

# **PUBLIC DISCLOSURE**

January 29, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Cambridge Savings Bank  
Certificate Number: 17870

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Cambridge, Massachusetts 02138

Division of Banks  
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
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 **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
<p>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</p> <p>**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.</p>			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect good responsiveness to the assessment area credit needs.
- The institution originated a high percentage of loans within its assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution made a relatively high 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 development needs.
- The institution makes extensive use of innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Outstanding.**

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

## **DESCRIPTION OF INSTITUTION**

Cambridge Savings Bank (CSB) is a \$6.9 billion state-chartered institution headquartered in Cambridge, Massachusetts (MA). The bank primarily operates in the eastern part of MA in the counties of Essex, Middlesex, Norfolk, and Suffolk. The bank is a wholly-owned subsidiary of Cambridge Financial Group, Inc. (CFG), a mutual holding company. CFG also wholly owns 1834 Realty, Inc., which holds and manages CSB premises in Cambridge. In addition, CSB has seven subsidiaries. Porter Securities Inc., Porter Securities II, Inc., Porter Securities III, Inc., and MCBSC, Inc. are all securities corporations that acquire and hold securities for the bank. Porter Dunster Inc. holds and manages bank premises and CSB Transaction, LLC holds bank-owned real estate. In addition, examiners considered charitable grants and donations made through the Cambridge Savings Charitable Foundation under the Investment Test.

The bank received an overall Outstanding rating at its previous evaluation dated September 14, 2020. The bank received a High Satisfactory rating for the Lending Test, and an Outstanding rating for the Investment and Service Test. The MA Division of Banks (Division) and Federal Deposit

Insurance Corporation (FDIC) conducted the evaluation jointly using the Federal Financial Institution Examination Council's (FFIEC) Interagency Large Institution Examination Procedures.

## **Operations**

Including its main office at 1374 Massachusetts Avenue in Cambridge, CSB operates 18 full-service branches throughout Middlesex and Suffolk County. Since the previous evaluation, the bank opened a new branch located at 475 Foley Street in Somerville, MA, in a middle-income census tract. All branches maintain automated teller machines (ATMs), and nine branches maintain Interactive Teller Machines (ITMs). In addition to one stand-alone ITM, the bank also maintains five stand-alone ATMs, of which two are deposit-taking, and three are only cash dispensing. Other alternative banking services include online and mobile banking functions, automated and assisted telephone banking services, and remote deposit capture. CSB also offers investment advisory services through SigFig Wealth Management. The bank has not been involved in any merger or acquisition activity since the last examination.

CSB offers various traditional banking products to serve its consumer and commercial customers. Consumer loan products include home mortgage loans, construction loans, home equity loans, home equity lines of credit, automobile loans, secured and unsecured consumer loans, first-time homebuyer programs, and affordable home loan programs. Commercial loan products include, but are not limited to, commercial real estate loans, term loans, working capital and asset-based loans, commercial construction, Small Business Association (SBA) loans, and business overdraft lines of credit. Deposit services include certificates of deposit and various checking and savings accounts for individuals and businesses. In addition, CSB offers cash management services for commercial customers including remote deposit capture, lockbox, zero balance accounts, escrow management, wire transfers, and payroll services.

The bank operates two websites, [www.cambridgesavings.com](http://www.cambridgesavings.com) and [www.ivybank.com](http://www.ivybank.com). The first is the main website, which houses the online banking platform. Ivy Bank is CSB's digital banking division and is a nationwide online deposit gathering platform. Ivy Bank offers high-yield savings accounts and certificates of deposit through online and mobile banking.

## **Ability and Capacity**

As of December 31, 2023, the bank had total assets of approximately \$6.9 billion, which included total loans of \$5.7 billion and total securities of \$722.4 million. Bank deposits totaled \$5.4 billion. Since the previous evaluation, the bank's assets increased by 35.3 percent and total loans increased by 39.6 percent.

CSB is primarily a commercial lender. Commercial real estate loans and commercial and industrial loans account for 53.1 percent of the bank's loan portfolio. Residential loans, including multifamily loans, represent the second largest portion of the portfolio at 40.2 percent.

The following table illustrates the bank's loan portfolio distribution.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	348,512	6.1
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,869,684	32.9
Secured by Multifamily (5 or more) Residential Properties	413,110	7.3
Secured by Nonfarm Nonresidential Properties	2,179,264	38.3
<b>Total Real Estate Loans</b>	<b>4,810,570</b>	<b>84.6</b>
Commercial and Industrial Loans	842,909	14.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	5,754	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	24,556	0.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>5,683,789</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to meet the credit or community development needs of its assessment area.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. CSB designated a single assessment area in the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) (14460). The bank does not operate branches outside of this MSA; therefore, separate assessment area analyses are not required for this evaluation. The assessment area contains all of Suffolk County and portions of Middlesex, Essex, and Norfolk counties in MA. The municipalities in Suffolk and Norfolk counties are within the Boston, MA Metropolitan Division (MD) (14454). The municipalities in Middlesex and Essex counties are within the Cambridge-Newton-Framingham, MA MD (15764). Both MDs are part of the greater Boston-Cambridge-Newton, MA-NH MSA (14460).

The following table details the cities and towns in the bank's assessment area.

Assessment Area Cities and Towns	
<b>Essex County</b>	
Lynn	Saugus
Nahant	
<b>Middlesex County</b>	
Acton	Medford
Arlington	Melrose
Bedford	Newton
Belmont	Somerville
Burlington	Stoneham
Cambridge	Wakefield
Concord	Waltham
Everett	Watertown
Lexington	Winchester
Lincoln	Woburn
Malden	
<b>Norfolk County</b>	
Brookline	
<b>Suffolk County</b>	
Boston	Revere
Chelsea	Winthrop

The following sections discuss demographic and economic information relevant to the assessment area.

### **Economic and Demographic Data**

CSB's assessment area consists of 491 census tracts with the following income designations according to 2020 United States (U.S.) Census data:

- 63 low-income tracts,
- 105 moderate-income tracts,
- 125 middle-income tracts,
- 163 upper-income tracts, and
- 35 census tracts with no income designations

The bank's assessment area has changed since the prior evaluation due to expansions and the release of the 2020 U.S. Census data, which resulted in changes to census tracts boundaries. At the prior evaluation, census tract designations were based on the 2015 American Community Survey (ACS), and the assessment area consisted of 243 census tracts, which included 12 low-income, 62 moderate-income, 83 middle-income, 84 upper-income, and two undesignated income tracts. Please find more information on the assessment area changes below.

#### **Municipality Expansions:**

- In August 2020, the bank expanded its assessment area to include all of Suffolk County, resulting in the addition of Winthrop and the entire City of Boston. The bank did not include Winthrop and only included portions of Boston at the prior evaluation. Please note that this expansion technically occurred before the prior evaluation, dated September 14,

2020; however, examiners evaluated the June 2020 version of the assessment area at the prior evaluation, so the additional Winthrop and Boston census tracts are considered new at the current evaluation.

- In September 2023, the bank expanded its assessment area to include Lynn and Nahant, both located in Essex County.

#### Overall Census Tract Changes:

- The assessment area has increased by 248 census tracts, more than doubling since the previous evaluation. The increase is primarily driven by the expansion of the assessment area to include all of Suffolk County. At the prior evaluation, partial Suffolk County accounted for 43 census tracts. At the current evaluation, Suffolk County accounts for 235 census tracts.
- The number of low-income census tracts increased by 51 since the prior evaluation. This increase is primarily driven by the inclusion of the entire City of Boston in the assessment area, which contains 44 low-income census tracts as of the 2020 U.S. Census. At the prior evaluation, partial City of Boston only contained two low-income census tracts; therefore, the inclusion of the entire City of Boston resulted in an increase of 42 new low-income tracts at the current evaluation. The addition of Lynn also accounts for eight new low-income tracts.
- The number of moderate-income census tracts increased by 43 since the prior evaluation. Similarly to the low-income tracts, this increase is primarily driven by the inclusion of the entire City of Boston in the assessment area, which contains 40 moderate-income tracts as of the 2020 U.S. Census. At the prior evaluation, partial City of Boston only contained 13 moderate-income census tracts; therefore, the inclusion of the entire City of Boston resulted in an increase of 27 new moderate-income tracts. The addition of Lynn also accounts for 12 new moderate-income tracts, and the addition of Winthrop accounts for one new moderate-income tract.
- The number of middle, upper, and undesignated census tracts increased by 42, 79, and 33, respectively. These changes were primarily driven by the expansion of the assessment area to include all of Suffolk County, particularly the entire City of Boston.

The low-income census tracts are located in Boston (44), Lynn (8), Revere (2), Malden (2), Somerville (2), Chelsea (2), Cambridge (2), and Everett (1). The moderate-income census tracts are located in Boston (40), Lynn (12), Everett (9), Revere (7), Chelsea (6), Waltham (5), Cambridge (4), Malden (4), Medford (4), Woburn (3), Somerville (4), Saugus (2), Watertown (2), Arlington (1), Melrose (1), and Winthrop (1). The assessment area does not contain any underserved or distressed nonmetropolitan middle-income geographies. During the evaluation period, there were two Federal Emergency Management Agency designated Major Disaster declarations that impacted the entire State of MA: DR-4496-MA (declared March 2020) and DR-4651-MA (declared April 2022). DR-4496-MA was related to the COVID-19 pandemic and was lifted in May 2023, and DR-4651-MA was related to a snowstorm and severe weather in January 2022. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date. There are also 30 census tracts designated as Qualified Opportunity Zones (QOZs) within the bank's assessment area. QOZs are economically distressed communities approved by the U.S. Department of Treasury, with the goal of promoting economic



development and job creation in such communities. Specifically, the QOZs are located in Boston (13), Chelsea (2), Revere (2), and Winthrop (1) in Suffolk County; Malden (2), Somerville (2), Cambridge (1), Everett (1), and Medford (1) in Middlesex County; and Lynn (4) and Saugus (1) in Essex County.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	491	12.8	21.4	25.5	33.2	7.1
Population by Geography	1,900,588	13.1	23.3	27.3	34.0	2.3
Housing Units by Geography	780,097	12.4	22.4	27.7	35.5	2.1
Owner-Occupied Units by Geography	339,566	5.8	18.9	30.0	44.1	1.2
Occupied Rental Units by Geography	389,510	17.8	25.5	26.2	27.6	2.8
Vacant Units by Geography	51,021	13.9	22.0	23.3	38.0	2.8
Businesses by Geography	223,062	7.6	17.1	24.9	47.3	3.0
Farms by Geography	2,358	6.8	21.5	27.6	42.4	1.8
Family Distribution by Income Level	402,098	26.4	15.9	18.1	39.6	0.0
Household Distribution by Income Level	729,076	29.0	13.8	16.2	40.9	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$625,641
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,750
			Families Below Poverty Level			8.1%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the Demographic Information of the Assessment Area table, only 43.5 percent of the 780,097 housing units are owner-occupied, limiting the bank's opportunities for home mortgage lending in the assessment area. Additionally, only 5.8 and 18.9 percent of owner-occupied units are in low- and moderate-income census tracts, respectively, limiting the bank's home mortgage lending opportunities in those tracts.

Examiners used the 2020, 2021, and 2022 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA Median Family Income (14454)</b>				
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
<b>Cambridge-Newton-Framingham, MA Median Family Income (15764)</b>				
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
<i>Source: FFIEC</i>				

The assessment area's median housing value is high at \$625,641, especially when compared to the income ranges for low- and moderate-income families. Therefore, there may be limited opportunities for such families to qualify for a mortgage under conventional underwriting standards. Additionally, almost half (42.3 percent) of the families in the assessment area are low- or moderate-income, and approximately 8.1 percent of families live below the poverty line, which represents a subset of low-income families. These factors may limit the bank's home mortgage lending opportunities to low- and moderate-income families and increase competition for home mortgage lending to these families in the assessment area.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) category to D&B data. According to 2022 D&B data, 223,062 non-farm businesses operate in the assessment area. Service industries represent the largest portion of businesses at 38.5 percent, followed by non-classifiable establishments at 24.9 percent, finance, insurance and real estate at 12.4 percent, retail trade at 9.1 percent, construction at 5.4 percent, transportation and communication at 3.5 percent, manufacturing at 2.3 percent, wholesale trade at 2.0 percent, agriculture, forestry, and fishing at 1.1 percent, public administration at 0.8 percent, and mining at almost 0.0 percent. The majority of non-farm businesses in the assessment area are small, with a significant majority of businesses (91.0 percent) having nine or fewer employees and 91.0 percent also operating from a single location.

The following reflects GARs for non-farm businesses in the assessment area.

- 87.9 percent have revenues of \$1.0 million or less,
- 4.6 percent have revenues greater than \$1.0 million, and
- 7.5 percent have unknown revenues.

According to the U.S. Bureau of Labor Statistics, unemployment rates significantly increased during the COVID-19 pandemic. Specifically, in 2020, the pandemic adversely affected the labor market, resulting in elevated annual unemployment rates in Essex, Middlesex, Norfolk, and Suffolk counties, as well as in MA and the nation as a whole. The economy and labor market are

rebounding, as the annual average unemployment rates in all four counties in MA and the entire nation have consistently decreased since 2020. As of 2022, the annual average unemployment rates in Essex, Middlesex, Norfolk, and Suffolk counties reflect a 62.1 percent, 59.7 percent, 62.5 percent, and 65.0 percent decrease, respectively, from their 2020 annual average unemployment rates. The following table reflects unemployment rates in the assessment area compared to the state and national unemployment rates throughout the evaluation period.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Essex County	10.3	6.1	3.9
Middlesex County	7.7	4.5	3.1
Norfolk County	8.8	5.0	3.3
Suffolk County	10.3	5.7	3.6
Massachusetts	9.4	5.5	3.8
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

CSB operates in a highly competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 52 financial institutions operated 428 branches in the bank's assessment area. Of these institutions, CSB ranked 8<sup>th</sup> with a deposit market share of 1.4 percent. The top three financial institutions, State Street Bank and Trust Company, Bank of America, National Association (N.A.), and Citizens Bank, N.A., collectively held approximately 78.4 percent market share.

The bank faces a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment area. In 2021, aggregate home mortgage lending data showed 551 lenders originated or purchased 90,999 home mortgage loans in the assessment area. CSB ranked 27<sup>th</sup> with a 0.9 percent market share. The lenders that ranked higher than CSB were primarily large national banks and mortgage companies, such as Leader Bank, N.A., Bank of America, N.A., and Rocket Mortgage. CSB was the third-highest ranked state-chartered community bank, with Eastern Bank (ranked 16<sup>th</sup>) and Rockland Trust Company (ranked 20<sup>th</sup>) ranking higher than CSB. However, these two institutions are much larger than CSB, both with approximately \$20.0 billion in assets. In 2022, aggregate home mortgage lending data showed 519 lenders originated or purchased 41,828 home mortgage loans in the assessment area. CSB's ranking improved to 10<sup>th</sup> with a 2.2 percent market share. Similar to 2021, the lenders that ranked higher than CSB were primarily large national banks and mortgage companies. CSB was the second-highest ranked state-chartered community bank, only falling behind Eastern Bank (ranked 5<sup>th</sup>).

The bank also faces a high level of competition for small business loans among large national banks and regional banks. In 2021, aggregate small business lending data showed 247 lenders originated

or purchased 129,665 small business loans in the assessment area. CSB ranked 21<sup>st</sup> with a 0.7 percent market share. The top five lenders, American Express National Bank, Bank of America, N.A., JP Morgan Chase Bank, N.A., Citizens Bank, N.A., and Capital One Bank (USA), N.A., collectively held 53.4 percent market share. CSB was the sixth-highest ranked state-chartered community bank, with the following banks ranked higher than CSB: Eastern Bank (ranked 6<sup>th</sup>); Cross River Bank (ranked 14<sup>th</sup>); Rockland Trust Company (ranked 15<sup>th</sup>); Enterprise Bank and Trust Company (ranked 18<sup>th</sup>); and Middlesex Savings Bank (ranked 19<sup>th</sup>). In 2022, aggregate small business lending data showed 204 lenders originated or purchased 110,277 small business loans in the assessment area. CSB ranked 44<sup>th</sup> with a 0.2 percent market share. The top five lenders, American Express National Bank, Bank of America, N.A., JP Morgan Chase Bank, N.A., Capital One Bank (USA), N.A., and CitiBank, N.A. collectively held 69.1 percent market share. The vast majority of lenders (92.2 percent) held less than one percent market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the area's credit and community development needs. This information helps to determine whether local financial institutions respond to those needs. The information also shows what credit and community development opportunities are available. Examiners conducted one community contact and reviewed two recent community contacts with organizations in the assessment area.

Examiners contacted two representatives from a local community development financial institution (CDFI) that promotes affordable housing, economic development, and community services. While the CDFI serves several states throughout the nation, it is based within Boston and maintains longstanding roots in the assessment area. The contact described a deep and continuous need for affordable housing in the assessment area, particularly for low-income individuals. The contact also stressed the homelessness crisis in the assessment area. The contact indicated that there is significant demand for affordable housing, but the supply is limited; therefore, the actual availability of affordable housing only represents a fraction of the demand. The contact also noted the need for more economic development projects that create jobs and opportunities for low-income individuals and areas. The contact stated that local financial institutions have been involved with the community, specifically naming Cambridge Savings Bank. The contact made several suggestions for local financial institutions to become more involved with community development initiatives, especially affordable housing. For example, the contact noted that providing low-cost, risk tolerant capital to CDFIs would be helpful. The contact further encouraged banks to participate in MassHousing and Massachusetts Housing Partnership (MHP) affordable housing programs such as the ONE Mortgage and ONE+ Boston program, as these programs have proven effective in helping low- and moderate-income individuals achieve homeownership. The contact also noted that banks should also create their own innovative and flexible loan products targeted to low- and moderate-income homebuyers, as these prospective homebuyers typically do not qualify for traditional loan products. Lastly, the contact noted that grants and donations to CDFIs and other community development organizations have a powerful impact.

Examiners also reviewed a recent community contact with a non-profit economic development organization that serves municipalities within the assessment area, specifically within Middlesex County. The contact noted that the most crucial need in the assessment area is housing, as home prices are high, and the housing stock is limited. The contact explained that developers often face permit issues, which slows down the development process. The contact also noted that small businesses have struggled to return to pre-pandemic levels of profitability, noting a need for small business credit. Lastly, the contact noted that local financial institutions are involved in the community and actively participate in community development initiatives. Examiners reviewed another recent community contact from a community development organization that promotes affordable housing in the assessment area. The contact identified affordable housing as the primary need in the area. The contact reiterated the challenges related to developing affordable housing, such as zoning, financing, and construction obstacles. The contact also noted that many customers are unaware of the various first-time homebuyer programs and grants available and often do not understand the process for pursuing these resources.

### **Credit and Community Development Needs and Opportunities**

Examiners considered demographic and economic data, information gathered from the community contacts, and information from the bank to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing is the primary community development need. Financial education opportunities also exist to assist low- and moderate-income individuals with understanding the home buying process and the affordable housing programs and grants available to them. Flexible and affordable home mortgage products that are accessible to low- and moderate-income individuals represent a primary credit need. There is also the opportunity for small business financing.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated September 14, 2020, to the current evaluation dated January 29, 2024. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test (please see the Appendices for complete descriptions). Examiners used full-scope procedures to evaluate the bank's CRA performance in its assessment area.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. The bank's record of originating home mortgage and small business loans contributed equally to overall conclusions. Although commercial loans represent a majority of the bank's portfolio by dollar amount (53.2 percent), home mortgage originations exceeded small business originations by number and dollar volume during the review period. Examiners did not consider other product lines such as small farm or consumer loans, due

to no or limited representation in the loan portfolio. Therefore, as they provide no material support for conclusions or ratings, examiners did not present them in this evaluation.

Examiners analyzed all home mortgage loan originations reported on the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). In 2020, the bank reported 1,315 originated loans totaling \$729.7 million. In 2021, the bank reported 1,258 originated loans totaling \$945.4 million. In 2022, the bank reported 1,370 originated loans totaling \$902.1 million. Examiners compared the bank's 2020 and 2021 home mortgage lending performance to 2015 ACS demographic data and compared the bank's 2022 home mortgage lending performance to 2020 U.S. Census data. Examiners also compared the bank's home mortgage lending activity to 2020, 2021, and 2022 aggregate data.

Examiners also analyzed all small business loan originations reported on the bank's 2020, 2021, and 2022 CRA Loan Registers. A small business loan has an original loan amount of \$1.0 million or less and is either secured by nonfarm nonresidential property or is classified as a commercial and industrial loan. In 2020, the bank reported 1,270 small business loans totaling \$166.5 million. In 2021, the bank reported 943 small business loans totaling \$121.1 million. In 2022, the bank reported 191 small business loans totaling \$44.5 million. Please note that in 2020 and 2021, the bank originated a significant volume of small business loans primarily due to its participation in the Small Business Administration (SBA) Payment Protection Program (PPP) loans. In March 2020, the federal government declared COVID-19 as a national emergency. In response, the bank offered PPP loans, which supported businesses' basic operating needs, including paying rent, utilities, and payroll during the COVID-19 pandemic. Please refer to the Lending Activity section for more information on PPP loans. Examiners compared the bank's small business lending performance to 2020, 2021, and 2022 D&B data and aggregate data.

For the Lending Test, examiners analyzed home mortgage and small business loans originated during 2020, 2021, and 2022. While the Assessment Area Concentration table presents the lending activity for all three years, examiners did not include 2020 data under the Geographic Distribution or Borrower Profile criteria, as examiners did not identify any trends between 2020 and 2021 that materially affect conclusions. Additionally, although examiners presented the number and dollar volume of home mortgage and small business loans, they emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served.

Examiners also reviewed retail products and services that benefit low- and moderate-income individuals or small businesses; delivery systems for providing retail-banking services, including branches and alternative delivery systems; and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices since the prior evaluation dated September 14, 2020, through the current evaluation dated January 29, 2024.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

CSB demonstrated High Satisfactory performance under the Lending Test. The following sections address the bank's performance under each criterion.

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2020, 2021, and 2022, CSB originated 3,943 home mortgage loans totaling approximately \$2.6 billion and 2,404 small business loans totaling approximately \$332.2 million. Of this total, 2,625 home mortgage loans totaling approximately \$1.9 billion and 1,864 small business loans totaling approximately \$223.1 million were inside the assessment area. In 2020 and 2021, the bank originated a significant number of PPP loans, which dominated the bank's small business lending volume. Specifically, in 2020, the bank originated 1,212 PPP loans totaling approximately \$259.6 million. Of this total, 1,151 PPP loans totaling approximately \$138.1 million were small business loans, representing 90.6 of the total number of 2020 small business loans. In 2021, the bank originated 854 PPP loans totaling approximately \$137.6 million. Of this total, 826 PPP loans totaling approximately \$85.2 million were small business loans, representing 87.6 percent of the total number of 2021 small business loans. In 2022, CSB originated significantly fewer small business loans due to the SBA discontinuing the PPP on May 31, 2022, with lending levels returning to pre-pandemic levels.

The Description of Assessment Area section discusses the bank's market share rankings for home mortgage and small business lending.

#### **Assessment Area Concentration**

CSB made a high percentage of home mortgage and small business loans, by number and dollar amount, within its assessment area. Please refer to the following table for totals by year and loan category.

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										
2020	870	66.2	445	33.8	1,315	542,109	74.3	187,585	25.7	729,694
2021	852	67.7	406	32.3	1,258	682,480	72.2	262,954	27.8	945,434
2022	903	65.9	467	34.1	1,370	646,135	71.6	256,007	28.4	902,143
Subtotal	2,625	66.6	1,318	33.4	3,943	1,870,725	72.6	706,546	27.4	2,577,271
Small Business										
2020	1,009	79.4	261	20.6	1,270	117,310	70.4	49,218	29.6	166,528
2021	733	77.7	210	22.3	943	85,007	70.2	36,109	29.8	121,116
2022	122	63.9	69	36.1	191	20,737	46.6	23,789	53.4	44,526
Subtotal	1,864	77.5	540	22.5	2,404	223,054	67.2	109,116	32.8	332,170
Total	4,489	70.7	1,858	29.3	6,347	2,093,778	72.0	815,662	28.0	2,909,441
Source: Bank Data Due to rounding, totals may not equal 100.0%										

## **Geographic Distribution**

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

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As the following table shows, in 2021 and 2022, lending in both the low- and moderate-income census tracts was below aggregate and demographic data. However, market share data shows increasing rankings and supports adequate penetration. In 2021, CSB ranked 49<sup>th</sup> out of 327 lenders that originated or purchased a home mortgage loan in low-income census tracts, with a 0.5 percent market share. In 2022, CSB's ranking significantly improved to 29<sup>th</sup> out of 267 lenders that originated or purchased a home mortgage loan in low-income census tracts, with a 0.8 percent market share. CSB was in the top 11 percent of all lenders in low-income census tracts and was the sixth-highest ranked community bank within such tracts, behind Eastern Bank, Rockland Trust Company, The Washington Trust Company, Cambridge Trust Company, and Everett Co-operative Bank.

Additionally, in 2021, CSB ranked 37<sup>th</sup> out of 416 lenders that originated or purchased a home mortgage loan in moderate-income census tracts, with a 0.6 percent market share. In 2022, CSB's ranking improved to 22<sup>nd</sup> out of 366 lenders that originated or purchased a home mortgage loan in



moderate-income census tracts, with a 1.2 percent market share. CSB was in the top 6 percent of all lenders in moderate-income census tracts and became the third-highest ranked community bank within such tracts, behind Eastern Bank and Rockland Trust Company (which are both much larger intuitions).

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	6.0	6.9	28	3.3	12,859	1.9
2022	5.8	7.4	25	2.8	20,744	3.2
Moderate						
2021	19.6	21.3	109	12.8	70,427	10.3
2022	18.9	19.6	101	11.2	147,136	22.8
Middle						
2021	37.7	36.7	271	31.8	211,542	31.0
2022	30.0	28.8	247	27.4	124,933	19.3
Upper						
2021	36.3	34.7	444	52.1	387,652	56.8
2022	44.1	42.6	510	56.5	302,370	46.8
Not Available						
2021	0.3	0.4	0	0.0	0	0.0
2022	1.2	1.5	20	2.2	50,953	7.9
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>852</b>	<b>100.0</b>	<b>682,480</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>903</b>	<b>100.0</b>	<b>646,135</b>	<b>100.0</b>
Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021, & 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2021, lending in low-income census tracts was below aggregate and demographic data. In 2022, lending in low-income census tracts decreased by number; however, performance by percentage remained constant, while both aggregate and demographic data decreased. Therefore, in 2022, the bank's lending in low-income census tracts became closer to aggregate and demographic data.

In 2021, lending in moderate-income census tracts was below aggregate and demographic data. In 2022, lending in moderate-income census tracts decreased by number and percentage by number; however, aggregate and demographic data also decreased. The significant decrease in the bank's

overall small business lending in 2022 is due to the discontinuation of the SBA PPP. Furthermore, the bank's 2022 small business lending performance in low- and moderate-income census tracts is similar to pre-pandemic levels.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	9.7	10.3	30	4.1	4,318	5.1
2022	7.6	7.9	5	4.1	570	2.7
Moderate						
2021	17.6	20.4	105	14.3	10,311	12.1
2022	17.1	19.7	12	9.8	1,811	8.7
Middle						
2021	30.3	32.1	223	30.4	18,930	22.3
2022	24.9	26.9	37	30.3	7,270	35.1
Upper						
2021	41.6	36.6	367	50.1	47,472	55.8
2022	47.3	42.7	65	53.3	11,046	53.3
Not Available						
2021	0.8	0.8	8	1.1	3,976	4.7
2022	3.0	2.8	3	2.5	40	0.2
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>733</b>	<b>100.0</b>	<b>85,007</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>122</b>	<b>100.0</b>	<b>20,737</b>	<b>100.0</b>
Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2021, & 2022 CRA Aggregate Data Due to rounding, totals may not equal 100.0%						

## **Borrower Profile**

The distribution of borrowers reflects good penetration among individuals of different incomes and businesses of different sizes. The bank's adequate performance of home mortgage and excellent performance of small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income individuals and small business loans to businesses with GARs of \$1.0 million or less. Due to the lack of revenue data for 2021 small business loans, this factor included a supplemental analysis by loan size.

## ***Home Mortgage Loans***

The distribution of home mortgage loans reflects adequate penetration among retail customers of different income levels. In 2021 and 2022, lending to low-income borrowers fell below aggregate

data. However, in 2022, lending to low-income borrowers increased by number and percentage by number, demonstrating an increasing trend. In both years, lending to low-income borrowers fell below the percentage of low-income families in the assessment area. However, low-income families in the assessment area, earning less than \$64,750 in the Boston, MA MD and less than \$69,350 in the Cambridge-Newton-Framingham, MA MD, likely have difficulty qualifying for a mortgage under conventional underwriting standards, especially considering the high median housing value of \$625,641. Additionally, 8.1 percent of families in the assessment area live below the poverty level, which represents a subset of low-income families. These factors help explain the disparity between the bank's and the aggregate's lending compared to low-income families and the percentage of low-income families in the assessment area. Additionally, market share data shows increasing rankings and supports this conclusion. In 2021, CSB ranked 33<sup>rd</sup> out of 243 lenders that originated or purchased a home mortgage loan to low-income borrowers, with a 0.6 percent market share. In 2022, CSB's ranking improved to 21<sup>st</sup> out of 202 lenders that originated or purchased a home mortgage loan to low-income borrowers, with a 1.2 percent market share. CSB was the third-highest ranked community bank, just behind two much larger community banks, Eastern Bank and Rockland Trust Company.

In 2021 and 2022, lending to moderate-income borrowers was below aggregate and demographic data. However, in 2022, lending to moderate-income borrowers increased by number, demonstrating an increasing trend. Additionally, market share data shows increasing rankings and supports this conclusion. In 2021, CSB ranked 31<sup>st</sup> out of 341 lenders that originated or purchased a home mortgage loan to moderate-income borrowers, with a 0.7 percent market share. In 2022, CSB's ranking significantly improved to 15<sup>th</sup> out of 285 lenders that originated or purchased a home mortgage loan to moderate-income borrowers, with a 1.6 percent market share, placing CSB in the top 5 percent of all lenders. CSB was the third-highest ranked community bank, again just behind Eastern Bank and Rockland Trust Company. When compared to similarly situated institutions, CSB ranked higher in lending to moderate-income borrowers in both years.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	28.6	4.2	24	2.8	5,260	0.8
2022	26.4	5.5	27	3.0	4,789	0.7
Moderate						
2021	16.3	14.5	95	11.2	29,674	4.3
2022	15.9	14.9	99	11.0	29,259	4.5
Middle						
2021	17.7	20.7	165	19.4	70,826	10.4
2022	18.1	19.4	192	21.3	71,299	11.0
Upper						
2021	37.3	47.3	527	61.9	387,039	56.7
2022	39.6	45.0	555	61.5	353,578	54.7
Not Available						
2021	0.0	13.3	41	4.8	189,682	27.8
2022	0.0	15.2	30	3.3	187,210	29.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>852</b>	<b>100.0</b>	<b>682,480</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>903</b>	<b>100.0</b>	<b>646,135</b>	<b>100.0</b>
Source: 2015 ACS and 2020 U.S. Census; Bank Data, 2021, & 2022 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1.0 million or less. In 2021, CSB’s lending to businesses with GARs of \$1.0 million or less fell well below aggregate data; however, the bank originated a large number of PPP loans where GAR data was not available, as PPP loan applicants were not required to provide revenue information. Specifically, in 2021, the bank originated 668 PPP small business loans inside the assessment area. Of these 668 PPP loans, only 17 borrowers provided GAR information. Therefore, 651 PPP loans fall within the “Revenue Not Available” category, which represents almost 90 percent of all 2021 small business loans. The large number of small business loans in the “Revenue Not Available” category distorts the results, as only 82 (or 11.2 percent) of the bank’s small business loans in 2021 included revenue information. Of the 82 small business loans with revenue information, CSB originated 53.7 percent to businesses with GARs of \$1.0 million or less, which exceeds 2021 aggregate performance by more than 10 percent. In 2022, lending to businesses with GARs of \$1.0 million or less increased from 2021 performance and exceeded aggregate data by more than 15 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	86.6	42.6	44	6.0	10,911	12.8
2022	87.9	47.4	77	63.1	7,636	36.8
>\$1,000,000						
2021	5.2	--	38	5.2	15,841	18.6
2022	4.5	--	45	36.9	13,101	63.2
Revenue Not Available						
2021	8.1	--	651	88.8	58,256	68.5
2022	7.5	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>733</b>	<b>100.0</b>	<b>85,007</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>122</b>	<b>100.0</b>	<b>20,737</b>	<b>100.0</b>
<i>Source: 2021, &amp; 2022 D&amp;B Data; Bank Data; 2021, &amp; 2022 CRA Aggregate Data, "--" data not available.  Due to rounding, totals may not equal 100.0%</i>						

Since borrower revenue data is unavailable for nearly all PPP loans (specifically, 97.5 percent of all PPP loans inside the assessment area), examiners evaluated PPP loans using loan size as a proxy. The substantial majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, nearly 90 percent of PPP loans had loan sizes less than \$250,000. The high percentage of relatively small loan amounts supports that the bank is serving the needs of small businesses in the assessment area. Please refer to the table below.

Distribution of PPP Loans by Loan Size (2021)				
Loan Size	#	%	\$(000s)	%
< \$100,000	509	78.2	13,213	22.7
\$100,000 - \$249,999	75	11.5	11,127	19.1
\$250,000 - \$1,000,000	67	10.3	33,916	58.2
<b>Total</b>	<b>651</b>	<b>100.0</b>	<b>58,256</b>	<b>100.0</b>
<i>Source: 1/1/2021 – 12/31/2021 Bank Data  Due to rounding, totals may not equal 100.0</i>				

### **Innovative or Flexible Lending Practices**

CSB makes extensive use of innovative and flexible lending practices to address the credit needs of its assessment area. During the evaluation period, CSB originated 1,761 innovative or flexible loans totaling approximately \$382.5 million to individuals and businesses. Of these innovative or flexible loans, the bank extended 387 loans totaling approximately \$122.1 million through residential lending programs, and 1,374 loans totaling approximately \$260.4 million through small business lending programs. The vast majority (approximately 78.0 percent by number) of all

innovative or flexible loans were through the bank's participation in SBA programs. Furthermore, the majority of these SBA loans (62.2 percent) were PPP loans made to businesses affected by the COVID-19 pandemic, which demonstrates the bank's efforts to continue providing credit during the pandemic. The bank also offers several innovative or flexible residential loan programs, including a new CSB-exclusive affordable loan product, that assist low- and moderate-income individuals in obtaining homeownership through low down payments and interest rates, no borrower-paid mortgage insurance, and easier qualifications. Specifically, in total, the bank's residential lending programs benefitted approximately 698 low- and moderate-income individuals during the evaluation period.

CSB's use of innovative and flexible lending practices increased significantly since the prior evaluation, where the bank originated 315 innovative or flexible loans totaling approximately \$172.8 million. Specifically, the bank's use of innovative or flexible lending practices increased by 459.0 percent, by number, and 121.4 percent, by dollar amount, since the prior evaluation. The significant increase was primarily due to the bank's participation in the SBA PPP, which was responsive to business needs during the pandemic. The bank also introduced the following four new residential lending programs, which generated 91 innovative or flexible loans totaling approximately \$39.1 million throughout the evaluation period: MassHousing Workforce Advantage (WFA) Program; MHP One+ Boston; CSB Home Achieve; and the Fannie Mae (FNMA) and Freddie Mac (FHLMC) Loan-level Pricing Adjustment (LLPA) Waiver Program. The bank's creation of CSB Home Achieve and the expansion of MassHousing and MHP programs since the prior evaluation are particularly notable, as examiners identified that flexible and affordable home mortgage products are a primary credit need in the assessment area. Additionally, a community contact noted the need for more innovative and flexible products and programs for low- and moderate-income homebuyers.

By number, CSB's innovative and flexible lending activity exceeds that of one similarly situated institution, is comparable to another, and is below a third similarly situated institution. By dollar volume, CSB significantly exceeds two similarly situated institutions, and is below a third institution. The following table summarizes the bank's innovative and/or flexible lending programs. Please note that the bank did not present any innovative or flexible loans for year-to-date (YTD) 2024.

Innovative and/or Flexible Lending Programs										
Type of Program	2020		2021		2022		2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MassHousing (First-Time Homebuyers)	4	1,541	4	1,315	3	638	7	2,033	18	5,527
MassHousing 100 Down Payment Assistance (DPA)	2	30	1	15	0	0	0	0	3	45
MassHousing WFA Program	0	0	0	0	0	0	6	830	6	830
MHP One Mortgage (MHP One)	6	2,007	23	6,638	10	2,861	13	4,875	52	16,381
MHP One+ Boston	0	0	0	0	1	327	16	4,705	17	5,032
FHLMC Home Possible	0	0	0	0	1	195	8	3,020	9	3,215
FNMA Home Ready	12	3,432	25	7,618	6	1,578	30	10,602	73	23,230
CSB Home Achieve	0	0	1	322	7	2,173	31	18,205	39	20,700
CSB Conventional First-Time Homebuyer	12	3,073	23	8,701	25	8,373	20	6,433	80	26,580
CSB HELOC 100	0	0	14	1,834	2	309	0	0	16	2,143
CSB HELOAN 100	0	0	15	2,013	18	2,767	8	1,101	41	5,881
FNMA and FHLMC LLPA Waiver Program	0	0	0	0	0	0	29	12,512	29	12,512
Credit Builder	0	0	4	10	0	0	0	0	4	10
<b>Subtotal Residential Loans</b>	<b>36</b>	<b>10,083</b>	<b>110</b>	<b>28,466</b>	<b>73</b>	<b>19,221</b>	<b>168</b>	<b>64,316</b>	<b>387</b>	<b>122,086</b>
SBA 7(a) Loans	23	4,068	117	35,939	191	44,526	189	38,291	520	122,824
SBA PPP Loans	0	0	854	137,569	0	0	0	0	854	137,569
<b>Subtotal Commercial Loans</b>	<b>23</b>	<b>4,068</b>	<b>971</b>	<b>173,508</b>	<b>191</b>	<b>44,526</b>	<b>189</b>	<b>38,291</b>	<b>1,374</b>	<b>260,393</b>
<b>Totals</b>	<b>59</b>	<b>14,151</b>	<b>1,081</b>	<b>201,974</b>	<b>264</b>	<b>63,747</b>	<b>357</b>	<b>102,607</b>	<b>1,761</b>	<b>382,479</b>
Source: Bank Data										

The following narrative highlights some of the bank's innovative and/or flexible loan programs.

#### Residential Lending Programs

- **CSB Home Achieve** - In 2021, the bank launched this CSB-exclusive affordable loan product. The product is available to both first-time and repeat homebuyers. Borrowers qualify for the product in one of two ways, either: (1) the subject property is in a low- or moderate-income census tract within the assessment area, or (2) the borrower has an income at or below 80 percent of the area median income (AMI), and the subject property is located within Middlesex, Suffolk, Essex, or Norfolk County. The product offers a low down payment, no borrower-paid mortgage insurance, and competitive fixed-rate interest rates. Since its inception, the bank has experienced increasing interest and success with the loan product.

- ***CSB HELOC 100 and CSB HELOAN 100*** - These products are part of a CSB home purchase loan program targeted to low- and moderate-income borrowers. Specifically, they serve as second-lien loans that accompany new first-lien home purchase loans in order to reach a combined loan-to-value of 100 percent. The products allow borrowers to receive 100 percent financing of their new home, with no borrower-paid mortgage insurance and no down payment requirements. The second-lien can either be the open-end or closed-end product.
- ***MHP One and MHP One+ Boston*** - The MHP One program is available for low- and moderate-income first-time homebuyers. In February 2023, the bank also began offering the MHP One+ Boston program. This program is targeted to low- and moderate-income first-time homebuyers who are current Boston residents and purchasing a home within the City. Both programs offer low down payments (as low as 3.0 percent), heavily discounted fixed-rate interest rates, and no private mortgage insurance. The MHP One+ Boston program also offers enhanced down payment assistance throughout Boston.
- ***FNMA Home Ready*** - This program offers flexible underwriting standards for low-income borrowers. The program offers low down payment (as low as 3.0 percent), up to 97.0 percent loan-to-value financing, flexible funding sources for down payment and closing costs, and affordable mortgage insurance. The program also offers a \$2,500 credit to very low-income borrowers, which may be used for down payment or closing costs.
- ***MassHousing WFA Program*** - In March 2023, the bank began offering this program. The program is available to low- and moderate-income first-time homebuyers who are purchasing a single-family home, condominium, or two-family property in MA. The program offers an affordable, fixed-rate mortgage, a zero percent DPA loan, and no borrower-paid mortgage insurance. The program also offers expanded DPA to help increase the buying power of low- and moderate-income families. The expanded DPA depends on the subject property's location, but ranges from a minimum of 10 percent of the sales price to a maximum of \$50,000.

#### *Small Business Lending Programs*

- ***SBA 7(a)*** - CSB is a preferred SBA 7(a) lender. This program is the SBA's primary program for providing financing (up to \$5.0 million) to start-up and existing small businesses. Small businesses that meet the SBA's size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties. Additionally, the SBA's guaranty, which ranges from 50 to 90 percent, allows institutions to offer credit at more flexible terms than through traditional commercial financing channels.
- ***SBA PPP*** - This program, established by the Coronavirus Aid, Relief, and Economic Security Act, helped small businesses keep their workforce employed during the COVID-19 pandemic. Specifically, funds from the PPP helped businesses with basic operating needs, such as paying rent, utilities, and payroll. The PPP offered below market interest rates, loan forgiveness, and no origination fees.



## **Community Development Loans**

CSB made a relatively high level of community development loans. During the evaluation period, the bank originated 49 community development loans totaling approximately \$226.0 million. The volume of community development lending increased since the prior evaluation, where the bank originated 32 loans totaling approximately \$98.9 million. Specifically, the bank's community development lending activity increased by approximately 53.1 percent, by number, and more than doubled by dollar amount. Examiners compared the bank's community development lending activity to that of three similarly situated institutions. Examiners selected the similarly situated institutions based on asset size, geographic location, and lending focus. The bank's volume of community development lending exceeded that of two institutions by number and dollar amount. The bank's community development lending is below the third similarly situated institution by number but was comparable by dollar amount. CSB's community development lending activity represents 3.8 percent of average total assets and 4.8 percent of average total loans. The bank's performance in both metrics increased since the prior evaluation, where community development loans represented 2.2 percent of average total assets and 2.9 percent of average total loans. CSB's performance in both metrics exceeds that of two similarly situated institutions and is below that of a third similarly situated institution.

Examiners determined that the bank met the overall needs of the assessment area; therefore, examiners also considered community development loans made outside the assessment area, but within the broader statewide or regional area. Of the 49 community development loans, 32 loans totaling approximately \$124.1 million directly benefitted the assessment area, and 17 loans totaling approximately \$101.9 million benefitted a broader statewide or regional area. Additionally, the bank provided approximately \$124.9 million in community development loans for affordable housing initiatives, which examiners identified as a significant need in the assessment area. Specifically, these affordable housing loans helped develop, preserve, or rehabilitate more than 1,000 units of affordable housing.

The following table illustrates the bank's community development lending activity by year and purpose. Please note that the bank did not present any community development loans for YTD 2024.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	1	5,000	0	0	0	0	0	0	1	5,000
2021	13	63,593	5	2,659	0	0	1	7,750	19	74,003
2022	10	35,886	5	17,604	1	3,300	3	6,080	19	62,870
2023	4	20,381	4	52,900	0	0	2	10,800	10	84,081
<b>Total</b>	<b>28</b>	<b>124,860</b>	<b>14</b>	<b>73,163</b>	<b>1</b>	<b>3,300</b>	<b>6</b>	<b>24,630</b>	<b>49</b>	<b>225,953</b>
<i>Source: Bank Data</i>										

The following are examples of community development loans that directly benefitted the assessment area.

- In 2021, the bank originated a \$50.9 million loan for the construction of a five-story, 147-unit residential apartment building in Winchester. The development was approved as a MA Chapter 40B project; therefore, 25 percent of the units (or 37 units) are reserved for low- and moderate-income individuals and families earning 80.0 percent or less of the AMI. CSB received community development loan credit for a pro rata portion of the loan totaling \$12.7 million.
- In 2021, the bank originated a \$7.8 million PPP loan to a federally-qualified health center (FQHC) in Lynn. The FQHC is in a low-income census tract and primarily serves low- and moderate-income individuals. The PPP loan helped revitalize and stabilize the area by retaining jobs in this low-income geography. Additionally, in 2023, the bank extended a \$6.8 million increase to an existing \$1.2 million line of credit with this FQHC for working capital purposes (specifically, to assist with monthly operating expenses). The line of credit helps the FQHC provide essential health services to low- and moderate-income individuals in the assessment area.
- In 2022, the bank participated in a \$93.0 million loan for the construction of two residential apartment buildings totaling 330 units in Chelsea. The bank's participation amount was \$35.0 million. Of the 330 units, 96 are reserved for low- and moderate-income individuals and families earning 80.0 percent or less of the AMI. Specifically, tenants will contribute 30.0 percent of their income towards rent, with the remaining amount subsidized by the Chelsea Housing Authority. CSB received community development loan credit for a pro rata portion of the loan totaling \$10.2 million.
- In 2023, the bank participated in a \$40.0 million loan for the construction of a school building in Roxbury. The bank's participation amount was \$20.0 million. The newly constructed school will be in a low-income census tract and will house an existing local charter school, where nearly 80.0 of students come from low-income families. In addition to standard classrooms, administrative offices, and a gymnasium and cafeteria, the new building will provide enhanced learning spaces for its students, such as an engineering space, science lab rooms, and an outdoor garden space. Additionally, the school plans to provide public access to its gymnasium space for neighborhood programs and events. The project will also enhance the surrounding area by improving the sidewalk infrastructure and renovating a local park for the sports teams and outdoor recess. The loan promotes community services for low- and moderate-income individuals.

The following are examples of community development loans that benefited a broader statewide or regional area that includes the bank's assessment area.

- In 2021, the bank participated in a \$45.1 million loan for the construction of three residential apartment buildings totaling 218 units in Middlesex County. The bank's participation amount was \$20.0 million. Of the 218 units, 25.0 percent (or 55 units) are reserved for low-

and moderate-income individuals and families earning less than 80.0 percent of the AMI. CSB received community development loan credit for a pro rata portion of the loan totaling \$5.0 million.

- In 2023, the bank originated a \$3.0 million loan to help finance the improvements on a hydroelectric plant in New England. The hydroelectric plant is in a low-income census tract and shares a property with a 132-unit affordable housing complex for seniors (via Section 8 housing). The plant provides power to this affordable housing complex, helping to provide low-cost electricity to low- and moderate-income individuals.

## **INVESTMENT TEST**

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

### **Investment and Grant Activity**

CSB has an excellent level of qualified community development investments and donations, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the bank made 664 qualified investments totaling approximately \$125.1 million. The total dollar amount of qualified investments equates to 2.1 percent of average total assets and 19.3 percent of average total securities since the prior evaluation. The bank's qualified investments increased by 72.0 percent by number, and 29.9 percent by dollar amount, from the prior evaluation. The bank made \$47.5 million in new equity investments during the evaluation period, increasing by approximately \$25.8 million, or 27.4 percent, since the prior evaluation. The increase in equity investments was less than the bank's increase in total assets of 35.3 percent. Total donations increased by approximately \$3.1 million since the last CRA evaluation, or 133.5 percent by dollar amount, and 79.3 percent by number.

Examiners compared the bank's qualified investment activity to that of three similarly situated institutions. CSB's qualified investment activity outperformed all comparable institutions. The following table illustrates the bank's qualified investments by year and purpose. Please note that the bank did not present examiners with any qualified investments for YTD 2024.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	16,130	7	31,465	6	10,046	1	14,595	22	72,236
2020	0	0	0	0	0	0	0	0	0	0
2021	2	2,375	0	0	1	500	0	0	3	2,875
2022	2	22,988	0	0	1	3,000	0	0	3	25,988
2023	3	16,604	0	0	2	2,000	0	0	5	18,604
<b>Subtotal</b>	<b>15</b>	<b>58,097</b>	<b>7</b>	<b>31,465</b>	<b>10</b>	<b>15,546</b>	<b>1</b>	<b>14,595</b>	<b>33</b>	<b>119,703</b>
Qualified Grants & Donations	60	1,556	561	3,580	10	278	0	0	631	5,414
<b>Total</b>	<b>75</b>	<b>59,653</b>	<b>568</b>	<b>35,045</b>	<b>20</b>	<b>15,824</b>	<b>1</b>	<b>14,595</b>	<b>664</b>	<b>125,117</b>
<i>Source: Bank Data</i>										

### Equity Investments

The bank maintains 33 investments totaling \$119.7 million, of which 11 investments totaling approximately \$47.5 million are new and 22 investments totaling approximately \$72.2 million remain from the prior period. The following are examples of the bank's new equity investments.

- In 2021, the bank invested \$2.0 million in the MA Housing Equity Fund (Fund) and in 2023 the bank invested an additional \$5.0 million in the Fund. The Fund invests primarily in projects that rehabilitate existing multi-family housing or that construct new affordable housing projects in low- and moderate-income areas for low- and moderate-income individuals in the bank's assessment area. The bank's investments in the Fund helped to create and preserve affordable housing for low- and moderate-income individuals within the assessment area.
- In 2022, the bank participated \$22.0 million in a long-term, construction-to-permanent convertible tax bond that will help rehabilitate a 200-unit affordable housing complex located in Medford, MA. All 200 units will be made available for low-income elderly, family, and disabled households. The bank's participation helped to preserve affordable housing for low-income families and individuals.
- In 2023, the bank participated \$6.6 million for the construction of 68 affordable housing units located in Waltham, MA. The project will provide supportive-service housing units for low- and moderate-income elderly and disabled adults in downtown Waltham. The bank's investment helped to create affordable housing for low- and moderate-income individuals within the bank's assessment area.
- In 2022, the bank invested \$3.0 million in a MA Business Development Corporation fund. The fund promotes economic development by investing in small businesses that are in a growth stage. The fund will be used throughout the New England region, including the bank's assessment area.

## Qualified Grants and Donations

During the evaluation period, the bank made approximately \$5.4 million in qualified donations in the assessment area. Donations primarily supported community development services to low- and moderate-income individuals and families or low- and moderate-income areas, followed by donations to support affordable housing throughout the assessment area.

The following are notable examples of the bank's qualified donations:

- ***Tech Goes Home*** – During the evaluation period, the bank's charitable foundation made several donations to Tech Goes Home. This organization provides community services to low- and moderate-income communities by providing access to computers, internet, and training for children and adults. Tech Goes Home enables those it serves with the ability to overcome barriers by using digital tools. The bank's support of this organization provides community services to low- and moderate-income children and adults.
- ***Neighborhood of Affordable Housing (NOAH)*** – During the evaluation period, the bank's charitable foundation made several donations to NOAH. NOAH is a community development corporation that works to create and preserve affordable housing opportunities for low- and moderate-income individuals and families in the Greater Boston area. The bank's support of this organization helps to create and preserve affordable housing within the assessment area.
- ***Just-A-Start Corporation*** – The bank's charitable foundation made several donations to Just-A-Start Corporation. Just-A-Start Corporation is a community service organization that promotes affordable housing, financial education, and job training for low- and moderate-income individuals and families. The bank's support of this organization helps to create and preserve affordable housing within the bank's assessment area.
- ***Caritas Communities, Inc.*** – During the evaluation period, the bank made several donations to Caritas Communities, Inc. Caritas Communities is a non-profit affordable housing organization that provides affordable rental housing for working men and women on minimum wage, veterans experiencing post-service challenges, low-income seniors, and disabled individuals. The organization maintains 30 different residences in 17 communities in and around the Boston area, which provides housing for more than 1,000 residents annually. The bank's support of this organization helped provide access to affordable housing for low- and moderate-income individuals within the bank's assessment area.

## Responsiveness to Credit and Community Development Needs

CSB exhibits excellent responsiveness to credit and community development needs. The majority of the bank's qualified investments and donations benefited organizations that support affordable housing for low- and moderate-income individuals and families. Of the bank's investments and donations, 47.7 percent directly benefited affordable housing in the bank's assessment area or the greater statewide or regional area. Since the previous evaluation, the bank increased its equity

investments in affordable housing initiatives from \$25.5 million to \$58.0 million. The bank's new affordable housing equity investments created 485 affordable housing units throughout the bank's assessment area.

The bank also made a large number of charitable donations through its foundation to organizations that support low- and moderate-income individuals and families. The foundation targeted organizations that provided access to needed resources for food instability, financial literacy, family services, and healthcare to low- and moderate-income individuals and areas.

### **Community Development Initiatives**

CSB makes extensive use of innovative and/or complex investments to support community development initiatives in the assessment area. The bank's investment portfolio includes industrial revenue bonds, limited partnership investments, tax credit investments, and grants. These investments require collaboration with multiple funding partners, are competitive to obtain, and require technical expertise. CSB's investment portfolio is more complex and innovative when compared to similarly situated institutions.

### **SERVICE TEST**

CSB demonstrated Outstanding performance under the Service Test. The following sections address the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the bank's assessment area.

The bank operates 18 branches. All branches have at least one 24-hour deposit-taking ATM or ITM and are bilingual in English and Spanish. The bank also operates five stand-alone ATMs and one stand-alone ITM. Two of the ATMs are deposit-taking, while the other three are only cash dispensing. Of the two deposit-taking ATMs, one is in Kendall Square (Cambridge) in a middle-income census tract, and the other is in Harvard Square (Cambridge) in an upper-income census tract. The bank's sole stand-alone ITM is in Somerville in an upper-income census tract. The remaining three ATMs (Burlington, Cambridge, and Harvard Square (Cambridge)) operate as cash dispensing only. Since the prior evaluation, the bank added six ITMs for a total of nine ITMs. ITMs allow customers to interact with a virtual teller and offer extended hours past normal branch hours.

The following table illustrates the distribution of branches and ATMs by tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	63	13.0	249,366	13.3	0	0.0	0	0.0
Moderate	105	21.6	442,357	23.6	0	0.0	0	0.0
Middle	121	24.9	497,343	26.5	6	33.3	12	36.3
Upper	162	33.3	641,375	34.2	12	66.7	21	63.7
NA	35	7.2	43,057	2.3	0	0.0	0	0.0
<b>Total</b>	<b>486</b>	<b>100.0</b>	<b>1,873,498</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>33</b>	<b>100.0</b>
<i>Source: 2020 ACS Data; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>								

As the table illustrates, the bank does not have any branches in the low- and moderate-income census tracts. However, the lack of branch presence within these areas does not limit accessibility from nearby communities and residents. Of the bank's 18 branches, six border moderate-income census tracts, one borders a low-income census tract, and two border a low-income census tract and a moderate-income census tract. In addition, of the bank's five stand-alone ATMs, three, including one deposit-taking ATM, border a moderate-income census tract, and another deposit-taking ATM borders two moderate-income census tracts and a low-income census tract.

More specifically, the 630 Massachusetts Avenue branch in Cambridge borders a low-income census tract, the 1374 Massachusetts Avenue branch in Cambridge borders a moderate-income tract, and the 1378 Cambridge Street branch in Cambridge borders a low- and a moderate-income census tract. Further, the branch at 626 Massachusetts Avenue in Arlington borders a low- and a moderate-income census tract and the 188 Massachusetts Avenue in Arlington borders a moderate-income census tract. Additionally, the 154 Cambridge Street branch in Burlington, 638 Main Street branch in Melrose, and the 54 Arsenal Street branch in Watertown all border one moderate-income census tract. Finally, the new Somerville branch borders a moderate-income census tract. All individuals, including low- and moderate-income census tract residents, can access the Arlington, Cambridge, Somerville, and Watertown branches by public transportation (bus, subway, and commuter rail), increasing the branches' accessibility and attracting individuals from the surrounding census tracts.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank opened a branch at 475 Foley Street in Somerville, located in a middle-income census tract. The branch is located next to one moderate-income census tract and is a short walk away from a subway stop, increasing accessibility for low- and moderate-income individuals. An ITM is also located at the branch, offering extended hours.

### **Reasonableness of Business Hours and Services**

The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals. All bank branches operate the same business hours and are open Monday through Friday from 9:00 a.m. – 4:00 p.m., with branches open until 5:00 p.m. on Thursday and 9:00 a.m. – 12:00 p.m. on Saturday. All branches offer the same loan and deposit products and services.

The bank's nine ITMs offer extended weekday hours from 8:00 a.m. – 6:00 p.m. and Saturday hours from 9:00 a.m. – 3:00 p.m. The bank offers low-cost checking and savings accounts options. CSB's Simple Checking account has a \$10 minimum balance to open. There is no monthly fee and no transaction requirements on this account. The Simple Savings account has a \$1 minimum to open and a \$5 monthly fee that the bank waives if the accountholder maintains an average monthly balance of \$250.

### **Community Development Services**

CSB is a leader in providing community development services and was actively involved in providing financial literacy to low- and moderate-income individuals and small businesses. During the evaluation period, the bank provided 680 instances of community development services through financial literacy classes, first-time home buyer sessions, technical assistance to small businesses, and Board and committee membership on local community organizations.

Since the prior evaluation, the bank's services significantly increased from 289 instances to 680 instances. The increase is primarily due to the bank's increased efforts in providing financial literacy classes to low- and moderate-income individuals and small businesses. The bank has a small team of financial literacy experts dedicated to providing financial literacy classes to local organizations, small businesses, and schools. Since the prior evaluation, the bank has expanded into offering financial literacy to economic development organizations who support small businesses. In particular, the bank has focused on reaching small businesses and prospective small business owners from immigrant and refugee communities. The bank's performance exceeds that of similarly situated institutions.

The following table illustrates the community development services by year and purpose.



Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	19	31	2	0	<b>52</b>
2021	26	103	16	0	<b>145</b>
2022	23	152	61	0	<b>236</b>
2023	31	134	52	0	<b>217</b>
YTD 2024	4	18	8	0	<b>30</b>
<b>Total</b>	<b>103</b>	<b>438</b>	<b>139</b>	<b>0</b>	<b>680</b>
<i>Source: Bank Data</i>					

The following are notable examples of community development services provided by the bank.

### Board Involvement

- ***Caritas Communities, Inc.*** – Caritas Communities, Inc. is a non-profit affordable housing organization that provides affordable rental housing to low-income individuals who are experiencing homelessness or are in imminent risk of homelessness. The organization serves people in Boston and surrounding communities who would otherwise not be able to afford housing. In 2022 and 2023, an Executive Vice President of the bank served on the organization’s Board and on the Fundraising and Communications committees. In 2023, the bank’s President served on the organization’s Ambassador Council. The bank’s involvement with this organization helped provide access to affordable housing for low- and moderate-income individuals within the bank’s assessment area.
- ***Cambridge Neighborhood Apartment Housing Services (CNAHS)*** – CNAHS is a non-profit affordable housing organization that creates and maintains affordable rental housing. In addition to affordable housing, the organization also offers services to its clients in the form of financial literacy, scholarship programs, food assistance, and more. A Senior Vice President at the bank served on the organization’s Board from 2021 to 2023. The bank’s involvement with this organization helped provide access to affordable housing for low- and moderate-income individuals within the bank’s assessment area.
- ***Food For Free*** – This organization is a non-profit that works to improve access to healthy food to low- and moderate-income individuals. The organization uses a combination of food rescue, where food that otherwise might go to waste is saved and redistributed, and transportation services to deliver the food directly to food pantries, low-income housing facilities, and schools in Boston, Cambridge, Chelsea, Revere, Somerville, and other nearby communities. A First Vice President at the bank served on the organization’s Board and Development committee from 2020 to 2022. The bank’s involvement in this organization helped provide community services to the assessment area’s low- and moderate-income individuals and families.

## Financial Education

- ***First-time Homebuyer Classes*** – During the evaluation period, the bank participated in 47 Citizens Housing and Planning Association (CHAPA) certified First-Time Homebuyer classes, which assisted 1,039 low- and moderate-income participants to prepare for homeownership. The classes were held in collaboration with Allston-Brighton Community Development Corporation, NOAH, Somerville Community Corporation, Urban Edge, and WATCH. The bank's involvement with First-Time Homebuyer classes with these affordable housing organizations helped promote affordable housing to low- and moderate-income families and individuals within the bank's assessment area.
- ***Student Financial Literacy*** – During the evaluation period, the bank participated in 119 qualified financial literacy sessions at ten elementary, middle, and high schools inside of the bank's assessment area, which had approximately 1,700 participants. All ten of the schools have a majority of students who are low-income according to the Massachusetts Department of Education. The schools are in Boston, Chelsea, Malden, Somerville, Waltham, and Woburn. Topics covered include budgeting, credit, fraud, and saving. In addition, the bank participated in mock job interviews with students to help them prepare for finding a career.
- ***Small Business Financial Literacy*** – During the evaluation period, the bank participated in 45 small business education classes, which assisted 478 small business owners and perspective small business owners. The classes were held in collaboration with several economic development organizations, including, ACEDONE, Cambridge Somerville Black Business Network, Cambridge Community Development Department, Center for Women & Enterprise, Dorchester Bay Economic Development Community, and St. Mark Community Education program. Many of these classes were held with organizations that work with immigrant and refugee communities and were designed to assist these groups to overcome the barriers they face in starting a new small business after arriving in the U.S. The bank's involvement with small business financial literacy helped promote economic development within the bank's assessment area.

## Other Activity

The bank continues to offer an Individual Development Account (IDA) program. The bank matches low- and moderate-income individuals' deposits into the IDA. The program's goal is to help individuals accumulate savings to purchase a home, finance their small business, or fund higher education. The bank participates in IDAs that serve clients of the CNAHS and Midas Collaborative.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

#### **FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

#### ***Minority Application Flow***

The bank's HMDA LARs for 2021 and 2022 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2020 US Census Data, the bank's assessment area contained a total population of 1,873,498 individuals, of which 46.1 percent are minorities. The minority population represented is 13.0 percent Black/African American, 14.9 percent Asian, 0.1 percent American Indian, 16.4 percent Hispanic or Latino, and 1.7 percent other.

The bank's level of lending in 2021 and 2022 was compared with that of the 2021 and 2022 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2021 HMDA		2021 Aggregate Data	Bank 2022 HMDA		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0	0.2	1	0.1	0.3
Asian	93	9.4	12.3	138	12.1	12.1
Black/ African American	18	1.8	5.4	21	1.8	6.4
Hawaiian/Pacific Islander	0	0	0.1	1	0.1	0.2
2 or more Minority	0	0	0.2	0	0	0.2
Joint Race (White/Minority)	32	3.2	2.3	35	3.1	2.6
<b>Total Racial Minority</b>	<b>143</b>	<b>14.4</b>	<b>20.5</b>	<b>196</b>	<b>17.3</b>	<b>21.8</b>
White	623	62.7	51.7	687	60.5	50.4
Race Not Available	227	22.9	27.8	252	22.2	27.8
<b>Total</b>	<b>993</b>	<b>100.0</b>	<b>100.0</b>	<b>1,135</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	14	1.4	7	19	1.7	8.0
Joint (Hisp/Lat /Not Hisp/Lat)	11	1.1	1.2	18	1.6	1.5
<b>Total Ethnic Minority</b>	<b>25</b>	<b>2.5</b>	<b>8.2</b>	<b>37</b>	<b>3.3</b>	<b>9.5</b>
Not Hispanic or Latino	763	76.8	64.9	853	75.1	64.2
Ethnicity Not Available	205	20.7	26.9	245	21.6	26.3
<b>Total</b>	<b>993</b>	<b>100.0</b>	<b>100.0</b>	<b>1,135</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2015 ACS Data, US Census 2020, HMDA Aggregate Data 2021 &amp; 2022, HMDA LAR Data 2021 &amp; 2022</i>						

In 2021, the bank received 993 HMDA reportable loan applications within its assessment area. Of these applications, 143 or 14.4 percent were received from racial minority applicants, 81.1 percent of which resulted in originations. The aggregate received 20.5 percent of its applications from racial minority consumers, of which 63.4 percent were originated. For the same time period, the bank received 25 or 2.5 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 23 or 92.0 percent were originated, compared to an aggregate ethnic minority application rate of 8.2 percent with a 59.0 percent origination rate.

In 2022, the bank received 1,135 HMDA reportable loan applications within its assessment area. Of these applications, 196 or 17.3 percent were received from racial minority applicants, of which 159 or 81.1 percent resulted in originations. The aggregate received 21.8 percent of its applications from racial minority consumers, of which 58.6 percent were originated. The bank also received 37 or 3.3 percent of applications from ethnic groups of Hispanic origin within its assessment area, of which 25 or 67.6 percent were originated, compared to an aggregate ethnic minority application rate of 9.5 percent with a 53.8 percent origination rate.

Employees at the bank speak a variety of languages and can provide translation services to customers in need. These languages include but are not limited to Burmese, Gujarati, Hindi, Mandarin, Portuguese, and Spanish.

The bank's lending in 2021 and 2022 reflects an adequate racial minority application flow. The bank's variety of languages spoken and home mortgage lending origination rates further support good performance. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2021 and 2022, the bank's minority application flow is adequate.

## **LARGE BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;

- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

### **Service Test**

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

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's 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 (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) 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.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

Cambridge Savings Bank	
<b>Scope of Examination:</b> Full scope reviews were performed on the following assessment areas <ul style="list-style-type: none"> <li>Boston-Cambridge-Newton, MA-NH MSA</li> </ul>	
<b>Time Period Reviewed:</b>	09/14/2020 to 01/29/2024
<b>Products Reviewed:</b> Home Mortgage Loans: 01/01/2020 – 12/31/2022 Small Business Loans: 01/01/2020 – 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Boston-Cambridge-Newton, MA-NH MSA	Full scope	None	None

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**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.

**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 Area (CBSA):** 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).

**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 (e.g., geographic distribution, borrower profile, 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 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 Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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** (also known as **non-MSA**): 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 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.

**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.