

PUBLIC DISCLOSURE

MAY 5, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Wainwright Bank and Trust Company
CERT # 27009**

**63 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110**

**Division of Banks
One South Station
Boston, MA 02110**

**Federal Deposit Insurance Corporation
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NOTE: 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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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Wainwright Bank and Trust Company (or the “Bank”)**, prepared by the Division and FDIC, the institution's supervisory agencies.

INSTITUTION'S CRA RATING: This institution is rated Outstanding

The Lending Test is rated: Outstanding

The Community Development Test 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.

Intermediate Small Bank CRA procedures were utilized for the evaluation. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

Lending Test:

The Bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. A majority of the Bank's loans are in the assessment area. The distribution of borrowers, given the demographics of the assessment area, reflects excellent penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes. The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The Bank has not received any CRA-related complaints.

Community Development Test:

The Bank's community development performance demonstrates an excellent responsiveness to the community development needs in its assessment area through community development lending, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

The Bank is a leader and an innovator in its community development lending efforts; this lending is considered a strength of the institution. The level of the Bank's qualified investments is considered excellent. Additionally, the Bank is actively involved in various community development organizations and financial education initiatives.

SCOPE OF EXAMINATION

This CRA performance evaluation was conducted using Intermediate Small Bank CRA examination procedures. These procedures apply to an institution with assets of at least \$265 million as of December 31 of both of the prior two calendar years, and less than \$1.061 billion as of December 31 of either of the prior two calendar years. The data and applicable timeframes used for the Lending Test and the Community Development Test are summarized below.

The Lending Test focused primarily on home mortgage lending for calendar years 2006 and 2007. Based on discussions with management, the Bank's primary business focus is residential mortgage lending. This is also evidenced by the Bank's loan portfolio composition as of December 31, 2007, as the majority of the loan portfolio is residential in nature (refer to the *Description of Institution* section of this evaluation for the loan portfolio breakdown). Thus, the Bank's residential mortgage lending activity is weighted more heavily within the Lending Test criteria.

Information concerning residential mortgage lending was derived from the Loan Application Registers ("LAR") maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data regarding home purchase, home improvement, and refinance loans on one- to four-family and multifamily (five or more units) properties.

The Lending Test also includes an analysis of the Bank's 2006 and 2007 small business loans. The Bank is an active small business lender, as evidenced by discussions with management and the percentage of small business loans in the Bank's loan portfolio (refer to the *Description of Institution* section of this evaluation for the loan portfolio breakdown). For the purposes of this evaluation, small business loans are commercial real estate and commercial and industrial loans.

Information concerning small business lending was derived from Loan Application Registers maintained by the Bank. While the Bank is not required to collect this data or report it due to its Intermediate Small Bank status, it elected to collect the data for tracking and evaluation purposes.

Home mortgage lending for 2006, the most recent year for which aggregate HMDA data is available, is presented in the Geographic Distribution and Borrower Income Lending Test Tables. The Bank's 2006 home mortgage lending performance is weighted more than its 2007 performance, as 2006 is the most recent year of aggregate lending data available for comparison purposes. Home mortgage lending data for 2007 is referenced in the narrative to illustrate trends in the Bank's lending.

Small Business lending for 2007 is presented in the Geographic Distribution and Borrower Income Lending Test Tables. The Bank's 2007 small business lending performance is weighted more than its 2006 performance, as 2007 is the most recent full-year lending data available. As an Intermediate Small Bank, small business loans are not required to be reported by the Bank. As such, comparing the Bank's small business lending activity to the most recent (2006) aggregate lending performance would not be appropriate, as the aggregate lenders' are much larger institutions required to report small business data. For comparative purposes, the Bank's small business lending performance is compared to pertinent demographic information. Small business lending for 2006 is referenced in the narrative to illustrate trends in the Bank's lending.

The Lending Test did not consider the Bank's consumer lending, as the Bank did not request these loans for evaluation and the Bank does not collect data for evaluation purposes. Additionally, as the Bank did not make any small farm loans, the evaluation does not consider this category of lending. Last, while the Bank did originate multi-family loans, the number and dollar amount of such lending is nominal and was not included in the evaluation as it did not materially affect the analysis.

The Community Development Test includes qualified community development loans, investments and grants, and services for the period May 9, 2005, through May 4, 2008. Qualified investments currently held by the Bank were included regardless of original investment date. All investments were valued at their May 9, 2008 book value.

PERFORMANCE CONTEXT

Description of Institution

Wainwright Bank and Trust Company is a state-chartered, publicly-traded institution headquartered at 63 Franklin Street in Boston, Massachusetts. Including its main office, the Bank operates eleven full-service offices, three in Boston, four in Cambridge, and one office each in Brookline, Newton, Somerville and Watertown. The Bank was originally established in 1987 as a wholesale institution but made the transition to retail banking in 1992 through the acquisition of \$30 million in deposits from the former Coolidge Bank & Trust Company.

At December 31, 2007, the Bank had \$914 million in total assets, an increase of 30.2% since the previous FDIC CRA Public Evaluation dated May 9, 2005. Loans account for 78.1% of total assets. The growth was funded by a \$95 million (18.2%) increase in deposits and \$52 million increase in federal funds and other borrowings. The majority of this growth was invested in loans, which increased by \$176 million.

The Bank is primarily a residential mortgage lender with home mortgage loans secured by one-to four-family properties accounting for the largest share of the loan portfolio at 43.4%. Refer to Table 1 for specific information concerning the loan portfolio.

Table 1 - Loan Distribution at 12/31/07		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction and Land Development	75,990	10.7
1-4 Family Residential	309,300	43.4
Multi-Family (5 or more) Residential	52,884	7.4
Commercial	124,175	17.4
Total Real Estate Loans	562,349	78.9
Commercial and Industrial	123,194	17.3
Consumer	886	0.1
Obligations of States and Political Subdivisions	26,410	3.7
Other	440	0.0
Total Loans	713,279	100.0

Source: Report of Condition and Income (Call Report)

The Bank provides a wide selection of financial products and services through its main office and branch office network. The Bank offers a variety of retail loan products, including personal installment loans, automobile loans, fixed- and adjustable-rate residential mortgage loans, home equity lines of credit, and home equity loans. Deposit services include savings accounts, checking accounts, certificates of deposit, retirement accounts, and overdraft protection. The Bank also offers a variety of miscellaneous services and products such as bank-by-mail, telephone banking, Internet banking, safe deposit boxes, and traveler's checks.

The FDIC last evaluated the Bank's CRA performance on May 9, 2005, and assigned a rating of "Outstanding." The Division assigned an "Outstanding" CRA rating as of May 24, 2004.

There are no apparent financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its performance will be evaluated. Wainwright Bank & Trust Company currently defines its assessment area as the following 13 cities and towns: Arlington, Belmont, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Newton, Somerville, Waltham, and Watertown. As currently defined, the area meets all technical requirements of the regulation since it (a) is contiguous, (b) does not arbitrarily exclude low- and moderate-income areas, (c) is made up of whole geographies, and (d) does not extend beyond state boundaries, in this case, those of the Commonwealth of Massachusetts.

Listed below are the communities that comprise the assessment area grouped by the Metropolitan Division (MD) in which they are located:

Boston-Quincy, MA MD: Boston, Brookline, and Chelsea.

Cambridge-Newton-Framingham, MA MD: Arlington, Belmont, Cambridge, Everett, Malden, Medford, Newton, Somerville, Waltham, and Watertown.

These two MDs are part of the Boston-Worcester-Manchester, MA-RI-NH Combined Statistical Area (CSA).

According to 2000 census data, the assessment area has a total population of 1,252,927. The City of Boston represents the largest population concentration with 589,141 residents, or 47.0% of the assessment area's total residents. The remaining 663,786 residents of the other 12 cities and towns in the assessment area surround Boston to the north and west and, although they are smaller in size, they are urbanized to a substantial degree and are similar to many parts of Boston in terms of their population and housing stock.

The assessment area's population resides in 509,507 households. Of these, 30.6% are low-income, 17.1% are moderate-income, 18.1% are middle-income, and 34.2% are upper-income. The City of Boston accounts for 52.8% of all low-income households and 47.3% of all moderate-income households in the assessment area.

The assessment area contains a total of 530,482 housing units. Of these, 38.0% are owner-occupied, 58.1% are renter-occupied, and 3.9% are vacant. Of the 13 communities that make up the Bank's assessment area, Chelsea has the lowest owner-occupancy rate with 29.0% followed closely by Somerville with 30.6, and Boston and Cambridge with 32.2%. The highest owner-occupancy rates are in Newton at 69.6%, Belmont at 60.9%, Arlington at 58.9%, Medford at 58.7%, and Watertown with 47.1%.

Census tracts are also classified according to income. The assessment area contains 298 census tracts: 39 are low-income, 113 are moderate-income, 94 are middle-income, 51 are upper-income, and 1 is "not applicable." The "not applicable" census tract is comprised of the islands in Boston Harbor and contains no housing units. This census tract will not be included in this evaluation since it provides no lending opportunities for the Bank or other financial institutions.

Of the area's 39 low-income census tracts, all but five are located in Boston. Of the five low-income census tracts outside of Boston, three are located in Cambridge and two are located in Chelsea. There are 113 moderate-income tracts; 66, or 58.4 percent, of which are located in Boston. Of the 47 moderate-income census tracts outside of Boston, 11 are located in Somerville, 10 are located in Cambridge, 6 each are located in Everett and Malden, 5 each are located in Medford and Waltham, three are located in Chelsea, and 1 is located in Watertown. The following table shows the distribution of census tracts by income level according to the city or town they are located:

City/Town	Census Tract Income Level					Total
	Low	Moderate	Middle	Upper	NA	
Arlington	0	0	6	2	0	8
Belmont	0	0	4	4	0	8
Boston	34	66	39	17	1	157
Brookline	0	0	2	10	0	12
Cambridge	3	10	12	5	0	30
Chelsea	2	3	1	0	0	6
Everett	0	6	0	0	0	6
Malden	0	6	3	0	0	9
Medford	0	5	6	0	0	11
Newton	0	0	5	15	0	18
Somerville	0	11	4	0	0	15
Waltham	0	5	8	0	0	13
Watertown	0	1	4	0	0	5
Total	39	113	94	51	1	298

Source: 2000 U.S. Census

After a record period of home value and pricing appreciation, during 2006 and 2007, housing prices began to decline. In some isolated areas, housing prices have continued to rise; for example, in Belmont and certain neighborhoods of Boston such as Allston, Jamaica Plain, and South Boston¹. However, the majority of the assessment area's other cities, towns, and neighborhoods of Boston have decreased in value. For the first three months of 2008, the median price of a single-family/condo ranged from a low of \$228,000 in East Boston to a high of \$708,000 in Belmont. It is important to note that even with the decline of housing prices in the assessment area, home ownership continues to be extremely difficult to achieve for first-time home buyers and low-and moderate-income individuals and families.

According to data obtained from Dun & Bradstreet, in 2007, there were 101,383 business establishments located in the Bank's assessment area, a majority of which (66.4%) are classified as "small businesses" (businesses with \$1 million or less in gross annual revenues). Of the businesses operating in the Bank's assessment area, 9,013 (13.3%) are within the area's low-income census tracts. Moderate-income census tracts account for 29.1% of all businesses. Of the businesses operating in the Bank's assessment area, 29.5% and 28.1% operate in the area's middle- and upper-income tracts, respectively. The "Service Industries," a broad category that represents everything from hair salons to landscaping contractors, represent the largest industry group with 44.6% of all local businesses. "Retail Trade" is next with 13.1%; followed by "Finance, Insurance, and Real Estate" with 10.6%; "Construction" with 4.8%; "Transportation, Communication" with 3.9%, and "Manufacturing" with 3.0%.

¹ Housing data was derived from Warren Group sales of single family and condos by town statistics.

The Bank operates in a highly competitive environment that includes large, out of state based banks, numerous mortgage companies, as well as many locally-based banks. The assessment area contains 447 offices of 111 different financial institutions including the largest institutions in the state: Bank of America, Citizens Bank, and Sovereign Bank. These three institutions operate almost one half of all the banking offices in the area and, together with several other institutions with over \$1 billion in assets, represent a formidable competitive obstacle to any of the area's smaller banks. HMDA lending data for calendar year 2006, the latest year for which aggregate data is available, shows that 550 lenders originated 48,380 HMDA reportable loans totaling \$12.9 billion in the Bank's assessment area. Five of the top ten lenders in the Bank's assessment area are large national organizations with no branches in this area. Wainwright Bank and Trust Company ranked 69th with a 0.3% market share.

A community contact was conducted with an area economic development corporation. The contact stated the need for more affordable housing and the need for increased foreclosure prevention efforts. The area that the corporation operates in has been hit especially hard by the foreclosure problem with some streets consisting exclusively of foreclosed properties.

Based on the assessment area's demographics and the insights gained through discussions with Bank management and the community contact, the assessment area does not have one primary credit need. Residents need a variety of different consumer products to meet personal needs, as well as home financing products for the purchase, refinance, or improvement of residences. Businesses also require numerous credit options to assist in running and growing their businesses. Affordable housing for individuals and families is also in demand, and foreclosure issues appear to be affecting certain towns and cities, as well as specific neighborhoods in Boston.

PERFORMANCE CRITERIA

LENDING TEST

The Lending Test considers the institution's performance under the following criteria: (1) its loan-to-deposit ("LTD") ratio, (2) lending within its defined assessment area, (3) lending to borrowers of different incomes, (4) the geographic distribution of loans, and (5) its record of taking action in response to CRA complaints.

1. LOAN TO DEPOSIT RATIO ANALYSIS

This performance criterion assesses the proportion of the Bank's deposit base that is invested in loans and evaluates its appropriateness. The Bank's LTD ratio is more than reasonable given the institution's size, financial condition, and the credit needs of its assessment area.

The Bank's average net LTD ratio is 107.7%. The ratio was calculated by averaging the Bank's 11 quarterly LTD ratios for the period of June 30, 2005, through December 31, 2007. The Bank's quarterly LTD ratios have been relatively steady from 102.7% as of June 30, 2005, Call Report to 114.3% as of December 31, 2007, the most recent Call Report date.

For evaluation purposes, the Bank's average LTD ratio was compared to similarly situated institutions. A group of six Massachusetts-based financial institutions of similar asset size and loan portfolio composition were used for comparison purposes.² Refer to Table 3 below.

Institution	Average LTD Ratio	Assets as of December 31, 2007 (000s)
<i>Wainwright Bank and Trust</i>	107.7	913,695
Bristol County Savings Bank	100.8	1,124,942
Benjamin Franklin Savings Bank	94.5	902,802
The Bank of Canton	93.8	844,403
South Shore Savings Bank	90.2	940,444
Bank Newport	87.7	1,071,378
Centerville Savings Bank	48.2	833,148

Source: Reports of Condition and Income

The average LTD ratio for this group was 85.7% and ranged from 48.2% to 100.8%. The Bank's average LTD ratio at 107.7% was higher than all of the similarly situated institutions.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

The majority of the Bank's home mortgage and small business loans are within its assessment area. As noted in Table 4, the Bank originated a majority of its loans, 67.2 percent by number, within its assessment area. Also noted was an increase in home mortgage lending volume (by number) within the assessment area from 2006 to 2007. Home mortgage loan activity in the assessment area increased from 64.8% of the total number of loans in 2006 to 65.6% during 2007. Additionally, the Bank's percentage of small business lending within its assessment area is also on an increasing trend. As noted in Table 4, the Bank originated 72.1% of its small business loans within the assessment area in 2006; in 2007, the percentage of small business loans within the assessment area increased to 75.9%, despite the overall decline by number of small business loans (from 86 to 54).

2. The six similarly situated banks was based on an asset size range of \$800 million to \$1.2 billion

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<i>2006 Home Mortgage</i>										
Home Purchase	47	65.3	25	34.7	72	9,163	61.9	5,644	38.1	14,807
Refinance	66	63.5	38	36.5	104	14,353	58.1	10,346	41.9	24,699
Home Improvement	14	70.0	6	30.0	20	413	24.8	1,255	75.2	1,668
Total 2006	127	64.8	69	35.2	196	23,929	58.1	17,245	41.9	41,174
<i>2007 Home Mortgage</i>										
Home Purchase	92	65.7	48	34.3	140	34,162	59.9	22,903	40.1	57,065
Refinance	55	61.1	35	38.9	90	26,671	65.5	13,415	33.5	40,086
Home Improvement	32	74.4	11	25.6	43	1,832	67.8	869	32.2	2,701
Total 2007	179	65.6	94	34.4	273	62,665	62.8	37,187	37.2	99,852
Total Home Mortgage	306	65.2	163	34.8	469	86,594	61.4	54,432	38.6	141,026
<i>Small Business</i>										
Small Business 2006	62	72.1	24	27.9	86	14,016	71.6	5,557	28.4	19,573
Small Business 2007	41	75.9	13	24.1	54	4,864	62.2	2,950	37.8	7,814
Total Small Business	103	73.6	37	26.4	140	18,880	68.9	8,507	31.1	27,387
Grand Total	409	67.2	200	32.8	609	105,474	62.6	62,939	37.4	168,413

Source: HMDA LAR and CRA Small Business Data for 2006 and 2007

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Bank's home mortgage and small business lending data for 2006 and 2007 was reviewed to assess how well the Bank is addressing the credit needs of the area's low-, moderate-, middle-, and upper-income individuals and businesses. Overall, the distribution of the Bank's loans among the different income categories reflects an excellent penetration.

Home Mortgage Lending

Table 5 reflects the Bank's home mortgage lending distribution among borrowers of different income levels³.

Table 5 Distribution of Home Mortgage Loans by Borrower Income									
Home Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Home Purchase	47	17.0	57.5	10.6	14.9	2.6	15.3	28.5	53.6
Refinance	61	6.6	16.4	36.0	41.0	5.0	18.4	32.2	55.4
Home Improvement	14	7.1	14.3	42.9	35.7	9.3	20.2	27.2	43.3
Total	122	10.7	32.0	27.0	30.3	3.9	16.2	28.6	51.3
Families	24,809	29.8	19.1	20.0	31.1	NA			

Source: HMDA LAR and HMDA aggregate data for 2006 and 2000 Census Data

3. In Table 5, bank loans reporting "NA" for income are excluded. When comparing the bank's lending to aggregate lending data, aggregate lenders' loans reporting "NA" for income were also excluded.

During 2006, the Bank's overall lending to low-income borrowers was significantly higher (at 10.7%) than aggregate lenders' performance (at 3.9%). This excellent performance is a reflection of the Bank's efforts in reaching low- and moderate-income borrowers. The Bank has several programs in place to assist low- and moderate-income borrowers with purchasing homes, such as their first-time homebuyers program. The Bank also offers affordable mortgage programs which are geared to low- and moderate-income borrowers. While the Bank's overall low-income lending performance (at 10.7%) is not consistent with the percentage of low-income families in the assessment area (at 29.8%), this discrepancy is not unexpected given the cost of housing in the assessment area. For a low-income family (defined as one that earns 50% or less than the median family income) in 2006 or 2007, it would be extremely difficult to afford owning or improving a home. For example, in 2006, the estimated median family income for the Boston-Quincy MD is \$77,700. This means a low-income family earns less than \$38,850. Even the towns and cities in the assessment area with less expensive housing are not affordable to a borrower with low-income.

During 2006, the Bank's overall lending to moderate-income borrowers was significantly higher (at 32.0%) than aggregate lenders' performance (at 16.2%). Again, this excellent performance reflects positively on the Bank, illustrating its ability to reach moderate-income borrowers with its loan products and programs that assist low- and moderate-income borrowers with their lending needs. The comparison of the Bank's moderate-income lending performance (at 32.0%) compared with the percentage of moderate-income families in the assessment area (at 19.1%) reveals the Bank is exceeding demographic indicators. This performance is excellent, especially considering the level of income earned by moderate-income families and the cost of housing in the assessment area. For example, in 2006, a moderate-income family (defined as one that earns 50% to less than 80% of the median family income) in the Boston-Quincy MD earns from \$38,850 to less than \$62,160. This income range makes it difficult for moderate-income borrowers to purchase or renovate a home in the Bank's assessment area.

A review of the Bank's 2007 home mortgage lending performance revealed the distribution of home mortgage loans is similar to the Bank's 2006 home mortgage lending performance. 2007 aggregate lending data is not available for comparison purposes.

Small Business Lending

Table 6 below illustrates the distribution of the Bank's 2007 small business loans within the assessment area by size of business, as determined by gross annual revenue (GAR) category. For comparison purposes, the table includes the percentage of businesses in the assessment area with GAR of \$1 million or less.

Table 6			
Distribution of Small Business Loans by Gross Annual Revenue			
Year of Data	# of Bank Loans	Assessment Area Businesses with GAR of \$1 million or less	
		Percent of Businesses	Percent of Bank Loans
2007	41	66.7	73.2

Source: 2007 Small Business Data and Business Geodemographic Data

As reflected in Table 6 above, in 2007, the percentage of small business loans to businesses with GAR of \$1 million or less (73.2%) was higher than the percentage of businesses with GAR of \$1 million or less (66.7%).

A review of the Bank's 2006 small business lending performance revealed the percentage of loans with GAR of \$1 million or less was relatively consistent with the percent of businesses with GAR of \$1 million or less. The Bank's lending to small businesses improves in 2007 in comparison to 2006 data.

4. GEOGRAPHIC DISTRIBUTION

The Bank's geographic distribution of home mortgage and small business loans was reviewed to assess how well the Bank is addressing the credit needs throughout the assessment area. The Bank's home mortgage and small business lending reflects an excellent dispersion throughout the census tracts in the assessment area, including low- and moderate-income census tracts.

Home Mortgage Lending

Table 7 shows the distribution of home mortgage loans by the different census tract income levels.

Table 7 Distribution of Home Mortgage Loans by Census Tract Income									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Home Purchase	47	8.5	51.1	34.0	6.4	8.6	40.4	33.5	17.5
Refinance	66	9.1	25.8	48.5	16.6	7.2	43.0	34.0	15.7
Home Improvement	14	7.2	42.8	42.8	7.2	5.8	41.6	38.3	14.3
Total	127	8.6	37.1	42.5	11.8	7.8	41.6	34.1	16.5
Owner-Occupied Housing Units	201,299	3.6	32.0	39.1	25.3	NA			

Source: HMDA LAR and HMDA aggregate data for 2006 and the 2000 U.S. Census Data

The Bank's low-income census tract lending performance (at 8.6%) was higher than the aggregate lenders' low-income census tract lending performance (at 7.8%). Additionally, the Bank's low-income census tract lending performance (at 8.6%) in comparison with the percentage of owner-occupied housing units (at 3.6%) in the assessment area reveals the Bank exceeds demographic indicators.

The Bank's moderate-income census tract lending performance (at 37.1%) is lower than the aggregate lenders' moderate-income census tract lending performance (at 41.6%). In comparison with the percentage of owner-occupied housing units (at 32.0%) in the moderate-income census tracts, the Bank exceeds demographic indicators (at 37.1%).

Due to the level of competition from mortgage companies in the assessment area, particularly in Boston, the aggregate data was recalculated to remove loans with characteristics of a high cost loans (for example, typically this includes such loans as non-traditional or subprime mortgage loans). For purposes of this an analysis, high cost loans are those for which a rate spread was reported on the HMDA LAR. Regulation C requires rate spreads to be reported when the APR for a loan is at least three percentage points higher than the current interest rate on long-term U.S. Treasury bonds for first lien loans or five percentage points higher for subordinate lien loans.

For the low-income census tracts, when aggregate lending data is adjusted to exclude high cost loans, the aggregate lenders' lending performance in the low-income census tracts decreased from 7.8% (as noted in Table 7 above) to 6.9%. For moderate-income census tracts, when aggregate lenders' lending data is adjusted to exclude high cost loans, their lending decreased

from 41.6% (as noted in Table 7 above) to 37.0%. With these adjustments, the Bank's performance in the low-income census tracts improves even more and in the moderate-income census tracts, the Bank's performance is more consistent with the aggregate lenders' performance.

A review of the Bank's 2007 home mortgage lending performance revealed the dispersion of home mortgage loans was similar to the Bank's 2006 home mortgage loan dispersion. 2007 aggregate lender performance is not available for comparison purposes.

Small Business Lending

Table 8 below illustrates the distribution of the Bank's 2007 small business loans within the assessment area by census tract income level. For comparison purposes, the table includes the percentage of businesses within each census tract income level.

Table 8									
Distribution of Small Business Loans by Census Tract Income Level									
Year of Data	# of Bank Loans	Percent of Bank Loans				Percent of Assessment Area Businesses			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2007	41	29.3	34.2	21.9	14.6	14.1	28.2	29.4	28.3

Source: 2007 Small Business Data and Business Geodemographic Data

As reflected in Table 8 above, in 2007, the Bank's low-income census tract lending (at 29.3%) is substantially higher than the percentage of businesses in the low-income census tracts (at 14.1%). The Bank's moderate-income census tract lending (at 34.2%) is higher than the percentage of businesses in the moderate-income census tracts (at 28.2%). A review of the Bank's 2006 small business lending performance revealed the Bank's low-income census tract lending is consistent with its 2007 lending performance, while its moderate-income census tract lending was lower.

5. RESPONSE TO CRA COMPLAINTS

The Bank has not received any CRA-related complaints during the evaluation period. As a result, this performance criterion is not applicable.

COMMUNITY DEVELOPMENT TEST

Wainwright Bank and Trust Company's community development performance demonstrates excellent responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment area.

Qualified Community Development Loans

The CRA regulation defines a community development loan as a loan with a primary purpose of either (1) affordable housing for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing small businesses or small farms; or (4) activities that revitalize or stabilize low- and moderate-income, disaster, distressed, or underserved geographies. Furthermore, the loan must benefit the Bank's assessment area or a broader statewide area that includes the assessment area. Loans required to be reported as home mortgage loans or

small business loans cannot also be reported as community development loans unless the loan is for a multifamily dwelling (five or more units), meets a community development definition, and benefits the Bank's assessment area or a broader statewide area that includes the assessment area.

The institution's community development lending activities are evaluated pursuant to the following criteria: (1) the number of community development loans (2) the extent to which community development lending opportunities have been made available to the institution; (3) the responsiveness of the institution's community development lending to the assessment area needs.

Wainwright Bank and Trust Company has an excellent number of loans and demonstrates excellent responsiveness to community development needs.

Throughout the evaluation period of May 10, 2005, through May 5, 2008, the Bank made 81 qualified community development loans totaling \$270,561,998. By year, for 2005, this represents 15.0 percent of net loans of \$604.9 million as of December 31, 2005; for 2006, this represents 7.3 percent of net loans of \$629.5 million as of December 31, 2006; for 2007, this represents 13.1 percent of net loans of \$705.6 million as of December 31, 2007; for YTD 2008, this represents 5.8 percent of net loans of \$724.4 million as of March 31, 2008. For comparison purposes, at the May 9, 2005 FDIC CRA Public Evaluation, which reviewed community development lending over a similar length of time (approximately three years), Wainwright Bank and Trust Company had made 98 community development loans totaling \$90,000,000.

The following table summarizes the number and dollar volume of community development loans originated by year and community development purpose during the evaluation period.

Table 9 Qualified Community Development Loans								
Community Development Category*	2005**		2006		2007		YTD 2008	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing for Low- and Moderate-Income Individuals	17	54,403	6	38,110	16	67,707	5	21,668
Community Services Targeted to Low- and Moderate-Income Individuals	9	24,335	6	8,100	13	24,095	5	19,434
Promote Economic Development	2	12,250	0	0	2	460	0	0
Revitalize or Stabilize Geographies	0	0	0	0	0	0	0	0
Total	28	90,988	12	46,210	31	92,262	10	41,102

Source: Internal bank records *As defined by CRA **Originated May 10, 2005 – December 31, 2005

For illustrative purposes, the following are a few examples of the numerous community development loans made by the Bank during the evaluation period.

2005

Wainwright Bank and Trust Company made 28 community development loans totaling \$90,988,022 in 2005. The following is a sample of community development loans made in 2005.

- Wainwright Bank and Trust Company originated a \$3,000,000 construction loan to a non-profit community corporation in Somerville. The proceeds will be used to construct 15 condominium units to be sold to low- and moderate- first time homebuyers.

- Wainwright Bank and Trust Company made a \$5,000,000 construction and bridge loan to a non-profit in Dorchester. The loan proceeds will be used to renovate 49 units of affordable rental housing located at four different sites throughout Dorchester.
- Wainwright Bank and Trust Company made a \$600,000 commercial real estate mortgage to a non-profit organization in Dorchester, MA. The proceeds of the loan will be used to refinance an existing mortgage and to fund capital improvements of a 12-unit housing facility. This organization assists women, who have been homeless, in the development of life skills necessary for breaking the cycle of poverty.

2006

Wainwright Bank and Trust Company made 12 community development loans totaling \$46,209,789 in 2006. Not included in this figure are three loans totaling \$13,216,812. Although these loans do not meet the technical definition of a community development loan, they all have community development as its primary purpose. The following is a sample of community development loans made in 2006.

- Wainwright Bank and Trust Company extended a \$12,500,000 line of credit to a Boston based economic development corporation. The line of credit will be used to support growth and changes in the organization's loan acquisition program. This organization provides technical assistance, pre-development lending, and consulting services to non-profit organizations involved in housing development, workforce development, neighborhood economic development, and capital improvements to child care facilities.
- Wainwright Bank and Trust Company extended a \$150,000 revolving demand line of credit to a Boston based non-profit. The proceeds will be used to provide working capital to bridge the conversion of receivables. The organization provides housing and mental health services and related products to underserved residents who reside in the Boston neighborhoods of Roxbury, Mattapan, Dorchester and the South End. The majority of its clients are homeless and in recovery from drug and alcohol addiction.
- Wainwright Bank and Trust Company made a \$3,570,000 participation in a \$10,700,000 bridge loan to an affiliate of a community development corporation. The proceeds will be used to facilitate the conversion of a mixed income rental development into 22 units of affordable rental housing and 33 units of moderate to market rate condominiums. The 22 low-income units will be sold back to the community development corporation, which will continue to rent them to households earning below 60% of the area median income.

2007

Wainwright Bank and Trust Company made 31 community development loans totaling \$92,262,187 in 2007. The following is a sample of community development loans made in 2007.

- Wainwright Bank and Trust Company granted a \$700,000 commercial real estate loan to a non-profit in for the acquisition of a 12 unit transitional housing property in Lawrence, MA. This non-profit organization is the only homeless shelter in Massachusetts with an entirely bilingual staff serving Latino homeless families. The shelter will house 14 homeless families and staff.

- Wainwright Bank and Trust Company approved a \$1,000,000 term loan and a \$300,000 working capital line to a Boston based non-profit. The proceeds of the term loan will be used to finance a new facility in Boston. This organization provides housing, and innovative and comprehensive direct care services, to individuals and families with very specialized needs. The majority of the clients are homeless, in recovery from drug and alcohol addiction, and are also struggling with a secondary medical or psychiatric issue, such as HIV/AIDS or diagnosed mental illness. Twenty percent are women caring for children, and 75 percent of the clients are homeless upon admission.
- Wainwright Bank and Trust Company approved a \$7,500,000 construction to permanent loan to a non-profit in the assessment area for the purpose of developing 99 new service-enriched units for the elderly, including assisted living units as well as independent senior units with services available, at the site of the of a former school. The target population for the proposed facility is low and moderate-income frail elderly who need assistance with one or more activities of daily living.

2008

Wainwright Bank and Trust Company made ten community development loans totaling \$41,102,000 in year-to-date 2008. The following is a sample of community development loans made in 2008.

- Wainwright Bank and Trust Company made a \$9,000,000 bridge loan and a \$1,400,000 permanent loan for the purpose of converting a 75 unit mixed-income rental development into 27 affordable and 26 market rate ownership condominiums and 20 affordable rental units located in the Jamaica Plain neighborhood of Boston.
- Wainwright Bank and Trust Company approved a \$7,000,000 participation loan in an \$18,250,000 construction loan to a realty trust. The loan proceeds will be used for the redevelopment of a historic church into nine luxury condominiums and the new construction of 50 additional units of housing on a 1.83-acre parcel of land in Brookline. Upon completion, the proposed residential campus will have 23 market rate condominiums, 16 affordable rate condominiums, 20 Low-Income Housing Tax Credit (LIHTC) rent restricted affordable apartments, and underground parking.
- Wainwright Bank and Trust Company approved an \$8,385,000 loan to a Boston based charter school. The loan is part of a new market tax credit transaction to restructure existing debt and finance the first stage of an expansion for the charter school. Children attending the school are from all of Boston's 13 neighborhoods, including Mattapan, Jamaica Plain, Roxbury and Hyde Park. The majority of the students reside in Dorchester and South Boston. 41 percent of the student body lives at or below the poverty line.

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development investment opportunities have been made available to the institution; (3) the responsiveness of the institution's community development investments to the assessment area needs.

Wainwright Bank and Trust Company has an excellent level of investments and donations and demonstrates excellent responsiveness to community development needs. The Bank ably identifies the needs of its community and invests a high level of funds to organizations that have community development purposes.

Qualified Equity Investments

During the evaluation period, the Bank made a total of 9 equity investments totaling \$19,404,051. This represents 13.6 percent of total investments of \$142,398,000 as of March 31, 2008. The following is a listing of all qualified equity investments on the Bank's books as of May 9, 2008.

- Ruggles Street Limited Partnership - The Bank has fully funded its \$4.2 million commitment to purchase low-income tax credits that financed the conversion of a vacant school located at 25 Ruggles Street in Roxbury into assisted living elderly housing. The facility contains 43 studio units for low-income elders, including 18 who were formerly homeless or at significant risk of homelessness. As of May 9, 2008, the book value on this investment is \$299,455.
- Pond Home Assisted Living - The Bank purchased \$4.0 million in low-income tax credits in 2000 from the Massachusetts Housing Investment Corporation (MHIC) to finance the development of an assisted living facility in the Town of Wrentham for low-income elders. Even though Wrentham is outside the Bank's assessment area, this investment is eligible for consideration since the investment benefits a broader statewide area that includes the assessment area. The book value of this investment as of May 9, 2008 is \$3,119,201.
- Manchester/12 Summer Street - The Bank made an equity investment in this project, led by the Manchester Housing Authority, for the renovation of a multi-family rental development which now includes 21 units of affordable housing. The book value of this investment as of May 9, 2008 is \$477,570.
- Massachusetts Housing Investment Corporation LLC - The Bank continues to maintain its investment in this equity pool that funds affordable housing projects throughout the state, including the Bank's assessment area. The Bank has \$200,000 invested in the fund (as of May 9, 2008).
- Pine Street Inn – The Bank has been very supportive in its efforts to aid the Pine Street Inn. In 2004, the Bank purchased housing tax credits which enabled the shelter to make capital improvements. The book value of this investment as of March 31, 2008 is \$4,407,825.
- Boston Community Loan Fund - The Bank originally invested in this loan fund in 1999. The fund provides critical help to organizations serving low-income people by providing loan capital and technical expertise. The Bank has \$100,000 invested in the fund (the value as of May 9, 2008).
- Access Capital Strategies Community Investment Fund (ACSCIF) - The Bank originally invested \$500,000 in this fund in 1998. The ACSCIF is a SEC-registered fund structured as a business development corporation. The primary purpose of the fund is to provide a secondary market and financing vehicle for community development loans. The fund invests in private placement debt securities that support affordable housing, education, small business loan securitizations, and other job creating investments within a target region specified by the investing institution. The Bank designated Massachusetts as the target region for their investment. The Bank maintains \$500,000 in the fund (as of May 9, 2008).

- Wayside Youth & Family Support - In 2008, the Bank participated with another lender in a tax-exempt bond. The Bank's participation amount is \$5,000,000. Wayside is a Massachusetts non-profit human service agency that provides a continuum of community-based services that promote the personal health, well-being and independent functioning of a diverse population of adolescents, families, and victimized or under-served people in Metro-West, Greater Boston, and the Blackstone Valley. The value of this investment as of May 9, 2008 is \$5,000,000.
- Massachusetts Housing Investment Corporation (MHIC) New Markets Tax Credits, Madison Park – The Bank invested \$5,300,000 during the evaluation period towards MHIC New Markets Tax Credits Fund III Series III (the Fund). The equity investment made by the Bank will be used to purchase New Markets Tax Credits into the Fund. The Fund, in turn will make investments into a Community Development Entity (CDE). The CDE will then use the Tax Credits to make Qualified Low Income Community Investment (QLICI) loans to Qualified Active Low-Income Community Businesses. The value of this investment as of May 9, 2008 is \$5,300,000.

Qualified Donations

During the evaluation period, the Bank made qualified donations totaling \$163,930 representing 24.2 percent of the Bank's total donations of \$676,669. For 2006, the Bank's donations equaled 0.5 percent of pre-tax net operating income (NOI). That percentage increased to 0.9 percent in 2007. NOI percentages were not calculated for partial year donations (2005 and 2008).

The following table summarizes the number and dollar volume of qualified donations originated by year and community development purpose during the evaluation period.

Table 10 Community Development Donations								
Community Development Category*	2005***		2006		2007		YTD 2008	
	#	\$	#	\$	#	\$(000s)	#	\$(000s)
Affordable Housing for Low- and Moderate-Income Individuals	3	2,000	9	7,944	13	8,500	3	1,750
Community Services Targeted to Low- and Moderate-Income Individuals	16	9,204	44	37,302	42	55,560	17	31,620
Promote Economic Development	-	-	-	-	-	-	-	-
Revitalize or Stabilize Geographies	1	1,500	3	2,500	6	6,000	1	500
Total	20	12,704	56	47,746	61	69,610	21	33,870

Source: Internal bank records *As defined by CRA ** May 10, 2005 – December 31, 2005

The following is a sample of some of the numerous organizations the Bank made qualified donations to:

- CAN-DO - The Citizens for Affordable Housing in Newton Development Organization is a community-based non-profit developer of affordable housing for individuals and families who are low-to moderate-income.
- Somerville Community Corporation (SCC) - The SCC is a membership organization that provides leadership for sustaining the City of Somerville as a vibrant, diverse, and tolerant community. They develop and preserve affordable housing. They offer services and lead community organizing that supports low and moderate-income Somerville residents in their efforts to achieve economic stability.

- Community Builders Inc – The organization is the largest non-profit urban housing developer in the United States. Since 1964, they have completed more than 21,000 units of affordable, mixed-income housing. Their Tent City project in the South End of Boston became a national model of mixed-income housing with 25 percent of its units reserved for low-income residents and 50 percent reserved for moderate-income residents.
- Community Legal Services and Counseling Center (CLSACC) - CLSACC provides free legal assistance and affordable mental health counseling to people of low-income. The center serves 1,100 clients each year and benefits an additional 2,400 children and other family members. CLSACC serves battered women and abused children, women and children living in poverty, and families and senior citizens at risk of homelessness.
- Somerville Homeless Coalition (SHC) - SHC was created by the local community's grassroots response to the social crisis of homelessness. Today, SHC transforms lives by providing services, support, resources, and housing to well over 600 men, women, and children.
- HomeStart Inc. - HomeStart is a non-profit organization whose mission is to end homelessness in Greater Boston by assisting individuals in obtaining permanent housing and settling into the community, and by developing strategies to address systemic barriers to housing placement.
- Jamaica Plain Neighborhood Development Corporation (JPNDC) - JPNDC was founded in 1977 to work closely with neighborhood residents, organizations, and businesses to plan and carry out community development projects that benefit low-income residents of Jamaica Plain. The JPNDC has developed more than 415 units of housing and created more than 1,000 jobs.
- B'Nai B'rith Housing New England - B'Nai B'rith Housing New England is a Massachusetts not-for-profit corporation whose mission is to produce non-sectarian housing, both affordable and mixed income, and to ease the housing crisis, particularly in the communities of Greater Boston.
- Cambridge Housing Assistance Fund (CHAF) - CHAF is committed to preserving the diversity and character of the City of Cambridge by providing an economical bridge to housing for homeless and near homeless families and individuals.
- Project Place - Project Place is a non-profit agency that serves homeless men and women in the Boston area. They offer job training, work experience, education, housing, and support services to help individuals experiencing homelessness reestablish themselves in society with dignity.

Community Development Services

The CRA regulation defines a community development service as having community development as its primary purpose and is related to the provision of financial services.

Wainwright Bank and Trust Company has a good level of qualified community development services demonstrating a good responsiveness to the area's community development needs.

Involvement in Community Organizations

During the evaluation period, the Bank's officers and staff members provided financial or technical expertise to several organizations involved in either economic development, initiatives to revitalize low- and moderate-income census tracts, affordable housing or, human services that target low- and moderate-income individuals.

The following is a listing of all the organizations in which Bank employees are involved:

Jamaica Plain Neighborhood Development Corporation plans and executes community development projects that benefit low-income residents of Jamaica Plain. A Vice President serves as a board member, treasurer, executive committee member, community development committee member, and economic development committee member.

Massachusetts Housing Partnership is a statewide public non-profit affordable housing organization that works in concert with the Governor and the State Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts. A Senior Vice President serves as a member of the loan committee.

Massachusetts Housing and Shelter Alliance is a public policy advocacy organization with the singular mission of ending homelessness in the Commonwealth through permanent residential solutions. A Senior Vice President serves as the vice chairperson of this organization and also a member of the finance and executive committees.

Child Care Capital Investment Fund is an organization that helps non-profit organizations to develop high-quality spaces for early learning and youth development in Massachusetts by providing finance and technical assistance for projects as small as repainting or buying new play equipment and as large as building a whole new center. In order to qualify for loans, the non-profit child care centers must serve low-income children. A Senior Vice President serves on the loan and finance committee of this organization.

Operation HOPE's Banking on Our Future Program's mission is to execute a global delivery system for financial education for youth ages 9-18 at no cost to school districts. A Vice President/CRA Officer serves on the Boston Advisory Board of this program.

Citizen's Housing and Planning Association (CHAPA) is the non-profit umbrella organization for affordable housing and community development throughout Massachusetts. CHAPA's mission is to encourage the production and preservation of housing that is affordable to low-income families and individuals. A Vice President serves on the education committee of this organization, which oversees the curriculum for first-time homebuyer seminars.

Greater Boston YMCA's Partners Council for Training Inc., is focused on strategic development of opportunities for both participants and employer partners. The program offers intensive training for unemployed and underemployed adults, as well as those seeking to improve their communications in the workplace. A Vice President serves as co-chair on this council.

Boston Community Capital's mission is to build healthy communities where low-income people live and work by financing affordable housing, child care facilities, arts programs, schools, health clinics, youth programs and other community services. A Senior Credit Officer serves on the loan committee.

Victory Program is a non-profit organization based in Boston that provides housing and innovative and comprehensive direct care services to individuals and families with very specialized needs. The majority of the clients are homeless, in recovery from drug and alcohol addiction, and are also struggling with a secondary medical or psychiatric issue, such as HIV/AIDS or diagnosed with mental illness. Twenty percent are women caring for children, and 75 percent of the clients are homeless upon admission. A Senior Vice President served as a board member in both 2005 and 2006 and was chair of the finance committee.

Educational Seminars

During the evaluation period, officers and employees of the Bank provide and participated in several seminars and programs related to financial services. The following summarizes that involvement.

First Time Homebuyer Seminars - The Vice President of Residential and Consumer Lending, who is also the underwriting manager, conducted five first time homebuyer seminars within the assessment area in 2007 and several others between 2005 and 2006 through the Citizens' Housing and Planning Association (CHAPA). Attendance at these programs is mandatory for prospective participants in the Massachusetts Housing Partnership's Soft Second program, which targets low- and moderate-income home buyers. The program generally involves up to 10 hours of instruction, frequently in 2 to 3 hour sessions that are held over a period of approximately one week.

Financial Education - The Vice President of Residential and Consumer Lending also taught financial education to two adult groups at the Action for Boston Community Development, Inc (ABCD) in 2007. Additionally, as part of Operation HOPE's Banking on Our Future Program, the Vice President of Residential and Consumer Lending taught over 200 middle and high school students. The program consists of five modules: Basics of Banking and Financial Services, Checking & Savings Accounts, The Power of Credit, Basic Investments, and Dignity. A Branch Officer also taught four classes as part of this program.

Miscellaneous Services

CommunityRoom.Net - The Bank maintains a website for non-profit business customers of the Bank that do not have the resources to launch their own internet sites. This site provides non-profit businesses with the opportunity to have a hosted web site with on-lining giving capabilities. Participating businesses pay no fees to be a partner and all costs except the standard processing fee charged for debit or credit card transactions are donated by the Bank.

Community Rooms - These are after-hours rooms available for free to non-profit business customers of the Bank. The Bank offers community rooms at nine branch locations.

Provision and Availability of Services to Low- and Moderate-Income Individuals and Areas

A review of the Bank's branches was conducted to determine if the Bank's services are available to low- and moderate-income individuals in the assessment area, as well as low- and moderate-income areas.

In addition to its main office, the Bank operates ten other full service branch offices in the assessment area. During the evaluation period, two branches were opened; one in Newton and the other in Brookline, both in upper-income census tracts. No branches were closed during the evaluation period.

Table 11 below summarizes the distribution of the Bank's offices by the census tract income level compared with the distribution of the census tracts in the assessment area by income level and the distribution of the assessment area population by census tract income level.

Census Tract Income Level	# of Bank Offices by Tract	% of Bank Offices by Tract	% of tracts in the Assessment Area	% of Population by Census Tract
Low	2	18.2	13.1	10.4
Moderate	2	18.2	37.9	41.7
Middle	3	27.3	31.5	30.9
Upper	4	36.3	17.1	17.0

Source: Bank records and 2000 Census Data

As seen in the table above, the Bank's distribution of branch offices is relatively consistent throughout the assessment area. The percentage of branches in moderate-income census tracts is lower than the percentage of moderate-income census tracts in the assessment area and the population within the tracts. The Bank actually has a larger percentage of its branches in low-income census tracts in comparison to the percentage of those tracts in its assessment area and the population in the tracts. Additionally, excluding the Brookline and Newton offices, the Bank's other nine offices are either in, next to, or close to the low- and moderate-income census tracts in its assessment area. The close proximity of the branches to these areas provides access to low- and moderate-income residents as well.

A review of the Bank's offices and the services offered at each branch office, branch office business hours, and alternative delivery systems offered, was also conducted. Table 12 summarizes the Bank's branches, their location, any alternative delivery systems offered, and the hours of availability.

Office	Location	Census Tract Income Level	Alternative Delivery Systems	Hours
Main Office (Downtown Crossings)	Boston	Low	ATM	Monday – Friday 8:30 – 4:30
Back Bay/South End Office	Boston	Middle	ATM	Extended hours and Saturdays
Jamaica Plain Office	Boston	Upper	ATM	Extended hours and Saturdays
Coolidge Corner Branch	Brookline	Upper	ATM	Extended hours and Saturdays
Central Square Office	Cambridge	Moderate	ATM	Extended hours and Saturdays
Fresh Pond Mall Office	Cambridge	Moderate	ATM	Extended hours and Saturdays
Harvard Square Office	Cambridge	Upper	ATM	Extended hours and Saturdays
Kendall Square Office	Cambridge	Low	ATM	Monday – Friday 8:30 – 4:30
Newton Centre Office	Newton	Upper	ATM	Extended hours and Saturdays
Davis Square Office	Somerville	Middle	ATM	Extended hours and Saturdays
Watertown Office	Watertown	Middle	ATM	Extended hours and Saturdays

Source: Bank information

As seen in Table 12, the Bank's hours are relatively consistent from branch to branch. The main office and the Kendall Square office, both in low-income census tracts, do not have Saturday hours because the locations mainly service business, office workers, and students who are not present on weekends. All locations consistently offer the same products and services.

In terms of alternative delivery systems, each location has a 24-hour ATM available. The Bank also offers a 24-hour telephone banking service that allows customers to check balances and transfer funds, as well as perform other transactions. The number is toll free. Customers also can make deposits into their accounts through a bank-by-mail service. Customers are provided envelopes free of charge. The Bank also has on-line banking, which permits customers to check account balances, transfer funds, open a new account, or pay bills. Last, the Bank has community rooms available to its non-profit customers at all locations, except two of its Cambridge offices (Fresh Pond Mall and Kendall Square). These rooms are available free of charge.

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

APPENDIX A
Fair Lending Policies and Procedures

The Bank maintains a written lending policy, underwriting is centralized and generally follows secondary market guidelines, loan officers are not allowed discretion in pricing, and the demographics of the Bank's lending area present low risk for discrimination.

The Bank does not have a separate fair lending policy; however, it does have a dedicated section to fair lending within its loan policy. That section discusses the bank's commitment to fair lending, the requirements of fair lending, and the Bank's procedures to comply. Those discussions include the taking of applications, information that can (and cannot) be requested, notification of adverse actions, the required content of the notices, and record retention. While not written within the policy, the Bank does have a second review process in place. All loans being recommended for denial are review by a second loan officer. That loan officer is senior to the loan officer taking the application and the review is completed prior to the denial notice being sent. It is also noted that the Bank does review HMDA reports quarterly, focusing on denial rates based on minority and gender status, for the Bank and compare the Bank's numbers to other area lenders. That report is provided to the Board quarterly. Additionally, fair lending training is provided to all loan personnel and branch staff annually. The Board does review HMDA data relating to fair lending quarterly; however, they have not had any formal fair lending training provided to them.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the assessment area's population is 1,252,927. Of those, 67.8% are White, 14.0% are Black, 7.7% are Asian, 0.2% are Native American, and 3.8% reported race as Other. According to the data, 10.8% of the population reported Ethnicity as being Hispanic.

MINORITY APPLICATION FLOW								
RACE	Bank 2006		2006 Aggregate Data		Bank 2007		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	2	1.2	382	0.4	0	0.0	2	0.5%
<i>Asian</i>	18	10.8	3,927	3.8	12	5.3	30	7.6%
<i>Black/ African American</i>	7	4.2	13,585	13.1	13	5.7	20	5.1%
<i>Hawaiian/Pac Isl.</i>	0	0.0	421	0.4	1	0.4	1	0.3%
<i>2 or more Minority</i>	0	0.0	88	0.1	1	0.4	1	0.3%
<i>Joint Race (White/Minority)</i>	2	1.2	893	0.9	2	0.9	4	1.0%
Total Minority	29	17.4	19,296	18.6	29	12.7	58	14.7%
<i>White</i>	120	71.9	53,521	51.7	135	59.2	255	64.6%
<i>Race Not Available</i>	18	10.8	30,693	29.7	64	28.1	82	20.8%
Total	167	100.0	103,510	100.0	228	100.0	395	100.0%
ETHNICITY								
<i>Hispanic or Latino</i>	5	3.0	9,035	8.7	5	2.2	10	2.5%
<i>Not Hispanic or Latino</i>	141	84.4	64,661	62.5	148	64.9	289	73.2%
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	3	1.8	713	0.7	8	3.5	11	2.8%
<i>Ethnicity Not Available</i>	18	10.8	29,101	28.1	67	29.4	85	21.5%
Total	167	100.0	103,510	100.0	228	100.0	395	100.0%

Source: US Census, HMDA LAR, HMDA Aggregate Data

In 2006, the Bank received a total of 167 HMDA-reportable home mortgage loan applications, of which, 29 or 17.4 percent are from minority applicants. This percentage is comparable to the 2006 aggregate of 18.6 percent. Similarly, in 2007, the Bank received a total of 228 HMDA-reportable mortgage loan applications, of which 29 or 12.7 are received from minority applicants. The Bank's minority application flow is considered satisfactory for the period examined.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

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

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

HOUSING TERMS

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 which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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.

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.

INCOME TERMS

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.

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

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

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

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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

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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 63 Franklin Street, Boston, MA."

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

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

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