouth County have a credit file and a credit score.⁷ While this percentage is lower in Bristol County, at 94 percent, overall credit inclusion in the assessment area is above or in line with the 93.4 percent average for the Commonwealth of Massachusetts, and 92.5 percent average for the United States.

Community Contact

As part of the CRA evaluation, one community contact interview was conducted to obtain assessment area background information, including information relating to the local economy, credit needs, and community development opportunities. The interview was conducted with two individuals representing a government organization that promotes economic development in the City of Brockton. The contacts have more than 30 years of combined experience in the economic development field. Specific activities of the organization include housing planning and zoning, business support and attraction, and neighborhood revitalization.

The contacts noted a strong demand for adequate and affordable housing in the area. The contacts stated the need for higher loan-to-value home loans in the city, adding that many of the older homes need extensive renovation, which presents difficulties for those trying to obtain financing to purchase and subsequently rehabilitate the property. Additionally, the contacts noted that the city continues to experience a high number of foreclosures and many vacant properties. Overall, the contacts indicated that local financial institutions are generally active in the community but viewed expanded financing for home improvement loans and stronger partnerships with community development groups and local housing agencies as opportunities to further meet the credit needs of the community.

⁷ Federal Reserve Bank of New York, Community Credit: A New Perspective on America's Communities. Retrieved from <https://www.newyorkfed.org/data-and-statistics/data-visualization/community-credit-profiles/index.html#inclusion>

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates the bank’s efforts in meeting the credit needs of its assessment area based on the following five performance standards: (1) loan-to-deposit 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 with regard to 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 loan to deposit (LTD) ratio is calculated from the quarterly Consolidated Report of Income and Condition based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits. Table 4 below displays Mutual Bank’s average LTD ratio during the review period in comparison to institutions located in the bank’s assessment area that have a similar asset size and lending focus.

Table 4			
Loan-to-Deposit Ratio Comparison			
Institution	Headquarters	Total Assets \$(000s) as of June 30, 2016	Average LTD Ratio %
Mutual Bank	Whitman, MA	475,310	95.3
Mechanics Cooperative Bank	Taunton, MA	497,525	91.1
Bridgewater Savings Bank	Raynham, MA	532,033	85.6
Norwood Bank	Norwood, MA	445,932	84.4
Randolph Savings Bank	Randolph, MA	456,278	77.6

Consolidated Report of Income and Condition

The bank’s average LTD ratio during the 14-quarter period since the last CRA examination is 95.3 percent. During the review period, the bank’s LTD ratio ranged from a low of 87.2 percent to a high of 101.9 percent, representing a generally steady trend. In comparison, the LTD ratios for the regional peers ranged from a low of 57.9 percent to a high of 100.2 percent. Therefore, compared to data from regional banks as displayed in the table above, the bank’s average LTD ratio is more than reasonable given the consistently high ratio, the bank’s size, financial condition, and assessment area credit needs.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated or purchased by the bank within its assessment area during the review period.

Table 5 Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	182	80.9	46,475	77.8	43	19.1	13,227	22.2
Refinancing	178	80.5	35,248	72.8	43	19.5	13,187	27.2
Home Improvement	169	97.7	7,458	92.8	4	2.3	582	7.2
Multifamily Housing	5	100.0	2,173	100.0	0	0.0	0	0.0
Total HMDA	534	85.6	91,354	77.2	90	14.4	26,996	22.8

Bank HMDA LAR January 1, 2014 through December 31, 2015

The bank made a substantial majority of HMDA loans inside the assessment area during the review period. The bank made a total of 624 HMDA loans in 2014 and 2015 combined. Of these loans, 85.6 percent by number and 77.2 percent by dollar were inside the assessment area. A higher percentage of the bank's loans were inside the assessment area in 2012 and 2013, as well as in the first two quarters of 2016. In 2012 and 2013, the bank made a total of 475 HMDA loans, of which 94.3 percent by number and 89.8 percent by dollar were inside the assessment area. The bank's performance in the first two quarters of 2016 is trending upward, with 96.1 percent by both number and dollar of the bank's 179 HMDA loans made inside the assessment area. Slight variations in percentages with respect to loans inside the assessment area for each year is partially attributed to HMDA loan purchases outside the assessment area, especially in 2014 and 2015.

Lending to Borrowers of Different Incomes

This criterion analyzes the distribution of loans inside the assessment area to borrowers of different income levels. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable MFI figure estimated by the FFIEC. Tables 6 and 7 present the bank's HMDA loans by borrower income level compared to the percentage of families by income level and aggregate data.

Table 6 2014 Borrower Distribution of HMDA Loans								
Product Type	Borrower Income Levels	Families by Family Income	Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
		%	#	%	%	\$(000s)	\$ %	\$ %
Home Purchase	Low	18.6	0	0.0	3.8	0	0.0	1.7
	Moderate	16.2	7	10.6	16.1	1,286	8.7	10.4
	Middle	21.3	10	15.2	20.6	2,103	14.3	16.7
	Upper	43.9	24	36.4	40.6	6,368	43.2	52.2
	Unknown	0.0	25	37.9	18.9	4,988	33.8	19.0
	Total	100.0	66	100.0	100.0	14,745	100.0	100.0
Refinance	Low	18.6	3	4.6	5.3	303	2.5	2.7
	Moderate	16.2	9	13.8	13.9	1,205	9.9	9.1
	Middle	21.3	14	21.5	22.0	1,733	14.2	17.9
	Upper	43.9	15	23.1	42.2	3,409	27.9	53.0
	Unknown	0.0	24	36.9	16.6	5,558	45.5	17.4
	Total	100.0	65	100.0	100.0	12,208	100.0	100.0
Home Improvement	Low	18.6	0	0.0	5.7	0	0.0	2.4
	Moderate	16.2	7	25.9	14.5	623	21.3	8.3
	Middle	21.3	7	25.9	23.0	781	26.6	14.7
	Upper	43.9	9	33.3	51.0	675	23.0	61.9
	Unknown	0.0	4	14.8	5.9	852	29.1	12.7
	Total	100.0	27	100.0	100.0	2,931	100.0	100.0
Multifamily	Low	18.6	0	0.0	0.0	0	0.0	0.0
	Moderate	16.2	0	0.0	0.0	0	0.0	0.0
	Middle	21.3	0	0.0	0.0	0	0.0	0.0
	Upper	43.9	0	0.0	0.0	0	0.0	0.0
	Unknown	0.0	1	100.0	100.0	317	100.0	100.0
	Total	100.0	1	100.0	100.0	317	100.0	100.0
HMDA Totals	Low	18.6	3	1.9	4.5	303	1.0	2.0
	Moderate	16.2	23	14.5	15.1	3,114	10.3	9.5
	Middle	21.3	31	19.5	21.2	4,617	15.3	16.5
	Upper	43.9	48	30.2	41.9	10,452	34.6	51.2
	Unknown	0.0	54	34.0	17.2	11,715	38.8	20.8
	Total	100.0	159	100.0	100.0	30,201	100.0	100.0

2010 U.S. Census Data, 2014 Bank HMDA LAR, and 2014 Aggregate HMDA Data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 7 2015 Borrower Distribution of HMDA Loans								
Product Type	Borrower Income Levels	Families by Family Income	Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
		%	#	%	%	\$(000s)	\$ %	\$ %
Home Purchase	Low	18.6	3	2.6	4.0	306	1.0	1.9
	Moderate	16.2	18	15.5	17.1	3,106	9.8	11.2
	Middle	21.3	11	9.5	21.3	3,153	9.9	17.5
	Upper	43.9	37	31.9	39.3	13,535	42.7	51.1
	Unknown	0.0	47	40.5	18.3	11,630	36.7	18.3
	Total	100.0	116	100.0	100.0	100.0	31,730	100.0
Refinance	Low	18.6	2	1.8	3.7	307	1.3	1.7
	Moderate	16.2	14	12.4	12.2	2,306	10.0	7.9
	Middle	21.3	25	22.1	20.4	5,294	23.0	16.4
	Upper	43.9	33	29.2	43.0	8,052	34.9	53.5
	Unknown	0.0	39	34.5	20.7	7,081	30.7	20.5
	Total	100.0	113	100.0	100.0	100.0	23,040	100.0
Home Improvement	Low	18.6	5	3.5	5.0	185	4.1	2.1
	Moderate	16.2	25	17.6	14.5	496	11.0	7.9
	Middle	21.3	40	28.2	22.8	762	16.8	15.3
	Upper	43.9	70	49.3	51.1	2,844	62.8	64.9
	Unknown	0.0	2	1.4	6.7	240	5.3	9.9
	Total	100.0	142	100.0	100.0	100.0	4,527	100.0
Multifamily	Low	18.6	0	0.0	0.0	0	0.0	0.0
	Moderate	16.2	0	0.0	0.0	0	0.0	0.0
	Middle	21.3	0	0.0	0.0	0	0.0	0.0
	Upper	43.9	0	0.0	0.0	0	0.0	0.0
	Unknown	0.0	4	100.0	100.0	1,856	100.0	100.0
	Total	100.0	4	100.0	100.0	100.0	1,856	100.0
HMDA Totals	Low	18.6	10	2.7	3.9	798	1.3	1.8
	Moderate	16.2	57	15.2	14.5	5,908	9.7	9.3
	Middle	21.3	76	20.3	20.9	9,209	15.1	16.5
	Upper	43.9	140	37.3	41.8	24,431	40.0	51.6
	Unknown	0.0	92	24.5	18.8	20,807	34.0	20.8
	Total	100.0	375	100.0	100.0	100.0	61,153	100.0

2010 U.S. Census Data, 2015 Bank HMDA LAR, and 2015 Aggregate HMDA Data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The percentage of HMDA loans to low-income borrowers was 1.9 percent in 2014 and 2.7 percent in 2015. These percentages are below the demographic indicator, as 18.6 percent of assessment area families were low-income as of the 2010 U.S. Census. Given the financial obstacles many low-income families face in qualifying for a home mortgage loan, the bank's lending to low-income borrowers was also compared to the 2014 and 2015 aggregate data, which is more representative of lending opportunities. In this regard, the bank's lending to low-income borrowers was below the aggregate percentage of 4.5 percent in 2014, and 3.9 percent in 2015. It should be noted that the bank's percentage of HMDA loans to low-income borrowers was 9.1 percent in 2012, and 8.1 percent in 2013, which exceeded the aggregate performance in those years. Furthermore, during the first two quarters of 2016, the bank has made 8.1 percent of HMDA loans to low-income borrowers, suggesting that the bank's performance in 2014 and 2015 represents a deviation from a broader trend of outperforming the aggregate. This deviation is partially attributed to HMDA loan purchase activity resulting in a relatively high percentage of lending to borrowers with unknown income, especially in 2014 and 2015.

In terms of lending to moderate-income borrowers, the bank made 14.5 percent and 15.2 percent of HMDA loans to these borrowers in 2014 and 2015, respectively. This performance was in line with the demographic indicator, as 16.2 percent of assessment area families were low-income as of the 2010 U.S. Census. Mutual Bank's performance was also in line with the aggregate percentage of 15.1 percent in 2014, and 14.5 percent in 2015. For the first two quarters of 2016, the bank originated 13.4 percent of HMDA loans to moderate-income borrowers, which is in line with the bank's 2014 and 2015 performance. Overall, the distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income levels.

Geographic Distribution of Loans

This criterion analyzes the distribution of loans inside the assessment area to census tracts of different income levels. Tables 8 and 9 below present the bank's HMDA loans by census tract income level compared with aggregate data. The percent of housing units in each tract income level that are owner-occupied is also provided as an indicator of home mortgage lending opportunities.

Table 8 2014 Geographic Distribution of HMDA Loans								
Product Type	Tract Income Levels	Owner Occupied Units %	Count			Dollar		
			Bank		Aggregate	Bank		Aggregate
			#	%	%	\$(000s)	\$ %	\$ %
Home Purchase	Low	1.8	3	4.5	1.9	311	2.1	1.1
	Moderate	8.7	8	12.1	9.0	942	6.4	6.2
	Middle	53.1	44	66.7	52.3	9,967	67.6	45.0
	Upper	36.4	11	16.7	36.9	3,525	23.9	47.6
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	66	100.0	100.0	14,745	100.0	100.0
Refinance	Low	1.8	1	1.5	1.7	342	2.8	1.1
	Moderate	8.7	4	6.2	7.9	397	3.3	5.7
	Middle	53.1	41	63.1	51.5	6,565	53.8	45.2
	Upper	36.4	19	29.2	38.9	4,904	40.2	48.0
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	65	100.0	100.0	12,208	100.0	100.0
Home Improvement	Low	1.8	0	0.0	1.5	0	0.0	0.7
	Moderate	8.7	3	11.1	6.8	275	9.4	4.4
	Middle	53.1	21	77.8	50.6	2,061	70.3	41.4
	Upper	36.4	3	11.1	41.2	595	20.3	53.5
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	27	100.0	100.0	2,931	100.0	100.0
Multifamily	Low	1.8	0	0.0	20.6	0	0.0	6.0
	Moderate	8.7	0	0.0	21.8	0	0.0	11.1
	Middle	53.1	1	100.0	38.9	317	100.0	49.3
	Upper	36.4	0	0.0	18.7	0	0.0	33.6
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	1	100.0	100.0	317	100.0	100.0
HMDA Totals	Low	1.8	4	2.5	1.8	653	2.2	1.2
	Moderate	8.7	15	9.4	8.4	1,614	5.3	6.1
	Middle	53.1	107	67.3	51.8	18,910	62.6	45.1
	Upper	36.4	33	20.8	38.0	9,024	29.9	47.6
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	159	100.0	100.0	30,201	100.0	100.0

2010 U.S. Census Data, 2014 Bank HMDA LAR, and 2014 Aggregate HMDA Data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 9 2015 Geographic Distribution of HMDA Loans								
Product Type	Tract Income Levels	Owner Occupied Units %	Count			Dollar		
			Bank		Peer	Bank		Peer
			#	%	%	\$(000s)	\$ %	\$ %
Home Purchase	Low	1.8	3	2.6	2.0	373	1.2	1.2
	Moderate	8.7	14	12.1	9.1	2,230	7.0	6.6
	Middle	53.1	69	59.5	53.0	16,759	52.8	45.3
	Upper	36.4	30	25.9	35.9	12,368	39.0	46.9
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	116	100.0	100.0	100.0	31,730	100.0
Refinance	Low	1.8	1	0.9	1.4	109	0.5	0.9
	Moderate	8.7	9	8.0	7.2	1,463	6.3	5.0
	Middle	53.1	84	74.3	50.3	16,742	72.7	43.6
	Upper	36.4	19	16.8	41.1	4,726	20.5	50.5
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	113	100.0	100.0	100.0	23,040	100.0
Home Improvement	Low	1.8	0	0.0	1.4	0	0.0	0.6
	Moderate	8.7	12	8.5	7.1	166	3.7	4.5
	Middle	53.1	103	72.5	49.3	2,564	56.6	38.0
	Upper	36.4	27	19.0	42.3	1,797	39.7	56.9
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	142	100.0	100.0	100.0	4,527	100.0
Multifamily	Low	1.8	2	50.0	20.6	556	30.0	4.3
	Moderate	8.7	0	0.0	25.3	0	0.0	8.4
	Middle	53.1	2	50.0	36.8	1,300	70.0	37.6
	Upper	36.4	0	0.0	17.3	0	0.0	49.8
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	4	100.0	100.0	100.0	1,856	100.0
HMDA Totals	Low	1.8	6	1.6	1.7	1,038	1.7	1.1
	Moderate	8.7	35	9.3	8.1	3,859	6.3	5.8
	Middle	53.1	258	68.8	51.4	37,365	61.1	44.1
	Upper	36.4	76	20.3	38.8	18,891	30.9	49.0
	Unknown	0.0	0	0.0	0.0	0	0.0	0.0
	Total	100.0	375	100.0	100.0	100.0	61,153	100.0

2010 U.S. Census Data, 2015 Bank HMDA LAR, and 2015 Aggregate HMDA Data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The percentage of HMDA loans in low-income census tracts was 2.5 percent in 2014, and 1.6 percent in 2015. These percentages are in line with the aggregate percentage of 1.8 percent in 2014, and 1.7 percent in 2015. During the first two quarters of 2016, the bank made 2.3 percent of HMDA loans in low-income census tracts. In terms of lending in moderate-income census tracts, the bank made 9.4 percent and 9.3 percent of HMDA loans in these census tracts in 2014 and 2015, respectively. This performance slightly exceeded the aggregate percentage of 8.4 percent in 2014 and 8.1 percent in 2015. For the first two quarters of 2016, the bank originated 7.6 percent of HMDA loans in moderate-income census tracts, slightly below the bank's 2014 and 2015 performance. Multifamily loans are included in the HMDA loan total. In 2014, the bank made one multifamily loan, located in a middle-income census tract. In 2015, the bank made four multifamily loans, two located in a low-income census tract and two located in a middle-income census tract. Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the assessment area, including in low- and moderate-income census tracts.

Response to Complaints

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

CONCLUSIONS: LENDING TEST

Mutual Bank's performance in meeting the credit needs in the assessment is demonstrated by a LTD ratio that is more than reasonable and a record of originating a substantial majority of loans inside the assessment area. Furthermore, the bank's distribution of HMDA loans by both borrower income and census tract income is considered reasonable. Lastly, no CRA-related complaints were filed against the bank for this review period. Overall, the bank's lending levels reflect a reasonable level of responsiveness to the credit needs of the assessment area considering economic, demographic, and competitive conditions. Therefore, Mutual Bank is rated Satisfactory for the Lending Test.

COMMUNITY DEVELOPMENT TEST

The Community Development Test measures the number and amount of community development loans and qualified investments; the extent to which the institution provides community development services, including the provision and availability of services to low- and moderate-income people and through branches and other facilities in low- and moderate-income areas; and the responsiveness to the opportunities for community development lending, qualified investments, and community development services.⁸

Community Development Loans

During the review period, the bank originated two community development loans totaling \$375,000. In 2015, the bank originated a \$150,000 line of credit to an organization that promotes economic development through permanent job creation, retention, and improvement. The organization is headquartered in a low-income census tract and primarily serves the City of Brockton. In 2016, the bank originated a \$225,000 commercial real estate loan to a non-profit organization that delivers food and furniture to low- and moderate-income families free of charge. The loan finances the first stage in the construction of a new facility in Dartmouth, Massachusetts. When constructed, the new facility will expand the organization's services to low- and moderate-income residents in southeastern Massachusetts, particularly in the cities of New Bedford and Fall River.

Community Development Investments

Mutual Bank's qualified community development investments consist solely of donations. The bank plays an active role in supporting numerous economic, educational, and social organizations in its assessment area through direct contributions and sponsorships. It has been a consistent source of funding for many of the recipient organizations for many years. During the review period, the bank made a total of \$372,812 in donations, of which \$95,710, or 25.7 percent, was considered to be primarily for community development purposes. Qualified donations by community development category and year are displayed in the table below.

⁸ 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, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation 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, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, 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.

Table 10 Qualified Donations										
Community Development Category	2013		2014		2015		2016		Review Period	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	5	6,000	2	1,100	4	7,550	0	0	11	14,650
Community Services	22	16,180	24	26,450	29	27,980	4	5,500	79	76,110
Economic Development	1	1,000	0	0	0	0	1	2,500	2	3,500
Revitalization/Stabilization	1	150	0	0	2	800	1	500	4	1,450
Total	29	23,330	26	27,550	35	36,330	6	8,500	96	95,710

Bank Records – January 23, 2013 through August 29, 2016

As shown above, the bank’s donations primarily provided needed community services to low-income and moderate-income individuals. These activities are particularly vital in the socio-economic environment in which the bank is operating. The following are examples of recipients who engage in these activities for the betterment of the economically disadvantaged:

- Food Pantries – Mutual Bank has annually donated to food pantries throughout the assessment area. These include Hanson Food Pantry, Carver Food Pantry, Halifax Food Pantry, Falmouth Food Pantry, and Whitman Food Pantry.
- My Brother’s Keeper – My Brother’s Keeper is a non-profit organization that delivers food and furniture to families in need, free of charge. The organization serves those living in Southeastern Massachusetts, and is the only charity providing furniture assistance as a core program.
- Schools on Wheels – Founded in 2004 by a teacher and child advocate to support children struggling to stay on track in school while experiencing homelessness by providing academic support and one-on-one mentoring. The Schools on Wheels vision is that all children have the academic support necessary to achieve a bright and productive future that will help end the cycle of homelessness.

Community Development Services

On four occasions during the review period, the bank partnered with an affordable housing organization to host first-time homebuyer seminars that educated attendees about the process of purchasing a new home and included topics such as budgeting, credit scores, appraisals, and home inspections. Two of the four seminars were conducted in the City of Brockton. In addition, Mutual Bank employees are actively involved in the provision of financial services to non-profit and government organizations that provide community development activities. The following are examples of community development services:

- An assistant vice president serves on the board of the regional Brockton Area Workforce Investment Board and statewide Massachusetts Workforce Board Association. These organizations work to promote economic development through permanent job creation, retention, and improvement.

- The bank president serves on the board of School on Wheels, an organization that provides educational services to homeless students.
- Two vice presidents volunteer with Old Colony Elder Services to provide money management services to low-income elders.

CONCLUSION: COMMUNITY DEVELOPMENT TEST

Mutual Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area considering the bank's capacity and the need and availability of opportunities. This performance is demonstrated through the bank's community development loans, qualified investments, and community development services. Therefore, the Community Development Test is rated Satisfactory.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted and no substantive violations of the provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws, or regulations were identified.