

PUBLIC DISCLOSURE

June 18, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Beverly Bank
Certificate Number: 26601

254 Cabot Street
Beverly, Massachusetts 01915

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118

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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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.

Beverly Bank's satisfactory Lending Test performance and outstanding Community Development Test performance support the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

- The institution demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 6, 2015, to the current evaluation dated June 18, 2018. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate Beverly Bank's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, Moody's Analytics Regional Workstation (Moody's), and U.S. Bureau of Labor Statistics (BLS). Bank financial data reflects the March 31, 2018 Consolidated Reports of Condition and Income (Call Report).

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to Lending Test conclusions due to the larger loan volume when compared to small business lending during the evaluation period. In addition, no other loan types, such as small farm or consumer loans, represent a major product line. Therefore, as they provide no material support for conclusions or ratings, they are not presented in this evaluation.

The Lending Test considered all home mortgage originations reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2016, the bank reported 238 originations totaling \$97.9 million. In 2017, the bank reported 196 originations and purchases totaling \$111.3 million. Examiners compared the bank's 2016 performance under the Geographic Distribution and Borrower Profile criterion to 2016 aggregate

loan data and 2010 U.S. Census data. The bank's 2017 performance was compared to 2015 ACS data. Aggregate data for 2017 was not yet available as of the evaluation date.

In addition, examiners considered all small business loans originated in 2016 and 2017. A small business loan has an original loan amount of \$1 million or less and is secured by nonfarm nonresidential properties or is classified as a commercial and industrial loan. As an ISI, the CRA does not require the bank to report small business lending activity. However, the bank voluntarily collects CRA small business lending data, and examiners validated and analyzed 2016 and 2017 small business lending activity. In 2016, the bank originated 52 small business loans totaling \$11.9 million. In 2017, the bank reported 68 small business loans totaling \$12.9 million. Since the bank is not a small business reporter, examiners did not use small business aggregate data for comparison. D&B data provided a standard of comparison for small business lending.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the evaluation presents both number and dollar volume, examiners emphasized performance by number of loans as it better indicates the number of individuals and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated April 6, 2015.

DESCRIPTION OF INSTITUTION

Background

Beverly Bank is state-chartered community bank headquartered in Beverly, Massachusetts (MA). The bank primarily serves north shore communities in Essex County. Beverly Bank is a wholly owned subsidiary of Beverly Financial, MHC. Additionally, the holding company owns Beverly Cooperative Statutory Trust I and Beverly Cooperative Statutory Trust II, both established to issue trust preferred securities. The bank wholly owns three subsidiaries: Beverly Securities Corporation, which holds investment securities; 254 Cabot Street Corporation, which was established to hold equipment and is currently inactive; and, Essex County Properties LLC, which acquires and holds other real estate.

The institution received a Satisfactory rating from the FDIC and the Division during its prior joint evaluation using ISI Examination Procedures.

Operations

The bank operates five full-service branches in Essex County. In addition to the main office in Beverly, the bank operates two additional branches in Beverly, one in Salem, and one in Danvers. Since the last examination, the bank opened the Danvers branch and a mortgage center in Beverly. The main office and the mortgage center are located in the same moderate-income tract. Both branches in Beverly are located in the same middle-income census tract. Lastly, the Salem branch is located in a low-income census tract and the Danvers branch is located in a middle-income census tract. The bank did not close any branches since the last examination.

Beverly Bank offers consumer and business banking products. Consumer lending products include conventional fixed-rate mortgages, jumbo mortgages, adjustable-rate mortgages, construction loans, MassHousing loans, Home for the Brave loans, home equity loans and lines of credit, personal loans, and automobile loans. The bank also offers a first time homebuyer program. Business lending products include commercial real estate loans, construction loans, cash reserve loans, Small Business Administration (SBA) loans, term loans, and lines of credit.

Beverly Bank also offers checking, savings, certificates of deposit, and credit cards for consumers and businesses. Alternative banking services include online banking and bill pay, mobile banking deposit, person-to-person payments, CardValet, business online banking, and automated teller machines (ATMs). ATMs are located at each branch. No merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of March 31, 2018, Beverly Bank had total assets of \$460.8 million, which included total loans of \$388.4 million and total securities of \$40.1 million. The bank is primarily a residential lender. Residential loans, including multi-family loans, account for the largest portion of the loan portfolio at 71.6 percent. Collectively, loans secured by commercial real estate and commercial and industrial loans represent 21.9 percent of the loan portfolio. The loan portfolio distribution has remained relatively stable since the last evaluation. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/18		
Loan Category	\$(000s)	%
Construction and Land Development	24,408	6.3
Secured by Farmland	655	0.2
1-4 Family Residential	194,433	50.1
Multi-family (5 or more) Residential	83,339	21.5
Commercial Real Estate	60,633	15.6
Total Real Estate Loans	363,468	93.6
Commercial and Industrial	24,613	6.3
Agricultural	0	0.0
Consumer	250	0.1
Other	28	0.0
Less: Unearned Income	0	0.0
Total Loans	388,359	100.0
<i>Source: Reports of Condition and Income</i> <i>Due to rounding, totals may not equal 100.0</i>		

There are no significant financial or legal impediments identified that would limit the bank's ability to help meet the credit or community development needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Beverly Bank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD). The following sections discuss economic and demographic information for the assessment area.

Economic and Demographic Data

The assessment area includes 30 census tracts in the following cities and towns of Essex County: Beverly, Danvers, Peabody, and Salem. The City of Peabody and the Town of Danvers are new to the assessment area since the last examination. These census tracts reflect the following income designations according to the 2015 ACS Census:

- 2 low-income tracts,
- 10 moderate-income tracts,
- 17 middle-income tracts, and
- 1 upper-income tract.

The low- and moderate-income census tracts are located in Beverly (2), Peabody (5), and Salem (5). The 2015 ACS Census adjusted the income designation of some census tracts within the assessment area when compared to the 2010 U.S. Census data. Four middle-income census tracts were reclassified as moderate-income, three moderate-income census tracts were reclassified as middle-income, and one moderate-income census tract was reclassified as low-income. The net result of these changes is one additional low-income census tract and one less middle-income census tract. The following table illustrates select demographic characteristics of the assessment area according to 2015 ACS data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	6.7	33.3	56.7	3.3	0.0
Population by Geography	162,634	5.3	32.1	57.3	5.3	0.0
Housing Units by Geography	69,973	6.0	34.6	55.5	3.9	0.0
Owner-Occupied Units by Geography	39,305	2.4	27.8	64.7	5.1	0.0
Occupied Rental Units by Geography	26,883	11.3	43.4	43.3	2.1	0.0
Vacant Units by Geography	3,785	6.2	43.7	45.8	4.3	0.0
Businesses by Geography	12,786	7.3	34.7	54.3	3.7	0.0
Farms by Geography	208	3.4	27.4	63.5	5.8	0.0
Family Distribution by Income Level	39,522	26.4	20.3	23.1	30.2	0.0
Household Distribution by Income Level	66,188	31.3	16.8	18.9	33.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value Median Gross Rent Families Below Poverty Level			\$333,677 \$1,170 6.7%
Source: 2010 U.S. Census, 2015 ACS, and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 69,973 housing units in the assessment area. Of these, approximately 56.2 percent are owner-occupied, 38.4 percent are occupied rental units, and 5.4 percent are vacant. Further, only 2.4 percent of owner-occupied housing units in the assessment area are in low-income census tracts and 27.8 percent are in moderate-income census tracts. According to September 2017 data from Moody's, the demand for workers in the technology sector increased the demand for housing in the Cambridge-Newton-Framingham, MA MD. However, Moody's indicated that housing in the area is in short supply because residential building is slowing and there is a shortage of existing homes for sale.

According to data obtained from the U.S. BLS, the assessment area's unemployment rate has been decreasing since the prior evaluation. As of year-end 2015, 2016, and 2017, the annual average unemployment rate in Essex County was 5.0 percent, 4.0 percent, and 3.8 percent, respectively. The MA annual average unemployment rate was 4.8 percent in 2015, 3.9 percent in 2016, and 3.7 percent in 2017.

According to 2017 D&B business demographic information, there are 12,786 nonfarm businesses in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Gross annual revenues (GARs) for these businesses are below.

- 83.0 percent have \$1 million or less.
- 7.4 percent have more than \$1million.
- 9.6 percent have unknown revenues.

Service industries represent the largest portion at 45.4 percent; followed by retail trade at 15.3 percent; and finance, insurance, and real estate at 9.1 percent. According to Moody's as of September 2017, the top employers in the Cambridge-Framingham-Newton, MA MD include Harvard University, Massachusetts Institute of Technology, Biogen IDEC, and Novartis Institute of Biomedical Research.

Competition

The assessment area is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2017, 17 financial institutions operated 72 full-service branches within the assessment area. Of these institutions, Beverly Bank ranked 7th with a 5.2 percent deposit market share.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2016, 300 lenders reported 7,089 originated or purchased residential mortgage loans. Beverly Bank ranked 15th out of this group with a 1.8 percent market share. The top five home mortgage lenders accounted for 21.8 percent of the total market share.

The bank is not required to collect or report its small business loan data. Therefore, the small business loan analysis under the Lending Test does not include comparisons against aggregate data. For purposes of determining small business loan demand, 2016 CRA aggregate data shows that 105 institutions reported 18,270 small business loans in Essex County. This indicates a high degree of competition for this product. The three most prominent small business lenders accounted for 50.8 percent of total market share and included large national institutions and credit card companies.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of a community development corporation active in the assessment area. The contact identified the Point neighborhood in Salem and downtown Peabody as the communities most in need of community development services in the bank's assessment area. Specifically, the contact noted a critical need for financial literacy for low- and moderate-income individuals and for small businesses. Certain neighborhoods contain a significant immigrant population. The contact stated that this population is in the greatest need of financial literacy education, because many are not aware of available credit opportunities. Similarly, the contact stated that small businesses need business development training.

The contact also noted that a lack of affordable housing projects left few opportunities for local financial institutions to finance affordable housing developments. For small businesses, the contact indicated there is a need for small dollar loans. Last, the contact cited a need for credit repair programs and programs to help individuals establish credit.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic information, examiners determined that financial literacy, affordable housing, credit repair programs, and micro-loans to small businesses are the assessment area's primary community development needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Beverly Bank demonstrated reasonable performance under the Lending Test. While the bank's collective Lending Test performance is reasonable, strong lending in low- and moderate-income census tracts reflects excellent geographic distribution performance.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 97.2 percent over the past 12 quarters from June 30, 2015, to March 31, 2018. The ratio ranged from a low of 92.7 percent as of September 30, 2017, to a high of 99.8 percent as of June 30, 2016. The ratio remained generally stable during the evaluation period.

The bank sells a portion of its residential loans to the secondary market, which further supports the bank's more than reasonable ratio. The bank sold 98 loans totaling \$26.5 million in 2016 and 72 loans totaling \$19.6 million in 2017. In addition, Beverly Bank maintained a ratio that exceeded three similarly situated institutions and fell slightly below one similarly situated institution. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2018 \$(000s)	Average Net LTD Ratio (%)
Beverly Bank	460,791	97.2
Northmark Bank	355,483	100.0
The National Grand Bank of Marblehead	314,362	90.0
Cape Ann Savings Bank	614,651	83.5
Haverhill Bank	392,536	82.9
<i>Source: Call Reports: 06/30/2015 through 03/31/2018</i>		

Assessment Area Concentration

The bank made a majority of its home mortgage and small business loans in the assessment area. Although the majority of loans, by dollar volume, are outside of the assessment area, examiners emphasized the number of loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	128	53.8	110	46.2	238	41,692	42.6	56,199	57.4	97,891
2017	108	55.1	88	44.9	196	45,988	41.3	65,361	58.7	111,349
Subtotal	236	54.4	198	45.6	434	87,680	41.9	121,560	58.1	209,240
Small Business										
2016	36	69.2	16	30.8	52	6,600	55.4	5,307	44.6	11,907
2017	52	76.5	16	23.5	68	9,126	70.7	3,786	29.3	12,912
Subtotal	88	73.3	32	26.7	120	15,726	63.4	9,093	36.6	24,819
Total	324	58.5	230	41.5	554	103,406	44.2	130,653	55.8	234,059
Source: Evaluation Period: 1/1/2016 - 12/31/2017 Due to rounding, totals may not equal 100.0										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage of originations in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Examiners considered comparisons to aggregate and demographic data and 2017 trends. As the following table illustrates, the bank outperformed aggregate in lending to low- and moderate-income census tracts. In 2016, the bank's lending in low- and moderate-income tracts exceeded aggregate by 1.6 and 10.3 percentage points, respectively. Further, the bank exceeded the percentage of owner-occupied housing units in low- and moderate-income census tracts by 2.0 and 14.1 percentage points.

In 2017, the bank's lending in low-income tracts remained steady and continued to exceed the percentage of owner-occupied units. Although the number and overall percentage of loans in moderate-income tracts dropped slightly in 2017, the bank's lending remained comparable to the demographic comparator.

Market share data further supports the bank's excellent performance. In 2016, the bank ranked 7th out of 56 lenders in originating loans in low-income census tracts, with a 3.7 percent market share. National banks, mortgage companies, and larger community banks primarily outperformed the bank. Further, the bank ranked 9th out of 200 lenders in lending in moderate-income census tracts, with a 2.5 percent market share. Beverly Bank was the top ranked state-chartered bank in lending to moderate-income census tracts in the assessment area. These rankings exceed the bank's overall market ranking and reflect strong lending in low- and moderate-income geographies.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	1.1	1.5	4	3.1	1,566	3.8
2017	2.4	--	4	3.7	1,464	3.2
Moderate						
2016	24.4	28.0	49	38.3	15,098	36.2
2017	27.8	--	30	27.8	14,370	31.2
Middle						
2016	69.7	65.7	66	51.6	21,659	52.0
2017	64.7	--	63	58.3	25,237	54.9
Upper						
2016	4.9	4.8	9	7.0	3,369	8.1
2017	5.1	--	11	10.2	4,917	10.7
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	--	0	0.0	0	0.0
Totals						
2016	100.0	100.0	128	100.0	41,692	100.0
2017	100.0	--	108	100.0	45,988	100.0
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows that the bank's performance in low-income census tracts substantially exceeds the percentage of businesses for both years. In 2016, the bank originated 11.1 percent of its small business loans in low-income tracts, exceeding the demographics by 6.8 percentage points. Similarly, the bank originated 47.2 percent of its small business loans in moderate-income tracts in 2016, exceeding the percent of businesses by 17.7 percentage points. The bank's lending in low- and moderate-income tracts increased in 2017 and continued to exceed the percentage of businesses located in low- and moderate-income tracts. This performance reflects excellent dispersion.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2016	4.3	4	11.1	465	7.0
2017	7.3	7	13.5	1,402	15.4
Moderate					
2016	29.5	17	47.2	2,484	37.6
2017	34.7	20	38.5	3,472	38.0
Middle					
2016	62.3	14	38.9	3,401	51.5
2017	54.3	24	46.2	4,156	45.5
Upper					
2016	3.8	1	2.8	250	3.8
2017	3.7	1	1.9	96	1.1
Not Available					
2016	0.0	0.0	0	0.0	0
2017	0.0	--	0	0.0	0
Totals					
2016	100.0	36	100.0	6,600	100.0
2017	100.0	52	100.0	9,126	100.0
Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers, and the percentage of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners emphasized performance compared to aggregate data, as aggregate data best reflect lending opportunities. In 2016, lending to low-income borrowers trailed aggregate performance and fell significantly below the percentage of low-income families. Lending to low-income borrowers decreased slightly in 2017, remaining well below the percentage of low-income families. However, the demand and opportunity for lending to low-income families is relatively limited. Approximately 6.7 percent of assessment area families have income below the poverty level, a sub-set of the low-income category included in the following table. A low-income family in the assessment area, with an annual income of less than \$52,400, would not likely qualify for a mortgage under conventional underwriting standards

considering a median housing value of \$333,677. This helps explain the difference between bank lending to low-income borrowers and the percentage of low-income families.

In 2016, lending to moderate-income borrowers fell slightly below aggregate performance, trailing by 2.1 percentage points. Bank lending was comparable to the percentage of moderate-income families, trailing by just 1.4 percentage points. In 2017, moderate-income borrower lending dropped slightly, remaining just below demographics.

Market share data supports the bank's reasonable performance. In 2016, the bank ranked 21st out of 85 lenders, with a 1.3 percent market share in originating loans to low-income borrowers. The bank ranked 17th out of 159 lenders in originating loans to moderate-income borrowers, with a 1.6 percent market share. Although these rankings are slightly lower than the bank's overall ranking, most higher ranked lenders are mortgage companies and large national banks.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	22.8	4.4	4	3.1	616	1.5
2017	26.4	--	2	1.9	409	0.9
Moderate						
2016	20.9	21.6	25	19.5	5,794	13.9
2017	20.3	--	20	18.5	4,950	10.8
Middle						
2016	22.3	28.9	32	25.0	8,107	19.4
2017	23.1	--	21	19.4	5,899	12.8
Upper						
2016	34.0	30.0	45	35.2	14,632	35.1
2017	30.2	--	41	38.0	16,634	36.2
Not Available						
2016	0.0	15.0	22	17.2	12,543	30.1
2017	0.0	--	24	22.2	18,096	39.3
Totals						
2016	100.0	100.0	128	100.0	41,692	100.0
2017	100.0	--	108	100.0	45,988	100.0
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Examiners compared the bank's lending to the percentage of

businesses by revenue category. As the following table demonstrates, the bank made a majority of its loans to businesses with GARs of \$1 million or less in 2016, falling short of the percentage of businesses. In 2017, lending to smaller businesses increased to 67.3 percent, of its small business loans to businesses with GARs of \$1 million or less. This level of lending reflects reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	82.6	18	50.0	3,311	50.2
2017	83.0	35	67.3	6,634	72.7
>\$1,000,000					
2016	7.7	18	50.0	3,289	49.8
2017	7.4	17	32.7	2,492	27.3
Revenue Not Available					
2016	9.7	0	0.0	0	0.0
2017	9.6	0	0.0	0	0.0
Totals					
2016	100.0	36	100.0	6,600	100.0
2017	100.0	52	100.0	9,126	100.0
<i>Source: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Beverly Bank demonstrated excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

Beverly Bank is a leader in making community development loans within its assessment area considering its resources and the available opportunities. Beverly Bank originated 22 community development loans totaling approximately \$19.4 million during the evaluation period. This level of activity represents 4.8 percent of average total assets and 5.6 percent of average total loans since the prior CRA evaluation.

Of the 22 community development loans, 6 loans totaling \$14.1 million provided affordable housing. Additionally, a significant portion of community development loans supported economic development and investment in local area businesses. These loans demonstrate the bank's responsiveness, as a community contact noted affordable housing and economic development as the area's most significant community development needs.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
04/06/2015-12/31/2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	3	2,225	1	25	6	1,410	0	0	0	0	10	3,660
2017	2	8,409	3	2,065	2	158	0	0	0	0	7	10,632
YTD 2018	1	3,448	0	0	4	1,708	0	0	0	0	5	5,156
Total	6	14,082	4	2,090	12	3,276	0	0	0	0	22	19,448

Source: Bank Records

Below are notable examples of the bank's community development loans:

- In 2018, the bank made a loan for \$3.4 million to a local non-profit organization. This organization provides quality affordable housing to low- and moderate-income families on the North Shore. The loan funded the renovation of 2 properties consisting of 27 units, most of which provide affordable housing. The property contains 16 units that receive Massachusetts Rental Voucher Program subsidies, as well as 7 units for formerly homeless individuals.
- In 2017, the bank made a loan for \$4.0 million for the construction of a 30-unit residential condominium property. The property will provide housing for veterans through the HUD-Veterans Affairs Supportive Housing program. This program provides affordable permanent supportive housing for eligible homeless veterans.

- In 2016, the bank made a loan for \$125,000 to a local non-profit organization that serves at-risk youth. This organization provides foster care, group homes, individualized case management, and programs to help youth connect with permanent families. The majority of those served by this organization are low- or moderate-income individuals. Loan funds supported the organization's working capital needs.
- In 2016, the bank made a loan for \$25,000 to a local non-profit organization that helps low-income and first-generation-to-college students perform at a higher level in school. Loan funds supported the organization's working capital needs. The organization primarily serves low- and moderate-income individuals.

Qualified Investments

Beverly Bank made 74 qualified investments totaling \$282,000. This dollar amount is solely comprised of grants and donations benefitting the assessment area. The bank increased the dollar volume of qualified investments by 41.6 percent since the last evaluation. In addition, the bank out-performed similarly situated institutions.

Of the total dollar amount, 51.8 percent had a primary purpose of affordable housing. These investments demonstrate the bank's responsiveness, particularly to the need for affordable housing for the low- and moderate-income community. The following table illustrates community development investments by year and purpose.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0	0	0
04/06/2015-12/31/2015	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0	0
YTD 2018	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	20	146	49	91	5	45	0	0	0	0	74	282
Total	20	146	49	91	5	45	0	0	0	0	74	282
<i>Source: Bank Records</i>												

Below are notable examples of the bank's qualified investment activities:

- ***Beverly Bootstraps*** – Beverly Bootstraps provides critical resources to low- and moderate-income families and individuals, including access to food, housing stability, adult and youth education, counseling, and advocacy.
- ***Girls, Inc. of Lynn*** – This non-profit organization serves girls from low-income families through educational programs and other essential resources. Programs include career and life planning, leadership and community action, and self-reliance and life skills.
- ***Harborlight Community Partners*** – This non-profit Massachusetts Community Development Corporation provides affordable housing and services primarily for low- and moderate-income people living in Southern Essex County, including the bank’s assessment area.
- ***YMCA of the North Shore*** – The YMCA of the North Shore offers housing to adults and families looking for clean, safe, and affordable housing. The YMCA operates housing facilities in Beverly, Ipswich, Cape Ann, and Haverhill, providing housing for over 500 children and adults. The majority of those served by this organization are low- or moderate-income individuals.

Community Development Services

During the evaluation period, bank employees provided 87 instances of financial expertise or technical assistance to 22 different community development-related organizations in the assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
04/06/2015- 12/31/2015	4	13	4	0	0	21
2016	3	9	6	1	0	19
2017	1	14	6	0	0	21
YTD 2018	2	14	10	0	0	26
Total	10	50	26	1	0	87
<i>Source: Bank Records</i>						

Bank employees are involved in local community development organizations in multiple capacities. The employees provide services through their membership and participation, and by providing financial expertise. The following are some of the organizations that benefited from bank employee services.

- ***Family Promise*** – Family Promise helps homeless and low-income families achieve sustainable independence. Family Promise responds to these issues by integrating educational outreach, smart programming, effective policies, and the hands-on work of

thousands of volunteers. Family Promise provides advice and advocacy for at-risk families to prevent their becoming homeless. A member of the bank's senior management is a board member of this organization.

- ***North Shore Community Development Coalition*** – This organization is the leading community development organization serving the North Shore area. The North Shore CDC focuses on low-income and distressed neighborhoods in need of development. The North Shore CDC invests strategically in real estate, in community and civic engagement and in quality, neighborhood-based programming in order to bring opportunity to low-income residents and improve quality of life in Beverly, Salem, Peabody, and Gloucester. A senior vice president is the treasurer and a Board member for this organization.
- ***YMCA of the North Shore*** – In addition to the housing services discussed under the Qualified Investments section, the YMCA of the North Shore focuses on youth development, healthy living, and social responsibility. Their programs primarily benefit low- and moderate-income families. A member of senior management is a board member for the YMCA.
- ***Root*** – Root provides at-risk low- and moderate-income youth with workforce training that uses food preparation and services as a means for teaching life and career skills. Participants attain industry-certified credentials and learn professional and life skills that will help them secure sustainable employment. A member of senior management is a board member of this organization.

Financial Education and Support

The bank also provided educational workshops to local schools and organizations. The workshops provided financial literacy covering multiple topics. A description of one of the workshops is below.

- ***First-time Homebuyer Program*** – During the examination period, Beverly Bank participated in 10 first-time homebuyer seminars. During the seminars, bank staff provided guidance and training on the application process to those who attended the seminar. Four of these seminars specifically supported low- and moderate-income individuals.

Other Services

- ***Basic Banking for Massachusetts Accounts*** – Beverly Bank currently offers a savings account that meets the guidelines for the Basic Banking in Massachusetts set forth by the Massachusetts Community and Banking Council (MCBC). This statewide program offers low-cost checking and savings accounts to low- and moderate-income individuals.
- ***Community Rooms*** – The bank provides multiple community development organizations access to the bank's conference room in Salem and the boardroom in Beverly for meetings. During the examination period, the bank provided use of these rooms to

multiple community development organizations. Some of these organizations are Beverly Main Streets, North Shore YMCA, and North Shore Community Development Corporation.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDIX

MA DIVISION OF BANKS – FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106).

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2016 and 2017 were reviewed to determine if the application flow from the different racial groups within the Institution's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's assessment area contained a total population of 162,634 individuals of which 14.8 percent are minorities. The assessment areas minority and ethnic population is 2.3 percent Black/African American, 2.1 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 8.4 percent Hispanic or Latino and 1.9 percent other.

The bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2016. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2016		2016 Aggregate Data	Bank 2017	
	#	%		#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	2	1.2	1.5	1	0.8
Black/ African American	0	0.0	1.5	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	1	0.6	0.9	1	0.8
Total Minority	3	1.8	4.2	2	1.6
White	121	75.2	75.0	82	62.6
Race Not Available	37	23.0	20.8	47	35.8
Total	161	100.0	100.0	131	100.0
ETHNICITY					
Hispanic or Latino	2	1.2	3.0	2	1.5
Not Hispanic or Latino	120	74.6	75.0	81	61.8
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.1	1	0.7
Ethnicity Not Available	39	24.2	20.9	47	35.9
Total	161	100.0	100.0	131	100.0

Source: US Census 2010, HMDA Aggregate Data 2016, HMDA LAR Data 2016 and 2017 *Due to rounding, totals may not equal 100.0 percent.

In 2016, the bank received 161 HMDA reportable loan applications from within its assessment area. Of these applications 3 or 1.9 percent were received from minority applicants, of which all resulted in originations. The aggregate received 9,600 HMDA reportable loan applications of which 406 or 4.2 percent were received from minority applicants and 254 or 62.6 percent were originated. For the same period, the bank also received 2 or 1.2 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 2 or 100.0 percent were originated versus the aggregate that received 290 applications or 3.0 percent of which 168 or 57.9 percent were originated.

For 2017, the bank received 131 HMDA reportable loan applications from within its assessment area. Of these applications 2 or 1.5 percent were received from minority applicants, of which 1 or 50.0 percent resulted in originations. For the same period, the bank received 3 or 2.3 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 2 or 66.7 percent were originated.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2016, the bank's minority application flow is adequate.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. 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.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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.

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 are only one person, median household income is usually less than median family income.

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.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.

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.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.

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).

"Urban" excludes 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.

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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community 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.