

PUBLIC DISCLOSURE

September 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

East Cambridge Savings Bank
Certificate Number: 90173

292 Cambridge Street
Cambridge, Massachusetts 02141

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Satisfactory**	X	X	
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating</i>			

The Lending Test is rated Satisfactory

- Lending levels reflect good responsiveness to assessment area credit needs.
- A majority of loans were made in the institution’s assessment area.
- The geographic distribution of loans reflects good dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes.
- The bank makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank originated a low level of community development loans.
- The bank has a reasonable record relative to its fair lending policies and procedures.
- The bank’s lending reflects a good record of preventing the loss of affordable housing.

The Investment Test is rated Satisfactory

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

The Service Test is rated High Satisfactory

- Delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 26, 2021, to the current evaluation dated September 11, 2023. Examiners used Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three performance tests: the Lending Test, Investment Test, and Service Test.

The assessment area consists mostly of towns in Middlesex, Essex and Suffolk Counties, which are part of the Boston Metropolitan Division (MD). Examiners used the 2015 ACS updated data for metropolitan area boundaries, census tracts and their income levels, and demographic information.

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans
- Fair Lending program
- Loss of Affordable Housing

The Investment Test considered the following criteria.

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

The Service Test considered the following criteria.

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

Loan Products Reviewed

East Cambridge Savings Bank's major product lines are home mortgage and small business loans, considering 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 based on origination activity during the evaluation period. Examiners reviewed

home mortgage loans reported on the bank's 2021 and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 411 HMDA-reportable loans totaling \$308.5 million in 2021 and 441 HMDA-reportable loans totaling \$326.6 million in 2022. Examiners compared bank lending in 2021 and 2022 to aggregate HMDA data for the relevant year. Examiners also compared bank lending to applicable demographic data.

This evaluation also considered all reported small business loan data on the CRA LARs for 2021 and 2022 to draw conclusions about small business lending performance. East Cambridge Savings Bank originated 357 small business loans totaling \$24.7 million in 2021, and the bank originated 20 small business loans totaling \$6.7 million in 2022. Loan performance was compared to aggregate small business and demographic data as appropriate.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized bank performance by number of loans, as this better indicates the number of individuals served.

For the community development lending activity and the Investment and Service Tests, examiners drew conclusions based on data provided by bank management on flexible and innovative loans, community development loans, qualified investments, and retail and community development services since the prior CRA evaluation dated April 26, 2021.

DESCRIPTION OF INSTITUTION

Background

East Cambridge Savings Bank is a state-chartered mutual savings bank headquartered in Cambridge, Massachusetts and operating in parts of Metro-West and North Shore regions of Massachusetts. East Cambridge Savings Bank acquired Patriot Community Bank in February of 2022.

The institution received a “Satisfactory” rating during its previous Performance Evaluation, dated April 26, 2021, based on Interagency Large Institution Examination Procedures.

Operations

The bank’s main branch is located in Cambridge, Massachusetts. The bank operates eleven full-service branches in its assessment area. All full service-branches have automated teller machines (ATMs) that take deposits. The bank also operates one stand-alone Interactive Teller Machine (ITM) location in Somerville Massachusetts.

The institution offers a variety of personal and business deposit products. Deposit products include checking, savings, money market accounts, individual retirement accounts, and certificates of deposit. East Cambridge Savings Bank primarily focuses on residential lending. The institution offers loan products including home mortgages, commercial loans, energy efficiency loans, and consumer loans. The bank provides alternative delivery systems such as online and mobile banking, electronic bill pay, and mobile check deposits.

Ability and Capacity

As of June 30, 2023, the bank’s assets totaled \$1.6 billion, and loans totaled approximately \$1.3 billion. During the evaluation period, total assets increased by approximately 33.3 percent and total loans increased by approximately 42.8 percent.

The bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. Approximately 80.0 percent of the loans are either single or multifamily residential properties, followed by commercial loans at 19.2 percent.

The following table illustrates the current distribution of the bank’s loan portfolio.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	111,483	8.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	763,265	56.4
Secured by Multifamily (5 or more) Residential Properties	207,945	15.4
Total Residential Loans	1,082,693	80.0
Secured by Nonfarm Nonresidential Properties	220,037	16.3
Commercial and Industrial Loans	39,831	2.9
Total Commercial Loans	259,868	19.2
Agricultural Production and Other Loans to Farmers	0	0.00
Consumer Loans	11,124	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.00
Other Loans	0	0.00
Lease Financing Receivable (net of unearned income)	0	0.00
Less: Unearned Income	0	0.00
Total Loans	1,353,685	100.00
<i>Source: Reports of Condition and Income</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. East Cambridge Savings Bank has designated a single assessment area encompassing 17 cities and towns within Essex, Suffolk, and Middlesex counties in Massachusetts. The following table is a list of cities and towns the bank has designated within its assessment area.

Assessment Area			
Essex County			
Lynn	Saugus		
Middlesex County			
Arlington	Belmont	Cambridge	Everett
Lexington	Malden	Medford	Newton
Somerville	Waltham	Watertown	Winchester
Woburn*			
Suffolk County			
Chelsea	Revere		
*Represents new municipalities since the prior evaluation			

Economic and Demographic Data

The assessment area includes 225 census tracts. These tracts reflect the following income designations according to the 2020 ACS U.S. Census:

- 19 low-income tracts,
- 63 moderate-income tracts,
- 62 middle-income tracts,
- 77 upper income tracts, and
- 4 tracts with no income designation

The low- and moderate-income census tracts are primarily located in Cambridge, Chelsea, Revere, Everett, and Malden, Lynn and Saugus.

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)	225	8.4	28.0	27.6	34.2	1.8
Population by Geography	968,656	8.4	28.6	29.0	33.0	1.1
Housing Units by Geography	376,546	7.8	27.4	30.1	33.8	0.9
Owner-Occupied Units by Geography	178,804	4.0	23.6	29.9	41.7	0.7
Occupied Rental Units by Geography	176,854	11.7	31.2	30.1	26.0	1.0
Vacant Units by Geography	20,888	6.6	28.5	30.9	33.1	0.9
Businesses by Geography	104,114	5.6	24.4	29.3	40.0	0.7
Farms by Geography	1,372	6.8	30.6	28.5	33.3	0.8
Family Distribution by Income Level	209,144	24.7	17.3	19.1	38.9	0.0
Household Distribution by Income Level	355,658	27.1	14.3	17.5	41.1	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$633,123
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,793
			Families Below Poverty Level			6.7%
<i>Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 376,546 housing units in the area. Of these units, 47.5 percent are owner occupied, 47.0 percent are occupied rental units, and 5.5 percent are vacant. The median housing value of \$633,123 based on 2020 ACS Data reflects an expensive area. Examiners also reviewed public HMDA data and noted that the average credit originated for 1-4 family purchase loans was \$684,888 in 2021 and \$718,720 in 2022. This reflects a dramatic increase in home prices in the last few years.

The following table reflects the low-, moderate-, middle-, and upper-income categories for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
<i>Source: FFIEC</i>				

According to 2022 D&B data, there were 104,114 businesses in the assessment area. GARs for these businesses are below.

- 89.1 percent of businesses have GARs less than or equal to \$1.0 million,
- 4.2 percent of businesses have GARs greater than \$1.0 million, and
- 6.7 percent of businesses have unknown revenues.

Service industries represent the largest portion of businesses at 39.2 percent; followed by non-classifiable establishments (23.7 percent); finance, insurance, and real estate (10.1 percent); and retail trade (9.2 percent). In addition, 60.9 percent of area businesses have four or fewer employees, and 91.8 percent operate from a single location.

Competition

East Cambridge Savings Bank operates in a moderately competitive market for banking services. According to 2022 Deposit Market Share data, there were 75 financial institutions operating 329 branches in the assessment area. East Cambridge Savings Bank ranked 16th with a deposit market share of 2.2 percent. The institutions ahead of East Cambridge Savings Bank included the large state chartered and national retail institutions (Cambridge Savings Bank, Bank of America, and Citizens Bank NA) with a combined deposit market share of 41.0 percent.

The bank operates in a highly competitive area for small business loans. Based on 2021 market share data, 230 lenders reported 100,428 small business loans. East Cambridge Savings Bank ranked 39th with 0.3 percent market share. The leading financial institutions (American Express Bank, Bank of America, JP Morgan Chase Bank NA) were large credit card companies and comprised 42.4 percent of the market.

The bank also operates in a highly competitive area for mortgage loans. In 2022, 427 lenders reported 21,106 originated or purchased home mortgage loans. East Cambridge Savings Bank ranked 22nd with a 1.1 percent market share. The three most prominent mortgage lenders

(Leader Bank NA, Citibank NA, and Guaranteed Rate Inc) account for 16.5 percent of the total market share.

Community Contact

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

Examiners contacted a representative of a community service organization in the bank's assessment area, operating in Cambridge and the surrounding communities. The contact identified the need for housing and access to employment as the most significant issues. Low- and moderate-income individuals are priced out of most properties in the area, and while there are successful industries in the city, the talent base among low- or moderate-income individuals is not always leveraged successfully. The contact identified Low-Income Housing Tax Credits (LIHTCs) as a successful vehicle for increasing affordable housing for large populations. Individually the ONE mortgage and HEAT loans are identified as products responsive to low- and moderate-income families. The contact mentioned that a number of local institutions are very attentive and responsive to needs. Competition for community development loans and LIHTCs is very high. East Cambridge Savings Bank was identified as a supportive financial institution which provides grant funding and community development lending for a variety of projects.

Another contact identified affordable housing as a primary need in the area, as some communities do not have an inclusionary development policy and all new housing is market rate. The contact noted that population has grown in Chelsea, Revere and Everett primarily because of immigration. This has only increased the urgency of affordable housing development. Additionally, immigrant populations correlate with a higher need of flexibility regarding retail banking services. International money remittance, documentation requirements, and overdraft fees are aspects of retail services the contact encourages financial institutions to consider. The contact mentioned that East Cambridge Savings Bank was active in retail and community development services; clients of the community contact identified East Cambridge customer service as particularly welcoming. The bank's credit builder product was also noted as responsive to area needs.

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 represents the primary community development need in the assessment area. Additionally, the population of low- or moderate-income individuals correlating with immigrant populations reflects a need for financial literacy and retail banking flexibility. Credit Builder loans, Heat loans, and Masshousing ONE mortgage loans are identified as needed credit products by the community contacts.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

East Cambridge Savings Bank demonstrated **Satisfactory** performance under the Lending Test. The following sections summarize the bank’s overall performance under each criterion.

Lending Activity

Lending levels reflect good responsiveness to the assessment area credit needs. East Cambridge Savings Bank originated 262 home mortgage loans totaling \$219.2 million in the assessment area in 2021. Lending activity in the assessment area was comparable by number and dollar in 2022, with 233 loans for \$190.6 million originated inside of the assessment area. The bank’s overall lending increased from 2021 to 2022.

In 2021, East Cambridge Savings Bank originated 357 small business loans totaling \$15.0 million. Lending activity in 2021 was driven by the Small Business Administration (SBA) Paycheck Protection Program (PPP). With the expiration of this SBA program, in 2022 small business lending fell to 12 small business loans by number, while the total dollar amount fell to \$4.1 million.

Assessment Area Concentration

The bank made a majority of small business and home mortgage loans, by number and dollar volume, within its assessment area. The following table illustrates the bank’s lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	262	63.7	149	36.3	411	219,234	71.1	89,300	28.9	308,533
2022	233	52.8	208	47.2	441	190,603	58.4	136,023	41.6	326,627
Subtotal	495	58.1	357	41.9	852	409,837	64.5	225,323	35.5	635,160
Small Business										
2021	236	66.1	121	33.9	357	15,031	61.0	9,628	39.0	24,659
2022	12	60.0	8	40.0	20	4,082	60.8	2,634	39.2	6,716
Subtotal	248	65.8	129	34.2	377	19113	60.9	12,262	39.1	31,375
Total	743	60.5	486	39.5	1,229	428950	64.4	237,585	35.6	666,535
<i>Source: Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. The bank's performance in both home mortgage and small business lending supports this conclusion. Examiners focused on the number and percentage of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. In 2021, lending in low-income census tracts was below the percentage of owner-occupied units in the area, and aggregate performance. The bank' number and percentage of loans originated in low-income census tracts increased in 2022 and was comparable to the demographic and aggregate lending.

The bank's performance in moderate-income census tracts was well above aggregate performance and the demographic of owner-occupied housing in 2021. While the number and percentage of loans originated in moderate-income census tracts fell in 2022, the percentage of loans was comparable to aggregate performance and the percentage of owner-occupied housing in the same areas.

The following table details the bank’s geographic distribution activity of home mortgage loans.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.6	6.3	8	3.1	6,324	2.9
2022	4.0	5.2	10	4.3	6,775	3.6
Moderate						
2021	22.8	23.9	82	31.3	54,855	25.0
2022	23.6	25.1	55	23.6	36,545	19.2
Middle						
2021	37.3	36.5	96	36.6	77,277	35.2
2022	29.9	29.5	72	30.9	60,460	31.7
Upper						
2021	34.3	33.4	76	29.0	80,777	36.8
2022	41.7	39.2	92	39.5	84,779	44.5
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.7	1.1	4	1.7	2,044	1.1
Total						
2021	100.0	100.0	262	100.0	219,234	100.0
2022	100.0	100.0	233	100.0	190,603	100.0
<i>Source: 2015 & 2020 ACS; Bank Data, 2021 & 2022 HMDA Aggregate Data</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. In 2021, the bank’s performance was above the percentage of businesses in low-income tracts and the aggregate performance for the same year. In 2022, while the number of loans in low-income census tracts decreased, the bank’s performance by percentage remained above the aggregate performance and the demographic comparator.

The bank’s lending was above the percentage of businesses and aggregate performance in moderate-income tracts in 2021. Performance improved by percentage compared to the demographic of businesses and aggregate performance in 2022.

The following table details the bank’s geographic distribution activity of small business loans.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	9.7	10.7	35	14.8	2,422	16.1
2022	5.6	6.2	1	8.3	60	1.5
Moderate						
2021	20.9	24.2	77	32.6	3,901	26.0
2022	24.4	27.4	7	46.7	2,908	64.0
Middle						
2021	37.1	37.1	78	33.1	6,621	44.0
2022	29.3	30.0	1	8.3	413	10.1
Upper						
2021	32.2	27.9	46	19.5	2,087	13.9
2022	40.0	35.7	2	16.7	201	4.9
Not Available						
2021	0.1	0.1	0	0.0	0	0.0
2022	0.7	0.7	1	8.3	500	12.2
Total						
2021	100.0	100.0	236	100.0	15,031	100.0
2022	100.0	100.0	12	100.0	4,082	100.0
<i>Source: 2021 & 2022 D&B Data; Bank Data, 2021 & 2022 CRA Aggregate Data</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different sizes. This is supported by the bank’s good performance of lending to low- and moderate-income borrowers and adequate performance of lending to small businesses.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects good penetration. The bank’s 2021 lending to low-income borrowers was above aggregate performance. In 2022, the bank’s lending to low-income borrowers improved by percentage and number and remained above aggregate lending levels. The bank’s lending to moderate-income borrowers in 2021 was above aggregate lending. While 2022 lending fell by number and percentage, the bank’s performance remained comparable to aggregate lending for the same year.

In both 2021 and 2022, the aggregate performance of all lenders, including East Cambridge Savings Bank, was below the percentage of families categorized as low-income with an annual income of less than \$69,350. Whereas the average loan amount originated for a 1 to 4- family residential purchase in the assessment area was \$684,888 in 2021 and \$718,720 in 2022. This data, coupled with around 6.7 percent of families in the assessment area falling below the poverty line, explains why a large percentage of low-income families would not meet the standards of qualification to afford to repay the average loan amount. Moderate-income families earning over \$90,000 may be able to afford a home in the area, which may explain why the bank and aggregate performance is comparable to the demographic of moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	26.9	4.9	20	7.6	7,676	3.5
2022	24.7	6.4	25	10.7	8,300	4.4
Moderate						
2021	17.1	16.0	47	17.9	17,034	7.8
2022	17.3	16.7	35	15.0	12,432	6.5
Middle						
2021	18.8	20.8	46	17.6	22,118	10.1
2022	19.1	19.5	28	12.0	17,588	9.2
Upper						
2021	37.2	44.8	80	30.5	66,758	30.5
2022	38.9	42.7	77	33.0	64,013	33.6
Not Available						
2021	0.0	13.5	69	26.3	105,648	48.2
2022	0.0	14.8	68	29.2	88,271	46.3
Total						
2021	100.0	100.0	262	100.0	219,234	100.0
2022	100.0	100.0	233	100.0	190,603	100.0

Source: 2015 & 2020 ACS; Bank Data, 2021 & 2022 HMDA Aggregate Data.

Small Business Loans

The distribution of small business loans reflects adequate distribution of credit to small businesses. The bank originated 3.0 percent of all loans to businesses with Gross Annual Revenues (GARs) of \$1 million and below in 2021. This performance is below aggregate performance and the demographic percentage of businesses in the same revenue category in 2021. The bank's performance is impacted by the PPP loan originations in 2021, for which the bank did not collect revenue information. This limits the ability to derive conclusions regarding the size of businesses served in 2021.

In 2022, the bank’s performance was comparable to aggregate lending and below the demographic of businesses in the same revenue category. This is more representative of the bank’s general lending patterns. Aggregate performance is considered a more accurate gauge for the market of businesses pursuing small business credit.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	88.1	44.1	7	3.0	2,380	15.8
2022	89.1	49.3	6	50.0	1,686	41.3
>\$1,000,000						
2021	4.8	--	2	0.8	769	5.1
2022	4.2	--	6	50.0	2,396	58.7
Revenue Not Available						
2021	7.1	--	227	96.2	11,882	79.1
2022	6.6	--	0	0.0	0	0.0
Total						
2021	100.0	100.0	236	100.0	15,031	100.0
2022	100.0	100.0	12	100.0	4,082	100.0

Source: 2021 & 2022 D&B Data; Bank Data, 2021 & 2022 CRA Aggregate Data, "--" data not available.

Innovative or Flexible Lending Practices

The bank makes use of innovative and/or flexible lending practices. The bank originated 438 innovative and/or flexible loans, totaling approximately \$42.8 million to individuals and businesses during the evaluation period. The bank’s ONE mortgage, HEAT loans, and Credit Builder product were identified by the community contact as particularly responsive.

Flexible and Innovative Lending Products								
Product	2021		2022		2023		Total	
	#	\$	#	\$	#	\$	#	\$
ECSB - FTHB (all)	16	7,296	40	18,407	12	7,431	68	33,134
MHP – ONE Mortgage	1	229	3	635	2	\$317	6	1,181
FHLB Equity Builder			2	495			2	495
FHLB Housing Our Workforce	2	851	3	986			5	1,837
Total Residential	19	8,376	48	20,523	14	7,748	81	36,647
Mass Save HEAT Loans	143	2,389	142	2,538	58	\$1,037	343	5,964
Credit Builder			2	1			2	1
Total Consumer	143	2,389	144	2,539	58	1,037	345	5,965
SBA PPP Loans	12	154					12	154
Total Commercial	12	154	0	0	0	\$0	12	154
Total Innovative/Flexible	174	10,919	192	23,062	72	8,785	438	42,766

The following are examples of the bank's flexible lending activity.

Consumer Loan Programs

- ***First-Time Homebuyer (FTHB) Program*** – The bank developed their FTHB program to aid borrowers in purchasing homes. The program offers generally lower rates and flexible underwriting criteria for these potential borrowers. The bank couples the FTHB product with a FTHB seminar and offers a closing cost credit as a benefit of attendance.
- ***MassHousing Partnership: ONE Mortgage*** – The MHP is a statewide 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 bank originates loans through the MHP ONE Mortgage Program which allows income-eligible first-time homebuyers to benefit from a discounted 30-year fixed interest rate and a reduced downpayment without private mortgage insurance (PMI).
- ***Federal Home Loan Bank of Boston (FHLBB) Equity Builder Program (EBP)*** – EBP enables FHLBB to partner with member institutions to provide income-eligible homebuyers with one-to-one matching grants for down payments. Homebuyers can receive up to \$15,000 on a first-come, first-served basis.
- ***Federal Home Loan Bank (FHLBB) of Boston Housing our Workforce (HOW)*** – HOW enables FHLBB to partner with member institutions to provide income-eligible homebuyers with one-to-one matching grants for down payments. Homebuyers can receive up to \$10,000 on a first-come, first-served basis.

Consumer Loan Programs

- ***Mass Save HEAT Loan*** – In partnership with Mass Save, the bank offers this product to make energy efficiency more affordable for Massachusetts residents. Borrowers can apply for an interest-free loan up to \$25,000 toward energy efficient home improvements with terms up to seven years.
- ***Credit Builder Loans*** – The bank offers this product for borrowers with little or no established credit. These small-dollar loans are ideal for low- and moderate-income consumers. Without traditional access.

Commercial Loan Programs

- ***Small Business Administration (SBA) Paycheck Protection Program (PPP)***– The SBA works with lenders to provide loans to small businesses by providing guarantees to reduce risk. The bank's evaluation period included several PPP loans, a response to the COVID-19 pandemic. While the dollar amount of these loans is small, the financing provided essential support for very small businesses experiencing operation difficulties.

Community Development Loans

East Cambridge Savings Bank has made a low level of community development loans in the assessment area. The bank originated 12 community development loans totaling \$1.9 million during the evaluation period. The bank and a community contact indicated a high degree of competition for community development financing projects in the Greater Cambridge Area, which explains one factor in the low level of loans. The bank primarily provided credit to organizations supporting small businesses or low- and moderate-income individuals in the assessment area. The following table illustrates the bank’s community development lending activity.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
4/26/21-12/31/21	0	0	1	100	1	300	0	0	2	400
2022	0	0	3	164	2	900	0	0	5	1,064
2023 YTD	0	0	3	400	2	60	0	0	5	460
Total	0	0	7	664	5	1,260	0	0	12	1,924

Source: Bank Data

The following are examples of the bank’s qualified community development loans.

- The bank increased the value of a line of credit from \$300,000 to \$600,000 in 2021. The line was extended to a non-profit Cambridge organization focused on entrepreneurship and technical assistance for low-income women. The maturity of the line was extended and increased to \$850,000 in 2022. The total qualified amount for these transactions is \$1.2 million. This qualifies as a community development loan by supporting financing and technical assistance for small businesses.
- The bank extended two lines totaling \$150,000 in 2022. The lines were cash-secured and for working capital of a Cambridge non-profit. The purpose of the organization is providing essential services for low- and moderate-income families. The two lines were renewed in 2023 for \$150,000, and an additional line was originated in 2023 for \$250,000. The bank’s extensions of credit to this organization totaled \$550,000.

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, the bank maintains a reasonable record relative to fair lending policies and practices.

Minority Application Flow

The bank’s HMDA LARs for 2021 and 2022 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 2020 ACS Census Data, the bank’s assessment area contained a total population of 1,795,000 individuals of which 37.7 percent are minorities. The minority population represented is 12.9 percent Black/African American, 19.5 percent Asian/Pacific Islander, 0.1 percent American Indian/Alaskan Native, and 1.8 percent other. Approximately 12.9 percent of the population is Hispanic or Latino.

The bank’s level of lending in 2021 and 2022 was compared with that of the 2021 and 2022 aggregate’s lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage 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 2021 HMDA		2021 Aggregate Data	Bank 2022 HMDA		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	1	0.4	0.4
Asian	20	7.9	14.3	19	7.1	14.2
Black/ African American	9	3.5	3.3	8	3.0	4.1
Hawaiian/Pacific Islander	0	0.0	0.1	4	1.5	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	3	1.2	2.5	6	2.3	2.7
Total Racial Minority	32	12.6	20.5	38	14.3	21.7
White	276	55.3	51.4	115	43.2	50.2
Race Not Available	162	32.4	28.0	113	42.5	28.1
Total	254	100.0	100.0	266	100.0	100.0
ETHNICITY						
Hispanic or Latino	18	7.1	8.7	18	7.1	10.4
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.2	1.3	1	0.4	1.5
Total Ethnic Minority	21	8.3	10.0	19	7.5	11.9
Not Hispanic or Latino	139	54.7	63.2	130	48.9	61.8
Ethnicity Not Available	94	37.0	26.8	116	43.6	26.3
Total	254	100.0	100.0	266	100.0	100.0

Source: ACS Census 2020 HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021

In 2021, the bank received 254 HMDA reportable loan applications within its assessment area. Of these applications, 12.6 percent were received from racial minority applicants. This was below aggregate performance of 20.5 percent of applications from racial minority applicants. The bank’s racial minority application flow improved in 2022 to 14.3 percent but remained below the aggregate application flow.

In 2021, the bank received 21 or 8.3 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was comparable to the aggregate ethnic minority application rate. The bank's ethnic minority application flow was comparable by number, but performance remained below the aggregate ethnic minority application rate.

The bank's application flow in 2021 and 2022 reflects an adequate racial minority application flow. The bank's racial minority application flow was below that of aggregate lenders, however the gap is primarily attributed to a difference in the percentage of Asian applicants. Reaching out to the Asian demographic represents a challenge for many similarly situated depository institutions; among depository institutions below \$10 billion in assets, application activity of identified Asian consumers accounts for only 24.7 percent of total Asian consumer applications in the assessment area, reflecting a significant majority of activity with non-depository financial institutions. The bank has recognized these challenges and monitors their activity to ensure all demographics have access to credit. Additionally, the bank has made significant efforts to reach out to the Asian demographic, including work with community organizations and marketing strategies.

Considering the demographic composition of the assessment area, comparisons to aggregate data, and the bank's fair lending controls, the bank's minority application flow reflects reasonable performance.

Loss of Affordable Housing

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank's development of and participation in flexible lending programs, along with the bank's record of lending to low-income borrowers, reflects good performance for this criterion. In addition, the bank's investment initiatives reflect a commitment to helping individuals stay in their homes.

INVESTMENT TEST

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

Investment and Grant Activity

ECSB has an adequate level of qualified community development investment and grants, although rarely in a leadership position, particularly those that are not routinely provided by investors. East Cambridge Savings Bank and its Charitable Foundation (Foundation) made 174 qualified investments totaling approximately \$9.2 million during the evaluation period. The

bank's investments decreased 30.7 percent by dollar from the prior evaluation. The total dollar amount of equity investments and donations equates to 0.6 percent of average total assets and 0.8 percent of average total securities since the previous evaluation.

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	7	4,563	0	0	0	0	0	0	7	4,563
4/26/21-12/31/21	1	3,062	0	0	1	512	0	0	2	3,574
2022	0	0	0	0	0	0	0	0	0	0
2023 YTD	0	0	0	0	1	515	0	0	1	515
Subtotal	8	7,625	0	0	2	1,027	0	0	10	8,652
Qualified Grants & Donations	17	99	137	395	7	24	3	16	164	534
Total	25	7,724	137	395	9	1,051	3	16	174	9,186

Source: Bank Data

Equity Investments

The bank has investments totaling appropriately \$8.7 million, of which one totaling \$3.1 million, is new and 7 prior period investments totaling approximately \$4.6 million. The following represent examples of community development investments:

Prior Period Investments

- The bank maintains seven mortgage-backed securities (MBSs). These MBSs include mortgages located in the bank's assessment area, and a majority of the underlying mortgages were originated to low- and moderate-income borrowers. The total current book value of these loans is \$4.6 million.

New Investments

- In 2021, the bank purchased one MBS totaling \$3.1 million. Home mortgage loans to low and low- and moderate-income borrowers originated within the bank's assessment area secured this investment.
- The bank maintains an investment in a minority-owned institution in the form of a qualifying 15-month certificate of deposit. Two qualifying rollovers occurred during the evaluation period: one in fourth quarter 2021 for \$512,012 and the other in first quarter 2023 for \$514,769.

Grants and Donations

During the evaluation period, ECSB and the Foundation made approximately \$534,164 in qualified donations. Community development organizations serving low- and moderate-income individuals and families throughout the assessment area benefited from the donations.

The following are examples of qualified grants and donations.

Grants

- **GreenRoots, Inc.** – The organization is dedicated to ecological restoration activities for land, waterfront, and air, to combat through innovative programs the compromised and poor health and environmental conditions stemming from the intense overabundance of industry in the small dense area of Chelsea. The bank’s financial giving in 2021 and 2022 aided in revitalizing and stabilizing areas within the assessment area.
- **Housing Corporation of Arlington (HCA)** – This nonprofit organization provides and advocates for stable affordable housing for low- and moderate-income individuals and families in Arlington and surrounding communities while promoting social and economic diversity. The bank’s donations in 2021, 2022, 2023 were responsive to affordable housing needs in the assessment area.
- **Just A Start Corporation (JAS)** – The organization programs promote pathways to economic opportunity, stable affordable housing, sustainable careers, and related support services within Cambridge and surrounding areas. The bank’s contribution in 2023, aided in providing community services supporting at an innovative mixed use Economic Mobility Hub at Rindge Commons, Cambridge that also includes 24 units of affordable housing. This donation is considered particularly responsive to community development needs of the assessment area.
- **La Colaborativa (LC)** – The organization assists residents living in low-income and public housing to prevent foreclosures and predatory lending as well as advocates for quality affordable housing. LC also offers programs designed to overcome economic barriers through workforce development and job placement and English as a Second Language education. The bank's 2021 donation was responsive to economic development needs in the assessment area.
- **On The Rise, Inc.** – This Cambridge-based nonprofit works with homeless and formerly-homeless women and transgender individuals facing housing, domestic abuse, substance addiction, poverty, or other issues to move out of poverty by developing well-being and building skills for self-sufficiency. The bank’s multiple donations in 2021, 2022, and 2023 were responsive to community service needs in the assessment area.
- **The Neighborhood Developers (TND)** - This nonprofit organization promotes economic diversity and opportunity in Chelsea, Revere, and Everett. TND programs include development of and advocacy for stable affordable housing units, including rental housing and property management, and connecting landlords and tenants with supportive

services including financial and career counseling. The bank's donations in 2021, 2022, 2023 were responsive to affordable housing needs in the assessment area.

- **The Somerville YMCA** - The Somerville YMCA, serving Somerville and adjacent Boston neighborhoods, this YMCA provides not only traditional youth recreational, child care, and out-of-school programs but also includes affordable housing for men, job readiness program, substance abuse prevention, multiple locations, and transportation. Additionally reduced fees for seniors and membership scholarships are offered. The bank's 2021 and 2022 donations were responsive to area community service needs.
- **Food Banks, Food Pantries, and Related Programs** – During the evaluation period, the bank donated to local food banks, food pantries, and food insecurity programs that help fight hunger for low- and moderate-income individuals. Examples of recipients include Arlington Eats, Bread of Life, Community Cooks, Food for Free, Cabridge Community Center, Lexington Interfaith Food Pantry, Margaret Fuller Neighborhood House, My Brothers Table, Project Bread, Mystic Valley YMCA, St. Anthony Shrine, Union Square Main Street, and Waltham Boys & Girls Club.

Responsiveness to Credit and Community Development Needs

ECSB exhibits good responsiveness to credit and community economic development needs. The bank provided approximately 84.1 percent of its investment activity toward affordable housing initiatives. As noted by the community contact, affordable housing is a constant need and the bank's annual investments in multiple affordable housing organizations within the assessment area will assist in meeting this community credit need for individuals with incomes less than 80 percent of the area median income. The bank's charitable foundation also made a large number of donations including COVID-19 relief during the pandemic, particularly many addressing food insecurity. Additionally, the bank and Foundation increased its grants and donations to community service organizations that serve low- and moderate-income families and individuals.

Community Development Initiatives

ECSB occasionally uses innovative and/or complex investments to support community development initiatives.

The bank's new and prior period investments support the creation and preservation of affordable housing throughout the assessment area, which requires the collaboration of multiple partners. The bank also renewed an investment in a minority-owned financial institution in 2021 and 2023, allowing the financial institution in turn to meet demand for affordable financial products and services to consumers.

SERVICE TEST

The bank's overall Service Test performance is rated High Satisfactory. The bank's good performance with regards to retail services and community development services support this conclusion. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are essentially accessible to all portions of the bank’s assessment area. The bank has eleven full-service branches within the assessment area. All the bank’s branches offer ATM services.

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

Branch and ATM Distribution by Geography Income Level												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Opened Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	19	8.4	81,190	8.4	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	63	28.0	276,814	28.6	3	27.3	5	31.3	0	0.0	0	0.0
Middle	62	27.6	280,688	29.0	5	45.5	7	43.8	1	100.0	0	0.0
Upper	77	34.2	319,352	33.0	3	27.3	4	25.0	0	0.0	0	0.0
Not Available	4	1.8	10,612	1.1	0	0.0	0	0.0	0	0.0	0	0.0
Total	225	100.0	968,656	100.0	11	100.0	16	100.0	1	100.0	0	0.0

*Source: 2020 ACS
Due to rounding, totals may not equal 100.0%*

As the table illustrates, the bank’s had no branches in low-income census tracts. However, the bank’s percentage of branches in moderate-income tracts is comparable to the demographic measures in the same areas. Additionally, the current branch structure establishes that the majority of low- and moderate-income tracts are within a 2-mile radius of any ECSB branch.

While the bank has no branches in Saugus or Lynn (which contains 22 of the 82 low- and moderate-income tracts in the assessment area) the bank’s alternative delivery systems make these retail services reasonably accessible. In addition to the bank’s branches and ATMs and ITM, the bank offers alternative delivery systems which expand retail banking service access to all its customers. The bank offers online and mobile banking to all its customers. Customers can manage their finances 24 hours a day online or on their mobile device. Customers can receive real time updates, transfer funds, make deposits, and make person to person transfers 24 hours a day.

Changes in Branch Locations

To the extent changes have been made, the bank’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank has opened one branch in Woburn during the evaluation period. The Woburn branch is located in a middle-income census tract but is within a two-mile radius of several moderate-income census tracts.

The bank has closed no branches since the previous evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All retail branches offer the same loan and deposit products and services.

The bank maintains similar hours at most of their locations. Full-service branches maintain hours from 9:00 am to 5:00 pm Monday through Thursday open until 6:00 PM on Friday, and Saturday hours from 9:00 am to 1:00 pm. The Chelsea branch (located in a moderate-income census tract) opens at 8:30 am Monday through Friday, and closes at 4:30 pm Monday through Wednesday, with all other hours consistent with other branches.

Community Development Services

The bank provides a relatively high level of community development services. The bank provided 125 instances of community development services to approximately 33 community development organizations. The bank's activity is primarily driven through financial literacy education. The following table summarizes the bank's community development service hours by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
4/26/21-12/31/21	11	15	2	0	28
2022	14	31	15	0	60
2023 YTD	12	16	9	0	37
Total	37	62	26	0	125

Source: Bank Data

The following are notable examples of community development services provided by the bank.

- **Bay Cove Human Services** – The purpose of Bay Cove Human Services is to provide social services to individuals facing challenges including mental illness, substance use disorders, and homelessness in the Greater Boston Area. Services include emergency shelter, workforce development, and nutrition. The organization qualifies for community development by providing community services for low- and moderate-income individuals. The Chief Human Resources Officer of the bank volunteers on the Event Planning Committee of this organization and uses her technical expertise to help plan fundraising events.
- **Cambridge Rotary** – This organization's philanthropic efforts provide services to the Cambridge community's low- and moderate-income population. A Vice President of the bank served as Treasurer for the organization in 2022.
- **Homeowners Rehab Inc. (HRI)** – HRI aims to improve the availability and quality of housing for low- and moderate-income individuals. Services include providing rental housing and supporting local owners in repairing or improving their homes. This

organization qualifies as community development by supporting affordable housing for low- and moderate-income individuals. The bank's President and a bank Vice President serve on the Audit Committee and the Advisory Board, respectively.

Financial Literacy Education

- **First Time Home Buyer (FTHB) Seminars** – The bank conducted 20 FTHB seminars during the evaluation period. Topics included basic application information and special programs for first-time homebuyers. Attendees that reached the application stage were eligible for closing cost assistance. This service provided affordable housing support for low- and moderate-income families.
- **SCORE Small Business Financial Literacy** – The bank conducted 19 seminars for local small businesses through the SCORE program. Topics included the importance of Cash Flow, Understanding Financial Reports, and Savings Strategies. The technical assistance provided qualifies for community development by supporting the economic development of small businesses.
- **Mayor's Summer Youth Employment Program (Cambridge)** – Two bank employees conducted a two-part financial literacy program for the Summers of 2021 and 2022. Topics included credit, basic banking, and budgeting. The summer employment program gives preference to low- and moderate-income families. This activity qualifies for community development by providing educational services for low- and moderate-income individuals.

Technical Assistance

- **Interest on Lawyers Trust Accounts (IOLTA)**– The bank participates in the IOLTA initiative. This program facilitates fundraising for CRA-qualified community organizations by delivering accrued interest to legal aid organizations. These organizations primarily serve low- and -moderate-income residents of Massachusetts.

Discriminatory or Illegal Credit Practices

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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.

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 Area (CBSA): 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).

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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (also known as non-MSA): 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 120 percent or more of the area median income, or a median family income that is 120 percent or more 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 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 292 Cambridge St, Cambridge MA 02141."

[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.