

PUBLIC DISCLOSURE

November 6, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Century Bank and Trust Company
Certificate Number: 19943

102 Fellsway West
Somerville, Massachusetts 02145

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

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

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

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated Satisfactory.

The Division assigned a “High Satisfactory” rating.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		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. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.*

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to Assessment Area (AA) credit needs.
- The bank originated a high percentage of loans in the AA.
- The geographic distribution of loans reflects good penetration throughout the AA.
- 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 limited use of innovative and flexible lending practices in order to serve AA credit needs.
- The institution has made an adequate level of community development loans.

The Investment Test is rated Outstanding.

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

The Service Test is rated High Satisfactory.

- The bank's delivery systems are readily accessible to all portions of the institution's AA.
- To the extent changes have been made, the institution opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and geographies.
- Services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate- income geographies and individuals.
- The institution provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation dated September 8, 2014, to the current evaluation dated November 6, 2017. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures to evaluate Century Bank and Trust Company's (Century Bank) performance. These procedures include three tests: 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 factors.

- 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 factors.

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

An institution must achieve at least a Satisfactory rating on the Lending Test to obtain an overall Satisfactory rating.

Loan Products Reviewed

The loan portfolio reflects the bank's niche in tax-exempt municipal lending that comprises 52.5 percent of total loans. The remainder balances the bank's municipal niche with the lending needs of the AA. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. The two major product lines evaluated under the Lending Test are home mortgage and small business loans. This conclusion considered the number and dollar volume of loans originated during the evaluation period. This evaluation does not present small farm or consumer loans as they do not represent a major product line and do

not provide any material support for conclusions. In 2015 and 2016, the bank originated a greater number and dollar volume of Home Mortgage Disclosure Act (HMDA) reportable loans than small business loans. As a result, the bank's record of originating home mortgage loans contributed more weight than small business loans in arriving at overall conclusions.

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 HMDA Loan Application Registers (LARs). In 2015, the bank originated 646 home mortgage loans for approximately \$109.3 million, and in 2016, the bank originated 499 home mortgage loans for approximately \$117.4 million. Examiners also considered all small business loans reported on the bank's 2015 and 2016 CRA Loan Registers. In 2015, the bank originated 247 small business loans for approximately \$47.1 million, and in 2016, the bank originated 247 small business loans for approximately \$43.9 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 businesses and individuals served. The geographic distribution and borrower profile criteria only include analysis of loans extended within the bank's AA. This evaluation does not include any lending activity performed by affiliates.

Examiners reviewed community development loans, investments, and services, as well as innovative and/or flexible lending practices from the prior evaluation date of September 8, 2014, through the current evaluation date of November 6, 2017. Examiners placed more weight on the bank's Lending Test performance than the Investment and Service Tests in arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Background

Century Bank is headquartered at 102 Fellsway West in Somerville, Massachusetts (MA) and operates in the eastern part of MA in Middlesex, Suffolk, Norfolk, and Essex Counties and within one community in Plymouth County. Century Bank is wholly owned by Century Bancorp, Inc., a publicly traded single-bank holding company. The bank currently has four active subsidiaries. Three subsidiaries are engaged in buying, selling, and holding investment securities and include Century Subsidiary Investments, Inc.; Century Subsidiary Investments, Inc. II; and Century Subsidiary Investments, Inc. III. The fourth is Century Financial Services, Inc. (CFSI), which engages in securities brokerage and investment and financial advisory services. There are also two inactive subsidiaries (Century Insurance Services, Inc. and Millennium Corporation).

Century Bank received a Satisfactory rating from the FDIC and a High Satisfactory from the Division at its previous Performance Evaluation, dated September 8, 2014, based on Interagency Large Institution Examination Procedures.

Operations

Century Bank operates 27 full-service branches in its AA. Branches are located in Andover, Beverly, Boston (5), Braintree, Brookline (2), Burlington, Cambridge, Chestnut Hill, Everett, Lynn, Malden, Medford (3), Newton, Peabody, Quincy, Salem, Somerville, Wellesley, Winchester, and Woburn. Since the last evaluation, the bank opened a new branch in Woburn and relocated two branches. The bank also relocated one of the Boston branches from a middle-income census tract in Kenmore Square to a nearby upper-income census tract on Boylston Street in the Back Bay neighborhood. The Wellesley branch relocated to the bordering upper-income census tract within downtown Wellesley. Century Bank's primary business line is municipal lending; however, the bank also offers a wide range of home mortgage, commercial, and consumer loan products. The bank provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. Third-party provider, LPL Financial Services offers trust services and full-service investment brokerage services. Alternative banking services include internet and mobile banking, electronic bill pay, and 52 bank-owned automated teller machines (ATMs). Each branch has one or more ATMs. Additional machines are in Arlington, Boston (2), Cambridge (4), Medford, Milton (2), Somerville (6), and Weston. No merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

Assets totaled approximately \$4.5 billion as of September 30, 2017, and included total loans of \$2.1 billion and securities totaling \$2.0 billion. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 09/30/17		
Loan Category	\$(000s)	%
Construction and Land Development	16,779	0.8
Secured by Farmland	0	0.0
1-4 Family Residential	509,651	24.1
Multi-family (5 or more) Residential	30,224	1.4
Commercial Real Estate	238,761	11.3
Total Real Estate Loans	795,415	37.6
Commercial and Industrial	193,767	9.2
Agricultural	0	0.0
Consumer	5,463	0.3
Municipal Loans	1,109,590	52.5
Other	9,092	0.4
Less: Unearned Income	(680)	0.0
Total Loans	2,112,647	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. Century Bank designated a single AA in the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (14460) that meets the technical requirements of the regulation. Examiners analyzed and conducted a full scope review of the bank’s performance within the AA. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The AA includes 581 census tracts derived from 50 cities and towns in 5 different counties. This includes all of Suffolk County and parts of Essex, Middlesex, Norfolk, and Plymouth Counties. The following table shows the cities and towns in the AA by county.

Assessment Area Cities and Towns	
Essex County, MA	
Andover	Middleton
Beverly	Nahant
Danvers	North Andover
Lawrence	Peabody
Lynn	Salem
Lynnfield	Saugus
Marblehead	
Middlesex County, MA	
Arlington	North Reading
Belmont	Reading
Billerica	Somerville
Burlington	Stoneham
Cambridge	Tewksbury
Everett	Wakefield
Lexington	Waltham
Malden	Watertown
Medford	Weston
Melrose	Wilmington
Natick	Winchester
Newton	Woburn
Norfolk County, MA	
Braintree	Quincy
Brookline	Randolph
Milton	Wellesley
Needham	Weymouth
Plymouth County, MA	
Hingham	
Suffolk County, MA	
Boston	Revere
Chelsea	Winthrop

The cities and towns in Essex and Middlesex Counties are located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (15764). The cities and towns in Norfolk, Plymouth, and Suffolk Counties are located in the Boston, MA MD (14454). Both MDs are part

of the greater Boston-Cambridge-Newton, MA-NH MSA. The bank does not have any branches outside of the Boston-Cambridge-Newton, MA-NH MSA, nor in the New Hampshire portion of the multi-state MSA.

These 581 census tracts reflect the following income designations according to the 2010 U.S. Census:

- 88 low-income tracts,
- 125 moderate-income tracts,
- 201 middle-income tracts,
- 155 upper-income tracts, and
- 12 census tracts with no income designation.

The cities of Boston, Cambridge, Chelsea, Lawrence, and Lynn have concentrated numbers of low-income census tracts. However, there are additional low-income tracts located in Quincy, Salem, and Somerville. Moderate-income census tracts are located in Beverly, Boston, Cambridge, Chelsea, Everett, Lawrence, Lynn, Malden, Medford, Melrose, Newton, Peabody, Quincy, Revere, Salem, Saugus, Somerville, Waltham, Watertown, Weymouth, and Woburn. The census tracts with no income designation are Boston Harbor Islands, Franklin Park Zoo, Stony Brook Reservation, Arnold Arboretum, Forest Hills Cemetery, Castle Island, Seaport Waterfront area, Charles River, Suffolk Downs, Belle Isle Marsh Reservation, Boston Commons, and the Muddy River.

The following table illustrates select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	581	15.1	21.5	34.6	26.7	2.1
Population by Geography	2,519,359	13.1	21.6	38.1	27.1	0.1
Housing Units by Geography	1,051,220	12.2	21.9	39.2	26.7	0.0
Owner-Occupied Units by Geography	528,905	5.2	15.8	44.2	34.8	0.0
Occupied Rental Units by Geography	451,681	19.8	28.5	34.2	17.6	0.0
Vacant Units by Geography	70,634	16.1	25.5	34.6	23.8	0.0
Businesses by Geography	189,133	8.8	15.2	35.9	39.8	0.3
Farms by Geography	2,271	4.1	13.1	46.8	36.1	0.0
Family Distribution by Income Level	572,277	25.7	16.5	19.6	38.3	0.0
Household Distribution by Income Level	980,586	28.6	14.8	16.9	39.7	0.0
Median Family Income MSA - 14454 Boston, MA MD (2016)		\$90,800	Median Housing Value			\$437,818
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD (2016)		\$98,600	Median Gross Rent			\$1,196
			Families Below Poverty Level			8.5%
<i>Source: 2010 U.S. Census, 2016 D&B Data, and 2016 FFIEC- Estimated Median Family Income</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners used the 2015 and 2016 FFIEC-updated median family income levels 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. Of the owner-occupied housing units in the AA, 5.2 percent are located in low-income census tracts and 15.8 percent in moderate-income census tracts. U.S. Bureau of Labor and Statistics data indicated that as of August 2017, the Massachusetts seasonally adjusted unemployment rate was 4.2 percent. The unemployment rate decreased throughout the evaluation period, from a high of 5.5 percent in September 2014. The largest employers in the area are in the healthcare industry. These include Children's Hospital, Brigham and Women's Hospital, and Massachusetts General Hospital.

According to the 2016 D&B data, there were 189,133 businesses in the AA. Gross annual revenues (GARs) for these businesses are as follows:

- 82.5 percent have \$1 million or less
- 7.8 percent have more than \$1 million
- 9.7 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Business demographics indicate that the majority of businesses in the AA are small businesses with four or fewer employees. Specifically, 70.0 percent have four or fewer employees and 88.0 percent operate from a single location. Service industries represent the largest portion of businesses at 50.2 percent; followed by retail trade at 12.5 percent; finance, insurance, and real estate at 10.9 percent; and non-classifiable establishments at 7.9 percent.

Competition

The AA is highly competitive for financial services. According to 2017 Peer Deposit Data, 89 financial institutions operated 866 full-service branches within the AA. Of those institutions, Century Bank ranked 9th and captured a 1.5 percent deposit market share. The top three depository institutions make up 68.0 percent of deposit market share.

There is also a high competition level for home mortgage loans in the AA. In 2015, the bank ranked 33rd of 569 lenders with a 0.6 percent market share by number. The majority of financial institutions ranking ahead of Century Bank were large national banks, mortgage companies, and large regional banks.

There is also a high competition level for small business loans among several banks, credit unions, and non-depository lenders. In 2015, 163 lenders reported 78,342 small business loans originated or purchased in Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties. Century Bank ranked 27th out of this group of lenders, with a 0.3 percent market share by number, and a 1.5 percent share by dollar amount. The top five lenders accounted for 50.5 percent of the total market share by number, but only 21.3 percent by dollar amount. This is mainly due to these institutions offering business credit cards.

Community Contact

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

Examiners contacted a representative of a community development corporation in the AA. The organization serves a city within the AA that is experiencing rapid gentrification. The contact stated that this gentrification has resulted in a mix of economic and ethnic demographics in the city and a significant number of low- and moderate-income residents and neighborhoods. Rapidly rising property values across the city have led to a considerable need for affordable housing options for the city's low- and moderate-income population, while also severely limiting the availability of properties suitable for such developments. Although affordable housing financing is the most prevalent need within the AA, there is also significant competition among financial institutions to fund the limited volume of projects. The contact noted the need for homebuyer education courses and financial counseling programs that relate to the need for affordable housing.

In addition, examiners recently conducted another community contact in a different neighborhood within the AA that has a significant percentage of low- and moderate-income residents. This contact also identified a significant need for affordable housing. The contact also noted financial education as an additional need. The AA's high housing prices translates to a long time for low- and moderate-income borrowers to save for a down payment. Therefore, financial education assists in providing potential borrowers with applicable strategies for saving.

Overall, both contacts indicated that financial institutions have been responsive to the credit and community development needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing represents the primary credit need for the AA. With current real estate market conditions, there is a limited volume of such projects amongst significant competition.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Century Bank's overall Lending Test performance is rated High Satisfactory. Lending Activity, AA Concentration, Geographic Distribution, and Borrower Profile primarily support this conclusion.

Lending Activity

The bank's lending levels reflect good responsiveness to AA credit needs. In 2015 and 2016, Century Bank originated 1,145 home mortgage loans totaling approximately \$226.7 million, and 494 small business loans totaling \$91.0 million. Of this, 953 home mortgage loans, totaling \$190.7 million and 431 small business loans totaling approximately \$76.8 million were inside the AA.

In 2015, the bank ranked 33rd of 569 lenders that reported originating or purchasing at least one home mortgage loan in the AA. The bank captured 0.6 percent by number of the market share and 0.3 percent by dollar volume. Among the higher ranked lenders were larger financial institutions and mortgage companies that operate regionally or nationally, including J.P. Morgan Chase Bank, NA; Wells Fargo Bank, NA; Loandepot.com, LLC; Guaranteed Rate Inc.; and Ditech Financial LLC. Some larger local and regional institutions such as Leader Bank; Salem Five Mortgage Company, LLC; Eastern Bank; Citizens Bank; and Berkshire Bank also ranked higher than Century Bank.

In 2015, the bank ranked 27th of 163 lenders that originated or purchased at least one small business loan in the counties in which the bank designated its AA. The market share was 0.3 percent by number and 1.5 percent by dollar volume. The highest ranked small business lenders were credit card companies, including American Express, FSB; Bank of America, N.A.; Capital One Bank (USA), N.A.; Citibank, N.A.; and Chase Bank USA, NA. Eastern Bank and Salem Five Cents Savings Bank ranked above Century Bank.

Considering the institution's size, loan portfolio composition, the significant competition level in the assessment area, and market share rankings, the bank's lending activity reflects good responsiveness to assessment area credit needs.

As of the evaluation date, 2016 market rank information was unavailable.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans, by number and dollar volume, within its AA. 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	530	82.0	116	18.0	646	86,592	79.2	22,720	20.8	109,312
2016	423	84.8	76	15.2	499	104,153	88.7	13,277	11.3	117,430
Subtotal	953	83.2	192	16.8	1,145	190,745	84.1	35,997	15.9	226,742
Small Business										
2015	217	87.9	30	12.1	247	39,392	83.7	7,666	16.3	47,058
2016	214	86.6	33	13.4	247	37,455	85.3	6,477	14.7	43,932
Subtotal	431	87.2	63	12.8	494	76,847	84.5	14,143	15.5	90,990
Total	1,384	84.4	255	15.6	1,639	267,592	84.2	50,140	15.8	317,732
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the AA. The bank's adequate performance in home mortgage and excellent performance in small business lending support this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the AA. Examiners emphasized Century Bank's performance in relation to 2015 aggregate data, demographics, and trends based on 2016 data. The following table shows that lending in low-income tracts in 2015 trailed the aggregate and demographic data by 2.6 percentage points and 1.6 percentage points, respectively. The bank's performance in low-income tracts increased in 2016, exceeding demographics by 0.2 percent. In the moderate-income census tracts, 2015 lending exceeded aggregate by 3.8 percent. Lending exceeded demographics in moderate-income census tracts in 2015 and 2016.

In 2015, Century Bank ranked 58th of 323 lenders in originating loans to low-income census tracts with a 0.4 percent market share by number. In moderate-income census tracts, Century Bank ranked 35th out of 407 lenders. Ranking in moderate-income census tracts is in line with the bank's overall ranking for HMDA originations in the AA of 33rd. Additionally, the bank's market share for lending in moderate-income tracts, at 0.8 percent by number, exceeds its overall AA market share of 0.6 percent. Although Century Bank's performance in low-income census tracts in 2015 falls below aggregate, the bank's increased lending performance in 2016 and the level of lending in moderate-income census tracts supports adequate performance.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	5.2	6.2	19	3.6	2,295	2.7
2016	5.2	--	23	5.4	14,409	13.8
Moderate						
2015	15.8	16.4	107	20.2	21,237	24.5
2016	15.8	--	88	20.8	16,326	15.7
Middle						
2015	44.2	42.7	214	40.4	28,327	32.7
2016	44.2	--	160	37.8	29,266	28.1
Upper						
2015	34.8	34.7	190	35.8	34,733	40.1
2016	34.8	--	152	35.9	44,152	42.4
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	530	100.0	86,592	100.0
2016	100.0	--	423	100.0	104,153	100.0

*Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the AA. Examiners emphasized Century Bank's performance in relation to 2015 aggregate data, demographics, and trends based on 2016 data. In 2015, the bank's lending in low-income census tracts notably exceeded aggregate by 6.1 percentage points and demographics by 5.1 percentage points, respectively. Lending decreased by 4.5 percentage points in low-income census tracts in 2016 and exceeded demographics by 0.5 percentage points. Small business lending in moderate-income areas in 2015 significantly exceeded aggregate by 13.2 percentage points and demographics by 13.8 percentage points. Performance increased slightly in 2016 as the bank exceeded demographics by 14.2 percentage points.

Market share data further supported the bank's excellent performance. In 2015, the bank ranked 19th of 170 lenders in originating loans in low-income census tracts, with a 0.6 percent market share by number. The bank ranked 20th out of 170 lenders in originating loans in moderate-income census tracts, capturing a 0.6 percent of the market share by number. In both low- and moderate-income census tracts, the bank outperformed its overall AA market ranking of 27th and

0.3 percent market share by number. Century Bank's small business lending activity significantly exceeded aggregate data and demographics in both low- and moderate-income census tracts throughout the evaluation period, which supports an excellent performance.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	8.7	7.7	30	13.8	5,202	13.2
2016	8.8	--	20	9.3	3,314	8.8
Moderate						
2015	15.2	15.8	63	29.0	14,073	35.7
2016	15.2	--	63	29.4	11,695	31.2
Middle						
2015	36.0	39.0	61	28.1	8,750	22.2
2016	35.9	--	72	33.6	11,610	31.0
Upper						
2015	39.7	37.1	62	28.6	11,217	28.5
2016	39.8	--	57	26.6	10,436	27.9
Not Available						
2015	0.3	0.4	1	0.5	150	0.4
2016	0.3	--	2	0.9	400	1.1
Totals						
2015	100.0	100.0	217	100.0	39,392	100.0
2016	100.0	--	214	100.0	37,455	100.0
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						

Borrower Profile

Overall, the distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the AA. The bank's good performance in home mortgage and adequate performance in small business lending support this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and percentage by number of loans to small 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 good penetration. Examiners emphasized

Century Bank's performance in relation to 2015 aggregate data, demographics, and trends based on 2016 data.

In 2015, lending to low-income borrowers, at 5.1 percent exceeded the aggregate at 3.8 percent. Although the bank's performance exceeded the aggregate by 1.3 percentage points, it was substantially below the 25.7 percent of low-income families within the AA. The median housing value is \$437,818 within the AA. A low-income family with an annual income of less than \$50,850 would not likely qualify for a mortgage using the conventional underwriting standards. Therefore, the demand and opportunity for lending to low-income families is limited. Lending to low-income borrowers increased modestly by 0.1 percentage points in 2016.

The bank's lending to moderate-income borrowers in 2015, at 19.4 percent, exceeded aggregate and demographics by 5.1 percentage points and 2.9 percentage points, respectively. The bank's lending to moderate-income individuals decreased to 13.9 percent in 2016 and was 2.6 percentage points below the demographics.

Market share data further supported the bank's good performance. In 2015, the bank ranked 24th in lending to low-income borrowers with a 0.9 percent market share by number. The bank ranked 27th in lending to moderate-income borrowers and captured a 0.9 percent market share by number. Market share performance to both low- and moderate-income borrowers is favorable when compared to the bank's overall market share rank of 33rd (0.6 percent) in the AA. Century Bank's lending activity to low- and moderate-income borrowers substantially exceeded aggregate in 2015.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	25.7	3.8	27	5.1	1,546	1.8
2016	25.7	--	22	5.2	1,927	1.9
Moderate						
2015	16.5	14.3	103	19.4	11,075	12.8
2016	16.5	--	59	13.9	7,228	6.9
Middle						
2015	19.6	21.3	144	27.2	20,406	23.6
2016	19.6	--	101	23.9	17,504	16.8
Upper						
2015	38.3	41.0	247	46.6	49,392	57.0
2016	38.3	--	229	54.1	61,815	59.4
Not Available						
2015	0.0	19.5	9	1.7	4,173	4.8
2016	0.0	--	12	2.8	15,679	15.1
Totals						
2015	100.0	100.0	530	100.0	86,592	100.0
2016	100.0	--	423	100.0	104,153	100.0
Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0						

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to small businesses. Examiners considered Century Bank's performance in relation to 2015 aggregate data, demographics, and considered trends based on 2016 data. In 2015, the bank extended 52.1 percent of its loans to businesses with GARs of \$1 million or less, which exceeded aggregate by 3.9 percentage points. The number of loans made to GARs of \$1 million or less in 2016 increased by 3.5 percentage points, which indicates a positive trend. Lending to businesses with GARs of \$1 million or less was significantly below the percentage of businesses with GARs of \$1 million or less in 2015 and 2016. However, examiners placed greater weight on the bank's performance when compared to the aggregate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	74.2	48.2	113	52.1	12,232	31.1
2016	82.6	--	119	55.6	17,613	47.0
>\$1,000,000						
2015	6.7	--	101	46.5	26,658	67.7
2016	7.8	--	94	43.9	19,832	52.9
Revenue Not Available						
2015	19.1	--	3	1.4	502	1.3
2016	9.7	--	1	0.5	10	0.0
Totals						
2015	100.0	100.0	217	100.0	39,392	100.0
2016	100.0	--	214	100.0	37,455	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

This criterion includes innovative and flexible lending activities since the prior evaluation, covering the period from September 8, 2014, through November 6, 2017.

The bank makes limited use of innovative and flexible lending programs to assist in meeting the AA's credit needs. Programs involve government-related subsidies and guarantees. Century Bank originated 831 innovative and flexible loans, totaling approximately \$16.6 million, to individuals and businesses during the evaluation period. The total number of housing-related loans the bank originated decreased by 292 from 1,036 from the last evaluation. However, the bank increased the number of loans extended under the small business programs by 30 from 57. The following table illustrates the number of programs and dollar volume of residential and commercial innovative and flexible loans made since the previous evaluation.

Innovative or Flexible Lending Programs										
Type of Program	2014		2015		2016		2017		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MassHousing Mortgage Program	0	0	1	374	0	0	0	0	1	374
Mass Save Heat Loan Program	147	1,422	268	2,676	189	2,109	139	1,509	743	7,716
Small Business Administration (SBA) 7-A	4	305	14	1,465	34	3,231	25	2,245	77	7,246
SBA 504	1	60	5	759	4	418	0	0	10	1,237
Totals	152	1,787	288	5,274	227	5,758	164	3,754	831	16,573

Source: Bank Records

- MassHousing Mortgage Program* – Qualified low- and moderate-income families can purchase homes at market rates with or without affordable mortgage insurance. Customers who qualify for the MassHousing Program have access to down payment and closing cost grants, low down payments, fixed-rates, refinance options, affordable loan limits, and mortgage insurance options. Century Bank originated one MassHousing loan totaling \$374,000 during the evaluation period. The bank suspended this program in 2016.
- Mass Save HEAT Loan Program* – Loans to finance energy efficiency projects are extended at zero percent interest with a payback period of seven years. Borrowers must own a 1-4 family home and be approved by Mass Save after completing a Mass Save Home Energy Assessment. The bank originated 743 HEAT loans totaling \$7.7 million during the evaluation period.
- SBA 7a Loan Programs* – This is the SBA’s primary program for providing financing to start-up and existing small businesses. 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 guaranty of \$3.75 million. Borrowers benefit from long-term financing options, a fixed maturity, and no prepayment penalties for loans with terms less than 15 years. The bank originated 77 loans for \$7.2 million during the evaluation period.
- SBA 504* – Community Development Corporations (CDCs) work with the SBA and private sector lenders to provide financing to small businesses through the 504 Loan Program. The SBA 504 Loan Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings, ranging from \$5.0 million to \$5.5 million. Generally, the loan structure includes a 10.0 percent equity investment by the small business, 40.0 percent participation from the CDC, and 50.0 percent participation by the bank. This program benefits borrowers as it offers long-term fixed-rate full amortization, no balloon payments, a low down payment, and financing for fees and equity contributions. The bank originated 10 loans for \$1.2 million during the

evaluation period.

Community Development Lending

Century Bank made an adequate level of community development loans. The bank originated nine community development loans, totaling approximately \$38.2 million, during the evaluation period. The number of community development loans decreased from the previous examination from 16 to 9, but the dollar amount increased by \$7.8 million from \$30.4 million. The current level of activity represents 0.9 percent of average total assets and 2.2 percent of average total loans since the prior CRA evaluation.

The bank originated all of the qualified community development loans within the AA. The bank is responsive to the AA's affordable housing needs, especially considering the competition between institutions to finance such products. The bank made three community development loans for affordable housing, including two loans to support a significant project in Somerville. The following table details the bank's community development loans by purpose and year.

Community Development Lending												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	1	35	1	6,300	0	0	0	0	0	0	2	6,335
2016	2	11,500	2	10,670	0	0	0	0	0	0	4	22,170
YTD	0	0	3	9,725	0	0	0	0	0	0	3	9,725
Total	3	11,535	6	26,695	0	0	0	0	0	0	9	38,230

Source: Bank Records

The following are examples of the bank's community development loans:

- In 2016, the bank made a \$4.3 million loan to finance new construction and provide working capital to a community service organization located in a low-income neighborhood in Boston. The organization offers medical, social, early intervention, and substance abuse counseling services to its clients. More than 75 percent of its clients are from Boston's lowest income neighborhoods and Medicare and Medicaid funds a majority of clients' services.
- In 2016, the bank made a \$6.4 million loan to a nonprofit organization that serves an area in Woburn that includes the two moderate-income neighborhoods. The organization's mission is to enable all young people, especially those who are most in need, to reach their full potential. The loan provided funding for the renovation and expansion of the organization's Woburn facility. A majority of clientele are low- and moderate-income.
- In 2016, the bank made loans for \$9.5 million and \$2.0 million to an organization in Somerville to finance an affordable housing project. The funds will be used to renovate

an old waterworks facility in Somerville and construct 25 units of Section 8 eligible elderly housing on the property.

- In 2017, the bank made an \$8.0 million loan to a charter school in a moderate-income neighborhood in Boston. The majority of students that attend school qualify for free or reduced-price meals under the U.S. Department of Agriculture’s National School Lunch Program.

INVESTMENT TEST

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

Investment Activity

Based upon the institution’s financial ability, its capacity to invest, and the opportunities available within the AA, Century Bank made an excellent level of qualified investments and donations.

During the evaluation period, Century Bank made 380 qualified investments totaling \$45.1 million. Of these, 22 for approximately \$44 million are equity investments. This equates to 1.1 percent of average total assets and 2.1 percent of average securities since the last evaluation. Since the last evaluation, the bank’s qualified investments increased by 39.2 percent, as compared to assets that increased by 28.1 percent.

The following table illustrates the bank’s qualified investments by purpose.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Prior Period	11	14,058	0	0	1	7	2	1,500	0	0	14	15,565
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	2	4,219	0	0	0	0	0	0	0	0	2	4,219
2016	5	20,960	0	0	0	0	0	0	0	0	5	20,960
YTD 2017	1	3,210	0	0	0	0	0	0	0	0	1	3,210
Subtotal	19	42,447	0	0	1	7	2	1,500	0	0	22	43,954
Qualified Grants & Donations	31	160	314	968	6	8	7	12	0	0	358	1,148
Total	50	42,607	314	968	7	15	9	1,512	0	0	380	45,102

Source: Bank Records

The following are examples of the bank’s qualified investments and donations.

Equity Investments

The bank currently has 22 community development equity investments. Of these, eight totaling \$28.4 million are new, since the last evaluation.

The majority of the equity investments are in mortgage-backed securities (MBS) that target low- and moderate-income borrowers. The level of qualified investments is higher than the previous evaluation. At that evaluation, qualified equity investments totaled \$31.9 million and represented 1.8 of the bank's total investments.

Current Period Investments

- *Federal National Mortgage Association (FNMA) MBS* – FNMA offers CRA-targeted securities that are tailored to meet the community development investment needs of a financial institution. Residential mortgage loans back these securities. A substantial majority of these loans were originated to low- and moderate-income borrowers. Century Bank purchased eight securities during the examination period totaling approximately \$28.4 million. The MBS directly benefit the AA.

Prior Period Investments

- *FNMA MBS* – The bank continues to hold nine FNMA MBS targeting low- and moderate-income individuals that have a current book value of approximately \$13.0 million. The investments benefitted the AA.
- *Government National Mortgage Association (GNMA) MBS* – The bank previously purchased two GNMA MBS that have a current book value of approximately \$1.1 million. The investments benefitted the AA as well as low- and moderate-income individuals.
- *Access Capital Strategies Community Investment Fund, Inc. (ACSCIF)* – The bank continues to hold an investment with a \$1.5 million current book value. The ACSCIF is a Security Exchange Commission (SEC)-registered fund structured as a business development company. The fund's primary purpose is to provide a secondary market and financing vehicle for community development loan originators. The fund invests in private placement debt securities specifically designated to support underlying community development activities targeted to serve low- and moderate-income individuals, including affordable housing, education, small business lending, and other job creating investments within MA. This investment benefitted a greater statewide area that includes the AA.
- *Massachusetts Business Development Corporation (MBDC)* – The bank continues to hold common stock in the MBDC, which provides financing to growing businesses throughout MA. The current book value is \$7,000. This investment benefitted a greater statewide area that includes the AA.

Donations

The bank's donations totaled \$1,148,201 during the evaluation period, a substantial increase from last evaluation where donations totaled \$539,005. Qualified donations for 2015 and 2016 represented approximately 1.3 percent of pre-tax net operating income for the respective years. During the previous evaluation, qualified donations for 2012 and 2013 represented 0.9 percent and 1.0 percent of pre-tax net operating income, respectively.

The following are examples of organizations that received qualified donations and grants from the bank.

- *Somerville Housing Authority (SHA)* – SHA provides access to subsidized housing for eligible low- and moderate-income families and elderly. SHA maintains more than 1,400 units of affordable housing.
- *Lynn Housing Authority & Neighborhood Development (LHAND)* – LHAND's mission is to assist low- and moderate-income families and individuals with safe and affordable housing. LHAND provides a wide range of neighborhood services and funds various grant and loan programs that address the needs of renters, owners, homebuyers, and nonprofit housing providers.
- *Massachusetts Affordable Housing Alliance (MAHA)* – MAHA educates and mobilizes individuals and communities to increase affordable and sustainable homeownership across Massachusetts. MAHA's efforts resulted in affordable mortgages for more than 20,000 homebuyers and more than \$9 billion in public and private investment in affordable housing.
- *Boys and Girls Club* – The Boys and Girls Clubs enable young people, especially those facing great need, to reach their full potential. The bank supports the Boys and Girls Clubs throughout the AA including locations in Woburn, Medford, Somerville, and Chelsea. These donations benefit low- and moderate-income areas and individuals.
- *Bottom Line* – Bottom Line is committed to serving and preparing low-income, first generation students in the Boston area for college, graduate, and establishing a career path. The donation assists education and workforce development.
- *Catholic Charities of Archdiocese of Boston* – Catholic Charities assists with food, rent, utilities, and clothing in Eastern Massachusetts. The bank has maintained a relationship with this organization over several evaluation cycles. The donations assist individuals in need, primarily low-income individuals. The charity serves the AA and a broader statewide regional area.
- *Dimock Community Foundation* – The Dimock Community Foundation's Health Center provides Boston residents with convenient access to high quality, low-cost health care and human services that might not otherwise be available to the communities they serve. The Dimock Community Foundation's Health Center serves the Boston neighborhoods of Roxbury, Dorchester, Mattapan, Jamaica Plain, and Hyde Park. These neighborhoods

consist of primarily low- and moderate-income families. The bank has continued to support the Dimock Community Foundation over several evaluation cycles. This continued financial commitment demonstrates the bank's responsiveness to the community.

- *Public Schools* – Over the evaluation period, the bank donated to various public schools within the AA that predominately serve low- and moderate-income students. Schools include Prospect Hill Academy Charter School, Neighborhood House Charter School, Somerville Public Schools, Everett Public Schools, Mystic Valley Regional Charter School, Boston Renaissance Public Charter School, and Greater Lawrence Technical School.
- *Family Promise MetroWest* – This organization is a cooperative, interfaith partnership offering transitional shelter, meals, and supportive care management to homeless families and children as they seek permanent housing.

Responsiveness to Credit and Community Development Needs

Century Bank exhibits excellent responsiveness to credit and community economic development needs. The community contact identified affordable housing as the primary need for low- and moderate-income individuals in the AA. A key part of responding to this need includes making financing available to low- and moderate-income borrowers to purchase homes. The bank purchased a significant majority of investments by dollar amount in the form of MBS during the evaluation period. Purchasing MBS helps to maintain a pool of capital to finance mortgages to borrowers, including low- and moderate-income individuals. The MBS directly target borrowers and properties located in the AA. Of the eight securities purchase during the evaluation period, seven have 100 percent of their face value supported by loans to low- and moderate-income borrowers. The other prior period equity investments continue to support the AA by providing financing to community development projects that include education, small business lending, and job creation. Donations to support needs of the AA were identified, including organizations with missions focusing on affordable housing.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments. The vast majority of the bank's current period equity investments are MBS that promote affordable housing. Though MBS are a common equity investment throughout the industry, many of Century Bank's securities are particularly responsive as they directly target the AA and the underlying mortgages are wholly to low- and moderate-income borrowers.

The remaining qualified investments are in the form of donations and grants, which many financial institutions routinely provide.

SERVICE TEST

Century Bank is rated High Satisfactory under the Service Test. The following sections address the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the AA. Alternative delivery systems supplement the bank's branches.

Branch Distribution

In addition to its main office in Medford, Century Bank and Trust operates 26 full-service branches located in Allston, Andover, Beverly, Boston (4), Braintree, Brookline (2), Burlington, Cambridge, Chestnut Hill, Everett, Lynn, Malden, Medford (2), Newton, Peabody, Quincy, Salem, Somerville, Wellesley, Winchester, and Woburn. The following table illustrates the distribution of retail bank branches.

Branch Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	88	15.1	330,494	13.1	4	14.8
Moderate	125	21.5	544,758	21.6	8	29.7
Middle	201	34.6	960,734	38.1	6	22.2
Upper	155	26.7	681,744	27.1	9	33.3
NA	12	2.1	1,629	0.1	0	0.0
Total	581	100.0	2,519,359	100.0	27	100.0

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

Of the 27 branches, 12 or 44.5 percent are located in low- and moderate-income tracts. Specifically, 4 or 14.8 percent, operate in low-income census tracts. This is slightly lower than the percentage of low-income tracts in the AA and slightly above the population located in low-income tracts. The bank has 8 or 29.7 percent of its branches in moderate-income tracts, which exceeds both the percentage of moderate-income tracts and the population located in moderate-income tracts.

All branches offer the complete line of products and services, and a majority offer drive-up services.

Alternative Delivery Systems

ATMs, providing 24-hour account access are at each branch. In addition to these ATMs, Century Bank has 17 freestanding ATMs. Two of these ATMs are located in low-income census tracts, three are located in moderate-income census tracts, four are located in middle-income census tracts, and eight are located in upper-income census tracts.

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

Online Banking – This service allows customers to view account balances, transfer funds, and perform online bill payments, and other services through the bank's website.

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 Century Bank ATM. In addition, the bank participates in the SUM ATM network, which allows customers to use any SUM program ATM surcharge free.

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.

Text Banking – Customers without access to a smartphone can access account information and review their four most recent transactions through the text banking service.

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income individuals and geographies. The bank opened one branch in a middle-income census tract in Woburn and relocated two branches within Boston and Wellesley. The branch relocation in Boston moved from a middle-income census tract in Kenmore Square to an upper-income tract in the neighboring Back Bay area. Similarly, the relocation in Wellesley moved from an upper-income tract to another neighboring upper-income census tract in Wellesley.

Reasonableness of Business Hours and Services

Overall, business hours and services do not vary in a way that would inconvenience portions of the AA, particularly low- and moderate-income geographies or individuals. Branch hours are generally consistent at each location, with hours from 8:30 A.M. to 4:00 P.M. from Monday to Wednesday, 8:30 A.M. to 5:00 P.M. on Thursday and Friday, and from 9:00 A.M. to 1:00 P.M. on Saturday. Hours vary slightly at a few locations.

Community Development Services

The bank provides a relatively high level of qualified community development services within its AA. A majority of the bank's community development service activity consisted of bank officers and employees serving on the boards of organizations and providing first-time homebuyers and financial literacy classes to low- and moderate-income individuals. During the evaluation period, employees provide 169 instances of financial expertise or technical assistance to community development related organizations. The following table illustrates these instances by year and purpose

Community Development Services

Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2014	6	10	1	0	0	17
2015	13	37	2	0	0	52
2016	18	44	2	0	0	64
YTD 2017	14	19	2	1	0	36
Total	51	110	7	1	0	169

Source: Bank Records

Employee Involvement

The bank devotes time and resources to assisting with community development initiatives within its AA as representatives serve in leadership roles in community-based organizations. The following are examples of the organizations in which the bank officers are involved.

- *Codman Square Neighborhood Development Corporation* – This organization’s mission is to develop affordable housing and commercial space for low- and moderate-income residents in Codman Square and South Dorchester. Additionally, the corporation promotes economic development and community building in the area. The bank’s CRA officer serves as a Board member.
- *A Better Tomorrow Services* – A community-based organization located in Everett. A Better Tomorrow focuses on assisting underserved low-income families with bilingual parenting education, advocacy, case management, health issues, English as a second language, and computer applications skills. A branch manager serves as a Board member.
- *Mystic Valley Elder Services* – This organization’s mission is to support the rights of elders and adults living with disabilities to live independently and with dignity in a setting of their own choice. Services offered include food assistance, health care referral, money management, elder abuse prevention, and housing placement. The majority of individuals served are low- and moderate-income. A branch manager serves as a Board member.
- *Massachusetts General Hospital Committee on Community Health* – With a service area encompassing Charlestown, Chelsea, Everett, and Revere, this organization’s mission is to improve access to healthcare for low- and moderate-income individuals. The President of the bank serves as a Board member.
- *St. Mary’s Plaza* – Located in Lynn, this organization provides affordable rental housing for low- and moderate-income seniors and the mobility impaired. A branch manager serves on the Board.

- *Massachusetts Business Development Corporation (Corporation)* – This Corporation provides financing and investment capital to small businesses located in New England, including the AA. Products offered include SBA 7a and 504 loans, and other types of gap financing. Gap financing is supplemental assistance that bridges the gap between conventional financing and the greater needs of business and industry. An executive vice president serves as a Board member.
- *Black Ministerial Alliance* – This organization serves as an intermediary in partnership with nonprofits, churches, and ministries to deliver community development services to low-income youth and their families. The bank’s CRA Officer serves on the organization’s Housing and Economic Development Committee.

Educational Services and Seminars

Employees conducted and participated in numerous seminars designed to educate consumers about banking and the products available to meet their specific needs. Community contacts identified financial education as a need. The following are notable examples of financial education.

- *First Time Homebuyers* – Employees presented at 22 first time homebuyer classes during the evaluation period that targeted low- and moderate-income individuals. Employees presented the classes in Spanish and Mandarin with various community development organizations. These include the Asian CDC, Arlington Community Trabajando, Community Service Network, Lawrence Community Works, Cambridge Community Development Department, Quincy Community Action Programs, and the Lynn Housing Authority.
- *Money Smart* – This financial literacy program helps low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. Over the evaluation period, the bank provided 69 seminars that targeted low- and moderate-income individuals. The bank held classes with various community development organizations including the Somerville Housing Authority, Nuestra Comunidad Development Corporation, Jewish Family and Children’s Services, and the Mystic Valley Elder Services.

Other Services

- *Interest on Lawyers Trust Account (IOLTA)* – Under an agreement with the Massachusetts Bar Association, interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income individuals requiring legal services. These include real estate, predatory lending, and other-related issues. The bank is recognized as a “Leadership Institution” as the interest rate it pays on its IOLTA accounts is above the base eligibility requirement. IOLTA deposit account earnings totaled approximately \$1.0 million over the evaluation period.

- *Basic Banking* – Century Bank is a member of the Massachusetts Community & Banking Council’s Basic Banking Program. This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION		
Examiners utilized Large Bank CRA Evaluation procedures.		
TIME PERIOD REVIEWED	HMDA and small business loans - 2015 and 2016. CD loans, qualified investments, and community services - September 8, 2014 through November 6, 2017	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Century Bank		HMDA and Small Business
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
None	N/A	N/A

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Boston-Cambridge-Newton, MA-NH MSA	Full-Scope	NA	N/A

FAIR LENDING POLICIES AND PROCEDURES

Examiners reviewed the bank's fair lending performance to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of anti-discrimination laws and regulations.

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 AA reflected the AA's demographics.

According to the 2010 U.S. Census Data, the bank's AA contained a population of 2,519,359 individuals of which 33.4 percent are minorities. The AA's minority and ethnic population are 9.3 percent Black/African American, 8.4 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 12.6 percent Hispanic or Latino, and 3.0 percent other.

Examiners compared the bank's lending to that of the aggregate's lending performance level for the most recent year that data was available, the year 2015. Comparing this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's AA.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	2	0.3	0.1	4	0.6
Asian	53	7.0	7.5	47	6.9
Black/ African American	30	3.9	4.1	24	3.5
Hawaiian/Pacific Islander	1	0.1	0.1	1	0.2
2 or more Minority	1	0.1	0.1	0	0.0
Joint Race (White/Minority)	6	0.8	1.7	7	1.0
Total Minority	93	12.2	13.6	83	12.1
White	542	71.0	61.2	470	68.6
Race Not Available	128	16.8	25.2	132	19.3
Total	763	100.0	100.0	685	100.0
ETHNICITY					
Hispanic or Latino	33	4.3	5.3	35	5.1
Not Hispanic or Latino	580	76.0	68.9	498	72.7
Joint (Hisp/Lat /Not Hisp/Lat)	11	1.4	1.0	4	0.6
Ethnicity Not Available	139	18.2	24.8	148	21.6
Total	763	100.0	100.0	685	100.0

Source: US Census 2010, HMDA Aggregate Data 2015, HMDA LAR Data 2015 and 2016*Due to rounding, totals may not equal 100.0 percent.

In 2015, the bank received 763 HMDA reportable loan applications from within its AA. Of these applications, the bank received 93 or 12.2 percent from minority applicants, of which 52 or 55.9 percent resulted in originations. The aggregate received 111,652 HMDA reportable loan applications of which it received 15,268 or 13.6 percent from minority applicants and originated 10,100 or 66.2 percent. For the same time, the bank also received 44 or 5.8 percent of applications from ethnic groups of Hispanic origin within its AA of which it originated 24 or 54.5 percent versus the aggregate that received 7,071 applications or 6.3 percent of which it originated 4,427 or 62.6 percent.

For 2016, the bank received 685 HMDA reportable loan applications from within its AA. Of these applications, the bank received 83 or 12.1 percent from from minority applicants, of which 40 or 48.1 percent resulted in originations. For the same time, the bank received 39 or 5.7 percent of applications from ethnic groups of Hispanic origin within its AA of which it originated 24 or 61.5 percent.

Considering the demographic composition of the AA and comparisons to aggregate data in 2015, the bank's minority application flow is adequate.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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

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

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

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