



PUBLIC DISCLOSURE

May 4, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rollstone Bank & Trust
Charter Number: 707794

780 Main Street
Fitchburg, MA 01420-3112

Office of the Comptroller of the Currency

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Suite 1400
Boston, MA 02110

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, and should not 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.

Table of Contents

Overall Community Reinvestment Act (CRA) Rating..... 2
Description of Institution.....4
Scope of the Evaluation..... 6
Discriminatory or Other Illegal Credit Practices Review..... 8
State Rating.....9
 State of Massachusetts..... 9
Lending Test.....11
Community Development Test 14
Appendix A: Scope of Examination.....A-1
Appendix B: Summary of State Ratings..... B-1
Appendix C: Definitions and Common Abbreviations.....C-1
Appendix D: Tables of Performance Data.....D-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test (LT) rating is based on the State of Massachusetts (MA) rating which is driven by the Rollstone Bank & Trust's ("Rollstone", "RBT", or "the Bank") performance in meeting the credit needs of its full-scope (FS), MA-based assessment area (AA). The rating is supported by the Bank's record of lending during the CRA LT evaluation period of January 1, 2017 through December 31, 2019.
 - The Bank's average loan-to-deposit (LTD) ratio for the 13 quarters since the previous PE LTD analysis is considered more than reasonable and compares favorably to local peer groups.
 - A majority of the Bank's primary lending activity occurred within the delineated MA-based AA.
 - Lending levels reflect adequate responsiveness to AA credit needs.
 - There were no CRA or Fair Lending (FL) related complaints received by the Bank or the Office of the Comptroller of the Currency (OCC) during the evaluation period.
- The Community Development (CD) Test rating is based on the State of MA rating which is driven by RBT's performance in meeting the credit needs of its FS, MA-based AA. The rating is supported by the Bank's record of community development activities during the CRA CD Test evaluation period of October 31, 2016, the date of the previous CRA Performance Evaluation (PE), through December 31, 2019.
 - Overall, the institution exhibits excellent responsiveness to the credit needs of its delineated AA through its CD activities.

Loan-to-Deposit Ratio

RBT's average net LTD ratio is considered more than reasonable given the Bank's size, financial condition, and the credit needs of the AA. Since the end of the previous evaluation, RBT's quarterly net LTD ratio averaged approximately 108.8 percent over a period of 13 quarters. This analysis covered quarterly LTD data from December 31, 2016, to December 31, 2019 for RBT as well as five peer institutions of similar size and geographic location. During this time, RBT's LTD ratio ranged from a quarterly low of 100.3 percent to a quarterly high of 119.4 percent. The Bank's LTD ratio compares favorably to peer institutions. The selected peer group reported an average quarterly net LTD ratio of 101.7 percent over the 13-quarter period, ranging from a quarterly low of 97.4 percent to a quarterly high of 105.6 percent.

Lending in Assessment Area

A majority of the Bank's primary product lending occurred within the delineated AA.

RBT originated 71.8 percent by number and 66.9 percent by dollar amount of its total loans inside the AA during the full evaluation period of January 1, 2017, through December 31, 2019. This lending analysis was performed at the Bank, rather than the AA level and meets the standard for satisfactory performance.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	79	74.5	27	25.5	106	20,484	68.9	9,240	31.1	29,724
2018	51	75.0	17	25.0	68	12,773	69.6	5,589	30.4	18,363
2019	84	67.7	40	32.3	124	22,153	63.9	12,527	36.1	34,680
Subtotal	214	71.8	84	28.2	298	55,410	66.9	27,357	33.1	82,766
Total	214	71.8	84	28.2	298	55,410	66.9	27,357	33.1	82,766

Source: Evaluation Period: 1/1/2017 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0

Description of Institution

RBT is a federally chartered stock institution headquartered in Fitchburg, MA with total assets of \$694.7 million, and total deposits and net tier 1 capital of \$482 million, and \$77 million respectively, as of December 31, 2019. The loan portfolio totaled \$490 million or 71 percent of total assets at the same time period. The Bank is wholly owned by Rollstone Bancorp, MHC, a mutual holding company. In addition to its main office location, which includes a mortgage operation center, the Bank maintains seven full-service branches and a loan and wealth management office. The Bank's main office and two other branches are located in Fitchburg, MA. The Bank has two additional branches in Leominster, MA and one in each of Harvard, Townsend, and Groton, MA. All bank branches are located within the delineated FS MA-based AA. Lastly, the Bank also maintains a loan production office (LPO) in Worcester, MA.

RBT does not conduct branch services or monetary transactions at the main office in Fitchburg, MA or the Worcester Loan & Wealth Management Center. Meetings are by appointment only at these locations. Standard hours of operation for the branch locations are generally from 9:00 AM to 4:00 PM, Monday through Wednesday, with some locations opening earlier by 8:30 AM and others offering extended hours until 5:00 PM. Extended hours are also offered at most branch locations on Thursday and Fridays, generally until 5:00 PM with some locations offering later operational hours until 6:00 PM. During the weekends, all branch locations are generally open 9:00 AM to noon, however the Monument Square branch opens by 8:30 AM on Saturdays. Drive-up hours are also offered at applicable branch locations Monday through Friday, from 8:30 AM to 4:00 PM, and on Saturday from 8:30 AM to noon. Due to COVID-19 disruptions, banking services and hours may vary by location. More detailed product and branch information can be found on the Bank's website at www.rollstonebank.com.

Rollstone is a federally chartered stock institution that offers a wide range of banking services, with retail lending products including real estate mortgages, construction loans, auto loans, and personal loans. Commercial lending products include commercial real estate (CRE) loans, lines of credit, term/installment loans, and Small Business Administration (SBA) loans. RBT offers traditional retail and commercial deposit products including checking and savings accounts, money market accounts, certificates of deposit, and commercial sweep accounts. Wealth management and investment planning products include simplified employee pension plans, individual retirement accounts (IRAs), life insurance, and business continuation planning.

The table below provides a summary of the loan mix as of December 31, 2019:

Loan Portfolio Summary by Loan Product December 31, 2019	
Loan Category	% of Gross Loans and Leases
Other Real Estate (Commercial)	50
1-4 Family Residential Mortgages – Closed End	30
Commercial & Industrial	7
Multifamily	5
Home Equity	3
Construction & Development	4
Consumer	<1
Total	100

Data obtained from the FFIEC Call Report, Schedule RC-C Part I - Loans and Leases, for the quarter ending December 31, 2019.

The Bank has no financial or legal impediments in meeting the credit needs of the AA. The Bank was rated 'Outstanding' using Intermediate Small Bank (ISB) procedures during the previous CRA PE dated October 31, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Rollstone was evaluated using ISB CRA evaluation procedures, which entails evaluating the Bank's record in meeting the credit needs of its delineated MA-based AA. We evaluated the Bank's record of lending and CD activities during the evaluation period.

The evaluation period for the LT, excluding the LTD analysis, is January 1, 2017 through December 31, 2019. Our LTD analysis timeframe consists of the 13 quarters occurring since the previous CRA performance evaluation LTD analysis, specifically the quarter ending December 31, 2016 through December 31, 2019. Our conclusions of the Bank's lending performance during the evaluation period are based on a single identified primary product type, specifically residential mortgage loans as reported via Rollstone's Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). This product type accounted for the majority of lending activity occurring during our evaluation period. During the evaluation period, residential mortgage loans accounted for approximately 49.75 percent by number and 25.18 percent by dollar amount of all loan originations.

For the LT, the Bank's performance during the evaluation period was compared to 2015 American Community Survey (ACS) US Census, 2019 Dun & Bradstreet (D&B), and 2018 HMDA Aggregate data, which serves as our primary comparator to the Bank's lending performance. Aggregate HMDA data for 2019 was not readily available for use as of this PE.

The evaluation period for the CD Test, including community development loans, investments/donations, and services, is October 31, 2016, the date of the previous CRA performance evaluation, through December 31, 2019.

Selection of Areas for Full-Scope Review

In each state where the Bank has an office, one or more AAs within that state was selected for a FS review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA.

The CRA requires an institution to define its AA in which it will be evaluated. RBT has delineated a single MA-based AA, comprised of a single FS rating area. The area meets the requirements of the regulation by consisting of wholly-contiguous political subdivisions, contains the entirety of the bank's branches and deposit taking ATMS, and does not arbitrarily exclude any low- or moderate-income census tracts. As this delineated area includes adjacent geographies from both the Boston-Cambridge-Newton, MA-NH MSA (#14460) and the Worcester, MA-CT MSA (#49340), and since these two MSAs are also part of the same Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148), we combined all these AA geographies into a single delineated rating area for evaluation. The resulting rating area consists of adjacent portions of Massachusetts' Middlesex (#017) and Worcester (#027) Counties, namely the following full cities/towns: Ashburnham, Ashby, Ayer, Fitchburg, Gardner, Groton, Harvard, Lancaster, Leominster, Lunenburg, Pepperell, Shirley, Sterling, Townsend, and Westminster. Of note, the Boston-Cambridge-Newton, MA-NH MSA (#14460) is comprised of two smaller statistical areas, namely the Cambridge-Newton-Framingham, MA MSA (#15764) and the

Boston, MA Metropolitan Division (MD) (#14454). As all Bank delineated AA geographies within the Boston-Cambridge-Newton, MA-NH MSA originate from the Cambridge-Newton-Framingham, MA MSA, all demographic data and subsequent analysis for this portion of the Bank's FS MA AA was derived from the Cambridge-Newton-Framingham, MA MSA and is reflected within Table A as part of the 'Description of Institution's Operations in Massachusetts' section of this evaluation.

Refer to Appendix A, Scope of Examination, for further information regarding the specific delineation of the full-scope MA-based AA rating area.

Ratings

The Bank's overall rating is based on the State of Massachusetts rating.

As the Bank has delineated a single FS MA-based AA rating area for evaluation, our conclusions of the Bank's performance according to CRA was based solely on our assessment of the Bank's activities within this FS area. As previously discussed, the Bank's delineated AA complies with the requirements of the regulation, does not arbitrarily exclude any low- or moderate-income geographies, and contains the entirety of Rollstone's branches and deposit taking ATMs.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact the coronavirus pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 12 CFR 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Massachusetts

CRA rating for the State of Massachusetts: Outstanding.

The Lending Test is rated: Satisfactory

The CD Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to AA credit needs.
- Overall, the Bank exhibits a reasonable geographic distribution of loans in its FS MA-based AA, stemming from adequate geographic distributions of home mortgage loans among both low- and moderate-income census tracts within the rating area given performance context.
- Overall, the Bank exhibits a reasonable distribution of loans among individuals of different income levels in its FS MA-based AA, given performance context and product lines offered by the institution, and this performance stems from adequate distributions of home mortgage loans among both low- and moderate-income borrowers.
- There were no CRA or FL related complaints received by the Bank or the agency since the previous CRA ISB PE nor were there any noted complaints occurring during the evaluation period.
- Overall, the institution exhibits excellent responsiveness to the credit needs of its FS MA-based AA through its CD activities.
- As previously mentioned, Rollstone's CD activities included approximately \$7.9 million in qualified lending, \$2.8 million in qualified investments, and 1,128 hours in qualified community services.

Description of Institution's Operations in Massachusetts

The State of Massachusetts represents Rollstone's primary area of operations. As previously discussed, Rollstone Bank & Trust's FS MA-based AA is comprised of a single rating area that includes adjacent MA geographies within both the Boston-Cambridge-Newton, MA-NH MSA (#14460) and the Worcester, MA-CT MSA (#49340). This FS MA-based AA consists of a total of 41 census tracts, including four low-, 12 moderate-, 15 middle-, and 10 upper-income census tracts as of the 2015 ACS Census update. The Bank operates seven full-service branches within the FS MA-based AA as of the end of our evaluation period, with five located within the Worcester County (#027) portion of the delineated FS rating area and the remaining two being located within Middlesex County (#017). This AA delineation is considered appropriate as it meets the regulatory definition by consisting of wholly-

contiguous political subdivisions and does not arbitrarily exclude any low- or moderate-income census tracts.

Considering the above AA delineation, to obtain a better understanding of performance context we reviewed FDIC Deposit Market Share data as of June 30, 2019 among both counties of Worcester and Middlesex. As of this time-period, RBT ranked 32nd among 68 other competing financial institutions in this market area with less than one percent deposit market share representing approximately \$470 million in deposits, the entirety of the Bank's deposit base. This positioning highlights the significant competitive pressures present within the Bank's FS MA-based AA, where the top lenders consist of larger institutions that have a national or regional presence. These top lenders include Bank of America (21.4 percent market share), Citizens Bank (10.4 percent), and TD Bank (6.7 percent). Furthermore, the top five lenders within this space account for approximately 48 percent of all deposits, while all lenders outside of the top five individually maintain less than four percent deposit market share.

As home mortgage loans were the primary product identified during the course of this review, we also assessed the disparity between median family incomes and median housing prices within the FS MA-based AA as part of our performance context when evaluating lending performance, particularly in regard to the impact on low- and moderate-income borrowers. Within Rollstone's FS MA-based AA, the median housing value is \$246,342, compared to the median family incomes of \$100,380 in the Cambridge-Newton-Framingham, MA MSA and \$81,137 in the Worcester, MA-CT MSA, highlighting the difficulty that LMI families can experience in securing a home mortgage. Furthermore, within the AA 9.2 percent of families are below the poverty line and 41.5 percent of households are categorized as either low- or moderate-income. We note that 40.6 percent of households are upper-income. Consequently, high home prices limit the availability of affordable housing for low- and moderate-income populations, highlighting the area's need to support affordable housing.

As reported by Moody's Analytics Inc. in January 2020, the economies of both the Boston-Cambridge-Newton, MA-NH MSA and the Worcester, MA-CT MSA are anticipated to experience slower growth over the coming year when compared to national standards, however both regions' highly educated workforces and the presence of respected colleges and universities continue to attract companies and facilitate new business within the area. Regardless, the State of MA overall continues to experience high business and living costs which will cause any gains to lag national performance.

During our evaluation, we were not able to make contact with any local community groups to obtain further performance context relative to the Bank's delineated AA; however, we leveraged community contacts performed during other recent performance evaluations of institutions that operate within the same area as delineated by RBT. The contacts we leveraged included a local non-profit community group whose mission is to provide community services, including educational and professional skill training, to those populations within Rollstone's FS MA-based AA and greater region whom suffer from intellectual or developmental disability. The majority of the organization's client base is either low- or moderate-income, and our contact stated that there are many opportunities within the surrounding communities for financial institutions to participate in the provision of community and financial services to those populations most in need. Some common needs and opportunities our contact identified was providing financial literacy training seminars, conducting one-on-one banking and technical training for low- and moderate-income groups, and increased accessibility to banking products and financial services for the mentally/developmentally disabled, including those categorized as low- and moderate-income.

Please refer to the table below for demographic information of the Bank’s FS MA-based AA during the full evaluation period:

Table A – Demographic Information of the Assessment Area						
FS MA AA – Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148) AA Rating Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	9.8	29.3	36.6	24.4	0.0
Population by Geography	199,836	6.2	28.2	36.8	28.8	0.0
Housing Units by Geography	81,042	7.5	29.2	37.2	26.1	0.0
Owner-Occupied Units by Geography	49,144	2.5	24.0	38.5	35.0	0.0
Occupied Rental Units by Geography	25,100	15.1	37.3	38.4	9.2	0.0
Vacant Units by Geography	6,798	16.0	36.5	23.7	23.8	0.0
Businesses by Geography	12,800	6.1	26.6	35.6	31.8	0.0
Farms by Geography	470	2.1	15.5	31.1	51.3	0.0
Family Distribution by Income Level	50,339	23.6	17.7	21.5	37.1	0.0
Household Distribution by Income Level	74,244	26.6	14.9	17.9	40.6	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$246,342
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$904
			Families Below Poverty Level			9.2%

Source: 2015 ACS Census and 2019 D&B Data. Due to rounding, totals may not equal 100.0. () The NA category consists of geographies that have not been assigned an income classification.*

Scope of Evaluation in Massachusetts

We completed a full-scope review of the Bank’s delineated MA-based AA. This AA delineation is considered appropriate as it meets the regulatory definition by consisting of wholly-contiguous political subdivisions, contains all the Bank’s branch locations, the entirety of the customer deposit base, and does not arbitrarily exclude any low- or moderate-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Massachusetts

LENDING TEST

The Bank’s performance under the Lending Test in Massachusetts is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a FS review, the Bank’s lending performance in the MA-based AA is considered reasonable, given performance context.

Distribution of Loans by Income Level of the Geography

The Bank exhibits reasonable geographic distribution of loans in the FS MA-based AA, based on an adequate distribution of home mortgage loans among geographies of different income levels, given performance context.

Home Mortgage Loans

The Bank's geographic distribution of home mortgage loans within the FS MA-based AA is considered adequate for both low- and moderate-income geographies when considering performance context, mainly the significant competitive factors and demographic barriers that can limit the Bank's opportunity to lend. Overall, the geographic distribution of home mortgage loans reflects adequate dispersion among the AA's low- and moderate-income census tracts. Specifically, Rollstone's level of lending for both low- and moderate-income geographies falls within a reasonable range below the aggregate lending data, our primary comparator. This performance is considered adequate for both income classifications given the Bank's position within the market and comparable dispersion of home mortgage lending relative to the percentage level of owner-occupied housing within the FS MA-based AA. When considering 2018 Peer Mortgage data for home mortgage lending to low- and moderate-income geographies within the AA, Rollstone ranked 28th amongst 200 competing lenders with 1.08 percent market share representing 22 instances of lending.

Refer to Table O in the State of Massachusetts section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases when compared to the aggregate lending data, our primary comparator.

Distribution of Loans by Income Level of the Borrower

The Bank exhibits a reasonable borrower distribution of loans in the FS MA-based AA, stemming from an adequate distribution of home mortgage loans among borrowers of different income levels, given performance context and the product lines offered by the Bank.

Home Mortgage Loans

The Bank's borrower distribution of home mortgage loans within the FS MA-based AA is considered adequate for lending to both low- and moderate-income populations, when considering market competition in the AA, inherent demographic barriers, and offered product lines. Overall, the borrower distribution of home mortgage loans reflects adequate penetration amongst individuals of different income levels. Specifically, Rollstone's level of lending to both low- and moderate-income borrowers falls within a reasonable range below the aggregate lending data, our primary comparator. This performance is considered adequate for both income classifications when considering Rollstone's position within this significantly competitive market, as highlighted by 2018 Peer Mortgage data where RBT ranked 40th among 190 other competing lenders for home mortgage loans to LMI borrowers. We noted 12 instances of lending accounting for less than one percent of the peer mortgage market share.

Refer to Table P in the State of Massachusetts section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases when compared to the aggregate lending data, our primary comparator.

Responses to Complaints

There were no CRA or FL related complaints received by the Bank or the agency since the previous CRA ISB PE nor were there any noted complaints occurring during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Bank's performance under the Community Development Test in the State of Massachusetts is rated Outstanding.

Based on a full-scope review, the Bank exhibits excellent responsiveness to CD needs in the State of MA through its record of CD loans, qualified investments, and CD services, as appropriate, when considering the Bank's capacity and the need and availability of such opportunities for CD in the Bank's AA.

Number and Amount of Community Development Loans

The level of CD lending demonstrates excellent responsiveness. During the evaluation period, the Bank made 28 qualified CD loans totaling \$7.9 million. The loans benefit Worcester and Middlesex Counties, both of which comprise portions of the Bank's delineated AA. RBT provided funding primarily to businesses located in low- and moderate-income geographies that enabled them to maintain capital to retain jobs. RBT also provided funding to organizations that serve the local communities in which the Bank is located and target low- and moderate-income individuals.

The highlights of the Bank's CD loans are as follows:

- Approximately \$924,668 in funding spread across six loans to a local community organization where the funds were used to purchase vehicles and build homes to transport and house disabled individuals within the Bank's AA. 100 percent of the individuals receiving community service benefits are considered LMI.
- A \$700,000 loan to a local commercial property for economic development purposes. Specifically, funding will be used to complete capital improvements for a local retail venue to attract and retain new business. This location is located in a moderate-income census tract.
- Three qualified economic development loans ranging from \$120,000 to \$136,500 to a local small business. The business is located in a moderate-income census tract and funds will enable the business to attract and retain new employees from the area.

Number and Amount of Qualified Investments

The Bank demonstrates adequate responsiveness based on the level of CD investments and donations. Qualified CD donations, and prior period investments totaled approximately \$ 2.8 million. This was comprised of three CD investments and 111 donations/grants to various CD organizations located within the surrounding community.

RBT did not make any new investments during the evaluation period. Prior period investments included approximately \$1.2 million, \$550,422, and \$514,993 in general purpose bonds for the cities of Worcester, Fitchburg, and Lowell, respectively. These investments are targeted to improve the availability of CD services and programs for low- and moderate-income individuals within the AA and the surrounding areas as approximately 57 percent of total households in Worcester, 76 percent of total

households in Fitchburg, and 86 percent of total households in Lowell are categorized as LMI according to 2019 demographic data.

Qualifying CD donations and grants totaled approximately \$ \$551,565, benefitting 43 (different CD organizations). The donations benefited food and housing shelters in the AA that provide assistance to low- to moderate-income individuals.

The highlights of the Bank's CD donations/grants are as follows (I didn't add any additional highlights from the \$45,800 additional in donations but can if needed):

- A \$40,000 donation to a local organization to benefit homeless shelters within the Bank's delineated AA.
- A \$20,000 annual donation to a local hospital enabling it to fund facility conversions to be more accessible low- and moderate-income populations in the AA including new behavioral health and substance abuse services.
- A \$20,000 annual donation to a local Community Development Corporation (CDC) based within the Bank's AA. The CDC is a qualified CD organization whose mission is to help create jobs and improve the economy for individuals within the Bank's AA and surrounding region.

Extent to Which the Bank Provides Community Development Services

The Bank provides an excellent level of CD services in the AA. During the evaluation period, 23 bank members provided approximately 1,128 hours of experience, leadership services or community service to different CD eligible organizations within the AA. The services met the regulatory definition of CD and included the provision of financial literacy programs, medical services, food donations, and clothing and school supply donations to LMI populations.

The highlights of the Bank's CD services are as follows:

- An employee serves as a board member of a local community organization that provides home ownership classes, small business counseling, and housing development for underserved individuals.
- An employee serves as a committee director for a local community college foundation whose mission is to provide specific financial services and support to LMI students.
- An employee serves as a board member and treasurer for a local community organization that provides community services to meet the needs of the poor and homeless.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed (if applicable), and loan products considered. The table also reflects the MSAs that received a comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	Lending Test – (01/01/2017 to 12/31/2019) Community Development Test – (10/31/2016 to 12/31/2019)	
Bank Products Reviewed:	HMDA-reportable, residential mortgage loans Community Development-eligible loans, investments/donations, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None reviewed.		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Massachusetts		
FS MA AA – Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148) AA rating area	Full-scope	<ul style="list-style-type: none"> • Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148) <ul style="list-style-type: none"> ○ Boston-Cambridge-Newton, MA-NH MSA (#14460) <ul style="list-style-type: none"> ▪ Cambridge-Newton-Framingham, MA MSA (#15764) <ul style="list-style-type: none"> • portions of Middlesex County (#017) <ul style="list-style-type: none"> ○ Ashby, Ayer, Groton, Pepperell, Shirley, and Townsend ○ Worcester, MA-CT MSA (#49340) <ul style="list-style-type: none"> ▪ portions of Worcester County (#027) <ul style="list-style-type: none"> • Ashburnham, Fitchburg, Gardner, Harvard, Lancaster, Leominster, Lunenburg, Sterling, and Westminster

Appendix B: Summary of State Ratings

Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State Rating
Rollstone Bank & Trust	Satisfactory	Outstanding	Outstanding
State:			
Massachusetts	Satisfactory	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, 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 that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
RBT_FS BosWorProv MA-RI-NH- CT CSA AA	214	55,410	100.0	6,900	2.5	3.7	3.8	24.0	24.3	25.8	38.5	46.3	39.5	35.0	25.7	30.9	0.0	0.0	0.0
Total	214	55,410	100.0	6,900	2.5	3.7	3.8	24.0	24.3	25.8	38.5	46.3	39.5	35.0	25.7	30.9	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
RBT_FS BosWorProv MA-RI-NH- CT CSA AA	214	55,410	100.0	6,900	23.6	7.0	8.3	17.7	22.0	23.3	21.5	27.1	26.5	37.1	40.2	28.8	0.0	3.7	13.0
Total	214	55,410	100.0	6,900	23.6	7.0	8.3	17.7	22.0	23.3	21.5	27.1	26.5	37.1	40.2	28.8	0.0	3.7	13.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.