

PUBLIC DISCLOSURE

September 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

East Cambridge Savings Bank
RSSD # 738303

292 Cambridge Street
Cambridge, MA 02141

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The following table indicates the performance level of East Cambridge Savings Bank (ECSB or the bank) with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	East Cambridge Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

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

The major components supporting the ratings in the above referenced table include the following:

Lending Test

- The bank has made a low level of community development loans.
- Good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the bank’s assessment area.
- An adequate percentage of the bank’s loans are made in its assessment area.
- A good geographic distribution of loans in the bank’s assessment area.
- A good distribution, particularly in the bank’s assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- A good record of serving the credit needs of highly economically disadvantaged areas in the bank’s assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

Investment Test

- An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.

- Occasional use of innovative or complex qualified investments.
- Good responsiveness to credit and community development needs.

Service Test

- The bank's service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- 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 in low- or moderate-income geographies and to low- or moderate-income individuals.
- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies and low- or moderate-income individuals.
- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

ECSB is a state-chartered mutual bank, headquartered at 292 Cambridge Street, Cambridge, Massachusetts. Established in 1854, ECSB is wholly owned by bank holding company (BHC), 1854 Bancorp. The bank has two wholly owned subsidiaries, Lee-Way Realty Corporation and East Cambridge Savings Security Corporation. In addition to ECSB, the BHC is parent to 1854 Securities LLC. In August, 2022, ECSB acquired Patriot Community Bank (Patriot), a single-location state member bank in Woburn, Massachusetts.

In addition to the headquarters, the bank maintains 11 full-service branches, one of which is a student educational training facility housed at the Cambridge Rindge and Latin School in Cambridge, Massachusetts. The educational training facility is not open to the public and offers limited hours during the school year. Nine of the other ten branches are in Middlesex County, which is part of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), and are located in Arlington, Belmont, Cambridge, Malden, Medford (2), Somerville, Waltham, and Woburn. The other branch is in Chelsea, which is in Suffolk County in the Boston, MA MD. The Woburn branch was opened as part of the acquisition of Patriot. The bank maintains an interactive teller machine in Somerville, which enables customers to make deposits, speak with a customer service representative, transfer between accounts, and make loan payments.

The bank offers personal and business products and services such as checking accounts, savings accounts, residential mortgage loans, energy efficiency loans, business loans and lines of credit, commercial real estate loans, and construction financing. The bank also offers personal and business online and mobile banking services such as mobile check deposit, bill pay, money transfers, balance alerts, mobile debit card controls, and Zelle.

As of June 30, 2023, assets totaled \$1.6 billion, loans totaled \$1.3 billion, and deposits totaled

\$1.4 billion. Since the last evaluation, assets increased by 32.9 percent, which was primarily driven by a \$405.4 million, or 43.1 percent, increase in loans. The \$405.4 million increase in loans was primarily attributed to a \$227.8 million, or 46.1 percent, increase in 1-4 family closed-end first lien loans and a \$79.6 million, or 62.1 percent, increase in multifamily loans as a result of the acquisition of Patriot. Total deposits increased gradually from December 31, 2020 through March 31, 2022 from \$1.04 billion to \$1.17 billion. From March 31, 2022 to September 30, 2022, the deposits increased from \$1.17 billion to \$1.41 billion primarily as a result of the acquisition of Patriot.

Table 1 shows the bank’s loan portfolio composition, by dollar, as of June 30, 2023.

Table 1 Loan Distribution as of June 30, 2023		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	763,265	56.4
Commercial*	579,296	42.8
Consumer	11,124	0.8
Total Loans	1,353,685	100.0

Call Report as of June 30, 2023.

**May include construction, land development, and other land loans reported on the HMDA LAR*

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Residential real estate loans, which are comprised of revolving, open-end loans secured by 1-4 family residential properties and closed-end first and junior liens secured by 1-4 family residential properties account for the majority of the bank’s loans by dollar amount, at 56.4 percent. Commercial loans, which include 1-4 family residential construction, other construction, multifamily residential properties, owner-occupied nonfarm nonresidential properties, other nonfarm nonresidential properties, and commercial and industrial loans, account 42.8 percent of the bank’s loans by dollar amount. Consumer loans account for 0.8 percent of the bank’s loans by dollar amount.

The bank operates in a highly competitive geographic area for deposits amongst numerous national, regional, and community banks. According to the June 30, 2022 Federal Deposit Insurance Corporation Deposit Market Share Report, the bank ranked 14th of 36 depository institutions for deposit market within the assessment area, at 2.5 percent. Bank of America, N.A., ranked 1st in deposit market share, at 25.4 percent, and Citizens Bank, N.A., ranked 2nd, at 14.0 percent. Community banks with higher deposit market share compared to ECSB include Cambridge Savings Bank, at 6.9 percent, Eastern Bank, at 6.7 percent, Watertown Savings Bank, at 2.7 percent, and Brookline Bank, at 2.6 percent.

Given the volume of depository institution branches within the assessment area, including community banks and national banks, and the breadth of national mortgage companies operating in the assessment area, the bank operates in a highly competitive geographic area for residential loans. From 2020 to 2022, in each year, there were at least 425 originators and/or purchasers of residential mortgage loans in the assessment area. Guaranteed Rate, Inc., Leader Bank, N.A., and Citizens Bank, N.A., were in the top three home mortgage lenders in the assessment area during the evaluation period. Other national lenders consistently in the top 10 were Rocket Mortgage,

LLC., and JP Morgan Chase Bank, N.A. In each year of the evaluation period, the bank ranked at least within the 90th percentile in mortgage originations and purchases in the assessment area.

In regard to small business lending, the bank operates in a competitive geographic area. In 2020 and 2021, numerous national, regional, and community banks, including ECSB, were active originators of Small Business Administration (SBA) Payment Protection Program (PPP) loans. PPP loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act, and were designed to help businesses retain workers and staff during the economic hardship resulting from the COVID-19 pandemic.

In each year of the evaluation period, Bank of America, N.A., and American Express, N.B, were the top small business lenders in the assessment area. In 2020 and 2021, other top small business lenders in the assessment area included Citizens Bank, N.A, Eastern Bank, and JP Morgan Chase Bank, N.A. In 2020, the bank was in the 86th percentile in the origination of small business loans in the assessment area, and in 2021, the bank was in the 87th percentile. In 2022, the bank was in the 56th percentile for the origination of small business loans in the assessment area.

Considering the bank’s financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank demonstrated an ability to meet the credit needs of the assessment area. There are no legal or financial impediments that would impact the bank’s ability to meet the credit needs of the assessment areas in which it operates.

Table 2 illustrates the composition of ECSB’s assessment area.

Table 2 Assessment Area		
MSA/MD	Counties	Cities/Towns
Boston, MA MD	Suffolk	Chelsea and Revere
Cambridge-Newton-Framingham, MA MD	Middlesex	Arlington, Belmont, Cambridge, Everett, Lexington, Malden, Medford, Newton, Somerville, Waltham, Watertown, Winchester, and Woburn*
	Essex	Lynn and Saugus

**Added to the assessment area as on August 1, 2022*

The assessment area includes portions of Suffolk County in the Boston, MA MD and portions of Middlesex and Essex Counties in the Cambridge-Newton-Framingham, MA MD. Woburn was added to the assessment area effective August, 2022 as part of the acquisition of Patriot.

Tables 3 and 4 detail pertinent demographic data related to the bank’s assessment area. Table 3 contains the demographic data applicable to the bank’s performance in 2020 and 2021, and Table 4 contains the demographic data applicable to the bank’s performance in 2022.

Table 3 2020 - 2021 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	22	11.2	21,456	10.6	4,473	20.8	54,509	26.8
Moderate	55	27.9	56,420	27.8	7,158	12.7	34,705	17.1
Middle	65	33.0	68,840	33.9	3,978	5.8	38,090	18.8
Upper	55	27.9	56,331	27.7	1,672	3.0	75,743	37.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	197	100.0	203,047	100.0	17,281	8.5	203,047	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	37,315	9,687	5.6	26.0	25,260	67.7	2,368	6.3
Moderate	102,345	39,402	22.6	38.5	56,761	55.5	6,182	6.0
Middle	133,458	65,940	37.9	49.4	59,700	44.7	7,818	5.9
Upper	91,754	59,142	34.0	64.5	27,655	30.1	4,957	5.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	364,872	174,171	100.0	47.7	169,376	46.4	21,325	5.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	4,418	9.5	3,917	9.4	474	11.3	27	10.3
Moderate	8,836	19.1	8,201	19.6	586	14.0	49	18.6
Middle	18,235	39.4	15,980	38.2	2,163	51.7	92	35.0
Upper	14,788	32.0	13,734	32.8	959	22.9	95	36.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	46,277	100.0	41,832	100.0	4,182	100.0	263	100.0
Percentage of Total Businesses:				90.4		9.0		0.6
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

Table 4 2022 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	8.4	17,093	8.2	3,425	20.0	51,616	24.7
Moderate	63	28.0	58,576	28.0	5,543	9.5	36,112	17.3
Middle	62	27.6	58,434	27.9	2,967	5.1	39,969	19.1
Upper	77	34.2	73,405	35.1	1,906	2.6	81,447	38.9
Unknown	4	1.8	1,636	0.8	191	11.7	0	0.0
Total AA	225	100.0	209,144	100.0	14,032	6.7	209,144	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	29,202	7,147	4.0	24.5	20,678	70.8	1,377	4.7
Moderate	103,345	42,273	23.6	40.9	55,127	53.3	5,945	5.8
Middle	113,270	53,521	29.9	47.3	53,301	47.1	6,448	5.7
Upper	127,451	74,585	41.7	58.5	45,946	36.0	6,920	5.4
Unknown	3,278	1,278	0.7	39.0	1,802	55.0	198	6.0
Total AA	376,546	178,804	100.0	47.5	176,854	47.0	20,888	5.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	2,505	5.4	2,274	5.5	218	5.3	13	4.3
Moderate	10,668	23.1	9,524	22.8	1,076	26.3	68	22.7
Middle	14,159	30.7	12,587	30.2	1,488	36.4	84	28.1
Upper	18,511	40.2	17,078	40.9	1,300	31.8	133	44.5
Unknown	251	0.5	245	0.6	5	0.1	1	0.3
Total AA	46,094	100.0	41,708	100.0	4,087	100.0	299	100.0
Percentage of Total Businesses:				90.5		8.9		0.6
<i>Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Based on the 2015 American Community Survey (ACS), there were 197 tracts in the assessment area, of which 22 tracts, or 11.2 percent, were low-income, 55 tracts, or 27.9 percent, were moderate-income, 65 tracts, or 33.0 percent, were middle-income, and 55 tracts, or 27.9 percent, were upper-income. As of the 2020 U.S. Census¹ (Census), there were 225 tracts in the assessment area, of which 19 tracts, or 8.4 percent, were low-income, 63 tracts, or 28.0 percent, were moderate-income, 62 tracts, or 27.6 percent, were middle-income, 77 tracts, or 34.2 percent, were upper-income, and 4 tracts, or 1.8 percent, were unknown-income.

¹ Based on the FFIEC’s methodology for determining sufficiently accurate data sources to use in examinations, the bank’s 2020 and 2021 residential mortgage lending performance was compared to demographics from the ACS and the bank’s 2022 residential mortgage lending performance was compared to demographics from the Census.

Table 5 illustrates the dispersion of low- and moderate-income tracts in the cities and towns in the assessment area based on the ACS and Census.

Table 5				
Assessment Area Low- and Moderate-Income Tracts				
City/Town	2015 ACS		2020 U.S. Census	
	Low	Moderate	Low	Moderate
Arlington	0	0	0	1
Cambridge	1	7	2	4
Chelsea	1	6	2	6
Everett	4	4	1	9
Lynn	12	7	8	12
Malden	2	8	2	4
Medford	0	4	0	4
Revere	1	8	2	7
Saugus	0	1	0	2
Somerville	1	7	2	4
Waltham	0	3	0	5
Watertown	0	0	0	2
Woburn	0	0	0	3
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>				
<i>2016-2020 U.S. Census Bureau: American Community Survey</i>				

The City of Lynn had the largest concentration of low- and moderate-income tracts in the assessment area. Other notable concentrations of low- and moderate-income tracts were in Cambridge, Chelsea, Everett, Malden, Revere, and Somerville. The cities and towns of Belmont, Lexington, Newton, and Winchester did not have any low- or moderate-income tracts based on either the ACS or the Census during the evaluation period.

Housing

Based on the Census, the assessment area includes 376,546 housing units, of which 7.8 percent were in low-income tracts, 27.4 percent were in moderate-income tracts, 30.1 percent were in middle-income tracts, 33.8 percent were in upper-income tracts, and 0.9 percent were in unknown-income tracts. Compared to the data from the ACS, the number of total housing units increased by 3.1 percent and the dispersions of housing units by tract-income remained stable with the exception of a 9.5 percent increase, by number, of the proportion of housing units in upper-income tracts. The larger share of housing units in moderate-income tracts compared to the low-income tracts suggests greater opportunity to originate home mortgage loans in the moderate-income tracts compared to low-income tracts.

Of all the housing units in the assessment area, 47.5 percent are owner-occupied, 47.0 percent are rental units, and 5.5 percent are vacant. Based on the Census, the median housing value in the assessment area was \$608,378, which represents a 40.5 percent increase compared to the median

housing value of the ACS.

Table 6 illustrates more recent data on the median sales price of single-family homes and condos for each city and town in the assessment area.

Table 6			
Median Sales Price			
City/Town	2020	2021	2022
Arlington	\$ 805,000	\$ 866,500	\$ 990,000
Belmont	\$ 1,010,000	\$ 1,132,500	\$ 1,200,000
Cambridge	\$ 970,000	\$ 930,000	\$ 1,075,000
Chelsea	\$ 450,000	\$ 485,000	\$ 510,000
Everett	\$ 550,000	\$ 583,500	\$ 625,000
Lexington	\$ 1,210,000	\$ 1,340,500	\$ 1,380,000
Lynn	\$ 422,500	\$ 475,000	\$ 500,000
Malden	\$ 550,000	\$ 600,000	\$ 615,777
Medford	\$ 660,000	\$ 730,000	\$ 775,000
Newton	\$ 1,100,000	\$ 1,225,000	\$ 1,325,000
Revere	\$ 510,000	\$ 550,000	\$ 600,000
Saugus	\$ 484,950	\$ 535,000	\$ 590,000
Somerville	\$ 900,000	\$ 910,000	\$ 940,000
Waltham	\$ 640,000	\$ 670,000	\$ 710,000
Watertown	\$ 650,000	\$ 715,000	\$ 800,000
Winchester	\$ 1,062,000	\$ 1,200,000	\$ 1,243,125
Woburn	\$ 545,000	\$ 590,635	\$ 635,000

Source: The Warren Group, Boston, MA

The average median sales prices of single-family homes and condos for the cities and towns comprising the assessment area increased by 16.1 percent from 2020 to 2022. Arlington, Newton, Saugus, and Watertown all increased by more than 20.0 percent during this period. The median sales price ranged from a low of \$422,000 in Lynn in 2020 to a high of \$1.38 million in Lexington in 2022. Based on an analysis of median home sale prices in each town compared to the median family incomes by year, the cities and towns of Chelsea, Everett, Lynn, Malden, Medford, Revere, Saugus, Waltham, Watertown, and Woburn likely presented the best opportunity for banks to originate home mortgage loans to moderate-income borrowers. With the exception of Lynn, it would likely have been more challenging to originate home mortgage loans to low-income borrowers in the remainder of cities and towns in the assessment area based on the high value of single-family homes and condos.

Business Characteristics

According to 2022 Dun & Bradstreet (D&B), Short Hills, NJ, data, there were 46,094 businesses within the assessment area, of which 5.4 percent were in low-income tracts, 23.1 percent were in

moderate-income tracts, 30.7 percent were in middle-income tracts, 40.2 percent were in upper-income tracts, and 0.5 percent were in unknown-income tracts. From 2020 to 2022, the percentage of businesses in low-income tracts decreased by 4.2 percent, the percentage of businesses in moderate-income tracts increased by 3.9 percent, the percentage of businesses in middle-income tracts decreased by 9.1 percent, and the percentage of businesses in upper-income tracts increased by 7.9 percent. From 2020 to 2022, the percentage of businesses with gross annual revenue (GARs) of \$1 million or less increased slightly from 90.3 percent to 90.5 percent.

Population

Based on the Census, the assessment area has a total population of 968,656 individuals, of which 8.4 percent reside in low-income tracts, 28.6 percent reside in moderate-income tracts, 29.0 percent reside in middle-income tracts, 33.0 percent reside in upper-income tracts, and 1.1 percent reside in unknown-income tracts. Compared to the ACS demographic data, the population in low-income tracts decreased by 1.5 percent, the population in moderate-income tracts increased 1.4 percent, the population in middle-income tracts decreased by 3.7 percent, and the population in upper-income tracts increased by 9.0 percent.

Of the 209,144 families in the assessment area, 8.2 percent reside in low-income tracts, 28.0 percent reside in moderate-income tracts, 27.9 percent reside in middle-income tracts, 35.1 percent reside in upper-income tracts, and 0.8 percent reside in unknown-income tracts. Of the families in the assessment area, 24.7 percent are low-income, 17.3 percent are moderate-income, 19.1 percent are middle-income, and 38.9 percent are upper-income. Although the dispersion of families by income category remained stable from the ACS to the Census, the percentage of families below the poverty level decreased from 8.5 percent to 6.7 percent.

Income

The Federal Financial Institutions Examination Council (FFIEC) adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above.

Table 7 displays the MFI incomes for each MSA comprising a portion of the assessment area and the state non-MSA/MD family incomes for Massachusetts.

Table 7			
Median Family Income			
MSA/MD	2020	2021	2022
Cambridge-Newton-Framingham, MA	\$118,800	\$120,200	\$138,700
Boston, MA	\$109,800	\$113,700	\$129,500
Massachusetts*	\$109,900	\$111,700	\$119,400
<i>FFIEC median family income estimates</i>			
<i>*Represents non-MSA portions of the state</i>			

From 2020 to 2022, the MFI for the Cambridge-Newton-Framingham, MA MD increased by 16.8 percent, the Boston, MA MD increased by 17.9 percent, and the Massachusetts non-MSA increased by 8.7 percent. As discussed above, although the MFIs for these areas increased from 2020 to 2022, the median sales price of homes in the cities and towns comprising the assessment area increased at a similar rate during the same period, which suggests minimal changes in home affordability.

Employment Statistics

Table 8 illustrates the Bureau of Labor Statistics non-seasonally adjusted unemployment rates for each city and town in the assessment area during the evaluation period.

Table 8			
Unemployment Rate			
City/Town	2020	2021	2022
Arlington	6.0%	3.8%	2.5%
Belmont	6.3%	4.1%	2.7%
Cambridge	5.3%	3.4%	2.5%
Chelsea	12.8%	6.7%	4.0%
Everett	11.5%	5.8%	3.4%
Lexington	5.7%	3.8%	2.7%
Lynn	13.2%	7.7%	4.6%
Malden	12.0%	6.1%	3.5%
Medford	7.9%	4.5%	3.1%
Newton	6.3%	3.9%	2.7%
Revere	14.6%	7.0%	4.2%
Saugus	11.0%	6.2%	4.0%
Somerville	6.9%	4.0%	2.6%
Waltham	7.5%	4.7%	3.2%
Watertown	7.2%	3.9%	2.7%
Winchester	6.1%	4.0%	2.8%
Woburn	8.9%	4.9%	3.4%

Source: U.S. Bureau of Labor Statistics

Due to the COVID-19 pandemic in 2020, unemployment rates spiked across all cities and towns in the assessment area. On average, unemployment rates increased in each municipality by 6.4 percent from 2019 to 2020. In 2020, the unemployment rate ranged from a low of 5.3 percent in Cambridge to a high of 14.6 percent in Revere. The City of Revere experienced an 11.5 percent increase in unemployment and unemployment rates in Chelsea and Lynn increased nearly 10.0 percent. The municipalities of Chelsea, Everett, Lynn, Malden, and Saugus also experienced more than double digit unemployment rates. From 2020 to 2022, unemployment rates across all cities and towns in the assessment area decreased; however, none have completely recovered to pre-pandemic levels.

SCOPE OF EXAMINATION

While eligible to be evaluated as an Intermediate Small Institution based on asset size, ECSB elected to be evaluated under the FFIEC Examination Procedures for Large Institutions. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, product innovation, and community development lending activity. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The data used for the evaluation and the applicable timeframes are discussed below.

The Lending Test evaluated the bank's residential mortgage and small business loans originated from January 1, 2020 to December 31, 2022. Based on the number of loans originated during the evaluation period, residential mortgage loans were weighted more than small business loans. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. Although the borrower and geographic distribution tables in this evaluation include 2021 and 2022 data, the bank's performance in 2020 was also considered when arriving at conclusions. Assessment area concentration totals and percentages include loans originated from January 1, 2020 through December 31, 2022. Community development loans originated from April 27, 2021 through September 11, 2023 were also considered. Community development loans were considered particularly important given the need for affordable housing finance noted in the performance context and echoed by community contacts.

Home mortgage lending data reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). Residential loans with a purpose of "other" and/or "not applicable" were excluded from the analysis. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment area. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. "Other" and "not applicable" loans have also been excluded from the aggregate data.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. Although the bank is not required to collect and report small business loan data, the bank reported its small business loans. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and to demographic information obtained from D&B.

The review period for the Investment Test and the Service Test was April 27, 2021 through September 11, 2023. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community and whether additional opportunities are available.

A community contact was conducted with the executive director of an organization that focuses on affordable housing and economic mobility services in the assessment area. The contact explained that most cities are experiencing considerable housing pressure due to increased competition for homes, particularly during the pandemic, the rapid pace of market-rate housing developments, and increasing property taxes. The contact explained there are concentrations of immigrants from various countries, many without documentation, who also experience challenges due to language barriers. The contact suggested that banking products that would be most beneficial to this population and low- and moderate-income individuals are credit products that recognize alternative forms of debt repayment, fee-free checking accounts, easy application processes for credit cards, mortgages targeted to low- and moderate-income individuals, and credit builder products.

A second community contact was conducted with the executive director of an organization that offers career training, support services, and affordable housing. The contact stated that affordable housing is the primary need in the city in which they are headquartered. Based on the high values and rapid growth of real estate prices in the assessment area, the only low- or moderate-income individuals who own property in the assessment area generally purchased homes decades ago. They stated that the substantial majority of low- and moderate-income individuals who live in certain areas of the assessment area live in subsidized affordable housing. The contact stated that low-income housing tax credits are a critical tool for affordable housing development and the competition for these credits amongst banks is strong. The contact stated that MassSave HEAT loans can be impactful for low- or moderate-income families as they can be used to leverage additional funds from municipalities who have programs for the renovation and restoration of historic buildings. The contact also stated that programs such as the MassHousing One Mortgage Program is beneficial to low- and moderate-income borrowers.

Based upon the high housing costs in the assessment area and the associated challenges of obtaining a home for low- and moderate-income borrowers, examiners would have expected a more robust bank response to community needs in the form of community development lending. This type of response would likely be the most impactful way to support affordable housing for low- and moderate-income individuals and families in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

ECSB's performance under the Lending Test is rated Low Satisfactory. Although the bank made a low level of community development loans, the bank exhibited predominately good performance in the remaining components of the Lending Test. Lending levels reflect good responsiveness to the credit needs in the assessment area. There was an adequate percentage of the bank's loans made within the assessment area. There was a good distribution of loans in the bank's assessment area and also a good distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes. The bank had a good record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses with GARs of \$1 million or less, which was supported by the use of innovative or flexible lending practices in a safe and sound manner.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Community Development Lending Activities

ECSB's community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution's assessment area(s); 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

The bank demonstrates it has made a low level of community development loans. The bank originated 11 qualified community development loans, totaling \$1.9 million. A sampling of the bank's community development lending activity during the time period is provided below:

- *Center for Women & Enterprise, Inc. (CWE)* – CWE is an economic development organization that serves Massachusetts, Rhode Island, New Hampshire, and Vermont entrepreneurs. CWE helps women business owners and aspiring women entrepreneurs launch and grow their business by providing access to resources, tools, and support their needs. Based on CWE's website, approximately 68.0 percent of clients served are low-income. During the evaluation period, the bank extended and increased a line of credit for a total dollar value of \$1,150,000.
- *East End House (EEH)* – EEH house is a social services center focused on services for newly immigrated and lower-income individuals and families. Services include childcare programs, senior programming, food programs, and family support services. During the evaluation period, the bank extended three separate lines of credit for a total dollar value of \$550,000.
- *HarborCOV* – This organization provides emergency and support services focusing on safe

and affordable transition and permanent housing low-income housing for victims and survivors of domestic abuse. The bank renewed a \$100,000 line of credit during the evaluation period.

At \$1.9 million in qualified community development loans, the bank's dollar volume of community development loans has decreased by 65.4 percent compared to the last examination. During the prior evaluation period, the bank had originated 4 loans, totaling \$4.2 million, that supported the acquisition and rehabilitation of affordable housing, and 1 PPP loan for \$1.4 million, that supported economic development. Although the number of loans was higher than the last evaluation, the total was comprised of eight loans, many of which were renewals, to six borrowers. Qualified community development loans were primarily lines of credit to nonprofit organizations for working capital rather than being targeted for projects or programs responsive to opportunities and needs within the assessment area, such as affordable housing, which was identified as a prominent need in the assessment area by community contacts. In addition, there are notable portions of the assessment area with concentrations of low- and moderate-income tracts and families with a lack of community development loans to organizations operating in those cities and towns.

Lending Activity

The bank demonstrates good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

During the evaluation period, the bank originated a total of 1,945 residential and small business loans, of which 1,248 were located in the assessment area. Of the loans in the assessment area, 749 were residential loans and 499 were small business loans. The bank's origination of residential loans during the evaluation was generally stable. In both 2020 and 2021, the bank originated 261 residential loans, and in 2022 the bank originated 227 residential loans. The bank's origination of small business loans during the evaluation varied significantly from 2020 and 2021 to 2022 based on the duration of the PPP loan program. In 2020 and 2021, the bank originated 247 and 240 small business loans, respectively, in the assessment area. In 2022, the bank originated 12 small business loans in the assessment area.

The bank was consistently in the top 10.0 percent of originators of residential loans in the assessment area during the evaluation period. In 2020, the bank ranked 41st of 485 lenders (91st percentile), in 2021 the bank ranked 40th of 482 lenders (91st percentile), and in 2022 the bank ranked 22nd of 427 lenders (95th percentile). For small business loans, the bank was in the top 15.0 percent of originators in 2020 and 2021 but decreased in market rank for small business loans in 2022. In 2020, the bank ranked 24th of 175 lenders (86th percentile) for small business loans in the assessment area. In 2021, the bank ranked 21st of 165 lenders for small business loans (87th percentile), and in 2022 the bank ranked 49th of 134 lenders (56th percentile).

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 9 presents the bank’s levels of lending inside and outside the assessment area for the entire evaluation period. The bank demonstrates an adequate percentage of its loans are made in the assessment area.

Loan Types	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Improvement	15	68.2	10,923	59.5	7	31.8	7,422	40.5	22	18,345
Home Purchase - Conventional	300	55.7	274,003	65.9	239	44.3	141,937	34.1	539	415,940
Multi-Family Housing	37	63.8	95,976	73.7	21	36.2	34,236	26.3	58	130,212
Refinancing	397	62.8	225,528	64.0	235	37.2	126,942	36.0	632	352,470
Residential Total	749	59.9	606,430	66.1	502	40.1	310,537	33.9	1,251	916,967
Small Business Total	499	71.9	37,670	65.9	195	28.1	19,495	34.1	694	57,165
Total Loans	1,248	64.2	644,100	66.1	697	35.8	330,032	33.9	1,945	974,132

HMDA and small business data for 2020 - 2022
Total percentages shown may vary by 0.1 percent due to automated rounding differences

Residential Lending

During the evaluation period, the bank originated 1,251 home mortgage loans, of which 749 loans, or 59.9 percent, were inside the assessment area. Refinance loans represented the largest share of loans, by number, originated inside the assessment area with 397 originations, followed by home purchase loans with 300 originations. In both 2020 and 2021, the bank originated 261 home mortgage loans inside the assessment area, or 62.9 percent and 64.4 percent, respectively. In 2022, the bank originated 227 home mortgage loans, or 52.7 percent, inside the assessment area.

Small Business Lending

During the evaluation period, the bank originated 694 small business loans, of which 499 loans, or 71.9 percent, were inside the assessment area. The substantial majority of small business loans originated inside the assessment area during the evaluation period were PPP loans in 2020 and 2021. In 2020, the bank originated 247 loans, or 77.9 percent, inside the assessment area and in 2021 the bank originated 240 loans, or 64.0 percent inside the assessment area. In 2022, the bank originated 12 loans, or 60.0 percent, inside the assessment area.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The bank demonstrates a good geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

Residential Lending

Table 10 provides a comparison of the bank’s lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank’s geographic distribution of home mortgage loans is good.

Table 10 Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography East Cambridge Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$(000)	%	%	#	%	#	\$(000)	%	%	
Home Purchase Loans													
Low	4	4.8	7.3	3,083	3.4	5.2	5	3.4	5.4	2,709	2.1	3.7	4.0
Moderate	28	33.7	26.9	20,755	22.9	21.5	37	25.5	25.4	25,411	20.1	18.5	23.6
Middle	25	30.1	36.9	25,284	27.9	32.6	44	30.3	29.8	35,700	28.2	25.4	29.9
Upper	26	31.3	28.9	41,362	45.7	40.7	57	39.3	38.1	61,458	48.6	51.3	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	2	1.4	1.3	1,218	1.0	1.0	0.7
Total	83	100.0	100.0	90,484	100.0	100.0	145	100.0	100.0	126,496	100.0	100.0	100.0
Refinance Loans													
Low	2	1.3	5.8	585	0.6	4.3	2	3.0	5.1	1,040	2.5	3.9	4.0
Moderate	49	31.0	22.5	26,410	28.6	18.3	14	20.9	26.1	9,211	21.9	19.5	23.6
Middle	63	39.9	37.4	35,137	38.0	32.3	21	31.3	28.5	13,026	31.0	23.8	29.9
Upper	44	27.8	34.3	30,321	32.8	45.2	29	43.3	39.5	18,408	43.9	52.2	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	1	1.5	0.8	290	0.7	0.7	0.7
Total	158	100.0	100.0	92,453	100.0	100.0	67	100.0	100.0	41,975	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.4	0	0.0	2.2	0	0.0	3.3	0	0.0	2.8	4.0
Moderate	1	25.0	18.5	400	8.5	12.7	2	22.2	22.1	456	8.6	14.2	23.6
Middle	2	50.0	39.2	2,333	49.4	31.3	3	33.3	33.0	720	13.7	27.0	29.9
Upper	1	25.0	38.0	1,993	42.2	53.8	4	44.4	41.0	4,096	77.7	55.6	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.6	0	0.0	0.4	0.7
Total	4	100.0	100.0	4,726	100.0	100.0	9	100.0	100.0	5,272	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	2	12.5	18.0	2,657	7.4	19.5	2	33.3	22.0	2,475	18.1	16.9	10.3
Moderate	4	25.0	38.2	7,294	20.4	23.2	1	16.7	38.0	669	4.9	37.5	28.2
Middle	8	50.0	32.4	20,095	56.3	40.5	3	50.0	22.4	10,517	77.0	28.6	32.1
Upper	2	12.5	11.4	5,663	15.9	16.7	0	0.0	14.3	0	0.0	14.3	28.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	3.3	0	0.0	2.7	0.6
Total	16	100.0	100.0	35,709	100.0	100.0	6	100.0	100.0	13,661	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	8	3.1	6.2	6,325	2.8	5.4	9	4.0	5.2	6,224	3.3	5.1	4.0
Moderate	82	31.4	23.6	54,859	24.6	19.5	54	23.8	25.1	35,747	19.1	20.4	23.6
Middle	98	37.5	37.2	82,849	37.1	32.7	71	31.3	29.5	59,963	32.0	25.2	29.9
Upper	73	28.0	33.0	79,339	35.5	42.4	90	39.6	39.2	83,962	44.8	48.1	41.7
Unknown	0	0.0	0.0	0	0.0	0.0	3	1.3	1.1	1,508	0.8	1.1	0.7
Total	261	100.0	100.0	223,372	100.0	100.0	227	100.0	100.0	187,404	100.0	100.0	100.0

Source: 2022 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

In 2021, the bank originated 8 home mortgage loans, or 3.1 percent, in low-income tracts and 82 loans, or 31.4 percent in moderate-income tracts. At 3.1 percent, the bank's lending percentage

in low-income tracts was 3.1 percentage points lower than the aggregate; however, at 31.4 percent in moderate-income tracts, the bank’s lending percentage exceeded the aggregate by 7.8 percentage points. In 2022, the bank originated 9 home mortgage loans, or 4.0 percent, in low-income tracts and 54 loans, or 23.8 percent, in moderate-income tracts. The bank’s lending percentage in low-income tracts was 1.2 percentage points lower than the aggregate and the bank’s percentage in moderate-income tracts was 1.3 percentage points lower than the aggregate. The bank’s lending performance in low- and moderate-income tracts in 2020 was generally reflective of its performance in 2021. With the exception of the bank’s lending percentage in moderate-income tracts in 2021, the bank’s percentage of lending in low- and moderate-income tracts aligned with the percentage of owner-occupied units in the assessment area.

The bank outperformed the substantial majority of other home mortgage lenders in originating loans in moderate-income tracts during the assessment area. In 2020, the bank ranked 38th of 349 lenders for originations and/or purchases (89th percentile) in the assessment area. In 2021, the bank ranked 34th of 352 lenders (90th percentile) and in 2022 the bank ranked 26th of 311 lenders (92nd percentile).

Small Business Lending

Table 11 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loans is excellent.

Table 11 Distribution of 2021 and 2022 Small Business Lending By Income Level of Geography East Cambridge Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	35	14.6	10.6	2,422	15.9	10.0	2	13.3	6.2	220	4.8	5.7	5.4
Moderate	77	32.1	23.9	3,901	25.6	20.2	7	46.7	27.4	2,908	64.0	26.5	23.1
Middle	82	34.2	37.7	6,812	44.8	42.3	2	13.3	30.0	463	10.2	31.2	30.7
Upper	46	19.2	27.8	2,087	13.7	27.5	3	20.0	35.7	451	9.9	36.0	40.2
Unknown	0	0.0	0.0	0	0.0	0.0	1	6.7	0.7	500	11.0	0.5	0.5
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	240	100.0	100.0	15,222	100.0	100.0	15	100.0	100.0	4,542	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In response to the COVID-19 pandemic, the bank was an active originator of PPP loans during the review period. In general, PPP loans were considered particularly responsive to businesses located in low- or moderate-income geographies. Overall, approximately 95.6 percent of the bank’s 2020 and 2021 small business loans were PPP loans.

In 2021, the bank originated 35 small business loans, or 14.6 percent, in low-income tracts. At 14.6 percent, the bank exceeded the aggregate by 4.0 percentage points, and exceeded the percentage of total businesses in low-income tracts. For the same year, the bank originated 77 small business loans, or 32.1 percent, to businesses in moderate-income tracts, which exceeded the aggregate by 8.2 percentage points. The bank's small business lending performance in 2020 was generally aligned with its 2021 performance.

In 2022, the bank's volume of small business lending decreased substantially as it did not include PPP lending. For this year, the bank originated 2 small business loans, or 13.3 percent, in low-income tracts and 7 loans, or 46.7 percent, in moderate-income tracts. The bank's percentage of loans in low-income tracts exceeded the aggregate by 7.1 percentage points and its performance in moderate-income tracts exceeded the aggregate by 19.3 percentage points.

There were no conspicuous gaps in the bank's residential and small business loan penetration in low- and moderate-income tracts during the evaluation period.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 12 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The bank's performance in home mortgage lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 12 Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level East Cambridge Assessment Area													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2021						2022						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	%	%	#	%	#%	\$(000)	%	%	
Home Purchase Loans													
Low	2	2.4	3.7	1,070	1.2	1.6	11	7.6	4.0	3,656	2.9	1.5	24.7
Moderate	5	6.0	15.3	2,248	2.5	9.4	17	11.7	14.6	6,524	5.2	8.2	17.3
Middle	11	13.3	20.5	6,142	6.8	16.3	15	10.3	19.2	10,046	7.9	14.6	19.1
Upper	26	31.3	45.4	20,994	23.2	55.6	49	33.8	45.1	42,211	33.4	55.3	38.9
Unknown	39	47.0	15.1	60,030	66.3	17.1	53	36.6	17.1	64,059	50.6	20.4	0.0
Total	83	100.0	100.0	90,484	100.0	100.0	145	100.0	100.0	126,496	100.0	100.0	100.0
Refinance Loans													
Low	16	10.1	5.2	5,535	6.0	2.7	11	16.4	10.1	3,475	8.3	5.3	24.7
Moderate	40	25.3	16.8	14,072	15.2	11.3	15	22.4	20.2	5,681	13.5	13.2	17.3
Middle	34	21.5	21.1	14,475	15.7	17.4	10	14.9	19.1	4,869	11.6	15.3	19.1
Upper	52	32.9	44.2	41,132	44.5	55.1	22	32.8	38.1	18,418	43.9	50.3	38.9
Unknown	16	10.1	12.6	17,239	18.6	13.5	9	13.4	12.6	9,532	22.7	15.9	0.0
Total	158	100.0	100.0	92,453	100.0	100.0	67	100.0	100.0	41,975	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	7.1	0	0.0	4.8	2	22.2	7.3	620	11.8	3.5	24.7
Moderate	0	0.0	13.6	0	0.0	8.3	2	22.2	18.9	206	3.9	11.6	17.3
Middle	1	25.0	22.4	400	8.5	16.3	1	11.1	23.0	500	9.5	17.5	19.1
Upper	1	25.0	53.5	1,250	26.4	61.7	2	22.2	46.8	750	14.2	57.4	38.9
Unknown	2	50.0	3.5	3,076	65.1	8.9	2	22.2	4.0	3,196	60.6	10.0	0.0
Total	4	100.0	100.0	4,726	100.0	100.0	9	100.0	100.0	5,272	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	18	7.3	4.9	6,605	3.5	2.3	24	10.9	6.4	7,751	4.5	2.7	24.7
Moderate	45	18.4	16.1	16,320	8.7	10.5	34	15.4	16.9	12,411	7.1	9.7	17.3
Middle	46	18.8	20.9	21,017	11.2	16.9	26	11.8	19.8	15,415	8.9	14.9	19.1
Upper	79	32.2	45.1	63,376	33.8	55.6	73	33.0	43.3	61,379	35.3	54.1	38.9
Unknown	57	23.3	12.9	80,345	42.8	14.8	64	29.0	13.6	76,787	44.2	18.5	0.0
Total	245	100.0	100.0	187,663	100.0	100.0	221	100.0	100.0	173,743	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

Compared to 2020, in 2021, the bank increased both the number and percentage of home mortgage loans to low- and moderate-income borrowers. In 2021, the bank originated 18 loans, or 7.3 percent, to low-income borrowers, which exceeded the aggregate by 2.4 percentage points, and 45 loans, or 18.4 percent, to moderate-income borrowers, which exceeded the aggregate by 2.3 percentage points.

In 2022, the bank continued to increase the number and percentage of home mortgage lending to low-income borrowers while the number and percentage of loans to moderate-income borrowers were more aligned with its 2020 performance. In 2022, the bank originated 24 home mortgage loans, or 10.9 percent, to low-income borrowers, which exceeded the aggregate by 4.5 percentage points. For the same year, the bank originated 34 loans, or 15.4 percent, to moderate-income borrowers, which trailed the aggregate by 1.5 percentage points.

The bank made use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals, and offered programs targeted to middle-income borrowers due to the high housing costs within the assessment area. Below is a summary of loans originated through such programs within the assessment area:

- *Massachusetts Housing Partnership (MHP) One Mortgage Program* – ECSB is a participating lender in this first-time homebuyer program which features a low-down payment, a low fixed-rate interest rate, no private mortgage insurance (PMI), and financial assistance for eligible buyers. During the evaluation period, the bank originated 5 loans, totaling \$1.2 million. One community contact specifically mentioned this loan program as being beneficial to low- and moderate-income borrowers.
- *Federal Home Loan Bank of Boston (FHLBB) Equity Builder Program (EBP)* – The EBP is a grant program designed to support residential lending to low- and moderate-income homebuyers through grants up to \$29,000 for costs including downpayments, closing costs, and rehabilitation costs associated with home purchase. During the evaluation period, the bank provided 2 grants, totaling \$43,000.
- *Freddie Mac Home Possible* – This program is targeted to low-income homebuyers with low downpayment requirements. It also offers flexibility in downpayment sources, higher loan-to-value ratios, reduced mortgage insurance coverage requirements, and credit fee caps. During the evaluation period, the bank originated 1 loan for \$266,400.
- *FHLBB Housing Our Workforce (HOW)* – HOW is a grant-based program that offers one-to-one matching grants up to \$25,000 in down-payment costs to help homebuyers earning above 80.0 percent and up to 120.0 percent of area median income. Given the high home values in the assessment area, middle-income borrowers are in need of assistance to purchase homes. During the evaluation period, the bank originated 5 loans through this program and provided grants totaling \$85,000.
- *Arch Mortgage Guaranty Company Community Heroes* – This loan program aims to provide an affordable first-time homebuying solution for teachers, firefighters, police officers, emergency medical technicians, and paramedics within the assessment area. This program provides flexibility based on a borrower's loan-to-value, credit score, and debt-to-income. Given the high home values in the assessment area, middle-income borrowers are in need of assistance to purchase homes. During the evaluation period, the bank originated 2 loans, totaling \$818,530.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 13 details the bank's lending to small businesses according to revenue and loan size. The bank's performance in lending to businesses with GARs of \$1 million or less is adequate.

Table 13 Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses East Cambridge Assessment Area													
	Bank And Aggregate Loans By Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
By Revenue													
\$1 Million or Less	7	2.9	44.4	2,380	15.6	27.7	6	50.0	49.3	1,686	41.3	34.5	90.5
Over \$1 Million	2	0.8		769	5.1		6	50.0		2,396	58.7		8.9
Revenue Unknown	231	96.3		12,073	79.3		0	0.0		0	0.0		0.6
Total	240	100.0		15,222	100.0		12	100.0		4,082	100.0		100.0
By Loan Size													
\$100,000 or Less	201	83.8	91.9	4,230	27.8	38.3	4	33.3	95.5	179	4.4	48.3	
\$100,001 - \$250,000	25	10.4	5.0	3,947	25.9	20.1	2	16.7	2.6	306	7.5	15.5	
\$250,001 - \$1 Million	14	5.8	3.1	7,045	46.3	41.6	6	50.0	1.8	3,597	88.1	36.1	
Total	240	100.0	100.0	15,222	100.0	100.0	12	100.0	100.0	4,082	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	3	42.9		70	2.9		3	50.0		139	8.2		
\$100,001 - \$250,000	1	14.3		200	8.4		0	0.0		0	0.0		
\$250,001 - \$1 Million	3	42.9		2,110	88.7		3	50.0		1,547	91.8		
Total	7	100.0		2,380	100.0		6	100.0		1,686	100.0		

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

As part of the PPP applicant criteria, banks were not required to rely on and/or collect GAR information from applicants. As a result, the bank collected and reported a substantial majority of small business loans without GAR. As mentioned above, approximately 95.6 percent of the bank’s small business loans in 2020 and 2021 were PPP loans. In 2020, the bank originated 239 small business loans, or 96.8 percent, with GAR, and in 2021 the bank originated 231 loans, or 96.3 percent, without GAR. Based on the share of loans without GAR, examiners used loan size as a proxy for estimating borrower characteristics rather than the 2020 and 2021 aggregate lending data for percentage of loans originated to borrowers with GAR of \$1 million or less.

In 2021, the bank originated 201 small business loans, or 83.8 percent, in loan amounts of \$100,000 or less, and 25 loans, or 10.4 percent, in loan amounts of \$100,001 to \$250,000. The bank trailed the aggregate in originating loan amounts of \$100,000 or less by 8.1 percentage points and exceeded the aggregate in originating loan amounts from \$100,001 to \$250,000 by 5.4 percentage points. The bank’s 2020 share of small business loans in amounts of \$100,000 or less and in amounts of \$100,001 to \$250,000 was aligned with its 2021 performance. In 2022, the bank originated 8 small business loans, or 53.3 percent, to businesses with GAR of \$1 million or less, which exceeded the aggregate lending percentage by 4.0 percentage points.

The bank made use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of small businesses within the assessment area. Below is a summary of loans originated through such programs within the assessment area:

- *PPP* – The bank was an active originator of PPP loans during the review period. These loans were particularly impactful for businesses with GAR of \$1 million or less which

heavily rely on annual revenue for maintaining operations. These loans were incorporated into the Lending Test analysis as small business loans.

- *SBA Express Loans* - This small business loan program offers loans up to \$500,000 with a maximum of a 50.0 percent guarantee from the SBA and allows lenders to use their own processes and procedures. During the evaluation period, the bank originated 1 loan for \$300,000.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with GARs of \$1 million or less, consistent with safe and sound operations. Below is a summary of loans originated within the assessment area that demonstrate good responsiveness:

- *PPP* – According to publicly available SBA PPP loan data, the bank originated 469 PPP loans during the evaluation period, totaling \$14.0 million. PPP loans are considered particularly responsive to small businesses with annual revenues of \$1 million or less or to businesses located in low- or moderate-income geographies. Additionally, such loans generally help retain jobs for low- or moderate-income individuals or in low or moderate-income geographies and may help revitalize or stabilize low- or moderate-income geographies. PPP loans were designed to help businesses retain workers and staff during the economic hardship resulting from the COVID-19 pandemic. These loans were incorporated into the Lending Test analysis as small business loans.
- *First Time Homebuyer (FTHB) Program* – The bank offers a discounted interest rate for all first-time homebuyers and for those that attend the bank’s FTHB seminar and purchase a property in the assessment area, they are eligible to receive a \$1,000 closing cost credit. During the evaluation period, the bank originated 79 loans totaling \$36.1 million and of the total, 31 loans received a closing cost credit. These loans were incorporated into the Lending Test analysis as home mortgage loans.
- *MassSave HEAT Loans* – ECSB is a participating lender of the MassSave HEAT Loan Program. This program offers zero interest financing opportunities up to \$25,000 for energy-efficient home upgrades. The goal of the program is to empower homeowners to make significant improvements that significantly reduce the cost associated with heating and cooling. One community contact stated that such loans can be impactful for low- and moderate-income families as they improve the equity in their properties and can be leveraged to obtain municipal funds to help renovate and restore historic buildings and to make properties more accessible. During the evaluation period, the bank originated 477 loans, totaling \$26.0 million, to borrowers within the assessment area. These loans were not included in the Lending Test analysis as they are consumer loans.
- *East Cambridge Credit Builder* – The bank introduced this loan product in March 2022, in response to the share of unbanked and underbanked in the assessment area who largely depend on check cashing. The intent of this program is to bring people into the financial system and help them establish credit by placing a \$500 loan into a certificate of deposit (CD) and make regularly scheduled payments. At maturity, the borrower is provided the amount in the CD plus interest earned with their payments reported to the three major

credit bureaus. One community contact stated that credit builder loans are one of the products that are most beneficial to low- and moderate-income individuals. Although the bank has originated only two loans under this program to date, the bank's action of creating and implementing this loan product is considered particularly responsive to an identified credit need within the assessment. These loans were not included in the Lending Test analysis.

INVESTMENT TEST

ECSB's performance under the Investment Test is rated Low Satisfactory. The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments² that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The institution's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank demonstrated an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position. Overall, the bank made \$9.2 million in qualified investments during the evaluation period, which represents a 30.4 percent decrease since the last examination. Of the total, \$8.6 million were comprised of mortgage-backed securities (MBS), a CD in a minority-owned financial institution, and \$539,414 in donations.

Qualified Investments

Prior to the evaluation period, the bank had purchased seven MBS pools with the recent book value of \$4.5 million. The loans comprising these pools were for mortgages within the assessment area either to low- or moderate-income borrowers and/or located within low- or moderate-income tracts. The bank purchased one pool during the evaluation period for \$3.0 million.

During the evaluation period, the bank twice renewed a 15-month CD with an initial value of \$500,000 in a minority-owned financial institution based in Massachusetts.

Grants and Donations

Table 14 displays the bank and its charitable foundation's qualified grants and donations by year and community development purpose.

² A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Table 14 Qualified Donations by Purpose								
Community Development Category	2021 (as of April 27)		2022		2023 YTD		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	7	48,500	8	40,000	3	65,000	18	153,500
Community Services	49	112,000	57	153,314	33	83,100	139	348,414
Economic Development	3	9,500	1	5,000	2	7,000	6	21,500
Revitalization/Stablization	1	5,000	2	11,000	0	-	3	16,000
Total	60	175,000	68	209,314	38	155,100	166	539,414

Bank provided qualified investment data

The bank and its charitable foundation provided 166 donations, totaling \$539,414. Of the total, the greatest by number and dollar volume were qualified as supporting community development services for organizations serving the assessment area.

The following is a sample of organizations that benefited from the bank’s contributions:

- *Just-A-Start Corporation* – This organization’s mission is to build equitable and thriving communities by guiding individuals and families on their path to economic stability through affordable housing, career training, and comprehensive support services. The bank made a \$50,000 donation to support the Rindge Commons project, which is a mixed-use development that will bring together state-of-the-art education and job training center, affordable housing, and services available to the Alewife neighborhood in Cambridge.
- *Massachusetts Alliance of Portuguese Speakers (MAPS)* – MAPS works with Brazilian, Cabo Verdean, Portuguese, and other Portuguese-speaking communities to increase access and remove barriers to health, education, and social services through direct services, advocacy, leadership, and community development. The bank made 6 donations, totaling \$33,500, during the evaluation period.
- *HomeStart* – This organization serves the Greater Boston area and is a provider of housing services for people who are currently experiencing homelessness, who have recently moved from homelessness to housing, or who are at risk of becoming homeless by way of eviction. In 2021, the bank made a \$25,000 donation.
- *The Neighborhood Developers (TND)* – TND mission is to create strong neighborhoods, enabling community members to secure a stable home, achieve economic mobility, and determine their own future. TND serves Chelsea, Everett, and Revere by developing and managing affordable housing and providing financial literacy support and resources. During the evaluation period, the bank provided 3 donations, totaling \$25,000.
- *Scholarships* – The bank provides scholarships through its charitable foundation to graduating seniors of high schools in each town within the assessment area. During the evaluation period, the bank provided 13 scholarships totaling \$17,000 to students

attending schools where the majority of students are eligible to receive free and/or reduced lunch.

The bank demonstrates occasional use of innovative or complex qualified investments. Of the qualified investments, 83.0 percent were in the form of MBS, of which 60.0 percent were purchased prior to the evaluation period. A total of \$1.0 million in qualified investments were for two renewals of a CD in a minority-owned financial institution that was originally put on deposit in 2019. Additionally, the bank provides donations directly and through its charitable foundation, which is funded by the bank.

The bank demonstrates good responsiveness to credit and community development needs. As mentioned, the bank provides donations directly to the community as well as through its charitable foundation, which is funded by the bank and targets the cities and towns within the assessment area. The focus of the charitable foundation is to support community organization programs focused on addressing affordable housing, education, family and youth services, and senior citizens. Additionally, the bank conducts frequent outreach with community organizations to better understand the needs and opportunities and explores new investment opportunities to benefit the assessment area on an ongoing basis.

SERVICE TEST

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

Retail Banking Services

Retail banking services evaluates the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Table 15 displays the distribution of the bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 15 Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	8.4	8.4	0	0.0
Moderate	28.0	28.6	3	27.3
Middle	27.6	29.0	5	45.4
Upper	34.2	33.0	3	27.3
Unknown	1.8	1.1	0	0.0
Total	100.0	100.0	11	100.0

Source: 2020 U.S. Census

Delivery systems are accessible to all portions of the bank’s assessment area. Based on the ACS data used for 2020 and 2021, the branches in Chelsea and Malden were in low-income tracts. Based on the 2020 Census data used for 2022, the tract where the Chelsea branch is located changed to a moderate-income tract and the tract where the Malden branch is located changed to a middle-income tract.

Based on the Census and the associated changes in tract demographics, the bank no longer has branches located in low-income tracts. The bank currently has 3 branches, or 27.3 percent, in moderate-income tracts, which generally aligns with both the composition of tracts in the assessment area and the share of the population residing in those tracts. The bank has 5 branches, or 45.4 percent, in middle-income tracts, which exceeds both the share of middle-income tracts, at 27.6 percent, and the share of the population residing in middle-income tracts, at 29.0 percent. The remaining 3 branches, or 27.3 percent, are in upper-income tracts, which is slightly less than the percentage of upper-income tracts, at 34.2 percent, and the share of the population residing in those tracts, at 33.0 percent. The bank also maintains one educational training facility housed at Cambridge Rindge and Latin School in Cambridge, which is not included in the analysis above as it is not open to the public during its limited hours.

The bank demonstrates its services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. As of the examination date, all full-service branches, with the exception of Waltham, are open 8 hours Monday – Thursday. The Waltham branch is open 7 hours Monday – Thursday. The Chelsea branch is open 9.5 hours on Friday and the rest of the branches are open 9 hours on Friday. All full-service branches are open 4 hours on Saturday. The bank’s services do not vary by branch.

In response to an identified need and opportunity regarding the share of unbanked and underbanked individuals in the assessment area, in March 2022, the bank began to offer its Access Checking Account. This account is intended to be a safe and affordable bank account that is ideal for individuals looking for an alternative to costly check-cashing and related services. The account required a \$10 minimum deposit to open and does not have monthly maintenance charges or

insufficient funds fees. One of the community contacts specifically stated that fee-free checking accounts would be particularly beneficial for low- and moderate-income individuals.

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. As part of the March 2022, acquisition of Patriot, the bank maintained the single branch location in Woburn. Although the Woburn branch is located in a middle-income tract, three of the eight tracts in Woburn are moderate-income, which suggests the acquisition of the Woburn branch would likely increase the accessibility of ECSB's delivery systems in moderate-income geographies and to low- or moderate-income individuals.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness and responsiveness of community development services.

The bank demonstrates it provides a relatively high level of community development services through its employee involvement with community development organizations as well as through the breadth of financial literacy programming throughout its assessment area.

Employee Services

During the evaluation period, 14 bank employees were either on the board or on an advisory committee for 17 organizations, which either had the primary purpose of community development or engaged in activities that supported community development services. The following details a sample of the bank's community development service activity by bank employees.

- *Cambridge Neighborhood Apartment Housing Services (CNAHS)* – CNAHS aims to improve the quality of housing for low- and moderate-income residents and to ensure such housing remains affordable in perpetuity. The president/chief lending officer served on the board of CNAHS during the evaluation period. As discussed with a community contact, affordable housing remains a top need within the assessment area and particularly within Cambridge.
- *Mystic Valley Elder Services (MVES)* – An assistant vice president is on the board of MVES's money management program. The money management program offers a variety of free services ranging from complete oversight of a consumer's finances to assistance with balancing a checkbook. This program is a support service that can be a determining factor whether or not an older adult can reside independently in their own home. Based on income eligibility, the participants in this program are low- or moderate-income.
- *WATCH CDC* – This Waltham-based organization promotes affordable housing, provides adult education and leadership development, and empowers underrepresented residents through civic engagement. WATCH CDC aims to be a safe space for low-income and immigrant community members by providing a safety net and resources. A bank assistant

vice president and a vice president both served as advisory committee co-board members in 2021.

- *Malden YMCA* – In addition to providing youth services such as childcare, development programs, and education, the Malden YMCA, which was located in a low-income tract during a portion of the evaluation period, also offers a food market that provides free food for individuals and families in need. An assistant vice president served as a board member and treasurer during the evaluation period.

Educational Programs and Seminars

During the evaluation period, there were approximately 25 employees engaged in 94 instances of financial literacy primarily targeted to students, older adults, small businesses, and first-time homebuyers. The following is a summary of the types of financial education programs and seminars provided on behalf of the bank:

- The bank facilitated a virtual financial literacy program with 32 second graders from the George E. Kelly Elementary School in Chelsea. The session was taught in both Spanish and English and covered denominations of coins and bills, currency values, and the importance of savings. The students also participated in an activity centered around purchasing school supplies from a virtual store. Approximately 89.0 percent of students at the school are eligible for free and/or reduced lunch.
- As part of the Malden Summer Youth Employment Program, two bank employees facilitated a four two-part financial literacy workshops for 75 high school students. The program covered how to establish a bank account, maintain a checking account, the importance of establishing and maintaining good credit, and how to avoid identity theft.
- Two bank employees provided a financial literacy session to 101 students at Albert Parlin School in Everett. Topics covered included basics of banking, budgeting, and currency denominations. Approximately 88.0 percent of students at the school are eligible for free and/or reduced lunch.
- During the evaluation period, the bank conducted approximately 19 virtual first-time homebuyer seminars. These seminars are offered to potential applicants interested in obtaining a first-time homebuyer loan from ECSB. The seminars provide an overview of the mortgage process, such as verifying income, ability to repay, appraisal process, credit issues, closing costs, mortgage insurance, and taxes. Based on the volume of originations and bank's borrower and geographic distribution of lending performance, these seminars primarily benefitted low- and moderate-income borrowers or those purchasing homes in low- or moderate-income areas.
- In response to the COVID-19 pandemic and the associated challenges for small businesses, the bank partnered with SCORE. SCORE is a national organization with the mission to foster vibrant small business communities through mentoring and education. The bank participated in 20 sessions developed by SCORE and targeted to small

businesses within the assessment area. Examples of topics covered include business planning, financial reports, tax filing requirements, cash flow, and business financing.

- The bank presented to a group of 10 older adults at Somerville/Cambridge Elder Services, which is located in a moderate-income tract. Topics included managing finances and learning about common scams such as phishing, Medicare cards, IRS and social security, and lottery scams.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12