

PUBLIC DISCLOSURE

September 8, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CENTURY BANK AND TRUST COMPANY

19943

**102 FELLSWAYS WEST AT MYSTIC AVENUE
SOMERVILLE, MASSACHUSETTS 02145**

Division of Banks

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NOTE:	This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations 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 Federal Deposit Insurance Corporation or the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **Century Bank and Trust Company** (“**Century Bank**” or the “**Bank**”), prepared by the Division and the FDIC, the institution's supervisory agencies, as of **September 8, 2014**. These agencies evaluate The Bank's performance in the assessment area, as it is defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in the Division's regulation 209 CMR 46.00 et seq. The FDIC rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING

The institution is rated “**High Satisfactory**” by the Division.

The institution is rated “**Satisfactory**” by the FDIC.

Please note the FDIC's rating matrix does not provide for a “High Satisfactory” rating; however, the FDIC and the Division agree on the Bank's overall performance levels.

The following table indicates the performance level of Century Bank and Trust Company with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	<u>Century Bank and Trust Company</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory**			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than Investment and Service Tests when arriving at an overall rating.

**Note: FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory rating for the three tests. For purposes of this jointly issued public evaluation, the term “Satisfactory” will be used in lieu of the “Low Satisfactory” rating for the Lending, Investment, and Service Test ratings.

LENDING TEST

The Bank's Lending Test performance is rated "High Satisfactory."

- Overall, the Bank's home mortgage and small business lending activity reflects a good responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- A high percentage of the Bank's home mortgage and small business loans were made in the Bank's assessment area. Home mortgage and small business loans made within the assessment area represented a combined 84.0 percent by number and 83.1 percent by dollar amount.
- The geographic distribution of the Bank's home mortgage and small business loans reflects good dispersion throughout the assessment area, especially in low- and moderate-income geographies, when compared to assessment area demographics and aggregate lending performance.
- Overall, given the demographics of the assessment area, the distribution of loans reflects good penetration among individuals of different income levels (including low- and moderate-income) and business customers of different sizes.
- The Bank made a relatively high level of community development loans within its assessment area or the broader regional area. These loans primarily benefitted organizations and businesses that provide affordable housing and community services throughout the area.
- The Bank made limited use of innovative and flexible lending programs to meet the credit needs of small businesses and low- and moderate-income homebuyers.

INVESTMENT TEST

The Bank's Investment Test performance is rated "High Satisfactory."

- The Bank has a significant level of qualified community development investments and grants. Overall, the Bank has 17 qualified equity investments totaling \$31.9 million. During the evaluation period, the Bank made 12 new qualified equity investments for approximately \$28 million. Additionally, the Bank made \$539,005 in qualified donations.
- The Bank demonstrated good responsiveness to credit and community development needs of the assessment area.
- The Bank occasional uses innovative and complex qualified investments.

SERVICE TEST

The Bank's Service Test performance is rated "High Satisfactory."

- Retail banking services are readily accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes.
- 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.
- Services, including branch hours are convenient and comparable to other institutions and do not vary in a way that inconveniences certain parts of the assessment area.
- Century Bank provides a relatively high level of community development services.

PERFORMANCE CONTEXT

Description of Institution

Century Bank and Trust is a Massachusetts-chartered bank headquartered at 102 Fellsway West at Mystic Avenue in Somerville, Massachusetts. The Bank is a wholly-owned subsidiary of Century Bancorp Inc., a one-bank holding company. Century Bank operates 26 full-service branches throughout Essex, Middlesex, Norfolk, and Suffolk counties. In addition to the full service branch attached to the Operations Office, located on 400 Mystic Ave, Medford, Massachusetts, there is also a limited service branch which only serves commercial customers. The Service Test section of this evaluation includes a full list of these branches.

The Bank offers a full range of products and services. Consumer loan products include adjustable-rate and fixed-rate mortgages, home equity lines and loans, automobile loans, and personal loans. Business loan products include working capital lines of credit and term loans, commercial real estate mortgages, and Small Business Administration (SBA) loans.

Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of June 30, 2014		
Loan Type	Dollar Amount \$('000s)	Percent of Total Loans
Construction, Land Development, and Other Land Loans	10,673	0.8
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	113,292	8.6
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	282,435	21.5
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	27,324	2.1
Secured by Multi-Family (5 or more) Residential Properties	20,250	1.5
Total Real Estate Loans (all above less construction)	453,974	34.5
Secured by Nonfarm Nonresidential Properties	230,786	17.6
Total Real Estate Loans	684,760	52.1
Loans to Finance Agricultural Production and Other Loans to Farmers	0	0.0
Commercial and Industrial	69,934	5.3
Consumer Loans	5,546	0.4
Total Other Loans and Leases	554,396	42.2
Total Loans	1,314,636	100.0

Source: June 30, 2014 Call Report

As of June 30, 2014, the Bank's total assets were \$3.6 billion. Net loans (total loans less the allowance for loan and lease losses) totaled \$1.3 billion representing 36.1 percent of total assets. Assets increased approximately \$1 billion, or 27.8 percent, while net loans increased by 5.5 percent since March 31, 2011. The Bank's loans are concentrated in residential and commercial real estate. The majority of the loans in Total Other Loans and Leases are obligations of states and political subdivisions.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. The Bank's CRA performance was deemed "Satisfactory" at the previous evaluation on June 6, 2011, which was also conducted jointly by the FDIC and Division.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The evaluation of the Bank's performance is based upon activity within the defined assessment area. The Bank includes contiguous portions of Essex, Middlesex, Norfolk, Suffolk, and Plymouth counties in Massachusetts (MA) as its assessment area. Essex County is in the Peabody, MA Metropolitan Division (MD) (#37764), Middlesex County is in the Cambridge-Newton-Framingham, MA MD (#15764), and Norfolk, Suffolk, and Plymouth counties are in the Boston-Quincy, MA MD (#14484). All three MDs are part of the larger Boston-Cambridge-Quincy, MA-New Hampshire Metropolitan Statistical Area (MSA) (#14460). Within Essex County, the Bank included the following municipalities in the assessment area: Andover, Beverly, Danvers, Lawrence, Lynn, Lynnfield, Marblehead, Middleton, Nahant, Natick, North Andover, Peabody, Salem, Saugus, and Swampscott. Within Middlesex County the Bank included the following municipalities in the assessment area: Arlington, Belmont, Billerica, Burlington, Cambridge, Everett, Lexington, Malden, Medford, Melrose, Natick, Newton, North Reading, Reading, Somerville, Stoneham, Tewksbury, Wakefield, Waltham, Watertown, Weston, Wilmington, Winchester, and Woburn. Within Norfolk, Suffolk, and Plymouth counties the Bank included Boston, Braintree, Brookline, Chelsea, Hingham, Milton, Needham, Quincy, Randolph, Revere, Wellesley, Weymouth, and Winthrop.

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

With the opening of two new branches in Wellesley and Andover in 2012, the Bank expanded its assessment area to include four new towns which surround the new branch locations. The towns added were Lawrence, Natick, Needham, and Wellesley. The Bank's assessment area was analyzed with 2013 demographic data, with any demographic changes in 2014 noted below.

In 2014 the Office of Management and Budget (OMB) revised the delineations of metropolitan areas, which resulted in the removal of the Peabody MD. To assess the Bank's performance, both the assessment area's 2013 and 2014 demographics were considered. The 2013 assessment area demographics are highlighted in Table 2, and any 2014 changes to the assessment area demographics are discussed in the narrative following Table 2.

Table 2 – 2013 Assessment Area Demographic Information					
Demographic Characteristics	#	Low	Moderate	Middle	Upper
		% of #	% of #	% of #	% of #
Geographies (Census Tracts)	581	14.5	23.1	34.8	25.6
Population by Geography	2,519,359	12.3	23.2	38.4	26.1
Owner-Occupied Housing by Geography	528,905	4.6	16.9	44.9	33.6
Businesses by Geography	232,757	8.4	16.2	36.4	38.7
Farms By Geography	2,513	4.2	14.2	47.8	33.8
Distribution of Families by Income Level	572,277	11.1	21.7	39.9	27.4
Distribution of Low and Moderate Income Families throughout AA Geographies	242,652	20.8	30.9	35.0	13.7
Median Family Income (MFI)		\$90,112	Median Housing Value		\$464,841
HUD Adjusted MFI		\$91,775	Unemployment Rate		7.2%
Families Below Poverty Level		12.8%			

Source: 2010 U.S. Census demographics, 2012 FFIEC updated MFI, 2013 Dun and Bradstreet business demographics, and 2013 Bureau of Labor Statistics for Boston, MA, MD

Geographies

The assessment area is comprised of 581 census tracts. In 2013 there were 84 (14.5 percent) low-income; 134 (23.1 percent) moderate-income; 202 (34.8 percent) middle-income; and 149 (25.6 percent) upper-income census tracts. Income was not available on 12 (2.07 percent) census tracts. Taking into consideration the 2014 demographic changes, the assessment area is currently comprised of 88 low-income tracts (15.2 percent); 125 (21.5 percent) moderate income; 201 (34.6 percent) middle income; and 155 (26.7 percent) upper-income tracts.

Population

Based on the 2014 demographic changes, 13.1 percent of the assessment area population resides in low-income tracts, 21.6 percent reside in moderate-income tracts, 38.1 percent reside in middle-income census tracts and 27.1 percent reside in upper-income tracts.

Family Distribution

Based on the 2014 demographic data, the number of families in low-income and upper-income tracts increased to 11.9 percent and 28.4 percent, respectively, while families in moderate-income and middle-income tracts decreased to 20.3 percent and 39.4 percent, respectively. The percent of assessment area families below the poverty line was not affected by the revised delineations of the metropolitan areas.

Median family income (MFI) is used to determine the distribution of home mortgage loans by borrower income level. The Federal Financial Institutions Examination Council (FFIEC) calculates the annual MFI, which incorporates the U.S. Census Bureau's American Community Survey information. The 2012, 2013, and 2014 FFIEC-calculated MFI for the Cambridge-Newton-Framingham, MA MD was \$106,400, \$101,000, and \$93,300, respectively. The 2012, 2013, and 2014 FFIEC-calculated MFI for the Boston-Quincy, MA MD was \$88,800, \$88,000, and \$87,200, respectively. The Peabody, MA MD for 2012 and 2013 was \$87,300 and \$83,500, respectively.

Housing

Housing units within the assessment area total 1,051,220, of which 528,905 (50.3 percent) are owner-occupied, 451,681 (43.0 percent) are rental-occupied, and 70,634 (6.7 percent) are vacant. Of the owner-occupied units within the assessment area, using 2013 data, 4.6 percent were located in

low-income census tracts, 16.9 percent in moderate-income census tracts, 44.9 percent in middle-income tracts, and 33.6 percent in upper-income tracts. With the 2014 revisions, 5.2 percent of owner-occupied houses are located in low-income tracts, 15.8 percent are in moderate-income tracts, 44.2 percent are in middle-income tracts and 34.8 percent are in upper-income tracts. The low number of owner-occupied housing units in the assessment area's low-income tracts presumably limits the Bank's ability to make home mortgages in these areas.

Table 2 also displays the median housing value in the assessment area according to 2010 U.S. Census data. More recent data obtained from *Zillow Real Estate* showed 2014 median housing values in the assessment area ranged from a low of \$183,600 to a high of \$819,600. Overall housing values increased from 2012 to 2014 with average median housing values increasing from \$354,715 to \$383,200.

Unemployment

Unemployment rates within the assessment area declined since the prior examination. For the time period of June 2013 to July 2014, the Bureau of Labor Statistics reported the following county unemployment rates (not seasonally adjusted): Essex (7.8 percent), Middlesex (6.2 percent), Norfolk (6.5 percent), Plymouth (7.5 percent), and Suffolk (7.9 percent). The Massachusetts and U.S. unemployment rates were both 6.7 percent.

Business Data

Table 3 illustrates the number of non-farm businesses by annual revenue category.

Table 3 – Non-farm Businesses by Annual Revenues				
Gross Annual Revenue (GAR) Category	2012		2013	
	#	%	#	%
≤ \$1 million	177,800	70.2	164,509	70.7
> \$1 million	13,903	5.5	13,615	5.8
Revenues Unknown	61,590	24.3	54,633	23.5
Total	253,293	100.0	232,757	100.0

Source: 2012 and 2013 Dun & Bradstreet data

Between 2012 and 2013, the total number of non-farm businesses declined by 8.1 percent. The 2014 business demographics are not currently available. The percentage of non-farm businesses reporting company GARs of \$1 million or less decreased by 7.5 percent. As noted in Table 2, the percentage of non-farm businesses located in low- and moderate-income census tracts remained stable as well.

Competition

In addition to the demographic composition and economic environment of the assessment area, competition from other financial institutions also impacts the Bank's lending performance. During 2012, 567 Home Mortgage Disclosure Act (HMDA)-reporting institutions made or purchased 160,472 HMDA loans totaling \$51.5 billion in the assessment area. Based on its 2012 activity, Century Bank's market share was 0.44 percent by number and 0.23 percent by dollar volume, with an institution ranking of 45th and 78th, respectively. The top five lenders included Wells Fargo Bank, N.A.; JPMorgan Chase Bank, N.A.; US Bank, N.A.; Mortgage Master, Inc.; and CitiBank, N.A. Collectively, these top lenders accounted for 32.0 percent by number and 28.1 percent by dollar volume within the assessment area.

The Bank also faces strong competition for small business loans. During 2012, 136 CRA-reporting lenders originated 86,582 small business loans totaling \$2.9 billion within the counties the Bank operates in. Century Bank's market share was 0.39 by number and 1.9 by dollar volume, with an institution ranking of 23rd and 15th, respectively. Excluding credit card banks, the Bank competes for small business loans with institutions such as CitiBank, N.A.; Capital One Bank USA, N.A.; Chase Bank USA, N.A.; Texas Capital Bank; and RBS Citizens, N.A.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with an organization that provides affordable housing services to individuals and families in the area. The contact stated that there is a need for more affordable housing in the area. In the past decade, this area has gone through a revitalization and gentrification, causing already high housing prices to rise. Low- to moderate-income families and individuals relying on fixed incomes often have difficulty keeping up with mortgage or rent payments. Furthermore the contact stated that the community also needs more education and job opportunities for the individuals in the area, so that individuals are able to earn a better income. The contact also suggested a need for more financial literacy and ESL courses for low- and moderate-income individuals.

SCOPE OF EVALUATION

This evaluation was conducted jointly by the Division and the FDIC. The agencies assessed Century Bank's CRA performance utilizing Large Bank procedures as established by the FFIEC. These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the Bank's home mortgage and small business lending. Since the Bank does not make farm loans and consumer loans represent only 0.4 percent of total loans, these products were not included in the lending analysis. The Bank's most recent Report of Condition and Income (Call Report), dated June 30, 2014, indicated residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 34.5 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 22.9 percent of the loan portfolio. Residential lending also represented the majority of loan volume during the review period; therefore, the Bank's home mortgage lending carried greater weight in the Lending Test.

Data reviewed included all home mortgage loans reported on the Bank's HMDA loan application registers (LARs) for 2012, 2013, and year-to-date (YTD) 2014 (January 1, 2014 through June 30, 2014). The LARs contained data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 845 loans totaling \$141.3 million in 2012, 932 loans totaling \$156.3 million in 2013, and 294 loans totaling \$37.4 million as of June 30, 2014. The Bank's 2012 home mortgage lending performance was compared against 2012 aggregate lending data. The 2013 aggregate data was not available as of the evaluation date.

Aggregate data includes the lending activity within the Bank's assessment area of all institutions subject to HMDA reporting.

Small business loans were also reviewed for the same period. CRA regulations require large banks to collect and submit small business loan data. The Bank made 274 small business loans totaling \$45.0 million in 2012, reported 252 loans totaling \$45.0 million in 2013, and 132 loans totaling \$20.5 million as of June 30, 2014, within the assessment area. The small business loan registers contain information on originated commercial real estate, and commercial and industrial loans with original balances of \$1 million or less. The Bank's performance was compared to 2012 aggregate data, which includes all small business loans reported in the assessment area. Aggregate data for 2013 small business loans was not available as of the evaluation date.

The evaluation also considered community development lending and innovative and flexible lending programs from the prior CRA evaluation, dated June 6, 2011, to September 8, 2014. The Investment Test and Service Test also considered the number and dollar amount of qualified investments and community development services since the prior CRA evaluation. In addition to new investments, the Bank also gets consideration for qualified equity investments that remain on the books from prior evaluations.

Demographic data utilized in this evaluation consisted primarily of 2010 U.S. Census information, unless otherwise noted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluated the Bank's record of helping to meet the credit needs of its assessment area by considering home mortgage, small business, and community development lending. As noted in the *Scope of Evaluation* section, small farm and consumer loans were not included in this analysis. More emphasis was placed on home mortgages than small business loans, as home mortgages are the Bank's primary lending focus. The institution's lending performance was evaluated pursuant to the following criteria:

- Lending activity;
- Assessment area concentration;
- Geographic distribution;
- Borrower profile;
- Community development loans;
- Responsiveness to credit needs; and
- Innovative or flexible lending practices.

Century Bank is rated "High Satisfactory" in the Lending Test. The following sections address the Bank's performance throughout the assessment area by Lending Test component.

Lending Activity

The Bank's lending activity reflects good responsiveness to the credit needs of the assessment area considering the size of the institution, loan portfolio composition, and the significant level of competition within the assessment area. Examiners reviewed the number and dollar volume of loans originated over the review period, as well as 2012 market share data to determine the Bank's level of lending relative to assessment area credit needs. The number of home mortgage loans originated in the Bank's assessment area increased from 2012 to 2013, which was 714 and 763, respectively. YTD 2014 HMDA information shows a potential decrease for the year, with 239 loans within the assessment area and 294 loans in total. The Bank's small business lending decreased from 2012 to 2013. The Bank's small business loans will likely stay in the 2013 range for 2014. As of June 30, 2014, the Bank had made 146 small business loans.

Assessment Area Concentration

The Bank made a high percentage of its home mortgage and small business loans within the assessment area. Overall, 84.0 percent of the Bank's loans were originated inside the assessment area by number and 83.1 percent by dollar volume. Please refer to Table 4 for details concerning the Bank's assessment area concentration.

Table 4 – Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total \$(000)
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Loans										
2012										
Home Purchase	69	74.2	24	25.8	93	26,240	80.1	6,503	19.9	32,743
Refinance	312	85.5	53	14.5	365	80,878	87.5	11,571	12.5	92,449
Home Improvement	333	86.0	54	14.0	387	11,702	72.7	4,387	27.3	16,089
Total	714	84.5	131	15.5	845	118,820	84.1	22,461	15.9	141,281
2013										
Home Purchase	133	78.2	37	21.8	170	47,821	79.9	12,046	20.1	59,867
Refinance	251	84.2	47	15.8	298	66,320	84.3	12,357	15.7	78,677
Home Improvement	379	81.7	85	18.3	464	13,525	76.1	4,238	23.9	17,763
Total	763	81.9	169	18.1	932	127,666	81.7	28,641	18.3	156,307
YTD 2014										
Home Purchase	49	69.0	22	31.0	71	15,023	71.4	6,010	28.6	21,033
Refinance	30	90.9	3	9.1	33	9,949	91.1	972	8.9	10,921
Home Improvement	160	84.2	30	15.8	190	4,661	84.9	828	15.1	5,489
Total	239	81.3	55	18.7	294	29,633	79.1	7,810	20.9	37,443
Total Home Loan	1,716	82.9	355	17.1	2,071	276,119	82.4	58,912	17.6	335,031
Small Business Loans										
2012	274	85.9	45	14.1	319	45,072	84.3	8,364	15.7	53,436
2013	252	86.9	38	13.1	290	44,982	84.4	8,318	15.6	53,300
YTD 2014	132	90.4	14	9.6	146	20,539	87.8	2,859	12.2	23,398
Total Small Business	658	87.2	97	12.8	755	110,593	85.0	19,541	15.0	130,134
Grand Total	2,374	84.0	452	16.0	2,826	386,712	83.1	78,453	16.9	465,165

Source: HMDA LARs and Small Business Loan Registers for 2012, 2013 and 2014.

Home Mortgage Lending

The Bank extended a high percentage of home mortgage loans by number and dollar amount inside the assessment area. Table 4 also shows the composition of loans inside and outside the assessment area by loan purpose. The number of loans made inside the assessment area shows a decreasing trend, which is driven by the drop in refinance originations. During the review period, 82.9 percent and 82.4 percent of all HMDA-reportable loans were inside the assessment area by number and dollar volume, respectively.

Small Business Lending

A substantial majority of small business loans were originated inside the assessment area during the review period. Overall, 87.2 percent and 85.0 percent of small business loans were originated inside of the assessment area by number and dollar volume, respectively. Contrary to home mortgage lending, the number of loans made inside the assessment area increased from 2012 to 2014.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout the entire assessment area. The focus of this analysis is to assess the Bank's home mortgage and small business loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts.

Overall, the geographic distribution of home mortgage and small business lending reflects good dispersion throughout the Bank's assessment area, particularly in low- and moderate-income census tracts.

Home Mortgage Lending

Table 5 illustrates the Bank's loan originations by census tract income level compared to 2012 aggregate lending data and the distribution of owner-occupied housing units within the assessment area.

Table 5 – Distribution of Home Mortgage Loans by Census Tract Income Level								
Census Tract Income Level	% of Total Owner-Occupied Housing Units 2010 Census	2012 Aggregate Lending Data	Bank 2012		Bank 2013		Bank YTD 2014	
		(% of #)	#	%	#	%	#	%
Low	4.6	3.6	29	4.1	22	2.9	7	2.9
Moderate	16.9	13.2	150	21.0	139	18.2	43	18.0
Middle	44.9	42.3	291	40.8	308	40.4	103	43.1
Upper	33.6	40.9	244	34.1	294	38.5	86	36.0
Total	100.0	100.0	714	100.0	763	100.0	239	100.0

Source: 2012-2014 HMDA Data, 2010 U.S. Census Data

The number of loans made in low-income census tracts increased significantly since the previous examination. In 2010 and 2011, the Bank made 1 and 2 loans in low-income census tracts, respectively. Loans made in low-income census tracts made up 0.4 percent and 0.5 percent of home mortgage lending in 2010 and 2011, respectively. In 2012, the Bank made 29 loans in low-income census tracts, which made up 4.1 percent of loans and was slightly above the 2012 aggregate market. The Bank's 2013 performance decreased by number and percentage in low-income census tracts. Based on 2014 numbers, the downward trend is projected to continue. In discussions with management, the decrease is attributed to the interest rate environment and its impact on the refinance portfolio. Additionally, the Bank puts an emphasis on lending to low-income individuals, as opposed to lending in low-income tracts. According to 2012 peer mortgage data, the Bank ranked 38th out of 286 HMDA-reporting lenders in the assessment area's low-income tracts with a market share of 0.51 percent.

Lending in moderate-income census tracts also increased since the last examination, going from 61 and 76 in 2010 and 2011, respectively, to 150 loans in moderate-income census tracts in 2012. Within the moderate-income census tracts, the Bank's 2012 performance exceeded that of the aggregate and the percentage of owner-occupied housing units. The number of loans made in 2013 and YTD 2014 reflect a slight downward trend. As noted previously, the trend can be partially attributed to the interest rate environment and the impact it had on the Bank's refinance activity. The 2012 peer mortgage data shows that the Bank ranked 33rd out of 391 HMDA-

reporting lenders in the assessment area's moderate-income census tracts with a market share of 0.71 percent.

Small Business Lending

The geographic distribution of small business loans demonstrated good penetration throughout the assessment area. Table 6 illustrates 2012, 2013, and YTD 2014 small business loans by census tract income level and compares this activity to the distribution of businesses within the assessment area.

Table 6 – Distribution of Small Business Loans by Census Tract Income Level									
Census Tract Income Level	% of Total Businesses (2012)	Aggregate Lending Data (% of #)	Bank 2012		% of Total Businesses (2013)	Bank 2013		Bank YTD 2014	
			#	%		#	%	#	%
Low	8.4	7.5	28	10.2	8.4	25	9.9	11	8.3
Moderate	16.3	16.5	81	29.6	16.2	72	28.6	38	28.8
Middle	36.5	39.1	90	32.8	36.4	84	33.3	45	34.1
Upper	38.4	36.5	73	26.6	38.7	71	28.2	36	27.3
N/A	0.4	0.4	2	0.8	0.3	0	0.0	2	1.5
Total	100.0	100.0	274	100.0	100.0	252	100.0	132	100.0

Source: Bank Records – Small Business Data (2012-2014); D&B 2012 Business Data

Table 6 shows that the Bank's lending within low-income census tracts in 2012 was higher than the percentage of businesses located in low-income tracts, and exceeded the aggregate lending percentage. Within moderate-income census tracts, the Bank's percentage of loans also exceeded the percentage of businesses located in these geographies and the aggregate lending percentage. Similar to home mortgage lending, the Bank's lending activities shows a downward trend for 2013, but a slight improvement for 2014.

Borrower Profile

The distribution of loans by borrower income level and small business revenue category was reviewed to determine the extent to which the Bank addressed the credit needs of individuals and small business customers within the assessment area. The distribution of loans reflects, given the demographics of the assessment area, good penetration among retail customers of different income levels (including low- and moderate-income) and businesses of different sizes.

Home Mortgage Lending

The Bank's performance reflects good penetration among individuals of different income levels. More weight was placed on the Bank's record of lending to low- and moderate-income borrowers. Table 7 illustrates the distribution of 2012, 2013, and YTD 2014 loans by borrower income level compared to 2012 aggregate lending data and the percentage of families by income level within the assessment area.

Table 7 – Distribution of Home Mortgage Loans by Borrower Income Level								
Income Level	% of Total Families - 2010 Census	2012 Aggregate Lending Data	Bank 2012		Bank 2013		Bank YTD 2014	
		(% of #)	#	%	#	%	#	%
Low	11.1	4.6	68	9.5	55	7.2	15	6.3
Moderate	21.7	15.5	160	22.4	141	18.5	40	16.7
Middle	39.9	23.7	188	26.3	198	26.0	51	21.3
Upper	27.3	43.3	287	40.2	356	46.7	122	51.0
N/A	0.0	12.9	11	1.6	13	1.6	11	4.7
Total	100.0	100.0	714	100.0	763	100.0	239	100.0

Source: 2012 HMDA LAR; 2010 U.S. Census Data

In 2012, The Bank's percentage of home mortgage loans to low-income borrowers exceeded the aggregate market percentage; however, this ratio was slightly lower than the percentage of low-income families. The comparison to aggregate data provides a more accurate depiction of market demand. According to 2012 peer mortgage data, the Bank ranked 23rd out of 287 HMDA reporters in lending to low-income borrowers in the assessment area, with a market share of 0.93 percent. There were only three FDIC community banks which ranked above Century Bank: Lowell Cooperative Bank, Eastern Bank, and Stoneham Bank. The Bank's performance in 2013 and 2014 shows a downward trend, which can again be attributed to the interest rate environment and competition, and the effect they had on the Bank's refinance portfolio.

The Bank's level of lending to moderate-income borrowers in 2012 also exceeded the aggregate's percentage and the percentage of moderate-income families. According to 2012 peer mortgage data, the Bank ranked 34th out of 386 lenders in the assessment area, with a market share of 0.64 percent. The Bank's penetration of loans to moderate-income borrowers declined in 2013 and 2014. Management indicated that the general decline in loan volume was due to lower demand for refinance loans.

Small Business Lending

The distribution of small business loans reflects good penetration among businesses of different sizes. Table 8 illustrates small business loans compared to the percentage of businesses within the assessment area by revenue category.

Table 8 – Distribution of Small Business Loans by Revenues									
GAR \$(000s)	% of Total Businesses (2012)	Aggregate Lending % (2012)	Bank 2012		% of Total Businesses (2013)	Bank 2013		Bank YTD 2014	
			#	%		#	%	#	%
≤ \$1,000	70.2	40.5	160	58.4	70.7	142	56.3	78	59.1
> \$1,000	5.5	59.5	114	41.6	5.9	110	43.7	54	40.9
Not Reported	24.3	0.0	0	0.0	23.5	0	0.0	0	0.0
Total	100.0	100.0	274	100.0	100.0	252	100.0	132	100.0

Source: Bank Records – Small Business Data (2012); D&B 2012 Business Data. * Business revenue > \$1mm or N/A

As depicted in Table 8, the Bank originated a majority of 2012 small business loans to businesses with GARs of \$1 million or less. Despite the Bank's performance being below the percentage of 2012 businesses with GARs of \$1 million or less, the bank did exceed the aggregate. The results were similar by percentage in 2013, although the number of loans to small businesses was less than 2012. YTD 2014 seems to reflect the potential to exceed 2013 levels.

Community Development Loans

Century Bank made a relatively high level of community development loans. During the evaluation period, the Bank made or renewed 16 qualified community development loans for approximately \$30.5 million. Community development loans were distributed to non-profit organizations and businesses to provide community services to low- and moderate-income individuals. The Bank's community development lending is detailed in Table 9.

Table 9 - Community Development Loans								
Activity Year	Qualifying Category						Totals	
	Affordable Housing for LMI		Community Services Targeted to LMI		Activities that Promote Economic Development			
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2012	0	-	6	13,323	0	0	6	13,323
2013	1	100	5	9,160	2	3,866	8	13,126
1/1/14-09/08/14	0	-	2	4,000	0	0	2	4,000
Total	1	100	13	26,483	2	3,866	16	30,449

Source: Bank Records.

The following loans represent the Bank's community development record during the evaluation period.

- In 2012 the Bank originated a \$100,000 revolving line of credit for day-to-day operations of the *Boston Center for Independent Living*. The center is a non-profit organization that provides personal care assistance for low-income individuals with disabilities. The care is paid for by Mass Health. The overall assessment area benefits from this organization.
- In 2012, the Bank extended credit in the form of a tax exempt bond and a 10-year term loan to *Dimock Community Foundation, Inc. & Affiliates (Dimock)*. Dimock provides health and community services, HIV/Aids care, child and family development services, behavioral health services, and adult basic education to low- and moderate-income individuals in Roxbury, Jamaica Plain, Dorchester, Roslindale, and Mattapan, all located inside the Bank's assessment area. No person is refused care based on their ability to pay, and approximately 60 percent of all patients have Medicare and Medicaid. The tax exempt bond, for approximately \$9.3 million, was used to refinance high-cost debt and provide funding for the youth and family services building. The \$3.6 million 10-year loan was used to support working capital requirements. In 2013, the Bank also originated another \$1.2 million to Dimock to fund an energy project.

- In 2012 the Bank originated a \$50,000 revolving line of credit to *Mediation Works Inc.* The line of credit will be used to finance a contractor for office repairs. This non-profit company specializes in mediation, arbitration, and training. Specifically, the company works to prevent homelessness by providing low-income tenants and landlords with services designed to help them reach efficient and durable agreements through mediation. The organization also provides quality small claims and consumer mediation services to low-income litigants. Additionally, the non-profit empowers low-income women to become more effective advocates for themselves and their children, and provides family mediation programs for at-risk children and their families, never married parents, and parents seeking divorce. All services are free and targeted to low- and moderate-income individuals located inside the Bank's assessment area.
- In 2012 the Bank originated a \$50,000 revolving line of credit to provide support for working capital for the *National Center on Family Homelessness Inc.* The National Center on Family Homelessness Inc. is a research center that studies ways to prevent and end homelessness. The Bank's assessment area benefits from the organization.
- In 2012, the Bank originated a \$172,900 4-year term loan for the purchase of 5 new vehicles for the *Greater Lynn Senior Center*. The vehicles will be used to deliver free "Meals on Wheels" to low-income senior citizens, as well as provide rides to the seniors. The Greater Lynn Senior Center serves individuals over 60 and adults of all ages with disabilities in Lynn, Lynnfield, and Nahant. A majority of the seniors are low- or moderate-income.
- In 2013 the Bank originated a \$100,000 loan for *Boston Avenue Housing Corporation*, which will be used to finance the rehabilitation of two existing affordable housing units in Medford. The Boston Avenue Housing Corporation is a non-profit organization, located in Medford, whose mission is to promote the development, rehabilitation, and maintenance of affordable housing in Medford, with a special focus on housing for low- and moderate-income people.
- The Bank made a \$3.8 million loan for the *Morning Star Baptist Church* in 2013. The loan is being used to finance the church's expansion. The expansion will assist with community development services. The church is located in Mattapan. These programs currently include a food pantry and an annual Thanksgiving basket drive for low-income families, and serve the low-income areas of Dorchester, Mattapan, and, Roxbury. Plans for the expansion include offering computer training for youth and seniors, and skill development courses for low-income single parents.
- In 2013 the Bank originated two loans for the *Community Development Corporation of Boston (CDC)*. The \$3.4 million, 16-year term loan was used to refinance existing real estate debt, while the \$500,000 revolving line of credit was used to support working capital requirements. The Community Development Corporation of Boston is a non-profit organization located in a moderate-income tract in Boston. The organization develops and encourages economic development that incorporates ownership, jobs and attention to physical and social well-being to revitalize and/or maintain Boston's neighborhoods. The CDC focuses on bringing vacant land and buildings in Boston to

productive use, as well as work to create employment opportunities for the unemployed and underemployed citizens of Roxbury and the South End neighborhoods of Boston.

- The Bank originated a \$675,000, 1-year interest only, loan for *Bread of Life*, a non-profit organization located in Malden. The loan will be used to finance 90 percent of the acquisition cost for the organization's new building. *Bread of Life* provides meals to the homeless and needy, as well as energy assistance, head start programs, and low-income housing to previously homeless and low-income men and women.
- In 2013, the Bank originated a \$1.5 million revolving line of credit, and a \$2 million term loan, for the *Italian Home for Children*. The revolving line of credit was used to provide support for working capital requirements, and the 10-year term loan was used to refinance existing mortgage debt. The Italian Home for Children offers treatment to children who are emotionally disturbed and without a place to live, as well as day-treatment programs and educational services. Most of the children are from low- and moderate-income families.
- In 2014, the Bank made two loans to the *South End Community Health Center, Inc.*, a non-profit organization located in Boston. The Bank originated a \$3.5 million 10-year term loan to refinance existing mortgage debt, and a \$500,000 revolving line of credit to support working capital requirements. The South End Community Health Center provides high quality medical, dental and mental health services to the South End Community and surrounding neighborhoods, regardless of the patient's ability to pay. The majority of patients are low- and moderate-income.

The Bank's current number and dollar amount of community development loans compared favorably with similarly situated banks/competitors. The Bank's current loan total is slightly higher than the previous examination. A review of the loan purposes revealed that most met many of the community development needs in the assessment area.

Innovative or Flexible Lending Practices

This criterion includes all innovative and flexible lending activities since the prior evaluation, covering from June 11, 2011 through September 8, 2014. Overall, the Bank exhibited limited use of innovative and flexible programs, although it is acknowledged that the Bank increased advertising of the innovative and flexible lending programs since the last examination. Table 10 shows the number of programs and the amount of residential and commercial innovative and flexible loans made since the previous examination.

Table 10- Innovative and Flexible Loans										
Programs	Post Exam 2011		2012		2013		YTD 2014		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
MassHousing Mortgage Program	0	0	0	0	6	1,736	0	0	6	1,736
FHLB Equity Builder	0	0	1	10	2	23	2	27	5	60
Mass Save Heat Loan Program	98	1,227	310	4,471	391	6,137	226	3,436	1,025	15,271
SBA 7-A	9	1,087	19	2,297	6	1,241	15	1,898	49	6,523
SBA 504	1	244	3	732	2	1,240	2	351	8	2,567
TOTAL	108	\$2,558	333	\$7,510	407	\$10,377	245	\$5,712	1,093	\$26,157

Source: Bank Records.

Home Mortgage/Residential Loans

- In 2012, the Bank introduced the *Special MassHousing Mortgage Program*, which is designed for low- and moderate-income families to purchases homes at market rates with or without affordable mortgage insurance. Customers who qualify for the MassHousing Program have access to down payment and closing cost grants, low down payments, fixed-rates, refinance options, affordable loan limits, and mortgage insurance options.
- The Bank continues to offer Private Mortgage Insurance which enables borrowers to purchase a home with a reduced down payment.
- The Bank offers prospective borrowers who participate in *the first-time homebuyer programs*, in predominately low- and moderate-income and high minority communities, a coupon worth \$250 in closing cost rebates when they borrow for a home purchase through Century Bank.
- In 2012, the Bank started to participate in the *Federal Home Loan Bank's Equity Builder*, which offers member banks grants to provide households with incomes at or below 80 percent of the area median income with a down payment, closing costs, home buyer counseling, and/or rehabilitation assistance. When the Bank identifies a customer eligible for the program, the Bank will contact a participating organization (i.e. a local housing authority), which will approve the down payment/closing cost requests and reimburse the Bank for providing funds to close the transaction.
- As part of the *Mass Save HEAT Loan* program, eligible borrowers may obtain an interest-free HEAT Loan for the installation of energy efficient improvements. To be eligible for the program borrowers must own a 1-4 family home and have been approved by Mass Save after completing the Mass Save Home Energy Assessment.

Small Business Loans

- The *7a program* provides start-up costs to small businesses. The Bank funds the loan, with SBA providing a loan guarantee of between 75 percent and 90 percent of the total loan amount, depending on the use of the loan proceeds.
- The *504 program* is predominantly used for the construction and/or acquisition of commercial real estate for small businesses. Under this program, The Bank provides 50 percent of the total construction and/or acquisition funding, while the SBA provides 40 percent. The borrower is required to contribute 10 percent of total funds invested in the construction and/or acquisition.

INVESTMENT TEST

Century Bank's Investment Test performance is rated "High Satisfactory." The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the Investment Test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

Century Bank has a significant level of qualified community development investments. The institution exhibits a good responsiveness to credit and community economic development needs through its qualified grants and donations; however, the Bank only occasionally uses innovative and/or complex investments to support community development initiatives.

The majority of the Bank's investments are in mortgage-backed securities. Qualified bonds and equity investments totaled approximately \$31.9 million and represents 1.8 percent of the Banks' investments as of August 31, 2014. The level of qualified investments is significantly higher than the previous examination.

Equity Investments

Current Period Investments

- Federal National Mortgage Association (FNMA) Mortgage-Backed Security (MBS)
FNMA offers CRA-targeted securities that are tailored to meet the community development needs of a financial institution. These securities are backed by residential mortgages, in which a substantial majority was originated to low- and moderate-income borrowers. Century Bank purchased 11 securities during the examination period totaling approximately \$28 million. Eight of the MBS directly benefited the assessment area, while the remaining three benefited a broader area.

- Century Bank continued to invest in the Massachusetts Business Development Corporation's MassBusiness Capital Fund III. At the previous examination the Bank made an initial investment on its total \$500,000 commitment. During this examination, the Bank advanced an additional \$145,454 to the fund. In addition to the current advance, the Bank has a remaining investment with a current book value of \$29,093.

Prior Period Investments

The following investments are from prior evaluations that the Bank continues to maintain on its books.

- The Bank previously purchased two FNMA MBS that have a current book value of approximately \$2 million. The investment benefitted the assessment area as well as low- and moderate-income individuals.
- In 2001, the Bank committed \$500,000 to the Massachusetts Business Development Corporation's (MBDC) MassBusiness Capital Fund II. The objective of the fund is to provide a long-term capital delivery mechanism to established small businesses in need of capital growth. The fund also seeks to concurrently stimulate economic growth and promote job creation and retention in Massachusetts. The administrator of the fund, the MBDC, is closing out the fund and returning capital to its investors. The current book value on this investment is \$36,883. This investment benefitted the assessment area.
- The Bank continues to hold an original investment of \$1.5 million in the Access Capital Strategies Community Investment Fund, Inc. (ACSCIF). The ACSCIF is a SEC-registered fund structured as a business development company. The primary purpose of the fund is to provide a secondary market and financing vehicle for community development loan originators. The fund invests in private placement debt securities specifically designated to support underlying community development activities targeted to serve low- and moderate-income individuals, including affordable housing, education, small business lending and other job creating investments within the State of Massachusetts. This investment benefitted the assessment area.
- Century Bank continues to hold common stock in the Massachusetts Business Development Corporation which provides financing to growing businesses throughout Massachusetts. The current book value is \$7,000. This investment benefitted the assessment area.

Charitable Contributions

The Bank also provided assistance to community development efforts in the assessment area through direct grants and charitable contributions to organizations that provide education, youth programs, affordable housing, health and human services, and economic development. Century Bank provided a significant level of grants and donations. During the evaluation period, the Bank provided 159 qualified grants totaling just \$539,005. The Bank significantly increased the level of qualified donations since the last examination. Table 11 provides a summary of the Bank's qualified contributions.

Table 11-Community Development Grants and Donations by Category

Category	06/06/2011-12/31/2011		2012		2013		01/01/2014-09/08/2014		TOTAL	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	4	2,400	6	5,300	5	3,050	2	750	17	11,500
Community Services	12	23,850	50	182,595	46	207,525	33	113,035	141	527,005
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	1	500	0	0	1	500
Total	16	26,250	56	187,895	52	211,075	35	113,785	159	539,005
Pre-tax Net Operating Income (NOI)	18,712,000		21,080,000		20,541,000					
Donations/Pre-tax NOI	0.1%		0.9%		1.0%					

Source: Internal Bank records

The following is a sample of organizations that received donations from the Bank

Action for Boston Community Development (ABCD): ABCD is an anti-poverty agency serving over 95,000 low-income greater Boston residents through its City-wide network of neighborhood based organizations. ABCD is committed to promoting self-help for low-income individuals and families. The donation allowed ABCD to continue to improve the overall quality of life of greater Boston's homeless and low-income residents. This donation benefitted the assessment area.

Catholic Charities of Boston: Catholic Charities served over 200,000 needy individuals through assistance with food, rent, utilities, and clothing. Additionally, approximately 110,000 individuals benefitted from the food pantry. The majority of the recipients are low- or moderate-income. This organization benefits the assessment area.

Somerville Homeless Coalition: The organization provides homeless and near homeless individuals and families with housing solutions, with a goal of maintaining affordable housing. Additionally, the Somerville Homeless Coalition offers food services, emergency shelter, and a homeless prevention program. The majority of the individuals served are low- or moderate-income.

Dimock Community Health Center: The Dimock Community Health Center provides residents of Boston with convenient access to high quality, low-cost health care and human services that might not otherwise be available to the communities they serve. The Dimock Center is a community institution serving Boston's inner-city neighborhoods of Roxbury, Dorchester, Mattapan, Jamaica Plain and Hyde Park. Located in Roxbury, Dimock provides vital health and human services to thousands of individuals and families each year and is considered a national model of integrated comprehensive health and human services. These neighborhoods consist of primarily low- and moderate income families.

Arlington Community Trabajando (ACT): ACT is a non-profit Community Development Corporation, serving the City of Lawrence. ACT is dedicated to empower residents with a range of community development initiatives and activities such as affordable housing, foreclosure

prevention, first-time homebuyer education, family financial literacy, business and youth development. The majority of the individuals served are low- or moderate-income.

Boston Renaissance Charter Public School: Located in Hyde Park and serving the inner-city youth of Boston, the Renaissance Charter Public School empowers their K-6 grade students to see beyond their surroundings, accomplish their goals, and follow their dreams. With 82 percent of the students qualifying for free or reduced lunch, the Bank's donations served low- to moderate-income families and children.

Housing Families: Located in Malden, Housing Families works to end family homelessness by providing safe, temporary shelter and quality affordable housing to homeless and at-risk families. Housing Families offers individualized supportive services to enrich children's lives, nurture the potential of each family member, and help families maintain permanent housing. The majority of the individuals served are low- or moderate-income.

Little Sisters of the Poor: Serving low-income seniors, Little Sisters of the Poor is an assisted living and nursing home facility that is dedicated to valuing the lives of individuals and couples 65 years of age and older. The majority of the individuals are low- or moderate-income.

Hebrew SeniorLife Inc.: The Bank made many donations to Hebrew SeniorLife. Over 85 percent of their long-term care patients are Medicaid recipients and 80 percent of the residents in the supportive living community are low-income. Hebrew SeniorLife is the largest provider of elder health care in the metropolitan Boston area. Hebrew SeniorLife is devoted to innovative geriatric research, care, and housing and assisted living opportunities.

B'nai B'rith Housing: The goal of B'nai B'rith Housing is to ease the housing crisis by producing a steady stream of high quality affordable housing throughout greater Boston. B'nai B'rith Housing works with cities and towns to create economically viable, affordable housing options which respond to the needs and aspirations of each community. The housing services, both rental and home ownership, are focused towards young families and older adults, regardless of religion or background. The majority of the individuals served are low- or moderate-income.

SERVICE TEST

The Bank's Service Test performance is rated "High Satisfactory." The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Century Bank has an effective system for delivering retail banking and community development services to the assessment area. The Bank's branches, all with 24-hour automated teller machines (ATMs), are located throughout the assessment area and are readily accessible and convenient to low- and moderate-income residents and the area's low- and moderate-income census tracts. In meeting community development service needs, the Bank provides a relatively high level of community development services, including financial expertise to community development groups in the assessment area.

The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Distribution of Branches

Table 12						
Distribution of Branches and ATMs						
Census Tract Income	Percent of Tracts	Percent of Population	Branches		ATMs	
			#	%	#	%
Low	15.1	13.1	4	15.4	6	11.6
Moderate	21.5	21.6	6	23.1	10	19.2
Middle	34.6	38.1	5	19.2	18	34.6
Upper	26.7	27.1	11	42.3	18	34.6
NA	2.1	0.1	-	-	-	-
TOTAL	100.0	100.0	26	100.0	52	100.0

The Bank's distribution of branches and ATMs closely mirrors the population percentages and census tract distribution within Century Bank's assessment area, especially focusing on low- and moderate-income areas. Ten of the Bank's branches are located in low- or moderate-income tracts. In addition, the Bank maintains three stand-alone deposit-taking ATMs in low- or moderate-income census tracts.

Record of Opening and Closing Branches

Since the previous CRA evaluation the Bank opened three branches and closed one. The Bank's Chestnut Hill Square branch was opened at 210 Boylston Street in 2013. The Wellesley location, located at 75 Central Street, and the Andover location, located at 15 Elm Street were opened in 2012. The Wellesley and Chestnut Hill Square branches are located in upper-income census tracts, while the Andover location is in a middle-income census tract. In 2012, the Bank closed its 31 Boylston Street location in Chestnut Hill, which was located in an upper-income census tract. To the extent changes have been made, the 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.

Retail Banking Services

Banking services, including business hours, do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals. The Bank's retail services are readily accessible to all customers, including low- and moderate-income individuals and residents of the low- and moderate-income geographies of the assessment area. Bank services include traditional deposit products which are available online as well as residential and commercial loan products.

The Bank's hours of operation are convenient and comparable to other local area institutions. Office hours at the majority of the Bank's branch locations are generally from 8:30am-4:00pm Monday through Wednesday; 8:30am-6:00pm on Thursday; 8:30am-5:00pm on Friday; and 8:30am-12:00pm on Saturday. Exceptions to this are two of the four Boston branches that do not offer services on Saturdays. The Bank's branches, most with 24-hour ATMs, are located throughout the assessment area.

Alternative of Delivery Systems

The Bank's delivery systems are readily accessible to essentially all portions of the assessment area. Bank locations are distributed in such a way that no portion of the assessment area is inconvenienced. Alternative delivery systems are available through multiple online channels and give customers 24/7 access to their accounts.

- Automated Teller Machines- The Bank maintains 20 additional freestanding ATMs in addition to at least one ATM in each branch. The ATMs at each branch also offer 24-hour service.
- Online Banking- The Bank offers customers the opportunity to open accounts online, in addition to the option of opening accounts in person. Although this service does not specifically target low- and moderate-income individuals, the service does allow the Bank to reach customers that reside outside of the Bank's ATM network.
- Mobile Banking- In addition to online banking features, Century Bank also allows customers to access their accounts through their internet-enabled mobile phones, enabling them to view balances, deposit checks, and pay bills. Customers can also text message the Bank to receive account updates and a history of transactions. The application is easily available for iPhone and Android users.
- Free Checking and Savings Accounts- The Bank offers no-fee checking accounts which require a \$10.00 deposit and does not accrue interest. The Bank also offers a Basic Savings Account. The Bank also offers free business checking accounts.
- Sum Network- The Bank is a member of SUM (Interbank network), a registered service mark of the NYCE Corporation that provides surcharge-free ATMs anywhere the SUM logo is present.
- Second Language Capabilities- The Bank employs staff that speak over 33 different languages.

The Bank also offers a variety of alternative delivery options including drive-up capability at 16 of its branches. All of the branches have ATMs and night deposit drops, while eight of the 26 offer safe deposit boxes.

Community Development Services

The Bank continues to provide a relatively high level of services targeted toward low- and moderate- individuals throughout its assessment area. Employees and senior management support organizations related to affordable housing, homelessness prevention, elderly housing, and financial education. Senior management and staff are involved in the community by serving in positions at local community development organizations that make use of their technical expertise. The Bank provides a high level of financial education throughout the assessment area, particularly targeting low- and moderate-income public school students. The following section

includes some examples of the Bank's efforts to engage and educate their community, while providing it convenient access to banking products and services.

Medford Community Housing: Medford Community Housing was founded and operates for the purpose of making housing affordable, safe, and inclusive for all people who live and work in the City of Medford. Their goal is to promote the development, rehabilitation, and maintenance of affordable housing in Medford, with a special focus on housing for low- and moderate-income people. A Branch Manager serves as the President of this organization

Somerville Housing Authority: The Somerville Housing Authority acts as an advocate for residents and to serve the needs of those that live there, especially low- and moderate-income families. A Branch Manager serves on the Board of this organization.

Housing Families Inc.: A Commercial Lender serves as Director and provided financial guidance to this organization that works to end family homelessness. Housing Families provides safe, temporary shelter and quality affordable housing to homeless and at-risk families. They offer individualized supportive services to enrich children's lives, nurture the potential of each family member, and help families maintain permanent housing. The majority of the individuals served are low- or moderate-income.

St. Theresa House: A Branch Manager provides their financial expertise to the Board of this organization. The organization provides housing to low-income elderly residents in the City of Lynn.

Quincy 2000 Collaborative: The Quincy 2000 Collaborative is a private, non-profit economic development agency started by the Quincy Chamber of Commerce. The organization unites Quincy's public and private sectors in a common economic development mission. Since 1992, Quincy 2000 played a vital role in attracting new business to the City, helping existing businesses grow, and providing financial support for new and emerging businesses. An Assistant Vice President is a member of this organization.

Massachusetts Affordable Housing Alliance: The Bank's CRA Officer is an active participant at the Massachusetts Affordable Housing Alliance which works to increase support for affordable and sustainable homeownership, particularly to low- and moderate-income homebuyers.

Connect: Connect is a new model for building community economic security, being developed by community institutions that have come together to address the housing, financial, educational and employment needs of local residents, specifically low- and moderate-income individuals in Chelsea. The Bank's CRA Officer is a member of this organization.

Massachusetts Housing Partnership: The Massachusetts Housing Partnership (MHP) is a State-wide public non-profit affordable housing organization that works in concert with the Governor and the State Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts. The majority of the individuals served are low- or moderate-income. The Bank's CRA Officer is a member of this organization.

Additionally, the Bank is actively involved in providing valuable financial education to its assessment area through homebuyer seminars for those attaining home ownership, and classes aimed at financial matters.

Money Smart Seminars

The Bank participated and organized 138 Money Smart seminars on the following topics: Borrowing Basics; Bank on It; Budgeting; Tax Preparation; Qualifying for Mortgages; Reading and Understanding Your Credit Report; Loan to Own; Paying for College and Cars; and Money Matters. The following represent a sample of the organizations that received the training:

Tri-Cap, Inc: Tri-Cap, Inc., an anti-poverty organization serving Malden, Medford, Everett and other surrounding communities. The majority of the individuals served are low- or moderate-income.

Cambridge Housing Authority: Cambridge Housing Authority provides long-term rental housing and rental assistance to more than 5,500 low-income families, elders and disabled individuals through its Public Housing and Housing Choice Voucher (HCV) Programs.

Somerville Housing Authority: The Somerville Housing Authority acts as an advocate for residents and to serve the needs of those that live there, especially low- and moderate-income families

Bridge Over Troubled Water: Bridge Over Troubled Water is dedicated to transforming the lives of runaway, homeless and high risk youth. The majority of the individuals served are low- or moderate-income.

Somerville High School: Over 70 percent of students at this high school are eligible for free or reduced lunch. The Bank provided 20 financial education seminars to 211 students.

Gately Youth Center: Gately's Teen Program offers youth ages 14 to 19 numerous experiences to prepare them for employment, further education, citizenship, and productive lives. 100 percent of the students in this program are low- or moderate-income.

Blue Hills Boys and Girls Club: The Blue Hills Boys and Girls Club serves the communities of Dorchester and Mattapan. The majority of the children come from low- or moderate-income families.

First-Time Homebuyer Programs

The following are a listing of the first-time homebuyer seminars the Bank participated in during the evaluation period:

- The Bank participated in four first-time homebuyer seminars sponsored by Medford Community Housing, Inc.
- Members of Bank leadership sat on a panel regarding first-time home ownership for the Urban League Young Professionals Network. The Urban League is dedicated to helping the underserved of urban Boston to reach their financial goals and attain employment. The majority are low- or moderate-income.
- The Bank participated in a first-time homebuyer seminar at Lawrence Community Works, a community development corporation that weaves together community planning, organizing, and asset-building efforts with high-quality affordable housing and

commercial development to create vibrant neighborhoods and empowered residents in Lawrence. The majority of the participants are low- or moderate-income.

- The Bank participated in a first-time homebuyer seminar at Arlington Community Trabajando, a non-profit community development organization that serves the people of Lawrence in the fields of affordable housing, financial literacy and first-time homebuyer assistance. The majority of the program participants are low- or moderate-income.
- The Bank sponsored four first-time homebuyer seminars at their branches including one with Community Teamwork Inc., a regional non-profit housing corporation based in Lowell.

Small Business

- The Bank participated in the Commonwealth of Massachusetts Supplier Diversity Program, a seminar focused on promoting equality in the State contracting market by ensuring full participation by women- and minority-owned business enterprises.

Other Community Development Services

Interest on Lawyers Trust Account (“IOLTA”): The Bank participates in this program. Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income people in need of legal services. IOLTA funded programs of Massachusetts provide legal assistance to over 100,000 individuals across the State. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients.

Basic Banking: The Bank is a member of the Massachusetts Community & Banking Council’s Basic Banking Program. This State-wide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

Century Bank and Trust Company Headquarters: The Bank’s main branch includes a community meeting room open for use to area organizations free of charge. Organizations benefiting from the use of this room include: Medford Chamber of Commerce, CASPAR, and Medford Community Housing Meeting.

APPENDIX A

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Based on a review of The Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified. The Bank's loan policy prohibits discrimination against all the prohibited classes listed under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in The Bank's loan policy are procedures for the second review process of denied loan applications.

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, The Bank's assessment area contained a total population of 2,519,359 individuals, of which 33.4 percent are minorities. The assessment area's minority and ethnic population consists of 9.3 percent Black/African American, 8.5 percent Asian/Pacific Islander, 0.1 percent American Indian, 12.5 percent Hispanic or Latino and 3.0 percent other race.

For 2012 and 2013, the Bank received 2,052 HMDA reportable loan applications from within its assessment area. In 2012, the Bank received 66 applications from minorities. Of these applications, 33 or 50.0 percent resulted in origination. Aggregate lenders originated 72.4 percent of applications received from minority applicants in 2012. During the same time period, the Bank also received 17 applications from ethnic groups of Hispanic origin within its assessment area, of which nine or 52.9 percent resulted in originations. Aggregate lenders originated 64.9 percent of applicants received from ethnic groups of Hispanic origin.

The Bank received 6.7 percent of its applications from minorities in 2012, which was significantly below aggregate lenders at 11.0 percent. In 2013, the percentage of applications received from minorities increased significantly to 10.1 percent.

In 2012, the Bank received 1.4 percent of its applications from ethnic minorities while the aggregate received 2.6 percent for ethnic minorities. In 2013, the Bank's level of ethnic minority applicants remained similar at 1.7 percent. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders in Century Bank's assessment area.

Table A1 – Minority Application Flow					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
American Indian/ Alaska Native	2	0.2	0.1	2	0.2
Asian	25	2.5	7.1	36	3.4
Black/ African American	31	3.2	2.3	51	4.8
Hawaiian/Pac Isl.	1	0.1	0.1	3	0.3
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	7	0.7	1.4	15	1.4
Total Minority	66	6.7	11.0	107	10.1
White	413	41.8	64.1	610	57.3
Race Not Available	509	51.5	24.9	347	32.6
Total	988	100.0	100.0	1,064	100.0
ETHNICITY					
Hispanic or Latino	14	1.4	2.6	18	1.7
Not Hispanic or Latino	393	39.8	71.9	637	59.9
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.3	0.8	9	0.8
Ethnicity Not Available	578	58.5	24.7	400	37.6
Total	988	100.0	100.0	1,064	100.0

Source: 2012 and 2013 HMDA LAR, 2012 HMDA Aggregate Data

The Bank's minority application flow is less than the aggregate's lending performance levels and the assessment area demographics; however, there is a noted positive trend.

APPENDIX B – GLOSSARY

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

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

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

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

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

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

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages,

boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

INCOME TERMS

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

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

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

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

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

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

OTHER TERMS

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

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

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

INVESTMENT TERMS

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. 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. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: 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; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. 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 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 in place throughout the compliance period, usually 30 years.

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 102 Fellsway West at Mystic Avenue, Somerville, MA."

[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.