



## **PUBLIC DISCLOSURE**

October 31, 2016

### **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

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 Outstanding.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Outstanding.**

The major factors supporting the institution's rating are:

- Rollstone Bank & Trust's level of lending, as indicated by the loan-to-deposit ratio, is more than reasonable.
- A majority of the Bank's primary loan products were originated within its assessment area.
- The borrower distribution of loans reflects reasonable penetration among borrowers of different income levels given the credit needs of the assessment areas and market competition.
- The geographic distribution of loans reflects reasonable dispersion in low- and moderate-income census tracts given the credit needs of the assessment areas and market competition.
- The Bank's performance demonstrates excellent responsiveness to the credit needs of its assessment areas through qualified community development loans, donations and/or investments, and services.

## **Scope of Examination**

Rollstone Bank & Trust ("RBT" or "the Bank"), headquartered in Fitchburg, Massachusetts (MA), was evaluated using Intermediate Small Bank (ISB) Community Reinvestment Act (CRA) examination procedures, which includes a lending test (LT) and a community development (CD) test. The LT evaluates the Bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The CD test evaluates the Bank's responsiveness to CD needs in its AAs through CD lending, qualified donations and/or investments, and services.

The evaluation period for the LT covers the Bank's performance from January 1, 2014, through September 30, 2016, as this timeframe is representative of RBT's lending strategy since the previous CRA Public Evaluation (PE). The Bank's performance for the full evaluation period was compared to the 2010 U.S. Census data.

The evaluation period for the CD test is from August 12, 2013, the date of the prior CRA PE, through October 31, 2016. CD loans, donations/investments, and services submitted by management were verified to ensure they met the regulatory definition to qualify as CD activities.

As reported within the September 30, 2016 Call Report, residential lending constitutes the majority of the Bank's lending operations, representing approximately 43 percent of the overall loan portfolio. RBT's primary loan products are residential mortgages, including home purchase, home refinance, and home improvement loans. Home purchase and home refinance loans accounted for the majority of residential mortgages originated at approximately 65 percent and 32 percent, respectively. Consequently, we weighted the Bank's home purchase and refinance performance more heavily when assessing performance under the LT.

RBT reports data under requirements of the Home Mortgage Disclosure Act (HMDA). As a part of our evaluation, we tested the Bank's HMDA data for residential real estate loans originated and purchased and determined the data to be reliable. All residential real estate loans originated or purchased during the evaluation period were included in our analysis of the Bank's lending. Our primary comparator was the aggregate performance of peer lenders within the AAs subject to HMDA reporting requirements.

The scope of our CRA PE included an assessment of two delineated AAs as identified by the Bank. These AAs include whole, contiguous political subdivisions (cities/towns) within the state of MA, specifically within Worcester County (AA1 – Worcester) and Middlesex County (AA2 – Middlesex). Of the Bank's six full-service branches, five are located within AA1, while the Townsend Office is located in Townsend, MA, a town within AA2. Additionally, the Bank's Loan & Wealth Management Center, which began accepting deposits in January 2015, is located in the city of Worcester, part of AA1. During our evaluation time period, approximately 87 percent of loans originated among RBT's delineated AAs were attributed to AA1, while the remaining 13 percent were attributed to AA2. Furthermore, the majority of the Bank's deposits are attributed to AA1. Consequently, we performed a full scope review of AA1 – Worcester and a limited scope review of AA2 – Middlesex.

## **Description of Institution**

RBT is a federally chartered stock bank that as of September 30, 2016, reported total assets of \$586 million. RBT is wholly owned by Rollstone Bancorp, MHC, a mutual holding company. RBT operates six full-service branches and a deposit-taking loan production office within the counties of Worcester and Middlesex. The Bank's main office is located in Fitchburg, MA, where it has a total of three branches. Two additional branches are located in Leominster, MA, one in Harvard, MA, and the loan production office is located in Worcester, MA. RBT's loan production office began accepting deposits on January 15, 2015, but does not offer any other transactional services. All of these facilities are within AA1 – Worcester. The remaining branch is located in Townsend, MA and is part of AA2 – Middlesex.

The hours of operation for RBT's main branch in Fitchburg, MA are 8:30 AM to 4:30 PM, Monday through Friday. Standard operating hours for all other branches vary between 8:30/9:00 AM to 4:00 PM, Monday through Wednesday, 8:30/9:00 AM to 5:00/6:00 PM, Thursday through Friday, and 8:30/9:00 AM to 12:00 PM on Saturdays.

RBT continues to operate as a traditional thrift lender. Retail loan products include real estate mortgages and construction loans, auto-loans, and personal loans. Commercial products include business checking accounts, both commercial and commercial real estate loans, and Small Business Administration (SBA) guaranteed loans. Wealth management and investment planning products include simplified employee pension plans, individual retirement accounts (IRAs), life insurance, business continuation planning, and 401K plans. Detailed product information can be found via the Bank's Internet website, [www.rollstonebank.com](http://www.rollstonebank.com).

At approximately 43 percent of total loans and leases as of September 30, 2016, the majority of RBT's lending activities are 1-4 family residential mortgages, primarily in the form of home purchases, refinance activity, and home equity loans and lines of credit. Commercial lending products include fixed and variable rate commercial mortgages, commercial lines of credit, and commercial term loans. Total assets have increased by approximately \$32 million or 6 percent since the previous CRA PE. As of September 30, 2016, deposits totaled \$378 million and net tier 1 capital totaled \$64 million. The loan portfolio totaled \$440 million, or 75 percent of total assets, as of the same date.

Table 1 reflects the composition of RBT's loan portfolio as of September 30, 2016:

<b>Table 1: Loan Portfolio Summary by Loan Product September 30, 2016</b>	
<b>Loan Category</b>	<b>% of Total Loans and Leases</b>
Residential Mortgage Loans	39%
Commercial Real Estate	38%
Commercial and Industrial	6%
Construction and Development	5%
Multi Family (5+ units)	5%
Home Equity	4%
Other Loans	2%
Consumer Loans	<1%
<b>Total</b>	<b>100.00%</b>

Data obtained from the FFIEC Call Report, Schedule RC-C Part I - Loans and Leases, for the quarter ending September 30, 2016.

RBT operates within a competitive financial services market and faces significant competition from nationwide, large regional, and local financial institutions located within both AA1 and AA2. As of the June 30, 2016 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, RBT ranks 17<sup>th</sup> out of 42 deposit taking institutions in the Worcester, Massachusetts-Connecticut (MA-CT) Metropolitan Statistical Area (MSA) with 1.94 percent of total deposits. Primary competitors include: Bank of America, National Association, ranked first with 13.65 percent deposit market share; Commerce Bank & Trust Company, ranked second with 9.87 percent; UniBank for Savings, ranked third with 8.91 percent; TD Bank, National Association, ranked fourth with 8.43 percent; and Santander Bank, N.A., ranked fifth with 7.57 percent. All remaining competitors individually maintain less than four percent deposit market share, indicative of the significant competition within AA1 – Worcester.

Within the Boston-Cambridge-Newton, Massachusetts-New Hampshire (MA-NH) MSA, RBT ranks 117<sup>th</sup> out of 138 deposit taking institutions with less than one percent of total deposits as of the June 30, 2016 FDIC Summary of Deposits Market Share Report. Primary competitors within this market include: State Street Bank and Trust Company, ranked first with 30.30 percent deposit market share; Bank of America, National Association, ranked second with 20.23 percent; Citizens Bank, National Association, ranked third with 9.89 percent; and Santander Bank, N.A., ranked fourth with 5.04 percent. All remaining competitors individually maintain less than four percent deposit market share, attributing to the strong market competition within AA2 – Middlesex.

The Bank has no financial or legal impediments in meeting the credit needs of its surrounding community. RBT was rated "Outstanding", using ISB procedures, at the last CRA PE dated August 12, 2013.

### **Description of Assessment Area(S)**

The CRA requires banks to define the AAs in which they will be evaluated. The Bank continues to maintain two distinct AAs within the state of MA delineated by county borders, specifically the counties of Worcester (AA1) and Middlesex (AA2), and comprised of whole and contiguous political subdivisions (cities/towns). As previously indicated, the majority of the Bank's lending and deposit activity is attributed to Worcester County; therefore, we performed a full scope review of AA1 – Worcester, while a limited scope review was performed for AA2 – Middlesex. The Bank's AAs meet the requirements of the regulation and do not arbitrarily exclude any low- and/or moderate-income (LMI) tracts.

#### Full Scope AA1 – Worcester

The full scope AA1 – Worcester is part of the Worcester, MA-CT MSA and comprises part of Worcester County. During the previous CRA PE, senior bank management had delineated AA1 to include the cities/towns of Ashburnham, Fitchburg, Harvard, Lancaster, Leominster, Lunenburg, Sterling, and Westminster. Since then, senior bank management increased AA1 to include the cities/towns of Gardner, Holden, West Boylston, and Worcester, as these geographies contained a substantial portion of the Bank's lending activities occurring during our LT's evaluation timeframe. During the evaluation period, RBT originated 62 percent of total home mortgage loans within the newly delineated AA1. The full scope AA1 – Worcester contains 81 census tracts, including: 14 low-income tracts, 24 moderate-income tracts, 28 middle-income tracts, and 13 upper-income tracts. Within AA1, two census tracts have not been assigned an income level classification as of the 2010 U.S. Census. The 2010 U.S. Census indicates that approximately 57 percent of families within AA1 are considered LMI and approximately 15 percent of the households are below the poverty line.

Demographic information for the full scope AA1 – Worcester is further detailed in the table below:

Demographic Information for Full Scope Area: Rollstone Full Scope AA1						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	81	17.28	29.63	34.57	16.05	2.47
Population by Geography	353,192	15.77	26.02	37.80	19.40	1.01
Owner-Occupied Housing by Geography	77,321	5.39	20.37	47.81	26.42	0.01
Family Distribution by Income Level	84,138	27.88	17.79	20.71	33.63	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	38,421	23.90	33.15	32.49	10.46	0.00
Median Family Income FFEIC Adjusted Median Family Income for 2016 Households Below Poverty Level		\$77,128 \$81,500 14.6%	Median Housing Value MA State Unemployment Rate (Bureau of Labor Statistics-June 2016)		\$258,275 4.6%	

The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census and 2016 FFIEC updated MFI.

The Bank continues to operate within a highly competitive local market with significant pressures from established credit unions, savings banks, and local commercial banks. As of the June 30, 2016 FDIC Summary of Deposit Market Share report for Worcester County, RBT was ranked 16<sup>th</sup> out of 36 deposit taking institutions who maintain a branch presence in the county with 2.15 percent deposit market share.

Competition within Worcester County include: UniBank for Savings (9.83 percent), Fidelity Co-operative Bank (3.91 percent), Webster Five Cents Savings Bank (3.3 percent), and Spencer Savings Bank (2.72 percent). Larger institutions, with national footprints, introduce additional deposit competition within AA1, and include Bank of America, National Association (13.83 percent), TD Bank, National Association (9.3 percent), and Santander Bank, N.A. (8.35 percent). Leading lenders continue to account for the majority of deposits, with the top five lenders accounting for approximately 52 percent of the market.

The most recent economic indicators as of May 2016 illustrate that the Worcester, MA-CT MSA continues to recover from pre-recession levels, although at a slower pace when compared to the overall performance in the state of MA. Despite job growth in the education and healthcare industries outpacing state and regional averages, growth in manufacturing continues to underperform. The state unemployment rate continues to improve from a recession high of 8.8 percent, with a reported unemployment rate of 4.2 percent as of June 2016. Within Worcester County, the reported unemployment rate as

of June 2016 was 4.6 percent, and although elevated when compared to the state unemployment rate, this level of performance compares favorably to the national average of 4.9 percent. Major employers within Worcester County as indicated by the latest Labor and Workforce Development Report (mass.gov) include: UMASS Memorial Medical Center, BJ's Wholesale Club Incorporated, BNY Mellon Wealth Management, Commerce Insurance Company, Community Healthlink, Future Electronics Corporation, Hanover Insurance Company, Health Alliance Hospital, and Integrated Genetics.

As part of performance context, we considered the disparity between the median income of families within AA1 and the median cost of housing and the impact this has on home mortgage lending opportunities. The local housing market within the full scope AA1 – Worcester continues to appreciate, as the median housing value of \$258 thousand is significantly higher when compared to the median family income of \$81,500. This means that a low-income family in this local market earns no more than \$40,742, and would have difficulty qualifying for home loans in AA1. Additionally, a moderate-income family may also encounter difficulty in qualifying for a home loan with an income range of at least \$40,743 but less than \$65,192. Consequently, the demographic and economic factors within AA1 limits the availability of affordable housing for LMI groups, highlighting affordable housing credit needs.

As part of our review we contacted a local organization that fosters youth education, community outreach and development, and a higher quality of life to families located in the North Central MA region to gain an understanding of the needs of the community. The contact stated that financial literacy and the lack of skilled workers within the surrounding communities of Fitchburg and Leominster present a challenge to the community. Additionally, the lack of affordable housing within this region remains a concern as increases in median housing prices continue to outpace the growth in median family incomes.

#### Limited Scope AA2 – Middlesex

The limited scope AA2 – Middlesex is part of the Boston-Cambridge-Newton, MA-NH MSA and comprises part of Middlesex County. The limited scope AA2 – Middlesex has been delineated by the Bank to include the cities/towns of Ashby, Ayer, Groton, Pepperell, Shirley, and Townsend. During the evaluation period, approximately nine percent of total home mortgage loans were originated within the delineated AA2. The limited scope AA2 – Middlesex contains 10 census tracts, including: seven middle-income tracts, and three upper-income tracts. Within AA2 there are no LMI census tracts. The 2010 U.S. Census indicates that approximately six percent of households are below the poverty line.

Demographic information for the limited scope AA2 – Middlesex is further detailed in the table below:

Demographic Information for Limited Scope Area: Rollstone Limited Scope AA2						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	10	0.00	0.00	70.00	30.00	0.00
Population by Geography	48,781	0.00	0.00	70.84	29.16	0.00
Owner-Occupied Housing by Geography	13,527	0.00	0.00	69.04	30.96	0.00
Family Distribution by Income Level	12,370	15.59	18.60	24.17	41.63	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,230	0.00	0.00	81.44	18.56	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		\$90,625 \$101,700 5.6%	Median Housing Value MA State Unemployment Rate (Bureau of Labor Statistics-June 2016)		\$346,943 3.6%	

The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census and 2016 FFIEC updated MFI.

Competition for local deposits within AA2 is considerable. As of the June 30, 2016 FDIC Summary of Deposit Market Share report for Middlesex County, RBT was ranked 50<sup>th</sup> out of 56 deposit taking institutions that maintain a branch presence with less than one percent market share. Leading lenders account for the majority of deposits, with the top seven lenders accounting for approximately 62 percent of the market.

Major employers within Middlesex County as indicated by the latest Labor and Workforce Development Report (mass.gov) include: Children’s Hospital, Massachusetts Institute of Technology, EMC Corporation, Lahey Hospital & Medical Center, Staples Incorporated, ABM Industries, ABT Associates Incorporated, Amazon Fulfillment Center, Analog Devices Incorporated, Athenahealth Incorporated, and Bentley University.

As of June 2016, the unemployment rate within Middlesex County improved to 3.6 percent, which compares favorably to both the state average and the national average of 4.2 and 4.9 percent, respectively. Median housing prices are elevated within AA2. The median housing value in AA2 – Middlesex of approximately \$347 thousand is significantly higher when compared to the median family income of \$101,700, emphasizing the AA’s affordable housing needs as a low-income family earning less than \$50,840 would have difficulty purchasing a home.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Rollstone Bank & Trust's performance under the LT is **Satisfactory** given the credit needs of the AAs and significant market competition. The Bank's loan-to-deposit ratio is more than reasonable and the majority of loans are originated inside established AAs. Overall, the borrower distribution of loans reflects reasonable penetration among individuals of different income levels, and the geographic distribution of loans reflects reasonable dispersion in the LMI census tracts.

### Loan-to-Deposit Ratio

The Bank's net loan-to-deposit ratio is more than reasonable given the Bank's size, financial condition, and the AA's credit needs. RBT's quarterly net loan-to-deposit ratio has averaged 109 percent over the last 13 quarters since the previous CRA evaluation dated August 12, 2013. Over this period, the loan-to-deposit ratio ranged from a quarterly low of 99 percent to a high of 115 percent. RBT's loan-to-deposit ratio is consistently above the national peer group of similar institutions, which averaged 86 percent over the same period.

### Lending in Assessment Area

A majority of RBT's primary loan products were made inside AAs. Approximately 71 percent of loans were originated in the Bank's aggregate AAs.

Table 2 details the Bank's lending activities within the AAs by number and dollar amount of loans:

Loan Type	Number of Loans				Total	Dollars of Loans (000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		#	%	#	%	
Home Purchase	210	73.68	75	26.32	285	46,572	69.06	20,864	30.94	67,436
Home Refinance	104	68.87	47	31.13	151	21,376	66.85	10,602	33.15	31,978
Home Improvement	4	33.33	8	66.67	12	1,278	37.17	2,160	62.83	3,438
<b>Total</b>	<b>318</b>	<b>70.98</b>	<b>130</b>	<b>29.02</b>	<b>448</b>	<b>69,226</b>	<b>67.31</b>	<b>33,626</b>	<b>32.69</b>	<b>102,852</b>

Source: RBT HMDA data of residential loans originated from January 1, 2014 – September 30, 2016.

## **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of home loans reflects reasonable penetration among borrowers of different income levels given the demographics of RBT's AAs. The distribution of home loans within the full scope AA1 – Worcester reflects reasonable penetration among individuals of different income levels. RBT's borrower distribution of home loans in the limited scope AA2 – Middlesex is not inconsistent with the Bank's overall performance in the full scope AA.

Please refer to Table 3 below for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations within AA1.

### Conclusions for Full Scope AA1 – Worcester

The distribution of home loans originated within AA1 – Worcester reflects reasonable penetration among borrowers of different income levels given the credit needs and significant market competition within the AA.

The percent of home purchase and home refinance loans made to LMI borrowers are all below or near to the percent of peer aggregate lending data, the Bank's primary comparator. The Bank made no home improvement loans to LMI borrowers during the evaluation period.

The Bank's performance is considered satisfactory given the lack of affordable housing and the significant market competition within Worcester County. As previously discussed, the housing market within AA1 – Worcester continues to appreciate and limit housing opportunities for LMI borrowers, as the median housing value of \$258 thousand is significantly higher when compared to the median family income of \$81,500.

Market competition for home mortgage loans remains significant since the previous CRA evaluation. According to the 2014 Peer Mortgage Market Share data, home lending within AA1 is highly saturated with 299 competing lenders, the top 10 of which account for approximately 33 percent of the total market. Top lenders include national banking institutions: Wells Fargo Bank, JP Morgan Chase, and Bank of America, National Association. No institutions outside of the top 10 lenders maintain more than two percent market share. We do note that within AA1 – Worcester, RBT is ranked 12<sup>th</sup> out of the population of 299 with 1.68 percent market share.

Table 3 illustrates the penetration of home loans to borrowers of different income levels within AA1 – Worcester:

Table 3: Borrower Distribution of Residential Real Estate Loans AA1 – Worcester								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans
Home Purchase	8.64	4.60	33.01	28.74	27.09	27.01	31.26	39.66
Home Refinance	10.31	6.98	23.58	18.60	27.03	31.40	39.09	43.02
Home Improvement	9.21	0.00	22.78	0.00	27.14	100.00	40.87	0.00

Source: RBT HMDA data January 1, 2014 – September 30, 2016, 2010 U.S. Census data.

**Conclusions for Limited Scope AA2 – Middlesex**

Based on a limited scope review, RBT’s borrower distribution of home loans in AA2 – Middlesex is not inconsistent with the Bank’s overall performance in the full scope area given the credit needs and competitive market factors within the AA.

**Geographic Distribution of Loans**

The distribution of home loans within the full scope AA1 – Worcester reflects reasonable dispersion among LMI tracts. RBT’s geographic distribution of home loans in the limited scope AA2 – Middlesex is not inconsistent with the Bank’s overall performance in the full scope AA.

Please refer to Table 4 below for the facts and data used to evaluate the geographic distribution of the Bank’s home mortgage loan originations within AA1.

**Conclusions for Full Scope AA1 – Worcester**

The geographic distribution of home loans originated within AA1 – Worcester reflects reasonable dispersion among LMI census tracts given the credit needs and significant market competition within the AA.

The Bank made no home purchase loans in low-income geographies within AA1 – Worcester during our evaluation’s time period. The percent of home purchase loans made in moderate-income geographies is near to the percent of peer aggregate lending data, the primary comparator.

The percent of home refinance loans made in low-income geographies is below the percent of peer aggregate lending data. The percent of home refinance loans made in

moderate-income geographies exceeds the percent of peer aggregate lending data.

The Bank made three home improvement loans within AA1 – Worcester during our evaluation timeframe, one of which was located in a low-income geography. The percent of home improvement loans made in low-income geographies significantly exceeds the percent of peer aggregate data. The Bank made no home improvement loans to moderate-income geographies.

The Bank’s geographic distribution of loans is considered satisfactory due to the significant market competition for home loans in LMI census tracts within the AA and the difficult economic realities of the region. According to 2014 Peer Mortgage Market Share data for home refinance loans made to low-income geographies, RBT ranks 19<sup>th</sup> out of 69 lenders with 1.25 percent market share. Within this market, the top 10 lenders account for approximately 42 percent of the total market. No lenders outside of the top 10 maintain more than 2.5 percent market share.

Table 4 illustrates the dispersion of home loans to borrowers located in different census tract categories within AA1 – Worcester:

Table 4: Geographic Distribution of Residential Real Estate Loans AA1 – Worcester								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans	% of Agg. Data	% of Loans
Home Purchase	5.80	0.00	21.04	20.99	47.40	56.91	25.77	22.10
Home Refinance	5.98	2.27	20.82	25.00	46.43	38.64	26.76	34.09
Home Improvement	4.61	33.33	17.97	0.00	47.38	33.33	30.05	33.33

Source: RBT HMDA data January 1, 2014 – September 30, 2016, 2010 U.S. Census data.

**Conclusions for Limited Scope AA2 – Middlesex**

Based on a limited scope review, the Bank’s distribution of home mortgage loans in LMI tracts within AA2 – Middlesex is not inconsistent with the Bank’s overall performance in the full scope area given the credit needs and competitive market factors within the AA.

**Responses to Complaints**

There were no CRA complaints received by the Bank or the agency during this evaluation’s timeframe.

## COMMUNITY DEVELOPMENT TEST

Rollstone Bank & Trust's performance under the CD test is **Outstanding**. RBT's performance demonstrates excellent responsiveness to the credit needs in its AAs through CD loans, qualified donations/investments, and services.

### Number and Amount of Community Development Loans

#### Conclusions for Full Scope AA1 – Worcester

RBT originated a significant level of CD loans during the evaluation period, exhibiting excellent responsiveness to the credit needs of the AA through CD loans. The Bank originated 18 loans totaling \$4.9 million during the evaluation period that qualified as CD loans. The CD loans made by the Bank provided financing for organizations that offer affordable housing, promote economic development, revitalize LMI geographies, and/or provide services targeted towards LMI groups. While the actual volume of RBT's lending was higher, only qualified loans that met the definition for CD were recorded.

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

- A \$1.25 million loan to fund the purchase and renovation of an apartment housing complex based in a low-income geography targeted specifically to LMI college students.
- A \$251 thousand loan made to purchase/construct a LMI focused outreach center located in a low-income geography within the city of Fitchburg and surrounding geographies.
- Combined lending of approximately \$296 thousand to a single entity located in a low-income geographic area that provides healthcare services to LMI groups located within the AAs.
- Approximately \$72 thousand in combined lending to a single entity within a LMI geography that provides tax advice/preparation services to the surrounding communities.
- A loan of approximately \$220 thousand was extended to a local organization that provides business consulting services to other small businesses within LMI geographies.

#### Conclusions for Limited Scope AA2 – Middlesex

RBT did not originate any CD loans within AA2 – Middlesex over the evaluation period. Based on the Bank's relatively small footprint within Middlesex County and strong competitive factors, the opportunities to originate CD loans are limited.

## **Number and Amount of Qualified Investments**

### Conclusions for Full Scope AA1 – Worcester

The Bank's level of CD donations and investments within AA1 – Worcester is excellent considering the Bank's capacity, significant local market competition, and the availability of CD opportunities. RBT's donations and investments during our evaluation period totaled approximately \$1.9 million. This was comprised of two CD investments, and 80 donations/grants to 40 different CD organizations located in AA1 – Worcester.

RBT made investments of approximately \$1.2 million and \$563 thousand into general purpose bonds for the cities of Worcester and Fitchburg, respectively. These investments are targeted to improve the availability of CD services and programs for LMI individuals within the AA as approximately 54 percent of total families in Worcester and 43 percent of total families in Fitchburg are categorized as LMI. Qualifying CD donations/grants totaled approximately \$188 thousand, benefitting 40 different CD organizations. The majority of donations/grants were targeted towards organizations that promote assistance regarding financial literacy, affordable housing, counseling services, education, and support services targeted for groups in need. While the actual level of donations made was higher, these donations met the definition of CD.

### Conclusions for Limited Scope AA2 – Middlesex

Based on a limited scope review, RBT's CD donations and investments in AA2 – Middlesex is not inconsistent with the Bank's overall performance in the full scope area.

## **Extent to Which the Bank Provides Community Development Services**

### Conclusions for Full Scope AA1 – Worcester

The Bank's level of CD services in AA1 – Worcester is excellent. The Bank's delivery systems in AA1 are accessible to geographies and individuals of different income levels throughout the AA. The Bank has five full-service branches within AA1, of which one is located in a low-income tract and two are located in moderate-income tracts.

Thirteen RBT employees and officers were involved with 11 organizations that promote affordable housing, economic development, and credit availability within the AA. The following are some examples of the CD services provided:

- A senior member of management served as Chairman and Director of an organization dedicated to economic development within North Central MA. This individual also served as the Chairman of the Regional Economic Development Institute, which is a program sponsored by Fitchburg State University to promote job creation and retention in Northern Worcester County.

- Two officers presented a first time homebuyer educational session for an organization based in North Central MA targeted towards developing housing, creating economic activities, and fostering civic engagement.
- Two officers presented a financial education/banking basics session to a local CD organization in a LMI geography.
- One officer served as Treasurer, and later Vice Chairman, for a local healthcare organization dedicated to supporting local communities in the Bank's AA. The organization provides a number of health care services and targets LMI individuals in Northern Worcester County.
- Two officers presented a session on basic banking concepts to the Boys and Girls Club of Fitchburg and Leominster.

### Conclusions for Limited Scope AA2 – Middlesex

Based on a limited scope review, RBT's CD services in AA2 – Middlesex is not inconsistent with the Bank's overall performance in the full scope area.

### **Responsiveness to Community Development Needs**

The Bank's CD performance through loans, donations/investments, and services demonstrates excellent responsiveness when considering RBT's capacity, credit needs among AAs, and the availability of CD lending opportunities.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

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