



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

August 5, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Bennington
Charter Number 705214

155 North Street, Bennington, VT 05201-1826

Office of the Comptroller of the Currency

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, 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.

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Overall CRA Rating

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

The Lending Test is rated: Outstanding.

The Community Development test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test (LT) rating is based on The Bank of Bennington's (TBoB or the Bank) record of performance in meeting the credit needs of the Assessment Area (AA) during the evaluation period through its lending activities. The evaluation period for the LT covers the Bank's performance from January 1, 2016 through December 31, 2018.
 - Considering the Bank's size, financial condition, and credit needs of the AA, the Bank's loan-to-deposit (LTD) ratio is more than reasonable.
 - A substantial majority of the Bank's loans were originated and/or purchased within the delineated AA.
 - The Bank exhibits reasonable geographic distribution of loans in its AA.
 - The Bank exhibits excellent distribution of loans to individuals of different income levels within its AA.
- The Community Development (CD) Test rating is based on the Bank's responsiveness to CD needs in its AA through CD lending, investments, and services. The evaluation period for the CD test covers the Bank's performance from May 2, 2016, the date of the last CRA performance evaluation, though December 31, 2018.
 - The Bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services considering the Bank's capacity and the need and availability of CD opportunities in the Bank's AA.

Loan-to-Deposit Ratio

Considering the Bank's size, financial condition, and credit needs of the AA, the Bank's LTD ratio is more than reasonable.

TBoB's quarterly net LTD ratio averaged approximately 118.2 percent for the 12 quarters occurring during the evaluation period, specifically, lending activity occurring from January 1, 2016 through December 31, 2018. During this period, TBoB's LTD ratio ranged from a quarterly low of 114.7 percent to a quarterly high of 123.3 percent. TBoB's LTD ratio compares favorably to other peer institutions of similar size, and geographic location. The peer group had a quarterly average net LTD ratio of 89.6 percent over the same period, ranging from a low of 66.4 percent to a high of 107.2 percent.

Lending in Assessment Area

A substantial majority of the Bank's loans are inside its AAs.

The Bank originated and/or purchased 88.9 percent of its total residential home mortgage loans by number and 90.1 percent by dollar inside the AA during the evaluation period. This lending activity meets the standard for outstanding performance.

The following table details the Bank's level of lending within its AA by both number and dollar amount of loans:

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										
2016	250	89.6	29	10.4	279	41,506	90.1	4,569	9.9	46,075
2017	202	89.0	25	11.0	227	32,112	89.0	3,986	11.0	36,098
2018	163	88.1	22	11.9	185	27,577	91.3	2,639	8.7	30,216
Total	615	88.9	76	11.1	691	101,195	90.1	11,194	9.9	112,389

Source: Evaluation Period: 01/01/2016 - 12/31/2018 Bank Data.

Description of Institution

The Bank of Bennington is a \$414.2 million federal mutual savings institution headquartered in Bennington, Vermont (VT). TBoB is wholly owned by Community Financial Mutual Holding Company (CFMHC) with no outstanding stock or debt. The Bank's full service main office is located on North Street in Bennington, VT with four additional full service branches located in Bennington; Arlington; Manchester Center; and Rutland, Vermont. All branches are located within the Bank's delineated AA with the full service main office located in a moderate-income geography and the other four branches located within middle-income geographies. The Bank did not close any branches during the evaluation period; however, during June 2017, the Bank added the Rutland branch by replacing its commercial loan production office at the same location with the now full service branch.

TBoB is a full service, intrastate institution, offering a full array of residential, consumer, and commercial loan products, as well as traditional deposit, and non-deposit investment products and services. The Bank's website, <https://thebankofbennington.com>, provides a listing and description of product offerings. TBoB also provides its customers various means of account access, including telephone banking, online banking with bill pay options, and a mobile banking application. The Bank operates automated teller machines (ATMs) at all branch locations, and two additional stand-alone ATMs. One stand-alone ATM is located in Bennington, VT in a moderate-income geography and the other in Shaftsbury, VT in a middle-income geography. The loan portfolio is comprised primarily of residential loans, representing 77.1 percent of total loans as of December 31, 2018.

As of December 31, 2018, TBoB reported total assets of \$414.2 million, total deposits of \$285.3 million, and tier 1 capital of \$45.4 million. The loan portfolio totaled approximately \$337.2 million, or 81.4 percent of total assets.

The following table provides a summary of the loan mix:

Loan Portfolio Summary by Loan Product December 31, 2018	
Loan Category	% of Total Loans and Leases
1-4 Family Residential Mortgages – Closed End	70.9
Commercial Real Estate	16.8
Multifamily	2.1
Home Equity	5.5
Construction & Development	1.7
Commercial & Industrial	2.3
Consumer	0.2
Other	0.5
Total	100

Source: Federal Deposit Insurance Corporation (FDIC) Call Report, December 31, 2018

The Bank has no financial or legal impediments in meeting the credit needs of the assessment area. The Bank was rated ‘Satisfactory’ using Intermediate Small Bank (ISB) procedures during the previous CRA performance evaluation dated May 2, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Bank is headquartered in Bennington VT. The Bank was evaluated using ISB procedures, which includes a LT and a CD test. The LT evaluates the Bank’s record of performance in meeting the credit needs of the Bank’s AA through its lending activities. The CD test is performed to evaluate the Bank’s responsiveness to CD needs in its AA through qualified CD loans, investments and services.

The evaluation period for the LT covers the Bank’s performance from January 1, 2016 through December 31, 2018. Due to updates made to demographic information during the evaluation period, we evaluated the Bank’s 2016 performance independent of 2017-2018 performance metrics. For year 2016, performance was compared to the 2010 U.S. Census data as well as 2016 Dun & Bradstreet (D&B) data. For 2017-2018, performance was compared to 2015 American Community Survey (ACS) data and 2018 D&B data. Peer Mortgage Market Share data for 2016 and 2017 was used as supporting performance context where applicable for the evaluation periods of 2016 and 2017-2018, respectively. 2018 Peer Mortgage Market Share data was not available for consideration as of this evaluation.

The LT timeframe is representative of the Bank’s lending strategy since the prior evaluation. Based on the December 31, 2018 FDIC Call Report, 1-4 family residential lending constitutes the majority of the Bank’s lending operations. Based on loans originated during the evaluation period, the Bank’s primary lending product is residential mortgage loans. Residential loans or home mortgage loans including 1-4 family residential loans, home equity loans, and residential construction loans, represent 77.1 percent of the Bank’s total loan portfolio as of December 31, 2018.

When evaluating the Bank’s lending performance, more consideration was placed on home loans originated and/or purchased during the 2017-2018 evaluation period, as the majority of residential lending occurred during this time period. Specifically, home mortgage loans originated or purchased

during 2017 and 2018 accounted for 59.3 percent of the total number of residential mortgage loans originated or purchased during the full evaluation period.

The evaluation period for the CD test is from May 2, 2016, the date of the prior CRA performance evaluation, through December 31, 2018. CD loans, investments, and services submitted by management were verified to ensure they meet the regulatory definition to classify as community development.

The Bank does not have a home office or branch located in a Metropolitan Statistical Area (MSA) and therefore is exempt from data reporting requirements of the Home Mortgage Disclosure Act (HMDA). However, the Bank does maintain the key HMDA information for CRA on its home mortgage loans. We conducted a data integrity review of the Bank's HMDA data for home mortgage loans originated or purchased for CRA purposes, and found that the data was reliable. All residential home mortgage loans originated and/or purchased during the assessment period were included in our evaluation.

Selection of Areas for Full-Scope Review

The CRA requires an institution to define the AA in which it will be evaluated. TBoB's single delineated AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. We selected the Bank's entire AA for the full-scope review, which includes all branches/deposit taking ATMs and the surrounding contiguous geographies, for assessment according to the CRA. The AA is located in a non-Metropolitan Statistical Area (non-MSA) and consists of all 32 census tracts within Bennington and Rutland Counties combined. The Bank's AA during 2018 is comprised of four moderate-, 26 middle-, and two upper-income geographies. This is a modest change from the Bank's AA during 2016 comprising of five moderate-, 23 middle-, and four upper-income geographies.

Ratings

The Bank's overall rating is based on TBoB's single delineated AA, which received a full-scope review. As previously discussed, performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as more lending occurred during this period. Specifically, home mortgage loans originated or purchased during 2017 and 2018 accounted for 59.3 percent of the total number of home mortgage loans originated or purchased during the full evaluation period.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 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 Vermont

CRA rating for the State of Vermont: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The Bank's LTD ratio is more than reasonable given the Bank's size, financial condition, and AA credit needs.
- A substantial majority of the Bank's loans were originated and/or purchased within the delineated AA.
- The Bank exhibits reasonable geographic distribution of loans in the AA.
- The Bank exhibits excellent distribution of loans to individuals of different income levels within the Bank's AA.
- There were no CRA complaints received by the Bank or the Agency during the evaluation period of January 1, 2016 through December 31, 2018.
- Based on a full-scope review, the Bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services considering the Bank's capacity and the need and availability of such opportunities for CD in the Bank's AA.

Description of Institution's Operations in Vermont

The CRA requires an institution to define its AA in which it will be evaluated. TBoB has delineated one AA that meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

We assessed the Bank's entire AA for a full-scope review according to the CRA, which includes all branches/deposit taking ATMs and the surrounding contiguous geographies. The AA is located in a non-MSA and consists of all 32 census tracts within Bennington and Rutland Counties combined. The Bank's AA during 2018 is comprised of four moderate-, 26 middle-, and two upper-income geographies. This is a modest change from the Bank's AA during 2016 comprising of five moderate-, 23 middle-, and four upper-income geographies.

As reported by Moody's Analytics Inc., dated May 2019, economic indicators show Vermont's economy continues to improve at a below average pace. Job growth is advancing at just 0.8 percent from one year prior, which trails that of the region and nation. The unemployment rate is the lowest in the nation, at 2.7 percent at year-end 2018.

TBoB operates in a competitive market for both deposits and lending opportunities, including competition against larger regional banks. Competitors within the market include Quicken Loans; TD Bank, National Association; People's United Bank, National Association; Berkshire Bank; Wells Fargo

Bank, National Association; Vermont State Employees Credit Union; and Citizens Bank, National Association. The FDIC Deposit Market Share Report for June 30, 2018, indicates that TBoB ranks fourth among 11 deposit-taking institutions, with the top three accounting for approximately 51 percent of the market. TBoB maintains their entire deposit base within these geographies and 88.9 percent of residential lending occurred within the delineated AA.

In assessing the Bank's performance, we reached out to several community contacts in an effort to obtain a better understanding of the credit needs facing the local communities in which the Bank serves. We were unable to make a contact during this evaluation.

Refer to Tables A1 and A2 below for demographic information of the Bank's FS AA during the 2017-2018 and 2016 evaluation periods, respectively:

Table A1 – Demographic Information of the Assessment Area (2017-2018)						
Assessment Area: TBoB_ AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	12.5	81.3	6.3	0.0
Population by Geography	97,119	0.0	17.6	73.5	8.9	0.0
Housing Units by Geography	54,661	0.0	14.8	78.0	7.3	0.0
Owner-Occupied Units by Geography	29,081	0.0	11.2	80.8	8.0	0.0
Occupied Rental Units by Geography	12,014	0.0	35.0	56.8	8.2	0.0
Vacant Units by Geography	13,566	0.0	4.4	90.7	4.8	0.0
Businesses by Geography	7,980	0.0	23.4	68.9	7.7	0.0
Farms by Geography	465	0.0	4.1	88.4	7.5	0.0
Family Distribution by Income Level	25,621	21.7	18.5	23.0	36.9	0.0
Household Distribution by Income Level	41,095	25.1	16.8	18.6	39.5	0.0
Median Family Income Non-MSAs - VT		\$64,849	Median Housing Value			\$204,165
			Median Gross Rent			\$819
			Families Below Poverty Level			8.6%

Source: 2015 ACS Census and 2018 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.

Table A2 – Demographic Information of the Assessment Area (2016)						
Assessment Area: TBoB_AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	15.6	71.9	12.5	0.0
Population by Geography	98,767	0.0	15.2	73.5	11.3	0.0
Housing Units by Geography	54,421	0.0	14.1	69.4	16.5	0.0
Owner-Occupied Units by Geography	29,786	0.0	11.1	75.7	13.2	0.0
Occupied Rental Units by Geography	12,178	0.0	30.9	61.3	7.9	0.0
Vacant Units by Geography	12,457	0.0	4.7	62.2	33.0	0.0
Businesses by Geography	7,992	0.0	18.0	64.4	17.6	0.0
Farms by Geography	439	0.0	7.5	77.0	15.5	0.0
Family Distribution by Income Level	27,042	20.0	19.2	21.3	39.5	0.0
Household Distribution by Income Level	41,964	24.0	17.2	18.9	39.9	0.0
Median Family Income Non-MSAs - VT		\$60,519	Median Housing Value			\$207,246
			Median Gross Rent			\$735
			Families Below Poverty Level			8.3%
<i>Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in Vermont

TBoB has delineated a single, AA within the State of Vermont for evaluation under the requirements of the CRA. The Bank's AA is composed of the entirety of Bennington and Rutland Counties, which were combined as a single, full-scope rating area for assessment of TBoB's lending and CD performance according to elements of the CRA. This delineated AA consists of wholly-contiguous, political subdivisions, contains all of the Bank's branch locations and the entire deposit base, and does not arbitrarily exclude any low- or moderate-income geographies.

The Bank's overall and state rating is based on TBoB's single delineated AA, which received a full-scope review.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VERMONT

LENDING TEST

The Bank's performance under the Lending Test in Vermont is rated Outstanding.

Based on a full-scope review, the Bank's lending performance in the state of Vermont is excellent, given performance context.

As previously discussed, primary product determination identified residential home mortgages as the Bank’s primary vehicle for lending during the evaluation period of January 1, 2016 through December 31, 2018. Other loan types were not identified for evaluation as the level of lending among those channels was not considered significant when compared to residential home lending activity. Additionally, due to the aforementioned census demographic changes, we assessed TBoB’s lending performance according to two evaluation periods, 2016 and 2017-2018, the results of which were appropriately weighted as discussed and aggregated to determine the Bank’s overall LT performance.

Distribution of Loans by Income Level of the Geography

The Bank exhibits reasonable geographic distribution of loans in the State of Vermont.

Home Mortgage Loans

The Bank’s geographic distribution of home mortgage loans within the AA, which consists of the entirety of Bennington and Rutland Counties, is considered reasonable for 2017-2018 and excellent for 2016. The geographic distribution of residential home mortgage loans reflects reasonable distribution amongst moderate-income geographies. There are no low-income census tracts within the AA. TBoB’s level of lending amongst moderate-income geographies is near to the percent of peer aggregate lending data, our primary comparator for 2017-2018 and exceeds the percent of peer aggregate data in 2016. When considering significant market competition, limited lending opportunities within the AA, and the percentage of families living below the poverty level, the performance is reasonable. The percentage of families living below poverty level within the four moderate-income tracts averaged 8.6 percent based on the 2015 ACS U.S. Census Data, further limiting the level of home purchase activity in the moderate-income tracts.

Refer to Tables O1 and O2 in the State of Vermont section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank’s residential home mortgage loan originations and/or purchases.

Table 1 – Geographic Distribution of Home Mortgage Loans in the TBoB AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	0.0	0.0	12.4	10.4	79.7	88.5	7.9	1.1

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

Table 2 – Geographic Distribution of Home Mortgage Loans in the TBoB AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	0.0	0.0	9.1	11.2	75.1	71.6	15.9	17.2

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0

Distribution of Loans by Income Level of the Borrower

The Bank exhibits excellent distribution of loans to individuals of different income levels.

Home Mortgage Loans

The Bank's borrower distribution of home mortgage loans within TBoB's AA, which consists of the entirety of Bennington and Rutland Counties, is considered excellent for the evaluation periods of 2017-2018 and 2016, given performance context. The percent of home purchase loans made to low-income borrowers is near to the percent of peer aggregate lending data, the Bank's primary comparator, for 2017-2018 and exceeds the percent of peer aggregate lending data for 2016. The percent of home purchase loans made to moderate-income borrowers exceeds the percent of peer aggregate lending data during the entire evaluation period.

The Bank's performance is considered excellent given housing prices within the AA, the percentage of low-income family households living below the poverty level, and the level of market competition. Median housing price within the AA remains high relative to the 2015 ACS U.S. Census adjusted median family income. According to the 2015 ACS U.S. Census Data, the average median home price in the AA is \$204,165 and the adjusted median family income is \$64,849, which means the maximum income that is considered low-income is \$35,950. Therefore, low-income borrowers would have a difficulty qualifying for home loans in the AA. Additionally, a moderate-income borrower could also encounter difficulty qualifying for a home loan with an income range of at least \$35,950 but less than \$57,520.

Market competition for home loans is significant within the AA. According to the 2017 Peer Mortgage Market Share Data, lending within the AA is largely dominated by nationwide institutions. TBoB competed with 144 lenders within the AA and the top 20 institutions account for approximately 69 percent of the overall market share within the AA.

Refer to Tables P1 and P2 in the State of Vermont 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.

Table 3 – Borrower Distribution of Home Mortgage Loans in the TBoB AA – 2017-2018								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	6.6	6.0	15.9	17.0	20.8	24.7	40.0	48.4

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 & 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0 and 3.6 percent of the Bank's lending and 16.6 percent of aggregate data occurred to borrowers without a reported income.

Table 4 – Borrower Distribution of Home Mortgage Loans in the TBoB AA – 2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Mortgages	6.1	6.4	16.0	18.0	20.2	18.4	37.6	57.2

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data

Due to rounding, totals may not equal 100.0 and 20.0 percent of aggregate data occurred to borrowers without a reported income.

Responses to Complaints

There were no CRA complaints received by the Bank or the Agency during the evaluation period of January 1, 2016 through December 31, 2018.

COMMUNITY DEVELOPMENT TEST

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

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

Number and Amount of Community Development Loans

The level of CD lending demonstrates excellent responsiveness. During the evaluation period, the Bank made 11 qualified CD loans totaling \$2.5 million. The loans benefit Bennington and Rutland Counties, both located in the Bank's AA. TBoB provided funding primarily to organizations that service the community, targeting low- to moderate-income individuals, through community services or by supporting affordable housing

A few highlights of the Bank's qualifying CD loans are as follows:

- \$1.6 million to fund renovations to a local high school and elementary school in the AA, which serves children from low- and moderate- income families in the community.
- \$80,000 loan to support the purchase and renovations of a property that provides housing to low- and moderate-income individuals.
- \$213,750 loan to fund the purchase of a multifamily property that will provide affordable housing for low- to moderate-income individuals in Bennington, VT.
- \$108,500 loan to purchase a multifamily property that will provide housing for low- to moderate-income individuals.
- Two \$30,000 loans to a nonprofit organization that supports affordable housing to fund working capital needs on two separate projects.

Number and Amount of Qualified Investments

The Bank demonstrates adequate responsiveness based on the level of CD investments and donations. Qualified CD donations of \$156,635, and prior investments of \$1.3 million totaled \$1.4 million. No new investments were made during the evaluation period but a cumulative \$1.3 million remained in six prior period investments that support affordable housing projects in the AA.

A few highlights of the Bank's CD investments are as follows:

- A remaining balance of \$364,109 on an investment to a housing fund for the purpose of providing housing for low- to moderate- income individuals. The investment was made in 2012 and has a completion date of 2027.
- A remaining balance of \$308,750 on an investment for low- to moderate- income housing. The investment was made in 2015 and has an estimated completion date of June 2020.
- A remaining balance of \$175,000 in a state tax credit for a low- to moderate- income housing, project.

The Bank made 96 CRA eligible donations and grants during the evaluation period. The donations totaled \$156,635 and were primarily located within the AA. The donations benefited food shelves, organizations that provide housing assistance to low- and moderate-income individuals, services for the homeless, elderly and disabled, and mentoring programs.

Extent to Which the Bank Provides Community Development Services

The Bank provides an excellent level of CD services in the AA. The Bank's full service main office is located in a moderate-income geography. One stand-alone deposit-taking ATM is also located in a moderate-income geography. During the evaluation period, 12 bank members provided approximately 2,931 hours of experience, leadership services, or community service to different CD eligible organizations within the AA. The services provided financial literacy programs, supported medical services, meal delivery services, habitat for humanity, and fundraising for food banks.

A sample of CD services are highlighted below:

- An employee serves as a board member for a local health center, which provides medical services to low- and moderate-income individuals and others with financial assistance provided on a need based scale.
- An employee is board president of another health care facility, which provides medical services to the low- and moderate-income individuals in the AA on a sliding fee schedule based on income.
- An employee is a member of a local club, which fundraises for service dogs, eyeglasses, and hearing devices for low-income individuals.
- An employee is a tax preparer and counselor for a volunteer income tax assistance program. The program works to provide tax preparation and financial reporting counseling to low-income individuals.
- An employee is a board member for an organization, which fundraises to support multiple foodbanks and meal delivery services targeted to help low- to moderate-income families and seniors.

Responsiveness to Community Development Needs

Considering the Bank's capacity and the need and availability of CD opportunities, TBoB's CD performance demonstrates excellent responsiveness to the needs of its AA. CD loans, investments, and services helped meet identified needs in the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received 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:	LT – (01/01/2016 to 12/31/2018); CD – (05/02/2016 to 12/31/2018)	
Bank Products Reviewed:	HMDA-reportable, residential mortgage loans Community Development-eligible loans, investments, 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
State of Vermont		
<ul style="list-style-type: none"> TBoB_ AA - 2018 	Full-Scope	<ul style="list-style-type: none"> Bennington County Rutland County

Appendix B: Summary of MMSA and State Ratings

RATINGS - The Bank of Bennington			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The Bank of Bennington	Outstanding	Outstanding	Outstanding
State:			
Vermont	Outstanding	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 O1 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2017-2018 Geography

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
TBoB_AA	365	59,689	100.0	1,718	0.0	0.0	0.0	11.2	10.4	12.4	80.8	88.5	79.7	8.0	1.1	7.9	0.0	0.0	0.0
Total	365	59,689	100.0	1,718	0.0	0.0	0.0	11.2	10.4	12.4	80.8	88.5	79.7	8.0	1.1	7.9	0.0	0.0	0.0

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

Table O2 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2016 Geography

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
TBoB_AA	250	41,506	100.0	1,764	0.0	0.0	0.0	11.1	11.2	9.1	75.7	71.6	75.1	13.2	17.2	15.9	0.0	0.0	0.0
Total	250	41,506	100.0	1,764	0.0	0.0	0.0	11.1	11.2	9.1	75.7	71.6	75.1	13.2	17.2	15.9	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0

Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017-2018

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
TBoB AA	365	59,689	223.9	1,718	21.7	6.0	6.6	18.5	17.0	15.9	23.0	24.7	20.8	36.9	48.8	40.0	0.0	3.6	16.6
Total	365	59,689	223.9	1,718	21.7	6.0	6.6	18.5	17.0	15.9	23.0	24.7	20.8	36.9	48.8	40.0	0.0	3.6	16.6

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

Table P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2016

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
TBoB_AA	250	41,506	100.0	1,764	20.0	6.4	6.1	19.2	18.0	16.0	21.3	18.4	20.2	39.6	57.2	37.6	0.0	0.0	20.0
Total	250	41,506	100.0	1,764	20.0	6.4	6.1	19.2	18.0	16.0	21.3	18.4	20.2	39.6	57.2	37.6	0.0	0.0	20.0

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0