

PUBLIC DISCLOSURE

December 27, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FIDUCIARY TRUST COMPANY

90157

175 FEDERAL STREET
BOSTON, MA 02110

DIVISION OF BANKS
1000 WASHINGTON STREET
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 the 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 **Fiduciary Trust Company ("Fiduciary Trust" or the "Institution")** prepared by the Division, the institution's supervisory agency.

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

Fiduciary Trust's performance with regard to CRA was found to be Satisfactory. The Institution demonstrates adequate responsiveness to the community development needs of the area relative to its business structure and size. This rating is supported by the following summary of results:

- Fiduciary Trust originated one loan to the fund of a financial intermediary for \$50,000. The loan fund has a primary purpose of affordable housing development.
- Qualified investments totaled \$499,751 during the evaluation period, in the form of grants to local community development organizations.
- Employees and officers of Fiduciary Trust offer their financial and technical expertise to a variety of local qualified organizations, serving on finance and investment committees throughout the community. In addition, Fiduciary Trust discounts its custodial and advisory services to a number of local charitable organizations.

SCOPE OF EVALUATION

Fiduciary Trust 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. The Institution's primary business is providing trust and asset management services. Fiduciary Trust does not extend any forms of credit to retail customers. Unless otherwise noted, the evaluation includes all community development activity from August 16, 2005 to December 27, 2011.

PERFORMANCE CONTEXT

Description of Institution

Fiduciary Trust was incorporated under the laws of the Commonwealth of Massachusetts in 1928. The Institution engages solely in the management and care of property of others, both individuals and institutions, as trustee, executor, administrator, guardian and agent. Fiduciary Trust is not in the business of making commercial loans, makes no mortgage loans, and accepts demand deposits almost exclusively from existing clients. Due to the nature of its business, Fiduciary Trust received designation as a wholesale institution under the laws of the Commonwealth of Massachusetts in 1996. A wholesale institution is an institution that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers.

As of September 30, 2011, the company had total assets of \$62.6 Million. The Institution's sole office is located at 175 Federal Street in the financial district of Boston, Massachusetts.

Fiduciary Trust was previously examined for compliance with CRA by the Division as of August 16, 2005. The examination resulted in a rating of "Satisfactory."

Description of Assessment Area

Fiduciary Trust's assessment area consists of the City of Boston and the surrounding communities of Brookline, Cambridge, Chelsea, Dedham, Everett, Milton, Newton, Quincy, Revere, Somerville, Watertown and Winthrop. This entire delineation is located within the Boston and Boston-Quincy Metropolitan Statistical Area ("MSA").

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) | 283 | 14.1 | 34.6 | 32.5 | 18.4 | 0.4 |
| Population by Geography | 1,180,113 | 11.3 | 38.2 | 31.4 | 19.0 | 0.1 |
| Owner-Occupied Housing by Geography | 191,677 | 4.0 | 28.1 | 39.4 | 28.5 | 0.0 |
| Business by Geography (2011) | 129,773 | 14.2 | 23.8 | 30.2 | 31.8 | 0.0 |
| Family Distribution by Income Level | 247,728 | 29.4 | 18.5 | 19.6 | 32.5 | 0.0 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 118,624 | 17.9 | 47.3 | 26.1 | 8.7 | 0.0 |
| HUD Adjusted Median Family Income for 2011 | | \$88,444 | Median Housing Value | | \$257,035 | |
| Households Below Poverty Level | | 14.3% | Unemployment Rate | | 3.6% | |
| <i>Source: 2000 US Census, 2011 HUD updated Median Family Income</i> | | | | | | |

Population

The total population of Fiduciary Trust's assessment area is 1,180,113. The total number of households, which make up this population, is 480,944 of which 220,869 households or 45.9 percent are located within low- and moderate-income tracts.

Out of the 247,728 households that are families, 47.9 percent of families fall into the low or moderate-income category. Approximately 14 percent of the households have income below the poverty level. The poverty level and significant proportion of low- and moderate-income families within the area demonstrates a considerable population that could benefit from assistance.

Housing

There are a total of 501,417 housing units in the assessment area. Of the total units, 57.7 percent are rental, 38.2 percent are owner occupied and 4.1 percent are vacant. Approximately 32.1 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 average median housing sales price of the municipalities during 2011 at \$396,648. The sales price has fluctuated since the previous exam, from \$420,533 in 2006 to a low of \$372,772 in 2009. The towns of Boston and Newton had the highest average sales prices over the review period, while Chelsea and Revere were among the lowest. Based upon most recent data, it appears sales prices are on a rising trend within the assessment area. Additionally, the median county sales price consistently trends above the median statewide sales price, from which one can infer a relatively high cost for housing.

Economy/Employment

According to December 2011 data, the projected unemployment rate within the assessment area was 5.6 percent. The overall state level of unemployment in October was 6.8 percent. Chelsea and Revere were two cities within the assessment area with unemployment rates that trended above the statewide level, at 8.8 and 7.5 percent respectively. The average annual unemployment rates in the municipalities for calendar years 2009 and 2010 were 7.2 and 7.5 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 overall, 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 in 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

Fiduciary Trust is designated as a wholesale institution under the laws of the Commonwealth of Massachusetts. Under the CRA regulation, the CRA performance of wholesale institutions is assessed under the community development test. The community development test considers the institution's community development activities, which are defined as community development lending, qualified investments and services with the primary purpose of community development. As defined under the CRA regulation, community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low- and moderate-income geographies. Fiduciary Trust's community development activities are detailed below.

Community Development Lending

As defined under the CRA regulation, community development lending includes loans that have community development as the primary purpose. Due to the nature of its business, The Institution generally grants loans only to accommodate existing clients and secures the loans with marketable securities. However, on December 27, 1990, Fiduciary Trust granted a loan to the Boston Community Loan Fund.

- 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. The \$50,000 loan has been renewed twice since the previous examination.

Qualified Investments

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments, not just those made since the previous CRA examination.

The Institution has provided grants to organizations that provide education and job skills training, neighborhood revitalization, youth programs and health and human services for individuals in need. A total of 764 grants were distributed for \$499,751, all to organizations geared toward community service. The following table has the grants detailed by year.

| Category* | Year | Number of Donations | Dollar Amount |
|--|--------------------|----------------------------|----------------------|
| Community Services to Low- and Moderate-income (LMI) Residents | 8/16/05 – 12/31/06 | 106 | 45,905 |
| | 2006 | 106 | 65,600 |
| | 2007 | 110 | 95,581 |
| | 2008 | 101 | 72,311 |
| | 2009 | 104 | 69,669 |
| | 2010 | 126 | 77,851 |
| | 01/1/11 – 12/27/11 | 111 | 72,834 |
| TOTAL | | 764 | 499,751 |

Examples of grants that qualify as community development have been provided to the following:

- EdVestors – A non-profit organization established on behalf of Inner City schools, EdVestors stimulates private philanthropic investment by partnering donors with educational initiatives. Schools eligible for EdVestors funding must serve a majority of low-income students.
- Operation A.B.L.E. – Established in 1982, Operation A.B.L.E. provides education and job training skills to the older population throughout Greater Boston, in an effort to transition them into meaningful employment.
- Boys and Girls Club of Boston – This non-profit organization has been active in the City of Boston for over 100 years. Originally focused on skills development, currently the program is established to assist in the health, social, recreational and daycare needs of Boston’s inner city youth. Over 14,000 children are served each year, half of which are from households with annual incomes of less than \$27,000.
- St. Francis House – The largest day shelter in New England, St. Francis House assists hundreds of homeless and impoverished men and women in the city of Boston each day. In addition to providing basic services of food and shelter, the St. Francis House also establishes a support system to reintegrate the homeless into the greater population, offering counseling, employment assistance and access to housing resources.
- Additional Corporate Matching Grants – Fiduciary Trust has a policy of matching employee contributions in the form of corporate donations to various groups. The following are organizations, which by definition of their purpose, also qualify as community development: Charlestown Boys & Girls Club; Family Service of Greater Boston; Judge Baker Children’s Center; Rosie’s Place homeless shelter; the Pine Street Inn; Project Bread Walk for Hunger; and Sociedad Latina.

In addition to the aforementioned grants, Fiduciary Trust contributes to the United Way through direct and matching corporate grants. The Institution’s total contribution to the United Way was \$260,662 since the previous evaluation in 2005.

Community Development Services

Because of the nature of its business, the Institution is not in a position to act directly to help meet the capital and credit needs of the greater Boston community. However, the company recognizes as its primary opportunity for contributing to the economic benefit of its community the active encouragement of its officers to engage in social service, both cultural and civic in nature.

In various capacities, Fiduciary Trust's officers are involved with community organizations. Through these involvements, the Institution's staff lends their technical expertise, experience and judgment to these organizations. Following are some examples of the involvements of employees. It should be noted that only those services that are primarily for a community development purpose and are related to the provision of financial services are mentioned.

Positions held by various officers include:

- Trustee and Executive Committee member of the Judge Baker Children's Center, an organization which provides education, service and research for at-risk children
- Board of Trustees Member of Close to Home, a domestic violence prevention and response organization.
- Employer Advisory Committee member of Operation A.B.L.E., an organization which provides job skills training to older members of the community.
- Finance Committee Member of Roxbury Home for Aged Women, an affordable housing facility for the elderly
- Member of the Board of Directors of Christmas in the City, an organization which provides housing, job placement for the homeless and holiday presents for homeless children
- Finance Committee Member of Crittenton Women's Union, an organization dedicated toward helping low income women in Boston achieve economic self-sufficiency.
- Member of the Corporate Community Care Committee of the United Way of Massachusetts Bay
- Fundraiser for Roxbury Youthworks Program, an organization focused on counseling for at-risk adolescents.

Additionally, Fiduciary Trust performs duties as custodian and advisor for more than forty charitable organizations throughout the Boston area. Among these are CRA-qualified organizations such as the Roxbury Home for Aged Women, the Lend a Hand Society, and the Boston Episcopal Charitable Society. The institution provides a 10 to 15 percent discount off of the normal fee on these accounts.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks 175 Federal Street, Boston, MA 02110"
- 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.