

PUBLIC DISCLOSURE

September 25, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Cambridge Savings Bank
Certificate Number: 17870

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Cambridge, Massachusetts 02138

Division of Banks
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Boston, Massachusetts 02118

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

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding** by the Division of Banks and the Federal Deposit Insurance Corporation. An institution in this group has an outstanding record of helping meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
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. As the Division of Banks does not have a “Low Satisfactory” rating, this jointly issued performance evaluation uses the term “Satisfactory” in lieu of the “Low Satisfactory” rating for the Lending, Investment, and Service Test ratings.*

The Lending Test is rated **High Satisfactory**

- Lending reflects good responsiveness to assessment area credit needs.
- The bank originated an adequate percentage of loans in the assessment area.
- Overall, the geographic distribution of loans reflects adequate penetration throughout the assessment area.
- Overall, the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size.
- The institution makes use of innovative and flexible lending practices in order to serve assessment area credit needs.

- The institution made a relatively high number of community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and donations. The bank's qualified investments increased by approximately \$29.7 million since the previous evaluation.
- The bank exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes significant use of innovative and complex investments to support community

The Service Test is rated Outstanding.

- The bank's delivery systems are accessible to essentially all portions of the institution's assessment area.
- To the extent that changes have been made, the institution's opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Business hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 23, 2014, to the current evaluation dated September 25, 2017. Examiners used the Interagency Large Institution Examination Procedures to evaluate Cambridge Savings Bank's (CSB) CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

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

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

The Investment Test considered the following criteria.

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

The Service Test considered the following criteria.

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

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating home mortgage and small business loans contributed equally to overall conclusions. Although commercial loans represent a majority of the bank's portfolio by dollar amount (55 percent), home mortgage originations exceeded small business originations by number and dollar volume during the review period. Examiners did not consider other product lines such as small farm loans, consumer, and other loan types due to the low volume of originations and limited representation in the loan portfolio. Therefore, as they provide no material support for conclusions or ratings, they are not presented in this evaluation.

In evaluating the bank's performance under the Lending Test, examiners considered all home mortgage loan originations reported on the bank's 2015 and 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2015, the bank reported 538 originated loans totaling \$266.5 million. In 2016, the bank reported 626 originated loans totaling \$353.0 million.

This evaluation also considered all small business loans reported on the bank's CRA Loan Register (LR) in 2015 and 2016. A small business loan has an original loan amount of \$1 million or less and is either secured by nonfarm nonresidential properties or is classified as a commercial and industrial loan. In 2015, the bank reported 141 small business loans totaling \$30.6 million. In 2016, the bank reported 202 loans totaling \$41.4 million.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of individuals and businesses served. The geographic distribution and borrower profile criteria only include analysis of loans extended within the bank's assessment area.

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices from the prior evaluation date of June 23, 2014, through the current examination date of September 25, 2017.

DESCRIPTION OF INSTITUTION

Background

CSB is headquartered in Cambridge, Massachusetts (MA), and primarily operates in the eastern part of Massachusetts in Middlesex, Norfolk, and Suffolk Counties. The bank is a wholly owned subsidiary of Cambridge Financial Group, Inc. (CFG), a mutual holding company. CFG also wholly owns 1834 Realty, Inc., which holds and manages CSB premises in Cambridge. In addition, CSB has five subsidiaries including Porter Securities Inc., Porter Securities II, Inc., Porter Securities III, Inc., Porter Dunster, Inc., and CSB Transaction LLC. The three securities subsidiaries hold and acquire securities for the bank. Porter Dunster Inc. holds and manages bank premises, and CSB Transaction LLC holds and disposes of foreclosed properties acquired from CSB. Lastly, Cambridge Savings Charitable Foundation, Inc. is the bank's charitable foundation.

The institution received an "Outstanding" rating from the Division and FDIC during its prior joint evaluation using Interagency Large Institution Examination Procedures.

Operations

In addition to its main branch in Cambridge, the bank operates 14 full-service brick and mortar branches in Arlington (3), Cambridge (3), Concord, Belmont, Bedford, Burlington (2), Lexington, Newton, and Watertown. The bank also maintains six stand-alone cash dispensing automated teller machines (ATMs) in Burlington, Somerville, Harvard Square (two), Kendall Square, and The Charles Hotel in Cambridge.

CSB offers a variety of traditional banking products to serve its consumer and commercial customers. Consumer loan products include home mortgage loans, construction loans, home equity loans, home equity lines of credit, auto loans, secured and unsecured consumer loans, first time homebuyer programs, and affordable home loan programs. CSB also offers several Visa and American Express credit cards. ELAN offers all credit cards. The bank has a Visa Platinum Card, a Visa Bonus Rewards Card, a Visa Bonus Rewards Plus Card, a Visa Secured Rewards Card, a Cash Rewards American Express, and a Travel Rewards American Express. Business loan products include, but are not limited to, commercial real estate loans, term loans, working capital and asset based loans, commercial construction, Small Business Association (SBA) loans, and business overdraft lines of credit. Deposit services include certificates of deposit and various checking and savings accounts for individuals and businesses. In addition, CSB offers cash management services for commercial customers including remote deposit capture, lockbox, zero balance accounts, escrow management, wire transfers, and payroll services. Alternative banking services include online and mobile banking functions, automated and assisted telephone banking services, and ATMs at each branch. Although no ATMs are located in low- or moderate-income census tracts, ATM locations are contiguous to 13 low- and moderate-income tracts. CSB also offers investment advisory services through SigFig Wealth Management and term and whole life insurance options through the Savings Bank Life Insurance Company.

Since the last evaluation, the bank closed the Acton branch and the Newtonville branch. Both branches were located in upper-income census tracts. Lastly, no merger or acquisition activities have occurred since the previous evaluation.

Ability and Capacity

As of June 30, 2017, the bank had total assets of approximately \$3.5 billion, which included total loans of 2.8 billion, or approximately 80.0 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 102.7 percent. Since the previous evaluation, the bank's assets increased 34.6 percent and total loans increased 47.4 percent. The loan portfolio distribution remained relatively consistent since the last evaluation.

CSB is primarily a commercial lender. Non-farm non-residential loans represent 47.3 percent of the portfolio, by dollar volume. Commercial and industrial loans make up an additional 8.5 percent of the portfolio. Collectively, loans secured by 1-4 residential properties and multi-family loans represent 35.0 percent of the loan portfolio. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 6/30/2017		
Loan Category	\$(000s)	%
Construction and Land Development	238,556	8.5
Secured by Farmland	0	0.0
1-4 Family Residential	747,125	26.6
Multi-family (5 or more) Residential	234,881	8.4
Secured by Non-farm Non-Residential	1,327,514	47.3
Total Real Estate Loans	2,548,076	90.8
Commercial and Industrial	237,854	8.5
Agricultural	0	0.0
Consumer	1,678	0.1
Other	18,679	0.7
Less: Unearned Income	0	0.0
Total Loans	2,806,287	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0</i>		

There were no significant financial or legal impediments identified that would limit the bank's ability to help meet the credit or community development needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. CSB designated a single assessment area, which meets the technical requirements of the regulation. The bank does not have branches outside of the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (14460). Therefore, separate assessment area analyses are not required for this evaluation. Examiners analyzed and conducted a full-scope review of the bank’s performance within the assessment area.

Economic and Demographic Data

The assessment area includes 179 census tracts located in Middlesex, Norfolk, and Suffolk Counties in MA. Since the last evaluation, the bank added the neighborhoods of Allston/Brighton in the City of Boston to the assessment area. The following table details the overall assessment area by county.

Assessment Area Cities and Towns	
Middlesex County	
Acton	Lincoln
Arlington	Medford
Bedford	Newton
Belmont	Somerville
Burlington	Waltham
Cambridge	Watertown
Concord	Winchester
Lexington	Woburn
Norfolk County	
Brookline	
Suffolk County	
Boston*	

*The assessment area contains the Allston/Brighton neighborhoods in the city of Boston.

The cities and towns in Suffolk and Norfolk County are within the Boston, MA Metropolitan Division (MD) (14454). The cities and towns in Middlesex County are within the Cambridge-Newton-Framingham, MA MD (15764). Both MDs are part of the greater Boston-Cambridge-Newton, MA-NH MSA.

The 179 census tracts reflect the following income designations according to the 2010 U.S. Census:

- 8 low-income tracts,
- 36 moderate-income tracts,
- 64 middle-income tracts,
- 70 upper-income tracts, and
- 1 tract with no income designation

The low- and moderate-income census tracts are primarily concentrated in the Boston neighborhoods of the assessment area, and Cambridge and Somerville. The census tract with no income designation is the Charles River.

The following table illustrates select assessment area demographic characteristics.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	179	4.5	20.1	35.8	39.1	0.6
Population by Geography	790,756	4.4	18.3	37.1	40.2	0.0
Housing Units by Geography	334,661	4.0	19.1	38.6	38.3	0.0
Owner-Occupied Units by Geography	165,047	1.6	10.9	37.6	50.0	0.0
Occupied Rental Units by Geography	149,057	6.4	28.1	39.8	25.6	0.0
Vacant Units by Geography	20,557	5.6	19.9	38.2	36.3	0.0
Businesses by Geography	65,482	4.1	14.2	35.6	46.1	0.0
Farms by Geography	841	2.0	10.1	40.8	47.1	0.0
Family Distribution by Income Level	172,318	19.7	14.8	18.3	47.2	0.0
Household Distribution by Income Level	314,104	24.1	14.3	16.7	44.9	0.0
Median Family Income MSA – 14454 Boston, MA MD		\$90,800	Median Housing Value			\$518,584
Median Family Income MSA – 15764 Cambridge-Newton- Framingham, MA MD		\$98,600	Median Gross Rent			\$1,395
			Families Below Poverty Level			5.4%
<i>Source: 2010 U.S. Census, 2016 D&B Data, and 2016 FFIEC- Estimated Median Family Income Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
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
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are 334,661 housing units in the assessment area. Of these, 49.3 percent are owner occupied, 44.5 percent are occupied rental units, and approximately 6.2 percent are vacant. Further, only 1.6 percent of owner-occupied housing units in the assessment area are located in low-income census tracts and 10.9 percent are located in moderate-income census tracts. Data obtained from the U.S. Bureau of Labor and Statistics indicates that as of July 2017, the MA seasonally adjusted unemployment rate was 4.3 percent. The MA unemployment rate decreased throughout the evaluation period, from a high of 5.2 percent in June 2014.

According to 2016 D&B data, there were 65,482 businesses in the assessment area. Gross annual revenues (GARs) for these businesses are below.

- 83.2 percent have \$1 million or less.
- 7.8 percent have more than \$1 million.
- 9.0 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of business by GAR level. Business demographics indicate the substantial majority of businesses in the assessment area are small businesses with four or fewer employees. Specifically, 70.6 percent of businesses have four or fewer employees and 88.1 percent operate from a single location. Service industries represent the largest portion of businesses at 54.9 percent; followed by retail trade at 11.0 percent; finance, insurance, and real estate at 9.4 percent; non-classifiable establishments at 7.9 percent, and construction at 5.3 percent.

Competition

The assessment area is highly competitive in the market for financial services. According to FDIC Deposit Market Share data, as of June 30, 2016, there were 38 institutions operating 301 branches in the assessment area. Of these institutions, CSB ranked 4th with a deposit market share of 6.6 percent.

There is a high level of competition for home mortgage loans in the assessment area. In 2015, 442 lenders reported a total of 25,249 residential mortgage loan originations or purchases in the bank's assessment area. Of these institutions, CSB ranked 20th with a market share of 1.2 percent. The majority of financial institutions ranked ahead of CSB were large national banks or mortgage companies. The three most prominent lenders accounted for 19.8 percent of the total market share.

Similarly, there is a high level of competition for small business loans among several banks and credit card companies in the assessment area. In 2015, 153 institutions originated or purchased 63,450 small business loans in Middlesex, Norfolk, and Suffolk Counties. CSB ranked 31st out of these lenders with a market share of 0.2 percent. The three most prominent lenders, American Express, FSB; Bank of America, NA, and Capital One Bank (USA), NA, accounted for 51.6 percent of the market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs of the community. This information helps determine whether local financial institutions are responsive to the assessment area needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of a community development corporation in the assessment area. The contact identified a significant need for affordable housing units. In addition, the contact noted a need for longer term financial education. Specifically, on-going financial education that begins early in the property buying process, starting with lessons on how to save a down payment, and continuing until the consumer obtains financing. Given the high housing prices in the assessment area, it takes longer for low- and moderate-income borrowers to save for a down payment. The contact also stated a need to fund organizations in the assessment area that support affordable housing and community services targeted towards low- and moderate-income individuals. Lastly, the contact stated opportunities for affordable housing and community services are available through participation in Community Investment Tax Credits (CITC) that support Community Investment Plans. Specifically, the contact indicated that although institutions invest in the program, there is additional opportunity for reinvestment through the tax credits or refunds that institutions receive from their donation in the program.

In addition, examiners recently conducted a number of community contacts in Boston and in the surrounding cities and towns. These organizations included two community development organizations, a neighborhood development corporation, and a community action agency. These contacts all cited a significant need for affordable housing and opportunities for financial institutions to provide financing for new multi-family developments with affordable housing units. Additionally, certain contacts cited a need for economic development. One contact stated that community services would best serve the low- and moderate-income communities. The contact also identified a need for small business loans to help support the economic development of the more underserved communities. Overall, the contacts indicated that financial institutions have been responsive to the credit and community development needs of the area.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that loans for affordable housing represent a primary credit need for the assessment area. The real estate market in the assessment area is highly competitive. As a result, real estate prices increased significantly and many low- and moderate-income individuals struggle to afford a down payment. Additionally, examiners determined that community services for low- and moderate-income communities and individuals represent a significant need in the assessment area. Opportunities for institutions to meet these needs exist through several avenues. These include increasing the development of multi-family buildings that create affordable housing units, investing in CITCs, and assisting the number of community service organizations operating in the assessment area that support low- and moderate-income individuals and families.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CSB's overall Lending Test performance is rated High Satisfactory. Lending Activity, Borrower Profile, Innovative and Flexible Lending, and Community Development Lending primarily support this conclusion.

Lending Activity

The bank's lending reflects good responsiveness to the assessment area credit needs. In 2015 and 2016, CSB originated 1,164 home mortgage loans totaling approximately \$619.5 million. In addition, CSB originated 343 small business loans totaling approximately \$72.0 million. Of this total, CSB extended 633 home mortgage loans, totaling approximately \$326.9 million, and 199 small business loans, totaling approximately \$27.7 million inside the assessment area.

In 2015, CSB ranked 20th out of 442 lenders that originated or purchased at least one home mortgage loan in the assessment area. The bank's market share was 1.2 percent by number of loans and 1.3 percent by dollar volume. The higher ranked lenders included larger financial institutions and mortgage companies that operate regionally and nationally such as JPMorgan Chase, NA; Loandepot.com, LLC; Wells Fargo Bank, NA; and Guaranteed Rate Inc. Two of the four state-chartered institutions ranked above CSB had assets exceeding \$7.8 billion in 2015. The bank's market share improved from the last examination despite the increased competition with the expanded assessment area. At that examination, CSB ranked 27th out of 449 lenders.

In 2015, the bank ranked 31st out of 153 lenders that originated or purchased at least one small business loan in the counties in the assessment area. The bank's market share was 0.2 percent by number of loans and 1.1 percent by dollar volume. The highest ranked small business lenders were credit card companies, including American Express, FSB; Bank of America, N.A.; and Capital One Bank (USA), N.A that accounted for 51.6 percent of the market share by volume. Although the bank's market share rank dropped from 25th to 31st since the last evaluation, the bank expanded its assessment area to include a portion of Suffolk County. As a result, the market share rankings consider lending within all of Suffolk County while the bank only takes two neighborhoods of the City of Boston. Similarly, the bank only takes the town of Brookline in Norfolk County, and the market ranking considers lending within all of Norfolk County.

Considering the institution's size, loan portfolio composition, the significant competition level in the assessment area, and market share ranking, the bank's lending activity reflects good responsiveness to assessment area credit needs. Market rank information for 2016 was not available as of the evaluation date.

Assessment Area Concentration

The bank made an adequate percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	301	55.9	237	44.1	538	150,346	56.4	116,133	43.6	266,479
2016	332	53.0	294	47.0	626	176,568	50.0	176,467	50.0	353,035
Subtotal	633	54.4	531	45.6	1,164	326,914	52.8	292,600	47.2	619,514
Small Business										
2015	95	67.4	46	32.6	141	13,842	45.2	16,797	54.8	30,638
2016	104	51.5	98	48.5	202	13,884	33.5	27,525	66.5	41,409
Subtotal	199	58.0	144	42.0	343	27,725	38.5	44,322	61.5	72,047
Total	832	55.2	675	44.8	1,507	354,639	51.3	336,922	48.7	691,561
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016 Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Examiners focused on the comparison to 2015 aggregate data and considered trends based on 2016 data and comparisons to demographic data. In 2015, the bank's lending in low-income census tracts exceeded aggregate performance by 1.8 percentage points. Further, the bank's lending exceeded the percent of owner-occupied housing units in low-income tracts by 2.4 percentage points. Although lending in low-income tracts slightly decreased in 2016, the bank still exceeded the percent of owner-occupied housing units by 0.8 percentage points.

In 2015, the bank's lending in moderate-income census tracts exceeded aggregate performance by 1.4 percentage points. Additionally, the bank exceeded the percent of owner-occupied housing units in moderate-income census tracts by 2.7 percentage points. Although lending in moderate-income tracts dipped in 2016, the bank continued to exceed demographics.

Market share data further supports the bank's good performance. In 2015, the bank ranked 17th, out of 319 lenders, in originating loans to low- and moderate-income census tracts, with a 1.3 percent market share. This ranking is higher than the bank's overall market share ranking for originating home mortgage loans within the assessment area. Further, the bank ranked 10th out of 164 lenders in lending in low-income census tracts, with a market share of 1.9 percent. In

moderate-income tracts, the bank ranked 19th out of 303 lenders, with a market share of 1.2 percent.

Overall, the bank exceeded aggregate in low- and moderate-income areas in 2015 and exceeded the percent of owner-occupied housing units in each year. Considering the highly competitive market, the limited number of owner-occupied housing units in low- and moderate-income census tracts, and market share rankings, the bank's distribution of loans reflects good penetration throughout the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	1.6	2.2	12	4.0	3,748	2.5
2016	1.6	--	8	2.4	11,519	6.5
Moderate						
2015	10.9	12.2	41	13.6	19,903	13.2
2016	10.9	--	38	11.4	19,437	11.0
Middle						
2015	37.6	39.3	117	38.9	47,956	31.9
2016	37.6	--	131	39.5	53,459	30.3
Upper						
2015	50.0	46.3	131	43.5	78,739	52.4
2016	50.0	--	155	46.7	92,153	52.2
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	301	100.0	150,346	100.0
2016	100.0	--	332	100.0	176,568	100.0
<i>Source: 2010 U.S. Census Data; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. Examiners focused on the comparison to aggregate data. In 2015, lending in low-income census tracts trailed aggregate by 0.9 percentage points. Similarly, lending in low-income census tracts fell below the percent of businesses in both 2015 and 2016. In moderate-income tracts, the bank's lending was similar to aggregate in 2015, trailing by 0.5 percentage points. The bank's performance slightly exceeded the percent of businesses operating in moderate-income tracts. The bank's lending in moderate-income tracts remained consistent in 2016, falling slightly below the percent of businesses.

Market share data further supports the bank's adequate performance. In 2015, CBS ranked 35th out of 153 lenders in originating loans in low-income census tracts, with a market share of 0.1 percent market share. Similarly, the bank ranked 31st out of 153 lenders in originating loans in moderate-income census tracts, with a market share of 0.2 percent.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	4.1	4.1	3	3.2	977	7.1
2016	4.1	--	4	3.8	545	3.9
Moderate						
2015	14.1	15.2	14	14.7	3,075	22.2
2016	14.2	--	14	13.5	1,894	13.6
Middle						
2015	35.4	37.3	35	36.8	5,493	39.7
2016	35.6	--	48	46.2	6,060	43.6
Upper						
2015	46.3	43.5	43	45.3	4,297	31.0
2016	46.1	--	38	36.5	5,385	38.8
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	95	100.0	13,842	100.0
2016	100.0	--	104	100.0	13,884	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</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's adequate performance of home mortgage lending and excellent performance in small business lending primarily supports this conclusion. Examiners focused on the percentage and number of home mortgage loans to low- and moderate-income borrowers and the percentage and number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects adequate penetration. Examiners focused on the comparison to aggregate data and considered trends based on 2016 data and comparisons to demographic data.

In 2015, the bank's lending to low-income borrowers, at 3.3 percent, exceeded aggregate performance by 1.2 percentage points. However, the bank's performance fell significantly short of the 19.7 percent of low-income families in the assessment area. It is important to note that a low-income family, with an average income of less than \$50,850, would not likely qualify for a home mortgage loan under conventional underwriting standards, especially considering a median housing price of \$518,584. Therefore, the demand and opportunity for lending to low-income families is relatively limited. This helps explain the difference between bank performance to low-income families and the 19.7 percent of families of this income level. Additionally, it is important to note that the demographic data shows the percentage of all families, not just those who purchased or are in the market for, a new home loan. Thus, examiners placed more weight on the bank's performance compared to aggregate data, as this demonstrates the actual lending activity in the area by all institutions. In 2016, the bank's lending to low-income borrowers decreased, originating just three loans. This performance fell significantly below the demographics in the assessment area. Bank management indicated that the home mortgage market is extremely competitive and stated that many first-time homebuyers and low- and moderate-income borrowers have a challenge competing with higher-income borrowers. In an effort to attract low- and moderate-income borrowers, the bank recently introduced the Home Possible low down payment product and increased its financial education programs.

The bank's 2015 performance of lending to moderate-income borrowers, at 13.3 percent, significantly exceeded the aggregate. Additionally, CSB's lending to moderate-income borrowers was similar to the demographics. Given the assessment area's median housing value and that a moderate-income borrower earns an annual income of \$81,360 or less, these factors also present challenges for moderate-income borrowers. In 2016, the bank's performance of lending to moderate-income borrowers decreased by number and overall percentage.

Market share reports further demonstrate the bank's adequate performance. In 2015, CSB ranked 17th out of 128 lenders in lending to low-income borrowers, with a 1.9 percent market share. CSB's performance was similar to larger national banks and non-depository institutions. Much larger national banks such as Wells Fargo, NA and JPMorgan Chase Bank, NA with more product offerings and a larger presence, originated only 13 loans to low-income borrowers in 2015. In lending to moderate-income borrowers, CSB ranked 15th out of 232 lenders, with a 1.7 percent market share.

Overall, given that the bank exceeded aggregate performance in lending to low- and moderate-income borrowers, the low median income and high housing prices, and the competition, CSB's performance reflects adequate penetration.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	19.7	2.1	10	3.3	2,142	1.4
2016	19.7	--	3	0.9	430	0.2
Moderate						
2015	14.8	9.5	40	13.3	10,590	7.0
2016	14.8	--	30	9.0	8,082	4.6
Middle						
2015	18.3	18.8	64	21.3	20,232	13.5
2016	18.3	--	61	18.4	20,055	11.4
Upper						
2015	47.2	51.4	173	57.5	90,520	60.2
2016	47.2	--	217	65.4	109,338	61.9
Not Available						
2015	0.0	18.2	14	4.7	26,862	17.9
2016	0.0	--	21	6.3	38,663	21.9
Totals						
2015	100.0	100.0	301	100.0	150,346	100.0
2016	100.0	--	332	100.0	176,568	100.0
<i>Source: 2010 U.S. Census Data; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with GARs of \$1 million or less. In 2015, CSB made a substantial majority, 74.7 percent, of its loans to small businesses. The bank significantly exceeded aggregate performance by 26.1 percent. As the aggregate data provides more context on the actual level of demand and opportunity for small business loans in the area, examiners placed more weight on this comparison. In 2016, lending to small businesses increased, although it was less than demographics.

According to 2015 market share data, CSB ranked 31st out of 153 lenders in originating loans to businesses with GARs of \$1 million or less, with a 0.2 percent market share. It is important to note that the market share reports for small business loans is at the county level and includes all of Middlesex, Norfolk, and Suffolk Counties. CSB only operates in two neighborhoods of Suffolk County, one city in Norfolk County, and only portions of Middlesex County. It is also important to note that the top three lenders account for 51.6 percent of the market share by volume. Considering these factors, CSB's lending performance reflects excellent penetration.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	74.9	48.6	71	74.7	6,368	46.0
2016	83.2	--	77	74.0	6,592	47.5
>\$1,000,000						
2015	6.5	--	24	25.3	7,474	54.0
2016	7.8	--	27	26.0	7,292	52.5
Revenue Not Available						
2015	18.6	--	0	0.0	0	0.0
2016	9.1	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	95	100.0	13,842	100.0
2016	100.0	--	104	100.0	13,884	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</i>						

Innovative and Flexible Lending

The bank uses innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The bank's programs involve government-related subsidies and guarantees in addition to limited internal programs. The bank originated 289 innovative and flexible loans, totaling approximately \$59.7 million, to individuals and businesses during the evaluation period. Of these innovative and flexible loans, the bank originated 98 loans totaling \$24.2 million under affordable housing programs. The bank originated the remaining 191 loans totaling \$35.5 million under the small business lending programs. The bank extended a similar volume of innovative and flexible loans as during the previous evaluation. At that evaluation, the bank originated 299 innovative and flexible loans.

Innovative or Flexible Lending Programs										
Type of Program	2014		2015		2016		YTD 2017		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MassHousing (First-Time Homebuyers)	4	940	7	2,218	1	153	3	375	15	3,686
MassHousing Partnership (MHP One)	2	619	9	1,697	5	1,415	0	0	16	3,731
MassHousing Loans with No Mortgage Insurance	1	335	1	194	0	0	1	144	3	673
Homeowner Options for Massachusetts Elders (HOME) Senior Home Equity Line of Credit (SELOC)	1	200	1	260	0	0	0	0	2	460
Conventional First-Time Homebuyers	16	4,239	24	6,237	16	3,617	6	1,554	62	15,647
Subtotal Residential Loans	24	6,333	42	10,606	22	5,185	10	2,073	98	24,197
SBA Loans Guaranteed	29	4,058	47	12,012	55	10,586	46	7,965	177	34,621
Jobs for New England	0	0	0	0	12	730	2	130	14	860
Subtotal Commercial Loans	29	4,058	47	12,012	67	11,316	48	8,095	191	35,481
Totals	53	10,391	89	22,618	89	16,501	58	10,168	289	59,678
<i>Source: Bank Records</i>										

The following highlights the various innovative and flexible loan programs offered by the bank.

First-Time Homebuyers Program

CSB offers the following first-time homebuyer loan programs and products in conjunction with MassHousing and the MHP Fund.

- *MassHousing (First-Time Homebuyers) Loans:* This program provides affordable interest rates, mortgage payment protection, flexible underwriting, and low down payment options for first-time homebuyers. This product is primarily geared to assist low- and moderate-income borrowers. It has income limits based on property location. Specific products the bank offers through MassHousing include MassHousing Mortgages and Mass Housing with no Mortgage Insurance.
- *MHP ONE Loans:* CSB is a participating lender in the ONE Mortgage Program. The program assists first-time homebuyers. A majority of individuals served are low- and moderate-income. The program offers fixed-rate portfolio loans, low minimum down payments, discounted interest rates, and no mortgage insurance. Borrowers must meet income guidelines to qualify for this reduced-rate financing.

In addition to the First-Time Homebuyer programs, the bank offers an in-house product and a Federal Home Loan Mortgage Corporation (Freddie Mac) product to assist low- and moderate-income borrowers. The bank also offers a SELOC in conjunction with the HOME agency.

- *Conventional First-Time Homebuyer Program:* The bank continues to offer programs for first-time homebuyers who may be ineligible for traditional home purchase loan products. The programs allow for flexible down payments and income qualifying ratios, no point and no closing costs, and a reduced interest rate for first-time homebuyers. The bank made 62 loans to low- and moderate-income borrowers under this program.
- *Home Possible:* The bank started offering the Home Possible Program in June 2017. The Freddie Mac program offers low down payments to low- and moderate-income homebuyers. Although the bank has not originated any loans under this program as of the evaluation date, the bank introduced the program to help low- and moderate-income individuals.
- *HOME SELOC:* This program offers low- and moderate-income elderly homeowners with funds to cover unexpected expenses. The loan provides an economical alternative to credit cards or more costly loans. In addition, counselors are available to provide financial assistance and guidance to elderly homeowners.

Small Business Lending Programs

The bank continues to be a preferred SBA lender. Since the last evaluation, the bank began participating in a program offered by the Federal Home Loan Bank (FHLB) of Boston.

- *SBA 7 (a) Loans:* This program provides for term loans up to \$5 million, with an SBA guaranty of 85 percent for loans \$150,000 or less and 75 percent for loans greater than \$150,000, with a maximum of \$3.75 million guaranty. Borrowers benefit from long-term financing options, a fixed maturity, and no prepayment penalties for loans less than 15 years.
- *Jobs for New England:* This program, offered in partnership with the FHLB, supports small businesses in New England that create or retain jobs, expands woman- and minority- owned institutions, and contributes to the region's economic development. Through subsidized borrowing advances from FHLB, CSB provides below market interest rates to qualified small business borrowers.

Community Development Lending

CSB made a relatively high level of community development loans. The bank originated 20 community development loans, totaling approximately \$45.5 million, during the evaluation period. The number and dollar amount of community development loans increased from the previous evaluation. At that evaluation, the bank originated 14 community development loans totaling \$35.2 million. The current level of activity represents 1.5 percent of average total assets and 1.9 percent of average total loans since the prior CRA evaluation.

Examiners determined that the bank met the overall needs of the assessment area. Therefore, examiners counted community development loans made outside the assessment area. Although the bank extended a majority of the community development loans outside of the assessment

area, the bank actively sought community development loans inside the assessment area. For example, during the evaluation period, the bank bid on six additional community development loans totaling \$64.2 million. However, due to significant competition, the bank lost these proposals to other institutions. The substantial majority of loans made outside of the assessment area were for affordable housing designated for low- and moderate-income individuals. Of the community development loans, eight, totaling approximately \$13.7 million were inside the assessment area. The remaining 12 loans totaling approximately \$31.6 million were outside the assessment area.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2014	3	3,533	1	5,000	0	0	0	0	0	0	4	8,533
2015	4	3,990	0	0	0	0	0	0	0	0	4	3,990
2016	4	8,112	0	0	0	0	0	0	0	0	4	8,112
YTD 2017	5	7,615	1	425	0	0	2	16,847	0	0	8	24,887
Total	16	23,250	2	5,425	0	0	2	16,847	0	0	20	45,522

Source: Bank Records

The following originations represent community development loans made to organizations and corporations that benefit towns inside the assessment area and the surrounding neighborhoods:

- In 2014, the bank made a \$5 million unsecured working capital line of credit to a national-based Community Development Financial Institution (CDFI). The organization provides support to community-based health centers that serve low-income and uninsured individuals and families. The CDFI manages New Markets Tax Credit loan programs for several health centers and provides loans to qualified health centers. The line of credit provides the organization with the funds needed to lend to qualifying health centers.
- In 2014, the bank made a \$21.3 million loan for the construction of a 67-unit multi-family property in North Cambridge. The multi-family property includes eight affordable housing units designated for low- and moderate-income individuals. The bank received credit for approximately \$2.5 million of the loan.
- In 2014, the bank made a \$4.7 million loan to finance site improvements for a 238-unit multi-family property located in a moderate-income tract in Jamaica Plain. The bank increased the loan by \$2.3 million in 2014. In 2015, the bank increased the loan amount by an additional \$200,000. The multi-family property includes 40 affordable housing units for low- and moderate-income individuals. The bank received credit for approximately \$1.2 million of the loan.
- In 2015, the bank made a \$450,000 loan and extended the term of a \$100,000 line of credit to a non-profit organization that provides affordable housing for individuals with special needs. The organization has a contract with the U.S. Department of Housing and

Urban Development Section 8 for a project-based housing choice voucher program in the assessment area. The bank made a third loan totaling \$720,000 to this organization in 2016. The bank extended the term of the line of credit again in 2017. The two loans and the line of credit extensions totaled approximately \$1.4 million.

- In 2015, the bank originated a \$12.6 million loan to finance the construction of a multi-family building in Newton. The multi-family building consists of 36 units with 9 affordable units. The bank received credit for approximately \$3.2 million of the loan.
- In 2016, the bank participated in a \$39.2 million loan for the construction of a 40B residential apartment community in Foxboro. The bank's total participation was \$19.6 million. Of the 248 units, 62 are designated as affordable housing for low- and moderate-income individuals. The bank received credit for \$4.9 million of the loan.
- In 2016, the bank originated an \$8.8 million loan to fund the construction of a 234-unit apartment building in Middleborough. Of the units, 25.0 percent are allocated as affordable housing for low- and moderate-income individuals. The bank received credit for \$2.2 million of the loan.
- In 2017, the bank made an \$11.6 million loan to finance the acquisition and construction of a 29-unit residential condominium development. Of the 29 units, 4 are designated affordable housing. The bank received credit for \$1.6 million of the loan.
- In 2017, the bank was the lead lender in two participations totaling approximately \$33 million. The two participations provide construction and permanent financing for the renovation and expansion of a shopping center in a moderate-income area of Fall River. The shopping center will generate approximately 700 – 1,000 jobs and will help revitalize this moderate-income area. The project is also eligible for New Market Tax Credit benefits. The bank's participation was \$16.8 million.
- In 2017, the bank was the lead lender in a \$40.7 million participation loan. The bank's total participation was \$20.4 million. The loan is for the construction of a 248-unit, 40B apartment community in Andover. Of the 248 units, 25.0 percent are designated affordable housing. The bank received credit for approximately \$5.1 million of this participation loan.
- In 2017, the bank participated in a \$2.6 million loan to a healthcare corporation. The funds provided financing for new equipment in one of the corporation's non-profit hospitals in Brockton. The hospital is designated as a Disproportionate Share Hospital (DSH) because it serves a significantly disproportionate number of low-income patients. The United States government designated DSHs. Specifically, 63 percent or more of DSH's revenue is from public revenue including Medicare, Medicaid, MassHealth, Health Safety Net, and other government payers. This designation also allows the hospital to purchase discounted drugs for patients, to aid in the affordability of prescriptions. The bank's participation totaled approximately \$425,000.

INVESTMENT TEST

The bank's Investment Test performance is rated Outstanding. The following sections address the bank's performance under each criterion.

The bank has an excellent level of qualified investments. The bank exhibits excellent responsiveness to credit and community economic development needs. The bank makes significant use of innovative and complex investments to support community development initiatives. CSB increased the number of equity investments since the previous evaluation and grew investments at a faster rate than bank growth. This continued investment growth exhibits the bank's commitment to their community, especially considering the increasing affluent composition and significant competition.

Investment Activity

Based upon the institution's financial ability, its capacity to invest, and the opportunities available within the assessment area, the bank made an excellent level of qualified investments and donations.

During the evaluation period, qualified investments, grants and donations totaled approximately \$82.8 million, equating to 2.7 percent of average total assets since the previous examination. This total includes approximately \$42.7 million in current period equity investments, \$38.4 million in prior period equity investments, and \$1.7 million in qualified grants and donations. At the prior evaluation, the bank had \$53.1 million in qualified equity investments and donations, which equated to 2.2 percent of average total assets during the previous evaluation period. Since the last evaluation, qualified investments, grants, and donations increased by approximately 55.9 percent, while total assets increased by 35.2 percent.

The following table illustrates the bank's community development qualified investments.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	10	10,626	5	27,770	1	17	0	0	0	0	16	38,413
2014	0	0	0	0	2	4,000	0	0	0	0	2	4,000
2015	1	585	1	3,750	1	3,000	2	2,000	0	0	5	9,335
2016	0	0	0	0	1	2,000	1	21,500	0	0	2	23,500
YTD 2017	0	0	1	5,914	0	0	0	0	0	0	1	5,914
Subtotal	11	11,211	7	37,434	5	9,017	3	23,500	0	0	26	81,162
Qualified Grants & Donations	77	338	234	1,219	11	33	15	75	0	0	337	1,665
Total	88	11,549	241	38,653	16	9,050	18	23,575	0	0	363	82,827

Source: Bank Records

Equity Investments

Qualified equity investments total approximately \$81.2 million, an increase from the previous evaluation by approximately 58.0 percent. By dollar, equity investments represent 14.7 percent of the bank's average total investments during the evaluation period.

The following are examples of the bank's current and prior period investments.

Current Period Investments

- During the evaluation period, the bank invested \$6.0 million in Small Business Investment Capital (SBIC). SBIC funds provide growth capital to small businesses, stimulate economic growth, and promote job creation throughout New England, including the bank's assessment area.
- In 2014, the bank purchased a 5.0 percent membership interest in a Community Development Corporation (CDC) for approximately \$3 million. The equity investment supports capital investments made by the CDC in MA small businesses, including businesses located in the bank's assessment area.
- In 2015, the bank invested in a \$3.8 million tax exempt bond for a human services agency. The bond will be used to purchase a new facility, refinance two loans for an existing facility, purchase additional equipment, and pay for the costs of building expansion. This organization provides meals for those suffering from critical and chronic illnesses and 94.0 percent of individuals served are below the poverty level. The organization serves the Greater Boston area, including the bank's assessment area.
- In 2016, the bank invested \$21.5 million in the form of a tax exempt bond for the construction of a hotel that will serve as an anchor business in a low-income census tract in the Roxbury neighborhood of Boston. The business will employ residents in the area and provide opportunities to stabilize and revitalize the low-income census tract. Although the specific number of jobs that will be created is presently unknown, the 135-room hotel will create a number of housekeeping and managerial low- and moderate-income jobs. Although not located in the bank's assessment area, Roxbury borders the assessment area and may benefit the low-income census tracts located in Allston/Brighton.

Prior Period Investments

- CSB maintains an investment that renovated a 128-unit low- and moderate-income affordable housing project in Cambridge. The current book value of the investment is \$448,943.
- The bank maintains a private placement bond used to construct and provide permanent financing of a skilled nursing facility. The majority of residents in the 141 units are low-

or moderate-income. The current book value of the bond is \$18.3 million. The facility benefits individuals located in the assessment area.

- The bank continues to hold two bonds for a health and human service agency that provides housing to adults with developmental disabilities. The majority of the clients served are low- or moderate-income. The book value is \$5.1 million. The agency serves the Greater Boston area, including the bank's assessment area.
- The bank maintains an investment that was used to renovate a former school into 15 units of affordable housing, specifically targeted to low- and moderate-income individuals and families. The investment's book value is \$526,538. The building is in Acton, which is in the bank's assessment area.
- During the previous evaluation, the bank purchased Low Income Housing Tax Credits (LIHTC) to assist in developing six affordable housing projects located in the bank's assessment area. The current book value of these investments total approximately \$6.6 million.

Donations

During the evaluation period, the bank and its charitable foundation made a significant level of qualified donations totaling \$1.7 million. By dollar, the volume of donations slightly decreased by \$132,520 from the previous evaluation. The bank made 337 qualified donations during the evaluation period. This is a decrease from the 460 donations made during the previous evaluation period. Qualified donations for 2015 and 2016 represented 2.4 percent and 2.1 percent of pre-tax net operating income, respectively. During the previous evaluation, qualified donations for 2012 and 2013 represented 2.3 percent and 3.8 percent of pre-tax net operating income, respectively. The majority of the bank's donations benefitted affordable housing and community services to low- and moderate-income individuals. The community contacts noted both areas as key community development needs in the assessment area.

The following are examples of organizations that received qualified donations through the bank and its charitable foundation.

- **Caritas Communities** - Caritas Communities provides low-income individuals with permanent housing, emergency rental assistance, and other support services. The organization has locations in and serves the Greater Boston area, including portions of the bank's assessment area.
- **Cambridge Camping Association** – The Cambridge Camping Association is committed to providing at-risk, low-income, and other traditionally excluded children the opportunity to attend camp. Cambridge Camping Association provides the only summer camp program specifically targeting low-income Cambridge families.
- **Career Collaborative Inc.** – This organization's mission is to end working class poverty by helping chronically low-income Boston-area adults obtain and succeed at life-changing jobs. Their program consists of three phases: job readiness training, job search

support, and career development. The organization serves individuals in the Greater Boston area, including individuals within the bank's assessment area.

- **South Eastern Economic Development Corporation (SEED)** – SEED is a regional non-profit economic development corporation that focuses on job creation by financing all types of small businesses in Massachusetts and Rhode Island. SEED assists small businesses during their start-up phase and promotes the expansion of existing businesses.
- **On The Rise** – On The Rise works to assist women who are living in crisis or homelessness. The organization offers a wide array of services, from providing shelter and a hot meal to helping women to secure and move into their own homes. The organization is in Cambridge.

Responsiveness to Credit and Community Development Needs

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank's investments benefitted several different organizations and projects that provided affordable housing and/or community services to low- and moderate-income individuals. Affordable housing and community services are key community development needs in the assessment area. The bank's investments in SBICs assist small businesses in obtaining credit. Again, small business financing is a primary credit need of the area.

The bank's investments primarily targeted the bank's assessment area or a greater statewide or regional area that includes the assessment area. The bank focused investments within the assessment area's low-income areas, with an emphasis on Cambridge and Somerville. Cambridge and Somerville are where a majority of bank customers reside and where the greatest needs lie. Examiners also considered investments outside the assessment area as the bank had met the needs of its assessment area. The bank targeted investments and projects that were in the City of Boston's low-income areas and other areas in high need of community and economic development.

Community Development Initiatives

The bank makes significant use of innovative and/or complex investments to support community development initiatives. The bank's current period and prior period investments include several Industrial Revenue Bonds (IRBs). IRBs are tax-exempt bonds issued by local and state governments that provide financing to projects that improve the community's well-being. The IRBs the bank invested in provide financing to organizations that provide affordable housing, community services, and revitalize and stabilize low- and moderate-income geographies.

The bank also invested in several SBIC funds that operate regionally including the bank's assessment area. SBICs are privately owned and managed investment funds that use their own and funds borrowed from the SBA to provide financing to small businesses.

The bank continues to invest in several funds that are public welfare investments. These investments promote public welfare by providing housing, services, or jobs. The bank invested in funds that created affordable housing and provided health and human services to low- and moderate-income individuals.

Lastly, the bank continues to hold investments in mortgage-backed securities. Multi-family housing with a percentage of units set aside for low- and moderate-income individuals, as well as State and Federal LIHTC that help finance affordable housing projects back these securities.

SERVICE TEST

The bank’s Service Test performance is rated Outstanding. The sections below discuss the bank’s performance under each criterion.

CSB has an effective system for delivering retail banking and community development services to the assessment area. The bank’s branches, all with 24-hour ATMs, are located throughout the assessment area and are accessible to low- and moderate-income residents and low- and moderate-income census tracts. The bank’s retail services and products offered are comparable to similarly sized competitors. However, given that the branches are located along busy streets and public transportation routes, and within shopping centers, the bank’s products and services are more accessible to low- and moderate-income individuals. Additionally, the bank continues to be a leader in providing financial education throughout its assessment area.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment area. Alternative delivery systems supplement the bank’s branches.

Distribution of Branches

In addition to its main office in Cambridge, CSB operates 14 full-service branches located in Arlington (3), Bedford, Belmont, Burlington (2), Cambridge (3), Concord, Lexington, Newton Centre, and Watertown. The following table illustrates the distribution of retail bank branches.

Branch Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	8	4.5	34,788	4.4	0	0.0
Moderate	36	20.1	144,925	18.3	0	0.0
Middle	64	35.7	293,033	37.1	6	40.0
Upper	70	39.1	317,998	40.2	9	60.0
NA	1	0.6	12	0.0	0	0.0
Total	179	100.0	790,756	100.0	15	100.0

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

The bank does not operate any branches in low- or moderate-income areas. However, six of the bank’s branches are adjacent to seven low- and moderate-income tracts within Cambridge, Somerville, and Watertown. Additionally, the bank’s branches are located along busy streets and within shopping centers that attract individuals from the surrounding low- and moderate-income tracts. These areas also have a large number of restaurants, hotels, and other businesses that have a high percentage of low- and moderate- income employees. The Arlington, Cambridge,

and Watertown branches are either along a bus route or next to a train or commuter rail stop, increasing the branches' accessibility.

All branches offer the same products and services. The bank operates ATMs at each branch. In addition, the bank has seven free-standing ATMs. Four are located in middle-income geographies and three are located in upper-income geographies. Four ATMs are located next to six low- and moderate-income tracts. These ATMs are also easily accessible by train or bus.

The bank recently installed their first Interactive Teller Machine (ITM) at the Porter Square branch. The ITM will video call a staff member in the CSB headquarters to help with the transaction. The ITM has extended weekday and Saturday hours. The Porter Square Branch is located next to a moderate-income census tract. The Porter Square Shopping center also has a grocery store and is located right off a train and commuter rail stop. Therefore, the Porter Square branch attracts people from the surrounding census tracts.

Alternative Delivery Systems

In addition to the branch network and ATMs, the institution also provides a variety of alternative delivery systems. These alternative systems provide consumers with access to the bank's various retail services and include the following:

Online Banking – This service allows consumers and businesses to view account balances, transfer funds, and perform online bill payments, among other services, through the bank's website at no charge. Online banking includes *Connect Invest*, which allows customers access to their investment portfolio through their online dashboard.

Debit Cards – Customers can use the card to pay for purchases at merchant locations that accept Mastercard and have the funds deducted directly from their checking account at no charge. The card can be used at any CSB ATM.

Mobile Banking – Consumers and business customers can access account information through a smartphone or tablet to make mobile deposits, view check images, transfer funds between accounts, and other services. Services have expanded to incorporate the *CardValet* debit card. This debit card allows customers to make in-store or in-application purchases with Apple Pay, Android Pay, and Samsung Pay.

Text Banking – Customers without access to a smartphone can access account information, review their five most recent transactions, and may transfer funds between accounts.

Multi-lingual Services – The bank employs approximately 38 individuals who speak at least one language outside of English, as well as an employee proficient in American Sign Language. These languages include Arabic, Armenian, Cantonese and Mandarin Chinese, Greek, Hindi, Russian, and Spanish. Given the assessment area's diversity, these services are useful in providing assistance to those who are not proficient in English.

Changes in Branch Locations

The bank's record of closing branches has generally not adversely affected the accessibility of its delivery systems to low- and moderate-income geographies or individuals in its assessment area. The bank closed two branches since the previous evaluation, one in Acton and one in Newton. Both branches were located in upper-income census tracts. The bank has not opened any branches since the previous evaluation.

Reasonableness of Business Hours and Services

Overall, business hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours are generally consistent at each location. Weekday hours include 9:00 A.M. to 4:00 P.M. on Mondays through Wednesday, 9:00 A.M. to 6:00 P.M. on Thursdays, 9:00 A.M. to 5:00 P.M. on Fridays, and 9:00 A.M. to 1:00 P.M. on Saturdays. Hours vary slightly with later closing times at a few locations and earlier opening times at the bank's main branch in Harvard Square. Specifically, the Porter Square Branch hours are 9:00 A.M. to 5:00 P.M. on Monday to Wednesday. The Porter Square Branch is located within a shopping center with a number of low- and moderate-income employees from the pharmacy, grocery store, and other nearby restaurants and retail establishments. The longer hours at this location make it more accessible for the nearby employees to visit the bank. The Porter Square branch also has the ITM with extended Saturday hours. The Arlington Center branch is open to 5:00 P.M. on Wednesday. This branch is located on a main street, with a large amount of foot and car traffic and nearby retail stores and restaurants with low- and moderate-income employees. Lastly, the bank's main branch in Harvard Square is open from 8:00 A.M. to 5:30 P.M. Monday through Wednesday and Friday, 8:00 A.M. to 6:00 P.M. on Thursdays, and 9:00 A.M. to 1 P.M. on Saturdays. Similar to the Porter Square branch and Arlington Center branch, Harvard Square has a large amount of foot traffic from surrounding areas and from low- and moderate-income restaurant and retail employees. These extended hours make it easier for employees to access the bank before or after work. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

The bank is a leader in providing community development services in the area. During the evaluation period, the bank provided 240 instances of community development services. The bank's involvement varied from board involvement with local organizations to employees providing financial education and technical assistance to individuals. The bank continues to provide services to all the community development organizations noted during the previous evaluation and has formed some new relationships during the evaluation period. The following table summarizes the bank's community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2014	10	17	1	0	0	28
2015	21	49	1	0	0	71
2016	16	70	1	0	0	87
YTD 2017	15	35	2	2	0	54
Total	62	171	5	2	0	240

Source: Bank Records.

The following are notable examples of the bank’s involvement in community organizations:

Employee Involvement

- **East End House** - The East End House has been serving Cambridge for over 140 years through a wide variety of services such as child care, a food pantry, and programs designed for individuals from school age to senior, and family support activities. Over 80 percent of the individuals who use the East End House are low-income. A senior vice president serves as Chairman of the Board.
- **Food for Free Inc.** - Food for Free rescues fresh food from the Greater Boston area and distributes it to local food programs. The program also focuses on home delivery to low-income Cambridge residents who are unable to reach a food pantry due to illness or disability. A senior vice president serves on the Board of Directors and the Finance Committee and is the current Treasurer.
- **Housing Corporation of Arlington** - The Housing Corporation of Arlington provides and advocates for affordable housing for low- and moderate-income families and individuals in Arlington and the surrounding communities. A vice president currently serves on the organization’s Finance Committee.
- **Just-A-Start** - Just-A-Start creates and maintains affordable housing, provides housing resources and services, and offers education and workforce training for youth and adults. All programs serve low- and moderate-income individuals and families. A senior vice president is a member of the organization’s Finance and Audit Committee.
- **Somerville Homeless Coalition** - The Somerville Homeless Coalition works to provide support and housing solutions to homeless and near homeless individuals and families. The organization provides a variety of services, such as housing services, emergency

shelters, and food assistance programs. A senior vice president and vice president serve as Board members.

Financial Education and Support

The bank continues to be actively involved in and a leader in providing valuable financial education throughout its assessment area. Through its self-created financial education program, the bank serves its community and responds to the growing need for financial education for individuals of all ages. This financial education initiative brings a distinct set of courses tailored by CSB for children, high school students, and adults. The children's program focuses on the American Banker Association's "Teach Children to Save" initiative that targets kindergarten students. For high school students, the modules focus on budgeting and saving, credit, managing checking accounts, and fraud prevention. For the adults, classes focus on being a first-time homebuyer, credit, fraud and identity theft prevention, and investing.

The bank served numerous schools with low- and moderate-income students throughout its assessment area. For example, in 2015, 2016, and 2017, the bank conducted "Teach Children to Save" classes at the Argenziano School in Somerville, the Henry Whittemore Elementary School in Waltham, and the Jackson-Mann School in Allston where 67.7 percent, 73.3 percent, and 75.0 percent of the students receive free or reduced price lunches, respectively. The classes consisted of reading and discussing the money concepts in a children's book and teaching the comparative values of coins.

The bank also conducted financial education classes at the Somerville High School in 2014, 2015, 2016, and 2017. The classes consisted of four modules discussing budgeting and saving, credit, managing a checking account, and fraud prevention. Of the students, 73.4 percent receive free or reduced price lunches.

In addition to providing financial education at local schools, the bank also partnered with the following CRA-eligible organizations. During the evaluation period, the bank conducted 80 seminars and reached over 900 participants. The following is a sample of the organizations the bank partnered with to provide financial education and first-home buyer classes.

- **Bedford Veteran's Quarters** – In 2014, 2015, and 2017, the bank conducted credit workshops at Bedford Veteran's quarters. The workshops covered "How to Get Smart About Credit in Real-Life Situations" and "Improving Your Credit." Bedford Veteran's Quarters provides affordable housing for veterans and has a population that is majority low- and moderate-income.
- **Cambridge Neighborhood Apartment Housing Services (CNAHS)** – In 2015, the bank conducted a financial education workshop for CNAHS. The workshop covered such topics as basic banking, saving and investing, and what to beware about non-traditional financial service providers. CNAHS is an organization with a mission of creating and preserving affordable housing in Cambridge.

- **Community Learning Center** – In 2015 and 2016, the bank conducted several financial education workshops for the Community Learning Center. Budgeting and saving, fraud prevention, and saving for retirement were the focus of the workshops. The Community Learning Center helps adults improve their lives and increase their community participation through free educational programs and services. A majority of students at the Community Learning Center are low- and moderate-income.
- **Hildebrand Family Self-Help Center, Inc.** – The bank conducted a four-part series of financial education lessons in 2014, 2015, and 2016. Each year, participants learned how to budget and save, how to manage a checking account, how to protect their credit, and how to be on the lookout for fraud. The center focuses on helping homeless families attain independence, dignity, and self-sufficiency.
- **Somerville Community Corporation** – During the evaluation period, the bank provided 30 financial literacy classes to the Somerville Community Corporation. These classes consisted of first-time homebuyer seminars and fraud awareness workshops. This CDC’s membership consists of mostly low- and moderate-income individuals.
- **Citizen’s Housing and Planning Association (CHAPA)** –CHAPA encourages the production and preservation of housing that is affordable to low- and moderate-income families and individuals and to foster diverse and sustainable communities through planning and community development. The bank conducted 33 first-time homebuyer classes in partnership with this group.
- **Allston Brighton CDC** – In 2014, 2015, 2016, and 2017, the bank conducted first-time homebuyer seminars for the Allston Brighton CDC. This CDC’s membership consists of mostly low- and moderate-income individuals.
- **Medford Community Housing** – In 2014, 2015, 2016, and 2017, the bank conducted first-time homebuyer seminars for Medford Community Housing. This organization focuses on making housing affordable, safe, and inclusive for all those who live or work in the City of Medford.
- **Urban Edge** – In 2015, 2016, and 2017, the bank conducted first- time homebuyer seminars for Urban Edge. This organization builds and maintains affordable housing and assists disadvantaged families and individuals with various financial counseling programs. Urban Edge serves majority low- and moderate-income individuals.
- **Waltham Alliance to Create Housing CDC (WATCH CDC)** – In 2014, 2015, and 2017, the bank conducted first-time homebuyer seminars for WATCH. This organization works to promote affordable housing, provide adult education, and empower underrepresented residents through civic engagement. CHAPA Massachusetts Homeownership Collaborative certifies WATCH’s class, so graduates may be eligible for Down Payment Assistance programs from their city or town, the Mass Housing Program’s Soft Second Mortgage, or other income-restricted mortgages designated for

first-time homebuyers. CHAPA's mission is to protect and increase affordable housing for low- and moderate-income families and individuals.

Other Services

- **Basic Banking** - Deposit products meet the *Basic Banking in Massachusetts* guidelines set forth by the Massachusetts Community and Banking Council (MCBC). *The Basic Banking in Massachusetts* program launched in 1994 to expand access to bank products and services and to encourage those with modest incomes to establish banking relationships.
- **Collaboration Rooms** - The bank continues to provide various community development organizations use of the bank's conference rooms and spaces for meetings and functions. The bank provides internet access, presentation equipment, and printing and faxing capabilities. Community development organizations that have used the collaboration rooms include Metro West CDC, Just-a-Start, Food for Free, and East End House.
- **Individual Development Accounts (IDAs)** – Through this program, the bank matches low- and moderate-income individuals' deposits into the IDA. The program's goal is to help these individuals build up savings to purchase a home, finance their small business, or fund higher education. The bank participates in IDAs that serve clients of Allston-Brighton Community Development Corporation, Somerville Community Corporation, and Cambridge Housing Authority.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	June 23, 2014-September 25, 2017
FINANCIAL INSTITUTION	Cambridge Savings Bank
PRODUCTS REVIEWED:	
<ul style="list-style-type: none"> • Home mortgage loans originated in 2015 and 2016 and reported on the bank’s HMDA LAR. • Small business loans originated in 2015 and 2016 and reported on the bank’s CRA LR. 	

List of AAs and Type of Evaluation			
Rated Area/ AA	Type of Evaluation	Branches Visited	Other Information
Assessment Area	Full-scope	None	173 Census Tracts

Rated Areas’ Ratings	
Rated Area’s Name	Overall Rated Area’s Rating
Assessment Area	Outstanding

FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106).

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2015 and 2016 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected assessment area's demographics.

Examiners compared the bank's level of lending to the aggregate for the most recent year that data was available, the year 2015. The comparison 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	0	0.0	0.1	0	0.0
Asian	44	11.3	11.8	37	8.6
Black/ African American	7	1.8	1.3	8	1.9
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	18	4.6	2.5	19	4.4
Total Minority	69	17.7	15.8	64	14.9
White	272	69.7	58.2	302	70.2
Race Not Available	49	12.6	26.0	64	14.9
Total	390	100.0	100.0	430	100.0
ETHNICITY					
Hispanic or Latino	3	0.8	1.8	3	0.7
Not Hispanic or Latino	333	85.4	71.6	361	84.0
Joint (Hisp/Lat /Not Hisp/Lat)	6	1.5	1.1	4	0.9
Ethnicity Not Available	48	12.3	25.5	62	14.4
Total	390	100.0	100.0	430	100.0

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

According to the 2010 U.S. Census Data, the bank's assessment area contained a total population of 790,756 individuals of which 26.0 percent are minorities. The assessment area's minority and ethnic population is 4.9 percent Black/African American, 11.6 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 6.3 percent Hispanic or Latino and 3.1 percent other.

In 2015, the bank received 390 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 17.7 percent from minority applicants. This exceeds the aggregate's performance of 15.8 percent of applications received from minorities.

For the same year, the bank received 2.3 percent applications from the Hispanic or Latino applicants which is slightly lower than the aggregate of 2.9 percent.

In 2016, the bank received 14.9 percent of applications from racial minorities and 1.6 percent of applications from Hispanic or Latino applicants.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 1374 Massachusetts Avenue, Cambridge, MA 02138."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at 1374 Massachusetts Avenue, Cambridge, MA 02138."

[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.