

PUBLIC DISCLOSURE

April 2, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

THE PROVIDENT BANK

90141

**5 MARKET STREET
AMESBURY, MASSACHUSETTS 01913**

**Division of Banks
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Boston, MA 02184**

**Federal Deposit Insurance Corporation
15 Braintree Hill Office Park
Braintree, MA 02184**

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 or the Federal Deposit Insurance Corporation 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”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their 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 **The Provident Bank (“TPB” or the “Bank”)** prepared by the Division and FDIC, the institution's supervisory agencies.

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

An institution in this group has a satisfactory 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.

Intermediate Small Bank CRA procedures were utilized for the evaluation¹. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

Lending Test: Satisfactory

- TPB's average loan-to-deposit (“LTD”) ratio is reasonable given the institution's size, resources, competition, and the credit needs of the assessment areas (AAs). Further, the ratio demonstrates the institution's willingness to extend credit.
- The Bank originated a majority of its loans within its two AAs. However, further review of the performance revealed that the majority of the lending activity occurred within the Amesbury AA, with only a minimum amount of activity occurring within the Portsmouth AA. Based on the Bank's positive performance within the Amesbury AA, and other mitigating factors within the Portsmouth area, the overall activity is considered adequate.
- TPB's lending activity by borrower distribution demonstrates excellent penetration within the Amesbury AA, exceeding the aggregate in lending to both low- and moderate-income individuals in both 2005 and 2006. Within the Portsmouth AA the Bank did not generate any loans to low- and moderate-income individuals; however, as noted in this section, the lack of activity to low- and moderate-income borrowers is mitigated. Overall, lending activity by borrower distribution is reasonable.
- The Bank's lending within the two moderate-income tracts (one in each AA) reflects a reasonable dispersion.

¹ Intermediate Small Bank CRA procedures were used as The Provident Bank's assets have exceeded \$258 million for at least eight calendar quarters yet have remained under the \$1 billion dollar threshold of a Large Bank.

Community Development Test: Satisfactory

- The Bank demonstrated an adequate level of investment activity (charitable donations) to local organizations and events.
- The level of qualified community development services is good.
- During the period under review, TPB did not make any qualified community development loans, but did make other loans with a community development purpose.

PERFORMANCE CONTEXT

SCOPE OF EXAMINATION

This performance evaluation assessed the Bank's performance as an Intermediate Small Institution, and includes a Lending Test and Community Development Test. The Community Development Test consists of community development loans, investments, and services. For purposes of this evaluation, the period used, unless otherwise noted, within the Community Development Test are full years 2004, 2005 and 2006. Throughout the evaluation the demographics referenced are all from the 2000 U.S. Census.

Data reviewed to form conclusions about the Bank's lending performance include originated home mortgage loans reported on the Home Mortgage Disclosure Act ("HMDA") Loan Application Registers ("LAR"s) for 2005 and 2006. The LARs contain data about home purchase and home improvement loans, including refinancing, on one-to-four family and multifamily (five or more units) properties. For 2005, the Bank's data is shown in conjunction with peer data, as this is the most recent year made available. Where this peer (aggregate) data is referenced, more emphasis is placed. Based upon the low percentage of small business loans and the fact that the Bank has opted not to collect and report its activity, these loans were not considered for this evaluation. The Bank has no farm loans and the Bank did not opt to collect data on consumer loans; therefore, these loans were not considered in the analyses.

DESCRIPTION OF INSTITUTION

TPB is a state-chartered community institution incorporated under the laws of the Commonwealth of Massachusetts in 1828. The Bank serves the savings and credit needs of individuals and businesses located in Amesbury and the surrounding cities and towns, including Southern New Hampshire, along the seacoast area.

The Bank's main office is located at 5 Market Street in downtown Amesbury. In addition, the Bank operates six branch offices. The Massachusetts offices are located in Amesbury, with two locations, and two branches in Newburyport. The New Hampshire offices are located in Seabrook and Portsmouth. All offices are located in middle-income census tracts, with the exception of Seabrook, New Hampshire, which is located in a moderate-income census tract. Additionally, TPB has 24-hour walk-up ATMs located in the West Newbury Food Market, the UPS Store in Amesbury and the Merrimac Country Market.

Since the previous FDIC and Division CRA evaluations in 2002, the Bank opened three branch offices and closed one. The downtown Newburyport office at Merrimack Landing opened in April 2004. The Seabrook, NH and Portsmouth, NH offices opened in August 2004 and June 2005, respectively. TPB closed its Carriagetown branch located in Amesbury in November 2005; however, the Bank continues to maintain an ATM at the Carriagetown Plaza.

The Bank's total assets have increased from \$197 million to almost \$361 million, or approximately 83 percent. Asset growth is primarily attributed to the steady increase in deposits from an expanding customer base. Net Loans account for 70.5 percent of total assets.

As shown below, TPB's portfolio is diversified between residential and commercial real estate lending. The Bank's most recent strategic plan indicates that the Bank is continuing their commercial loan focus and in future evaluations this may be evident in a shift of the Bank's loan portfolio distribution. The following table provides additional details regarding the structure of the Bank's loan portfolio as of December 31, 2006.

Loan Portfolio Distribution as of December 31, 2006		
Loan Type	Dollar Volume (000)	Percentage of Total Loans
Construction and Land Development	22,105	8.6%
Secured by Farmland	155	0.1%
Revolving Open-end 1-4 Family Residential	13,713	5.3%
Closed-end 1-4 Family Residential First Lien	88,366	34.4%
Closed-end 1-4 Family Residential Junior Lien	10,072	3.9%
Multi-family Residential	17,629	6.9%
Commercial Real Estate	85,630	33.3%
Total Real Estate Secured	237,670	92.5%
Loans to Finance Agricultural Production	0	0.0%
Commercial and Industrial Loans	17,720	6.9%
Consumer Credit Cards	0	0.0%
Other Consumer Revolving Loans	115	0.0%
Closed-end Consumer Loans	1,432	0.6%
Obligations of States and Political Subdivisions	0	0.0%
Other Loans	108	0.0%
Less: Any Unearned Income on Loans	0	0.0%
Total Loans	257,045	100.0%

Source: December 31, 2006 Consolidated Report of Condition

The last FDIC CRA examination dated March 4, 2002, resulted in an overall rating of "Satisfactory." The Division assigned the Bank a "Satisfactory" CRA rating at its last examination dated March 11, 2002. Both of these evaluations rated the Bank under the "Small Bank" procedures.

There are no significant financial or legal impediments that limit the Bank's ability to help meet the credit needs of its AAs. However, it is noted that the Bank operates in a highly competitive environment. In 2005, 292 and 197 lenders originated home mortgage loans in the Bank's Amesbury and Portsmouth AAs, respectively.

DESCRIPTION OF THE ASSESSMENT AREA(S)

The CRA requires each financial institution to define an AA within which its CRA performance will be evaluated. An AA should consist of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions such as counties, cities, or towns. Further, an AA should not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition. Further, the CRA requires a bank to designate one or more assessment areas within which its record of helping to meet the needs of its community will be evaluated. TPB has two assessment areas, and each meets the above-mentioned technical requirements of the CRA. The Amesbury AA consists of the contiguous municipalities of Amesbury, Newburyport, and Salisbury, Massachusetts, as well as Seabrook, South Hampton, and Kensington, New Hampshire. The Portsmouth AA is the City of Portsmouth, New Hampshire. The current strategy of the Bank is to continue their expansion into the Southern New Hampshire municipalities along the seacoast and will look to eventually combine these two AAs.

Income

The three Massachusetts municipalities, Amesbury, Newburyport and Salisbury are all located in Essex County, Massachusetts (MD-21604). The 2006 Median Family Income (MFI) in this area is \$78,200. The four New Hampshire municipalities are all located within Rockingham County, New Hampshire (MD-40484). The 2006 MFI in this County is \$77,000.

Amesbury Assessment Area

As noted previously, TPB has delineated the following Massachusetts (MA) and New Hampshire (NH) municipalities: Amesbury, Newburyport and Salisbury in MA and South Hampton and Kensington in NH. This AA contains 12 census tracts: 1 designated as moderate-income (8.3 percent), 10 designated as middle-income (83.4 percent), and 1 designated as upper-income (8.3 percent).

Housing

Housing prices in this AA have all risen since the last evaluation, with the largest increase occurring in Amesbury, where prices have risen 37 percent since 2000. Current median sales prices in Amesbury, Newburyport and Salisbury are \$269,950, \$355,000 and \$186,598, respectively. Based on 2000 Census data there are 23,722 housing units, of which 60 percent are owner-occupied. Refer to the following table for more information.

Selected Housing Characteristics by Income Category of the Geography Amesbury AA							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner- Occupied	Rental Units	Vacant Units	
Moderate	8.3%	16.0%	17.1%	15.0%	18.1%	27.2%	\$140,500
Middle	83.4%	80.6%	79.6%	79.6%	81.7%	72.7%	\$202,975
Upper	8.3%	3.4%	3.3%	5.4%	0.2%	0.1%	\$254,700
Total or Median	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	\$193,976

Source: 2000 U.S. Census

Employment

As of December 2006, the unemployment rates in the AA are as follows: 4.8 percent in Amesbury, 4.1 percent in Newburyport, and 5.7 percent in Salisbury. For the same period, the Massachusetts rate of unemployment is 5.0 percent.

Portsmouth Assessment Area

Since opening a branch in Portsmouth in June 2005, the Bank has designated the City of Portsmouth as a separate AA. This area contains seven census tracts, one designated as moderate-income (14.3 percent) and six designated as middle-income (85.7 percent). According to the U.S. Department of Housing and Urban Development (HUD) the Portsmouth–Rockingham County metropolitan area has recently established itself as a growing high-technology area, while also maintaining a strong economic base in tourism. Further, Rockingham County, of which Portsmouth is part, is currently growing at more than double the national average. “While growth is expected to slow, as housing contracts, strong growth in professional and business services and a return to expansion in manufacturing should allow the area’s expansion to remain above average” (Moody’s Economy.com).

Housing

Based on 2000 census data there are 10,674 housing units, of which 49.7 percent are owner-occupied. According to more recent (April 2007) data from Multiple Listing Service Listings the median price for Portsmouth home sales was \$397,500. Refer to the following table for more information, based on the 2000 Census.

Selected Housing Characteristics by Income Category of the Geography Portsmouth AA							
Income Category of Tract	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Moderate	14.3	10.6	10.8	9.8	12.2	9.5	\$150,900
Middle	85.7	89.4	89.2	90.2	87.8	90.5	\$195,781
Total (Median)	100.0	100.0	100.0	100.0	100.0	100.0	\$190,921

Source: 2000 U.S. Census

Employment

According to the Bureau of Labor Statistics, the 2006 unemployment rate in Rockingham County, of which Portsmouth is a part, is 3.6 percent. This percentage is slightly higher than the New Hampshire rate of 3.5 percent, but less than the United States rate of 4.6 percent, for the same period. New Hampshire Business Review indicates that the areas top employers are DeMoulas Super Markets, Inc., Hannaford Brothers – Shop’n Save, Fidelity Investments, Shaw’s Supermarkets Inc., Home Depot, and Elliot Hospital.

Community Contacts

As part of the evaluation process two organizations were contacted to assist in assessing the credit needs of the Bank's AA. One of the contacts is a non-profit organization located in one of the two moderate-income census tracts in the Bank's AAs. According to one of the contacts TPB is very involved throughout the area and is supportive of the organization.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overall, the Bank's performance with respect to the Lending Test is Satisfactory.

The Lending Test considered the institution's home mortgage lending pursuant to the following criteria: LTD ratio; lending in the assessment area; geographic distribution of loans; lending to borrowers of different incomes; and the record of taking action in response to CRA complaints. Emphasis was placed on the number of loans made rather than the dollar volume, as loans made in low- and moderate-income census tracts, to low- and moderate-income people are typically lower in dollar amount than those made in middle- and upper-income census tracts and to middle- and upper-income people.

LOAN TO DEPOSIT ANALYSIS

TPB's LTD ratio is reasonable given the institution's size, resources, competition, and the credit needs of the AA. This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The average LTD ratio since the previous evaluation on March 4, 2003 is 85.7 percent. The ratio was calculated by averaging the Bank's quarterly LTD ratios from March 31, 2002 through December 31, 2006. The low and high LTD ratios for this period were 71.1 percent and 95.7 percent, respectively.

The Bank's average LTD ratio was compared to a peer group of 5 Massachusetts-based financial institutions of similar asset size and loan portfolio composition. The average LTD ratio for this peer group ranged from 72.3 percent to 117.1 percent. TPB's current LTD ratio of 91.6 percent is comparable to the institutions in this peer group. In addition to the peer analysis, it is also noted that the Bank's ratio exhibited a positive trend, increasing 11 out of the 20 quarters analyzed.

ASSESSMENT AREA CONCENTRATION

TPB's 2005 and 2006 HMDA LARs were reviewed to determine the amount of credit extended within the Bank's Amesbury and Portsmouth's AAs. When both areas are reviewed together, the Bank originated a majority of its loans inside the AAs, at 68.4 percent.

Within the Amesbury AA, the Bank's performance is Satisfactory with a majority, 65.2 percent (2005 and 2006 combined), of its HMDA loans originated inside. It is noted that the number of loans increased by 32 percent from 2005 to 2006. Additionally, TPB ranked 15th out of 292 lenders (2005) within the Amesbury AA. The top three lenders were Countrywide Home Loans, Washington Mutual Bank FA, and GMAC Mortgage Corporation. The only two local institutions that ranked higher than TPB were The Newburyport Five Cents Savings Bank and the Institution for Savings, both in Newburyport.

The Bank's performance within the Portsmouth AA is deemed "needs to improve" as only 8 loans were originated in 2005 and 2006, representing only 3.2 percent. Despite the lack of originations, certain mitigating factors exist that must be considered, including:

- TPB only recently established a presence in the Portsmouth AA (June 2005).
- The Portsmouth AA is highly competitive. Despite only being in the area for less than two years, the Bank is ranked within the top 85 lenders in the City of Portsmouth.
- Only 50 percent of the AA's 10,318 housing units are owner-occupied, thus limiting an institution's ability to generate loan activity.
- In addition to the limited percentage of owner-occupied housing in the area, the Portsmouth AA has a higher percentage of commercial lending opportunities. As a result, TPB has concentrated much of its Portsmouth lending activity toward small business originations.

The Bank's Strategic Plan acknowledges the need to generate more loans in the Portsmouth AA, and in response to this need, management plans to open another branch in the area. In addition, the Bank is planning to eventually merge its two AA's into one, providing for a more favorable percentage of loans inside the AA.

The following table contains information regarding the Bank's HMDA lending, by number and dollar volume, for 2005 and 2006.

Distribution of HMDA Loans Inside and Outside the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Amesbury AA										
2005	65	60.8	42	39.2	107	11,592	43.2	15,269	56.8	26,861
2006	96	68.6	44	31.4	140	12,913	59.0	8,991	41.0	21,904
Subtotal Amesbury AA	161	65.2	86*	34.8	247	24,505	50.3	24,260*	49.7	48,765
Portsmouth AA										
2005	5	4.7	102	95.3	107	1,239	4.6	25,622	95.4	26,861
2006	3	2.1	137	97.9	140	767	3.5	21,137	96.5	21,904
Subtotal Portsmouth AA	8	3.2	239*	96.8	247	2,006	4.1	46,759*	95.9	48,765
Total	169	68.4	78	31.6	247	26,511	54.4	22,254	45.6	48,765

Source: 2005 and 2006 HMDA LAR *The outside category reflects the # and \$ outside the respective AA; the total reflects both AAs.

BORROWER CHARACTERISTICS

Overall, TPB's lending activity to low- and moderate-income individuals demonstrates a reasonable penetration within the combined AA's of Amesbury and Portsmouth.

Low-income is defined by the US Census Bureau as income below 50 percent of the MFI level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the MFI 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 the median income. The following table demonstrates these income ranges for the Bank's two AAs.

Income Ranges based on MFI figures			
Income Level	% of Median Family Income	Income Range	
		Amesbury Assessment Area	Portsmouth Assessment Area
Low	Less than 50%	\$0 -\$26,594	\$0-\$29,890
Moderate	50% to 80%	\$26,595 - \$42,550	\$29,891-\$47,823
Middle	80% to 120%	\$42,551-\$63,825	\$47,824 -\$71,737
Upper	120% and over	\$63,826 and more	\$71,738 and more

Source: 2000 U.S. Census Data

Within the Amesbury AA the Bank's performance is excellent, as TPB exceeded the aggregate to low- and moderate-income borrowers. The following table shows the Bank's HMDA performance, by number, to low-, moderate-, middle- and upper-income borrowers, and compares TPB's activity to the percentage of owner-occupied housing units within the Amesbury AA, as well as the aggregate performance.

Distribution of HMDA Loans by Borrower Income Level – Amesbury AA						
Borrower Income Level	% of Total Families	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
		Low	18.2	4.3	10	15.4
Moderate	20.4	16.5	17	26.1	19	19.8
Middle	24.2	25.0	12	18.5	25	26.0
Upper	24.2	36.5	16	24.6	40	41.7
NA	0.0	17.7	10	15.4	4	4.2
Total	100	100	65	100	96	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

During 2005 and 2006, TPB originated 18 HMDA reportable loans to low-income borrowers. Although this percentage (11.2 percent) is below the percentage of total low-income families in the AA, (18.2 percent), it is not expected that all low-income families would qualify for a home mortgage. As part of this analysis the affordability of homes in the area was taken into consideration. As mentioned under *Description of the Assessment Area*, the median sales prices in this AA have risen 37 percent over the past seven years, and when combined with a low-income family earning less than \$26,594, it is unlikely, even when combined with flexible underwriting guidelines, that a low-income family would qualify for a mortgage, even at the lower end of the median sales range in the AA (\$186,598)

In addition, the Bank extended 36 loans to moderate-income borrowers representing 22.4 percent of the HMDA reportable originations inside the Amesbury AA. The number of loans to moderate-income borrowers is above the 20.4 percent of moderate-income families within the AA representing a very good penetration.

Additionally, the Bank's lending to low- and moderate-income borrowers for 2005 was compared to all other lenders within the Amesbury AA. The Bank originated 15.4 percent of its 2005 HMDA reportable loans to low-income borrowers compared to 4.3 percent originated from the aggregate. The Bank also originated 26.1 percent of its loans to moderate-income borrowers during the same time period, which again compared favorably to the aggregate, at 16.5 percent.

Within the Bank's Portsmouth AA, no loans to low- and moderate-income individuals were generated; however, this performance is mitigated by several factors, including:

- The majority (60.3 percent) of families within the Portsmouth AA are middle- and upper-income.
- Of the AA's total families, over 6 percent are below the poverty level, representing a portion of the population that would most likely never qualify for a mortgage, especially with the median home sales price approximating \$400,000.
- The Bank's lending to middle-income borrowers compares favorably to both the aggregate performance and the percentage of middle-income families in the AA.

As previously mentioned, the Bank recently (June 2005) entered the Portsmouth AA. Given the level of competition and certain demographic constraints, the Bank's performance is justified.

GEOGRAPHIC DISTRIBUTION

Overall, the Bank's lending within the moderate-income tracts provides a reasonable dispersion within their AAs. Each AA contains one moderate-income census tract. For this particular performance criterion, the most weight was given to the Bank's performance within the moderate-income areas.

The following table provides a breakdown, by number, of the Bank's residential loans within the Amesbury AA according to the census tract income level. The table also shows the loans in comparison to the number of owner-occupied housing units in each of the census tract income categories and compares the bank's performance to the 2005 aggregate lending data.

Distribution of HMDA Loans by Income Category of the Census Tract						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
Moderate	15.0	11.8	9	13.8	9	9.4
Middle	79.6	83.4	54	83.1	83	86.4
Upper	5.4	4.8	2	3.1	4	4.2
Total	100	100	65	100	96	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

As noted, in the Amesbury AA, TPB originated 13.8 percent of its HMDA loans within the moderate-income tract during 2005 and 9.4 percent in 2006. The Bank's performance in this tract was above the aggregate (11.8 percent) and is considered good when it is noted that the moderate-income tract contains 15.0 percent of the total owner-occupied units in the AA. In addition, TPB ranked tenth in originations within the moderate-income tract, with 1.65 percent. Most of the lenders that outperformed TPB are large national banks or mortgage companies, many of which offer sub-prime loans, a product line not offered by TPB. The Bank ranked second among locally based institutions in lending within this tract.

Within the Portsmouth AA there were no HMDA loans in the moderate-income tract for both years reviewed. However, given certain mitigating factors discussed previously, including competition, it is not unreasonable that the Bank would not have any HMDA activity within the one moderate-income tract. According to the 2000 U.S. Census data, of the 1,156 housing units within this one moderate-income tract, only 10 percent are owner-occupied. Further, the percentage of loans originated by the aggregate is also low, with less than 10 percent originated in the moderate-income tract.

COMMUNITY DEVELOPMENT TEST

TPB's community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas.

The Community Development Test evaluates the Bank's community development loans, investments, and services. Unless otherwise noted, for purposes of this evaluation, the period used within the Community Development Test is March 4, 2002 through April 2, 2007.

As outlined in the Bank's Strategic Plan TPB makes active efforts to connect with local organizations concerned with community development. The Bank actively seeks to understand the credit needs of the market area and the communities they serve, including those of low- and moderate-income areas and individuals.

INVESTMENTS

Qualified investments are defined as a lawful investment, deposit, membership, or grant that has as its primary purpose community development. The Bank's only investment activity during this evaluation period consisted of monetary contributions and grants to local organizations. Total qualified investments amounted to \$307,972. Annual levels of qualified investments were \$83,440 in 2004, \$75,093 in 2005 and \$82,468 in 2006, representing approximately .03 percent, .02 percent and .03 percent of pre-tax net operating income, respectively. Further, through March 31, 2007, the Bank made \$66,971.85 in qualified donations. Included are donations made through the Bank's Charitable Foundation, formed in 1997. The Foundation was established to "focus on improving, enhancing and securing the quality of life in our community." Donations include financial support to local non-profits, which assist them in their efforts to meet the needs of low- and moderate-income families and individuals by providing financial counseling, family counseling, food pantries, transitional housing services, and needs-based college scholarships. Annually, the Bank allots approximately 10 percent of their after-tax profit to be used for community giving. Some of the organizations that have benefited from the Bank's contributions include:

- *Families First Health and Support Center* – an independent, nonprofit community health center whose mission is to provide a wide array of health and family support services to individuals and families regardless of ability to pay.
- *The James Place Child Care Program, Inc.* – a nonprofit, out-of-school program whose mission is to fill the school-age child care gap that exists in Amesbury for working families of all incomes.
- *Our Neighbor's Table* – a food pantry in Amesbury that also serves weekly meals.
- *Jeanne Geiger Women's Crisis Center* – an organization in the AA that provides free social services to children and families by offering emergency shelter, individual counseling, community outreach, and education.

- *New Hampshire Community Development Finance Authority* - that supports affordable housing and economic development activities that benefit low- and moderate-income individuals by providing project funding, technical assistance and financial support to nonprofit community development organizations.
- *Coastal Economic Development Corporation* – a nonprofit, regional economic development corporation serving 11 cities and towns along the New Hampshire Seacoast by providing financing, real estate development services, and technical assistance.

SERVICES

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. Based on the Bank's level of involvement in such activities, TPB's services demonstrate an adequate responsiveness to the community. TPB provides an array of community development (and other) services that have helped educate the community, increase awareness of community needs, and revitalize the communities within the AA. One of the Bank's core values, as noted within their Strategic Plan, is to remain committed to giving back to the communities they serve. An excerpt from this plan notes that "bank personnel are actively involved in local charitable and civic organizations in leadership positions." The following section describes certain activities that have benefited the community.

Community Development Employee Services:

- An Executive Vice President serves as a Board member and on the Finance Committee of Turning Point. This organization is located in Newburyport and its mission is to develop human service programs that promote empowerment, independence, and self sufficiency for individuals with disabilities and disadvantages. This individual also serves on the Finance Committee for the Greater Newburyport Chamber of Commerce.
- A Vice President of the Bank serves on the Board and as the Treasurer of the Newburyport Housing Support. This individual also serves on the Board for the Hampton Chamber of Commerce, the Seabrook Economic Development, the Coastal Economic Development, and the Town of Salisbury Economic Development. Lastly, this individual serves as the Treasurer and as a Board member of the Pettengil House in Salisbury. This organization supports children and families in need throughout Salisbury, Amesbury, Newburyport, and Merrimac.
- A Director of the Bank serves on the Finance Committee and is a member of the Board of the Portsmouth Chamber of Commerce. This individual also serves on the Finance Committee for the Rockingham County Community Action Program. This is a non-profit organization dedicated to helping people overcome hardship, achieve self-reliance, and prevent, reduce, and work towards the elimination of poverty.
- A Vice President of Residential Lending serves as a guest speaker for first time home buyers for the Town of Amesbury's Office of Community and Economic Development.

- A Bank Vice President serves as a Board member and as the Chairperson of the Nominating Committee of Odyssey; a New Hampshire based nonprofit organization that provides educational, transitional living, and outreach services for children and families.

Other Employee Services

- The President and Chief Executive Officer is a Director of the Greater Newburyport Chamber of Commerce. The President also serves on the Finance Committee, the Executive Committee, and is the Chairman of the Foundation Committee of this organization. The Chamber is made up of both public and private leaders and was created as a resource for businesses looking to locate to and expand in the area. Included in the Chamber's focus are business retention, tourism, government affairs and infrastructure. The President serves as a Director of the Merrimack Valley Council. This organization's mission is to promote the economic interests of the entire Merrimack Valley. The Council encourages greater communication and cooperation between the public and private sectors.
- A Senior Vice President is a member of the Board of Directors for the Newburyport Education Business Coalition.
- Many of the Bank's Officers serve on the Board for the Alliance for Amesbury. The Alliance for Amesbury is a nonprofit organization made up of businesses and individuals that strive to maintain a working partnership between public officials, the business community, and local citizens to promote a vibrant economy and enhance the overall quality of life.
- A Senior Vice President of the Bank serves on the Board of Directors for the Amesbury Education Foundation. This organization's mission is to enhance and broaden community support for public education and to provide funding for innovative and challenging programs for students and educators in the Amesbury public school system.

Educational Seminars and Other Employee Services

Bank officers and employees have participated in seminars and other events sponsored or co-sponsored by the Bank during the evaluation period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the AA. These programs are described and noted below.

TPB offers two educational programs for middle school students to teach them the benefit of savings. The Passbook to Travel Program in Amesbury has been in existence since 2002 and 209 students have opened passbook savings accounts, totaling \$88,430. In 2006, the Bank began the Saving for a Rainy Day program at the Seabrook Middle School. To date, 40 students have opened passbook savings accounts, totaling \$15,491.

The Bank has sponsored three first-time homebuyer seminars over the past two years. These seminars were held in Amesbury, Seabrook, and Newburyport, all located within the Bank's assessment area. The topics covered in these seminars included the pre-approval process, down payments, credit requirements and private mortgage insurance.

During 2003, 2004, and 2005, the Bank led a financial management course entitled "Money 101: Financial Fitness for Women", which was held at the Newburyport YWCA. This organization offers housing to women who are victims of domestic violence and/or domestic abuse.

During 2005, the Bank conducted a multi-week course based on the FDIC Money Smart Program at Turning Point, Inc. Twelve women received certificates for completing the program.

The Bank continues to offer checking and savings accounts that meet the Basic Banking for Massachusetts guidelines which encourage those with modest incomes to establish banking relationships.

LOANS

As defined in the CRA regulation, a community development loan has as its primary purpose affordable housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small business or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

During the period under review the Bank did not originate any loans that qualified as community development loans. However, the Bank did originate 2 loans to a corporation to fund the purchase and construction of a development of 50 housing units in the Bank's AA. Of the 50 units, 12 (24 percent) were marketed and sold on a lottery basis with standards set by the municipality. Although community development was not the primary purpose of this project, and the number and dollar value of this loan was reported elsewhere, the Bank is given qualitative credit in this section. Both loans were granted in February 2005 and the amounts were \$3,000,000 and \$500,000. Further, as the project was completed in 2 phases, the \$3,000,000 line of credit was renewed by the Bank in June 2006.

Response to Consumer Complaints

The Bank has not received any CRA-related complaints since the last evaluation. However, management has proper procedures for handling complaints.

FAIR LENDING POLICES AND PRACTICES

A review of the Bank's residential lending activity revealed no evidence of discrimination. TPB has a written Fair Lending Policy and strives to prevent discrimination in all aspects of its lending activity. Fair lending training is provided to all employees, at least annually.

TPB markets its services and products to its community primarily through print advertisements. No fair lending concerns were noted during the review of advertisements.

STATE OF MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS:	<u>Satisfactory</u>
The Lending Test is rated:	<u>Satisfactory</u>
The Community Development Test:	<u>Satisfactory</u>

The Bank's performance within Massachusetts is satisfactory with respect to the lending and community development needs of the applicable municipalities.

SCOPE OF EXAMINATION

As discussed during the overall analysis, the Bank's performance was evaluated using the Intermediate Small Institution procedures. Please refer to the applicable sections within the overall analysis for additional information. However, please note that within the state-specific portions of the evaluation, only the Bank's activities within the applicable state were considered. In those instances in which an activity provided benefits to both Massachusetts and New Hampshire (i.e., community development services), the applicable credit was afforded to both states.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS:

The Bank is headquartered and chartered in Massachusetts. As previously mentioned, four of the Bank's six branches are in Massachusetts (two in Amesbury and two in Newburyport). The Bank's Massachusetts AA includes Amesbury, Newburyport and the contiguous Town of Salisbury. Within these communities there are 9 middle- and 1 upper-income tracts. Please refer to the *Description of the Institution* and the *Description of the Assessment Area* for additional information about the institution and the demographics of the assessment area as a whole.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MASSACHUSETTS:

LENDING TEST

LOAN TO DEPOSIT ANALYSIS

The LTD ratio demonstrates that TPB has done a good job of meeting the credit needs of its AA. Within Massachusetts the Bank's LTD, as of December 31, 2006, was 71.9 percent which is considered reasonable.

ASSESSMENT AREA CONCENTRATION

Overall, the Bank's lending within the State meets the standards for satisfactory performance. TPB originated 47.7 percent and 57.1 percent of their HMDA loans within Massachusetts in 2005 and 2006, respectively. It is noted that TPB ranked 18th in 2005 among lenders in this market. Despite having just under a majority in 2005 the combined HMDA originations for 2005 and 2006 equaled 52.4 percent.

BORROWER CHARACTERISTICS

Overall, the Bank's lending to low- and moderate-income borrowers within Massachusetts is very good. The following table demonstrates the Bank's 2005 and 2006 performance, and compares TPB's performance with the aggregate and the percentage of total families.

Distribution of HMDA Loans by Borrower Income Level – Massachusetts						
Borrower Income Level	% of Total Families	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
Low	17.6	4.5	6	11.8	4	5.0
Moderate	18.8	16.4	13	25.5	19	23.7
Middle	23.5	25.0	8	15.7	19	23.7
Upper	40.1	36.9	15	29.4	35	43.8
NA	0	17.2	9	17.6	3	3.8
Total	100	100	51	100	80	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

The Bank's performance, in both 2005 and 2006, significantly exceeded the aggregate and demonstrates an excellent penetration to those borrowers of low- and moderate-income.

GEOGRAPHIC DISTRIBUTION

Overall, the dispersion of the Bank's lending meets the standards for satisfactory performance.

Distribution of HMDA Loans by Income Category of the Census Tract-Massachusetts						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
Middle	93.2	94.4	49	96.1	76	95
Upper	6.8	5.6	2	3.9	4	5
Total	100	100	51	100	80	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

Within this assessment area there are no low- and moderate-income tracts. When the Bank's lending performance within the middle-income tracts is reviewed it does represent a reasonable dispersion and exceeds the aggregate in both 2005 and 2006.

COMMUNITY DEVELOPMENT TEST

Overall, the Bank's community development activities represent an adequate responsiveness within the State of Massachusetts.

TPB has ongoing relationships with several community organizations that serve the Bank's Massachusetts municipalities. In addition, the Bank's total qualified investments, at approximately \$224,787 or 72.9 percent of total investments, reflect an excellent responsiveness to the needs of the community. As noted in the overall analysis of the Community Development Test, several of the organizations serve both the broad and regional area.

STATE OF NEW HAMPSHIRE

CRA RATING FOR NEW HAMPSHIRE:	<u>Satisfactory</u>
The Lending Test is rated:	Satisfactory
The Community Development Test:	Satisfactory

SCOPE OF EXAMINATION

The Bank's performance was evaluated using the Intermediate Small Institution procedures. Similar to Massachusetts, consideration within this section is limited exclusively to New Hampshire activities. Please refer to the overall analysis for additional information concerning the scope of the evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE:

As discussed previously, TPB opened two branches in New Hampshire in (Seabrook – 2004 and Portsmouth - 2005). In addition to these two municipalities, TPB's New Hampshire area also includes Kensington and South Hampton. Please refer to the Description of the Institution and the Description of the Assessment Area for additional information about the institution and the demographics of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW HAMPSHIRE:

LENDING TEST

LOAN TO DEPOSIT ANALYSIS

The LTD ratio demonstrates that TPB has done a good job of meeting the credit needs of its AA. As of December 31, 2006 the Bank's LTD ratio was 189 percent, which represents an outstanding level, and indicates TPB's willingness and ability to extend credit.

ASSESSMENT AREA CONCENTRATION

Overall, TPB's lending within the AA does not meet the standards for satisfactory performance, as a majority of loans are outside the AA. Within New Hampshire, the Bank originated 17.8 percent and 13.6 percent of their HMDA loans in the State in 2005 and 2006, respectively. Mitigating factors for these low percentages are mentioned in the overall section of the evaluation, including the Bank's recent entrance into the New Hampshire market and the Bank's commercial lending focus in Portsmouth. Further, a review of the Bank's market rank in New Hampshire shows TPB ranking 43rd out of 248 lenders in the State, most of which are much larger banks and mortgage companies.

BORROWER CHARACTERISTICS

Overall, the penetration of lending to low- and moderate-income borrowers is quite good.

Distribution of HMDA Loans by Borrower Income Level – New Hampshire						
Borrower Income Level	% of Total Families	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
Low	20.7	4.3	4	21.1	4	21.1
Moderate	21.5	14.9	4	21.1	0	0
Middle	25.7	23.5	5	26.3	7	36.8
Upper	32.1	40.2	1	5.2	5	26.3
NA	0	17.1	5	26.3	3	15.8
Total	100	100	19	100	19	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

Despite having no originations to moderate-income borrowers in 2006 the Bank's lending to low-income borrowers in both years exceeded both the aggregate and the percentage of total families at this income level. Further, the Bank's performance in 2005 to moderate-income borrowers exceeds the aggregate and is comparable with the percentage of total families at this income level.

GEOGRAPHIC DISTRIBUTION

Overall, the Bank's lending within the AAs two moderate-income census tracts is considered excellent.

Distribution of HMDA Loans by Income Category of the Census Tract- New Hampshire						
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2005 Aggregate Lending Data (% of #)	2005 (by number)		2006 (by number)	
			#	%	#	%
Moderate	32.1	27.7	10	52.6	9	47.4
Middle	67.9	72.3	9	47.4	10	52.6
Total	100	100	19	100	19	100

Source: 2005 Peer Mortgage Data and 2005 and 2006 HMDA Data and 2000 U.S. Census

As noted, the Banks' lending within the moderate-income tracts substantially exceeds both the percentage of owner-occupied housing units and the aggregate for both years.

COMMUNITY DEVELOPMENT TEST

The Bank's community development activities represent an adequate responsiveness to the needs of the community. Please refer to the overall analysis for additional information.

TPB has ongoing relationships with several community development organizations serving its New Hampshire municipalities. Of the total investments made, approximately \$93,029.31 or 30.2 percent benefited the State of New Hampshire. Further, of the organizations in which employees are involved, the majority are still within Massachusetts; however, since expanding into the New Hampshire area with branch offices, the Bank has increased its involvement. Again, please refer to the overall analysis for more detailed information.

METROPOLITAN AREAS (reviewed without using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN: ROCKINGHAM COUNTY, NEW HAMPSHIRE AND ESSEX COUNTY, MASSACHUSETTS

As mentioned, the Bank currently maintains two separate, non-contiguous assessment areas. The three Massachusetts municipalities, Amesbury, Newburyport and Salisbury are all located in the Essex County, Massachusetts (MD-21604), while the four New Hampshire municipalities, Kensington, South Hampton, Seabrook and Portsmouth, are all located within the Rockingham County, New Hampshire (MD-40484). The Bank has delineated Amesbury, Newburyport, Salisbury, Kensington, South Hampton and Seabrook (all contiguous municipalities) as one assessment area and the other is the City of Portsmouth, NH.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN:

ROCKINGHAM COUNTY, NEW HAMPSHIRE AND ESSEX COUNTY, MASSACHUSETTS

The institution's overall lending and community development performance in these areas is consistent with the lending and community development activity outlined in the overall analysis. Please refer to both the overall section and the respective State sections for additional information.

APPENDIX A
Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Bank's residential loan application files was conducted to evaluate fair lending policies and procedures. A review was conducted for compliance with fair lending regulations and no evidence disparate treatment was noted.

The Provident Bank has a written Fair Lending Policy, incorporated into their overall Lending Policy. Included in this policy are the Bank's efforts to eliminate discrimination in all aspects of lending, as well as to provide guidance to Bank employees on how to comply with fair lending policies and procedures. The Bank provides fair lending training to all employees at least annually. Management develops training programs that cover all aspects of the lending process. The Provident Bank markets its services and products to its community primarily through print advertisements.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. For 2005, the latest period for which aggregate data is available, The Provident Bank received 1 HMDA reportable mortgage application from racial minority groups within its assessment area, which was originated. This application represented 1.2 percent of total applications received. Aggregate data shows that 1.7 percent of applications received by the aggregate were from a minority applicant. Approximately 3 percent of the population of the Massachusetts assessment area is minority.

APPENDIX B SCOPE OF THE EVALUATION

Data Integrity

The CRA requires that banks collect and maintain certain data regarding originations and purchases of small business, small farm, and HMDA loans. This information is maintained in the bank's Public File. As part of our evaluation, we tested the bank's publicly filed HMDA data for accuracy. We also evaluated the bank's procedures to ensure that data are reliable. We determined the bank's HMDA data to be reasonably accurate. The bank does not report small business or small farm loans.

Fair Lending Review

An analysis of the most recent HMDA lending data, public comments, and consumer complaint information was performed according to the FFIEC Fair Lending examination procedures. The review of this information revealed no evidence of discriminatory acts or practices.

CRA-Related Complaints

The Bank has not received any CRA-related complaints since the previous FDIC and Division examination.

APPENDIX C

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

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).

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.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

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.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 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 and less than 80 percent in the case of a geography.

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 and less than 120 percent in the case of a geography.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX D INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX E STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm and consumer lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity (loan to deposit ratio); 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers (and businesses) of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination.

COMMUNITY DEVELOPMENT TEST

Scope of Test

The institution's community development activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution and the responsiveness of the institution's community development lending; 2) the extent the institutions community development investments response to the needs of the assessment area and 3) the responsiveness of the bank's community development services.

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 and the Federal Deposit Insurance Corporation, at 5 Market Street, Amesbury, MA 01913."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment shall also include the address of the designated office for that assessment area.]

- 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.