

PUBLIC DISCLOSURE

January 14, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eagle Bank
Certificate Number: 90191

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Everett, Massachusetts 02149

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

Eagle Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated November 9, 2015, to the current evaluation dated January 14, 2019. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate Eagle Bank's performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), Dun & Bradstreet (D&B), Moody's Analytics Regional Workstation (Moody's), and the U.S. Bureau of Labor Statistics (BLS). Bank financial data reflects the September 30, 2018, Consolidated Reports of Condition and Income (Call Report).

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

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

The Community Development Test considered the following factors.

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

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

Loan Products Reviewed

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

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger volume when compared to small business lending. Also, no other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provide no material support for conclusions or ratings and are not presented. Lastly, bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

Examiners reviewed all originated and purchased home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). The LARs contain data about home purchase and home improvement loans, including refinances of one-to-four family and multi-family properties. In 2016, the bank reported 162 loans totaling \$76.8 million. In 2017, the bank reported 138 loans totaling \$68.8 million. Examiners compared the bank's 2016 and 2017 home mortgage lending performance against aggregate lending data. Additionally, the bank's 2016 performance was compared to 2010 U.S. Census data and the bank's 2017 performance was compared to 2015 ACS data. Unless otherwise noted, all references to census tracts and income designations in this performance evaluation refer to 2015 ACS data.

In addition, examiners considered all small business loans originated in 2016, 2017, and 2018. As an ISI, the bank is not required, and did not elect, to report small business loans. However, the bank collects small business lending data for its own purposes. Examiners validated and analyzed the small business loan data provided for 2016, 2017, and 2018. A small business loan has an original loan amount of \$1 million or less and is secured by nonfarm nonresidential properties or is classified as a commercial and industrial loan. In 2016, the bank originated 19 small business loans totaling \$5.8 million. In 2017, the bank originated 21 small business loans totaling \$7.2 million. In 2018, the bank originated 29 loans totaling \$7.1 million. Since the bank is not a small business reporter, examiners did not use small business aggregate data for comparison. D&B data provided a standard of comparison for the small business loans.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of individuals and businesses served. The Geographic Distribution and Borrower Profile criteria only include analysis of loans extended within the bank's assessment area.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated November 9, 2015.

DESCRIPTION OF INSTITUTION

Background

Eagle Bank is a state-chartered mutual savings bank headquartered in Everett, Massachusetts (MA), and primarily operates in the eastern part of MA, in Suffolk, Middlesex, and Essex Counties. Eagle Bank has one wholly-owned subsidiary, Everett Securities Corporation. Everett Securities Corporation was formed to buy, sell, and hold securities. Since the last examination, the bank dissolved one subsidiary, 466 Broadway Corporation, following the sale of the bank's former headquarters. The 466 Broadway Corporation engaged in real estate and equipment leasing with the bank.

Eagle Bank received a Satisfactory rating from the FDIC and the Division during its prior joint evaluation, November 9, 2015, based on ISI procedures.

Operations

In addition to the main office, the bank operates three branches in the eastern part of MA. There are three branches in Middlesex County and one branch in Suffolk County. Since the last examination, the bank closed two branches and relocated its main office. The bank closed its East Lexington branch on May 20, 2016, and closed its Medford Stop & Shop Supermarket branch on August 8, 2017. Lastly, the bank relocated its main office from 466 Broadway to 350 Broadway, effective May 15, 2017. There have been no mergers or acquisitions since the last evaluation.

Eagle Bank offers various financial products and services to consumers and business customers. The bank offers loan products including home mortgage, home equity, and commercial loans, with a primary focus on residential lending. The bank also provides various deposit services for consumers and businesses including checking, savings, money market, and certificates of deposit. Alternative banking services include online banking, mobile banking, electronic bill pay, mobile deposits, and automated teller machines (ATMs).

Ability and Capacity

Eagle Bank's assets totaled approximately \$449.7 million as of September 30, 2018, and included total loans of \$307.2 million and total securities of \$95.6 million. Total assets increased by approximately 5.9 percent since the previous evaluation. Residential loans, including multi-family loans, account for the largest portion of the loan portfolio at 52.0 percent. Collectively, loans secured by commercial real estate and commercial and industrial loans represent 35.9 percent of the loan portfolio. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 9/30/2018		
Loan Category	\$(000s)	%
Construction and Land Development	36,633	11.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	130,914	42.6
Secured by Multifamily (5 or more) Residential Properties	29,017	9.4
Secured by Nonfarm Nonresidential Properties	87,280	28.4
Total Real Estate Loans	283,844	92.4
Commercial and Industrial Loans	23,139	7.5
Agricultural Loans	0	0.0
Consumer Loans	217	0.1
Other Loans	21	0.0
Less: Unearned Income	0	0.0
Total Loans	307,221	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0</i>		

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. Eagle Bank designated a single assessment area within the Boston, MA Metropolitan Division (MD) (#14454) and the Cambridge-Newton-Framingham, MA MD (#15764). Both MDs are part of greater Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (#14460). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The bank's assessment area includes 219 census tracts located in parts of Middlesex, Essex, and Suffolk Counties. The bank expanded its assessment area since the last examination. The bank added the following towns to its assessment area: Burlington, North Reading, Reading, Wilmington, Beverly, Danvers, Lynnfield, Lynn, Marblehead, Middleton, Nahant, Peabody, Salem, Swampscott, Winthrop, and the East Boston neighborhood of Boston. The following table details the cities and towns in the bank's assessment area.

Assessment Area Cities and Towns		
Middlesex County, MA		
Arlington	Medford	Stoneham
Burlington	Melrose	Wakefield
Everett	North Reading	Wilmington
Lexington	Reading	Winchester
Malden	Somerville	Woburn
Essex County, MA		
Beverly	Marblehead	Salem
Danvers	Middleton	Saugus
Lynn	Nahant	Swampscott
Lynnfield	Peabody	
Suffolk County, MA		
Boston*	Revere	
Chelsea	Winthrop	
* The assessment area contains the following neighborhoods in the city of Boston: Charlestown, East Boston, and the North End		

The census tracts reflect the following income designations according to 2015 ACS data:

- 27 low-income tracts,
- 67 moderate-income tracts,
- 80 middle-income tracts,
- 43 upper-income tracts, and
- 2 census tracts with no income designation.

The low- and moderate-income census tracts are primarily located in Beverly, Chelsea, East Boston, Everett, Lynn, Malden, Medford, Peabody, Salem, Somerville, and Revere. The census tracts with no income-designation include the Suffolk Downs racetrack and Belle Isle Marsh Reservation. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the bank's assessment area. However, there are several opportunity zones within the assessment area. These zones are recommended by the

Governor of Massachusetts and approved by the U.S. Department of Treasury. The opportunity zones are identified as areas of economic need, with many opportunity zones having the lowest median family income within MA. Within the bank's assessment area, there are 23 census tracts designated as opportunity zones in Beverly, Charlestown, Chelsea, Everett, Lynn, Malden, Medford, Peabody, Revere, Salem, Saugus, Somerville, and Winthrop.

The 2015 ACS resulted in changes to census tract income designations. These changes resulted in three additional low-income census tracts, five additional moderate-income census tracts, nine fewer middle-income census tracts, and one additional upper-income census tract. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	219	12.3	30.6	36.5	19.6	0.9
Population by Geography	1,065,324	10.5	30.4	38.5	20.6	0.0
Housing Units by Geography	430,732	10.5	30.1	39.7	19.7	0.0
Owner-Occupied Units by Geography	227,350	5.0	23.2	44.9	26.9	0.0
Occupied Rental Units by Geography	180,832	17.0	38.5	33.7	10.9	0.0
Vacant Units by Geography	22,550	12.8	32.8	36.1	18.3	0.0
Businesses by Geography	73,012	9.6	22.9	43.6	23.8	0.1
Farms by Geography	1,149	6.5	17.3	47.7	28.5	0.0
Family Distribution by Income Level	252,592	26.4	18.0	20.6	35.0	0.0
Household Distribution by Income Level	408,182	28.4	16.0	17.2	38.4	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$394,609
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Gross Rent			\$1,261
			Families Below Poverty Level			8.1%
Source: 2010 U.S. Census & 2015 ACS Census and 2018 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Approximately 8.1 percent of families in the assessment area have income below the poverty level, which represents a sub-set of low-income families. A low-income family in the assessment area would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$394,609.

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 430,732 housing units in the assessment area. Of these, approximately 52.8 percent are owner-occupied, and 42.0 percent are occupied rental units. The

remaining 5.2 percent of housing units are vacant.

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by Gross Annual Revenue (GAR) level. According to 2018 D&B data, there were 73,012 non-farm businesses in the overall assessment area. The GARs for these businesses are below.

- 84.6 percent have \$1 million or less.
- 6.5 percent have more than \$1 million.
- 8.9 percent have unknown revenues.

Further, 80.1 percent of all businesses in the assessment area have GARs of less than \$500,000, 67.7 percent of businesses have four or fewer employees, and 89.5 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 assessment area businesses at 45.0 percent; followed by retail trade (13.4 percent); non-classifiable establishments (11.0 percent); finance, insurance, and real estate (8.8 percent), and construction (8.7 percent).

According to data obtained from Moody's Analytics as of September 2018, the top employers in the Boston, MA MD included Partners Healthcare, University of Massachusetts, Stop & Shop Supermarket Co., and Steward Health Care System. In the Cambridge-Newton-Framingham, MA MD, the top employers included Harvard University, Massachusetts Institute of Technology, the TJX Co, Inc., and DeMoulas Super Markets Inc.

Examiners used the FFIEC-updated median family income level 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 2016 and 2017 FFIEC-updated median family income for each MD in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
2017 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
<i>Source: FFIEC</i> <i>Due to rounding, totals may not equal 100.0</i>				

Data obtained from the BLS indicated that the 2017 year-end unemployment rate was 3.8 percent in Essex County, 3.0 percent in Middlesex County, and 3.4 percent in Suffolk County. The unemployment rate in the state was 3.7 percent as of year-end 2017. The unemployment rates in each county fell below the nationwide unemployment rate of 4.4 percent. The unemployment rates decreased since the last evaluation.

Competition

The assessment area is highly competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2018, 92 financial institutions operated 986 full-service branches within the assessment area. Of these institutions, Eagle Bank ranked 46th with a deposit market share of approximately 0.1 percent.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository lenders in the assessment area. In 2016, 481 lenders reported 41,561 originated or purchased residential mortgage loans in the area. Eagle Bank ranked 94th out of this group with a 0.2 percent market share. In 2017, 462 lenders originated or purchased 31,744 residential mortgage loans. Eagle Bank ranked 97th with a 0.2 percent market share. Large national banks, non-depository lenders, and several state-chartered community banks ranked above Eagle Bank.

The 2016 aggregate CRA data shows that 163 institutions reported 76,169 small business loans in assessment area counties, indicating a high degree of competition for this product. The competition level remained steady in 2017 with 167 institutions reporting 73,632 loans.

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 representative of a housing and community service organization serving the bank's assessment area. The organization provides emergency shelter and affordable housing for homeless and low-income individuals and families. The contact cited a dire need for affordable housing and affordable rental housing, expressing the desire for banks to invest in low-income housing development. The contact stated that real estate prices in the area are exorbitantly high, making home ownership for low-income individuals very difficult. Further, it caused landlords to increase rent.

The contact also noted that the new casino opening in Everett caused additional increases in the cost of real estate. The contact noted a need for financial literacy, credit counseling, and products that would allow individuals to build and repair their credit history. In addition, the contact stated there is a need for larger donations to community service organizations, bank involvement on fundraising committees, and bank sponsorship of fundraising events.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and affordable rental housing represents a primary community development need for the assessment area. Additionally, there is a need for financial literacy and credit counseling for low-income individuals. There is also a need for products that help individuals establish, build, and repair credit.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated Satisfactory. The bank's reasonable Geographic Distribution and Borrower Profile performances primarily support this conclusion. The sections below discuss the bank's performance under each criterion.

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 71.5 percent over the past 12 calendar quarters from December 31, 2015, to September 30, 2018. The ratio ranged from a low of 65.4 percent as of December 31, 2015, to a high of 76.8 percent as of September 30, 2018. The ratio steadily increased during the evaluation period.

The bank sells a portion of its residential loans to the secondary market, which further supports the bank's reasonable ratio. The bank sold 52 loans totaling \$16.6 million in 2016, 17 loans totaling \$5.1 million in 2017, and 10 loans totaling \$3.6 million in 2018. The bank maintained a ratio that fell below four similarly situated institutions. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 09/30/2018 \$(000s)	Average Net LTD Ratio (%)
Eagle Bank	449,680	71.5
Everett Co-operative Bank	496,307	100.4
StonehamBank, A Co-operative Bank	600,691	115.1
Middlesex Federal Savings Bank	408,008	105.9
Winchester Savings Bank	542,244	85.0
<i>Source: Call Reports: 12/31/2015 through 09/30/2018</i>		

Assessment Area Concentration

The bank made a majority of its home mortgage and small business loans, by number and dollar volume, within its assessment area. However, in 2017 and 2018, the bank originated a majority of its small business loans, by dollar volume, outside the assessment area. The bank originated several large dollar loans outside the assessment area based on customer relationships. For example, in 2018 the bank originated three loans to one borrower totaling approximately \$2.9 million outside the assessment area. Examiners emphasized performance by number of loans originated in the assessment area. See the following table.

Lending Inside and Outside of the Assessment Area

Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	104	64.2	58	35.8	162	48,700	63.4	28,090	36.6	76,790
2017	73	52.9	65	47.1	138	35,229	51.2	33,534	48.8	68,763
Subtotal	177	59.0	123	41.0	300	83,929	57.7	61,624	42.3	145,553
Small Business										
2016	11	57.9	8	42.1	19	3,087	53.5	2,686	46.5	5,773
2017	4	19.0	17	81.0	21	763	10.6	6,415	89.4	7,178
2018	21	72.4	8	27.6	29	1,984	28.1	5,088	71.9	7,072
Subtotal	36	52.2	33	47.8	69	5,834	29.1	14,189	70.9	20,023
Total	213	57.7	156	42.3	369	89,763	54.2	75,813	45.8	165,576

Source: Evaluation Period: 1/1/2016 - 12/31/2018;
HMDA Evaluation Period: 1/1/2016 - 12/31/2017
Small Business Evaluation Period: 1/1/2016 - 12/31/2018
Due to rounding, totals may not equal 100.0

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The following table shows that in 2016, the bank originated one loan in a low-income tract, falling below both the percentage of owner-occupied housing units and aggregate performance. However, the bank's lending in moderate-income tracts was substantially above aggregate and the percentage of owner-occupied housing in 2016. Bank lending outperformed aggregate by 18.0 percentage points and exceeded the demographic by 18.5 percentage points.

In 2017, lending in low-income tracts improved, despite a decrease in overall lending volume. The bank's lending in low-income tracts exceeded aggregate and the demographics by 4.2 and 6.0 percentage points, respectively. While the number of loans in moderate-income tracts dropped in 2017, the bank's lending remained above aggregate and the demographic.

Market share rankings further support the bank's reasonable performance. In 2016, the bank ranked 169th out of 232 institutions that originated or purchased a home mortgage loan in low-income census tracts, and 53rd out of 333 lenders that originated or purchased a home mortgage loan in moderate-income census tracts. In 2017, the bank's ranking improved to 68th out of 224 lenders for low-income tracts and 81st out of 346 lenders for moderate-income census tracts. The

substantial majority of lenders that ranked above Eagle Bank were large national banks and mortgage companies.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	4.0	5.0	1	1.0	450	0.9
2017	5.0	6.8	8	11.0	3,703	10.5
Moderate						
2016	20.9	21.4	41	39.4	16,335	33.5
2017	23.2	26.6	21	28.8	8,114	23.0
Middle						
2016	49.6	49.0	36	34.6	13,634	28.0
2017	44.9	42.6	23	31.5	11,112	31.5
Upper						
2016	25.4	24.5	26	25.0	18,281	37.5
2017	26.9	24.0	21	28.8	12,300	34.9
Not Available						
2016	0.0	0.0	0	0.0	0	0.0
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2016	100.0	100.0	104	100.0	48,700	100.0
2017	100.0	100.0	73	100.0	35,229	100.0
Source: 2010 U.S. Census & 2015 ACS Census; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "---" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank did not originate any small business loans in low-income census tracts over the evaluation period. Commercial lending department turnover since the last examination affected bank lending. Management also stated that tax rates in Everett and surrounding communities are some of the highest in the state for small businesses, which impacts opportunities. The bank expanded its commercial lending team in 2018 and is working to increase small business lending through established relationships with the community.

In 2016, the bank originated 45.5 percent of its small business loans in moderate-income census tracts, substantially outperforming the percentage of businesses in those areas. Small business lending declined in 2017, with just one loan in a moderate-income tract. Although the bank is not a small business reporter, aggregate data indicates the level of demand for small business loans. Similar to the bank's decrease in small business lending in 2017, the aggregate data also reflects a decline in the number of originated small business loans from 2016 to 2017. In 2018,

the bank's lending in moderate-income tracts increased slightly and trailed the demographics. Considering the overall volume of small business loans and the competitive market, this performance reflects reasonable dispersion.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2016	7.1	0	0.0	0	0.0
2017	9.7	0	0.0	0	0.0
2018	9.6	0	0.0	0	0.0
Moderate					
2016	21.4	5	45.5	2,035	65.9
2017	22.9	1	25.0	35	4.6
2018	22.9	3	14.3	265	13.4
Middle					
2016	47.8	1	9.1	100	3.2
2017	43.7	0	0.0	0	0.0
2018	43.6	2	9.5	500	25.2
Upper					
2016	23.6	5	45.5	952	30.8
2017	23.6	3	75.0	728	95.4
2018	23.8	16	76.2	1,219	61.4
Not Available					
2016	0.1	0	0.0	0	0.0
2017	0.1	0	0.0	0	0.0
2018	0.1	0	0.0	0	0.0
Totals					
2016	100.0	11	100.0	3,087	100.0
2017	100.0	4	100.0	763	100.0
2018	100.0	21	100.0	1,984	100.0
Source: 2016, 2017 & 2018 D&B Data; 1/1/2016 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. The following table shows that in 2016, the bank's lending to low-income borrowers exceeded aggregate performance by 5.8 percentage points. The bank's lending to low-income borrowers dropped in 2017, but remained comparable to aggregate performance. This level of activity was significantly below the percentage of low-income families; however, the demand and opportunity for lending to low-income families is relatively limited. High home values relative to low-income family earnings help explain the difference between bank lending and the percentage of low-income families.

Bank lending to moderate-income borrowers exceeded aggregate performance in 2016. Further, despite a decline in overall lending, the percentage of lending to moderate-income borrowers remained steady, equaling aggregate data and the demographic comparator.

Market share data further supports the bank's reasonable performance. In 2016, Eagle Bank ranked 42nd out of 191 lenders that originated or purchased a loan to a low-income borrower, and 70th out of 290 lenders that originated or purchased a loan to a moderate-income borrower. In 2017, the bank ranked 80th out of 194 lenders that originated or purchased loans to low-income borrowers, and 83rd out of 289 lenders that originated or purchased loans to moderate-income borrowers. Large national banks and mortgage companies primarily ranked above Eagle Bank.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2016	25.6	3.8	10	9.6	1,458	3.0
2017	26.4	4.8	3	4.1	811	2.3
Moderate						
2016	17.8	15.9	18	17.3	4,454	9.1
2017	18.0	17.8	13	17.8	3,499	9.9
Middle						
2016	21.3	25.2	18	17.3	5,740	11.8
2017	20.6	25.8	16	21.9	5,296	15.0
Upper						
2016	35.3	42.2	30	28.8	15,981	32.8
2017	35.0	39.2	16	21.9	9,275	26.3
Not Available						
2016	0.0	12.9	28	26.9	21,067	43.3
2017	0.0	12.4	25	34.2	16,348	46.4
Totals						
2016	100.0	100.0	104	100.0	48,700	100.0
2017	100.0	100.0	73	100.0	35,229	100.0
Source: 2010 U.S. Census & 2015 ACS Census ; 1/1/2016 - 12/31/2017 Bank Data, 2016 & 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1 million or less. Examiners compared the bank's lending to demographics. In 2016 and 2017, the majority of the bank's small business loans were to businesses with GARs of \$1 million or less. In 2018, the bank's lending to businesses with GARs of \$1 million or less decreased as a percentage of overall lending. Bank lending fell short of the percentage of business each year. However, demographic data shows the percentage of all businesses, not just those in the market for a loan. This level of lending reflects reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	84.1	7	63.6	1,881	60.9
2017	84.6	3	75.0	728	95.4
2018	84.6	5	23.8	280	14.1
>\$1,000,000					
2016	6.9	3	27.3	1,106	35.8
2017	6.6	1	25.0	35	4.6
2018	6.5	16	76.2	1,704	85.9
Revenue Not Available					
2016	9.0	1	9.1	100	3.2
2017	8.8	0	0.0	0	0.0
2018	8.9	0	0.0	0	0.0
Totals					
2016	100.0	11	100.0	3,087	100.0
2017	100.0	4	100.0	763	100.0
2018	100.0	21	100.0	1,984	100.0
<i>Source: 2016, 2017 & 2018 D&B Data; 1/1/2016 - 12/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

Eagle Bank originated three community development loans totaling \$2.0 million during the evaluation period, representing 0.5 percent of average total assets and 0.7 percent of average total loans since the prior CRA evaluation. The bank originated seven community development loans totaling \$850,000 during the last evaluation. While the number of community development loans decreased since the last evaluation, the dollar volume increased. Based on the number of community development loans, the bank trails three similarly situated institutions. Based on the dollar amount of community development loans, the bank is comparable to one similarly situated institution, but falls below two similarly situated institutions.

The following table illustrates the bank's community development lending activity by year and purpose. All loans provided a community development service to low- and moderate-income individuals or supported economic development.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
2017	0	0	2	1,653	1	345	0	0	3	1,998
2018	0	0	0	0	0	0	0	0	0	0
Total	0	0	2	1,653	1	345	0	0	3	1,998
<i>Source: Bank Records</i>										

Below are details of the bank's community development loans.

- In 2017, the bank originated a \$1.1 million loan to a non-profit entity to finance the acquisition of a charter school in a low-income area in Everett. Based on the school's current enrollment, more than 50 percent of the student population is eligible for a free or reduced-price lunch. Additionally, the school is situated in an opportunity zone in Everett, which was designated by the U.S Department of Treasury to spur economic development and job creation in distressed communities.
- In 2017, the bank originated a first and second mortgage totaling \$837,250 to a nursing home facility in Lynn, MA. The nursing home relies on revenue from Medicaid patients who are low-income. Therefore, the first mortgage originated by the bank totaling \$492,500 supports community service to low-income individuals. The second mortgage

received SBA 504 financing totaling \$344,750. The SBA 504 loan program is an economic development program that offers small businesses an alternative method of financing that supports business and job growth.

Qualified Investments

The bank made 61 qualified investments totaling \$405,807, which includes two prior period equity investments totaling \$300,000 and 59 donations totaling \$105,807. The dollar amount of equity investments equates to 0.1 percent of average total assets and 0.3 percent of average securities since the last evaluation. The number and dollar amount of qualified investments declined since the last evaluation where the bank made 83 qualified investments totaling \$687,526. When compared to similarly situated institutions, the bank outperformed one institution and fell below two others in both number of investments and dollar amount.

The majority of donations supported organizations that provide community services and affordable housing to low- and moderate-income individuals and families. 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	1	250	0	0	1	50	0	0	2	300
2015	3	12	17	16	0	0	0	0	20	28
2016	1	2	14	20	0	0	0	0	15	22
2017	2	4	10	24	0	0	0	0	12	28
2018	3	6	9	22	0	0	0	0	12	28
Total	10	274	50	82	1	50	0	0	61	406
<i>Source: Bank Records</i>										

Equity Investments

The bank's two prior period equity investments are listed below.

- *Access Capital Strategies Community Investment Fund* – This fund invests in mortgage-backed securities where the underlying mortgages are made to low-income individuals in the assessment area. The bank purchased this investment in 1999 and the current book value is \$250,000 as of December 31, 2018.
- *Everett Development and Financial Corporation (EDFC)* –The EDFC is a MA state agency that promotes economic development in the City of Everett. The EDFC provides financing to small businesses for repairing and improving properties. In order to qualify for a loan, the small business must be located in Everett and create jobs. All census tracts in Everett are low- or moderate-income. The majority of businesses served are small businesses. The bank purchased an investment in 1983 and the current book value is \$50,000 as of December 31, 2018.

Donations

Below are notable examples of the bank's qualified donations.

- *Action for Boston Community Development, Inc. (ABCD)* – ABCD is a multi-service organization dedicated to meeting the needs of low-income residents in the City of Boston, including the bank's assessment area. ABCD provides basic services and innovative programs that help empower individuals, families, and communities in Boston, including the North End and Charlestown, to overcome poverty. The bank continues to support the organization with financial contributions that benefit low- and moderate-income individuals.
- *Housing Families, Inc.* – Housing Families is a non-profit organization dedicated to ending family homelessness and providing safe temporary shelter and quality affordable housing in Everett, Malden, Medford, and Revere. Eagle Bank continues to support this organization with contributions that benefit affordable housing.
- *Caritas Communities* – Caritas Communities serves the housing needs of low-income individuals through the development and long-term management of affordable rooming houses. There are two lodging houses in Arlington; two in Everett; and one in Wakefield, Chelsea, Medford, Salem, and Melrose.

Community Development Services

Eagle Bank provides community development services through officer and employee involvement as committee members, board members, officers, and volunteers in local community development and non-profit organizations. During the evaluation period, approximately 18 bank representatives provided 39 instances of financial expertise or technical assistance to 15 community development organizations or financial literacy events within the assessment area. Eagle Bank trailed three similarly situated institutions in the number of instances of community development services. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2016	0	15	2	0	17
2017	0	9	2	0	11
2018	0	8	3	0	11
Total	0	32	7	0	39
Source: Bank Records					

Employee Involvement

Below are notable examples of employee involvement in community development services.

- *EDFC* – The bank’s executive vice president/chief financial officer continues to serve as a member of the Board of Directors.
- *Boston Bull Pen Project* – This non-profit organization partners with social service professionals, including groups devoted to caring for homeless individuals and families, veterans, at-risk youth and others in need. The organization primarily serves low- and moderate-income individuals. A senior vice president (SVP) is a board member and officer. Additionally, a bank vice president (VP) assists this organization with financial record keeping and online banking.
- *North End/West End Neighborhood Service Center (Center)* – The Center is facilitated by ABCD, a multi-service non-profit organization. This location serves low- or moderate-income residents in Boston and several neighboring cities and towns. In addition to basic social services offered to individuals and families, the Center offers individual case management, food pantries, fuel assistance, food stamp application assistance, special workshops, and classes. A SVP participates on the advisory board.
- *Mystic Valley Elder Services* – This non-profit organization assists low- and moderate-income elders with in-home and support services in Everett, Malden, Melrose, Stoneham, Wakefield and Medfield. A bank VP serves on the development committee.

Financial Education and Support

During the evaluation period, the bank participated in several financial literacy education events listed below.

- *Everett High School* – Seven employees participated in two financial literacy events at Everett High School. In 2016, five employees participated in the Get Smart about Credit Event. This event raised awareness on the importance of personal financial skills and approximately 80 students attended. In 2017, two bank employees participated in a mock interview day at Everett High School. The mock interview prepared students for real life job interviews and promotes workforce development. Both events were held at Everett High School, which is located in a low-income census tract. In addition, a majority of the students are eligible for free or reduced-price lunch.
- *Protection and Identify Theft Seminar* – In 2016, the bank promoted financial education to the community by hosting a Protection and Identify Theft Seminar at a Senior Center. The seminar was held in a low-income census tract in Everett, MA and 30 seniors attended.
- *Elder Abuse* – The bank participated in a financial education presentation to seniors in conjunction with the ABCD. The presentation covered elder abuse frauds such as the

Internal Revenue Service telephone scams and the National Grid scams. Two bank employees participated in the presentation and 30 attendees were present. ABCD is a non-profit organization that primarily serves low- and moderate-income individuals.

Eagle Bank operates two branches and ATMs in low-income census tracts of the assessment area, which also borders other low- and moderate-income tracts. These branches and ATMs demonstrate the availability of banking services to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX – MA DIVISION OF BANKS

MINORITY APPLICATION FLOW

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

According to the 2015 ACS, in 2017 the bank's assessment area contained a total population of approximately 1.1 million individuals, of which 29.5 percent are minorities. The assessment area's minority and ethnic population is 5.2 percent Black/African American, 7.2 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 14.3 percent Hispanic or Latino, and 2.7 percent other.

In 2016, the bank received 168 HMDA reportable loan applications from within its assessment area. Of these applications, 10 or 6.0 percent were received from minority applicants, of which 4 or 40.0 percent resulted in originations. The aggregate received 56,773 HMDA reportable loan applications of which 6,297 or 11.0 percent were received from minority applicants and 4,276 or 67.0 percent were originated. For the same time period, the bank also received 12 or 7.2 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 4 or 33.0 percent were originated. The aggregate received 4,490 applications or 7.9 percent from ethnic groups of Hispanic origin, of which 2,900 or 64.0 percent were originated.

In 2017, the bank received 110 HMDA reportable loan applications from within its assessment area. Of these applications, 11 or 9.8 percent were received from minority applicants, of which 7 or 64 percent resulted in originations. The aggregate received 42,909 HMDA reportable loan applications of which 5,372 or 12.4 percent were received from minority applicants and 3,174 or 60.0 percent were originated. For the same time period, the bank also received 5 or 4.6 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 3 or 60.0 percent were originated. The aggregate received 3,900 applications or 9.2 percent from ethnic groups of Hispanic origin, of which 2,100 or 53.8 percent were originated.

The bank's level of lending was compared with that of the aggregate's lending performance level for 2016 and 2017. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2016		2016 Aggregate Data	Bank 2017		2017 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.1	1	0.7	0.2
Asian	8	4.8	6.7	6	5.5	7.4
Black/ African American	2	1.2	2.6	4	3.6	3.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	0	0.0	1.4	0	0.0	1.6
Total Minority	10	6.0	11.0	11	9.8	12.4
White	103	61.3	69.0	58	52.8	65.2
Race Not Available	55	32.7	20.0	41	37.4	22.4
Total	168	100.0	100.0	110	100.0	100.0
ETHNICITY						
Hispanic or Latino	12	7.2	6.7	5	4.6	8.1
Not Hispanic or Latino	100	59.5	71.1	59	53.6	68.9
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.2	0	0.0	1.1
Ethnicity Not Available	56	33.3	21.0	46	41.8	21.9
Total	168	100.0	100.0	110	100.0	100.0

Source: US Census 2010, HMDA Aggregate Data 2016 and 2017, HMDA LAR Data 2016 and 2017

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2016 and 2017, 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.