

PUBLIC DISCLOSURE

April 26, 2021

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	X
Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

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

The Lending Test is rated Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- The institution originated a majority of loans within its assessment area.
- The geographic distribution of loans reflects reasonable penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among businesses customers of different size and retail customers of different income levels.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution has made an adequate level of community development loans.

The Investment Test is rated High Satisfactory.

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

- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 23, 2017, to the current evaluation dated April 26, 2021. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's performance.

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

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

The Investment Test considered the following criteria.

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

The Service Test considered the following criteria.

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

An institution must achieve at least a Satisfactory rating on the Lending Test to obtain an overall "Satisfactory" rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's two major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of 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 of originations compared to small business lending during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

This evaluation considered all home mortgage loans reported on the bank's 2019 and 2020 Home Mortgage Disclosure Act Loan Application Registers. In 2019, the bank reported 294 loans totaling \$190.1 million, and in 2020 the bank reported 417 loans totaling \$293.3 million. Examiners compared the bank's 2019 and 2020 performance under the Geographic Distribution and Borrower Profile criteria to aggregate data. Additionally, examiners compared the bank's home mortgage performance in 2019 and 2020 to the 2015 American Community Survey (ACS) demographic data.

Examiners considered all small business loans reported on the bank's CRA Loan Register in 2019 and 2020. The bank reported 43 small business loans totaling \$9.0 million in 2019 and 317 loans totaling \$25.8 million in 2020. Examiners compared the bank's 2019 small business lending performance to aggregate data. Aggregate data is not yet available for 2020. Examiners also compared 2019 and 2020 small business lending performance to D&B business demographic data.

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

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices from the prior evaluation date of January 23, 2017, through the current examination date.

DESCRIPTION OF INSTITUTION

Background

East Cambridge Savings Bank is a state-chartered, mutual savings bank headquartered in Cambridge, Massachusetts operating in parts of the Metro-West and North Shore regions of Massachusetts. The institution received a “Satisfactory” rating at its previous Division of Banks (“Division”) Performance Evaluation, dated January 23, 2017, based on Interagency Large Institution Examination Procedures.

Operations

East Cambridge Savings Bank operates 10 full-service branches, one limited training branch, and one standalone automated teller machine (ATM) throughout the assessment area. The main office is located at 292 Cambridge St. in Cambridge MA. The remaining full-service branches are located in Arlington, Belmont, Cambridge, Chelsea, Malden, Medford (2), Somerville, and Waltham. The limited service branch is a high school training facility, and located in Cambridge MA. All full-service branches contain ATMs, and the standalone ATM is located in Somerville MA.

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

Ability and Capacity

Assets totaled approximately \$1.2 billion as of December 31, 2020, and included total loans of \$947.8 million and investments of \$203.2 million. Loans secured by residential real estate represent the majority of the portfolio, followed by loans for commercial purposes. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	56,652	6.0
Secured by 1-4 Family Residential Properties	523,702	55.3
Secured by Multifamily (5 or more) Residential Properties	128,304	13.5
Total Residential Real Estate Loans	708,658	74.8
Secured by Nonfarm Nonresidential Properties	185,381	19.6
Commercial and Industrial Loans	41,889	4.4
Total Commercial Loans	227,270	24.0
Consumer Loans	9,719	1.0
Other Loans	1,840	0.2
Total Loans	947,487	100.0
<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 its assessment area to include 16 cities and towns. See the table below for detail on the municipalities included.

East Cambridge Savings Bank Assessment Area			
Cambridge-Newton-Framingham, MA MD			
Arlington	Belmont	Cambridge	Everett
Lexington	Malden	Medford	Newton
Lynn*	Saugus	Somerville	Waltham
Watertown	Winchester		
Boston, MA MD			
Chelsea	Revere		
*Added municipality since the previous exam			

The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The assessment area includes 191 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 22 low-income tracts,
- 55 moderate-income tracts,
- 58 middle-income tracts,
- 55 upper income tracts, and
- 1 tract without an income designation (The Suffolk Downs Race Track)

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)	191	11.5	28.8	30.4	28.8	0.5
Population by Geography	865,769	10.8	30.4	32.0	26.8	0.0
Housing Units by Geography	349,258	10.7	29.3	33.7	26.3	0.0
Owner-Occupied Units by Geography	165,243	5.9	23.8	34.5	35.8	0.0
Occupied Rental Units by Geography	163,558	15.4	34.7	32.9	16.9	0.0
Vacant Units by Geography	20,457	11.6	30.2	34.0	24.2	0.0
Businesses by Geography	77,900	10.3	22.0	33.1	34.5	0.1
Family Distribution by Income Level	193,380	27.1	17.0	18.5	37.3	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$467,361
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,403
			Families Below Poverty Level			8.7%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Federal Financial Institutions Examination Council (FFIEC) updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table.

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)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
<i>Source: FFIEC</i>				

According to the U.S. Bureau of Labor Statistics, the 2020 annual average unemployment rate was 9.8 percent in Essex County, 7.3 percent in Middlesex County, and 9.7 percent in Suffolk County. The low unemployment rate sharply increased in March 2020 due to the COVID-19

pandemic, and unemployment rates are comparable to statewide data.

The Geographic Distribution criterion compares home mortgage lending performance to the distribution of owner-occupied housing units. Within the credit union's assessment area, opportunities for home mortgage lending are somewhat limited, as only 47.3 percent of the 349,258 housing units are owner-occupied. Additionally, housing costs are expensive, with a median housing value of \$467,361 based on 2015 ACS Census data. Updated HMDA data reflects increasing prices in the assessment area. Average credit extended for home purchases went from \$619,639 in 2018 to \$693,826 in 2020. High housing costs further reflect limited lending opportunities for low- and moderate-income households.

Competition

The assessment area is located in a competitive market for financial services. Based on 2020 Deposit Market Share data, 65 financial institutions operated 293 branches within the assessment area. East Cambridge Savings Bank ranked 15th, by Total Deposit Amount, with 2.1 percent market share. The top ranking institutions were comprised of national and community financial institutions and credit unions that included Bank of America, N.A., Citizens Bank, N.A., Century Bank and Trust Company, Cambridge Savings Bank, and Metro Credit Union, with a total of 53.1 percent market share.

The assessment area market overall for home mortgage loans is competitive. East Cambridge Savings Bank ranked 45th out of 515 home mortgage lenders within the assessment area with a 0.6 percent market share of applications. Large national banks, non-depository lenders and several state-chartered community banks and federal credit unions ranked above East Cambridge Savings Bank. The lenders with the biggest market share included Guaranteed Rate, Inc., Citizens Bank NA, Leader Bank NA, and Quicken Loans, LLC.

Community Contacts

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 housing and community service organization serving part of the bank's assessment area. The contact referenced rapidly rising housing costs, especially rental costs. As a result, many residents are being evicted and forced from their communities as the cost of living rises. The contact cited the primary needs in the assessment area are affordable housing. Additional needs include "fresh start" deposit accounts for those individuals with impaired account histories, financial literacy training, and credit counseling.

Examiners also contacted a nonprofit housing and community service organization serving part of the bank's assessment area. The contact described how the COVID-19 pandemic has contributed to increased costs of affordable housing development projects and the increased costs and challenging impact of doing business for small businesses, particularly in the food, retail and

construction sectors. The Federal Payroll Protection Program had a stabilizing effect yet additional assistance is needed. Overall, the contact cited the primary needs in the area are financial relief to small businesses impacted by the COVID-19 pandemic. Additional needs include focused support for minority-owned businesses in the form of low-interest financial lending products, capital, and financial literacy education.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing represents a primary community development need for the assessment area. The rapidly rising real estate costs and diminishing number of affordable housing units and supports this need. There is also a need for deposit products that accommodate individuals with damaged account histories, financial literacy, and credit counseling for low- and moderate-income individuals. Additionally, there is a need for low-cost lending, capital and financial education for new and existing small businesses, particularly minority-owned businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs considering the bank's performance context and competition. The loan-to-deposit ratio for the quarter ending 12/31/20 was approximately 90.2 percent, which corresponds to good responsiveness.

Home Mortgage Loans

In 2019, East Cambridge Savings Bank originated 294 loans totaling \$190.1 million. Loan production increased in 2020, to 417 loans for \$293.3 million. The bank originated 172 loans inside of the assessment area in 2019 totaling \$115.8 million. This increased to 257 loans for \$194.6 million in 2020. The loan activity increase was spurred by the lower interest rate market.

The bank's 2019 market share rank (by number) in the assessment area was 39th out of 446 lenders, at 0.6 percent. The market share rank in 2020 was comparable at 41st out of 468 lenders, at 0.6 percent. The comparable ranking and share corresponds to the market-wide loan activity increase.

Small Business Loans

In 2019, the bank originated 43 small business loans totaling \$9.0 million. The bank's loan volume, by number and dollar amount increased significantly in 2020 to 317 loans for \$25.8 million. The bank originated 27 loans inside of the assessment area in 2019 and 241 loans in 2020, totaling \$4.5 million and \$17.8 million respectively. The loan increase is primarily attributed to the Small Business Administration's Paycheck Protection Program.

The bank's 2019 small business market share rank (by number) in the counties including the assessment area was 68th out of 162 lenders.

Assessment Area Concentration

The bank made a majority of home mortgage and small business loans, by number and dollar amount, within the assessment area. Please see the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	172	58.5	122	41.5	294	115,839	60.9	74,250	39.1	190,089
2020	257	61.6	160	38.4	417	194,566	66.3	98,693	33.7	293,260
Subtotal	429	60.3	282	39.7	711	310,406	64.2	172,943	35.8	483,349
Small Business										
2019	27	62.8	16	37.2	43	4,470	49.7	4,517	50.3	8,987
2020	241	76.0	76	24.0	317	17,764	68.9	8,026	31.1	25,790
Subtotal	268	74.4	92	25.6	360	22,234	63.9	12,543	36.1	34,777
Total	697	65.1	374	34.9	1,071	332,640	64.2	185,486	35.8	518,126

Source: Bank Data

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable penetration throughout the assessment area.

In 2019, East Cambridge Savings Bank's lending performance in low-income tracts trailed aggregate performance and the percentage of owner-occupied housing units. Activity in low-income tracts increased in 2020, but the overall percentage remained below the aggregate lending trends.

While performance in low-income census tracts was below aggregate, the bank's performance in moderate-income tracts exceeded aggregate and the percentage of owner-occupied housing units in both 2019 and 2020. As shown in the following table, the number of loans originated in moderate-income census tracts increased in 2020, with comparable performance in terms of percentage.

Market share data reflects reasonable performance. The bank's market share and rank among low- and moderate-income tract originations is comparable to the overall market share rank.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.9	7.6	8	4.7	3,866	3.3
2020	5.9	6.2	10	3.9	8,380	4.3
Moderate						
2019	23.8	26.0	47	27.3	28,190	24.3
2020	23.8	23.9	67	26.1	47,906	24.6
Middle						
2019	34.5	34.7	70	40.7	43,008	37.1
2020	34.5	34.9	118	45.9	81,010	41.6
Upper						
2019	35.8	31.8	47	27.3	40,775	35.2
2020	35.8	35.0	62	24.1	57,271	29.4
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	172	100.0	115,840	100.0
2020	100.0	100.0	257	100.0	194,566	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, 2020 Preliminary HMDA Aggregate Data.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area.

As shown in the following table, the bank's performance trailed aggregate and demographic data among low-income census tracts in 2019. The bank's 2020 performance improved in the same areas (by number dollar amount and percentage) and was comparable to the demographic of businesses in low-income census tracts.

The bank's performance for small business lending in moderate-income tracts exceeded aggregate performance significantly in 2019, as more than half of all originations occurred within moderate-income areas. The bank's lending activity in moderate-income tracts increased by number and dollar amount, though not percentage, in 2020, and continued to exceed demographic data.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	10.1	11.3	1	3.7	525	11.7
2020	10.3	--	27	11.2	2,467	13.9
Moderate						
2019	21.4	24.5	14	51.9	2,892	64.7
2020	22.0	--	76	31.5	5,906	33.2
Middle						
2019	33.6	33.4	10	37.0	863	19.3
2020	33.1	--	70	29.0	6,123	34.5
Upper						
2019	34.8	30.7	2	7.4	190	4.3
2020	34.5	--	68	28.2	3,268	18.4
Not Available						
2019	0.1	0.1	0	0.0	0	0.0
2020	0.1	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	27	100.0	4,470	100.0
2020	100.0	--	241	100.0	17,764	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels and business customers of different size. The bank's adequate performance of home mortgage and good performance of small business lending support this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to retail customers of different income levels reflects adequate penetration.

Lending to low-income borrowers was below aggregate data and demographic data in 2019. The bank's lending to the same demographic of borrowers fell in 2020, further below aggregate lending trends.

Lending to moderate-income borrowers was below aggregate and demographic data in 2019. The bank's performance improved by number, dollar amount and percentage in 2020, but still trailed aggregate performance.

One explanatory factor regarding the difference between the bank's performance and aggregate lending trends is the bank's lending structure. The bank's percentage of home mortgage loans with unknown revenues is more than double that of aggregate lenders, which may reflect a larger proportion of investment or business purpose loans compared to aggregate lenders. When controlled for these loans, the bank's low- and moderate-income borrower performance is more comparable to aggregate lender performance, and even exceeds performance in some metrics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	27.1	4.5	7	4.1	1,166	1.0
2020	27.1	4.3	4	1.6	1,354	0.7
Moderate						
2019	17.0	15.8	16	9.3	5,484	4.7
2020	17.0	15.6	33	12.8	10,665	5.5
Middle						
2019	18.5	21.6	33	19.2	14,780	12.8
2020	18.5	21.6	39	15.2	16,101	8.3
Upper						
2019	37.3	45.7	61	35.5	36,871	31.8
2020	37.3	48.1	116	45.1	68,676	35.3
Not Available						
2019	0.0	12.5	55	32.0	57,538	49.7
2020	0.0	10.4	65	25.3	97,771	50.3
Totals						
2019	100.0	100.0	172	100.0	115,839	100.0
2020	100.0	100.0	257	100.0	194,566	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different size. In 2019, the bank's performance exceeded aggregate lending data, and was comparable to demographics. The bank's 2020

lending decreased among all businesses with known revenues. This was a result of the PPP application parameters, which did not require GAR information. The preferable terms of PPP credit reduced demand for traditional credit.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	86.8	44.4	19	70.4	2,145	48.0
2020	87.9	--	6	2.5	1,082	6.1
>1,000,000						
2019	5.7	--	8	29.6	2,325	52.0
2020	5.1	--	2	0.8	121	0.7
Revenue Not Available						
2019	7.4	--	0	0.0	0	0.0
2020	7.0	--	233	96.7	16,561	93.2
Totals						
2019	100.0	100.0	27	100.0	4,470	100.0
2020	100.0	--	241	100.0	17,764	100.0

Source: 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available.

Innovative and Flexible Lending

The bank makes use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The following highlights the various innovative and flexible loan programs that the bank continues to offer.

Home Mortgage Loans

- **First-Time Homebuyer Program-** the bank offers a first-time homebuyer product to qualified customers. The program offers generally lower rates and flexible underwriting criteria for these potential borrowers. The bank originated 35 loans totaling \$15.9 million during the evaluation period.
- **MassHousing Partnership (MHP) -** 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 first-time homebuyers to put as little as three percent down; to benefit from a discounted 30-year fixed interest rate; and to avoid private mortgage insurance (PMI). A total of six loans totaling \$1.7 million were originated during the evaluation period.

- **Federal Home Loan Bank Housing Our Workforce-** Housing Our Workforce (HOW) enables FHLBank Boston 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. The bank originated three loans totaling \$1.1 million during the evaluation period.
- **Freddie Mac Home Possible-** this product offers low down payment and flexible underwriting options to low- and moderate-income borrowers. The bank originated three loans totaling \$1.1 million during the evaluation period.

Small Business Loans

- **Small Business Administration (SBA) Loans-** The SBA provides financial assistance in the form of loan guaranties, smaller down payments, and flexible terms to small businesses. Loan products the bank offers include the 504 and 7(a) programs. The bank originated seven SBA loans totaling \$1.9 million over the evaluation period.

Consumer Loans

- **MassSave HEAT Loans-** The bank partners with MassSave to make HEAT loans to individuals residing within the bank's assessment area. This program allows low- and moderate-income customers to apply for a zero percent loan to assist with the installation of energy efficient improvements in their homes. The loans are available up to \$25,000 with terms up to seven years. During the evaluation period, 451 loans totaling \$6.4 million were originated.
- **MassSolar Loans-** During the evaluation period, the bank partnered with this organizations to offer loans for residential solar panel installation. Low- and moderate-income borrowers receive discounted rates. A total of 12 loans totaling \$0.2 million were originated.

Community Development Lending

The institution has made an adequate level of community development loans. The bank originated 5 community development loans, totaling approximately \$5.6 million during the evaluation period. This a slight decrease from the previous evaluation, when the bank originated 6 loans totaling \$6.8 million. Current activity level represents 0.5 percent of average total assets and 0.6 percent of average total loans. In addition, the bank made 6 community development loans, totaling \$7.1 million, outside the assessment area.

The majority of community development loans totaling approximately \$4.2 million supported affordable housing, which specifically addressed a primary credit need of the assessment area as identified by the community contact.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	2	2,070	0	0	0	0	0	0	2	2,070
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	2	2,093	0	0	1	1,403	0	0	3	3,496
Total	4	4,163	0	0	1	1,403	0	0	5	5,566
<i>Source: Bank Data</i>										

The following are notable examples of qualified community development loans.

- In 2017, the bank originated a \$1.1 million loan to build a multi-family residential property with twelve units in Chelsea. All of the units have affordable monthly rent amounts based on U.S. Department of Housing and Urban Development’s Fair Market Rents. This project increased the number of new affordable housing units available to low- and moderate-income residents within the assessment area.
- In 2020, the bank originated a loan for \$6.5 million to refinance and convert a previously commercial property into a multi-family residential property in Watertown. Six of the units were reserved as affordable units with monthly rent amounts below U.S. Department of Housing and Urban Development’s Fair Market Rents. The qualified portion of this loan is \$1.0 million.
- In 2020, the bank originated a loan for \$7.4 million to purchase a previously commercial property into a 33-unit mixed-use property in Chelsea. Six of the units were reserved as affordable units and leased to tenants with incomes at 80% of Area Median Income. The qualified portion of this loan is \$1.0 million.

INVESTMENT TEST

East Cambridge Saving’s Bank overall Investment Test performance is High Satisfactory. The bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank exhibits good responsiveness to credit and community economic development needs. The bank occasionally uses innovative or complex investments to support community development initiatives.

Investment Activity

The bank made a significant level of qualified investments throughout the evaluation period. The bank made 382 qualified investments for \$13.3 million, a significant increase from the \$5.6 million in investment activity qualified during the prior evaluation period. The bank’s current qualified investments represent 1.1 percent of total assets and 7.2 percent of total investments as

of the December 31, 2020 Call Report. A majority of the investments, by dollar volume, went to support affordable housing for low- and moderate-income individuals, a need which was identified by the community contacts.

Please refer to the following table for the bank’s qualified equity investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	1,922	0	0	0	0	0	0	3	1,922
2017	0	0	0	0	0	0	0	0	0	0
2018	2	5,382	0	0	0	0	0	0	2	5,382
2019	0	0	0	0	1	250	0	0	1	250
2020	2	4,663	0	0	1	250	0	0	3	4,913
YTD2021	0	0	0	0	0	0	0	0	0	0
Subtotal	7	11,967	0	0	2	500	0	0	9	12,467
Qualified Grants & Donations	37	134	310	585	21	69	5	9	373	797
Total	44	12,101	310	585	23	569	5	9	382	13,264

Source: Bank Records

Equity Investments

The bank maintains nine qualified equity investments totaling \$12.4 million. Six equity investments are new, totaling \$10.5 million, and three prior period investments have current book values of \$1.9 million. Below are examples of the bank’s equity investments.

Prior Period Investments

- The bank continues to hold three CRA mortgage backed securities (MBS). These MBS includes mortgages located in the bank’s assessment area, and a majority of the underlying mortgages are to low- and moderate-income borrowers. The current book values of these investments total \$1.9 million.

Current Period Investments

- During the evaluation period, the bank purchased four MBS totaling \$10.0 million. Home mortgage loans originated in the bank’s assessment area secured these investments. A majority of the underlying mortgages in each MBS were to low- and moderate-income borrowers.
- The bank purchased two certificates of deposit from a minority-owned institution in 2019 and 2020 for a total of \$0.5 million, helping promote economic development.

Qualified Grants and Donations

During the evaluation period, the bank established a charitable foundation which provides grants and donations to community development groups. In total, the bank and the charitable foundation made 373 donations for \$0.8 million. This level of activity is an increase from the last evaluation.

Below are some examples of organizations that received donations from the bank.

- **Waltham Alliance for Teaching, Community Organizing and Housing (WATCH):** WATCH CDC is a Massachusetts certified Community Development Corporation whose mission is to promote affordable housing for low-income, immigrant and disadvantaged community members. They provide resources, education and community leadership opportunities with a focus on local affordable housing development and financial management training. The bank foundation's multiple donations supported the community development under Affordable Housing in the assessment area.
- **Somerville Community Corporation (SCC)** – SCC is a membership organization offering services to low- and moderate-income Somerville residents to achieve economic sustainability and increase civic participation. The bank's multiple donations were responsive to Economic Development needs in the assessment area.
- **Cambridge Housing Assistance Fund (CHAF)** – CHAF is committed to breaking the cycle of homelessness in Cambridge by grant-making to assist the homeless and near homeless with the start-up costs of securing permanent housing and rental assistance. CHAF raised additional funds to support those impacted by the COVID-19 pandemic. The bank foundation's multiple donation were particularly responsive to Affordable Housing needs in the assessment area during the COVID-19 pandemic.
- **Cambridge and Somerville Programs for Addiction Recovery, Bay Cove Human Services (CASPAR)** – This nonprofit organization offers resources to homeless men and women by providing emergency shelter and services, transitional residential services, and aftercare services to address substance use disorders, mental illness and medical complications. The bank and foundation supported this Community Service need with multiple donations.
- **La Colaborativa, FKA Chelsea Collaborative (LC)** - LC 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, as well as English as a Second Language education. The bank's multiple donations supported Community Service needs within the assessment area.
- **Food Banks and Community Supported Agriculture** - Through the bank and bank's foundation, multiple contributions supported many area organizations: Arlington Eats, Belmont Food Pantry, Bread of Life, Chelsea Hunger Network, Community Cooks, East End House, Food for Free, Healthy Waltham, Malden YMCA, Margaret Fuller House, Project Bread, Project Soup, Salvation Army, Waltham Boys & Girls Club, and Waltham

Fields Community Farm. These organizations provide food and basic needs free of charge to qualifying residents within the bank's assessment area. The bank's increased number of donations during the evaluation period were especially responsive to identified needs during the COVID-19 pandemic crisis.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community economic development needs. The bank provided donations to organizations that focus on the needs of low- and moderate-income individuals and families, as well as low- and moderate-income areas. Of the bank's donations and grants, 73.4 percent were to organizations that provided community services to low- and moderate-income individuals in the assessment area. The bank's equity investments and several of the bank's donations had a primary focus of affordable housing within the assessment area. This was noted as a primary community development need within the assessment area by the community contacts.

Innovativeness or Complexity of Qualified Investments

The bank occasionally uses innovative or complex investments to support community development initiatives. The bank's CRA investment activity consisted of CRA mortgage backed securities, certificates of deposit with minority-owned institutions, and donations.

SERVICE TEST

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

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's assessment area. Alternative delivery systems supplement the bank's branches.

Distribution of Branches

The bank maintains 10 full-service branches in the following town and cities; Arlington, Belmont, Cambridge (2), Chelsea, Malden, Medford (2), Somerville, and Waltham. In addition, there is one training branch located at the Cambridge Rindge and Latin School in Cambridge. The bank also maintains one remote deposit-taking ATM within the assessment area.

The following table shows the full-service branch and remote ATM distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	22	11.5	93,485	10.8	2	20.0	0	0.0
Moderate	55	28.8	263,082	30.4	1	10.0	0	0.0
Middle	58	30.4	276,953	32.0	6	60.0	1	100.0
Upper	55	28.8	232,249	26.8	1	10.0	0	0.0
NA	1	0.5	0	0.0	0	0.0	0	0.0
Total	191	100.0	865,769	100.0	10	100.0	1	100.0

Source: 2015 ACS Data & Bank Records

All branches maintain an ATM. Alternate delivery systems include free electronic banking services such as online banking and bill pay services, mobile banking, and telephone banking. The bank employs a number of bilingual employees to serve the community. With the variety of services, consumers and businesses can access their accounts 24 hours a day to perform various transactions.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

During the evaluation period, the bank opened one new branch in a low-income tract in Malden, MA. The bank closed one branch in an upper-income tract located in Cambridge, MA in 2021.

Reasonableness of Business Hours and Services

Overall, services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours are generally consistent at each location. All branches have an ATM, with some branches offering drive-up services. All branches offer the same products and services. Mobile and online banking are available 24 hours a day, 7 days a week.

Community Development Services

The institution provides a relatively high level of community development services. Bank employees provided 68 instances of community development services during the evaluation period. The bank's involvement consisted primarily of board involvement and/or providing banking and technical expertise to local community development organizations.

Below are notable examples of the bank's community development services.

Employee Involvement

- **Homeowners Rehab, Inc. (HO)** – A bank Vice President served on the Board of Directors and a second bank Vice President served as an Executive Officer. Homeowner’s Rehab’s mission is to improve the permanent availability of housing for low- and moderate-income people creating and preserving affordable units in Cambridge neighborhoods.
- **Somerville Homeless Coalition (SHC)** – A bank Senior Vice President served on the Board of Directors. SHC’s mission is to provide the homeless and nearly homeless individuals and families with housing solutions and supportive services to obtain and maintain affordable housing. Programs include emergency and food assistance. SHC has transformed the lives of over 7,000 men, women and children.
- **Cambridge Local First (CLF)** – A bank Assistant Vice President served on the Board of Directors. CLF is a nonprofit organization promoting economic benefits of a strong local economy by creating opportunities for immigrants, minorities and others seeking a secure economic future and overcome the challenges faced by small businesses and entrepreneurs.
- **Community Service Network, Inc. (CSN)** – A bank Vice President served on the organization’s Board of Directors. This nonprofit’s mission is to help low- and moderate-income clients access reasonable housing through obtaining the knowledge, skills and services that promote independence and self-sufficiency. CSN provides Housing and Urban Development Department (HUD)-certified education, homeowner counseling, and case management to communities included in the bank’s assessment area.
- **Little Sisters of the Poor (LSP)** – A bank Executive served on the organization’s Advisory Board. Based in Somerville, LSP provides a continuum of care to the needy elderly of greater Boston. The majority of those benefiting were low-income.

Financial Education and Outreach

- Over the evaluation period, bank employees provided financial literacy classes to children, adults, and seniors. Classes were held in conjunction with organizations such as FDIC Money Smart, Chelsea Public Schools, Cambridge Rindge and Latin School, and Councils on Aging. Topics included fraud prevention, tax preparation, banking, and personal finance. In total, 55 classes were held during the evaluation period.
- The bank held first-time homebuyer seminars during the evaluation period at its branches. In addition, bank employees presented at seminars with community development organizations such as WATCH and Cambridge Fair and Affordable Housing. In total, 26 seminars were held during the evaluation period.

Other Services

- **COVID-19 Pandemic Response--** The bank has made several changes to its services to better serve customers and businesses affected by the pandemic. These include enhancing accessibility to banking services, providing forbearances on mortgage and business loans, and waiving certain deposit account fees.
- **Massachusetts Community and Banking Council Basic Banking-** The bank offers lower-cost checking and savings accounts through the Massachusetts Community and Banking Council's Basic Banking program. These accounts are particularly beneficial for low- and moderate-income individuals as they feature lower monthly fees and transaction costs. Further, these account offerings provide affordable, traditional banking services and allow low- and moderate-income consumers to work toward financial security.
- **Interest on Lawyer Trust Accounts-**The bank maintains Interest on Lawyers' Trust Accounts (IOLTA) and facilitates fundraising for CRA-qualified community organizations. Interest earned on the accounts assists in delivering critical legal aid to low-income Massachusetts residents.

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 CRA rating.

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, no evidence of disparate treatment was noted.

Minority Application Flow

Examiners reviewed the bank's 2019 and 2020 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS Census data, the bank's assessment area contains a population of 865,769 individuals, of which 36.6 percent are minorities. The assessment area's minority population is 7.2 percent Black/African American, 11.3 percent Asian, 0.1 percent American Indian, 14.8 percent Hispanic or Latino, and 3.2 percent Other.

The following table details the bank’s minority application flow and aggregate data in its assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2019		2019 Aggregate Data	Bank 2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	13	5.9	12.5	20	6.1	13.9
Black/ African American	7	3.2	3.7	5	1.5	2.7
Hawaiian/Pacific Islander	0	0.0	0.3	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	4	1.8	2.2	8	2.5	2.5
Total Racial Minority	24	10.9	19.1	33	10.1	19.7
White	113	51.6	55.8	179	55.1	54.9
Race Not Available	82	37.4	25.1	113	34.8	25.4
Total	219	100.0	100.0	325	100.0	100.0
ETHNICITY						
Hispanic or Latino	16	7.4	10.1	20	6.1	8.1
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.9	1.2	16	1.9	1.3
Total Ethnic Minority	18	8.3	11.3	36	8.0	9.4
Not Hispanic or Latino	119	54.3	64.0	173	53.2	65.3
Ethnicity Not Available	82	37.4	24.7	126	38.8	25.3
Total	219	100.0	100.0	325	100.0	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.

In 2019, the bank received 219 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 24, or 10.9 percent, from racial minorities. This was below aggregate data, which indicates 19.1 percent of applications were received from racial minorities. For the same period the bank received 18 applications, or 8.3 percent, from ethnic minority applicants. The bank’s performance was below aggregate data which indicates 11.3 percent of applications were received from the same demographic.

The bank’s 2020 loan data exhibited an increase in minority application flow by number and slight decrease by percentage. The bank received 325 HMDA-reportable loan applications from within its assessment area. The bank received 33 applications, or 10.1 percent, from racial minorities. This was below the aggregate performance trend of 19.7 percent for applications from the same demographic. The bank received 36 applications from ethnic minority applicants in 2020, or 8.0 percent. The bank’s performance among ethnic minority applicants was comparable to aggregate performance at 9.4 percent.

The bank’s minority application flow has several explanatory factors. The largest application flow gap is present among applicants identified within the Asian demographic. This challenge is apparent for many similarly situated institutions, particularly depository institutions with limited loan originator networks. Additionally, the bank’s portion of commercial-purpose residential loans was approximately 32.4 percent and 22.8 percent in 2019 and 2020 respectively. This is far higher than the aggregate lender’s commercial-purpose percentage of 9.5 percent in 2019 and 8.6 percent in 2020. The bank’s relative focus on commercial-purpose residential loans skews the minority application flow data overall, and suggests stronger performance than initially

reflected in the data. Considering the demographic composition of the assessment area, comparisons to aggregate data in 2019 and 2020, and the number of applications received, 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 requires 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.