

# **PUBLIC DISCLOSURE**

July 20, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Cambridge Trust Company  
Certificate Number: 8152

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Cambridge, Massachusetts 02138

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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** by the Division and the FDIC. An institution in this group has a satisfactory record of helping meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory		X	
Satisfactory*	X		
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 Satisfactory.**

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The institution originated a high percentage of loans within its 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, adequate penetration among retail customers of different income levels and business customers of different size.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution has made an adequate level of community development loans.

**The Investment Test is rated High Satisfactory.**

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

**The Service Test is rated Outstanding.**

- Delivery systems are reasonably accessible to essentially all portions of the bank's 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) are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and 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 August 14, 2017, to the current evaluation dated July 20, 2020. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's performance.

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or 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

An institution must achieve at least a Satisfactory rating on the Lending 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 two 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 originations during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger volume of originations compared to small business lending during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

Examiners considered all home mortgage loans reported on the bank's 2018 and 2019 Home Mortgage Disclosure Act Loan Application Registers (HMDA LARs). In 2018, the bank reported 276 loans totaling \$231.6 million; in 2019, the bank reported 465 loans totaling \$360.1 million. The increase in mortgage loan volume is attributable to expanding the assessment area and merging with Optima Bank & Trust Company (Optima) in Portsmouth, New Hampshire. Examiners compared the bank's 2018 performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Aggregate data is not yet available for 2019. Examiners also compared the bank's 2018 and 2019 home mortgage performance to the 2015 American Community Survey (ACS) demographic data.

Examiners also considered all small business loans reported on the bank's 2018 and 2019 Community Reinvestment Act (CRA) Loan Registers. The bank reported 62 small business loans totaling \$14.8 million in 2018 and 77 loans totaling \$14.4 million in 2019. Examiners compared the bank's 2018 small business lending performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Aggregate data is not yet available for 2019. Examiners also compared 2018 and 2019 small business lending performance to D&B business demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of loans. Although number and dollar volume are presented, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses and individuals served.

Examiners also reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices since the prior evaluation date of August 14, 2017.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Cambridge Trust Company (CTC) is a state chartered bank headquartered in Cambridge, Massachusetts (MA). The bank operates in Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in MA and throughout southern NH in Rockingham, Strafford, and Hillsborough counties.

The bank is a wholly owned subsidiary of Cambridge Bancorp. CTC has three subsidiaries, including CTC Security Corporation, CTC Security Corporation III, and Cambridge Trust Company of New Hampshire, Inc. The CTC Security Corporation and the CTC Security Corporation III support the buying, selling, and holding of investment securities. Cambridge Trust Company of New Hampshire provides wealth management services in NH.

On April 17, 2019, CTC acquired Optima, expanding its presence into southern New Hampshire (NH). In addition, on June 1, 2020, Cambridge Bancorp merged with Wellesley Bancorp (Wellesley), acquiring Wellesley Bank, in Wellesley, MA.

The institution received a “Satisfactory” rating from the Division and FDIC during its prior joint evaluation dated August 14, 2017, based on Interagency Large Institution Examination Procedures.

### **Operations**

The bank operates 22 full-service branches throughout MA and NH. Since the last evaluation, CTC acquired twelve branches through acquisition: six through Optima (all in NH) and another six through Wellesley Bank (all in MA). In MA, branches are in Belmont, Boston (3), Cambridge (4), Concord, Lexington, Needham, Newton, Wellesly (3), and Weston. In NH, branches are in Bedford, Dover, North Hampton, Portsmouth (2), and Straham. The bank closed one full-service branch in Cambridge at the Massachusetts Institute of Technology (MIT) in May 2018. The bank operates one standalone non-deposit taking automated teller machine (ATM) in Broadway Market in Cambridge. CTC maintains four non-deposit taking wealth management offices. One is in Boston, MA and the other three are in Concord, Manchester, and Portsmouth, NH.

CTC offers a full range of residential and commercial banking products and services to commercial enterprises, non-profit organizations, and individuals. Since the last evaluation, the bank has shifted towards a private banking business model. The new model brings together retail banking, residential and commercial lending, investing, wealth management, and treasury management for both businesses and individuals.

The bank offers home mortgages, home equity loans, personal loans, construction loans, and commercial loans. The institution provides various deposit product including checking and savings accounts for individuals and businesses, as well as investment management services. Alternative banking services include internet and mobile banking, remote deposit, and ATMs.

## **Ability and Capacity**

CTC's assets totaled approximately \$2.8 billion as of March 31, 2020, and included total loans of \$2.3 billion and total securities of \$246.9 million. Due to the Optima acquisition, assets increased 32.0 percent from \$1.9 billion at the last evaluation to their current level. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	100,362	4.4
Secured by Farmland	1,987	0.1
Secured by 1-4 Family Residential Properties	1,014,423	44.9
Secured by Multifamily (5 or more) Residential Properties	302,822	13.4
Secured by Nonfarm Nonresidential Properties	675,080	29.9
<b>Total Real Estate Loans</b>	<b>2,094,674</b>	<b>92.7</b>
Commercial and Industrial Loans	122,478	5.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	38,227	1.7
Obligations of State and Political Subdivisions in the U.S.	3,155	0.1
Other Loans	143	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>2,258,677</b>	<b>100.0</b>

*Source: Reports of Condition and Income*

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.



## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated.

Commensurate with acquiring Optima in April 2019, the bank's assessment area significantly expanded from 177 census tracts to 928 census tracts. The expanded area covers five counties in MA and three in NH. The expansion also resulted in two separate rated assessment areas: the Boston-Cambridge-Newton, MA-NH Multistate Metropolitan Statistical Area (MSA), and the Manchester-Nashua, NH MSA. The Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each Multistate MSA and state in which the bank maintains a branch. However, given the expansion and CTC's limited time within the new Manchester-Nashua, NH MSA assessment area, this evaluation only analyzes activities in the Boston-Cambridge-Newton, MA-NH Multistate MSA (Multistate MSA). The bank operated in the Multistate MSA for the full duration of the evaluation scope, including prior to acquiring Optima.

### **Economic and Demographic Data**

CTC's Multistate MSA assessment area (also referred to as the assessment area) includes 856 census tracts located in Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in MA and Rockingham and Strafford counties in NH. The following table details the cities and towns in the bank's assessment area.

## Massachusetts Cities and Towns

### Assessment Area Towns by County in the Boston-Cambridge-Newton, MA-NH MSA

#### Middlesex County (Cambridge-Newton-Framingham, MA –MD 15764)

Acton	Arlington	Bedford	Belmont	Billerica
Burlington	Cambridge	Carlisle	Chelmsford	Concord
Dracut	Everett	Framingham	Lincoln	Lexington
Lowell	Malden	Maynard	Medford	Melrose
Natick	Newton	North Reading	Reading	Somerville
Stoneham	Sudbury	Tewksbury	Wakefield	Waltham
Watertown	Wayland	Weston	Wilmington	Winchester
Woburn				

#### Essex County (Cambridge-Newton-Framingham, MA – MD 15764)

Amesbury	Andover	Beverly	Boxford	Danvers
Essex	Georgetown	Gloucester	Groveland	Hamilton
Haverhill	Ipswich	Lawrence	Lynn	Lynnfield
Manchester by the Sea	Marblehead	Merrimac	Methuen	Middleton
Nahant	Newbury	Newburyport	North Andover	Peabody
Rockport	Rowley	Salem	Salisbury	Saugus
Swampscott	Topsfield	Wenham	West Newbury	

#### Norfolk County (Boston, MA - MD 14454)

Avon	Braintree	Brookline	Canton	Dedham
Dover	Holbrook	Milton	Needham	Norwood
Quincy	Randolph	Stoughton	Wellesley	Westwood
Weymouth				

#### Plymouth County (Boston, MA - MD 14454)

Brockton

#### Suffolk County (Boston, MA - MD 14454)

Allston	Boston	Charlestown	Chelsea	Dorchester
Jamaica Plain	Hyde Park	Mattapan	Revere	Roslindale
West Roxbury	Winthrop			

## New Hampshire Cities and Towns

### Rockingham County (Rockingham County – Strafford County, NH – MD 40484)

Atkinson	Auburn	Brentwood	Candia	Chester
Danville	Deerfield	Derry	East Kingston	Epping
Exeter	Fremont	Hampstead	Hampton	Hampton Falls
Kensington	Kingston	Londonderry	Newington	Newmarket
Newton	North Hampton	Northwood	Nottingham	Plaistow
Portsmouth	Raymond	Rye	Salem	Sandown
Seabrook	Stratham	Water	Windham	

### Strafford County (Rockingham County – Strafford County, NH – MD 40484)

Barrington	Dover	Durham	Farmington	Madbury
Milton	New Durham	Rochester	Rollinsford	Somersworth
Strafford				

The 856 census tracts reflect the following income designations according to the 2015 American Community Survey (ACS) data:

- 113 low-income tracts,
- 186 moderate-income tracts,
- 321 middle-income tracts,
- 220 upper-income tracts, and
- 16 census tract with no income designation.

Several areas in the assessment area contain concentrations of low- and moderate-income census tracts. Suffolk County contains the majority of low- and moderate-income census tracts with 45 low-income and 49 moderate-income census tracts. Chelsea and Revere also part of Suffolk County collectively contain 1 low-income and 7 moderate-income census tracts. Municipalities north of Boston including Cambridge, Everett, Haverhill, Lawrence, Lowell, Lynn, Malden, and Somerville also contain numerous low- and moderate-income tracts. Similarly, municipalities south of Boston including Brockton, Quincy, Weymouth, Randolph, and Stoughton also contain low- and moderate-income tracts. Additionally, Milton, Dover, Rochester, Farmington, Rollinsford, and Somersworth in Strafford County contain moderate-income census tracts.

The 16 census tracts with no income designation in Suffolk County include the Harbor Islands, Franklin Park Zoo, Stony Brook Reservation, Arnold Arboretum, Forest Hills Cemetery, Castle Island, Seaport Waterfront area, Charles River, Suffolk Downs, Belle Isle Marsh Reservation, and Boston Commons.

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. There were two Federal Emergency Management Agency designated Major Disaster declarations (DR-4372-MA and DR-4379-MA) in 2018 that impacted Essex, Middlesex, Norfolk, and Suffolk counties. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the date of designation. Furthermore, there are 21 cities and towns throughout Middlesex, Essex, Norfolk, and Plymouth counties that contain designated opportunity zones within the assessment area.

The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas.

The following table illustrates select demographic characteristics of the assessment area.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	856	13.2	21.7	37.5	25.7	1.9
Population by Geography	3,881,106	11.4	22.4	39.8	26.2	0.2
Housing Units by Geography	1,582,739	10.7	22.9	40.5	25.7	0.3
Owner-Occupied Units by	854,760	4.2	17.2	46.2	32.2	0.1
Occupied Rental Units by	627,624	19.2	29.8	33.4	17.2	0.4
Vacant Units by Geography	100,355	12.7	27.9	36.2	22.9	0.4
Businesses by Geography	293,657	8.2	16.4	39.0	36.0	0.5
Farms by Geography	5,114	3.6	13.6	48.8	34.0	0.1
Family Distribution by Income	915,367	25.1	16.8	19.4	38.7	0.0
Household Distribution by Income	1,482,384	28.0	14.9	16.4	40.7	0.0
Median Family Income MSA-14454 Boston, MA MD		\$90,699	Median Housing Value			\$401,198
Median Family Income MSA-15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Gross Rent			\$1,276
Median Family Income MSA- 40484 Rockingham County-Strafford County, NH MD		\$90,150	Families Below Poverty Level			8.1%

*Source: 2015 U.S. Census, 2018 D&B Data, and FFIEC Estimated Median Family Income; (\*) The NA category consists of geographies that have not been assigned an income classification.*

According to 2019 D&B data, there were 333,214 businesses in the assessment area. Gross annual revenues (GARs) for these businesses are below.

- 85.1 percent have \$1 million or less
- 6.2 percent have more than \$1 million
- 8.7 percent have unknown revenues

The small business loans analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. D&B demographic data indicates that as of 2019, 82.4 percent of businesses in the assessment area have GARs of less than \$0.5 million, 65.6 percent of businesses have four or fewer employees, and 91.1 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 44.5 percent; followed by non-classifiable establishments (15.3 percent); retail trade (11.9 percent); insurance, and real estate (10.5 percent); and construction (7.2 percent).

The Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels are used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2018 and 2019 FFIEC-updated median family income categories.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA MD Median Family Income (14454)</b>				
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
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
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
<b>Rockingham County-Strafford County, NH MD Median Family Income (40484)</b>				
2018 (\$101,300)	<\$50,650	\$50,650 to <\$81,040	\$81,040 to <\$121,560	≥\$121,560
2019 (\$103,000)	<\$51,500	\$51,500 to <\$82,400	\$82,400 to <\$123,600	≥\$123,600
<i>Source: FFIEC</i>				

According to the United States (U.S.) Bureau of Labor, education and health services are the assessment area’s top employment sectors. Top employers include Partners HealthCare, Beth Israel Deaconess Medical Center, University of Massachusetts, Harvard University, and MIT.

Data obtained from the U.S. Bureau of Labor Statistics indicates the 2019 average unemployment rate in the Multistate MSA assessment area was 2.6 percent. The assessment area unemployment rate declined slowly throughout the evaluation period, but began increasing rapidly in April 2020 to 16.2 percent due to the COVID-19 pandemic.

### **Competition**

According to June 30, 2019 market share data, 143 financial institution operated 2,137 branches throughout the assessment area. CTC ranked 23<sup>rd</sup> with a 0.4 percent deposit market share. The top three institutions (State Street Bank and Trust Company, Bank of America, and Citizens Bank ) remained the same from 2018 to 2019.

The bank also operates in a highly competitive market for loans. In 2018, 623 lenders originated or purchased 123,514 home mortgage loans in the assessment area. The top five lenders captured 23 percent of the market share, including Citizens Bank, Wells Fargo Bank, Bank of America, Quicken Loans INC, and TD Bank. CTC ranked 96<sup>th</sup> with a 0.2 percent of the market share.

Small business 2018 aggregate data reflects lending information for whole counties; therefore, the aggregate small business data considers all lenders in Middlesex, Norfolk, Plymouth, Suffolk, and Essex counties in MA and Rockingham and Strafford counties in NH. Based on 2018 small business aggregate data, 193 lenders made 123,780 small business loans. CTC ranked 68<sup>th</sup> out of this group of lenders, with a 0.1 percent market share. The five most prominent small business

lenders accounted for 60 percent of total market share including American Express National Bank; Bank of America, N.A.; Chase Bank USA, N.A.; Citibank, N.A.; and Capital One Bank (SA), N.A.

### **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 contacted a community development organization serving Merrimack Valley, North of Boston, and also portions of southern New Hampshire. The organization 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 the current COVID-19 pandemic has created various changing needs in the community and at a fast pace. For example, a current need is increased internet access and devices for low-income families which would allow children to access school remotely. Internet costs and devices are a big expense for many low-income families. In addition, the contact noted basic budgeting and financial literacy continues to be a need for individuals and families.

Examiners conducted a second community contact with a community development corporation serving Lowell and the Merrimack Valley. The contact noted the need for small business support services, such as technical assistance for accounting, budgeting, business plans, and business credit counseling. This assistance would help new and existing business and also those businesses facing challenges during the pandemic. The contact believed some small businesses experienced challenges with applying for a loan through the Small Business Administration (SBA) Payment Protection Program (PPP) for various reasons. These reasons included the lack of a bank relationship, difficulty with initial round application procedures, lack of accounting skills and/or documentation, and inability to navigate application process.

### **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, small business support services, and financial literacy represent primary credit needs for the assessment area.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

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

#### Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. In 2018 and 2019, the bank reported 741 home mortgage loans totaling approximately \$591.8 million and 139 small business loans totaling approximately \$29.2 million. Of this total, 594 home mortgage loans totaling approximately \$474.7 million and 129 small business loans totaling approximately \$26.8 million were inside the assessment area.

The Description of the Assessment Area section discusses the bank's market share rankings for home mortgage and small business lending. Leading institutions consisted primarily of large national banks and mortgage companies. CTC was among the top 16 percent of home mortgage lenders and top 35 percent of small business lenders in 2018.

#### Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans, by number and dollar amount, within its assessment area. Please 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	237	85.9	39	14.1	276	194,248	83.9	37,381	16.1	231,629
2019	357	76.8	108	23.2	465	280,448	77.9	79,682	22.1	360,130
<b>Subtotal</b>	<b>594</b>	<b>80.2</b>	<b>147</b>	<b>19.8</b>	<b>741</b>	<b>474,696</b>	<b>80.2</b>	<b>117,063</b>	<b>19.8</b>	<b>591,759</b>
Small Business										
2018	61	98.4	1	1.6	62	13,766	93.2	1,000	6.8	14,766
2019	68	88.3	9	11.7	77	13,055	90.6	1,357	9.4	14,412
<b>Subtotal</b>	<b>129</b>	<b>92.8</b>	<b>10</b>	<b>7.2</b>	<b>139</b>	<b>26,821</b>	<b>91.9</b>	<b>2,357</b>	<b>8.1</b>	<b>29,178</b>
<b>Total</b>	<b>723</b>	<b>82.2</b>	<b>157</b>	<b>17.8</b>	<b>880</b>	<b>501,517</b>	<b>80.8</b>	<b>119,420</b>	<b>19.2</b>	<b>620,937</b>

*Source: Bank Data  
Due to rounding, totals may not equal 100.0%*

## 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 support this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number.

### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Multistate MSA. As shown in the following table, the bank's lending in low-income census tracts exceeded aggregate performance and the percentage of owner-occupied housing units in 2018. Performance in low-income tracts declined in 2019, but remained comparable to demographic data. The bank's home mortgage lending in moderate-income census tracts was below aggregate performance in 2018. In 2019, lending in the moderate-income tracts increased, but remained below the percentage of owner-occupied housing units.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	4.2	5.9	19	8.0	5,557	2.9
2019	4.2	--	16	4.5	5,565	2.0
<b>Moderate</b>						
2018	17.2	19.1	27	11.4	23,903	12.3
2019	17.2	--	55	15.4	45,507	16.2
<b>Middle</b>						
2018	46.2	44.6	73	30.8	63,291	32.6
2019	46.2	--	111	31.1	68,912	24.6
<b>Upper</b>						
2018	32.2	30.1	118	49.8	101,498	52.3
2019	32.2	--	173	48.5	158,825	56.6
<b>Not Available</b>						
2018	0.1	0.2	0	0.0	0	0.0
2019	0.1	--	2	0.6	1,639	0.6
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>237</b>	<b>100.0</b>	<b>194,248</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>--</b>	<b>357</b>	<b>100.0</b>	<b>280,448</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2018 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. As shown in the following table, the bank's lending exceeded aggregate performance in low-income tracts in 2018. In 2019, the bank's performance within these tracts declined. For small business lending in moderate-income tracts in 2018, the bank's performance fell well below aggregate and the percentage of businesses. In 2019, performance in moderate-income tracts improved, but continued to trail demographic data.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	8.2	7.6	6	9.8	780	5.7
2019	8.1	--	4	5.9	40	0.3
<b>Moderate</b>						
2018	16.4	16.8	2	3.3	2,000	14.5
2019	16.6	--	7	10.3	2,005	15.4
<b>Middle</b>						
2018	39.0	40.2	23	37.7	4,963	36.1
2019	38.5	--	32	47.1	6,429	49.2
<b>Upper</b>						
2018	36.0	34.9	30	49.2	6,023	43.8
2019	36.3	--	25	36.8	4,581	35.1
<b>Not Available</b>						
2018	0.5	0.4	0	0.0	0	0.0
2019	0.5	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>13,766</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>--</b>	<b>68</b>	<b>100.0</b>	<b>13,055</b>	<b>100.0</b>
<i>Source: 2018 &amp; 2019 D&amp;B Data; Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes. The bank's adequate performance of home mortgage lending and good performance of small business lending support this conclusion. Examiners focused on home mortgage loans to low- and moderate-income borrowers and the percentage of small business loans by number to businesses with GARs of \$1.0 million or less.

### **Home Mortgage Loans**

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's lending to low-income borrowers was consistent with 2018 aggregate performance. In 2019, performance by percentage of loans decreased. Although the bank's lending was below the percentage of low-income families in 2018 and 2019, a low-income family in the assessment area, earning less than \$55,150, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$401,198. Additionally, 8.1 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

In 2018, the bank's lending to moderate-income borrowers was below aggregate performance, though it was slightly greater than the percentage of moderate-income families. In 2019, performance declined, falling behind the percentage of moderate-income families.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2018	25.1	6.3	15	6.3	2,530	1.3
2019	25.1	--	16	4.5	5,563	2.0
<b>Moderate</b>						
2018	16.8	18.2	41	17.3	11,695	6.0
2019	16.8	--	34	9.5	10,332	3.7
<b>Middle</b>						
2018	19.4	22.9	31	13.1	11,519	5.9
2019	19.4	--	60	16.8	21,655	7.7
<b>Upper</b>						
2018	38.7	39.6	129	54.4	89,209	45.9
2019	38.7	--	199	55.7	159,937	57.0
<b>Not Available</b>						
2018	0.0	12.9	21	8.9	79,295	40.8
2019	0.0	--	48	13.4	82,961	29.6
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>237</b>	<b>100.0</b>	<b>194,248</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>--</b>	<b>357</b>	<b>100.0</b>	<b>280,448</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2018 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 good penetration of loans to businesses with GARs of \$1.0 million or less. As shown in the following table, the bank's performance far exceeded aggregate data in 2018. In 2019, performance declined, falling below demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2018	83.4	40.3	38	62.3	6,249	45.4
2019	85.1	--	33	48.5	5,340	40.9
<b>&gt;\$1,000,000</b>						
2018	7.1	--	23	37.7	7,517	54.6
2019	6.3	--	34	50.0	7,684	58.9
<b>Revenue Not Available</b>						
2018	9.5	--	0	0.0	0	0.0
2019	8.6	--	1	1.5	31	0.2
<b>Totals</b>						
<b>2018</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>13,766</b>	<b>100.0</b>
<b>2019</b>	<b>100.0</b>	<b>--</b>	<b>68</b>	<b>100.0</b>	<b>13,055</b>	<b>100.0</b>
<i>Source: 2018 &amp; 2019 D&amp;B Data; Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Innovative and Flexible Lending**

The bank uses innovative and flexible lending practices to serve assessment area credit needs. Programs include government-related subsidies and guarantees and are offered institution-wide. However, MassHousing and MassHousing Partnership (MHP) programs are limited to Massachusetts. The bank originated 1,019 innovative and flexible loans, totaling more than \$225 million, to individuals and businesses during the evaluation period. Of these innovative and flexible loans, the bank made \$28.8 million through affordable housing programs and \$196.2 million through small business lending programs. Of the \$196.2 million through small business lending programs, \$194 million was through the SBA PPP.

Total loan volume during this evaluation significantly increased since the previous evaluation. During that evaluation, the bank originated 38 innovative and flexible loans, totaling \$23.9 million, to individuals and businesses. Of these innovative and flexible loans, the bank made \$4.3 million through affordable housing programs and \$19.6 million through small business lending programs.

### ***Residential Lending Programs***

The bank continues to offer the following flexible residential lending programs, primarily through the MHP. In 2018, Massachusetts Governor Charles D. Baker named CTC's Chairman

and Chief Executive Officer, Denis K. Sheahan, to the MHP Board of Directors. In 2019, CTC was named a top ten MHP lender with originating 46 loans for approximately \$13.4 million.

- **MHP ONE Mortgage Program** - ONE Mortgage offers low- and moderate-income first time homebuyers a 3.0 percent down payment; low, fixed-rated financing; and no private mortgage insurance. The bank originated 90 loans totaling approximately \$26 million through the ONE Mortgage Program. As a leading ONE Mortgage lender, CTC was one of four lenders invited to participate in a pilot program with MHP and the city of Boston, ONE+Boston. ONE+Boston is designed to assist low- and moderate-income first-time homebuyers purchase a home in Boston.
- **MassHousing Mortgage** - MassHousing offers an affordable, fixed-rate mortgage with down payment assistance for low-income, first-time homebuyers who purchase a home in designated Gateway Cities, including several cities in the assessment area. CTC originated five loans for approximately \$1.5 million with MassHousing Mortgage.
- **Federal Home Loan Bank Equity Builder Program** - This program offers member banks grants to assist low- and moderate-income households with down payments and closing costs, rehabilitation assistance, and homebuyer counseling. The bank provided \$15,200 for two loans through this program.
- **Portfolio Programs** – The bank also offers portfolio programs, such as Good Neighbor Mortgage and Our Community Mortgage, designed to help lower-income borrowers obtain mortgages by offering flexible guidelines for homes within the bank’s assessment area. CTC originated seven loans totaling approximately \$1.3 million through such programs.

#### ***Small Business Lending Programs***

During the evaluation period, the bank continued to offer the following innovative and/or flexible small business products, primarily through various SBA loan programs.

- **SBA 504 Certified Development Company (CDC) Program** - The SBA 504 CDC Program is an economic development program offering small business financing while creating jobs and promoting job growth. The program provides approved small businesses with long-term, fixed-rate financing for major fixed assets. The bank originated one SBA 504 loan totaling \$100,000.
- **SBA 7a Loan Program** - This loan program provides term loans up to \$5 million, with an SBA guaranty of between 75 and 85 percent, depending on loan size. Small businesses that meet SBA size eligibility standards benefit from long-term financing, a fixed maturity, and no prepayment penalties. The bank originated eight SBA 7a loans, totaling approximately \$1.2 million.
- **Massachusetts Capital Access Program (MassCAP)** – MassCAP was designed to assist small businesses obtain loans. The program uses cash collateral guarantees from a loan loss reserve fund, enabling banks to originate loans to small businesses that they

otherwise may not have granted. Small businesses can use loans to start or expand businesses. CTC originated 13 MassCAP loans, totaling approximately \$1.9 million.

- Cambridge Trust Innovation Banking Group** – CTC is the only locally based bank with a dedicated group to focus on financial needs of growth-stage entrepreneurial technology and life science companies. The bank originated 31 loans totaling approximately \$59.7 million through the Innovation Banking Group.

In addition to the previously-mentioned SBA-guaranteed program, the bank in response to the COVID-19 pandemic offered the SBA Paycheck Protection Program (PPP) starting in 2020. The PPP was created to incentivize small businesses to keep workers employed during the pandemic. The bank originated approximately 893 loans totaling approximately \$194 million through the PPP.

**Community Development Lending**

CTC made an adequate level of community development loans. During the evaluation period, the bank originated 24 community development loans totaling approximately \$42.5 million. Community development activity represents approximately 1.5 percent of average total assets and 1.8 percent of average total loans since the prior evaluation. Community development lending declined from the prior evaluation, when the bank originated 23 community development loans totaling \$66.6 million, representing 3.9 percent of average total assets and 5.7 percent of average total loans. Community development loan activity also trails similarly situated institutions.

The majority of community development loans supported community service organizations that primarily serve low- and moderate-income individuals and revitalize and stabilize low- and moderate-income geographies. Furthermore, a quarter of the bank’s qualified loans supported affordable housing, which is a significant need within the community.

The following table illustrates the community development loans by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2017	0	0	0	0	1	3,000	0	0	<b>1</b>	<b>3,000</b>
2018	5	4,618	5	8,350	1	160	0	0	<b>11</b>	<b>13,128</b>
2019	1	600	3	11,675	1	188	1	1,200	<b>6</b>	<b>13,663</b>
YTD 2020	0	0	0	0	0	0	6	12,754	<b>6</b>	<b>12,754</b>
<b>Total</b>	<b>6</b>	<b>5,218</b>	<b>8</b>	<b>20,025</b>	<b>3</b>	<b>3,348</b>	<b>7</b>	<b>13,954</b>	<b>24</b>	<b>42,545</b>

*Source: Bank Data*

The following are notable examples of qualified community development loans.

- In 2018, the bank made a loan totaling approximately \$14.3 million to acquire and rehabilitate a 72-unit residential housing complex in Braintree. Of the units, 8.3 percent are for affordable housing for low- and moderate-income individuals. The bank received credit for \$1.2 million of the loan.
- In 2019, the bank originated a \$7 million loan to an urban renewal program in Cambridge, as set forth in Massachusetts General Laws Chapter 121B. The loan supported local non-profits who provide critical services to low- and moderate-income individuals.
- In 2020, the bank originated a \$3.9 million SBA PPP loan that stabilized and revitalized a low-income geography in Cambridge. The loan provided financing to a small business entrepreneurial and innovation company which allowed it to retain its existing workers.

## **INVESTMENT TEST**

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

### **Investment Activity**

The bank made a significant level of qualified investments during the evaluation period, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank made 287 qualified investments totaling approximately \$16 million. This total includes qualified equity investments of \$15 million and donations of approximately \$955,000. The total dollar amount of equity investments is triple that from the prior evaluation. Previously, the bank had five equity investments for approximately \$4.7 million. The increase in investments is significantly higher than the bank's 32 percent increase in total assets. Total donations increased by approximately \$165,000.

A majority of investments, by dollar volume, supported affordable housing for low- and moderate-income individuals in the assessment area. Examiners compared the bank's investment activity to that of similarly situated institutions. Comparable institutions were selected based on asset size, geographic location, and lending focus. CTC's investment activity was comparable to other institutions who maintained a similar performance and rating on investments. 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	3	3,000	1	1,000	0	0	0	0	4	4,000
2017	0	0	0	0	1	1,000	0	0	1	1,000
2018	1	5,000	0	0	0	0	0	0	1	5,000
2019	3	4,000	1	1,000	0	0	0	0	4	5,000
YTD 2020	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>7</b>	<b>12,000</b>	<b>2</b>	<b>2,000</b>	<b>1</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>15,000</b>
Qualified Grants & Donations	54	172	217	754	3	23	3	6	277	955
<b>Total</b>	<b>61</b>	<b>12,172</b>	<b>219</b>	<b>2,754</b>	<b>4</b>	<b>1,023</b>	<b>3</b>	<b>6</b>	<b>287</b>	<b>15,955</b>

Source: Bank Data

### Equity Investments

The bank has 10 qualified equity investments totaling \$15 million. Six totaling approximately \$11 million are new and four totaling \$4 million remain from the prior period. The total dollar amount of equity investments equates to 0.5 percent of average total assets and 6 percent of average total securities since the previous evaluation. Investment activity has significantly increased since the last evaluation, when equity investments represented 1.1 percent of average total securities. The following are examples of the new equity investments.

- In 2019, the bank invested \$1 million in the MassHousing Equity Fund. This fund seeks to invest in low-income housing improvement projects in economically disadvantaged neighborhoods. The fund benefits a greater statewide area that includes the assessment area. The bank also maintains a prior investment with the MassHousing Equity Fund.
- In 2019, the bank invested \$1 million in a Community Development Financial Institution. The investment supports the financing of critical affordable housing, economic development, and community facility projects serving low-income communities. The investment benefits the assessment area.
- In 2018, the bank committed \$5 million to an investment fund that supports future construction of low-income housing tax credit projects located in the assessment area and a broader statewide regional area. A multifamily affordable housing apartment complex within the assessment area will secure each loan the fund advances.

### Donations

During the evaluation period, CTC made approximately \$995,000 in qualified donations. This dollar volume of activity is higher than the prior evaluation by \$165,000 and comparable to qualified grants and contributions of similarly situated institutions.

The majority of the bank's CRA qualified donations supported community service organizations that primarily serve low- and moderate-income individuals. The following are notable examples of qualified donations.

- **Nuestra Comunidad Community Development Corporation (CDC)** – A MA-certified CDC that develops affordable and mixed-income rental and for-sale housing in Roxbury and Greater Boston. The bank’s contribution supports affordable housing needs for low- and moderate-income individuals.
- **Urban Edge** – A non-profit organization dedicated to strengthening communities and families by building affordable housing and by providing homebuyer and financial literacy educational programs in Jamaica Plain, Mattapan, Dorchester, and Roxbury. The bank’s contribution supports community development services to low- and moderate-income individuals.
- **Food Pantries and Food Recyclers** – The bank provided donations to organizations working to alleviate food insecurity and feed the homeless. Recipient organizations included, but not limited to City Sprouts, Food For Free, Food Link, Land’s Sake, Mary Ann Brett Food Pantry, Society of St. Vincent de Paul, and The Food Project.

#### ***COVID-19-Related***

- **Boston Charitable Trust City of Boston Resilience Fund** - The Boston Charitable Trust provides for essential services to Boston residents most immediately impacted by the COVID-19 pandemic and assists first responders and critical care providers. Priority needs include food for children and older adults, technology to Boston Public School students for remote learning, and support to first responders/health care workers. The bank’s contribution provides aid to elders, children, and people experiencing homelessness, low-income families, and residents with limited English proficiency.
- **Mayor’s Disaster Relief Fund (Cambridge)** – The fund assists individuals and families in Cambridge experiencing financial hardship resulting from the pandemic. The bank’s contribution helps support those with a loss of income for rent/utility payment or other household needs.
- **New Hampshire Charitable Community Crisis Action Fund** – The NH Charitable Foundation founded the Community Crisis Action Fund to address food, shelter, and required transportation for kids, seniors, and homeless; help reduce impact on healthcare, emergency response, child care and food security; and support local emergency funds that directly aid individuals and families.

#### **Responsiveness to Credit and Community Development Needs**

CTC exhibits good responsiveness to credit and community economic development needs. The bank provided approximately \$12.2 million in investments and grants in affordable housing-related initiatives, which examiners identified as a great need in the area given high housing costs. Additionally, the bank made a large number of grants that supported low- and moderate-income individuals, financial literacy, and a wide range of community development activities.



The contact also noted financial literacy was needed. The bank targeted donations to some of the lowest income individuals and areas of its assessment area.

### **Community Development Initiatives**

The institution occasionally uses innovative and/or complex investments to support community development initiatives. During the current evaluation period, the bank invested in various funds such as the MassHousing Investment Corporation and Blue Hub Loan Fund that support community development needs not well served by conventional financing.

### **SERVICE TEST**

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

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the bank’s assessment area. The bank has 10 branches within the Multistate MSA. Each branch offers a 24-hour deposit taking ATM. The bank also maintains one stand-alone ATM. In 2020, the bank upgraded its ATMs to Intelligent Deposit machines. With the upgrade, the ATMs now offer customers more ways to transact, envelope free deposits, cash dispensing in various denominations, headphone technology for speech mode, braille for the blind, and are bilingual in English and Spanish.

The following table illustrates the branch and ATM distribution by tract income level.

<b>Branch and ATM Distribution by Geography Income Level<sup>1</sup></b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	113	13.2	443,735	11.4	1	10.0	1	9.0
Moderate	186	21.7	870,092	22.4	0	0.0	0	0.0
Middle	321	37.5	1,542,870	39.7	2	20.0	3	27.3
Upper	220	25.7	1,016,308	26.2	7	70.0	7	63.7
NA	16	1.9	8,101	0.3	0	0.0	0	0.0
<b>Total</b>	<b>856</b>	<b>100.0</b>	<b>3,881,106</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>

*Source: 2015 ACS Data; Bank Data*

As the table illustrates, the distribution of branches and ATMs in the low-income census tracts is generally in line with the percentage of population residing in these tracts and lower than the percentage these census tracts makeup of the assessment area. Conversely, the distribution

<sup>1</sup> The table does not reflect the 12 branches acquired through both mergers – one in a moderate-income census tract and the remainder in middle- and upper-income census tracts.

among moderate-income census tracts is significantly less than the percentage of population residing in these tracts and the percentage these census tracts makeup of the assessment area.

Despite the highest concentrations of the assessment area's moderate-income census tracts and full-service locations collectively being in Boston and Cambridge, the bank does not operate any of its Boston or Cambridge branches in any of these tracts. However, the 415 Main Street branch in Cambridge abuts two moderate-income tracts and the 1336 Massachusetts Avenue branch in Cambridge also abuts two moderate-income tracts. Low- and moderate-income census tract residents can also access the Boston and Cambridge branches by public transportation (bus, subway, and commuter rail).

In addition to Boston and Cambridge, there are other areas, to the north and south of Boston that contain concentrations of moderate-income census tracts where the bank does not maintain a presence. These include for example, Brockton (10), Chelsea (6), Everett (4), Lawrence (1) Lowell (10), Lynn (7) Malden (8), Quincy (6), Revere (8), and Somerville (7).

In addition to its branches and ATMs, CTC offers alternative delivery systems to expand retail banking service access to all individuals. The bank offers banking by mail, online and mobile banking, remote deposit capture, remote wallet<sup>2</sup>, and support through its Client Resource Center<sup>3</sup>. Consumers and businesses can access their accounts 24 hours a day to perform various transactions.

CTC employs 47 employees who speak at least one language outside of English. The bank maintains an employee list, the spoken languages, and their corresponding branch location, so all bank personnel can easily contact a bilingual representative to serve customers with limited-English proficiency. Languages spoken include Cantonese, Greek, Hindi, Italian, Mandarin Chinese, Russian, Portuguese, and Spanish. Based on the FDIC's 2019 survey of unbanked and underbanked households, minority individuals in the northeast region have much higher populations of individuals underserved by retail banking. CTC's 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.

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<sup>2</sup> Customers can use their CTC Debit MasterCard® to make purchases using mobile wallets like Apple Pay, Samsung Pay, and Android Pay at participating merchants. Mobile wallets allow customers to pay quickly and easily using compatible devices. There is no charge for using a debit card with mobile wallets.

<sup>3</sup> The Client Resource Center is a team devoted to providing personal service and assistance with private banking and wealth management needs.

## **Changes in Branch Locations**

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems within the assessment area, particularly in low- or moderate-income geographies. Since the prior evaluation, the bank closed one branch. On May 18, 2018, the bank closed its branch at 350 Massachusetts Avenue in Cambridge, located at MIT (moderate-income tract). The adverse impact of this branch closing was lessened as the bank operates an adjacent branch, less than a mile away at 415 Main Street in Cambridge. Retention data showed that the bank retained 99 percent of its primary customers by balance. The impact was also lessened as the bank upgraded all customer checking accounts to the Premium Plus Relationship account for life. This account provided customers with unlimited ATM surcharge rebates so that customers could use any (CTC or non-CTC) ATM without incurring a fee.

## **Reasonableness of Business Hours and Services**

Services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area(s), 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 from location to location, no hours vary as to inconvenience a specific geography. Branch hours are reasonable and comparable to other institutions. The 415 Main Street branch in Cambridge, the Federal Street branch in Boston, and the Central Avenue branch in Needham do not offer Saturday hours given limited foot traffic in these downtown areas on Saturdays. The bank's other branches are open for limited Saturday hours.

CTC employees also offered personalized customer service to reach low- and moderate-income individuals, through intermediaries, such as non-profit and community-based organizations. These services helped with providing access to banking and other services. For example, for Somerville Community Corporation clients, bank staff held one-on-one meetings outside of a branch and assisted with budgeting and completing mortgage preapproval paperwork. Similarly, a Community Partnership and Development Team (CPDT) member and a bank bilingual employee assisted an Asian Community Development Corporation client complete the necessary documents to apply for an affordable housing lottery in Chinatown.

Additionally, through a partnership with Casa Myra, a domestic violence shelter, the bank funded the shelter's first match savings program – Savings for Change. The program helped survivors (low- and moderate-income individuals) accumulate savings for purposes such as downpayment or closing costs for a new home, education, or job training. To facilitate the savings, CTC offered a checking and a savings account, both with no minimum balance requirements and all fees waived. The program had 37 participants and 9 individuals reached their personal savings and goals. The South End office branch manager facilitated the account opening and would collect the deposits and bring them to the branch for processing.

Lastly, as noted previously, the bank has 47 employees that speak a second language. These employees tailor banking services to first-generation Americans where English may not be their first language, the majority of which are low- and moderate-income. The bank also upgraded its

ATMs so that they are now accessible by both English and Spanish speaking individuals, improving access to financial services.

### **Community Development Services**

The institution is a leader in providing community development services. The bank's efforts in providing innovative qualified community development services, reflects excellent responsiveness to community development needs.

During the evaluation period, the bank provided 328 instances of financial literacy and technical assistance to local community development organizations that primarily serve low- and moderate-income individuals and provide support for affordable housing. Examiners noted that these activities primarily benefitted the Boston and Cambridge areas as the assessment area expansion did not occur until later in 2019. These 328 instances represent a substantial increase in community outreach and services since the prior evaluation. During the prior evaluation, the bank had 72 instances of community development services.

The significant increase is attributed to the bank creating a three-person CPDT. The CPDT is dedicated to establishing community relationships, identifying needs throughout the assessment area, and connecting customers who may not have had access previously with basic financial services and credit products. Team members primarily meet with clients at community development organizations headquartered in the assessment area's most economically diverse areas, many being low- and moderate-income. In addition to establishing relationships and connecting customers, these relationships also revealed a clear need for financial literacy/education/counseling.

In response to this identified need, CTC created its own Financial Wellness Program, primarily targeting the assessment area's low- and moderate-income population. The Financial Wellness Program provides separate and tailored curriculums for children, high school students, and adults as the needs differ amongst the groups. For children, the courses introduce the basics of budgeting, savings, and banking. For middle-school and high-school students, the courses focus on budgeting and savings, credit, and managing checking accounts. Adult classes focus on being a first time homebuyer, credit building and repair, and overdrafts. The bank also tailors its financial education workshops and job training readiness mentoring to the most at risk populations and those experiencing homelessness. As noted by the community contact, basic budgeting and financial literacy are assessment area needs.

In addition, bank employees also participated on various boards and committees of organizations focused on affordable housing, community services, and economic development. Many of these organizations serve the assessment area's low- and moderate-income individuals and/or geographies.

The following table summarizes the community development services by year and purpose. As the bank did not present 2017 data, it is not reflected in the following table.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	7	131	0	0	138
2019	8	124	0	0	132
YTD 2020	3	55	0	0	58
<b>Total</b>	<b>18</b>	<b>310</b>	<b>0</b>	<b>0</b>	<b>328</b>
<i>Source: Bank Data</i>					

The following are examples of community development services provided.

*Financial Literacy and First Time Home Seminars*

- **Castle Square Tenants Organization** - Castle Square Tenants Organization empowers low- and moderate-income individuals and provides access to affordable housing and direct support services. CTC is the sole provider of financial education for its youth programs, targeted to low- and moderate-income youth. In July and October 2019, a CPDT member presented Intro to Money 101 to 30 youths. The presentation is part of CTC's Financial Wellness Program.
- **Breaktime Café** - Breaktime Café is a new social entrepreneurship dedicated to providing young homeless adults access to employment, job training, and mentorship. CTC is the sole provider of financial education. The bank's CPDT member presented a financial wellness workshop for 10 homeless and formerly homeless young adults.
- **Various Organizations** - CTC participated in numerous first time home buyer seminars and one on one credit counseling with various organizations serving areas such as Allston/Brighton, Boston, Cambridge, Chelsea, Dorchester, East Boston, Roxbury, and Somerville. During 2018 and 2019, seminars were in person and in 2020, due to COVID-19, seminars transitioned to online. Collectively, more than 1,000 individuals attended these seminars. Seminars focused on knowing your lender, credit, first time homebuyer products, pre-approvals, and the overall mortgage process. The efforts resulted in getting clients ready for the home purchase process and establishing bank checking and savings accounts.

- **English as a Second Language (ESL) Classes** - Employees taught 22 ESL classes at a non-profit organization serving low- and moderate-income individuals and families in Malden, Medford, Everett, and Chelsea. All students are either refugees or immigrants from other countries.

#### *Employee Involvement*

- **MHP** - The chairman and chief executive officer serves as the secretary and treasurer of the organization's Board. MHP focuses on building affordable housing and promoting home ownership programs for low- and moderate-income families.
- **Cambridge Community Foundation (CCF)** – The chairman and chief executive officer and an executive vice president serve as trustees. CCF works to promote social equity and diversity in Cambridge and reduce poverty by funding and working with non-profit organizations. The majority of funds support organizations that provide services to low- and moderate-income individuals and families.
- **Financial Education Associates (FEA)** – An assistant vice president is one of the founding board members. FEA is dedicated to educating and counseling low- and moderate-income first-time homebuyers in Massachusetts.

#### *Other Activity*

The CPDT hosted a high school intern through the non-profit organization Enroot. Enroot empowers low-income immigrant students in the Cambridge and Somerville public school systems. The internship covers the 2019 and 2020 high school year.

### **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	
<b>TIME PERIOD REVIEWED</b>	August 14, 2017 – July 20, 2020
<b>FINANCIAL INSTITUTION</b>	Cambridge Trust Company
<b>PRODUCTS REVIEWED</b>	2018 and 2019 home mortgage and small business originations.

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Boston-Cambridge-Newton, MA-NH Multistate MSA	Full scope	None	

### 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 that the bank received no complaints pertaining to the institution’s CRA performance since the previous examination. Examiners conducted the fair lending review in accordance with the 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 3,881,106 individuals of which 29.3 percent are minorities. The assessment area’s minority and ethnic population is 11.1 percent Hispanic or Latino, 7.8 percent Black/African American, 7.8 percent Asian, 0.1 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, and 0.1 percent other.

Examiners compared the bank’s lending level to the aggregate’s for 2018 and 2019. This comparison assists in deriving reasonable expectations for the rate of applications 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.

<b>MINORITY APPLICATION FLOW</b>						
<b>RACE</b>	<b>2018</b>		<b>2018 Aggregate Data</b>	<b>2019</b>		<b>2019 Aggregate Data</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
American Indian/ Alaska Native	1	0.4	0.3	0	0.0	0.2
Asian	38	12.1	7.4	18	3.9	7.1
Black/ African American	26	8.0	4.9	19	4.1	4.5
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.2
2 or more Minority	1	0.4	0.2	1	0.2	0.1
Joint Race (White/Minority)	6	2.0	1.6	4	1.0	1.6
<b>Total Racial Minority</b>	<b>72</b>	<b>23.0</b>	<b>14.6</b>	<b>42</b>	<b>9.4</b>	<b>13.7</b>
White	166	52.0	63.6	308	69.2	63.3
Race Not Available	76	25.0	21.8	95	21.4	23.0
<b>Total</b>	<b>314</b>	<b>100.0</b>	<b>100.0</b>	<b>445</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	21	7.0	6.0	14	3.0	6.0
Joint (Hisp/Lat /Not Hisp/Lat)	6	2.0	1.2	5	1.3	1.1
<b>Total Ethnic Minority</b>	<b>27</b>	<b>9.0</b>	<b>7.2</b>	<b>19</b>	<b>4.3</b>	<b>7.1</b>
Not Hispanic or Latino	213	68.0	70.6	315	69.9	69.9
Ethnicity Not Available	74	23.0	22.2	111	25.8	23.0
<b>Total</b>	<b>314</b>	<b>100.0</b>	<b>100.0</b>	<b>445</b>	<b>100.0</b>	<b>100.0</b>

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

In 2018, the bank received 314 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 72 or 23 percent from racial minority applicants, of which it originated 38 or 52.7 percent. The aggregate received 14.6 percent from minority applicants and originated 54.5 percent. For the same period, the bank received 27 applications or 9.0 percent from ethnic groups of Hispanic origin within its assessment area, of which it originated 15 or 55.5 percent versus the aggregate that received 13.2 percent from Hispanic applicants and originated 52 percent.

In 2019, the bank received 445 HMDA-reportable loan applications from within its assessment area. Of these applications, it received 42 or 9.4 percent from racial minority applicants, of which it originated 32 or 76 percent. The aggregate received 13.7 percent from minority applicants and originated 57 percent. For the same period, the bank received 19 applications or 4.3 percent from ethnic groups of Hispanic origin within its assessment area, of which it originated 16 or 84.2 percent versus the aggregate that received 7.1 percent from Hispanic applicants and originated 53 percent.

Despite the decline in percentage from 2018 to 2019, the bank maintains adequate monitoring controls of its lending and marketing by geography to ensure all demographics in the assessment area have access to credit applications. In addition, CTC uses its CPDT members to support over 300 outreach initiatives throughout the assessment area. Based on this information, 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.