



PUBLIC DISCLOSURE

June 24, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Leader Bank, National Association
Charter Number 24131

141 Massachusetts Avenue, Arlington, MA 02474

Office of the Comptroller of the Currency
Boston Field Office
99 Summer Street, 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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting the institution's rating are:

- Leader Bank N.A.'s (Leader Bank or Bank) level of lending, as reflected by the loan-to-deposit ratio, is more than reasonable.
- The majority of originated and purchased loans are made within the Bank's assessment area (AA).
- The borrower distribution of loans reflects reasonable penetration among individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion in low- and moderate-income census tracts.
- The Bank demonstrates excellent responsiveness to the community development needs within its AAs.

The OCC utilizes the Wolters Kluwer Financial Services (WKFS) CRA Wiz software to support its analysis of an institution's lending performance. In April 2013, WKFS identified incorrect values, based on the 2010 census data, within CRA Wiz. Specifically, WKFS determined that the demographic distribution data for family and household income had been incorrectly calculated. This, in turn, caused the number and proportion of families and households in each of the four CRA income categories to be incorrectly calculated, which affected the OCC's analysis of residential and consumer loans that were originated and/or purchased by institutions during 2012 and 2013. The CRA Performance Evaluation (CRA PE) of Leader Bank dated February 19, 2013 included the OCC's analysis of residential loans that were originated and/or purchased in 2012. In May 2013, WKFS provided corrected demographic data to the OCC, which subsequently has been validated. The OCC is issuing this amended CRA PE as of June 24, 2013 based on the corrected demographic data supplied by WKFS.

Scope of Examination

Leader Bank was evaluated using Intermediate Small Bank (ISB) examination procedures, which includes a lending test and a community development (CD) test. The lending test evaluates the Bank's record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the Bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services.

The evaluation period for the lending test covers the Bank's performance from January 1, 2010 through December 31, 2012. For the period from January 1, 2010

through December 31, 2011, the Bank's performance was compared to the 2000 U.S. Census data. For the period from January 1, 2012 through December 31, 2012, the performance was compared to the 2010 U.S. Census data.

The evaluation period for the CD test is from March 16, 2010, the date of the last CRA evaluation, through February 19, 2013. Community development loans, investments, and services submitted by management were verified to ensure they meet the regulatory definition for community development.

Leader Bank's primary loan product, based on loan originations during the evaluation period, is residential mortgage loans. This includes home purchase, home refinance, and home improvement loans. As indicated by the December 31, 2012, Uniform Bank Performance Report (UBPR), residential loans represent approximately 59% of the overall loan portfolio at the Bank.

The Bank reports data under the requirements of Home Mortgage Disclosure Act (HMDA). We reviewed the testing results of the Bank's HMDA data for residential real estate loans originated and purchased, and found that the data was reliable. All residential real estate loans originated and purchased during the assessment period were included in our evaluation of the Bank's lending.

A full scope review was performed on AA 1 – Middlesex County, while a limited scope review was performed on AA 2 – Norfolk County. All of the Bank's full service branches are located within AA 1. Additionally, the majority of the Bank's deposits and approximately 72% of loans are attributed to AA 1.

The CRA PE of Leader Bank dated February 19, 2013 included an analysis of residential loans that the institution originated and/or purchased in 2012. The CRA PE was originally finalized and issued on March 22, 2013, prior to the OCC learning of the data errors in CRA Wiz. Accordingly, after securing corrected demographic data from WKFS, the OCC re-analyzed Leader Bank's CRA performance.

Description of Institution

Leader Bank is a \$587 million intrastate institution headquartered in Arlington, Massachusetts (MA). Leader Bank is owned by Leader Bancorp Inc., a one-bank holding company. The Bank has ties to Leader Mortgage Company, which is owned by the Bank's president, but these activities were not considered in this CRA evaluation. In addition to the Bank's main office located in Arlington, MA, the institution operates five full service branches. These full service branches are located in Cambridge (Central Square), MA; Burlington, MA; Belmont, MA; Arlington Center, MA; and Arlington Heights, MA. Leader Bank also operates a deposit center branch out of their Needham, MA loan production office (LPO). The Belmont branch and the Needham deposit center branch are both located in an upper-income geography, while the remainder of the Bank's branches are located in middle-income geographies. Branch hours are typically 08:30AM to 4:00PM from Monday through Wednesday and extended hours on

Thursday and Friday. Saturday hours are typically from 09:00AM to 01:00PM. The drive-up window at the Belmont branch is open from 08:30AM to 06:00PM Monday through Friday. There were no branches closed during the evaluation period; however, the Belmont and Arlington Heights full service branches and the Needham deposit center branch were all newly opened during the evaluation period.

The Bank also operates five additional LPOs, which are located in Burlington, MA; Somerville, MA; Arlington, MA; Westwood, MA; and Marshfield, MA. LPOs are not considered branches for CRA purposes; therefore, they were excluded from the scope of our evaluation.

Leader Bank is a full service, intrastate institution, offering a standard array of traditional loan and deposit products for both personal and business customers. The Bank's website www.leaderbank.com, provides a full listing and description of its deposit and loan services. The Bank also offers a variety of different account access alternatives including telephone banking, online banking with bill pay options, eAlert, and a mobile banking application. In addition to the above services for consumer accounts, the Bank also offers a wide variety of account access alternatives for their business customers, which include eBusiness (online banking for business customers), remote deposit capture, Automated Clearing House (ACH) services, and lockbox services. The Bank operates full service automated teller machines (ATMs) at all of its branches and is a member of the SUM ATM Network, which allows member customers to access their accounts from participating SUM network ATMs without any surcharge. The Bank also operates three stand-alone cash dispensing ATMs in Belmont, MA; Brookline, MA; and Arlington, MA.

Residential real estate lending continues to remain the Bank's primary focus. Leader Bank originates and purchases loans for its own portfolio and sells loans in the secondary market. Loan products include conventional mortgage loan products as well as Federal Housing Authority (FHA), U.S. Department of Veterans Affairs (VA), and Massachusetts Housing loans. The Bank also offers mortgage products targeted towards first time homebuyers and has organized several first time homebuyer seminars during the evaluation period.

Bank management identified affordable housing loans as the primary credit need within their AA. Leader Bank offers Massachusetts Housing home loans targeted towards low- and moderate-income borrowers. The Bank was recognized by Massachusetts Housing for being the second highest originator of affordable housing loans in 2012. Leader Bank originated 152 loans totaling \$40.8 million, all of which were targeted towards low- and moderate-income borrowers.

Leader Bank is also a participant in the Small Business Administration's (SBA) 504 and 7(a) loan programs. The 504 loan program is an economic development loan program that supports business financing, business growth, and job creation. The Bank also takes part in the SBA's permanent 7(a) loan programs to support community development.

Total assets have increased by \$275 million or 88% since the last CRA examination as the Bank has expanded operations with the addition of new branches and LPOs. As of December 31, 2012, deposits totaled \$392 million and net tier one capital was \$76 million. The loan portfolio totaled \$444 million, or 76% of total assets, as of the same date. The following table provides a summary of the loan mix:

Loan Portfolio Summary by Loan Product December 31, 2012	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgage – Closed End	44%
Home Equity	12%
Commercial & Industrial	5%
Commercial Real Estate	37%
Construction and Development	2%
Consumer Loans	<1%

Source: FDIC Call Report

The Bank has no financial or legal impediments to meeting the credit needs of the community. The Bank was rated "Satisfactory," using small bank procedures, at the last CRA examination dated March 16, 2010.

Description of Assessment Area

The CRA requires a bank to define the AA in which it will be evaluated. Leader Bank has two AAs that meet the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income tracts.

Full Scope AA 1 – Middlesex County

Leader Bank has designated the entire Middlesex County as its AA 1. The AA is part of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). Middlesex County is made up of 54 cities/towns and is one of the largest counties in Massachusetts. According to the 2000 U.S. Census, AA 1 is comprised of 297 census tracts, which included 15 low-income tracts (5%), 67 moderate-income tracts (23%), 143 middle-income tracts (48%), and 72 upper-income tracts (24%). The 2000 U.S. Census Data indicates that 37% of families in AA 1 are considered low- or moderate-income and approximately 7% of the households are below the poverty line.

Demographic information for AA 1 based on 2000 U.S. Census is broken down below:

Demographic Information for Leader Bank AA 1 – Middlesex County					
Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	297	5%	23%	48%	24%
Population by Geography	1,465,396	3%	22%	50%	25%
Owner Occupied Housing by Geography	346,591	1%	15%	54%	30%
Family Distribution by Income Level	363,933	19%	18%	23%	40%
2000 Census Median Family Income (MFI)		\$74,121	Median Housing Value*		\$414,313
HUD Updated MFI: 2011		\$105,000	Families Below the Poverty Level		7%
			Unemployment Rate **		5.1%

Source: 2000 U.S. Census data

*Data from Zillow.com

**Data from US Bureau of Labor Statistics as of 12/31/2012. Rate is Middlesex County

Based on the 2010 U.S. Census Data, AA 1 (Middlesex County) is now comprised of 318 census tracts. There are 17 low-income census tracts (5%), 75 moderate-income census tracts (24%), 136 middle-income tracts (43%), 89 upper-income tracts (28%), and 1 census tract (<1%) which has not been assigned any income classification. The percent of families considered low- or moderate-income remains 38% and approximately 8% of the household are below the poverty line.

Demographic information for AA 1 based on 2010 U.S. Census is broken down below:

Demographic Information for Leader Bank AA 1 – Middlesex County					
Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)*	318	5%	24%	43%	28%
Population by Geography	1,503,085	4%	22%	46%	28%
Owner Occupied Housing by Geography	366,303	2%	15%	50%	33%
Family Distribution by Income Level	366,038	21%	17%	22%	40%
2010 Census Median Family Income (MFI)		\$97,382	Median Housing Value**		\$414,313
HUD Updated MFI: 2012		\$106,400	Families Below the Poverty Level		8%
			Unemployment Rate ***		5.1%

Source: 2010 U.S. Census data

*There is one census tract (< 1%) that has not been assigned an income classification and is NA.

**Data from Zillow.com

***Data from US Bureau of Labor Statistics as of 12/31/2012. Rate is Middlesex County.

Leader Bank operates in highly competitive market with significant competition from local commercial banks, savings banks, and credit unions. The Federal Deposit Insurance Corporation's Institutions Deposit Market Share Report, as of June 30, 2012, indicates that 146 institutions operate branches within Leader Bank's AA 1 – Middlesex County. Leader Bank ranks 45th with a deposit market share of less than 1%.

Competitors within the Bank's AA 1 include: Eastern Bank, Middlesex Savings Bank, Boston Private Bank and Trust Company, Century Bank and Trust Company, Brookline Bank, Cambridge Savings Bank, East Boston Savings Bank, and East Cambridge Savings Bank. Larger nationwide financial institutions that provide further competition and are deposit share leaders include: Bank of America, National Association; RBS Citizens, National Association; Sovereign Bank, National Association; and TD Bank, National Association.

Several nationwide entities provide additional competition for mortgage and business loans including: Wells Fargo Bank, National Association; J P Morgan Chase Bank, National Association; GMAC Mortgage LLC; Ally Bank; and Mortgage Master, Inc. The 2011 Institution Market Share report indicates that Leader Bank competes with 498 lenders within its AA 1. The top ten lenders dominate the market with overall market share of approximately 47%. Leader Bank ranks 12th with a market share of approximately 2%.

The most recent economic indicators as of September 2012 indicate that the Cambridge-Newton-Framingham, MD has continued to recover at an impressive pace. Payroll employment growth of 1.9% within the MD was higher when compared to the 1.2% growth in the state of Massachusetts and 1.4% growth nationally. Technology and the health services industries have been the primary contributor towards employment growth. The greater Boston area is comprised of a highly skilled workforce and a number of universities making it home to well-known hospitals and technology firms.

The unemployment rate of 5.1% as of December 2012 remains above the pre-recession levels; however, unemployment figures have declined significantly from peak levels reached during the recession. The unemployment rate in AA 1 compares favorably to the state and national average of 6.7% and 7.8%, respectively.

The stability from education and healthcare industries as well as the robust growth in high-tech services will allow the local economy in AA 1 to expand at a healthy pace. Biotechnology and pharmaceutical companies are expected to account for an increasingly large share of total employment over the long run. Major employers within AA 1 as indicated by Labor and Workforce Development (mass.gov) include: Harvard University, EMC Corporation, Massachusetts Institute of Technology, Bentley University, Brandeis University, Boston College, Boston Scientific Corporation, Mount Auburn Hospital, and Vertex Pharmaceuticals.

The local housing market within AA 1 continues to improve with an increase noted in the median housing prices. The median housing value in AA 1 is significantly higher when compared to the median income levels. The expensive housing market limits the availability of affordable housing for low- and moderate-income families in AA 1. Based on data from Zillow.com, the average median cost of housing for the towns that are part of AA 1 is \$414 thousand. This is well above the median housing cost in the state of Massachusetts of \$288 thousand.

In assessing the Bank's performance, we contacted a local organization whose purpose is to provide and advocate for decent, affordable housing for low- and moderate-income families and individuals in Arlington and surrounding communities. The contact indicated that the need for affordable housing remains a challenge due to the high median housing values in the area. The contact also indicated that prevention of homelessness, financial literacy programs, and affordable banking products for low- and moderate-income individuals is also an identified need within the community. Leader Bank, along with other local financial institutions, was perceived favorably for their involvement with the organization and the community. Our contact mentioned that there are several different opportunities for participations by local financial institutions. The banks can help by providing acquisition financing and pre-development financing for the organization's upcoming projects. The contact also mentioned that the banks could also help provide funding through loan participations and by purchasing available tax-credits.

We also interviewed a recent community contact with an organization whose mission is to provide homeless and near homeless individuals and families with individualized supportive services and tailored housing solutions with a goal of obtaining and maintaining affordable housing. The contact said that the need for affordable rental housing has been on the rise. Since the 2008, rents have increased in the area and there is a higher demand for affordable housing. As the demand for rental and affordable housing has increased, housing options have become more difficult for low-income individuals.

Limited Scope AA 2 – Norfolk County

AA 2 consists of all cities/towns located in Norfolk County and is part of the Boston-Quincy, MA MD 14484. AA 2 is comprised of 28 cities/towns (121 census tracts) located in Norfolk County. Based on the 2000 U.S. Census Data, there is one low-income tract (1%), two moderate-income tracts (2%), 56 middle-income tracts (46%), and 62 upper-income tracts (51%).

Based on the 2010 U.S. Census Data, Norfolk County is now comprised of 130 census tracts. There are two low-income tracts (2%), seven moderate-income tracts (5%), 55 middle-income tracts (42%), and 66 upper-income tracts (51%).

Conclusions with Respect to Performance Tests

LENDING TEST

Leader Bank's performance under the lending test is satisfactory. Leader Bank's loan-to-deposit ratio is more than reasonable and the majority of loans are originated inside the Bank's AA. Overall, the distribution of loans reflects a reasonable penetration among individuals of different income levels. The geographic distribution of loans reflects reasonable dispersion in the low- and moderate-income census tracts.

The OCC revised its original analysis of Leader Bank's lending based on the corrected family and household income data provided by WKFS. This updated analysis did not result in a change to Leader Bank's Lending Test rating, and did not result in a change to Leader Bank's Overall CRA rating.

Loan-to-Deposit Ratio

The Bank's loan-to-deposit ratio is more than reasonable given the Bank's size, AA credit needs, and the loans sold in the secondary market. The Bank sold approximately \$1.5 billion, \$1.2 billion, and \$2.3 billion in mortgage loans to the secondary market in the years 2010, 2011, and 2012, respectively. The Bank's net loan-to-deposit ratio averaged 129% over the last 12 quarters since the previous CRA examination. During this period, the loan-to-deposit ratio ranged from a quarterly low of 108% to a high of 172%. Leader Bank's loan-to-deposit ratio is significantly higher than the national peer bank median quarterly average of 79% over the same period.

Lending in Assessment Area

A majority of Leader Bank's primary loan products were made within the assessment area and the Bank meets the standard for satisfactory performance. Leader Bank originated 60% by number and 62% by dollar amount of loans in the AAs. The following table details the Bank's lending within the AA by number and dollar amount of loans.

Lending in Leader Bank's AA (000's)										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	2,066	73%	1,422	27%	2,208	709,330	62%	432,982	38%	1,142,213
Home Refinance	7,448	61%	4,824	39%	12,272	2,456,773	62%	1,526,701	38%	3,983,474
Home Improvement	53	58%	39	42%	92	16,819	62	10,381	38%	27,200
Community Development	5	83%	1	17%	6	8,065	95%	400	5%	8,465
Totals	9,573	60%	6,358	40%	15,931	3,190,987	62%	1,970,464	38%	5,161,451

Source: HMDA – reported data from 1/1/2010-12/31/2012; Community Development Loans made from 3/16/10-2/19/13

Lending to Borrowers of Different Incomes

The distribution of home loans within AA 1 reflects reasonable penetration among individuals of different income levels.

Conclusions for full-scope AA 1 – Middlesex County

The distribution of home loans originated and/or purchased during 2010 and 2011 reflects reasonable penetration among borrowers of different income levels. Home refinance loans represent a significant portion of the overall originations made by the Bank during 2010 and 2011. The percent of home refinance and home purchase loans made to low-income borrowers are both significantly lower when compared to the percent of low-income families within AA 1. The Bank did not make any home improvement loans to low-income borrowers during the evaluation period.

The percent of home refinance loans made to moderate-income borrowers is lower than the percent of moderate-income families within AA 1. The percent of home purchase loans meets the percent of moderate-income families in AA 1 and the percent of home improvement loans significantly exceeds the percent of moderate-income families in AA 1.

Leader Bank's performance is considered satisfactory given the lack of affordable housing and significant market competition within AA 1. Lack of affordable housing limits lending opportunities for low- and moderate-income borrowers. The median housing value in AA 1 continues to increase and is significantly higher relative to the median family income in AA 1. Based on the data collected from Zillow.com, the average median home price in AA 1 is \$414,313. The 2011 HUD updated median family income is \$105,000, which means that a low-income borrower would earn less than \$52,500, making it difficult to qualify for a home loan. Additionally, a moderate-income borrower would also encounter difficulty qualifying for a home loan with an income range of at least \$52,500 but less than \$84,000.

Market competition for home loans is significant within AA 1. According to 2011 peer mortgage market share data for home refinance and home purchase loans made to low- and moderate-income borrowers, mortgage lending in AA 1 is dominated by larger nationwide banks and mortgage companies with the top five institutions holding approximately 37% of the market share.

The following table shows the distribution of home loan products among borrowers of different income levels compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Residential Real Estate Loans in AA 1 (2010 & 2011)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19	4	18	18	23	32	40	46
Home Improvement	19	0	18	33	23	0	40	67
Home Refinance	19	2	18	12	23	29	40	57

Source: HMDA – reported data from 1/1/2010-12/31/2011; 2000 U.S. Census data.

The borrower distribution of home loans originated and/or purchased during 2012 reflects reasonable penetration among borrowers of different income levels. Home refinance loans represent a significant portion of the overall originations made by the Bank during 2012. The percent of home refinance and home purchase loans made to low-income borrowers is significantly lower than the percent of low-income families in AA 1. The Bank did not make any home improvement loans to low-income borrowers during the evaluation period.

The percent of home refinance loans made to moderate-income borrowers is near to the percent of moderate-income families in AA 1. The percent of home purchase loans to moderate-income borrowers significantly exceeds the percent of moderate-income families and the percent of home improvement loans exceeds the percent of moderate-income families in AA 1.

Leader Bank's performance is considered satisfactory given the lack of affordable housing and significant market competition within AA 1. Lack of affordable housing limits lending opportunities for low- and moderate-income borrowers. Even with the increased 2012 HUD updated median family income, the median housing value remains significantly higher relative to the income levels. As mentioned above, based on the data collected from Zillow.com, the average median home price in AA 1 is \$414,313. The 2012 HUD updated median family income is \$106,400, which means that a low-income borrower earns less than \$53,200, making it difficult to qualify for a home loan. Additionally, a moderate-income borrower would also encounter difficulty qualifying for a home loan with an income range of at least \$53,200 but less than \$85,120.

The following table shows the distribution of home loan products among borrowers of different income levels compared to the percent of families in each income category.

Table 2A - Borrower Distribution of Residential Real Estate Loans in AA 1 (2012)								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21	5	17	21	22	32	40	42
Home Improvement	21	0	17	18	22	35	40	47
Home Refinance	21	3	17	15	22	31	40	51

Source: HMDA – reported data from 1/1/2012-12/31/2012; 2010 U.S. Census data

Conclusion for limited-scope AA 2 – Norfolk County

Based on a limited-scope review, Leader Bank's borrower distribution of home loans in AA 2 is not inconsistent with the Bank's overall performance in the full scope area.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion in the low- and moderate-income tracts in AA 1. We found no conspicuous gaps or areas of low penetration in the Bank's lending patterns.

Conclusions for full-scope AA 1 – Middlesex County

The Bank's geographic distribution of home loans originated and/or purchased during 2010 and 2011 reflects reasonable dispersion in the low- and moderate-income census tracts. The percent of home purchase and home refinance loans meets the percent of owner-occupied housing in low-income geographies. The Bank did not make any home improvement loans in the low-income geographies. The percent of home refinance loans is lower than the percent of owner-occupied housing in moderate-income geographies. The percent of home purchase loans equals the percent of owner-occupied housing in moderate-income geographies and the percent of home improvement loans significantly exceeds the percent of owner-occupied housing in moderate-income geographies.

The Bank's geographic distribution of loans is considered satisfactory given the lack of affordable housing within AA 1 and significant market competition for home loans in low- and moderate-income geographies. The 2011 peer mortgage data for home refinance loans made in low- and moderate-income geographies indicates that the top five financial institutions, which include large nationwide financial institutions and mortgage companies, make up for approximately 40% of the total market share in the AA.

The following table compares the dispersion of home loan products to the percentage of owner-occupied housing units in each census tract income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1	1	15	15	54	55	30	29
Home Improvement	1	0	15	33	54	0	30	67
Home Refinance	1	1	15	9	54	50	30	40

Source: HMDA – reported data from 1/1/2010-12/31/2011; 2000 U.S. Census data.

The Bank's geographic distribution of home loans originated and/or purchased during 2012 also reflects reasonable dispersion in the low- and moderate-income census

tracts. The percent of home refinance loans meets the percent of owner-occupied housing in low-income geographies and the percent of home purchase loans exceeds the percent of owner-occupied housing in low-income geographies. The Bank did not make any home improvement loans in the low-income geographies. The percent of home refinance loans is lower than the percent of owner-occupied housing in moderate-income geographies. The percent of home purchase and home improvement loans equals the percent of owner-occupied housing in moderate-income geographies. The Bank's performance is considered satisfactory given the lack of affordable housing units in AA 2 as well the significant market competition from large nationwide financial institutions and mortgage companies.

The following table compares the dispersion of home loan products to the percentage of owner-occupied housing units in each census tract income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2	3	15	15	50	54	33	28
Home Improvement	2	0	15	15	50	45	33	40
Home Refinance	2	2	15	10	50	47	33	41

Source: HMDA – reported data from 1/1/2012-12/31/2012; 2010 U.S. Census data.

Conclusion for limited-scope AA 2 – Norfolk County

Based on a limited-scope review, Leader Bank's geographic distribution of home loans in AA 2 is not inconsistent with the Bank's overall performance in the full scope area.

Responses to Complaints

There were no CRA complaints received by the Bank or the agency during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Bank's performance under the CD test is rated Outstanding. Leader Bank's community development performance demonstrates excellent responsiveness to the community development needs in its assessment area through CD loans, investments, and services.

Number and Amount of Community Development Loans

Conclusion for full-scope AA 1 – Middlesex County

Leader Bank originated a high level of CD loans during the evaluation period. The Bank originated five loans totaling \$7.1 million during the evaluation period that qualified as CD loans. The CD loans made by the Bank provided financing for organizations that provide affordable housing, promote economic development and/or revitalize low- or moderate-income geographies, and provide services targeted towards low- and moderate-income individuals.

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

- A \$4.2 million loan was made to finance acquisition of a 30-unit apartment building located in a moderate-income geography of Somerville, MA. The borrower utilized \$500 thousand in personal funds to renovate the apartment building. The renovation will help to stabilize and attract new residents to the developing neighborhood.
- A \$1.2 million loan was made to refinance 14 different condominium properties located within the Bank's AA 1. The majority of the condominiums refinanced by the Bank are considered affordable housing units for low- and moderate-income tenants and receive assistance through the Housing Assistance Program.
- A \$630 thousand loan was made to a local business in Lowell, MA. The purpose of the loan was to finance acquisition and renovation costs for a commercial building located in a moderate-income geography of Lowell, MA. The renovations will help add three new businesses to the vacant portion of the building and create permanent employment in the moderate-income geography.
- A \$627 thousand loan was made to a local organization that provides social services targeted towards low- and moderate-income children recovering from family losses. The purpose of the loan was to provide funding for refinancing and renovating the organization's center located in Arlington, MA. The renovation will expand the program space to further support the organization's mission.
- A total of \$400 thousand in loans was made to a local community development organization whose mission is to build healthy communities where low-income people live and work. They accomplish this mission by investing in projects that provide affordable housing, good jobs, and new opportunities in low-income communities. The Bank initially made the \$200 thousand loan in 2010 and renewed the loan for an additional year in 2011.

Conclusion for limited-scope AA 2 – Norfolk County

Based on a limited-scope review, Leader Bank's community development loans in AA 2 is not inconsistent with the Bank's overall performance in the full scope areas. The Bank originated one loan totaling \$1.4 million during the evaluation period that qualified as a CD loan.

- The \$1.4 million loan was made to purchase and renovate a commercial building located in Westwood, MA. The loan was made as part of the Small Business Administration's 504 Certified Development Company (CDC) Program. The 504 CDC loan program is an economic development loan program that supports business financing, business growth, and job creation.

Number and Amount of Qualified Investments

Conclusion for full-scope AA 1 – Middlesex County

The Bank's level of CD investments and donations within AA 1 is outstanding considering the Bank's capacity, significant market competition, and the availability of community development opportunities. Leader Bank's investments and donations during the assessment period totaled approximately \$2 million. This is comprised of one CD investment and 41 grants/donations to 20 community development organizations in AA 1. There were no prior period investments as this was Leader Bank's first CRA examination as an ISB.

The Bank made a \$1.95 million investment in a Fannie Mae mortgage backed security (MBS). The MBS is comprised of nine mortgage loans made to low- and moderate-income borrowers within Leader Bank's AA 1. Qualifying CD grants and donations totaled \$61 thousand and benefited 20 different CD organizations. The majority of the Bank's CD grants and donations were targeted towards organizations that provide affordable housing and promote financial literacy for low- and moderate-income individuals, both an identified need within AA 1. While the actual level of Bank donations made was higher, these donations met the definition of CD.

Conclusion for limited-scope AA 2 – Norfolk County

Based on a limited-scope review, Leader Bank's CD investments and grants/donations in AA 2 are not inconsistent with the Bank's overall performance in the full scope areas. Leader Bank's investments and donations during the assessment period totaled approximately \$1.5 million. This is comprised of one CD investment and eight grants/donations to five community development organizations in AA 2.

The Bank made a \$1.5 million investment in a Fannie Mae MBS, which benefits the Bank's AA 2. The MBS is comprised of eight mortgage loans made to low- and moderate-income borrowers. Qualifying CD grants and donations totaled \$14 thousand and benefited five different CD organizations. While the actual level of Bank donations made was higher, these donations met the definition of community development.

Extent to Which the Bank Provides Community Development Services

Conclusion for full-scope AA 1 – Middlesex County

The Bank's level of CD services in AA 1 is excellent. Accessibility to the Bank's delivery systems in the MA AA 1 is good. Leader Bank's delivery systems are accessible to geographies and individuals of different income levels throughout the AA. The Bank has six full-service branch locations within AA 1. The Bank's Cambridge branch was located in a moderate-income geography for a portion of the evaluation period. Leader Bank does not have any branches located in a low- or moderate-income geography; however, the Arlington and Cambridge branches are in close proximity to low- and moderate-income geographies in AA 1. These branches are easily accessible to all residents.

Leader Bank is also involved in the Basic Banking for Massachusetts Program, which expands access to bank products and services and encourages those with modest income to establish banking relationships. The Bank's checking and savings accounts qualify under the program and meet the reduced fee guidelines established by the Massachusetts Community and Banking Council. The Bank also provides Spanish-speaking loan officers, which is a predominant language for those less fluent in English in AA 1.

Five Leader Bank employees and officers were involved with the following organizations, which promote affordable housing and credit availability within the AA:

- The CRA Officer serves on the Board of a statewide community development organization whose mission is to promote affordable banking products for low- and moderate-income individuals in Massachusetts.
- A Senior Vice President serves on the finance committee of a local organization that provides social services targeted towards low-and moderate-income individuals.
- The Community Development Officer serves as the treasurer of the Board as well as serves on the executive committee of a local organization that provides affordable housing and facilitates financial education classes for low- and moderate-income women in the Bank's AA.
- The Community Development Officer serves as the Treasurer of the Board and is a member of the executive and the strategic planning committee for a statewide community development organization that promotes affordable banking products for low- and moderate-income individuals in Massachusetts
- The Community Development Officer serves as a trustee of a local affordable housing trust fund whose mission is to preserve and create affordable rental and homeownership units within the Bank's AA.

- The Vice President of business lending serves on the Board of a local organization, which has set up a community development foundation. The mission of the foundation is to provide grants that would be utilized towards development of education and promotion of affordable housing within Massachusetts.
- The Community Development Officer serves as a member of local coalition initiative whose mission is to enhance economic well-being of the under-banked and unbanked individuals in the Boston metro region. The coalition meets its mission by improving access to the mainstream banking system, developing and marketing affordable financial products and services and promoting financial education.
- The President serves on the advisory Board and is the Co-chair of the down-payment committee for a statewide organization that supports the creation, preservation and long-term viability of affordable homeownership and rental housing opportunities in Massachusetts.

In addition, Leader Bank conducted several financial education seminars, including first time homebuyer seminars, during the evaluation period. Financial education (banking and credit) was one of the CD needs identified by the community contact. The following first time homebuyer seminars were targeted towards low- and moderate-income individuals within the Bank's AA.

- Leader Bank conducted a first time homebuyer seminar in conjunction with a local community development organization that promotes financial education initiatives for low-income individuals. The seminar was conducted in Spanish at the Bank's Cambridge branch and was targeted towards low-income individuals served by the organization.
- The Bank also conducted a first time homebuyer seminar in Spanish. The seminar was conducted at a local realtor's office in the town of Malden, which is primarily comprised of moderate-income geographies.

Conclusion for limited-scope AA 2 – Norfolk County

Based on a limited-scope review, Leader Bank's CD services in AA 2 is not inconsistent with the Bank's overall performance in the full scope area.

Responsiveness to Community Development Needs

Considering the Bank's capacity, the need, and the availability of CD opportunities, Leader Bank's CD performance, through CD loans, investments, and services demonstrates excellent responsiveness to the needs of the AAs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.