

PUBLIC DISCLOSURE

September 14, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cambridge Savings Bank
Certificate Number: 17870

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Cambridge, Massachusetts 02138

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
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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.

TABLE OF CONTENTS

Institution Rating	
Overall Rating.....	1
Performance Test Ratings Table	1
Summary of Major Factors Supporting Rating.....	1
Institution	
Scope of Evaluation	3
Description of Institution	5
Description of Assessment Area.....	7
Conclusions on Performance Criteria	12
Appendix	
Scope of Evaluation	28
Division of Banks Fair Lending Policies and Procedures	28
Glossary	30

INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Satisfactory*			
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

*** FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.*

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- An adequate percentage of loans are made in the institution’s assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size.
- The institution makes extensive use of innovative and flexible lending practices in order to serve assessment area credit needs.
- The institution made a relatively high level of community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes significant use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all geographies and individuals of different income levels in the assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies or low- and moderate-income individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 25, 2017, to the current evaluation dated September 14, 2020. Examiners used the Interagency Large Institution Examination Procedures to evaluate Cambridge Savings Bank's (CSB) CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and flexible lending practices
- Community development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

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 and small business loans contributed equally to overall conclusions. Although commercial loans represent a majority of the bank's portfolio by dollar amount (54 percent), home mortgage originations exceeded small business originations by number and dollar volume during the review period. Examiners did not consider other product lines such as consumer loans, small farm loans, and other loan types due to no or limited representation in the loan portfolio. Therefore, as they provide no material support for conclusions or ratings, they are not presented in this evaluation.

In evaluating the bank's performance under the Lending Test, examiners considered all home

mortgage loan originations reported on the bank's 2018 and 2019 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2018, the bank reported 629 originated loans totaling \$345.7 million. In 2019, the bank reported 727 originated loans totaling \$452.4 million. The 2019 increase is due to an active refinance market given lower interest rates.

This evaluation also considered all small business loans reported on the bank's CRA Loan Register (LR) in 2018 and 2019. A small business loan has an original loan amount of \$1 million or less and is either secured by nonfarm nonresidential property or is classified as a commercial and industrial loan. In 2018, the bank reported 184 small business loans totaling \$40.0 million. In 2019, the bank reported 217 loans totaling \$38.7 million.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of individuals and businesses served. The geographic distribution and borrower profile criteria only analyze loans extended within the bank's assessment area.

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices from the prior evaluation date of September 25, 2017, through the current examination date of September 14, 2020.

DESCRIPTION OF INSTITUTION

Background

CSB is headquartered in Cambridge, Massachusetts (MA) and primarily operates in the eastern part of Massachusetts in Essex, Middlesex, Norfolk, and Suffolk Counties. The bank is a wholly owned subsidiary of Cambridge Financial Group, Inc. (CFG), a mutual holding company. CFG also wholly owns 1834 Realty, Inc., which holds and manages CSB premises in Cambridge. In addition, CSB has subsidiaries. Porter Securities Inc., Porter Securities II, Inc., Porter Securities III, Inc., and MCBSC, Inc. are all securities corporations that acquire and hold securities for the bank. Porter Dunster Inc. holds and manages bank premises and CSB Transaction, LLC holds bank owned real estate. The bank also operates the Cambridge Savings Charitable Foundation to provide charitable contributions to community-based organizations throughout the assessment area.

The institution received an “Outstanding” rating from the Division and FDIC during its prior joint evaluation using Interagency Large Institution Examination Procedures.

Operations

In addition to its main office in Cambridge, the bank operates 16 full-service brick and mortar branches in Arlington (3), Bedford, Belmont, Burlington (2), Cambridge (3), Charlestown, Concord, Lexington, Melrose, Newton Center, and Watertown. The bank also maintains six stand-alone automated teller machines (ATMs) in Burlington, Somerville, Harvard Square (2), Kendall Square, and Cambridge (The Charles Hotel).

CSB offers various traditional banking products to serve its consumer and commercial customers. Consumer loan products include home mortgage loans, construction loans, home equity loans, home equity lines of credit, automobile loans, secured and unsecured consumer loans, first-time homebuyer programs, and affordable home loan programs. Business loan products include, but are not limited to, commercial real estate loans, term loans, working capital and asset based loans, commercial construction, Small Business Association (SBA) loans, and business overdraft lines of credit. Deposit services include certificates of deposit and various checking and savings accounts for individuals and businesses. In addition, CSB offers cash management services for commercial customers including remote deposit capture, lockbox, zero balance accounts, escrow management, wire transfers, and payroll services. Alternative banking services include online and mobile banking functions, automated and assisted telephone banking services, and an ATM at each branch. Interactive Teller Machines (ITMs) are also available at three branch locations - Cambridge (2) and Charlestown. CSB also offers investment advisory services through SigFig Wealth Management.

Since the previous evaluation, the bank opened a new branch. In January 2018, the bank opened its Charlestown branch in an upper-income census tract. In June 2020, the bank acquired Melrose Bank and retained its sole banking office in a middle-income census tract in Melrose. No branch offices have closed since the prior evaluation.

Ability and Capacity

As of June 30, 2020, the bank had total assets of approximately \$5.1 billion, which included total loans of \$4.1 billion, or approximately 80.0 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 99.3 percent. Since the previous evaluation, the bank's assets increased 45.7 percent and total loans increased 46.4 percent. The merger with Melrose Bank and the opening of the Charlestown branch contributed to these increases. The loan portfolio distribution remained relatively consistent since the prior evaluation.

CSB is primarily a commercial lender. Non-farm non-residential loans represent 37.2 percent of the portfolio, by dollar volume. Commercial and industrial loans make up an additional 17.0 percent of the portfolio. Collectively, loans secured by 1-4 residential properties and multi-family loans represent 37.5 percent of the loan portfolio. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 6/30/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	310,611	7.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,208,986	29.7
Secured by Multifamily (5 or more) Residential Properties	316,808	7.8
Secured by Nonfarm Nonresidential Properties	1,512,245	37.2
Total Real Estate Loans	3,348,650	82.3
Commercial and Industrial Loans	693,476	17.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	6,914	0.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	21,359	0.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	4,070,399	100.0
<i>Source: Reports of Condition and Income</i>		

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

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. CSB designated a single assessment area, which meets the regulation’s technical requirements. The bank does not have branches outside the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (14460). Therefore, separate assessment area analyses are not required for this evaluation. Examiners analyzed and conducted a full-scope review of the bank’s performance within the assessment area.

Economic and Demographic Data

The assessment area includes 243 census tracts located in Essex, Middlesex, Norfolk, and Suffolk Counties in MA. Since the prior evaluation, the bank added 5 census tracts in Essex County to include the town of Saugus; 34 tracts in Middlesex County to include the cities and towns of Everett, Malden, Melrose, Stoneham, and Wakefield; and 25 tracts in Suffolk County to include the cities of Chelsea and Revere. The following table details the assessment area by county.

Assessment Area Cities and Towns	
Essex County	
Saugus	
Middlesex County	
Acton	Malden
Arlington	Medford
Bedford	Melrose
Belmont	Newton
Burlington	Somerville
Cambridge	Stoneham
Concord	Waltham
Everett	Watertown
Lexington	Winchester
Lincoln	Woburn
Norfolk County	
Brookline	
Suffolk County	
Boston*	Chelsea
Charlestown	Revere

*The assessment area contains the Allston/Brighton neighborhoods in the city of Boston.

The cities and towns in Essex and Middlesex Counties are within the Cambridge-Newton-Framingham, MA MD (15764). The cities and towns in Suffolk and Norfolk Counties are within the Boston, MA Metropolitan Division (MD) (14454). Both MDs are part of the greater Boston-Cambridge-Newton, MA-NH MSA.

The 243 census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) U.S. Census:

- 12 low-income tracts,

- 62 moderate-income tracts,
- 83 middle-income tracts,
- 84 upper-income tracts, and
- 2 tracts with no income designation

Since the prior evaluation, the number of low-income census tracts increased by 3, the number of moderate-income tracts increased by 18, the number of middle-income tracts increased by 17, and the number of upper-income tracts increased by 3. Low- and moderate-income census tracts are primarily concentrated in Allston, Brighton, Cambridge, Charlestown, Chelsea, and Somerville. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the assessment area. However, there are several opportunity zones. The Opportunity Zone Program provides investment incentives to encourage growth in low-income areas. Within the bank’s assessment area, Allston, Brighton, Cambridge, Chelsea (2), Everett, Malden (2), Medford, Revere, and Saugus contain opportunity zones.

The following table illustrates select assessment area demographic characteristics.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	243	4.9	25.5	34.2	34.6	0.8
Population by Geography	1,122,410	4.8	25.8	35.9	33.5	0.0
Housing Units by Geography	463,156	4.8	25.5	36.8	32.9	0.0
Owner-Occupied Units by Geography	225,878	2.5	17.1	37.7	42.7	0.0
Occupied Rental Units by Geography	209,064	7.3	34.0	36.1	22.6	0.0
Vacant Units by Geography	28,214	5.3	28.7	35.4	30.6	0.0
Businesses by Geography	102,682	5.1	17.8	38.2	38.9	0.1
Farms by Geography	1,288	2.6	13.5	41.4	42.5	0.0
Family Distribution by Income Level	250,231	23.0	15.9	18.7	42.4	0.0
Household Distribution by Income Level	434,942	26.2	14.5	16.2	43.1	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$493,728
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA		\$100,380	Median Gross Rent			\$1,472
			Families Below Poverty Level			7.0%
<i>Source: 2015 ACS and 2019 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.</i>						

The demographic table shows that there is relatively limited opportunity to make home mortgage loans in the low-income census tracts due to lower percentages of owner-occupied housing units in these tracts.

According to 2019 D&B data, there were 102,682 businesses in the assessment area. Gross annual revenues (GARs) for these businesses are below.

- 86.0 percent have \$1 million or less
- 6.1 percent have more than \$1 million
- 7.9 percent have unknown revenues

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. D&B demographic data indicates that during 2019, 81.8 percent of businesses in the assessment area have GARs of less than \$0.5 million, 64.2 percent of businesses have four or fewer employees, and 89.9 percent of businesses operate from a single location. These factors indicate that the majority of businesses in the assessment area are very small. Service industries represent the largest portion of businesses at 46.3 percent; followed by non-classifiable establishments (16.1 percent); retail trade (10.8 percent); and finance, insurance, and real estate (9.6 percent).

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%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source: FFIEC</i>				

According to data obtained from Moody’s Analytics as of August 2020, the top employers in the Boston, MA MD included Partners Healthcare, University of Massachusetts, and Stop & Shop Supermarket Co. In the Cambridge-Newton-Framingham, MA MD, the top employers included Harvard University, Massachusetts Institute of Technology, and the TJX Co, Inc.

Data obtained from the United States (U.S.) Bureau of Labor Statistics indicates that the 2019 annual average unemployment rate in MA was 2.9 percent. The 2019 annual average unemployment rate in Essex, Middlesex, Norfolk, and Suffolk Counties were 3.0 percent, 2.3

percent, 2.5 percent, and 2.6 percent, respectively. Unemployment rates in the assessment area generally decreased over the evaluation period.

Competition

The bank operates in a highly competitive market for credit and financial services. FDIC Deposit Market Share data as of June 30, 2019, revealed that 39 financial institutions operated 301 branches throughout the assessment area. CSB ranked 3rd with a 6.9 percent market share. The top two institutions were Bank of America, N.A. with a 24.8 percent market share and Citizens Bank, N.A. with a 13.7 percent market share.

The bank also operates in a competitive market for loans. In 2018, 447 lenders originated or purchased 30,881 home mortgage loans in the bank's assessment area. The top five lenders captured 27.3 percent of the market share including Citizens Bank, N.A.; Bank of America, N.A.; Wells Fargo Bank, N.A.; Leader Bank, N.A.; and Guaranteed Rate, Inc. CSB ranked 21st with 1.2 percent of the market share. Lending activity remained consistent in 2019 with 479 lenders originating or purchasing 39,537 home mortgage loans within the bank's assessment area. The top five lenders captured a combined market share of 27.3 percent and included Citizens Bank, N.A.; Wells Fargo Bank, N.A.; Guaranteed Rate, Inc.; Bank of America; and Leader Bank, N.A. CSB ranked 23rd with 1.0 percent of the market share.

Small business lending is also competitive. Aggregate small business data reflects lending information for whole counties; therefore, the aggregate small business data considers all lenders in Essex, Middlesex, Norfolk, and Suffolk Counties. Based on 2018 small business aggregate data, 175 lenders made 100,017 small business loans. CSB ranked 48th out of this group, with a 0.2 percent market share. The top three lenders accounted for 50.0 percent of the market share including American Express, FSB; Bank of America, N.A.; and Chase Bank USA, N.A. Aggregate information for 2019 was not available as of the evaluation date.

Community Contact

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

Examiners relied on a recently completed community contact with a non-profit organization serving neighborhoods within Boston. The organization focuses on educating potential borrowers on financing options, as well as the responsibilities, advantages, and disadvantages of homeownership. The contact identified a significant need for affordable housing stock, as well as the need for first-time homebuyer programs with enhanced down payment assistance. The contact further indicated that some low- and moderate-income borrowers are delaying home purchases or are purchasing homes outside of Boston due to the area's high homeownership costs. In addition, the contact indicated the need for more financial literacy programs, particularly for younger borrowers with student loan debt, as younger borrowers represent an increasing percentage of potential homebuyers.

Examiners also relied on a recently completed community contact of a community development corporation that creates and preserves affordable rental housing in the assessment area. The organization seeks financing through low-income housing tax credits and other investments to fund affordable housing projects. The contact noted challenges with the high demand for these investments. Many investors and developers compete for a limited supply of tax credit awards and the process involves numerous applications before tax credits are granted and awarded. This process can delay the corporation's housing projects. Additionally, the contact noted, due to the demand for affordable rental housing, there is a long waiting list of applicants. An increase in affordable rental housing, particularly multifamily housing, would be helpful.

Examiners contacted a third community organization that preserves affordable rental housing and provides support services to individuals and families in the assessment area. Support services include housing search and stabilization, career services, and financial literacy. As a small non-profit organization that relies on state financing, the contact noted challenges with securing state funds for affordable housing projects due to the high competition level. Any funding is often focused on larger organizations and projects. The contact noted that the COVID-19 pandemic has created additional needs. A current need is increased internet access and devices for low-income families, which will allow children to access school remotely. Internet costs and devices are a big expense for many low-income families. In addition, the contact noted individuals and families continue to need basic budgeting and financial literacy programs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and financial literacy represent primary credit needs for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated High Satisfactory. The following sections discuss the bank's performance under each criterion.

Lending Activity

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2018 and 2019, CSB originated 1,356 home mortgage loans totaling approximately \$798.1 million and 401 small business loans totaling approximately \$78.7 million. Of this total, 756 home mortgage loans, totaling approximately \$454.5 million and 234 small business loans, totaling approximately \$36.9 million, were inside the assessment area.

The Description of Assessment Area section previously discussed the bank's market share rankings for home mortgage and small business lending.

Assessment Area Concentration

The bank made an adequate percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	367	58.3	262	41.7	629	218,968	63.3	126,709	36.7	345,677
2019	389	53.5	338	46.5	727	235,503	52.1	216,930	47.9	452,433
Subtotal	756	55.8	600	44.2	1,356	454,471	56.9	343,639	43.1	798,111
Small Business										
2018	107	58.2	77	41.8	184	17,608	44.1	22,365	56.0	39,973
2019	127	58.5	90	41.5	217	19,305	49.8	19,429	50.2	38,734
Subtotal	234	58.4	167	41.6	401	36,913	46.9	41,794	53.1	78,707
Total	990	56.3	767	43.7	1,757	491,384	56.0	385,433	44.0	876,818
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. In 2018 and 2019, lending in the low- and moderate-income areas trailed the aggregate and demographic data. However, aggregate performance and demographics are based on the revised assessment area, which includes 18 additional moderate-income census tracts that were not part of the assessment area prior to June 2020. A review of the bank's performance based upon the prior assessment area revealed similar performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.5	3.1	6	1.6	2,280	1.0
2019	2.5	2.9	6	1.5	2,086	0.9
Moderate						
2018	17.1	20.3	55	15.0	35,160	16.1
2019	17.1	18.7	44	11.3	29,963	12.7
Middle						
2018	37.7	37.0	121	33.0	61,243	28.0
2019	37.7	38.5	134	34.4	73,049	31.0
Upper						
2018	42.7	39.6	185	50.4	120,285	54.9
2019	42.7	40.0	205	52.7	130,405	55.4
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	367	100.0	218,968	100.0
2019	100.0	100.0	389	100.0	235,503	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration. In 2018, lending in low-income tracts was less than aggregate and demographics. In 2019, lending in low-income areas improved by both number and dollar volume and exceeded aggregate and demographics by dollar volume. In moderate-income tracts, lending trailed aggregate and demographics in both years.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	5.1	5.2	4	3.7	765	4.3
2019	5.1	--	6	4.7	1,955	10.1
Moderate						
2018	17.2	19.3	16	15.0	2,558	14.5
2019	17.8	--	13	10.2	1,554	8.0
Middle						
2018	38.9	39.1	37	34.6	8,107	46.0
2019	38.2	--	60	47.2	8,194	42.4
Upper						
2018	38.7	36.4	49	45.8	6,133	34.8
2019	38.9	--	48	37.8	7,602	39.4
Not Available						
2018	0.1	0.0	1	0.9	45	0.3
2019	0.1	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	107	100.0	17,608	100.0
2019	100.0	--	127	100.0	19,305	100.0

*Source: 2018 & 2019 D&B Data; Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and businesses of different sizes in the assessment area. Adequate performance of home mortgage lending and excellent performance of small business lending supports the conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects adequate penetration. Examiners focused on comparisons to aggregate data and area demographics. As shown in the following table, lending

to low-income borrowers trailed the aggregate and demographic data in 2018 and 2019. Although the bank's lending to low-income borrowers was significantly less than the percent of low-income families in the assessment area, there are important demographic performance context factors to note. A low-income family in the assessment area, making less than \$57,750, would likely have trouble qualifying for a mortgage under conventional underwriting standards considering the median housing value in the assessment area is \$493,728. Further, 7.0 percent of families in the assessment area are below the poverty level, a sub-set of the low-income category.

Similarly, lending to moderate-income borrowers during 2018 and 2019 was less than aggregate and demographics. However, the bank ranked above similarly situated institutions in both 2018 and 2019 in lending to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.0	4.2	6	1.6	818	0.4
2019	23.0	3.4	5	1.3	928	0.4
Moderate						
2018	15.9	12.6	32	8.7	8,624	3.9
2019	15.9	12.7	33	8.5	9,622	4.1
Middle						
2018	18.7	21.2	73	19.9	25,744	11.8
2019	18.7	20.9	66	17.0	27,521	11.7
Upper						
2018	42.5	49.6	229	62.4	140,421	64.1
2019	42.5	51.5	266	68.4	165,455	70.3
Not Available						
2018	0.0	12.4	27	7.4	43,362	19.8
2019	0.0	11.4	19	4.9	31,976	13.6
Totals						
2018	100.0	100.0	367	100.0	218,968	100.0
2019	100.0	100.0	389	100.0	235,503	100.0
<i>Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1.0 million or less. In 2018, CSB significantly outperformed aggregate data by number, but fell short of demographics. In 2019, bank lending improved by both number and

dollar volume, but again fell short of demographics by number. However, it is important to note that the percent of businesses shows all businesses in the assessment area, not just those in the market for a small business loan.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	84.1	41.9	80	74.8	10,555	59.9
2019	85.9	--	97	76.4	12,470	64.6
>\$1,000,000						
2018	7.1	--	27	25.2	7,053	40.1
2019	6.1	--	30	23.6	6,835	35.4
Revenue Not Available						
2018	8.8	--	0	0.0	0	0.0
2019	8.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	107	100.0	17,608	100.0
2019	100.0	--	127	100.0	19,305	100.0

Source: 2018 & 2019 D&B Data; Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%

Innovative and Flexible Lending

The bank makes extensive use of innovative and/or flexible lending programs to assist in meeting the credit needs of its assessment area. CSB offers various programs designed to assist low- and moderate-income individuals and first-time homebuyers with low minimum down payments, discounted interest rates, and no mortgage insurance requirements. The bank also offers several loan programs designed to provide credit to small businesses, including programs offering government guarantees, longer loan terms, and no pre-payment penalties. During the evaluation period, the bank originated 315 innovative and flexible loans, totaling approximately \$172.8 million, to individuals and businesses. Of these loans, the bank originated 141 loans totaling \$38.9 million under affordable housing programs and 174 loans totaling \$133.9 million under the small business programs. CSB's use of innovative and flexible lending programs increased significantly since the previous evaluation where the bank originated 289 innovative and flexible loans totaling \$59.7 million. This increase is due to three new MassHousing loan programs where the bank originated 15 loans for \$2.8 million and five other new residential programs where the bank originated 41 loans totaling \$10.1 million. Additionally, in 2020, the bank originated 59 Payroll Protection Program (PPP) loans for approximately \$120 million. The bank's use of innovative and flexible lending programs is above that of similarly situated institutions.

Innovative and/or Flexible Lending Programs										
Type of Program	2017		2018		2019		YTD 2020		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MassHousing (First-Time Homebuyers)	0	0	0	0	1	463	2	683	3	1,146
MassHousing Partnership (MHP One)	1	191	2	534	9	2,328	4	1,253	16	4,306
MassHousing Loans with No Mortgage Insurance	0	0	1	446	0	0	0	0	1	446
MassHousing	0	0	4	1,019	2	747	0	0	6	1,766
MassHousing 100	0	0	1	305	2	627	0	0	3	932
MassHousing 100 Down Payment Assistance	0	0	1	9	3	31	2	30	6	70
Conventional First-Time Homebuyer	12	3,858	30	8,932	14	4,386	9	2,891	65	20,067
Home Possible Lender Paid Mortgage Insurance	0	0	0	0	1	323	1	326	2	649
Home Possible	0	0	3	791	14	4,274	1	256	18	5,321
Home Possible 80	2	610	0	0	0	0	0	0	2	610
HomeReady	0	0	1	204	6	1,545	7	1,782	14	3,531
Credit Builder	0	0	0	0	3	8	2	2	5	10
Subtotal Residential Loans	15	4,659	43	12,240	55	14,732	28	7,223	141	38,854
SBA Loans Guaranteed	21	1,314	43	5,212	38	4,999	10	2,533	112	14,058
PPP	0	0	0	0	0	0	59	119,675	59	119,675
Jobs for New England	1	70	1	60	1	50	0	0	3	180
Subtotal Commercial Loans	22	1,384	44	5,272	39	5,049	69	122,208	174	133,913
Totals	37	6,043	87	17,512	94	19,781	97	129,431	315	172,767
<i>Source: Bank Data</i>										

The following highlights the bank's various innovative and/or flexible loan programs.

Home Mortgage Lending Programs

- *Conventional First-Time Homebuyer:* This CSB product is designed to assist first-time homebuyers who may not qualify for a traditional mortgage. This product offers flexible down payment and income qualifications, no points and no closing costs, and lower interest rates. The majority of the applicants are low- and moderate-income individuals.
- *Home Possible:* Offered in conjunction with the Massachusetts Housing Finance Agency (MHFA), the Home Possible program facilitates home ownership among low- and moderate-income individuals by offering loans with a low down payment, high loan-to-value limits, and reduced mortgage insurance costs. This program is only available to low- and moderate-income individuals.

- *MassHousing Partnership ONE*: Through MHFA, CSB offers ONE mortgage loans to first-time homebuyers that meet income and asset limitations. Requirements include that the applicant must be a first-time homebuyer, must complete an education class, have a 3 percent down payment, have less than \$75,000 in total household assets, have a credit score of at least 640, and agree to use the property as a primary residence.

Small Business Lending Programs

- *SBA Loans Guaranteed*: CSB is a preferred lender for the SBA 7(a) loan program. This loan product offers small businesses a maximum loan amount of \$5 million with the SBA guaranteeing up to 85 percent of most loan values. This loan product is the SBA's primary program for providing financing to small businesses.
- *PPP*: The PPP provides low-cost, forgivable loans to qualifying small business to help cover payroll costs, mortgage interest, rent, and utilities during periods of severe business disruption or temporary closure caused by the COVID-19 pandemic. This program was created in 2019.
- *Jobs for New England*: Designed to support small, minority and women-owned businesses in New England that create or retain jobs, this Federal Home Loan Bank of Boston-subsidized program provides low interest rate loans for working capital and facility expansion or modification.

Community Development Lending

CSB made a relatively high level of community development loans. In total, the bank originated 32 community development loans totaling approximately \$98.9 million. Of these loans, the bank originated nine community development loans, totaling approximately \$13.1 million, inside the assessment area and one loan for \$2 million that benefited a broader statewide and regional area that included the bank's assessment area. As examiners determined that the bank met the assessment area's overall needs, examiners also counted community development loans made outside the assessment area. The bank originated 23 loans totaling approximately \$85.8 million outside the assessment area. Total community development loan activity of \$98.9 million represents a significant increase since the prior evaluation. At the prior evaluation, the bank originated 20 community development loans (inside and outside the assessment area), totaling \$45.5 million. The bank's current level of activity (\$98.9 million) represents 2.2 percent of average total assets and 2.9 percent of average total loans since the prior CRA evaluation. Furthermore, community development loan activity is above that of similarly situated institutions. The following table details the bank's community development lending by community development purpose and by year.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	3	16,273	0	0	0	0	0	0	3	16,273
2018	10	35,956	2	7,776	0	0	0	0	12	43,732
2019	8	15,345	1	10,000	1	5,168	0	0	10	30,513
YTD 2020	4	5,106	3	3,277	0	0	0	0	7	8,383
Total	25	72,680	6	21,053	1	5,168	0	0	32	98,901
<i>Source: Bank Data</i>										

The following are examples of community development loans made to organizations and corporations that benefit towns inside the assessment area and surrounding neighborhoods:

- In 2017, the bank originated a \$25.5 million loan to fund the construction of a 120-unit apartment building in Woburn. Of the units, 25 percent are allocated as affordable housing for low- and moderate-income individuals. The bank received credit for approximately \$6.4 million of the loan.
- In 2018, the bank originated a \$860,326 loan to a community development corporation to construct 20 affordable residential housing units in Cambridge. The bank received credit for the entire loan amount.
- In 2019, the bank originated a \$1.5 million loan to a community development corporation that provides affordable housing and community services to low- and moderate-income individuals in Cambridge. The bank received credit for the entire loan amount.
- In 2019, the bank renewed a \$2.0 million loan to a non-profit organization providing residential support services to low- and moderate-income children and adults with intellectual disabilities in Newton as well as in other communities outside the bank's assessment area. The bank received credit for the entire loan amount.
- In 2020, the bank originated a \$1.5 million loan to a non-profit organization that provides meals to critically and chronically ill low- and moderate-income individuals in Boston and surrounding communities. The bank received credit for the entire loan amount.

INVESTMENT TEST

The bank's overall Investment Test performance is rated Outstanding. The following sections discuss the bank's performance under each criterion.

Investment Activity

The bank made an excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position. During the evaluation period, the bank made 386 qualified investments totaling \$96.2 million. This total includes

qualified equity investments of approximately \$93.9 million and bank and charitable foundation donations of approximately \$2.3 million. This dollar amount of equity investments and donations equate to 1.9 percent of average total assets and 7.7 percent of average securities since the prior evaluation. At the prior evaluation, the bank made \$82.8 million in qualified equity investments and donations.

A majority of the investments, by dollar volume, supported community development services to low- and moderate-income individuals in the assessment area. Examiners compared the bank’s overall investment activity to that of similarly situated institutions. Comparable institutions were selected based on asset size, geographic location, and lending focus. CSB’s investment activity exceeded other similarly situated institutions. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	11	4,675	9	40,381	4	7,187	1	14,595	25	66,838
2017	0	0	0	0	0	0	0	0	0	0
2018	2	18,575	0	0	2	3,000	0	0	4	21,575
2019	2	2,262	0	0	2	2,000	1	1,255	5	5,517
YTD 2020	0	0	0	0	0	0	0	0	0	0
Subtotal	15	25,512	9	40,381	8	12,187	2	15,850	34	93,930
Qualified Grants & Donations	74	555	224	1,304	12	38	42	422	352	2,319
Total	89	26,067	233	41,685	20	12,225	44	16,272	386	96,249

Source: Bank Data

Equity Investments

The bank has 34 qualified equity investments totaling approximately \$93.9 million, 9 totaling approximately \$27.1 million that are new and 25 totaling \$66.8 million that remain from the prior period. The total dollar amount of equity investments equates to 1.8 percent of average total assets and 7.7 percent of average total securities. The following are examples of new equity investments.

- In 2018, CSB participated with several other institutions and purchased tax-exempt bonds to renovate an existing 199-unit affordable housing development in Jamaica Plain. CSB’s participation consisted of two bonds totaling approximately \$18.6 million. Although located outside the assessment area, examiners considered this investment as this affordable housing project provided housing opportunities not only for Jamaica Plain residents, but also for residents from neighboring communities that are within the bank’s assessment area.
- In 2019, the bank invested in a \$1.2 million tax-exempt bond to construct a hotel that will serve as an anchor business in a low-income census tract in Roxbury. The hotel will employ area residents and provide opportunities to stabilize and revitalize the low-income census

tract. The 135-room hotel will create a number of housekeeping and managerial low- and moderate-income jobs. Although not located in the bank's assessment area, Roxbury borders the assessment area and may benefit the low-income census tracts located in Allston and Brighton.

- During 2019, the bank invested \$2 million in the Massachusetts Housing Equity Fund (Fund). The Fund invests in projects that rehabilitate or construct affordable housing in low- and moderate-income neighborhoods in the bank's assessment area.

Donations

During the evaluation period, CSB and its charitable foundation made approximately \$2.3 million in qualified donations. The majority of the bank's CRA qualified donations supported community service organizations that primarily benefit low- and moderate-income individuals. The following are notable examples of qualified donations.

- **Community Servings** – Community Servings provides medically tailored and nutritious meals to chronically and critically ill individuals and their families throughout the assessment area. More than 90 percent of clients served are below the poverty level.
- **The Somerville Homeless Coalition (SHC)** - SHC works to provide support and housing solutions to homeless and near-homeless individuals and families. The bank and foundation's contribution provides assistance for various services, such as housing services, emergency shelters, and food assistance programs.
- **Operation Able** – Operation Able empowers job seekers, the underemployed, those in career transition and military veterans with support services to re-enter the workforce. The bank and foundation's contribution assists low- and moderate-income individuals with occupational and computer skills training, workshops, job search training and support, coaching and career counseling.

Responsiveness to Credit and Community Development Needs

CSB exhibits excellent responsiveness to credit and community economic development needs. The bank and foundation provided approximately \$26 million in investments and grants to affordable-housing related initiatives, which a community contact identified as a great need in the area given high housing costs. The bank increased its new equity investments to affordable housing initiatives from approximately \$585,000 during the prior evaluation to more than \$20 million during this evaluation. Overall, equity investments created more than 200 affordable housing units. Additionally, the bank and its charitable foundation contributed to organizations that preserve and retain affordable housing units.

The bank and its charitable foundation also made a large number of grants that supported low- and moderate-income individuals. The bank targeted donations to some of the lowest income individuals and areas of its assessment area. In response to the COVID-19 Pandemic, the charitable foundation pledged \$1 million dollars for 2020. As of the evaluation date,

approximately \$500,000 was designated to organizations in the assessment area who support low- and moderate-income individuals.

Community Development Initiatives

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The bank's diverse CRA investment portfolio consists of industrial revenue bonds, limited partnership investments, tax credit investments, and grants.

These investments require the collaboration of multiple funding partners and sources, are competitive to obtain, and involve bank technical expertise. When compared to similarly situated institutions, the diversity of the CRA investment portfolio positions the bank above its peers.

SERVICE TEST

The bank's overall Service Test performance is rated Outstanding. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank's assessment area.

The bank operates 17 branches. All branches have at least one 24-hour deposit taking ATM and are bi-lingual in English and Spanish. The bank also operates six stand-alone ATMs. Two are check deposit and cash dispensing ATMs. One is in Kendall Square in a middle-income area and the other in Harvard Square in an upper-income area. The remaining four ATMs (Burlington, Cambridge, Harvard Square, and Somerville), operate as cash dispensing only. Since the last evaluation, the bank added two ITMs for a total of three ITMs. ITMs allow customers more ways to transact with a virtual teller and offer extended hours past normal branch hours. ITMs are at the Porter Square branch (53 White Street) and Inman Square branch (1378 Cambridge Street) in Cambridge and at the Charlestown branch.

The following table illustrates the distribution of branches and ATMs by tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	12	4.9	53,659	4.8	0	0.0	0	0.0
Moderate	62	25.5	289,403	25.8	0	0.0	0	0.0
Middle	83	34.2	403,183	35.9	7	42.0	12	46.2
Upper	84	34.6	376,165	33.5	10	58.0	14	53.8
NA	2	0.8	0	0.0	0	0.0	0	0.0
Total	243	100.0	1,122,410	100.0	17	100.0	26	100.0

Source: 2015 ACS Data; Bank Data

As the table illustrates, the bank does not have any branches in the low- and moderate-income census tracts. However, the lack of branch presence within these areas does not limit accessibility from nearby communities and residents. Of the bank’s 17 branches, six border moderate-income census tracts and one borders a low-income and a moderate-income tract.

More specifically, the 630 Massachusetts Avenue branch in Cambridge abuts three moderate-income tracts and the 1374 Massachusetts Avenue branch in Cambridge abuts two moderate-income tracts. Additionally, the 1378 Cambridge Street branch in Cambridge is adjacent to three moderate-income tracts. Further, the branches at 626 Massachusetts Avenue and 188 Massachusetts Avenue in Arlington each border one moderate-income census tract. Finally, the new Charlestown branch and the new Melrose branch each border one moderate-income census tract. The Charlestown branch also borders a low-income census tract. All individuals, including low- and moderate-income census tract residents can also access the Arlington, Cambridge, and Watertown branches by public transportation (bus, subway, and commuter rail) increasing the branches’ accessibility and attracting individuals from the surrounding census tracts.

In addition to the branch, ATM and ITM network, CSB offers alternative delivery systems to expand retail banking service access to all individuals. The bank offers bank by mail, automated telephone and assisted banking, and mobile wallet. Additionally, the bank’s online and mobile banking platforms connect consumers and businesses to their accounts 24 hours a day to perform various transactions. According to the 2019 FDIC Survey on Household Use of Banking and Financial Services (2019 FDIC Survey), mobile and online banking account usage among unbanked households increased sharply over the evaluation cycle. The survey results indicate an increased demand and access for online and mobile capabilities for these households. The bank’s online functions include money transfers, bill pay, and online account opening. Through the mobile functions, customers and businesses have the added function of depositing checks. Most recently, the bank expanded its services beyond the branch level and into the business workplace with a unique online and in-person program titled CSB@Work. Businesses and their employees enrolled in this program, receive the convenience of CSB banking from their worksite, online banking tools, and financial education program.

The bank employs approximately 45 individuals who speak at least one language outside of English. Languages spoken include Arabic, Chinese, Greek, Hindi, Portuguese, Spanish, and

Vietnamese. Based on the 2019 FDIC Survey of unbanked and underbanked households, minority individuals in the northeast region have much higher populations of individuals underserved by retail banking. According to the U.S. Census data, Suffolk County represents the highest concentration of individuals with limited English proficiency totaling 18 percent of the population, followed by Essex County at 9.8 percent, and Middlesex County at 9.3 percent. The data reveals a need for language assistance. CSBs language services enhance accessibility to bank products and services and promotes economic inclusion among first-generation immigrants and other consumers who may otherwise have limited financial resources, many of which are low- or moderate-income individuals and families. These language services help, as demographics indicate that a large portion of low- and moderate-income individuals in the assessment area are first-generation Americans, where English may not be their first language.

Lastly, CSB offers several flexible services to help customers during the COVID-19 Pandemic. These include increased ATM withdrawal limits and waivers of overdraft, ATM, and certificate of deposit withdrawals fees. These services primarily assisted and benefited low- and moderate-income individuals.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank opened a branch at 1 Thompson Square in Charlestown, located in an upper-income census tract. This office is located in an upper-income census tract and borders a low-income and a moderate-income tract. Additionally, the bank merged with Melrose Bank and through the merger acquired the 638 Main Street branch in Melrose. This office is located in a middle-income census tract and directly abuts a moderate-income census tract.

Reasonableness of Business Hours and Services

The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals. All branches offer the same loan and deposit products and services. Although branch hours vary slightly with earlier opening and later closing times at the bank's main branch in Harvard Square, no hours vary as to inconvenience a specific geography. The Harvard Square branch has a large amount of foot traffic from surrounding areas and from employees at nearby restaurant and retail shops. These extended hours make it easier for employees to access the bank before or after work.

The bank's three ITMs offer extended weekday hours from 7:00 a.m. until 7:00 p.m. and Saturday hours until 3:00 p.m.; whereas, most physical branches close earlier on weekdays and Saturdays. The bank offers low cost checking and savings accounts options making it a desirable option for low- and moderate-income and unbanked customers. According to the 2019 FDIC Survey, approximately 29 percent of unbanked households cited the main reason for not banking, is not having enough money to maintain the minimum balance requirements. CSB's Simple Checking account has a \$10 minimum balance to open. There is no monthly fee and no

transaction requirements on this account. The Basic Savings account has a \$10 minimum to open and a \$1 monthly fee if the minimum daily balance falls below \$10.

Community Development Services

The institution is a leader in providing community development services and was also actively involved in providing financial literacy to low- and moderate-income individuals. During the evaluation period, the bank provided 289 instances of financial literacy, first-time homebuyer sessions, and technical assistance to local community development organizations that serve low- and moderate-income individuals and support affordable housing. The bank’s self-created financial literacy program led by CSB’s designated financial education specialists delivered courses to 22 organizations. As noted by two community contacts, financial literacy programs are greatly needed in the assessment area. In addition, employees participated on various boards and committees with organizations that focus on affordable housing, community services, and economic development, many serving the assessment area’s low- and moderate-income individuals and/or geographies.

Since the prior evaluation, the bank’s community development activities increased from 249 instances to 289 instances. The increase is due to the bank’s efforts to enhance financial literacy within the assessment area, to reach different segments of the expanded assessment area, and to create additional presence with the Charlestown branch opening and Melrose Bank merger. The number and qualitative components of activities positions the bank above three similarly situated institutions in community development performance.

The following table summarizes the community development services by year and by purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	3	9	0	0	12
2018	22	86	2	0	110
2019	23	93	5	0	121
YTD 2020	16	27	3	0	46
Total	64	215	10	0	289
<i>Source: Bank Data</i>					

The following are examples of community development services provided

- **Food for Free Inc.** - Food for Free distributes food to over a hundred local food programs. The program also provides home delivery to low-income Cambridge residents who are unable to reach a food pantry due to illness or disability. A senior vice president served on the Board as treasurer and on the finance committee in 2018. Currently, a vice president serves on the Board and the development committee.

- **Just-A-Start** – Just-A-Start builds and preserves affordable housing, offers education and workforce training, and provides housing resources and services to low- to moderate-income people in Cambridge and nearby communities. They serve approximately 3,000 individuals and families annually. A senior vice president serves on the finance and audit committee Boards.
- **Somerville Homeless Coalition** - The Somerville Homeless Coalition works to provide support and housing solutions to homeless and near-homeless individuals and families. The organization provides various services, such as housing, emergency shelters, and food assistance programs. A senior vice president served on the Board and the planning committee in 2018 and 2019. A vice president currently serves on the organization’s Board.

Financial Education to CRA-eligible Organizations

During the evaluation period, the bank collaborated with 22 CRA-eligible organizations to provide 173 financial education and first-time homebuyer courses to approximately 2,100 low- and moderate-income individuals. The following is a sample of the organizations that the bank partnered with during the evaluation period.

- **Cambridge Family and Children’s Services (CFCS)** – In 2018, 2019, and 2020, the bank conducted 29 financial education workshops for CFCS and presented to 97 low- and moderate-income individuals. Workshop topics included budgeting and saving, managing a checking account, credit, and fraud prevention. CFCS provides intervention to at risk families, placement services for children through adoption and foster programs, and residential programs. CFCS has a demand for financial education to assist at risk families. Therefore, the workshops assist in meeting the needs of clients served.
- **Community Learning Center** – In 2018 and 2019, the bank conducted 14 English as a second language courses at the Community Learning Center. Financial topics covered fraud prevention, budgeting and credit, and basic banking. The Community Learning Center helps adults improve their lives and increase their community participation through free educational programs and services. A majority of students are low- and moderate-income.
- **Somerville Community Corporation (SCC)** – In 2018, 2019, and 2020, the bank conducted 27 first-time homebuyer seminars and fraud awareness workshops. SCC’s membership consists mostly of low- and moderate-income individuals.
- **Urban Edge** – In 2017, 2018, 2019, and 2020, the bank conducted 14 first-time homebuyer seminars for Urban Edge. This organization builds and maintains affordable housing and assists disadvantaged families and individuals with various financial counseling programs. Urban Edge serves predominantly low- and moderate-income individuals.

Financial Education

In addition to partnering with CRA-eligible organizations, the bank continues to be actively involved and a leader in providing valuable financial education throughout its assessment area to low- and moderate-income individuals. Through its self-created financial education program, the bank serves its community and responds to the growing need for financial education for individuals of all ages. This financial education initiative brings a distinct set of courses tailored to children, high school students, and adults. In its Teach Children to Save classes, presenters discuss money concepts noted in a children's book and teach the comparative values of coins. During the evaluation period, the bank conducted 27 sessions with 848 students participating throughout nine schools. All schools have student populations where greater than 50 percent received free or reduced lunch prices.

The bank also hosted 16 financial education sessions for 149 students in the Mayor's Summer Youth Employment Program. Eligible candidates for this program must be approved for the free or reduced lunch program. At the program's completion, the Harvard Square branch team opened 12 savings accounts.

Other Activity

Through the Individual Development Account (IDA) program, the bank matches low- and moderate-income individuals' deposits into the IDA. The program's goal is to help these individuals accumulate savings to purchase a home, finance their small business, or fund higher education. The bank participates in IDAs that serve clients of Allston Brighton Community Development Corporation, Somerville Community Corporation, and Cambridge Housing Authority.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	9/25/2017 – 9/14/2020		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Cambridge Savings Bank			Residential Mortgage Loans and Small Business Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
N/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 1.3-106. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the previous evaluation. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

MINORITY APPLICATION FLOW

Division of Bank examiners reviewed the bank’s 2018 and 2019 HMDA LARs to determine if the application flow from the different racial groups within the bank’s assessment area reflected the assessment area’s demographics. Considering the assessment area’s demographic composition and comparisons to 2018 and 2019 aggregate data, the bank’s minority application flow is reasonable.

The bank’s assessment area contained a population of 1,122,410 individuals of which 30.6 percent are minorities. The assessment areas minority and ethnic population is 5.7 percent Black/African American, 11.6 percent Asian/Pacific Islander, 0.1 percent American Indian, 10.3 percent Hispanic or Latino and 2.9 percent other.

Examiners compared the bank’s application activity with that of the aggregate’s for 2018 and 2019. The data comparison assists in deriving reasonable expectations for the application rate the bank received from minority residential loan applicants. Refer to the following table 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	2018		2018 Aggregate Data	2019		2019 Aggregate Data
	#	%	%	%	%	
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.2
Asian	58	12.4	12.8	60	11.7	12.6
Black/ African American	10	2.1	2.4	4	0.8	2.3
Hawaiian/Pacific Islander	0	0.0	0.2	1	0.2	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	19	4.1	2.2	14	2.7	2.2
Total Racial Minority	87	18.6	18.0	79	15.4	17.6
White	283	60.5	58.6	346	67.6	57.8
Race Not Available	98	20.9	23.4	87	17.0	24.6
Total	468	100.0	100.0	512	100.0	100.0
ETHNICITY						
Hispanic or Latino	6	1.3	5.8	11	2.2	5.7
Joint (Hisp/Lat /Not Hisp/Lat)	5	1.0	1.3	2	0.4	1.2
Total Ethnic Minority	11	2.3	7.1	13	2.6	6.9
Not Hispanic or Latino	362	77.4	69.3	418	81.6	68.3
Ethnicity Not Available	95	20.3	23.6	81	15.8	24.8
Total	468	100.0	100.0	512	100.0	100.0

Source: HMDA Aggregate Data (2018 and 2019), HMDA LAR Data (2018 and 2019)

In 2018, the bank received 468 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 87 or 18.6 percent from minority applicants, of which 63 or 72.4 percent resulted in originations. The aggregate received 44,304 HMDA reportable loan applications of which the bank received 7,990 or 18.0 percent from minority applicants and 4,734 or 59.2 percent were originated. The bank also received 11 or 2.3 percent of applications from ethnic groups of Hispanic origin within its assessment area of which the bank originated 9 or 81.8 percent versus the aggregate that received 3,144 applications or 7.1 percent of which 1,661 or 52.8 percent were originated.

In 2019, the bank received 512 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 79 or 15.4 percent from minority applicants, of which 58 or 73.4 percent resulted in originations. The aggregate received 54,384 HMDA reportable loan applications of which 9,580 or 17.6 percent were received from minority applicants and 5,815 or 60.7 percent were originated. The bank also received 13 or 2.6 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 7 or 53.8 percent were originated versus the aggregate that received 3,746 applications or 6.0 percent of which 1,966 or 52.5 percent were originated.

Considering the assessment area's demographic composition and comparisons to 2018 and 2019 aggregate data, the bank's minority application flow is reasonable.

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.