

**PUBLIC DISCLOSURE**

**AUGUST 26, 2013**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**ABINGTON BANK**

**CERT # 29842**

**ABINGTON BANK  
6 HARRISON AVENUE  
ABINGTON, MA 02351**

**Division of Banks  
1000 Washington Street  
Boston, MA 02118**

**NOTE:** 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 Division of Banks concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Abington Bank (or the Bank)**, prepared by the Division as of August 26, 2013. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00.

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

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Based on the small institution CRA evaluation procedures specified for institution with assets of less than \$296 million as of December 31, adjusted annually, of either of the prior two calendar years, Abington Bank's overall CRA performance is considered "Satisfactory" based on the following:

The CRA rating is based on the following factors:

The average Loan-To-Deposit (LTD) ratio is considered adequate at 83.8 percent given the Bank's size, financial condition, and assessment area credit needs.

Residential lending within the assessment area is considered adequate as 57.5 percent of loans are inside the institution's assessment area.

Overall, the distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income).

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersions throughout the Bank's assessment area based on demographics, aggregate lending and institution size.

There were no CRA related complaints received during the examination period.

## PERFORMANCE CONTEXT

### Description of Institution

Abington Bank is a mutually owned, state-chartered cooperative bank with its only office location at 6 Harrison Avenue in Abington, Massachusetts. The Bank was formally known as North Abington Co-operative Bank before changing its name to Abington Bank in December 2007. The Bank has a drive-up window and an Automated Teller Machine (ATM). Banking hours are considered convenient and accessible to the Bank's customers.

Abington Bank offers real estate secured loans in the form of adjustable and fixed rate options; commercial loans in the form of fixed term loans, revolving, non-residential, mixed-use, and construction; and consumer loans in the form of auto loans, personal loans, and home equity lines of credit (HELOC). Personal banking services and programs include online banking, deposit accounts, checking accounts, passbook savings, and money market savings accounts.

The Bank is primarily a portfolio lender but also sells residential loans to the secondary market. During the examination period the Bank sold 58 mortgages totaling \$13 million to the Federal Home Loan Bank.

As of June 30, 2013, the Bank had total assets of \$116.9 million with total loans of \$82.6 million, or 72.3 percent, of total assets. Since the last examination conducted as of August 24, 2009 utilizing Call Report data as of June 30, 2009, the loan distribution at Abington Bank has slightly changed. The Bank has experienced loan growth of \$24.9 million, or 21.8 percent, since the prior examination. Loans for Construction and Land Development now make up 11.5% of total loans, an increase from 3.6%. Loans for 1-4 family residential loans increased to 70% from 67.6%. The Bank's loan portfolio is summarized below.

<b>Table 1 – Loan Portfolio Distribution as of June 30, 2013</b>		
<b>Loan Type</b>	<b>Dollar Amount \$('000s)</b>	<b>% of Total Loans</b>
Construction, Land Development, and Other Land Loans	9,507	11.5
Secured by Farmland (Including Farm Residential and Other Improvements)	0	0
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	2,829	3.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	53,641	64.9
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	1,258	1.5
Secured by Multi-Family (5 or more) Residential Properties	5,771	6.9
<b>Total Residential Real Estate Loans</b>	<b>73,006</b>	<b>88.4</b>
Secured by Nonfarm Nonresidential Properties	7,934	9.6
<b>Total Real Estate Loans</b>	<b>80,940</b>	<b>98.0</b>
Commercial and Industrial	1,233	1.4
Loan to Individuals for Household, Family, and Other Personal Expenditures	373	0.5
Other Loans	18	0.1
<b>Total Loans</b>	<b>82,564</b>	<b>100.0</b>

*Source: June 30, 2013 Call Report*

The Division last evaluated Abington Bank's CRA performance on August 24, 2009, and assigned an overall rating of "Satisfactory."

## **PERFORMANCE CONTEXT**

### **Description of Assessment Area**

The CRA requires each financial institution to define an assessment area within which its CRA performance will be evaluated. Abington Bank has defined the municipalities of Abington, Rockland, Whitman, Hanson, Pembroke, and East Bridgewater. All six towns are located in Plymouth County and all are included in the Boston-Quincy MD.

The Bank's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions; (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not extend substantially beyond state boundaries; (5) does not reflect illegal discrimination; and (6) does not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance consideration was given to certain demographic data about the assessment area. Table 2 and 3 highlight the Bank's assessment area for the 2000 and 2010 census data, respectively.

<b>Table 2 Demographic Information for Assessment Area 2000 Census</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	18			88.9	11.1
Population by Geography	85,553			86.1	13.9
Owner-Occupied Housing by Geography	23,614			84.9	15.1
Business by Geography	7,645			81.9	18.1
Farms by Geography	186			80.7	19.3
Family Distribution by Income Level	22,620	14.6	18.4	25.6	41.4
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,448			88.9	11.1
Median Family Income		\$82,600		Median Housing Value	\$174,167
HUD Adjusted Median Family Income for 2011					
Families Below Poverty Level		3.3%		Unemployment Rate	2.1%

*\*Source: 2000 U.S. Census and 2011 HUD updated MFI*

According to the 2000 Census data, the assessment area contained 18 census tracts: 16 middle-income tracts and 2 upper-income tracts. There are no low- or moderate-income census tracts. Refer to Table 2 for demographic information about the assessment area according to the 2000 Census data.

**Table 3  
Demographic Information for Assessment Area 2010 Census**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	18		5.6	77.8	16.7
Population by Geography	89,803		6.7	76.4	16.9
Owner-Occupied Housing by Geography	25,771		5.3	78.1	16.6
Business by Geography	7,645		0.0	81.9	18.1
Farms by Geography	186		0.0	80.7	19.3
Family Distribution by Income Level	23,611	15.2	17.9	26.9	40.0
Distribution of Low and Moderate Income Families throughout AA Geographies	7,805		10.0	77.6	12.4
Median Family Income		\$83,700	Median Housing Value		\$255,000
HUD Adjusted Median Family Income for 2012			Unemployment Rate		
Families Below Poverty Level		3.9%			5.2%

*\*Source: 2010 U.S. Census, 2012 FFIEC updated MFI, and February, 2013 Bureau of Labor Statistics for Boston MA MD*

According to the 2010 Census data, the composition of Abington Bank’s assessment area was slightly different. Of the 18 census tracts, 1 was a moderate-income tract, 14 were middle income tracts, and 3 were upper-income tracts. The one moderate-income tract is located in Abington. Refer to Table 3 for demographic information about the assessment area according to the 2010 Census data.

#### *Median Family Income*

The Department of Housing and Urban Development (HUD) estimated adjusted Median Family Income (MFI) figures annually through 2012. The MFI figures are used to determine the income level for borrowers and geographies. HUD estimated the 2012 MFI figure of Abington Bank’s assessment area to be \$83,700.

#### *Population*

According to the 2010 U.S. Census, Abington Bank’s assessment area has a total population of 89,903, comprised of 32,429 households, of which 23,611 are families. Of all families in the assessment area, 15.2 percent are low-income, 17.9 percent are moderate-income, 26.9 percent are middle-income, and 40.0 percent are upper-income. Further analysis of the family demographics reveals that the percent of families below the poverty level remained near 3.5 percent from the 2000 to the 2010 Census, and the percent of area households that receive some form of public assistance remained near 1.5 percent. These demographics may indicate an individual’s reduced ability to secure a mortgage loan, given the median housing value, thereby reducing a financial institution’s ability to penetrate these populations.

#### *Housing*

Abington Bank’s assessment area consists of 34,003 total housing units, of which 25,771 or 75.8 percent are owner-occupied, 6,658 or 19.6 percent are rental units, and 1,574 or 4.6 percent are vacant units. The median housing value in 2012 for the assessment area was \$255,000. By census tract income level, 5.2 percent owner-occupied housing units are in moderate-income census tracts, 78.1 percent are in middle-income tracts, and 16.6 percent are in upper-income tracts.

### *Community Contacts*

In conjunction with this CRA evaluation, an interview was conducted with a community contact that serves the Bank's assessment area. The organization is involved in financial education programs in the surrounding areas. In addition, one organization is involved in providing a number of services to first time homebuyers and/or low- and moderate-income individuals.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Small Institution CRA evaluation procedures utilize five performance criteria: Loan to Deposit (LTD) ratio, assessment area concentration, lending to borrowers of different incomes (borrower profile), geographic distribution of loans and the institution's record of taking action in response to CRA complaints.

### 1. LOAN TO DEPOSIT ANALYSIS

This performance criterion evaluates the proportion of the Bank's deposit base reinvested in the form of loans. The analysis was performed using Federal Financial Institution Examination Council (FFIEC) quarterly call report data for the period ending September 30, 2009 through June 30, 2013. The analysis was conducted to determine the extent of the Bank's lending compared to deposits received from its customers.

Abington Bank's average LTD ratio for the time period was calculated at 84.7 percent and is considered adequate given the Bank's size, financial condition, and the assessment area credit needs. Over the past 16 quarters, the LTD ratio had a low of 73.0 percent in September 30, 2009, and a high of 91.5 percent in 9/30/2011.

The most recent LTD ratio was also compared to some similarly situated institutions to assist in forming conclusions about the appropriateness of the Bank's LTD. As displayed in Table 4 below, the Bank's LTD ratio is at a reasonable level.

<b>Institution</b>	<b>Avg. Net LTD Ratio</b>	<b>Asset Size \$(000's)</b>
<b><i>Abington Bank</i></b>	<b>83.8</b>	<b>116,882</b>
Holbrook Cooperative Bank	80.0	91,252
Canton Cooperative Bank	74.8	98,672
Avon Cooperative Bank	70.5	77,745
Bridgewater Savings	73.3	481,733

*\*as of June 30, 2013: Source: Call Report Data.*

Based on the above, the Bank meets the standards for satisfactory performance for this criterion.

### 2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis looks at residential lending during 2011 and 2012. Based upon a review of the home mortgage loan data, a majority of home mortgage lending activity, by number, occurred in the assessment area. More weight is given to the number of loans originated as it reflects the number of individuals served whereas the dollar volume may be skewed by one or more large balance loans. Refer to Table 5 for specific information concerning the distribution of loans inside and outside the assessment area.



<b>Table 5</b>										
<b>Distribution of Loans Inside and Outside of Assessment Area</b>										
<b>Loan Type</b>	<b>Number Loans</b>					<b>Dollar Volume (000's)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>2011 HMDA</b>										
Home Purchase	7	41.2	10	58.8	17	2648	35.6	4800	64.4	7448
Home Improvement	10	58.8	7	41.2	17	1365	47.2	1526	52.8	2891
Refinance	23	65.7	12	34.3	35	3676	38.3	5910	61.7	9586
<b>2011 Total</b>	<b>40</b>	<b>57.9</b>	<b>29</b>	<b>42.1</b>	<b>69</b>	<b>7,689</b>	<b>38.6</b>	<b>12,236</b>	<b>61.4</b>	<b>19925</b>
<b>2012 HMDA</b>										
Home Purchase	7	35.0	13	65.0	20	1279	14.5	7566	85.5	8845
Home Improvement	11	61.1	7	38.9	18	1537	37.4	2574	62.6	4111
Refinance	34	63.4	19	36.6	53	6778	47.9	7371	52.1	14149
<b>2012 Total</b>	<b>52</b>	<b>57.1</b>	<b>39</b>	<b>42.9</b>	<b>91</b>	<b>9594</b>	<b>35.4</b>	<b>17,511</b>	<b>64.6</b>	<b>27,105</b>
<b>Grand Total</b>	<b>92</b>	<b>57.5</b>	<b>68</b>	<b>42.5</b>	<b>160</b>	<b>17,283</b>	<b>36.7</b>	<b>29,747</b>	<b>63.3</b>	<b>47,030</b>

Source: 2011 and 2012 Abington HMDA LARs.

As depicted in Table 5, Abington Bank originated 160 HMDA-reportable loans in 2011 and 2012. Of these loans, 92 loans, or 57.5 percent, were originated inside the Bank's assessment area. 68 loans, or 42.5 percent, were originated outside the Bank's assessment area. During the previous CRA evaluation which examined loans originated in 2007 and 2008, the Bank exhibited similar lending distribution, as it originated 57.3 percent of its loans inside the assessment area, and 42.7 percent outside the assessment area.

In terms of the dollar volume of loans, Abington Bank originated loans with an overall loan volume totaling \$47 million in 2011 and 2012, an increase dollar volume from the \$14 million in 2007 and 2008. In 2007 and 2008, 47.2% of loans were originated inside the assessment area by dollar volume and 52.8 were originated outside the assessment area by dollar volume. In 2011 and 2012, only 36.7% of loans were originated inside the assessment area, and 63.3% were originated outside the assessment area by dollar volume. Management explained that Abington Bank originated loans for several investment properties in Boston which skewed the dollar volume of outside lending. Customers are drawn to Abington Bank through personal referrals. The majority of loans are inside the assessment area, whereas the dollar volume of loans is outside the assessment area.

### **3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS**

The distribution of loans by borrower income was reviewed to determine the extent to which the Bank addressed the credit needs of its residents within the assessment area during the review period. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low-and moderate-income)

Low-income is defined by the US Census Bureau as income below 50 percent of the median income level for the MSA. Moderate-income is defined as income between 50 and 79 percent of the median income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of median income.

The Bank's distribution of residential loans by borrowers reported income for 2011 was compared to HMDA aggregate lending data for the 2000 Census. Additionally, borrower's reported incomes were compared to demographic data for the 2000 Census.

Table 6 Distribution of Home Mortgage Loans by Borrower Income Level							
Borrower Income Level	% of Total Families (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Total Families (2010 Census)
		#	%		#	%	
Low	14.6	2	5.0	5.1	10	19.2	15.2
Moderate	18.4	8	20.0	20.9	12	23.1	17.9
Middle	25.6	14	35.0	28.1	14	26.9	26.9
Upper	41.4	13	32.5	28.9	14	26.9	40.0
NA	0.0	3	7.5	17.0	2	3.9	0.0
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 and 2010 U.S. Census Data, 2011 and 2012 Abington HMDA Data, and 2011 Aggregate HMDA Data

In 2011, Abington Bank originated two loans to low-income borrowers, but increased this figure to 10 originations to low-income borrowers in 2012. Abington Bank originated 32.5% of its loans to upper-income borrowers in 2011, and 26.9% of its loans to upper-income borrowers in 2012. Compared to the aggregate, Abington Bank improved its lending performance to low-income borrowers from 2011 to 2012. In 2012; Abington Bank exceeded the benchmark set by 2011 aggregate data in lending to low and moderate income borrowers.

Overall, based on the above information, the loan distribution by borrower income meets the standards of satisfactory performance.

#### 4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to assess how well the Bank is addressing the credit needs throughout the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area based on the area's demographics, aggregate lending, and the institution's size and product offering. Refer to Table 7 for the distribution of residential loans among the census tract income geographies.

Table 7 Distribution of Home Mortgage Loans by Census Tract Income Level within Assessment Area							
Census Tract Income Level	% of Owner-Occupied Housing Units (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Owner-Occupied Housing Units (2010 Census)
		#	%		#	%	
Moderate					1	1.9	5.3
Middle	84.9	39	97.5	83.0	42	80.8	78.1
Upper	15.1	1	2.5	17.0	9	17.3	16.6
<b>Total</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 and 2010 U.S. Census Data, 2011 and 2012 Abington HMDA Data, and 2011 Aggregate HMDA Data

As stated in the *Performance Context*, based on the 2000 census the Bank's assessment area did not contain any low or moderate-income census tracts. Thus, the Bank did not have any lending in these census tracts in 2011. With the 2010 Census, the Bank gained one moderate income census tract in 2012 and originated one loan in that tract, which is located in Abington.

The majority of loans are distributed amongst middle and upper census tract geographies. These trends are in line with 2011 aggregate lending data.

## **5. RESPONSE TO COMPLAINTS/FAIR LENDING POLICIES AND PROCEDURES**

The Bank's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

### **Minority Application Flow**

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable applications the Bank received from minority applicants. In 2011 and 2012, the Bank received 123 residential loan applications from within its assessment area. During this period, one application was received from a racial minority applicant and another application was received from Hispanic or Latino ethnicity. Both applications were originated.

According to 2010 Census data, the Bank's assessment area had a total population of 89,903, of which 6.4 percent are minorities by race or ethnicity. The breakout of the assessment area's minority population is as follows: 1.5 percent Hispanic; 2.2 percent "other race;" 1.0 percent Asian/Pacific Islander; 1.5 percent Black; and, 0.2 percent American Indian/ Alaska Native.

The relatively low minority application flow is comparable to that noted at the previous evaluation and was discussed with management. In part, the low minority application rate can be attributed to the lack of branch presence in higher minority geographies within the assessment area. However, in recognition of the low minority application flow, management has implemented several initiatives to monitor and improve its accessibility to potential applicants of all backgrounds. These initiatives included reviewing the Bank's online website to ensure minorities are represented, and a periodic review of minority applications and the actions taken. Despite these efforts, the application rate has only seen minimal improvements.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 6 Harrison Avenue, North Abington, Massachusetts 02351."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.