

PUBLIC DISCLOSURE

NOVEMBER 29, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BOSTON TRUST & INVESTMENT MANAGEMENT COMPANY

**ONE BEACON STREET
BOSTON, MA 02108**

**DIVISION OF BANKS
1000 WASHINGTON STREET, 10TH FLOOR
BOSTON, MA 02118**

NOTE: 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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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **BOSTON TRUST & INVESTMENT MANAGEMENT COMPANY (“Boston Trust” or the “Bank”)** prepared by the Division, the institution's supervisory agency.

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

The Bank demonstrates adequate responsiveness to the community development needs of the area. This rating is supported by the following summary of results:

- Boston Trust originated \$25,000 to the loan fund of a financial intermediary for the purpose of affordable housing development.
- A total of \$254,189 was invested during the evaluation period through a variety of qualified vehicles, including municipal bonds to support affordable housing, certificates of deposit in Community Development Financial Institutions (“CDFI”) and grants to local community development organizations.
- Boston Trust’s community development service activity is primarily conducted through its Walden Asset Management investment activities. Boston Trust actively solicits clients who desire to have socially responsible investments. This service furthers community development within local communities by increasing investment dollars for a group/project by matching potential investors with the community group/project. Approximately \$2.1 billion, or 41 percent of assets managed by Boston Trust, is under Walden Asset Management. Additionally, Boston Trust has recently become more involved with the youth development program Year Up, assisting young adults in need as they endeavor to enter the work force.

SCOPE OF EVALUATION

The Bank is designated as a wholesale institution under Massachusetts General Laws chapter 167, section 14 as well as the Division’s regulation 209 CMR 46.25. Boston Trust’s primary business is providing trust and asset management services. Boston Trust also provides personal trust and management services to individual customers. Boston Trust does not extend any forms of credit to retail customers. Unless otherwise noted, the evaluation includes all community development activity from November 8, 2006 to November 29, 2011.

PERFORMANCE CONTEXT

Description of Institution

Boston Trust & Investment Management Company is designated as a wholesale institution under the Massachusetts CRA regulation. Boston Trust & Investment Management Company is an employee owned institution. Boston Trust was previously a subsidiary of Citizens Financial Group, Incorporated (“CFG”), a \$55.3 billion holding company with headquarters in Providence, Rhode Island. CFG is a wholly owned subsidiary of the Royal Bank of Scotland, plc. CFG acquired the institution on January 11, 2000 through the acquisition of UST Corp. Boston Trust was acquired by the employees from CFG in August 2004. The institution’s primary business is providing trust and asset management services. Boston Trust & Investment Management Company does not originate home mortgage, small business, small farm or a consumer loans to retail customers, and it does not accept deposits from the public. As of September 30, 2011, the institution had total assets of \$44,649,000.

Boston Trust & Investment Management Company is headquartered at One Beacon Street, Boston, MA and has no branch offices.

Walden Asset Management is a division of Boston Trust, providing a wide range of investment services specifically for socially conscious investors. Some examples of typical investment areas include:

- Environmental concerns
- Affordable Housing
- Fair employment, labor relations and human rights issues, and
- Community involvement

The division also offers a community development investment service to assist clients who want to invest in community development loan funds and/or financial institutions that support organizations working to rebuild distressed communities.

Description of Assessment Area

Boston Trust’s assessment area is Suffolk County within the Boston Metropolitan Statistical Area (“MSA”) (1120). Based on 2000 U.S. Census Data, the assessment area includes a total of 176 census tracts of, which 36 are low-income, 75 moderate-income, 47 middle-income, 17 upper-income and 1 NA. The following table contains the demographics of the assessment area in greater detail.

Table 1 Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	176	20.5	42.6	26.7	9.6	0.6
Population by Geography	689,807	17.3	49.3	24.2	9.1	0.1
Owner-Occupied Housing by Geography	94,552	7.4	42.1	35.7	14.8	0.0
Business by Geography (2011)	75,142	22.5	28.8	22.3	26.4	0.0
Family Distribution by Income Level	140,802	17.8	49.1	25.1	8.0	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	78,423	25.0	54.5	17.5	3.0	0.0
HUD Adjusted Median Family Income for 2011		\$85,200	Median Housing Value		\$223,316	
Households Below Poverty Level		18.4%	Unemployment Rate		2.5%	
<i>Source: 2000 US Census, 2011 HUD updated Median Family Income</i>						

The total population of Boston Trust's assessment area is 689,807. The total number of households is 278,776 of which 63 percent are located within low and moderate-income tracts.

Out of the 140,802 households that are families, 66.9 percent of families fall into the low or moderate-income category. Over eighteen percent of the households have income below the poverty level. The poverty level and relatively high proportion of low- and moderate-income families within the area demonstrates a significant proportion of the population that could benefit from community development activity.

Housing

There are a total of 292,520 housing units in the assessment area. Of the total units, 63 percent are rental, 32 percent are owner occupied and five percent are vacant. Approximately 49.5 percent of all owner occupied units are located within low- and moderate-income census tracts. However the majority of available housing units are rental.

Additional information provided from The Warren Group estimates the median housing sales price during 2011 at \$340,773. The sales price has fluctuated since the previous exam, from \$372,000 in 2007 to a low of \$305,000 in 2009. Based upon most recent data, it appears sales prices are on a rising trend within Suffolk County. Additionally, the median county sales price consistently trends above the median statewide sales price, from which one can infer a relatively expensive area for housing.

Economy/Employment

The assessment area of Suffolk County has an estimated population of 689,807 residents. According to October 2011 data, the projected unemployment rate within the assessment area was 6.8 percent. The overall state level of unemployment in October was also 6.8 percent. The annual unemployment rates in Suffolk County for calendar years 2009 and 2010 were 7.8 and 8.1 percent, respectively. These rates were slightly lower than the statewide unemployment rates of 8.2 and 8.5 percent, from which it can be derived that the area has a moderate level of unemployment relative to the rest of the state.

Community Contact

A community contact was conducted with a financial intermediary that focuses its investment vehicles toward low-income communities. The contact feels that foreclosure prevention among low-income areas and working capital for small businesses are the most pressing needs. While the contact believes that local and national financial institutions are involved as grant makers and investors, the contact notes the need for more support for housing stabilization programs. Either through partnership with the contact or through developing their own foreclosure relief programs, more support from banks is needed in order to stabilize the housing economy of the area. Additionally, the contact made mention of a need for more educational programs geared specifically to new homeowners to make them aware of unfair lending practices and basic financial information.

PERFORMANCE CRITERIA

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the Bank's responsiveness to the community development needs of its assessment area through the provision of community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area. Unless otherwise noted, for purposes of this evaluation, the period used for the Community Development Test is November 8, 2006 through November 29, 2011.

Community Development Lending

As defined under the CRA regulation, community development lending includes loans that have community development as the primary purpose. Boston Trust does not generally engage in lending activities. However, Boston Trust granted a loan of \$25,000 to the Boston Community Loan Fund, which enables the institution to acquire community development lending credit.

Boston Community Loan Fund ("BCLF")

The BCLF provides loans to finance the construction or rehabilitation of affordable housing and for the economic development of low-income neighborhoods. In 2007, Boston Trust renewed the loan and increased the original \$20,000 loan to \$25,000 for a term of three years. In 2010, Boston Trust extended the term of the loan an additional three years and modified the interest rate from 2.0 percent to 1.0 percent.

Qualified Community Development Investments

For the time period covered by this evaluation, November 8, 2006 through November, 29, 2011, Boston Trust has invested \$254,189 in a variety of qualified investments including municipal bonds to support affordable housing and certificates of deposit in Community Development Financial Institutions ("CDFI") and grants to local community development organizations. Boston Trust's qualified investments represent 0.6 percent of their total assets as of September 30, 2011. The components of the total investments are detailed below.

Boston Trust purchased approximately \$120,000 in municipal bonds offered through the Massachusetts Housing Finance Agency and the Boston Housing Authority. Both of these investments have the primary purpose of financing multifamily affordable housing projects throughout the Commonwealth, including the institution's assessment area.

Additionally, Boston Trust has one certificate of deposit, totaling \$11,552.26, in a Boston-based CDFI.

Donations

The institution provided \$122,637 in qualified grants to area organizations including matching corporate grants directed by employees. The qualified donations account for approximately 56 percent of the entire portfolio. This represents a marked increase compared to the \$13,500 distributed during the previous evaluation. The amounts by year are detailed in Table 2 below.

Category*	Year	Number of Donations	Dollar Amount
Community Services to Low- and Moderate-income (LMI) Residents	04/8/06 – 12/31/06	2	1,020
	2007	11	16,730
	2008	13	31,597
	2009	18	30,306
	2010	22	23,184
	01/1/11 – 11/29/11	14	19,800
TOTAL		80	122,637

Boston Trust has focused its donating efforts to the Community Services category, particularly youth oriented programs. Examples of some of the grants distributed are detailed below.

YouthBuild Boston

YouthBuild Boston is a professional development program targeted toward low- and moderate-income youths in the city looking to improve their skills and career trajectory. Through academic or vocational training, the program aims to provide opportunity to these individuals in need. From 2007 to 2011, Boston Trust has made a \$10,000 donation each year.

Freedom House

A community action agency based in Grove Hall, the mission of Freedom House is to alleviate poverty in Boston's most distressed urban neighborhoods. Through education, economic development and advocacy for underserved populations, Freedom House has been active within the community for over sixty years. Boston Trust has made over \$6,500 in donations since the previous evaluation.

Community Works

A coalition of 33 social justice organizations based within Massachusetts, Community Works aims to provide basic necessities for the underprivileged throughout the state. Affordable housing, economic equity, safe neighborhoods and quality health care all fall under the goals of the organization. For the period reviewed, Boston Trust has made donations in excess of \$7,500.

Community Development Services

Walden Asset Management

Boston Trust's primary community development service activity is through its Walden Asset Management investment activities. Boston Trust actively solicits clients who desire to have socially responsible investments. Through Walden Asset Management, Boston Trust is able to blend the specific financial and social objectives of its clients. Approximately \$2.1 billion, or 41 percent of assets managed by Boston Trust, is under Walden Asset Management. Through its investment activities and shareholder advocacy, Boston Trust has been able to substantially influence the impact of portfolio companies to improve performance levels and promote strong CRA, community development and fair lending activities.

Also, in partnership with Calvert Foundation, the Walden Asset Management division provides targeted development within local communities by increasing investment dollars for a qualified community development initiative by matching it with potential investors. This service, known as the Calvert Foundation Community Investment Note, channels funds to nonprofits focused on affordable housing, small business development and microfinance. Walden discounts its management fees for this service (up to 5% of an individual's total portfolio) to 0.25 percent per annum. In addition to the Community Investment notes, Boston Trust has been able to direct client assets to below market rate loan funds, such as the Boston Community Development Loan fund described previously.

Year Up Partnership

Boston Trust is making several efforts in increasing its community development services, chief among them being the growing partnership with the Year Up organization. The mission of Year Up is to close the opportunity divide by providing urban youth in need with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education. The students who participate in the program are usually between 18 and 24 and held only minimum wage jobs prior to joining Year Up.

Boston Trust's involvement with Year Up began about 1 year ago, and since then several initiatives have taken place, including the following:

- Provided a facility, the Boston Trust boardroom, for Year Up to host an evening celebration in July for approximately 10 team members.
- Sponsored a Year Up Breakfast event in an attempt to raise funds and gain more partners.
- The Human Resources Manager is volunteering as a "mock interviewer" where she provides professional development advice to Year Up student participants. In her first session she interviewed and provided feedback to about 6 individuals. Another staff member and investment professional (ESG analyst) has begun meeting with a Year Up youth participant in a mentoring capacity, which will be ongoing.

Additionally, Boston Trust has hosted meetings with Year Up management to explore further partnership opportunities.

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 One Beacon Street, Boston, MA 02108."
- 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.