

PUBLIC DISCLOSURE

November 9, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Eagle Bank
Certificate Number: 90191

466 Broadway
Everett, Massachusetts 02149

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

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated Satisfactory.

- The average loan-to-deposit (LTD) ratio of 55.0 percent is adequate given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority (51.3 percent) of home mortgage and small business loans within the AA during the evaluation period.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA, specifically in low- and moderate-income geographies.
- The distribution of home mortgage and small business loans to borrowers of various income levels and businesses of different sizes is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (DOB), covers the period from the prior evaluation, dated July 2, 2012, to the current evaluation dated November 9, 2015. Examiners used Intermediate Small Institution (ISI) Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two tests: the Lending Test and the Community Development Test.

The Lending Test evaluates the bank's performance according to criteria including: LTD ratio, AA concentration, geographic distribution, borrower profile, and the bank's response to CRA-related complaints.

The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services as well as the bank's responsiveness to the community development needs of the AA.

Loan Products Reviewed

Home mortgage and small business lending performance were considered as part of this evaluation. Small farm loans were not evaluated as the bank does not originate these loans. Additionally, consumer and other loan types were not considered due to the low volume of originations and the overall small percentage of the loan portfolio represented by these loan types.

Examiners evaluated home mortgage lending data for 2014 and year-to-date (YTD) 2015 (through September 30, 2015) as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2014 lending performance was compared with aggregate lending data for all HMDA reporting lenders and AA demographics. Home mortgage lending in 2015, for which aggregate data is not available, was compared with AA demographics and analyzed for trends. In 2014, the bank originated 86 home mortgage loans totaling \$30.8 million, and originated 79 loans totaling \$24.6 million YTD 2015.

As an ISI, the bank is not required to collect or report small business lending data; however, the bank elected to do so during the evaluation period. As a result, examiners evaluated reported small business lending data for 2014 and 2015. Similarly to home mortgage data, small business lending data for 2014 was compared with aggregate small business lending data and Dun & Bradstreet (D & B) business demographic data, while 2015 performance was compared with D & B data and considered for trends. In 2014, the bank originated 25 small business loans totaling \$6.9 million, and originated 9 small business loans totaling \$3.0 million YTD 2015.

Home mortgage lending performance received slightly more weight in arriving at conclusions and ratings under the Lending Test. The bank's portfolio remains weighted in residential real estate loans, including those secured by 1-4 family and multi-family properties at 54.1 percent. Commercial loans, including commercial real estate, and commercial and industrial loans represent 40.8 percent of the bank's loan portfolio. In addition, examiners considered both the

number and dollar volume of home mortgage and small business loan originations; however, an emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, housing values, or business size, and provides a better overall indicator of the number of businesses or individuals served by the institution.

Community development loans, investments and services made or provided since Eagle Bank's prior evaluation were considered under the Community Development Test.

DESCRIPTION OF INSTITUTION

Background

Eagle Bank is a Massachusetts state-chartered mutual savings bank headquartered in Everett, Massachusetts. The bank primarily serves the region just north of Boston including cities and towns in Essex, Middlesex, and Suffolk Counties. The prior CRA Performance Evaluation, conducted jointly by the FDIC and the DOB using the FFIEC's ISI Examination Procedures, resulted in a Satisfactory rating from the FDIC and a High Satisfactory rating from the DOB.

Operations

Eagle Bank operates six full-service branches. The main office is located at 466 Broadway in Everett. The bank also maintains a separate loan center in Everett. Three branches are in upper-income census tracts, one branch is in a middle-income census tract, and two branches are in moderate-income census tracts.

Eagle Bank offers a standard variety of deposit and loan products and services for businesses and individuals. Deposit products include a variety of checking accounts including a free checking account, savings, individual retirement accounts, and certificates of deposit. Loan products include consumer, home mortgage and home equity, and business loans including commercial real estate. Additional services offered by the bank include debit cards, online bill-pay, and business cash management services. The bank is also a part of the SUM Network, which allows automated teller machine (ATM) card holders to access ATMs in the network free of charge nationwide. The bank operates seven ATMs; one at each branch, and one at the Loan center.

Ability and Capacity

As of September 30, 2015, the bank had total assets of \$424.6 million including total loans of \$234.8 million. Residential loans, including multi-family loans, account for the largest portion of the loan portfolio at a combined 54.1 percent. Commercial real estate loans account for the next largest portion of the loan portfolio at 37.2 percent.

Loan Portfolio Distribution as of September 30, 2015		
Loan Category	\$(000s)	%
Construction and Land Development	11,760	5.0
Secured by Farmland	0	0.0
1-4 Family Residential	106,003	45.2
Multi-family (5 or more) Residential	20,964	8.9
Commercial Real Estate	87,313	37.2
Total Real Estate Loans	226,040	96.3
Commercial and Industrial	8,562	3.6
Agricultural	0	0.0
Consumer	122	0.1
Other	36	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	234,760	100.0
<i>Source: Consolidated Reports of Condition and Income as of September 30, 2015</i>		

Examiners did not identify any financial or legal impediments that would limit or impede the bank's ability to meet the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AA(s) within which it will focus its lending efforts and its CRA performance will be evaluated. Eagle Bank has designated a single, contiguous AA which includes 124 census tracts (CTs), including 95 CTs located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764) and 29 CTs located in the Boston, MA MD (14454).

Economic and Demographic Data

The bank's AA includes 124 CTs representing the Cities, Towns, and Neighborhoods of Arlington, Charlestown, Chelsea, Everett, Lexington, Malden, Medford, Melrose, the North End, Revere, Saugus, Somerville, Stoneham, Wakefield, Winchester, and Woburn. The AA contains 7 low-income, 39 moderate-income, 50 middle-income, 27 upper income, and one NA income CTs.

Demographic Information for the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	124	5.7	31.5	40.3	21.7	0.8
Population by Geography	578,735	6.1	31.7	40.6	21.6	0.0
Housing Units by Geography	245,238	5.4	30.9	42.1	21.6	0.0
Owner-Occupied Units by Geography	125,529	2.8	24.2	44.2	28.8	0.0
Businesses by Geography	40,836	4.4	24.9	41.3	29.3	0.1
Family Distribution by Income Level	137,159	25.5	17.1	21.5	35.9	0.0
Median Family Income (2010 U.S. Census) Cambridge-Newton-Framingham, MA MD (15764) Boston, MA MD (14454) FFIEC-Estimated Median Family Income for 2014 Cambridge-Newton-Framingham, MA MD (15764) Boston, MA MD (14454) Families Below Poverty Level		\$97,217 \$89,431 \$93,300 \$87,200 7.3%	Median Housing Value Median Gross Rent Unemployment Rate			\$453,637 \$1,187 7.0%

Source: 2010 U.S. Census, 2014 D&B Data, and FFIEC-Estimated Median Family Income; () The NA category consists of geographies that have not been assigned an income classification.*

Based on 2010 U.S. Census data, the AA has a total population of 578,735, including 137,159 families. The FFIEC-estimated median family income (MFI) was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies within the AA, as illustrated in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income				
2014 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
Boston, MA MD Median Family Income				
2014 (\$87,200)	<\$43,600	\$43,600 to <\$69,760	\$69,760 to <\$104,640	≥\$104,640

Source: FFIEC

The AA includes 245,238 housing units, of which 125,529 are owner-occupied, with a weighted average median value of \$453,637. Additionally, there are a total of 104,443 rental units with a median gross rent of \$1,187.

Data from the U.S. Bureau of Labor Statistics indicates that the bank's AA has a higher unemployment rate (7.0 percent) than both the Commonwealth of Massachusetts (4.6 percent) and the national rate (5.0 percent).

According to 2014 D & B data, 40,836 non-farm businesses operated within the AA. The analysis of small business loans under the Borrower Profile section of the Lending Test compares the distribution of businesses by gross annual revenue (GAR) level. GARs for businesses in the AA are below.

- 71.6 percent have \$1 million or less.
- 5.6 percent have more than \$1 million.
- 22.8 percent did not report revenues.

Service industries represent the largest portion of businesses at 45.8 percent; followed by non-classifiable establishments at 12.6 percent; and, retail trade at 12.5 percent. In addition, 64.2 percent of businesses in the area employ four or fewer people and 91.7 percent of businesses in the area operate from a single location.

Competition

The bank operates in a highly competitive market for credit and financial services. The FDIC Deposit Market Share data as of June 30, 2015, reveals that 139 financial institutions operate 1,516 branch offices within the Boston-Cambridge-Newton, MA MSA, with the top five institutions accounting for 71.7 percent of total deposit market share. Eagle Bank ranked 52nd with deposit market share of 0.11 percent.

Aggregate home mortgage lending data for 2014 shows that a total of 447 lenders originated 20,764 home mortgage loans within the bank's AA. The top ten lenders include large national and regional banks and mortgage companies such as JP Morgan Chase, Wells Fargo Bank, Leader Bank, Guaranteed Rate Inc., Bank of America, and Mortgage Master. In addition, management considers many of the institutions within close geographical proximity to its branches as its main competitors such as Century Bank, East Boston Savings Bank, Everett Credit Union, Everett Co-operative Bank, Metro Credit Union, and Salem Five Bank. Eagle Bank ranked 58th with a 0.42 percent market share.

Aggregate small business lending data for 2014 shows that a total of 137 lenders originated 59,188 small business loans in the counties within the bank's AA. Due to data limitations, the aggregate market share data is reflected at the county level. The bank ranked 54th overall, with a total market share of 0.04 percent by number of loans and 0.32 percent by dollar. The top five lenders include large national institutions that offer business credit cards such as American Express, Capital One Bank, FIA Card Services, Chase Bank, and Citi Bank. These institutions collectively accounted for 61.3 percent by number but only 14.0 percent by dollar volume of total market share.

Community Contact

As part of the performance evaluation, examiners contact third-party organizations engaged in community and economic development to aid in identifying the credit and community development needs and opportunities available within the community. Examiners conducted one such community contact with a non-profit multi-faceted community development organization serving a portion of the bank's AA. The organization is focused on housing needs, community engagement, and workforce development.

The community contact indicated improving trends in local economic conditions and believes that the area would benefit from having more permanent mortgage products focused toward affordable housing. The contact also stressed the need for more small business lending options in the area. The contact identified the need for further affordable housing units and first-time

homebuyer (FTHB), financial literacy, and workforce development programs to support economic expansion and increased employment in the area.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the AA. The bank and the community contact indicated generally strong or improving economic conditions within parts of the AA; however, a need for affordable housing and additional small business resources were identified. Economic data for the AA supports this assessment of credit and community development needs in the AA. Median housing values within the AA of more than \$453,000 make homeownership difficult for low-and moderate-income borrowers.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Eagle Bank demonstrated reasonable performance under the Lending Test. The bank’s geographic distribution and borrower profile performance provide primary support for this conclusion.

Loan-to-Deposit Ratio

Eagle Bank’s average LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs. The ratio, calculated from Call Report data over the prior calendar quarters from June 30, 2012, through September 30, 2015, averaged 55.0 percent. As detailed in the following table, the bank’s LTD was compared with similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank Name	Total Assets as of September 30, 2015 \$(000s)	Average Net LTD Ratio (%)
The Savings Bank	521,819	83.2
Stoneham Bank, A Co-operative Bank	502,822	113.8
Eagle Bank	424,623	55.0
Everett Co-operative Bank	408,614	103.5

Source: Consolidated Reports of Condition and Income

At 55.0 percent, the bank’s average net LTD ratio is the lowest of the similarly situated institutions; however, the bank’s net LTD ratio during this period has increased from a low of 48.9 percent (June 30, 2012) to a high of 63.6 percent (September 30, 2015). During this timeframe, net loans increased 20.1 percent and deposits remained generally consistent throughout the evaluation period.

Additionally, information provided to examiners indicates that the bank has sold 42 loans totaling \$10.6 million to the secondary market during the prior two calendar years. These loans are not included in the LTD ratio. Based on the above information and the bank’s capacity to

lend, the capacity of other similarly situated banks, the types of loans offered by the bank, and the lending opportunities available, the bank's LTD ratio is adequate.

Assessment Area Concentration

Overall, the bank originated a majority of its loans inside the AA during the evaluation period. 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										
2014	48	55.8	38	44.2	86	14,835	48.2	15,942	51.8	30,777
2015*	33	41.8	46	58.2	79	10,175	41.3	14,489	58.7	24,664
Subtotal	81	49.1	84	50.9	165	25,010	45.1	30,431	54.9	55,441
Small Business										
2014	15	60.0	10	40.0	25	3,278	47.6	3,610	52.4	6,888
2015*	6	66.7	3	33.3	9	1,294	42.6	1,741	57.4	3,035
Subtotal	21	61.8	13	38.2	34	4,572	46.1	5,351	53.9	9,923
Total	102	51.3	97	48.7	199	29,582	45.3	35,782	54.7	65,364
<i>Source: 2014 and 2015 HMDA and CRA Small Business Data</i>										
<i>*2015 data includes January 1, 2015 – September 30, 2015</i>										

Home Mortgage Loans

The bank originated a majority of its home mortgage loans inside its AA in 2014 and less than a majority of its home mortgage loans inside its AA in 2015. The bank consistently originated less than a majority by dollar volume is outside the AA. The highly competitive home mortgage lending environment in the bank's AA, as described above, contributed to this result.

Small Business Loans

The bank originated a majority of its small business loans, by number, inside the AA in 2014 and 2015. A majority of small business loans, by dollar volume, were outside the AA.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflect reasonable dispersion throughout the AA. Examiners emphasized home mortgage and small business lending in low- and moderate-income geographies.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the AA, particularly in low- and moderate-income CTs. As detailed in the following table, the bank's lending within low- and moderate-income CTs exceed both aggregate lending performance and the percentage of owner-occupied housing within these geographies. Market

share data further support the bank's reasonable performance. Specifically, market share reports for 2014 indicate that the bank ranked 17th in lending in low-income geographies and 28th in moderate-income geographies. The bank demonstrated a declining performance in lending in low- and moderate-income CTs in the first three quarters of 2015. Considering the bank's market ranks in 2014 and the declining percentages in low- and moderate-income CTs in 2015, performance is reasonable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	2.8	3.1	5	10.4	1,024	6.9
2015*	2.8	--	0	0.0	0	0.0
Moderate						
2014	24.2	23.4	23	47.9	6,892	46.4
2015*	24.2	--	13	39.4	2,990	29.4
Middle						
2014	44.2	45.3	13	27.1	4,047	27.3
2015*	44.2	--	17	51.5	5,792	56.9
Upper						
2014	28.8	28.2	7	14.6	2,872	19.4
2015*	28.8	--	3	9.1	1,393	13.7
Totals						
2014	100.0	100.0	48	100.0	14,835	100.0
2015*	100.0	--	33	100.0	10,175	100.0
<i>Source: 2010 U.S. Census; 2014 and 2015, HMDA Reported Data; 2014 Aggregate Data; "--" data not available</i>						
<i>*2015 data includes January 1, 2015 – September 30, 2015</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. As shown in the following table, the bank did not originate any small business loans in low-income CTs in 2014 or 2015. In moderate-income CTs, the bank significantly exceeded both aggregate data and the percentage of businesses located within those geographies in 2014. In 2015, there was a decline in lending to moderate-income tracts. These comparisons reflect reasonable performance.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	4.4	4.5	0	0.0	0	0.0
2015*	4.4	--	0	0.0	0	0.0
Moderate						
2014	24.9	26.8	7	46.7	1,826	55.7
2015*	25.2	--	1	16.7	140	10.8
Middle						
2014	41.3	41.2	5	33.3	1,316	40.2
2015*	41.1	--	2	33.3	500	38.6
Upper						
2014	29.3	27.3	3	20.0	136	4.1
2015*	29.1	--	3	50.0	654	50.6
N/A						
2014	0.1	0.2	0	0.0	0	0.0
2015*	0.2	--	0	0.0	0	0.0
Total						
2014	100.0	100.0	15	100.0	3,278	100.0
2015*	100.0	--	6	100.0	1,294	100.0
<small>Source: 2014-2015 D&B Data; 2014 & 2015 CRA Reported Data; 2014 CRA Aggregate Data; "--" data not available *2015 data includes January 1, 2015 – September 30, 2015</small>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration of loans to borrowers of different income levels and businesses of different sizes. Examiners emphasized the bank's record of home mortgage lending to low- and moderate-income borrowers and small business lending to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels is reasonable. The bank is above the aggregate performance and is below the percent of families in 2014 for lending to low- and moderate-income borrowers. In 2015, there was a decline in loans to low-income borrowers and an increase by percentage in lending to moderate-income borrowers. The percentage of loans originated to low-income borrowers in 2015 was below the percentage of low-income families in the AA. However, in 2015, there was an increase in the percentage of loans originated to moderate-income borrowers. This percentage is above the percentage of moderate-income families in the AA.

Furthermore, market share reports indicate that Eagle Bank ranks 20th in lending to low-income applicants and 44th in lending to moderate-income applicants, further supporting the overall conclusion in this area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2014	25.5	4.0	7	14.6	908	6.1
2015*	25.5	--	1	3.0	100	1.0
Moderate						
2014	17.1	14.7	8	16.7	1,494	10.1
2015*	17.1	--	8	24.2	1,449	14.2
Middle						
2014	21.5	23.1	6	12.5	1,330	9.0
2015*	21.5	--	12	36.4	3,267	32.1
Upper						
2014	35.9	40.6	14	29.2	4,744	32.0
2015*	35.9	--	10	30.3	4,359	42.8
Income Not Available						
2014	0.0	17.6	13	27.0	6,359	42.9
2015*	0.0	--	2	6.1	1,000	9.8
Total						
2014	100.0	100.0	48	100.0	14,835	100.0
2015*	100.0	--	33	100.0	10,175	100.0
<i>Source: 2010 U.S. Census; 2015 & 2015 HMDA Reported Data; 2014 HMDA Aggregate Data; "--" data not available</i>						
<i>*2015 data includes January 1, 2015 – September 30, 2015</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the percentage of loans to businesses with GARs of \$1 million or less exceeds aggregate data and is consistent with the percentage of businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Annual Revenues	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2014	71.6	45.4	11	73.3	2,668	81.4
2015*	76.5	--	3	50.0	604	46.7
> \$1,000,000						
2014	5.6	54.6	4	26.7	610	18.6
2015*	5.8	--	3	50.0	690	53.3
Total						
2014	100.0	100.0	15	100.0	3,278	100.0
2015*	100.0	--	6	100.0	1,294	100.0
Source: 2014-2015 D&B Data; 2014 & 2015 CRA Reported Data; 2014 CRA Aggregate Data; "--" data not available; *2015 data includes January 1, 2015 – September 30, 2015						

Response to Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

The bank originated seven community development loans totaling approximately \$850,000 during the evaluation period. This level of activity represents 0.2 percent of average total assets and 1.7 percent of average total loans since the prior CRA evaluation. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Loans						
Activity Year	Affordable Housing		Community Services		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
2012	0	0	0	0	0	0
2013	1	175	2	200	3	375
2014	1	175	2	200	3	375
2015*	1	100	0	0	1	100
Total	3	450	4	400	7	850
Source: Bank Records, *Through November 9, 2015						

Below are examples of the bank’s community development loans:

- The bank made loans to a non-profit organization that has provided services to over 1,400 homeless families in Everett, Malden, Medford, and Revere. This organization works to strengthen low- and moderate-income families, increase their self-sufficiency, and help them secure and sustain permanent affordable housing.
- The bank also made loans to a multi-service, anti-poverty agency that served the Cities of Malden, Medford, Everett, and surrounding communities. The mission of this organization is to help low-income people meet their essential needs and take action to improve their own lives.

Qualified Investments

Eagle Bank made 83 qualified investments totaling \$687,526. This total includes two qualified equity investments made prior to the current evaluation period that have a current book value of \$550,000. The remaining \$137,526 was in the form of donations.

All qualified donations were to organizations providing community services and affordable housing initiatives primarily to low- and moderate-income individuals. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments								
Activity Year	Affordable Housing		Community Services		Economic Development		Totals	
	#	\$	#	\$	#	\$	#	\$
Prior Period	1	500,000	0	0	1	50,000	2	550,000
2012 *	5	16,800	25	32,710	0	0	30	49,510
2013	7	18,410	11	14,851	0	0	18	33,261
2014	7	16,500	13	15,155	0	0	20	31,655
2015 **	4	14,000	9	9,100	0	0	13	23,100
Total	24	565,710	58	71,816	1	50,000	83	687,526
<i>Source: Bank Records- *From July 2, 2012 through December 31, 2012. **From January 1, 2015 through November 9, 2015.</i>								

Equity Investments

Access Capital Strategies Community Investment Fund – This fund’s objective is to provide a secondary market and financing vehicle for community development loan originators. This is a closed-end innovative mutual fund that purchases securities backed by community investment loans. The fund allows investors to direct their capital to specific geographic regions in the U.S. The current book value of the bank’s investment in ACSCIF is \$500,000.

Everett Development and Financial Corporation (EDFC) –The EDFC is a privately-financed agency, established by the Legislature, which may also accept public funds to issue loans to qualified businesses at modest interest rates within the City of Everett. One of the main goals of

the corporation is to promote the City of Everett as a regional, commercial, retail, industrial, and civic center. The corporation was created because properties in the city are vacant, under-utilized, and in many cases, in need of rehabilitation. The current book value of the bank's investment is \$50,000.

Donations

From July 2, 2012 through November 9, 2015, the bank contributed \$137,526 to qualified organizations and programs. The table above illustrates the community development categories of the bank's qualified grants. These grants were responsive to the specific community development needs of the AA.

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

- Mystic Valley Elder Services – This non-profit organization assists low-income elders with financial tasks including bill payment, budgeting, checkbook balancing, and general financial literacy.
- Action for Boston Community Development, Inc. (ABCD) – ABCD is a multi-service organization founded in 1962 to meet the needs of low-income residents in the City of Boston. ABCD provides basic services and innovative programs that help empower individuals, families, and communities in Boston, including the North End and Charlestown, to overcome poverty, live with dignity, and achieve their full potential.
- Housing Families, Inc. – This organization works to end family homelessness and provides safe temporary shelter and quality affordable housing. Housing Families, Inc. offers individualized supportive services to enrich children's lives, nurture the potential of each family member, and help families maintain permanent housing. A majority of the families are low- or moderate-income.
- Lexington Housing Foundation – This foundation was established to support the creation of affordable housing units in Lexington.
- The Neighborhood Developers – This organization helps revitalize communities and support families as they gain greater economic security. This community development organization helps develop mixed-income homes and apartments providing healthy, stable homes for low and moderate-income families and individuals in Chelsea.

Community Development Services

During the evaluation period, bank employees provided 66 instances of financial expertise or technical assistance to nine different organizations within the AA for the purpose of community development. The majority of qualified services were related to community services for low- or moderate-income individuals. The following table illustrates the bank's community development services by year and purpose.

Community Development Services				
Activity Year	Community Development Purpose			Totals
	Affordable Housing	Community Services	Economic Development	
	#	#	#	
2012*	6	11	2	19
2013	6	11	2	19
2014	4	9	2	15
2015**	4	7	2	13
Total	20	38	8	66
<i>Source: Bank Records- *From June 4, 2012 through December 31, 2012. **From January 1, 2015 through November 9, 2015.</i>				

Below are notable examples of the bank’s community development services:

- *Bread of Life* – This non-profit organization was incorporated in 1992 as a volunteer organization and serves the communities of Malden, Medford, Everett, Revere, Melrose, Stoneham, Saugus, Wakefield, Reading, North Reading, and Winchester. In 2013, the Bread of Life served over one million meals to hungry, homeless, and isolated people. The bank’s Vice President of Branch Administration served on the Board of Directors and the Capital Campaign Committee in 2013 and 2014.
- *Everett Development and Financial Corporation EDFC* – The EDFC is a privately-financed agency established by the Commonwealth of Massachusetts to issue loans to qualified businesses at modest rates within the City of Everett. The bank’s Executive Vice President/Chief Financial Officer has served as a member of the Board of Directors for this organization during the entire evaluation period.
- *Housing Families, Inc.* – Housing Families is a non-profit organization that provides shelter, transitional housing, and permanent affordable housing for homeless families throughout the AA. The bank’s Vice President of Retirement Services served as a member of the Board of Directors for this organization during the entire evaluation period. Another Vice President/Senior Commercial Loan Officer also served on the Board during the evaluation period.

Other Community Development Services

- The bank participates in the Massachusetts Community & Banking Council Basic Banking Program. The program’s aim is to encourage those with modest incomes, particularly those of low- or moderate-income, to establish banking relationships. Participating banks provide low-cost checking and savings accounts to consumers in their area. The bank offers a checking account and a savings account that meet the Basic Banking guidelines.
- The bank participated in an Interest on Lawyers’ Trust Accounts (IOLTA) program during the review period. The interest earned on specific trust accounts are remitted to an

IOLTA committee, which in turn provides the funds to the benefit of low-income individuals throughout Massachusetts.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A *Division of Banks*

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.

Based on a review of the bank’s public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of the anti-discrimination laws and regulations.

Minority Application Flow

Examiners reviewed the bank’s HMDA LARs for 2014 and YTD 2015 to determine if the application flow from different minority groups within the AA was reflective of AA demographics.

The bank’s residential lending in 2014 was compared to 2014 aggregate lending data. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following table for information on the bank’s minority application flow as well as a comparison to aggregate lending data.

Minority Application Flow					
RACE	Bank 2014		2014 Aggregate Data	Bank 2015 YTD	
	#	%	%	#	%
American Indian/ Alaska Native	2	2.3	0.2	0	0.0
Asian	3	3.4	8.3	4	6.0
Black/ African American	2	2.3	2.5	3	4.5
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1.5	0	0.0
Total Minority	7	8.0	12.6	7	10.5
White	53	60.9	61.3	40	59.7
Race Not Available	27	31.1	26.1	20	29.8
Total	87	100.0	100.0	67	100.0
ETHNICITY					
Hispanic or Latino	7	8.0	5.9	10	14.9
Not Hispanic or Latino	50	57.5	67.2	35	52.3
Joint (Hisp/Lat /Not Hisp/Lat)	1	1.1	1.1	0	0.0
Ethnicity Not Available	29	33.4	25.8	22	32.8
Total	87	100.0	100.0	67	100.0

Source: U.S. Census 2010, HMDA LAR Data 2014 and Q1-Q3 2015, HMDA Aggregate Data 2014

According to the 2010 U.S. Census data, the bank’s AA has a population of 578,735, of which 29.3 percent are minorities. The AA’s minority population consists of 0.1 percent American

Indian, 8.4 percent Asian/Pacific Islander, 5.9 percent Black/African American, 11.6 percent Hispanic, and 3.3 percent other race.

In 2014, the bank received 87 HMDA reportable loan applications within its AA. Of these applications, 8.0 percent were received from racial minority applicants. The bank's application flow was below the aggregate's performance of 12.6 percent. In 2014, the bank received 7 applications representing 8.0 percent of applications from the Hispanic or Latino ethnic group. The bank's application flow from this ethnicity category was above the aggregate performance of 5.9 percent.

In 2015, the bank increased its applications from Hispanic applicants (14.9 percent), and increased its applications to minorities by race (10.5 percent). It should be noted that in 2014, 31.1 percent of applicants did not provide information on their race, and in 2015, 29.8 percent of applicants did not provide information on their race. Overall, considering the demographic composition of the AA, comparisons to aggregate data, and the bank's recent expansion into areas with a more significant minority population, the bank's minority application flow is adequate.

APPENDIX B GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.