

PUBLIC DISCLOSURE

May 9, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Cape Cod Five Cents Savings Bank
Certificate Number: 23287

532 Main Street
Harwich Port, Massachusetts 02646

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’S CRA RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**. An institution in this group has an excellent record of helping to meet the credit needs of its assessment areas, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of The Cape Cod Five Cents Savings Bank (CC5) with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			

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

** FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low Satisfactory” rating.

The Lending Test is rated Outstanding.

- The lending activity reflects excellent responsiveness to the assessment area’s credit needs.
- A substantial majority of the home mortgage and small business loans were originated within the assessment area.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of borrowers reflects excellent penetration among borrowers of different income levels and businesses of different sizes.
- The bank is a leader in making community development loans.
- The bank makes extensive use of innovative and flexible lending programs to serve the assessment area’s credit needs during the evaluation period.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits excellent responsiveness to credit and community economic development needs.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are readily accessible to all portions of the assessment area.
- To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Business hours and services are tailored to the convenience and needs of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated March 24, 2014, to the current evaluation dated May 9, 2017. Examiners used the Large Institution CRA Examination Procedures to evaluate Cape Cod Five Cents Saving Bank's performance. These procedures evaluate the bank's CRA performance pursuant to three tests: Lending, Investment and Service.

The Lending Test evaluated the bank's performance using the following criteria:

- the volume of lending activity
- the proportion of lending within the assessment area
- the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area
- the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes
- the number and dollar amount of community development loans
- the use of innovative and/or flexible lending practices

The Investment Test evaluated the bank's performance using the following criteria:

- the dollar amount of qualified investments
- the innovativeness or complexity of qualified investments
- the responsiveness of qualified investments to credit and community developments needs
- the degree to which the qualified investments are not routinely provided by private investors

The Service Test evaluated the bank's performance using the following criteria:

- the distribution of the bank's branches among geographies of different income levels
- the record of opening and closing branches, particularly branches in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals
- the availability and effectiveness of alternate systems for delivering retail banking services
- the extent and innovativeness of the bank's community development services

The bank does not have any affiliates that make retail loans; therefore, this evaluation does not include lending activity performed by affiliates.

Market share reports and aggregate data presented in this evaluation include originated and purchased loans, as this represents the market for residential mortgage loans for financial institutions subject to Home Mortgage Disclosure Act (HMDA) reporting requirements.

Loan Products Reviewed

The evaluation focused on the bank's major product lines, which are home mortgage and small business lending. Examiners focused on these loan types based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Examiners evaluated originated and purchased loans from January 1, 2015, through December 31, 2016. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending.

Residential mortgage lending data was derived from the bank's HMDA Loan Application Registers (LARs). The bank originated 2,207 loans totaling \$786.6 million in 2015 and 2,428 loans totaling \$847.3 million in 2016. The evaluation focused on 2015 performance, as this is the most recent year for which aggregate data is available. Aggregate data includes lending activity in the assessment area from all HMDA-reporting institutions.

Information concerning small business and small farm loans was derived from the CRA Loan Registers (LRs). The CRA defines small business loans as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. Small farm loans include farm loans with original balances of \$500,000 or less. Since small farm loans and consumer loans represent a small product line, these types of lending were not included in the Lending Test.

In 2015, the bank originated 320 small business loans totaling \$62.4 million. In 2016, the bank originated 312 small business loans totaling \$62.1 million. The bank's performance was compared to 2015 aggregate data, which includes all small business loans reported in the assessment area. The aggregate data excludes activity of many institutions not required to report such data. For 2015 and 2016, small business loans were compared to business demographic data obtained from D&B.

The Lending Test also considered community development loans and innovative and flexible lending from March 24, 2014, through May 9, 2017. The Investment and Service Tests considered qualified investments and community development services from the same period.

Assessment Area Information

In addition to an overall review of the bank's combined assessment area, the CRA requires separate performance discussions for each MSA and non-metropolitan area. The bank has two assessment areas in MSAs and two in non-metropolitan areas:

- Barnstable – Barnstable Town, MA MSA
- Wareham – Boston, MA Metropolitan Division of the Boston-Cambridge-Newton, MA-NH MSA
- Nantucket AA – Nantucket County (MA non-metropolitan area)
- Martha's Vineyard AA – Dukes County (MA non-metropolitan area)

The following table indicates bank loans, deposits, and branches in each assessment area.

Area Breakdown of Loans, Deposits, and Branches								
Area	Home Mortgage Loans		Small Business Loans		Deposits		Branches	
	\$	%	\$	%	\$	%	#	%
Barnstable	1,182,703	79.3	76,183	64.6	2,196,040	89.6	14	77.8
Nantucket	172,782	11.6	33,106	28.1	222,031	9.1	2	11.0
Martha's Vineyard	120,291	8.1	7,439	6.3	1,914	0.1	1	5.6
Wareham	16,229	1.1	1,145	1.0	30,283	1.2	1	5.6
Total	1,492,005	100.0	117,873	100.0	2,450,268	100.0	18	100.0

Source: 2015 and 2016 HMDA and CRA Data; 2016 FDIC Summary of Deposits

Examiners conducted full-scope reviews of the Barnstable and Nantucket assessment areas and limited-scope reviews of the Wareham and Martha's Vineyard assessment areas. Bank performance in the Barnstable assessment area received the greatest weight since it has the vast majority of loans, deposits, and branches. Performance in the other areas had less effect on the overall rating. The Wareham and Martha's Vineyard areas received limited-scope reviews because of the limited number of loans, deposits, and branches in these areas.

DESCRIPTION OF INSTITUTION

Background

Incorporated in March 1855, CC5 is a state-chartered mutual savings bank. The Cape Cod Five Cents Savings Bank is a subsidiary of Cape Cod Five Mutual Company, a mutual holding company. The bank wholly owns the following three subsidiaries:

- SeaFive, Inc. is a securities corporation established for the purpose of buying, selling and holding investments securities.
- C.F.H. Inc. is a real estate company formed to hold property purchased for future branch expansion.
- Shallow Pond is an entity established to hold Other Real Estate property.

The bank's CRA performance was last evaluated by the Division and the FDIC on March 24, 2014, and was rated Outstanding using large institution procedures.

Operations

CC5 maintains its main office at 532 Main Street in Harwich Port, Massachusetts. The bank offers products and services through its main office and 17 full-service branch offices located in Brewster, Centerville, Chatham, East Harwich, Eastham, Falmouth, Hyannis, Mashpee, Nantucket (2 branches), Orleans, Sandwich, South Dennis, South Yarmouth, Vineyard Haven, Wareham, and Wellfleet. The bank also operates an operations center in Orleans; a loan production office in Plymouth and Provincetown; a lending and wealth management office in Marion and Vineyard Haven; and a trust and asset management facility in Orleans.

The branches located in Wareham and Martha's Vineyard are the most recent additions to the branch network, having opened since the prior CRA evaluation. Automated teller machines (ATMs) are located in each banking office. The bank also has eight off-site ATM machines located in Barnstable, North Falmouth, Yarmouth Port, Steamship Authority terminals in Hyannis and Nantucket, Cape Cod Technical High School in Harwich, the bank's Operations Center located in Orleans, and the Mid-Tech Administrative Office in West Yarmouth.

Ability and Capacity

As of March 31, 2017, the bank had total assets of \$3.1 billion and total deposits of \$2.6 billion. Total loans were \$2.6 billion and represented 84.2 percent of total assets. The bank's net loan-to-deposit (LTD) ratio, as of the same date, was 102.6 percent. During the evaluation period the bank sold 3,510 loans totaling \$1.0 billion. These loans are not included in the LTD ratio.

CC5 is primarily a residential lender with a large portion of its loan portfolio secured by residential properties; however, the bank offers a wide variety of loan products. As noted

in the table below, approximately 71.1 percent of the bank’s loans are secured by one-to-four family properties, followed by commercial real estate at 19.2 percent and construction loans at 4.5 percent.

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

Loan Portfolio Distribution as March 31, 2017		
Loan Category	\$(000s)	%
Construction and Land Development	119,409	4.5
Secured by Farmland	330	0.0
Secured by 1-4 Family Residential	1,866,798	71.1
Multi-family (5 or more) Residential	0	0.0
Secured by Nonfarm Nonresidential	503,452	19.2
Total Real Estate Loans	2,489,989	94.8
Agricultural Production and Other Loans to Farmers	1,783	0.1
Commercial and Industrial	115,042	4.4
Consumer Loans	9,904	0.4
Other Loans	9,828	0.4
Total Loans	2,626,546	*100.0
<i>Source: Reports of Income and Condition, *Due to rounding, totals may not equal 100.0 percent.</i>		

Examiners did not identify any financial or legal impediments that would limit the bank’s ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define assessment areas within which CRA performance will be evaluated. CC5 has four assessment areas. The Barnstable assessment area contains all of Barnstable County, also referred to as Cape Cod. The Nantucket assessment area includes Nantucket County, an island off the southeastern coast of Massachusetts. The Wareham assessment area includes only the town of Wareham, which is in Plymouth County. The Martha's Vineyard assessment area includes Dukes County, also an island off the southeastern coast of Massachusetts. The CC5 assessment areas meet the technical requirements of the CRA regulation.

Economic and Demographic Data

The bank's combined assessment area consists of 69 census tracts that reflect the following income designations according to the 2010 U.S. Census Data.

- 1 low-income tract
- 9 moderate-income tracts
- 48 middle-income tracts
- 11 upper-income tracts

A single low-income census tract is located in Hyannis in the Barnstable assessment area. The nine moderate-income census tracts are located in Barnstable (2), Bourne, Dennis, Orleans, Provincetown, Yarmouth (2), and Wareham. With the exception of one moderate-income tract in Wareham, all low- and moderate-income tracts are in Barnstable County. Nantucket has one middle-income census tract that is designated as underserved.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	1.4	13.0	69.6	15.9	0.0
Population by Geography	264,417	1.1	11.2	74.0	13.6	0.0
Housing Units by Geography	198,885	1.0	12.4	71.0	15.6	0.0
Owner-Occupied Units	93,474	0.3	10.1	76.2	13.4	0.0
Occupied Rental Units	22,968	5.9	22.7	62.3	9.2	0.0
Vacant Units by Geography	82,443	0.5	12.1	67.5	19.9	0.0
Businesses by Geography	25,140	6.2	12.5	64.9	16.5	0.0
Farms by Geography	984	1.4	7.9	72.5	18.2	0.0
Family Distribution by Income Level	73,430	18.8	18.4	23.2	39.7	0.0
Household Distribution by Income Level	116,442	22.6	17.2	18.9	41.3	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$75,056	Median Housing Value			\$479,976
Median Family Income MSA - 14454 Boston, MA MD		\$83,664	Median Gross Rent			\$1,099
Median Family Income MA - Non-metropolitan Areas		\$68,821	Families Below Poverty Level			5.1%
<i>Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2016 D&B data, there were 25,140 businesses in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. Gross annual revenues (GARs) for these businesses are below.

- 85.8 percent have \$1 million or less
- 5.0 percent have more than \$1 million
- 9.2 percent have unknown revenues

Service industries represent 45.3 percent of businesses, followed by retail trade (15.5 percent) and construction (11.3). Approximately 88.5 percent of area businesses have ten or fewer employees, with 89.5 percent operating from a single location.

Examiners used the 2015 and 2016 FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2015 FFIEC-updated MFI categories.

CC5 Combined Assessment Area Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Barnstable Town, MA MSA Median Family Income (12700)				
2015 (\$80,300)	<\$40,150	\$40,150 to <\$64,240	\$64,240 to <\$96,360	≥\$96,360
2016 (\$77,100)	<\$38,550	\$38,550 to <\$61,680	\$61,680 to <\$92,520	≥\$92,520
Boston, MA MD Median Family Income (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
MA Non-metropolitan Area Median Family Income (99999)				
2015 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
2016 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
<i>Source: FFIEC</i>				

Of the 198,885 housing units within the assessment area, 46.9 percent are owner-occupied, 11.5 percent are occupied rental units, and 41.4 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Data from the U.S. Bureau of Labor and Statistics indicates that the 2016 year-end unemployment rate was 3.2 percent statewide, with a high of 4.3 percent in January, and a low of 3.1 percent in November. However, the unemployment rate in the assessment area is subject to significant seasonal swings. Cape Cod, Nantucket, and Martha's Vineyard see significant population increases during the summer months. Many housing units in these areas serve as second homes or vacation rental homes primarily used between May and September. The table details 2016 unemployment rates for each county in the CC5 assessment area, as well as comparable state data.

CC5 Assessment Area 2016 Unemployment (%)					
County	Barnstable	Dukes	Plymouth	Nantucket	State
High	8.3	10.1	5.2	11.2	4.3
Low	3.0	2.4	2.8	1.6	3.1
Average	4.8	5.3	3.9	4.8	3.7
<i>Source: U.S. Bureau of Labor Statistics</i>					

Competition

The assessment area has a highly competitive financial services market. According to FDIC Deposit Market Share data as of June 2016, 28 institutions operate 290 branches within the assessment area. CC5 ranked second with 12.2 percent of total deposits.

There is a high level of home mortgage loan competition among banks, credit unions, and non-depository mortgage lenders. Aggregate home mortgage lending data for 2015 shows that 438 lenders originated 12,218 home mortgage loans in the combined assessment area. CC5 ranked first with a 15.9 percent market share, significantly

exceeding all other institutions. Cape Cod Cooperative Bank ranked second with a 4.9 percent market share, and Wells Fargo Bank NA ranked third with a 4.1 percent share.

Small business loan aggregate data shows lending activity for whole counties; therefore, the data includes all activity in Barnstable, Dukes, Plymouth, and Nantucket Counties. In 2015, 97 lenders made 18,229 loans totaling \$741.8 million. CC5 ranked 16th with a 1.8 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help assess credit and community development needs. The information obtained helps determine whether local financial institutions are responsive to community needs and what credit and community development opportunities, if any, are available.

Examiners made two community contacts, one to an affordable housing organization and another to a community development corporation.

The first community contact supports Martha's Vineyard by creating and sustaining permanently affordable housing solutions, both rental and ownership. The second community contact promotes environmental and economic sustainability and expands opportunities for low- and moderate-income residents in the lower Cape Cod area. This organization provides safe rental housing for low- and moderate-income residents, micro-loans for small business owners, and increases local renewable energy to lower the cost of electricity for low-income families.

Both contacts indicated that the large seasonal tourism industry presents challenges in creating a year-round economy. In particular, healthy business practices and learning to hire and retain full-time employees would help offset the challenges of extreme population fluctuations. In addition, both contacts agreed that creating more affordable housing opportunities remains critical. Both contacts also agreed that local institutions, including CC5, helped address these needs, but additional resources are necessary. As a result, both contacts stressed the need for affordable housing development and technical assistance programs to service the year-round workforce

Credit and Community Development Needs and Opportunities

The affluent nature of the assessment area presents challenges for banks to find effective community development opportunities. The assessment area's population consists of 13.6 percent upper-income individuals, 74.3 percent middle-income individuals, and only 12.3 percent low- and moderate-income individuals. The median income of the assessment area is \$61,212, while the median home price is \$479,976, almost eight times median income. This is significantly higher than the Commonwealth of Massachusetts, where the median home price is only 3.7 times median income. This significant disparity highlights the need for affordable housing in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area by considering home mortgage, small business, and community development lending. CC5 demonstrated Outstanding performance under the Lending Test. The following sections address the bank's performance in the combined assessment area. The bank did not originate enough small farm loans to make meaningful conclusions under the Lending Test; therefore, only the Assessment Area Concentration criterion includes small farm loans.

Lending Activity

Lending Activity considers the volume of CC5's lending in relation to the bank's financial condition and resources. The bank's lending levels reflect excellent responsiveness to assessment area credit needs. CC5 originated 2,039 home mortgage loans totaling \$723.1 million in 2015 and 2,224 home mortgage loans totaling \$768.9 million in 2016. The bank made significantly more loans in the assessment area than any other home mortgage lender. For small business lending, CC5 made 320 loans totaling \$62.4 million in 2015 and 312 loans totaling \$62.1 million in 2016.

Assessment Area Concentration

The bank originated a substantial majority of loans within the combined assessment area. CC5 originated 92.5 percent by number and 91.6 percent by dollar amount of its home mortgage, small business, and small farm loans within the assessment area. The table below details lending inside and outside the assessment area for each product type.

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										
2015	2,039	92.4	168	7.6	2,207	723,126	91.9	63,503	8.1	786,629
2016	2,224	91.6	204	8.4	2,428	768,879	90.7	78,395	9.3	847,274
Subtotal	4,263	92.0	372	8.0	4,635	1,492,005	91.3	141,898	8.7	1,633,903
Small Business										
2015	308	96.3	12	3.8	320	59,847	95.9	2,538	4.1	62,385
2016	298	95.5	14	4.5	312	58,026	93.4	4,115	6.6	62,141
Subtotal	606	95.9	26	4.1	632	117,873	94.7	6,653	5.3	124,526
Small Farm										
2015	7	87.5	1	12.5	8	336	84.8	60	15.2	396
2016	11	100.0	0	0.0	11	827	100.0	0	0.0	827
Subtotal	18	94.7	1	5.3	19	1,163	95.1	60	4.9	1,223
Total	4,887	92.5	399	7.5	5,286	1,611,041	91.6	148,611	8.4	1,759,652
<i>Source: 2015 and 2016 HMDA LARs and CRA LRs</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the combined assessment area. Excellent home mortgage loan distributions primarily supported this conclusion. Examiners focused on the percentage by number of loans originated in low- and moderate-income census tracts. The Barnstable assessment area contains all but one of the combined area's low- and moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment areas. Examiners focused on the comparison to aggregate data and considered trends based on 2016 lending. The following table shows that the bank's rate of lending in the low-income census tract is similar to the aggregate percentage. The bank increased the number of loans within this tract in 2016. Market share data highlights the lack of lending opportunities in the low-income tract, as 38 lenders combined to make just 57 loans in this geography in 2015. CC5's three loans in this tract ranked second.

Based on such limited opportunities in the low-income tract, examiners emphasized moderate-income tract performance when determining the criterion conclusion. In moderate-income areas, CC5's lending rate in 2015 at 8.2 percent was slightly lower than aggregate. Bank lending increased in 2016 to a level slightly below the demographic comparison.

Despite less than favorable comparisons to aggregate and demographic percentages, market share data demonstrates the bank's strong performance in the moderate-income tracts. The bank was ranked number one with a 12.5 percent market share, more than doubling the second-ranked lender in the moderate-income tracts. The bank's leading performance in these tracts reflects excellent performance.

Geographic Distribution of Home Mortgage Loans Combined Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	0.3	0.4	3	0.1	436	0.1
2016	0.3	--	5	0.2	1,679	0.2
Moderate						
2015	10.1	10.5	168	8.2	54,066	7.5
2016	10.1	--	210	9.4	69,987	9.1
Middle						
2015	76.2	73.4	1,550	76.0	508,207	70.3
2016	76.2	--	1,636	73.6	532,557	69.3
Upper						
2015	13.4	15.7	318	15.6	160,417	22.2
2016	13.4	--	373	16.8	164,656	21.4
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	2,039	100.0	723,126	100.0
2016	100.0	--	2,224	100.0	768,879	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the combined area. The following table shows that the bank's performance in the low-income census tract is similar to aggregate, at 3.9 percent compared to 4.6 percent. In 2016, CC5 increased its rate of lending in the low-income tract to 7.7 percent, which exceeds the business demographic comparison of 6.2 percent. At 12.0 percent, the bank's 2015 rate of lending in moderate-income areas compares reasonably well to the 13.4 percent aggregate level. In 2016, bank lending decreased to 9.1 percent in moderate-income tracts in 2016, which is slightly below business demographics. Given this is the bank's secondary lending product, its performance is good.

Geographic Distribution of Small Business Loans Combined Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	6.0	4.6	12	3.9	2,397	4.0
2016	6.2	--	23	7.7	4,853	8.4
Moderate						
2015	12.1	13.4	37	12.0	5,558	9.3
2016	12.5	--	27	9.1	6,144	10.6
Middle						
2015	64.9	64.1	165	53.6	29,423	49.2
2016	64.9	--	167	56.0	29,949	51.6
Upper						
2015	16.9	17.9	94	30.5	22,469	37.5
2016	16.5	--	81	27.2	17,080	29.4
Totals						
2015	100.0	100.0	308	100.0	59,847	100.0
2016	100.0	--	298	100.0	58,026	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and businesses of different sizes. Examiners focused primarily on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers, as well as the percentage of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. Examiners focused on the comparison to aggregate data and market share reports. The following table details bank and aggregate lending by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Combined Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	18.8	4.2	93	4.6	12,458	1.7
2016	18.8	--	65	2.9	8,469	1.1
Moderate						
2015	18.4	13.1	265	13.0	49,411	6.8
2016	18.4	--	287	12.9	54,612	7.1
Middle						
2015	23.2	16.8	372	18.2	87,338	12.1
2016	23.2	--	456	20.5	115,026	15.0
Upper						
2015	39.7	51.9	1,295	63.5	563,121	77.9
2016	39.7	--	1,386	62.3	580,620	75.5
Not Available						
2015	0.0	13.9	14	0.7	10,798	1.5
2016	0.0	--	30	1.3	10,152	1.3
Totals						
2015	100.0	100.0	2,039	100.0	723,126	100.0
2016	100.0	--	2,224	100.0	768,879	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Home mortgage lending to low-income borrowers, at 4.6 percent, compares similarly to the 4.2 percent aggregate rate. In 2015, a low-income family in the assessment area, with an average income of \$40,149, would not likely qualify for a mortgage under the conventional underwriting standards, especially considering the median housing value of \$441,672. Therefore, the demand and opportunity for lending to low-income families is limited, which explains the difference between bank lending to low-income families and the percentage of low-income families. The bank's rate of lending to moderate-income borrowers, at 13.0 percent, is virtually identical to the 13.1 aggregate rate, but slightly below the demographics of the assessment area. The rate of moderate-income tract lending remained steady in 2016.

Although bank lending percentages compare reasonably to aggregate lending to low- and moderate-income borrowers, market share data reveals the bank's strong performance under this criterion. In 2015, the bank ranked number one in lending to low-income borrowers with a 17.1 percent market share, which nearly tripled the second-ranked lender to low-income borrowers. The bank was also first in lending to moderate-income borrowers with a 15.8 percent market share, more than two and a half times the second-ranked lender.

Lending to low-income borrowers shows a slight decrease in 2016, and lending to moderate-income borrowers remained similar in 2016. The bank did not change lending or marketing practices from 2015 to 2016. The applications from low-income borrowers decreased from 2015 to 2016, which could potentially relate to the increase of housing values in the assessment area.

In 2015, CC5 extended 18.2 percent of its loans to middle-income borrowers, which exceeded the 16.8 percent rate achieved by the aggregate. In 2016, CC5 increased its rate of lending to middle-income borrowers to 20.5 percent, which is close to the family demographics comparison. Lending to middle-income borrowers reflects well on borrower distribution given the high cost of living in the combined assessment area.

Small Business Loans

The distribution of loans reflects adequate penetration of small businesses and the same conclusion holds for the full scope assessment area. The following table shows that the bank originated 49.0 percent of the 2015 reported small business loans to businesses with GARs of \$1 million or less. This is very similar to the 50.3 percent aggregate lending rate by other reporting lenders to businesses with GARs of \$1 million or less, which is reasonable. There is a decreasing trend from 2015 to 2016, but the level of lending to smaller businesses is still reasonable.

Market share data further supported the bank's adequate performance. In 2015, the bank ranked 16th in lending to businesses with general annual revenues of \$1 million or less, out of 97 lenders, with a market share of 1.8 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category Combined Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	79.6	50.3	151	49.0	22,740	38.0
2016	85.8	--	121	40.6	17,620	30.4
>1,000,000						
2015	4.2	--	155	50.3	36,732	61.4
2016	5.0	--	174	58.4	38,598	66.5
Revenue Not Available						
2015	16.2	--	2	0.6	375	0.6
2016	9.3	--	3	1.0	1,808	3.1
Totals						
2015	100.0	100.0	308	100.0	59,847	100.0
2016	100.0	--	298	100.0	58,026	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Community Development Lending

CC5's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

CC5 is a leader in making community development loans. The bank originated 35 community development loans, totaling approximately \$19 million, during the evaluation period. The number of community development loans doubled since the previous examination. The bank originated all but one community development loan inside the assessment area.

CC5 operates in an affluent assessment area with community development lending opportunities. The bank stays informed of community development lending opportunities and makes significant effort to meet these needs. Both community contacts identified CC5 as very responsive to their organizations' needs and general community needs with its lending efforts. CC5 is the primary bank for multiple community service providers in the assessment area. As noted earlier, the assessment area's greatest needs are affordable housing and community services. The bank's community development loans addressed these needs, with 20 loans totaling \$7.3 million focused on affordable housing, and 12 loans totaling \$7 million focused on community services.

Given the bank's responsiveness to assessment area needs, CC5 received credit for community development loans made outside the assessment area. The table below details the bank's community development lending by assessment area, community development purpose, and year.

Community Development Loans Combined Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Barnstable										
*2014	6	4,168	8	253	0	0	0	0	14	4,421
2015	3	390	0	0	0	0	0	0	3	390
2016	6	1,095	1	450	0	0	0	0	7	1,545
**2017	3	810	1	3,000	1	1,915	0	0	5	5,725
Sub-Total	18	6,463	10	3,703	1	1,915	0	0	29	12,081
Nantucket										
*2014	1	100	1	3,000	0	0	0	0	2	3,100
2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
**2017	0	0	0	0	1	40	0	0	1	40
Sub-Total	1	100	1	3,000	1	40	0	0	3	3,140
Dukes										
*2014	0	0	0	0	1	2,900	0	0	1	2,900
2015	0	0	1	250	0	0	0	0	1	250
2016	0	0	0	0	0	0	0	0	0	0
**2017	0	0	0	0	0	0	0	0	0	0
Sub-Total	0	0	1	250	1	2,900	0	0	2	3,150
Outside										
*2014	1	724	0	0	0	0	0	0	1	724
2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
**2017	0	0	0	0	0	0	0	0	0	0
Sub-Total	1	724	0	0	0	0	0	0	1	724
Total	20	7,286	12	6,953	3	4,855	0	0	35	19,095
<i>Source: Bank Records</i> <i>* March 24, 2014 through December 31, 2014. **January 1, 2017 through May 9, 2017.</i>										

Highlights of community development loans include:

- During the evaluation period, CC5 extended 12 loans totaling \$1.8 million to an organization that constructs housing for low- and moderate-income families in the Cape Cod area. The organization chooses families based on level of need and willingness to contribute sweat equity.
- In March 2017, the bank made a \$1.9 million loan for the construction of an open-air shopping and residential-use center on Cape Cod. The project will create numerous permanent jobs benefitting low- and moderate-income people.

Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated using the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

CC5 makes extensive use of innovative and/or flexible lending practices in order to serve the assessment area's credit needs. The bank has initiated partnerships with state housing organizations and offers various special mortgage loan programs tailored to the needs of low- and moderate-income individuals. Moreover, CC5 assists first-time homebuyers in pursuing or maintaining home ownership.

The bank offers Small Business Administration (SBA) loans to meet the credit needs of the area's small businesses. Loans originated under these programs were reported on the bank's HMDA LARs and CRA Small Business Loan Registers. The programs are described here in order to highlight the innovative and/or flexible underwriting standards employed in the origination of loans for low- and moderate-income individuals and to businesses of different sizes. Detailed below are some of the bank's qualifying loan programs.

Home Loans

MassHousing Loans

CC5 is a MassHousing approved lender. MassHousing is a quasi-public authority designed to increase affordable home ownership opportunities. Loans offer lower-than-market interest rates for the life of the loan, 30-year repayment terms, low and no down-payment options. Underwriting is flexible and mortgage payment protection is provided. Loan programs are available for challenged groups such as first-time homebuyers and war veterans.

Guaranteed Rural Housing Loans

This United States Department of Agriculture loan program targets homebuyers who live in rural areas and have little or no money for down payments. The program offers flexible underwriting guidelines, relaxed credit requirements, no down payment options, no private mortgage insurance options, the ability to finance closing costs in the loan amount, lenient seller concessions, and rates that are comparable to, if not better than, conventional fixed-rate mortgage programs.

Loan Modifications

The bank offered loan modifications for residential loans to help their customers avoid foreclosure and retain their home ownership. Flexible terms include reduced interest rates and extended maturities.

Small Business Loans

SBA Loan Programs

The bank offers loan programs through the SBA, including the SBA 504, SBA 7(a), and SBA Low Doc programs. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. During the evaluation period, the bank originated \$12.3 million in SBA loans.

Treasurer's Office Small Business Banking Partnership

CC5 offers small business loans through the Massachusetts State Treasurer's Office Small Business Banking Partnership. The Small Business Banking Partnership shifts funds in state deposits under the control of the Treasurer to qualifying Massachusetts banks to promote small business lending. The partnership aims to move money into smaller regional, community, and local banks that have been at the forefront of providing capital to creditworthy small businesses to help them expand and create new jobs.

Massachusetts Capital Access Program (Mass CAP)

The bank offers loans through Mass CAP. Mass CAP is designed to help small businesses (with less than \$5 million in revenues) throughout Massachusetts obtain loans from participating banks. The program leverages cash collateral guarantees from a loan loss reserve fund to enable banks to make loans they might otherwise be unable to grant. Loans guaranteed through this program may be used to start or expand businesses and/or to provide permanent working capital to ensure continued profitable operations. . During the evaluation period, the bank originated 86 loans for \$4.5 million.

INVESTMENT TEST

The bank demonstrated Outstanding performance under the Investment Test. The bank has an excellent level of qualified community development investments, grants, and donations, often in a leadership position, particularly those that are not routinely provided by private investors. The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has a primary purpose of community development.

Investment Activity

CC5 is rated Outstanding in the Investment Test. During the evaluation period, qualified investments, grants and donations totaled \$13.9 million, which represents 0.4 percent of average total assets and 4.1 percent of investments. The \$13.9 million in qualified investments and donations represents a significant increase since the last evaluation period, when qualified investments totaled \$4.7 million. The following sections address the bank's Investment Test performance.

Equity Investments

The bank has \$12.6 million in qualified equity investments, the majority of which represents new investments. Listed below are the qualified investments.

- **Federal National Mortgage Association (FNMA) Mortgage Backed Securities** – As of the evaluation date, the bank held five qualified FNMA mortgage backed securities purchased in a prior period. The underlying mortgages for these securities were made to low- and moderate-income borrowers, and the current book value of previously purchased securities is \$1.8 million. The bank purchased one additional FNMA mortgage backed securities (\$1.2 million) during the evaluation period, for a total investment amount of \$3.0 million.
- **MB Capital Fund IV, Mezzanine Capital Fund** - MB Capital Fund is a limited partnership managed by the Massachusetts Business Development Corporation (MBDC). MBDC provides supplemental financing and financial services to growing companies throughout Massachusetts. The objective of the partnership is to provide capital to established Massachusetts small businesses in need of capital growth. On April 7, 2015, the bank invested \$250,000, of which \$133,750 has been committed.
- **Small Business Investment Companies (SBIC)** – On December 18, 2014, the bank purchased three SBIC bonds totaling \$5.1 million. The funds from the bonds help to finance small businesses through loans with low interest rates. The rates are set according to the cost of funds to the Federal government. SBIC finances businesses within the assessment area.
- **Kendrigan Place Low-Income Housing Tax Credit (LIHTC)** – Kendrigan Place is an affordable housing development that has been in service since 1991 and has 78 low-income units. Created by the Tax Reform Act of 1986, the LIHTC program gives state and local LIHTC-allocating agencies an annual budget to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. On May 25, 2016, the bank purchased one LIHTC totaling \$3 million.
- **Carver Solar Renewable Energy Investment Tax Credit (ITC)**. The ITC is currently a 30 percent federal tax credit claimed against the tax liability of residential (Section 25D) and commercial and utility (Section 48) investors in solar energy property. The Barnstable Housing Authority has signed a Net-Metering Credit Agreement with this solar project providing a 30 percent discount from current utility rates. The Barnstable Housing Authority manages and operates local public housing programs and various voucher programs. On May 24, 2016, the bank invested \$1.2 million in this program.

Charitable Contributions

The bank makes donations through its charitable foundation and directly through the bank. The Cape Cod Five Cents Savings Bank Charitable Foundation Trust (Foundation) was

founded in 1998, and is committed to serving the needs of the Cape and Island community. This private foundation is funded entirely by the bank. Trustees of the Foundation are a combination of the bank's directors, trustees, corporators, and employees. The bank and Foundation donate to not-for-profit organizations serving low- and moderate-income housing or other community development needs such as counseling for credit, homeownership, home maintenance, and other financial literacy programs targeted specifically to low- and moderate-income individuals.

The total amount of qualified CRA donations made by the bank and the Foundation between March 24, 2014 and May 9, 2017 was \$1.3 million. The following table illustrates bank and Foundation activity by year.

Community Development Grants and Donations Combined Assessment Area					
	*2014	2015	2016	*2017	Total
The Cape Cod Five Cents Savings Bank	\$56,455	\$55,500	\$59,440	\$10,745	\$182,140
The Cape Cod Five Cents Savings Charitable Foundation Trust	\$354,236	\$341,692	\$277,787	\$118,250	\$1,091,965
Total Donations	\$410,691	\$397,192	\$337,227	\$128,995	1,274,105
Number of Organization Benefiting from Donations	64	68	62	20	214

*Source: Bank Records *March 24, 2014 through December 31, 2014. **January 1, 2017 through May 9, 2017.*

The bank and Foundation donate to numerous organizations throughout the assessment areas that provide community services such as youth programs, homeless centers, soup kitchens, and centers for victims of domestic violence. The bank and Foundation also donate to organizations that work to revitalize or stabilize distressed neighborhoods and build or repair affordable housing, as well as organizations that promote business and economic development.

The table below illustrates the number and dollar amount of qualified donations by community development category.

Qualified Investments Combined Assessment Area												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
*2014	16	46,179	58	312,016	7	35,500	0	0	0	0	81	393,695
2015	14	56,000	57	305,692	4	25,500	0	0	0	0	75	387,192
2016	17	61,500	52	251,283	2	11,500	1	500	0	0	72	324,783
**2017	6	62,675	19	103,995	0	0	2	1,765	0	0	27	168,435
Total	53	226,354	186	972,986	13	72,500	3	2,265	0	0	255	1,274,105

*Source: Bank Records *From March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 18, 2017.*

Following are details of notable qualified donations made during the evaluation period.

Cape Kid Meals – The mission of this organization is to provide children dependent on free breakfast and lunch programs in the public schools with food over the weekends during the school year.

Harwich Early Childhood Council Make Way for Kids Program – This program provides quality preschool experiences for Harwich children from low- to moderate-income working families. The program also provides financial assistance to enable children to attend day-care programs, as well as education and support to parents, grandparents, and guardians of young children.

Safe Harbor – Safe Harbor is an emergency shelter for eligible women and their children who are homeless due to domestic violence. Safe Harbor, which is funded by the Massachusetts Department of Housing and Community Development and private contributions, can accommodate up to 20 families.

Brown Bag for Seniors Program – Provided by the Barnstable Senior Center, the program consists of a free bag of groceries once a month for senior citizens who are eligible or receive fuel assistance.

The Family Pantry-Damien's Place – Founded in 1992, Damien's Place was started because of the needs of the poor in the Wareham area. The mission of Damien's Place is to provide both perishable and non-perishable food to those in need.

Wareham Area Committee for the Homeless (WACH) –WACH is a 501(c)(3) community based organization that helps the homeless through confidential, supportive, and educational services.

Island Elderly Housing, Inc. (EHI) – With the help of state and federal funding, EHI offers affordable rental housing on Martha's Vineyard for the island's elderly and disabled.

Cape Cod Center for Women – At this shelter, families are provided with access to medical and mental health care as they work to rebuild their lives. Services like food, clothing, personal care items and toys for children are available. They also provide moral support and guidance, one on one counseling, transportation for clients in emergencies or doctor's appointments, job interviews, and educational classes.

Martha's Vineyard Boys and Girls Club – Founded in 1937 on Martha's Vineyard, the club is designed solely for youth programs and activities and provides a safe place for young people, primarily those of low- or moderate-income families.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank's investments supported activities that promote

community services to low- and moderate-income individuals and affordable housing. Qualified investments addressed the area's primary community development needs.

Innovativeness or Complexity of Qualified Investments

CC5 makes significant use of innovative and complex investments to support community development initiatives. The bank invested in a number of Small Business Investment and Development Companies. These companies create innovative lending products for small businesses, which would be unable to obtain traditional bank financing. Many of these companies focus on making loans to start-ups, who do not currently have the collateral to qualify for a bank loan, and working with the company until they are able to obtain more traditional financing.

SERVICE TEST

CC5 is rated Outstanding under the Service Test. The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following sections address the bank's Service Test performance.

Accessibility of Delivery Systems

CC5's service delivery systems are readily accessible throughout its assessment area. Banking services are available at any time both online and via ATMs. In addition, branch hours are similar to other local financial institutions and feature extended hours on select days.

The bank's corporate headquarters is located in Harwich Port, a middle-income census tract. The bank currently operates 17 full-service branches located in the Towns of Brewster, Centerville, Chatham, East Harwich, Eastham, Falmouth, Hyannis, Mashpee, Nantucket (2), Orleans, Sandwich, South Dennis, South Yarmouth, Vineyard Haven, Wareham and Wellfleet. The bank's branches in Hyannis, Orleans, and South Dennis are all located in moderate-income census tracts. The bank's corporate office and a Trust and Asset Management Office located in Orleans are both located in a moderate-income census tract. The bank also has a loan production office located in Provincetown, a moderate-income census tract, and four lending and wealth management offices located in Plymouth and Vineyard Haven, both located in middle-income census tracts, and Marion, an upper-income census tract.

In addition to having ATMs at each branch office, the bank has eight off-site ATMs. They are located at 3239 Main Street in Barnstable; 580N North Falmouth in North Falmouth; Peterson's Market at 918 Route 6A in Yarmouth Port; Steamship Authority terminals in Hyannis and Nantucket; Cape Cod Technical High School in Harwich; the

bank's Operations Center located in Orleans; and the Mid-Tech Administrative Office in West Yarmouth. The Steamship Authority in Hyannis is located in a low-income census tract and the bank's Operations Center in Orleans is located in a moderate-income census tract.

The Cape Cod Technical High School, the Mid-Tech Administrative Office and the bank's Operations Center have restricted access to the ATMs. Of the 29 ATMs, 19 are linked to the SUM network providing customers with free ATM access and 26 are deposit-taking ATMs. The three ATMs that are not deposit taking are the Cape Cod Technical High School and the two Steamship Authority terminals.

The following table shows the bank's branch structure and ATM network by census tract income level.

Table 10 Combined Assessment Area Branch and ATM Distribution with Demographic Data							
Census Tract Income Level	Number of Tracts	Percent of Tracts	Percent of Population (%)	Branches/Main Office		ATMs	
				#	%	#	%
Low	1	1.5	1.2	0	0.0	1	3.4
Moderate	9	13.0	11.2	3	16.7	5	17.2
Middle	48	69.6	74.0	12	66.7	19	65.6
Upper	11	15.9	13.6	3	16.7	4	13.8
Total	69	100.0	100.0	18	100.0	29	100.0

Source: Internal Bank Records and 2010 U.S. Census Data

Retail Banking Services

The bank offers a variety of financial services through its branch network designed to meet the banking and credit needs of its communities. Deposit services include checking and savings accounts, money market accounts, certificates of deposit, and individual retirement accounts.

The bank also offers a variety of loan products. These include home mortgage programs with flexible terms such as affordable housing, first-time homebuyer programs, and welcome home mortgages for veterans. Other residential programs include fixed and adjustable rate mortgages, land and construction loans, jumbo loans, home equity lines of credit, and home equity loans. Commercial loans include SBA financing, seasonal working capital and lines of credit, business short-term loan notes, auto loans, personal loans, Mass Save Heat loans, septic loans, boat loans, collateral loans and overdraft lines of credit.

CC5 offers Internet banking at its website: www.capecodfive.com. Free online services include: access balances and accounts 24/7; transfer funds; set up email alerts notifying you of account activity; pay bills easily; get secure, electronic delivery of your checking,

savings, certificate of deposit, money market, and loan statements with eStatements and initiate a stop payment on a traditional check from anywhere you have Internet access, at any time. The bank also offers mobile banking with capabilities such as balance inquiries, bill payment, transfers, transaction review and text alerts.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

Since the prior evaluation the bank has opened two full-service branches and relocated one branch office. On June 23, 2014, the bank opened a branch located at 10 Rosebrook Place, Wareham, MA, a middle-income census tract. On May 16, 2016, the bank opened a branch located at 412 State Road, Vineyard Haven, located on Martha's Vineyard, a middle-income census tract. On May 23, 2016, the bank purchased certain assets and assumed certain deposits and other liabilities of the branch office of Mutual Bank located at 668 Main Street in Falmouth. The bank then relocated their branch office from 763 Main Street to 668 Main Street in Falmouth (middle-income census tract). In addition, the bank opened a loan production office in Provincetown in May 2014, which is located in a moderate-income census tract.

The bank has not closed any branches since the last CRA evaluation.

Reasonable of Business Hours and Services

Services, including business hours, do not vary in such a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services are more than sufficient to meet the needs of the assessment area. All of the bank's branches are open on Saturday.

Community Development Services

The bank is a leader among banks of its asset size in providing community development services. The bank offers services to low- and moderate-income residents and provides financial and technical assistance to several community development organizations with a community development purpose.

During the evaluation period, 56 bank employees provided 214 instances of financial expertise or technical assistance to community development organizations. The following table illustrates the bank's community development services by year and purpose.

Community Development Services Combined Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
*2014	15	22	15	0	0	52
2015	15	21	10	1	0	47
2016	18	25	12	1	0	55
**2017	20	27	13	1	0	60
Total	68	95	50	3	0	214
<i>Source: Bank Records *March 24, 2014 through December 31, 2014. **January 1, 2017 through May 9, 2017.</i>						

The following are examples of the bank’s community development services:

Coastal Community Capital (CCC) – CCC promotes economic development through small business growth, management of the region's small business loan fund, free business counseling, and an annual workshop series. CCC has access to funding sources including SBA 504 loans, loan guarantees, and direct lending. The chief banking service officer is on the finance committee and the loan committee.

Osterville Christmas Charities – This organization raises and donates funds to local organizations that provide much needed services to low- and moderate-income individuals and families. A mortgage loan officer is the founder and chairperson of this organization.

Island Housing Trust – The Island Housing Trust supports permanently affordable housing solutions on Martha’s Vineyard. The regional president of Martha’s Vineyard is president and chair of the board for the trust.

Martha’s Vineyard Housing Development – This organization delivers housing services, such as foreclosure prevention and first-time homebuyer seminars, and employment services that help Cape and Islands residents secure homes that are safe, stable and healthy. The regional president of Martha’s Vineyard is president and chair of the board.

Educational Services and Seminars

During the evaluation period, CC5 employees participated in 122 seminars promoting financial literacy, business and banking education, and first time homebuyer programs. The seminars also allowed the bank to gain information about unmet credit needs in the assessment area. The bank’s leadership among financial institutions in delivering financial education supports its strong Service Test performance. The table below details financial education efforts by year and category.

Community Development Services Financial and Educational Seminars Combined Assessment Area						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
*2014	5	6	8	0	9	19
2015	23	5	10	0	0	38
2016	26	20	12	0	0	58
**2017	4	2	1	0	0	7
Total	58	33	31	0	0	122
<i>Source: Bank Records *March 24, 2014 through December 31, 2014. **January 1, 2017 through May 9, 2017.</i>						

Notable seminars include:

- During the examination period, the bank presented 33 first-time homebuyer seminars to the Housing Assistance Corporation. Topics included: the role of budgeting and credit in the home buying process, signs of credit problems, different loan programs, selecting a real estate broker, negotiating price and terms, home inspection, and applying for a mortgage.
- In partnership with the Barnstable County Correctional Facility, the bank presented 12 financial educational seminars to soon to be released inmates. A curriculum was designed to include building a relationship with a financial institution; budgeting and saving strategies; managing accounts; and the importance of good credit and the consequences of bad credit.
- During the evaluation period, the bank presented 20 financial educational seminars to the Junior Achievement organization at the Decas Elementary School in Wareham (100.0 percent of the students receive free lunches). Junior Achievement teaches students knowledge and skills for economic success, planning for their futures, and making smart academic and economic choices. The organization teaches students about earning, spending, sharing and saving money, as well as businesses they can start or jobs they can perform to earn money. The bank's volunteers make economic concepts relevant, assist with money management, and challenge the students to excel.
- On October 28, 2014, the bank partnered with the Massachusetts Department of Consumer Affairs and Business Regulation in delivering the Project Credit Smarts Curriculum to students enrolled in the Advantage Program at Cape Cod Community College. The Advantage Program is funded as part of the Federal TRIO grant program of supporting and motivating students from disadvantaged backgrounds. The program provides services to improve the financial and economic literacy of students. Topics include credit, credit and debit cards, student loans and repayment options, and identification theft.

- On February 3, 2016, the bank presented an educational workshop to a family shelter that provides emergency assistance to women and children who are homeless due to domestic abuse. The workshops provide classes in financial literacy to assist women transitioning into independent living. Topics include goal setting, budgeting and saving strategies, the importance of good credit, the consequences of bad credit, and strategies to improve credit.

Other Community Development Services

The bank participates in the Interest on Lawyers' Trust Accounts (IOLTA). IOLTA was established in the United States in 1981. Lawyers place large client deposits, such as escrow accounts, in interest bearing accounts, with the interest to be paid to the client. Deposits that would individually be too small or too short-term to generate interest are pooled into IOLTA accounts. Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

The bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners determined there is no evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not impact the bank's CRA rating.

METROPOLITAN AREAS

(Full Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BARNSTABLE COUNTY

A full-scope review of the Barnstable MSA was conducted for this assessment area, as this area represents the majority of CC5's lending, investment, and service activity. Examiners gave significant weight to the bank's performance in the Barnstable MSA, as a majority of the bank's branches and lending activity occurs in this assessment area.

Economic and Demographic Data

The Barnstable MSA portion of CC5's designated assessment area includes all of Barnstable County. The assessment area comprises 56 census tracts and has a total population of 215,888. The census tracts reflect the following income designations:

- 1 low-income tract
- 8 moderate-income tracts
- 41 middle-income tracts
- 6 upper-income tracts

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Barnstable Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	1.8	14.3	73.2	10.7	0.0
Population by Geography	215,888	1.4	11.7	74.5	12.4	0.0
Housing Units by Geography	158,838	1.3	13.7	73.5	11.5	0.0
Owner-Occupied Units by Geography	78,880	0.3	10.2	77.2	12.3	0.0
Occupied Rental Units by Geography	19,284	7.0	25.5	60.1	7.4	0.0
Vacant Units by Geography	60,674	0.7	14.6	73.0	11.7	0.0
Businesses by Geography	20,135	7.7	14.7	65.2	12.4	0.0
Farms by Geography	756	1.9	9.9	76.3	11.9	0.0
Family Distribution by Income Level	61,766	18.5	18.5	23.5	39.4	0.0
Household Distribution by Income Level	98,164	22.4	17.6	19.2	40.8	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$75,056	Median Housing Value			\$436,011
			Median Gross Rent			\$1,079
			Families Below Poverty Level			5.0%
<i>Source: 2010 U.S. Census and 2016 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2016 D&B data, there were 20,135 businesses operating in the assessment area. GARs for the businesses are below:

- 86.1 percent have \$1 million or less
- 5.0 percent have more than \$1 million
- 8.8 percent have unknown revenues

The service industries represent the largest portion of businesses at 46.8 percent; followed by retail trade (15.2 percent); and construction (11.1 percent). In addition, 94.5 percent of area businesses have less than 20 employees, and 89.7 percent operate from a single location.

There are 158,838 housing units. Of these, 49.7 percent are owner-occupied, 12.1 percent are occupied rental units, and 38.2 percent are vacant (which include second and vacation homes). See Description of Assessment Area for information relative to unemployment and income levels in the Barnstable assessment area.

Competition

There is strong competition for loans and deposits in this assessment area. According to the FDIC Deposit Market Share report as of June 30, 2016, 11 financial institutions operated 111 offices in Barnstable County. Additionally, mortgage brokers, credit unions, and finance companies operate within the county. CC5 ranked first with 29.2 percent deposit market share. In 2015, 414 lenders reported a total of 10,332 residential mortgage loans originated or purchased inside the assessment area. CC5 was ranked number one with a market share of 17.2 percent for overall HMDA lending in the Barnstable assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's Lending Test performance in this metropolitan area is consistent with its overall Lending Test performance.

Lending Activity

The bank's lending level reflects excellent responsiveness to assessment area credit needs. During 2015 and 2016, CC5 originated 3,693 home mortgage loans, totaling approximately \$1.2 billion, and 415 small business loans, totaling approximately \$76.2 million. This activity reflects the bank's leadership in meeting the area's credit needs.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout Barnstable County. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts throughout the assessment area, as well as market share data.

Home Mortgage Loans

While the bank's percentage of loans to low- and moderate-income tracts was similar to or slightly below aggregate percentages, market share data supports the bank's strong performance. In 2015, the bank tied for second in lending in low-income census tracts with a 5.3 percent market share. The bank was ranked number one with a 13.5 percent market share in lending to moderate- income census tracts, significantly exceeding the second ranked lender.

Geographic Distribution of Home Mortgage Loans Barnstable County						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	0.3	0.6	3	0.2	436	0.1
2016	0.3	--	5	0.3	1,679	0.3
Moderate						
2015	10.2	11.5	160	9.0	52,062	9.0
2016	10.2	--	200	10.4	67,900	11.2
Middle						
2015	77.2	75.4	1,381	77.8	431,261	74.8
2016	77.2	--	1,444	75.2	444,857	73.4
Upper						
2015	12.3	12.5	230	13.0	92,815	16.1
2016	12.3	--	270	14.1	91,693	15.1
Totals						
2015	100.0	100.0	1,774	100.0	576,574	100.0
2016	100.0	--	1,919	100.0	606,129	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data. "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business Loans

The geographic distribution of small business loans reflects good dispersion throughout the assessment area. The following table shows that the bank's performance in the low-income census tract is similar to aggregate, at 5.8 percent compared to 6.0 percent. In 2016, CC5 increased its rate of lending in the low-income tract to 11.1 percent, which exceeds the business demographic comparison. At 17.8 percent, the bank's 2015 rate of lending in moderate-income areas compares favorably to the 16.1 percent aggregate level. The percentage decreased to 13.0 percent in 2016, but still compares reasonably well to business demographics.

Geographic Distribution of Small Business Loans Barnstable County						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	7.5	6.0	12	5.8	2,397	6.7
2016	7.7	--	23	11.1	4,853	12.0
Moderate						
2015	14.3	16.1	37	17.8	5,558	15.5
2016	14.7	--	27	13.0	6,144	15.2
Middle						
2015	65.7	65.2	122	58.7	20,579	57.4
2016	65.2	--	123	59.4	21,634	53.6
Upper						
2015	12.5	12.7	37	17.8	7,304	20.4
2016	12.4	--	34	16.4	7,714	19.1
Totals						
2015	100.0	100.0	208	100.0	35,838	100.0
2016	100.0	--	207	100.0	40,345	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. Excellent penetration to low- and moderate-income borrowers for home mortgage lending primarily drove this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects excellent penetration within Barnstable County. Examiners focused on the comparison to aggregate data and market share data. The following table details bank and aggregate lending by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level Barnstable County						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	18.5	4.1	87	4.9	11,628	2.0
2016	18.5	--	59	3.1	7,554	1.2
Moderate						
2015	18.5	13.7	247	13.9	45,669	7.9
2016	18.5	--	253	13.2	46,497	7.7
Middle						
2015	23.5	17.8	329	18.5	74,390	12.9
2016	23.5	--	385	20.1	89,534	14.8
Upper						
2015	39.4	51.2	1,102	62.1	441,339	76.5
2016	39.4	--	1,196	62.3	455,421	75.1
Not Available						
2015	0.0	13.2	9	0.5	3,548	0.6
2016	0.0	--	26	1.4	7,123	1.2
Totals						
2015	100.0	100.0	1,774	100.0	576,574	100.0
2016	100.0	--	1,919	100.0	606,129	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Home mortgage lending to low-income borrowers, at 4.9 percent, is good when compared to the 4.1 percent aggregate rate achieved by other lenders. The bank's rate of lending to moderate-income borrowers, at 13.9 percent, is virtually identical to the 13.7 aggregate rate and slightly below demographics. Lending to low-income borrowers slightly decreased in 2016, and lending to moderate-income borrowers remained similar.

Market share data supports the bank's strong performance under this criterion. In 2015, the bank was ranked number one in lending to low-income borrowers with a 20.8 percent market share. The bank, again was ranked number one in lending to moderate-income borrowers with a 17.4 percent market share.

In 2015, CC5 extended 18.5 percent of its loans to middle-income borrowers, which exceeded the 17.8 percent rate achieved by the aggregate of other lenders. In 2016, CC5 increased its rate of lending to middle-income borrowers to 20.1 percent, which is close to the family demographics comparison. Lending to middle-income borrowers is an important factor to consider given the high cost of living in the assessment area.

Small Business Loans

The distribution of loans reflects adequate penetration of small businesses. The following table shows that the bank originated 49.5 percent of the 2015 reported small business loans to businesses with GARs of \$1 million or less. This is very similar to the 50.4 percent aggregate lending rate by other reporting lenders to businesses with GARs of \$1 million or less, which is reasonable. There is a negative trend from 2015 to 2016, but the level of lending to smaller businesses is still reasonable.

Market share data further supports the bank’s performance. In 2015, the bank ranked 16th for lending to businesses with general annual revenues of \$1 million or less, out of 97 lenders, with a market share of 1.8 percent. This ranking is similar to bank’s overall ranking for small business lending bank-wide.

Distribution of Small Business Loans by Gross Annual Revenue Category Barnstable County						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	80.0	50.4	103	49.5	12,470	34.8
2016	86.2	--	85	41.1	12,417	30.8
>1,000,000						
2015	4.1	--	104	50.0	23,193	64.7
2016	4.8	--	120	58.0	27,118	67.2
Revenue Not Available						
2015	15.9	--	1	0.5	175	0.5
2016	9.1	--	2	1.0	810	2.0
Totals						
2015	100.0	100.0	208	100.0	35,838	100.0
2016	100.0	--	207	100.0	40,345	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Community Development Lending

Community development lending activities are evaluated pursuant the criteria previously outlined in the bank-wide section of this report. CC5 was a leader in making community development loans in the Barnstable assessment area. The bank originated 29 community development loans totaling \$12.1 million during the evaluation period.

The Barnstable assessment area has significant affluence as well as community development lending opportunities. The assessment area’s greatest needs are affordable housing and community services. The bank’s community development lending addressed these needs, with 18 loans totaling \$6.5 million focused on affordable housing

and 10 loans totaling \$3.7 million focused on community services. Refer to the table in the bank-wide section of the report for more information on community development lending in the assessment area by purpose and year.

Innovative or Flexible Lending Practices

This criterion evaluates innovative and flexible lending activities in the Barnstable assessment area since the prior evaluation, covering the time period March 24, 2014 through May 9, 2017. For specifics on the criterion for evaluating innovative and flexible lending, refer to the “Innovative and Flexible Lending Practices” section in the overall assessment area evaluation.

The bank’s use of innovative and flexible lending programs to assist in meeting the credit needs of the Barnstable assessment area is commensurate with the institution’s branch presence, deposit share, and capacity. Programs offered in the Barnstable assessment area are the same as discussed in the overall evaluation. The majority of innovative and flexible loan originations involve government-related subsidies and guarantees

INVESTMENT TEST

The criteria for evaluating qualified investment are included in the overall section. The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

Investment Activity

Investment activity in the Barnstable MSA portion of the assessment area is consistent with investment activity throughout the assessment area. All qualified equity investments benefitted this area. The bank and the Foundation also donated to 115 organizations in the Barnstable assessment area totaling \$1.1 million.

Donations were awarded to local non-profit organizations to support affordable housing and community services such as youth programs, homeless centers, soup kitchens, and centers for victims of domestic violence, organizations that work to revitalize or stabilize distressed neighborhoods and build or repair affordable housing, as well as organizations that promote business and economic development.

The following table shows the bank and the Foundation’s qualified grants and donations by year.

Community Development Grants and Donations Barnstable County					
	*2014	2015	2016	*2017	Total
The Cape Cod Five Cents Savings Bank	29,805	38,500	37,440	\$5,745	111,490
The Cape Cod Five Cents Savings Charitable Foundation Trust	259,136	275,942	257,787	93,250	886,115
Total Donations	288,941	314,442	295,227	98,995	997,605
Number of Organization Benefiting from Donations	46	48	45	16	155

*Source: Bank Records *March 24, 2014 through December 31, 2014. **January 1, 2017 through May 9, 2017.*

The following table illustrates the number and dollar amount of qualified donations by community development category.

Qualified Grants and Donations Activity By Year an Purpose Barnstable County												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
*2014	10	45,425	47	214,516	4	28,500	0	0	0	0	61	288,441
2015	10	38,750	42	250,692	2	20,000	0	0	0	0	54	309,442
2016	11	50,000	38	219,783	1	10,000	1	500	0	0	51	280,283
**2017	6	46,179	13	71,495	0	0	2	1,765	0	0	21	119,439
Total	37	180,354	140	756,486	7	58,500	3	2,265	0	0	187	997,605

*Source: Bank Record - *From March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 9, 2017.*

Examples of organizations to which the bank and the Foundation made donations in the Barnstable assessment area are noted below:

NOAH Shelter – NOAH provides an evening meal, a bed, blankets, access to shower facilities and breakfast for anyone in need of shelter on an emergency, nightly basis.

Duffy Health Center – Founded in 1988 by a group of volunteers from a broom closet at the NOAH Shelter, the Center is dedicated to providing free care for the homeless men and women on Cape Cod. In 1997, the Center was incorporated as Barnstable County’s primary health care provider for homeless adults.

Coastal Capital Community – Since 1995, this certified community development lender has been serving businesses with their commercial lending expertise. It promotes economic development through small business growth and management of the region’s small business loan fund, free business counseling, and an annual workshop series.

Lower Cape Outreach Council – The mission of this organization is to provide emergency assistance of food, clothing and financial support to low- and moderate-income individuals and families.

Cape Cod Children’s Place – This non-profit resource, referral, and education center is committed to providing high-quality care, support, and advocacy for low- and moderate-income families with young children.

Cape Cod Times Needy Fund – The mission of this organization is to help local low- and moderate-income families and individuals pay for food, rent, mortgage payments, utility and heating bills, medical costs and other basic expenses.

Recovery Without Walls – This non-profit organization is entirely dependent on contributions and volunteers who provide safety, support and structure to low- and moderate-income women following substance abuse treatment. The organization also provides financial assistance with rent, medication, and legal fees, as well as job placement and educational opportunities.

Responsiveness to Credit and Community Development Needs

The bank provides excellent responsiveness to credit and community needs. The bank’s qualified investments have community development purposes that benefit communities throughout the entire assessment area and address key community development needs.

Community Development Initiatives

CC5 makes significant use of innovative and complex investments to support community development initiatives. The bank invested in a number of Small Business Investment and Development Companies. These companies create innovative lending products for small businesses, which would be unable to obtain traditional bank financing. Many of these companies focus on making loans to start-ups, who do not currently have the collateral to qualify for a bank loan, and working with the company until they are able to obtain more traditional financing.

SERVICE TEST

Accessibility of Delivery Systems

CC5’s service delivery systems are readily accessible throughout its assessment area. Banking services are available at any time both online and via ATMs. In addition, branch hours are similar to other local financial institutions and feature extended hours on select days.

In the Barnstable MSA, the CC5 operates 14 full-service branches, three of which (Hyannis, Orleans, South Dennis) are in moderate-income tracts. The bank also operates an operations center in Orleans; a loan production office in Provincetown; and a trust and asset management facility in Orleans, all located in moderate-income census tracts.

Retail Banking Services

The bank offers the same retail banking services throughout the assessment area. For information on the bank’s retail banking services refer to the “Service Test” in the Overall Conclusions Section.

Changes in Branch Locations

To the extent changes have been made, the institution’s record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank has not closed any branches since the last CRA evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in such a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services are more than sufficient to meet the needs of the assessment area. All of the bank’s branches are open on Saturday.

Community Development Services

During the evaluation period, 49 bank employees provided 187 instances of financial expertise or technical assistance to community development organizations in this area. The following table illustrates community development services by year and by purpose.

Community Development Services Barnstable County						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
*2014	13	19	15	0	0	47
2015	13	20	10	1	0	44
2016	13	21	11	1	0	46
**2017	15	22	12	1	0	50
Total	54	82	48	3	0	187

*Source: Bank Records - *From March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 9, 2017.*

Notable examples are listed below:

Habitat for Humanity – This organization helps low-income individuals achieve the goal of affordable home ownership. Donations to this organization help families break the cycle of poverty and build long-term financial security. A credit administrator officer is a member

of the credit committee, an estate officer is a financial workshop instructor and the commercial loan officer is the chair of the credit review committee.

Family Pantry Corporation – Staffed by over 300 volunteers, the food pantry’s mission is to provide food and clothing to those in need. They currently serve over 1,100 households per month and also provide clothing in sizes from infants to adults. Several volunteers are trained to fill out paperwork to apply for fuel assistance (low-income Home Energy Assistance Program) to make it more convenient for their clients to apply while at the pantry. the chief risk officer is the secretary and a member of the board of directors.

Community Action Committee of Cape Cod and the Islands (CACCI) – CACCI is a private non-profit agency that supports low-income individuals and families living on the Cape and Islands. Services include child care assistance information (referrals and vouchers), access to health care, support for seniors to age at home, and financial assistance to foreclosed homeowners. The director of community relations is the president and a board member.

South Coastal Counties Legal Services (SCCLS) – SCCLS is a non-profit charitable corporation whose attorneys and paralegals represent poor and elderly clients with high priority legal problems. They also provide group representation and community education. The bank’s general counsel is on the board of directors.

SEED Corporation – This non-profit economic organization helps small businesses start, grow, and create jobs. Their primary role is to assist and support small businesses during their start-up phase to help secure traditional financing and promote the business expansion. A regional manager/commercial loan officer is on the board of directors and is the assistant treasurer and a commercial loan officer is on the loan review committee.

The Cape Cod Community Development Partnership (CDP) – CDP supports the lower Cape region by expanding opportunities for low- and moderate-income residents. Their primary goal for housing development is to increase the availability of attractive, quality affordable homes for low- to moderate-income families from Harwich to Provincetown. the director of residential and consumer lending is on the housing and property management committee.

The Falmouth Economic Development and Industrial Corporation (EDIC) – The mission of the Falmouth EDIC is to increase business and industrial investment; expand opportunities to own, manage and operate commercial and industrial enterprises; provide funding assistance; and increase job opportunities in the Town of Falmouth. the regional manager/commercial loan officer is the treasurer.

METROPOLITAN AREAS *(Limited Scope)*

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE TOWN OF WAREHAM - PLYMOUTH COUNTY – BOSTON MA MD

A limited-scope review of the town of Wareham (Plymouth County) was conducted, as this area represents a new assessment area for CC5, with the addition of one new branch since the previous evaluation. The bank's assessment area includes one moderate-income census tract and three middle-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's Lending Test performance in this metropolitan area is consistent with its overall Lending Test performance.

Lending Activity

The bank's lending levels reflect adequate responsiveness to assessment area credit needs. During 2015 and 2016, CC5 originated 81 home mortgage loans, totaling approximately \$16.2 million, and 4 small business loans, totaling approximately \$820,000. This activity is commensurate with CC5's branch presence in this area. See description of assessment area for more information relative to HMDA and small business market share.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout Wareham. The home mortgage and distribution is good, but the small business loan conclusion could not be formed because the bank extended so few small business loans in the assessment area. Examiners focused on the percentage by number of loans originated in the moderate-income census tract. The bank made 23.5 percent of its Wareham loans in the moderate-income tract, exceeding aggregate performance. Lending in moderate-income census tracts decreased slightly in 2016, but was still above the demographic comparison.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and businesses of different sizes. Home mortgage lending to low-income borrowers, at 11.8 percent, is good when compared to 12.1 percent aggregate rate achieved by other lenders. The bank's lending rate to moderate-income borrowers at 32.4 percent exceeded the 24.6 percent rate achieved by aggregate lending. CC5 increased its rate of lending to both

low- and moderate-income borrowers in 2016. The bank's strong rate of lending to moderate-income borrowers drives the conclusion for the Wareham assessment area.

Community Development Lending

CC5 has only had a presence in Wareham for a short time during the evaluation period. With only a single branch, it is predictable that the institution has not originated any community development loans specifically benefitting Wareham.

Innovative or Flexible Lending Practices

Although generally limited in both number of loans and dollar amount, the bank's use of innovative and flexible lending programs to assist in meeting the credit needs of the town of Wareham is commensurate with the institutions branch presence, deposit share, and capacity. Programs offered in the Wareham assessment area are the same as discussed in the overall evaluation. Given the significant disparity between the median income and median home value as described in previous sections, the majority of innovative and flexible loan originations involve government-related subsidies and guarantees.

INVESTMENT TEST

The bank's Investment Test performance in this metropolitan area is consistent with its overall Investment Test performance. The bank and the Foundation donated to six organizations in the town of Wareham totaling \$40,650. Sixteen donations were awarded to: Damien's Place, Habitat for Humanity, the Boys and Girls Club of Wareham, Neighbor Works, Friends Food Pantry and Wareham Area Committee for the Homeless. Refer to the overall Investment Test for additional details regarding the bank's qualified investments.

SERVICE TEST

Overall, CC5's service test performance in this area is satisfactory. On June 23, 2014, the bank opened a branch located at 10 Rosebrook Place, Wareham, MA, a middle-income census tract. The new branch is reasonably accessible to geographies and individuals of different income levels in this area. All of the bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA.

The bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals. The level of activity and participation by officers and employees in community development organizations serving this area is limited, but commensurate with bank operations and capacity in this assessment area. During the review period, two bank employees provided four instances of financial expertise or technical assistance to organizations providing affordable housing and community services.

NONMETROPOLITAN AREAS (Full Scope)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NANTUCKET COUNTY

Examiners performed a full-scope review of the Nantucket County assessment area in the Massachusetts nonmetropolitan area. Although a full-scope analysis was completed, performance in this area did not significantly affect the overall rating based on the limited percentage of branches, deposits, and lending within Nantucket County.

Economic and Demographic Data

The bank includes all of Nantucket County in its assessment area. It consists of five census tracts and has a total population of 10,172. Nantucket has one middle-income census tract and four upper-income census tracts. The middle-income tracts is designated as underserved. The designation of “underserved” census tracts is based on the Federal Financial Institutions Examination Council’s assessment of nonmetropolitan middle-income geographies through evaluating (a) rates of poverty, unemployment, and population loss or (b) population size, density, and dispersion.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Nantucket Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	20.0	80.0	0.0
Population by Geography	10,172	0.0	0.0	47.9	52.1	0.0
Housing Units by Geography	11,326	0.0	0.0	27.7	72.3	0.0
Owner-Occupied Units by Geography	2,657	0.0	0.0	40.3	59.7	0.0
Occupied Rental Units by Geography	966	0.0	0.0	50.2	49.8	0.0
Vacant Units by Geography	7,703	0.0	0.0	20.5	79.5	0.0
Businesses by Geography	1,836	0.0	0.0	31.4	68.6	0.0
Farms by Geography	92	0.0	0.0	42.4	57.6	0.0
Family Distribution by Income Level	2,400	10.5	8.6	20.4	60.5	0.0
Household Distribution by Income Level	3,623	15.3	9.1	12.4	63.3	0.0
Median Family Income Non-MSAs - MA		\$68,821	Median Housing Value			\$983,798
			Median Gross Rent			\$1,615
			Families Below Poverty Level			3.6%

Source: 2010 U.S. Census and 2016 D&B Data

According to 2016 D&B data, there were 1,836 businesses operating in the assessment area. GARs for the businesses are below:

- 87.8 percent have \$1 million or less
- 5.4 percent have more than \$1 million
- 6.7 percent have unknown revenues

The service industries represent the largest portion of businesses at 38.5 percent; followed by retail trade (17.1 percent); and construction (14.4 percent). In addition, 96.1 percent of area businesses have less than 20 employees, and 92.4 percent operate from a single location.

There are 11,326 housing units. Of these, 23.5 percent are owner-occupied, 8.5 percent are occupied rental units, and 68.0 percent are vacant (which include second and vacation homes). See Description of Assessment Area for information relative to unemployment and income levels in the Nantucket assessment area.

Competition

There is limited competition for loans and deposits in this assessment area. According to the FDIC Deposit Market Share report as of June 30, 2016, only four financial institutions operate eight offices in Nantucket County. CC5 ranked 2nd with 29.5 percent deposit market share. In 2015, 108 lenders reported 718 residential mortgage loans in Nantucket County. CC5 was ranked number one with a market share of 17.8.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's Lending Test performance in this nonmetropolitan area is consistent with its overall Lending Test performance.

Lending Activity

The bank's lending levels reflects excellent responsiveness to assessment area credit needs. During 2015 and 2016, CC5 originated 262 home mortgage loans totaling \$172.8 million and 159 small business loans totaling \$33.1 million in this area.

Geographic Distribution

The geographic distribution criterion typically emphasizes lending in low- and moderate-income census tracts. Although Nantucket County has no low- or moderate-income tracts, examiners analyzed the percentage of loans in the middle-income census tract. Significant housing costs suggest the need for affordable home financing in the area's middle-income tract. This review, however, did not significantly affect overall conclusions.

The following table shows that the bank's rate of lending in middle-income census tracts is well above aggregate lending.

Geographic Distribution of Home Mortgage Loans Nantucket County						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Moderate						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Middle						
2015	40.3	30.1	59	46.1	29,601	33.8
2016	40.3	--	59	44.0	27,874	32.7
Upper						
2015	59.7	69.9	69	53.9	57,890	66.2
2016	59.7	--	75	56.0	57,417	67.3
Totals						
2015	100.0	100.0	128	100.0	87,491	100.0
2016	100.0	--	134	100.0	85,291	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The following table shows that the bank's rate of lending in middle-income census tracts is slightly greater than aggregate at 38.8 percent compared to 36.5 percent. In 2016 CC5's rate of lending in the middle-income census tracts remained roughly the same and was at a level above the business demographics of the area, which is good.

Geographic Distribution of Small Business Loans Nantucket County						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Moderate						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Middle						
2015	31.2	36.5	33	38.8	6,934	34.7
2016	31.4	--	28	37.8	4,271	32.5
Upper						
2015	68.8	63.5	52	61.2	13,035	65.3
2016	68.6	--	46	62.2	8,866	67.5
Totals						
2015	100.0	100.0	85	100.0	19,969	100.0
2016	100.0	--	74	100.0	13,137	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and businesses of different sizes in the assessment area. The home mortgage loan borrower profile is excellent while the small business loan borrower profile is adequate. Home mortgage loans carry more weight in forming the overall conclusion, which is excellent.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects excellent penetration within Nantucket County. Examiners focused on the comparison to aggregate data. The following table details the comparative data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Nantucket County						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	10.5	0.7	1	0.8	205	0.2
2016	10.5	--	0	0.0	0	0.0
Moderate						
2015	8.6	1.3	1	0.8	30	0.0
2016	8.6	--	9	6.7	2,262	2.7
Middle						
2015	20.4	5.4	18	14.1	5,682	6.5
2016	20.4	--	27	20.1	10,851	12.7
Upper						
2015	60.5	79.4	103	80.5	74,324	85.0
2016	60.5	--	95	70.9	69,773	81.8
Not Available						
2015	0.0	13.2	5	3.9	7,250	8.3
2016	0.0	--	3	2.2	2,405	2.8
Totals						
2015	100.0	100.0	128	100.0	87,491	100.0
2016	100.0	--	134	100.0	85,291	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Home mortgage lending to low-income borrowers, at 0.8 percent, is good when compared to 0.7 percent aggregate rate achieved by other lenders. A low-income family in the assessment area, with an average income of \$36,749, would not likely qualify for a mortgage under the conventional underwriting standards, especially considering the median housing value of \$975,534. Therefore, the demand and opportunity for lending to low-income families is very limited, which explains the difference between bank rate of lending to low-income families and the 10.5 percent of families that are actually low-income. The bank's rate of lending to moderate-income borrowers, at 0.8 percent, is similar to the 1.3 aggregate rate.

CC5 did not extend any loans to low-income borrowers in 2016 which is predictable given the high cost of housing in the assessment area. The fact that the bank made 6.7 percent of its loans to moderate-income borrowers in 2016 is close to the demographic comparison and very impressive given the housing environment on Nantucket.

In 2015, CC5 extended 14.1 percent of its loans to middle-income borrowers which far exceeded the 5.4 percent rate achieved by the aggregate of other lenders. In 2016, CC5 increased its rate of lending to middle-income borrowers to 20.1 percent, which slightly

exceeds the family demographics comparison. Lending to middle-income borrowers is an important factor to consider given the high cost of living in the assessment area. In effect, no low-income families can buy homes on Nantucket and very few moderate-income families would have the capacity service mortgage debt in such a high-cost area. Thus, the borrower profile conclusion is driven mostly by the middle-income borrower penetration, which is excellent.

Market share data further supports the bank’s performance under this criterion. In 2015, four financial institutions each made one loan to low-income borrowers with a 20.0 percent market share. Only two financial institutions originated loans to moderate-income borrowers, CC5 was second with a market share of 11.1 percent.

Small Business Loans

The distribution of loans reflects adequate penetration of small businesses. The following table shows that the bank originated 51.8 percent of the 2015 reported small business loans to businesses with GARs of \$1 million or less. This is similar to the 55.6 percent aggregate lending rate by other reporting lenders to businesses with GARs of \$1 million or less, which is reasonable. There is a negative trend of lending to business with GARs of \$1 million or less from 2015 to 2016 but the level of lending to smaller businesses is still reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category Nantucket County						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	79.3	55.6	44	51.8	9,095	45.5
2016	88.2	--	32	43.2	4,491	34.2
>1,000,000						
2015	4.4	--	40	47.1	10,674	53.5
2016	4.9	--	41	55.4	7,648	58.2
Revenue Not Available						
2015	16.4	--	1	1.2	200	1.0
2016	6.9	--	1	1.4	998	7.6
Totals						
2015	100.0	100.0	85	100.0	19,969	100.0
2016	100.0	--	74	100.0	13,137	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

Community Development Lending

Community development lending activities are evaluated pursuant the criteria previously outlined in the bank-wide section of this report. CC5 made a significant level of

community development loans in the Nantucket assessment area. The bank originated three community development loans, totaling approximately \$3.1 million, during the evaluation period. This is an increase from the previous evaluation, when the institution originated one community development loan for \$1.5 million. The bank originated one loan in each area of affordable housing, community services and economic development.

Refer to the table in the bank-wide section of the report for more information on community development lending in the assessment area by purpose and year.

Innovative or Flexible Lending Practices

This criterion evaluates innovative and flexible lending activities in the Nantucket assessment area since the prior evaluation. For specifics on the criterion for evaluating innovative and flexible lending, refer to the “Innovative and Flexible Lending Practices” section in the overall assessment area evaluation.

The bank’s use of innovative and flexible lending programs to assist in meeting the credit needs of the Nantucket assessment area is commensurate with the institution’s branch presence, deposit share, and capacity. Programs offered in the Nantucket assessment area are the same as discussed in the overall evaluation. The majority of innovative and flexible loan originations involve government-related subsidies and guarantees

INVESTMENT TEST

The criteria for evaluating qualified investment are included in the overall section. The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

Investment Activity

Investment activity in Nantucket County consistent with investment activity throughout the assessment area. The bank and the Foundation donated to 23 organizations in the Nantucket assessment area totaling \$181,850. Donations were awarded to local non-profit organizations for the purpose of affordable housing, projects and services that provide community services, human needs, economic development, conservation and environment, and youth and educational services.

The following table shows the bank and the Foundation’s qualified investments by year.

Community Development Grants and Donations Nantucket County					
	*2014	2015	2016	*2017	Total
The Cape Cod Five Cents Savings Bank	\$6,500	\$5,000	\$7,500	\$5,000	\$24,000
The Cape Cod Five Cents Savings Charitable Foundation Trust	75,600	45,250	12,000	25,000	157,850
Total Donations	82,100	50,250	19,500	30,000	181,850
Number of Organization Benefiting from Donations	7	9	4	3	23

*Source: Bank Records- *March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 9, 2017.*

The table below illustrates the number and dollar amount of qualified donations by community development category.

Qualified Investments Nantucket County												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
*2014	3	7,100	5	70,500	2	4,500	0	0	0	0	10	82,100
2015	2	6,250	8	36,000	1	3,000	0	0	0	0	11	45,250
2016	2	6,000	5	17,000	1	1,500	0	0	0	0	8	24,500
**2017	0	0	5	30,000	0	0	0	0	0	0	5	30,000
Total	7	19,350	23	153,500	4	9,000	0	0	0	0	34	181,850

*Source: Bank Records *From March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 9, 2017.*

The following highlight qualified donations made within Nantucket County.

Nantucket Boys and Girls Club – Since 1945, the Boys and Girls Club has been helping kids succeed. The Club was designed solely for youth programs and activities and provides a safe place for young people, primarily those of low- or moderate-income families.

Nantucket Food Pantry – The food pantry provides food to individuals with no income, or inadequate income, who are struggling to feed themselves and their families. Perishable and non-perishable items are provided based on family size with access once per week twelve times per year. The food pantry’s assistance is available until the client’s circumstances improve.

The Community Foundation for Nantucket – The Nantucket Fund supports organizations that serve those most in need, including under-housed low-income families.

Nantucket Interfaith Coastal Rental Assistance (NRAP) – NRAP helps address the need for affordable and stable year-round living. The program prevents homelessness and sub-standard living conditions by providing low- and moderate-income working families with help to transitioning from sub-standard or seasonal living into stable year-round housing. The program also helps pay rent to for families dealing with a temporary financial crisis due to illness, temporary wage loss, or other critical emergency.

Responsiveness to Credit and Community Development Needs

The bank provides excellent responsiveness to credit and community needs. The bank's qualified investments have community development purposes that address identified community development needs.

Community Development Initiatives

While the bank's investments are not innovative or complex, they provide much needed services and support to groups that have limited access to private investments.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Accessibility of Delivery Systems

CC5's service delivery systems are readily accessible throughout its assessment area. Banking services are available at any time both online and via ATMs. In addition, branch hours are similar to other local financial institutions and feature extended hours on select days. The bank operates two full-service branches located on Nantucket. In addition to having ATMs at each branch office, the bank has one off-site ATM inside the Steamship Authority terminal in Nantucket.

Retail Banking Services

The bank offers the same retail banking services throughout the assessment area. For information on the bank's retail banking services refer to the overall section.

Changes in Branch Locations

The bank has not opened or closed any branches in this assessment area since the last CRA evaluation.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in such a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and comparable to other institutions, and bank services are more than sufficient to meet the needs of the assessment area. All of the bank’s branches are open on Saturday.

Community Development Services

The bank provides effective community development services in the Nantucket assessment area as described below. During the evaluation period, 4 bank employees provided 16 instances of financial expertise or technical assistance to community development organizations. The following table illustrates the bank’s community development services by year and by purpose.

Community Development Services Nantucket County						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
*2014	2	3	0	0	0	5
2015	0	1	0	0	0	1
2016	1	3	0	0	0	4
**2017	2	4	0	0	0	6
Total	5	11	0	0	0	16
<i>Source: Bank Records - *From March 24, 2014 through December 31, 2014. **From January 1, 2017 through May 9, 2017.</i>						

The following are some of the examples of the bank’s community development services:

East Creek Inc. – This non-profit organization provides affordable housing for seniors and younger disabled individuals of very low- to low-income levels. A commercial loan officer is the president as well as a member of the board of directors.

Sustainable Nantucket – This non-profit organization cultivates a more locally-based and self-reliant food system on-island, and a strong local economy. These efforts include expanding agricultural demand, production, and increasing access to local food for the community. These efforts primarily benefit local small businesses and low- and moderate-income residents.

NONMETROPOLITAN AREAS

(Limited Scope)

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN MARTHA'S VINEYARD - DUKES COUNTY

A limited-scope review of Martha's Vineyard (Dukes County) was conducted, as this area represents a new assessment area for CC5, with the bank opening one new branch since the previous evaluation. The bank's assessment area includes 11 census tracts, 9 of which are middle-income and two of which are upper-income.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's Lending Test performance in this nonmetropolitan area is consistent with its overall Lending Test performance.

Lending Activity

The bank's lending levels reflects excellent responsiveness to assessment area credit needs. Martha's Vineyard was not in the institution's assessment area in 2015. During 2016, CC5 originated 124 home mortgage loans totaling \$67.9 million and 13 small business loans totaling \$3.7 million. This activity is excellent considering the limited time CC5 has been operating in Dukes County. There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2016, 141 lenders reported 918 residential mortgage loans in Dukes County.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout Martha's Vineyard. The home mortgage and distribution is good but the small business loan conclusion could not be formed because the bank only extended 13 small business loans over the review period. Examiners focused on the percentage by number of loans originated in middle- income census tracts throughout the assessment area.

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. In middle-income areas, the bank's lending rate in 2016 at 77.4 percent was clearly higher than housing demographic comparison, which is good.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among individuals of different income levels and businesses of different sizes.

CC5 did not extend any loans to low-income borrowers in 2016 but that fact does not detract from the conclusion given the high cost of housing in the assessment area. At 7.3 percent, the bank's rate of lending to moderate-income borrowers is strong despite being lower than the 15.1 percent family demographic comparison given the high housing costs.

Similar to the Nantucket conclusion, the bank's rate of lending to middle-income borrowers drives the conclusion. In 2016, CC5 extended 25.0 percent of its loans to middle-income borrowers, which clearly exceeded the 19.7 percent family demographic comparison, which is good in the context very expensive housing on the island.

Community Development Lending

As CC5 is relatively new to Martha's Vineyard, it is difficult to ascertain its leadership in community development lending. However, during the evaluation period, the bank originated two community development loans in the Martha's Vineyard assessment area during the evaluation period for approximately \$3.1 million, which includes a single loan for \$2.9 million focused on economic development.

Refer to the table in the bank-wide section of the PE for more information on community development lending in the assessment area by purpose and year.

Innovative or Flexible Lending Practices

For specifics on the criterion for evaluating innovative and flexible lending, refer to the "Innovative and Flexible Lending Practices" section in the overall assessment area evaluation. Although generally limited in both number of loans and dollar amount, the banks use of innovative and flexible lending programs to assist in meeting the credit needs of the Martha's Vineyard assessment area is commensurate with the institutions branch presence, deposit share, and capacity.

Programs offered in the Martha's Vineyard assessment area are generally the same as discussed in the overall evaluation. Given the significant disparity between the median income and median home value as described in previous sections, the majority of innovative and flexible loan originations involve government-related subsidies and guarantees.

INVESTMENT TEST

The bank's Investment Test performance in this metropolitan area is consistent with its overall Investment Test performance. The bank and the Foundation made 18 donations to 10 organizations in the Martha's Vineyard assessment area totaling \$54,000. Some of the organizations receiving the benefit of these donations were: Big Brothers-Big Sisters, Island Housing Trust, Martha's Vineyard Boys and Girls Club and Island Elderly Housing. Please refer to the overall Investment Test analysis for additional details regarding the bank's investments.

SERVICE TEST

On May 16, 2016, the bank opened a branch located at 412 State Road, Vineyard Haven, located on Martha's Vineyard, a middle-income census tract. The branch is reasonably accessible to geographies and individuals of different income levels in this area. All of the bank's retail services, alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals. Refer to the overall Service Test analysis for additional detail regarding the bank's services and business hours.

The level of activity and participation by officers and employees in community development organizations serving this area is limited, but commensurate with the overall operations in this assessment area. During the evaluation period, one bank employee provided seven instances of financial and technical expertise to a community development organization.

APPENDIX A

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

The bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's combined assessment areas contain a total population of 264,417 individuals of which 9.8 percent are minorities. The assessment area's minority and ethnic population is 2.2 percent Black/African American, 1.0 percent Asian, 0.5 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 2.5 percent Hispanic or Latino, and 3.6 percent other.

In 2015, the bank received 2,398 HMDA reportable loan applications from within its assessment area. Of these applications, 49 or 2.0 percent were received from minority applicants, of which 39 or 79.6 percent resulted in originations. The aggregate received 17,745 HMDA reportable loan applications of which 567 or 3.2 percent were received from minority applicants and 336 or 59.3 percent were originated. For the same time period, the bank also received 25 or 1.0 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 18 or 72.0 percent were originated versus the aggregate that received 425 applications or 2.4 percent of which 256 or 60.2 percent were originated.

For 2016, the bank received 2,637 HMDA reportable loan applications from within its assessment area. Of these applications, 73 or 2.7 percent were received from minority applicants, of which 55 or 75.3 percent resulted in originations. For the same time period, the bank received 31 or 1.2 percent of applications from ethnic groups of Hispanic origin within its assessment areas of which 23 or 74.2 percent were originated.

The bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2015. 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 table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	2	0.1	0.2	3	0.1
Asian	14	0.6	0.6	9	0.3
Black/ African American	15	0.6	1.2	30	1.1
Hawaiian/Pacific Islander	1	0.0	0.1	0	0.0
2 or more Minority	2	0.1	0.1	1	0.1
Joint Race (White/Minority)	15	0.6	1.1	30	1.1
Total Minority	49	2.0	3.2	73	2.7
White	2,073	86.5	76.8	2,342	88.8
Race Not Available	276	11.5	20.0	222	8.4
Total	2,398	100.0	100.0	2,637	100.0
ETHNICITY					
Hispanic or Latino	10	0.4	1.5	19	0.7
Not Hispanic or Latino	2,087	87.0	77.8	2,381	90.3
Joint (Hisp/Lat /Not Hisp/Lat)	15	0.6	0.9	12	0.5
Ethnicity Not Available	286	11.9	19.8	225	8.5
Total	2,398	100.0	100.0	2,637	100.0

Source: US Census 2010, HMDA LAR Data 2015 and 2016, HMDA Aggregate Data 2014

The bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate for the aggregate lending and the demographics of the assessment area.

APPENDIX B
Loss of Affordable Housing – Massachusetts Division of Banks

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

The bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

APPENDIX C

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	March 24, 2014, to May 9, 2017		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Cape Cod Five Cents Savings Bank			HMDA and Small Business Loans (2015 and 2016) Community Development Loans, Investments, and Services (March 24, 2014 - May 9, 2017)
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Barnstable County – Barnstable MSA	Full Scope	None	N/A
Nantucket County – Non MSA	Full Scope	None	N/A
Wareham – Boston MSA	Limited Scope	None	N/A
Dukes County - NonMSA	Limited Scope	None	N/A

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 non-metropolitan 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 non-metropolitan 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.

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 non-metropolitan 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: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, 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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan 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 and the Federal Deposit Insurance Corporation, at 532 Main Street, Harwich Port, MA 02646".

[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.