



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

March 3, 2003

## Community Reinvestment Act Performance Evaluation

Cape Cod Bank and Trust Company, National Association  
Charter Number: 23947

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Hyannis, MA 02601

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **Cape Cod Bank and Trust Company, National Association (N.A.)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Cape Cod Bank and Trust Company, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect good responsiveness to the credit needs of its assessment area (AA).
- A substantial majority of the number (93.5%) and the dollar volume (88%) of loans are made within the bank’s AA.
- An excellent distribution of home mortgage loans to low- and moderate-income families, a poor distribution of home mortgage loans to low- and moderate-income geographies, and an excellent distribution of loans to businesses with revenues of \$1 million or less.
- An adequate level of qualified community development loans that have a slightly positive impact on the lending test.
- A low level of investments compared to significant opportunities.
- A service delivery system that is accessible to geographies and individuals of different income levels in its AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Assessment Area (AA):** The geographical area throughout which the bank's CRA performance is evaluated.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts 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.

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

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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.

**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).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

**Small Loan(s) to Farm(s):** 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, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Cape Cod Bank and Trust Company, National Association (CCBT) is an intrastate community bank headquartered in Hyannis, Massachusetts. CCBT is a wholly owned subsidiary of CCBT Financial Companies, Inc. (CCBTFCI), a one-bank financial services holding company. The bank has four operating subsidiaries. CCBT Preferred Corporation (Corp.) is a real estate investment trust that holds 100% of the bank's commercial mortgage loans. Murray & MacDonald Insurance Services, Inc. of Falmouth, Massachusetts is a full service insurance agency offering property, casualty, life, accident, and health products. Cape Dune Holdings Corp. and CCBT Securities Corp. are Massachusetts' securities corporations holding the bank's investment securities portfolio. The operations of CCBT Preferred Corp. and Cape Dune Holdings, Corp. were considered in the analysis of performance in this evaluation, after a limited review of their capacity. Neither subsidiary initiates loans or investments; they provide warehousing services by holding assets.

CCBT operates 38 banking offices offering full and limited-service, located principally in Barnstable County on Cape Cod, Massachusetts. Each banking office offers 24-hour automated teller machines (ATMs). In addition, there are seven stand-alone ATMs and three limited-service operations in health care facilities. Internet banking is also available. The bank has positioned itself as a one-stop financial resource by offering a wide range of loan and deposit products. Residential and small business loan products are offered through all branches and approved in a centralized loan-processing center. Small business lending plays a significant role in the bank's business strategy.

As of December 31, 2002, CCBT has assets of \$1.48 billion, Tier 1 capital of \$117 million, deposits of \$943 million, and net loans of \$826 million. Loans comprise 56% of bank assets. Commercial mortgages (including construction) and commercial/industrial loans equal 54% of the portfolio, residential real estate loans make up 45% of the portfolio, loans to individuals are less than 1%, as are other loans.

CCBT's business strategy calls for competitive participation in loans to small businesses and 1-4 family residential mortgages. The bank has demonstrated success in meeting its small business objective. CCBT is the number one local bank in small business loans. It is ranked number two in residential mortgage loans. CCBT is number two in deposit market share. CD lending and CD investments are not priorities. Competition is not a factor in either CD lending or investing.

At the beginning of the evaluation period, CCBT purchased the deposits of a Fleet Bank branch in Wareham, Massachusetts and expanded its AA responsibilities to include the four Wareham CTs. These CTs are designated moderate-income and are part of the Boston MA but they do not extend substantially into the Boston MA. Further, the Wareham geographies are adjacent to CCBT's Barnstable County AA, and they are more closely aligned with Barnstable County than the 710 geographies in the Boston MA. Therefore, we are including the four adjacent Wareham geographies with the 51 Barnstable County geographies to form one AA for analysis in this evaluation.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its assessment area. Competition for loan income is very strong as provided



by longstanding local banks headquartered in and near the assessment area. Examples include Cape Cod Five Cents Savings Bank, Plymouth Savings Bank, and Rockland Trust Company. As well, large regional banks, such as Fleet Bank compete aggressively for loan fees and interest income. American Express, Associates Capital Bank, Inc., Capital One FSB, GE Capital Financial, Inc. and MBNA are strong competitors in loans to small businesses.

CCBT's prior CRA Public Disclosure, dated January 18, 2000, rated bank performance as "Satisfactory".

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, investments, and services, the evaluation period is January 1, 2000 through December 31, 2002. For CD loans, the Investment Test, and the Service Test, the evaluation period is January 1, 2000 through January 30, 2003. The prior examination, dated January 18, 2000, did not include any data after December 31, 1999.

For the Lending Test, CCBT's origination or purchase of home mortgage loans, small loans to businesses, and CD loans were evaluated. Within home mortgage loans, the bank does not make home improvement loans. As well, the bank does not make small farm loans.

Information for 2000, 2001, and 2002 is based on the bank's HMDA Loan Application Register (LAR) and Small Business Register. Market share and peer lender comparisons contained in the Lending Test are based on information contained in aggregate HMDA and Small Business Reports for 2001. The aggregate HMDA and Small Business Reports are available for review.

Peer comparisons for small loans to businesses described in this evaluation include only lenders who were required to file Small Business Reports for 2001. Virtually all lenders operating in CCBT's AA are required to file HMDA information. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or as an affiliate of a holding company with \$1 billion or more in assets during the same time period.

### Data Integrity

As part of this evaluation, we tested and verified the accuracy of information on CCBT's HMDA LAR and Small Business Register. Testing included an evaluation of CCBT's processes to ensure that data are reliable.

No significant errors were found in either reported home mortgage data or small loans to businesses. As a result, this evaluation is based on accurate data.

CD loans, investments, and services submitted by CCBT's management were verified to ensure that they met regulatory definitions for CD. Upon full consideration, loans, investments and services met the definitions or purpose of CD.

### Selection of Areas for Full-Scope Review

For purposes of this evaluation, CCBT has only one AA with meaningful performance data. Barnstable County including the Barnstable MA and contiguous non-MA geographies, as well as four contiguous geographies in Plymouth County form the AA. This AA received a full-scope review. It includes 33 of 34 full-service branches and 99% of deposits. The 34<sup>th</sup> branch is in Marion, MA and it opened in late 2002. Performance relating to this branch and its CTs is not meaningful to this evaluation. Please refer to Appendix A for further information.

## Ratings

The bank's overall rating is based on the area that received a full-scope review.

Within the AA, residential mortgage loans are given more weight in our analysis due to the emphasis community contacts placed on affordable housing needs. In the evaluation period, 62% of the number of loans is HMDA mortgages; 38% of loans are small loans to businesses. Volume comparisons reflect 75% to HMDA, and 24% to businesses, and 1% to CD loans. Within HMDA loan categories, home purchase loans accounted for 34% of the number of loans made while refinance mortgage loans were 66%. Nevertheless, we weighted home purchase loans more heavily, primarily due to the connection to first-time homebuyers and new customers.

Within the Service Test, slightly more weight is given to the geographical location of branches than Community Development Services. Nevertheless, banking services to low-and moderate-income families and CD services provided, on an outreach basis, by bank staff are important components of this evaluation.

## Other

Four community organizations (one community development financial intermediary and three community-based development organizations) were contacted as part of this examination. Community contacts helped identify assessment area credit needs and the performance of institutions responding to these needs. All contacts agreed that affordable housing is the number one credit need in CCBT's assessment area. In contrast to other tourist destination areas, land availability is less of a factor in determining overall levels of housing availability. New construction is evident. Many developers are successfully gaining zoning approval of otherwise "un-buildable lots," by including a small percentage of low- to moderate-income units in total project designs as stipulated in Massachusetts Statute 40B regulations. This regulatory feature adds affordable units to the AA. One contact said that the overall number of housing units is adequate but the more critical issue is the limited utilization of the current housing inventory. Many houses are kept off the general rental market in favor of summer-only, seasonal rents at "sky-high" rates. Second homes and vacation properties are equal to the number of owner-occupied houses, at 42% of the housing stock.

Another factor adding pressure to housing is population growth. The financial impact of seasonal business activity in this historical vacation destination is less significant than other coastal areas, as population growth is driven by retirement community appeal. Sandy beaches, ocean-access, and a temperate climate for much of the year enhance the attractiveness to retirees. One source quoted statistics that the average age of the AA is noticeably older due to the influx of retirement age individuals. Population growth from relocating retirees is seen as a factor driving housing costs higher and more rapidly than median incomes. In many cases, retirees arrive with a significantly higher wealth factor than local families in the AA. In our analysis, we observed low- or moderate-income loan applications with high down payment rates and high liquidity reserves, the result of modest retirement income combined with sale proceeds from former primary residences. These borrowers contribute to higher levels of low- and moderate-income loan originations in the distribution analysis.

All contacts agreed that banks need to support economic initiatives that assist the lower paid work force, sometimes called the “working poor”, in addition to low- and moderate-income individuals. Even with low current interest rates and low down payment requirements, home ownership remains unattainable due to high housing costs in relation to income. An innovative and flexible approach to home ownership is needed. Bankers also need to renew discontinued financial educational programs for first time homebuyers and consumers with credit problems.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the lending test is rated "**High Satisfactory**".

#### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review of the Barnstable MA and contiguous non-metropolitan areas of Barnstable County that comprise the AA, the bank's performance is good.

#### Lending Activity

Refer to Table 1, Lending Volume, in Appendix C for the facts and data used to evaluate the bank's lending activity. Overall, lending activity is good in the AA. Lending levels reflect good responsiveness by CCBT to the credit needs of its AA.

This evaluation considers home mortgage loans reported on bank HMDA reports. As well, we considered small loans to businesses as reported on Small Business Registers. During the evaluation period, home mortgage loans account for 62% of number and 75% of volume. Small loans to businesses account for 38% of number of loans and 24% of loan volume; CD loans account for the remaining 1% of volume. Within the number of home mortgage loan originations or purchases, 34% are home purchase loans and 66% are home mortgage refinance loans. CCBT does not extend home improvement mortgage loans.

Overall, CCBT is a comparatively active home mortgage lender. Aggregate HMDA loan information for market share and peer lender comparisons in 2001 rank CCBT second in its AA with a 6.2% market share. The AA is competitive for loan fees and interest income, especially in home mortgage refinancing. This market segment represents two-thirds of CCBT's originations during the evaluation period. Overall, there are eight lenders with more than 1000 originations, including CCBT, and 24 originations separate CCBT's second place from the fourth place lender.

The bank is an active small business lender, ranking sixth out of 25 small business lenders reporting a minimum of 50 small business loans in 2001. In aggregate market analysis data CCBT ranks first among local banks. CCBT has a 6.6% small business market share in its AA.

CCBT ranks second in gathering deposits in its AA with an 18.4% market share. The lower market share in loan categories, as compared to deposits, is attributed, in part, to strong competition from banks and mortgage companies, many of which do not gather deposits.

#### Distribution of Loans by Income Level of the Geography

Refer to Tables 2 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases and Table 6 for small loans to businesses data.

After reviewing home mortgage and small loans to businesses, CCBT's overall geographic distribution of loans is adequate. The overall distribution of home purchase and home refinance loans is poor, while the distribution of small loans to businesses is excellent.

### **Home Mortgage Loans**

The Barnstable County AA has no low-income geographies; however there are 10 moderate-income geographies. Home ownership in moderate-income geographies is about 13% of total owner occupied units in Barnstable County. CCBT's market share in home purchase loans is 1.5% and is 2% in home refinance loans in the evaluation period.

### **Home Purchase Loans**

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home purchase loan originations. CCBT's overall geographic distribution of home purchase loans by income level of census tracts is poor.

The percentage of home purchase loans in moderate-income tracts is significantly lower than the percentage of owner-occupied units in these areas. The bank's market share in moderate-income areas is significantly lower than the bank's overall market share for home purchase loans. CCBT's market rank is seventeenth in moderate-income geographies compared to second place overall.

### **Home Refinance Loans**

Refer to Table 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's refinance loan originations. CCBT's overall geographic distribution of refinance loans by income level of census tracts is poor.

The percentage of refinance loans in moderate-income tracts is significantly lower than the percentage of owner-occupied units in these areas. The bank's market share in moderate-income areas is significantly lower than the bank's overall market share for refinance loans. CCBT's market rank is twelfth in moderate-income geographies compared to second place overall.

### **Small Loans to Businesses**

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

CCBT's overall distribution of small loans to businesses by income level of geography is excellent. CCBT's market share in moderate-income geographies is more than two-times its overall market share.

In the assessment area, the geographic distribution of small loans to businesses is excellent. In moderate-income areas, the distribution of loans slightly exceeds the percentage of businesses located in these areas. In addition, CCBT's market share in moderate-income areas is well above the bank's overall market share. While CCBT has an overall fourth place

market share, it is tied for first among local lenders. As well, CCBT is ranked first among local lenders in moderate-income areas.

### **Lending Gap Analysis**

There are no conspicuous or inappropriate gaps found in the CCBT's geographic loan distribution. In the assessment area, we identified two census tracts where the bank did not originate any loans. There are no owner-occupied houses or businesses located in one of these geographies. The other was a ship anchored in a nearby harbor conducting marine research during the time of the census. No lending was possible on the ship, and it has since been redeployed.

### **Inside/Outside Ratio**

CCBT has a strong record of lending within its AA. The bank made a substantial majority of its loans inside the AA (93.5% by number and 88% by dollar volume). Within the AA, the bank made 93% by number and 90% by dollar volume of its HMDA loans and 95% by number and 82% by dollar volume of its small loans to businesses. The in/out analysis is performed at the bank level, as opposed to the individual assessment area level, and includes bank originations and purchases. This performance is a positive factor in the overall lending analysis.

### **Distribution of Loans by Income Level of the Borrower**

Refer to Tables 8 and 10 in Appendix C for the facts and data used to evaluate borrower distribution of the bank's home mortgage loan originations and purchases and Table 11 for small business data.

After reviewing the overall distribution of home mortgage and business loans to borrowers of different income levels, CCBT's performance is excellent. The overall distribution of home purchase and refinance loans is excellent. As well, the distribution of loans to small businesses is excellent.

### **Home Mortgage Loans**

Low- and moderate-income families each comprise about 19% of total families. Within low-income households, more than 50 percent are below the poverty level, making it difficult to obtain mortgages. CCBT's market share of loans to low- or moderate-income families meets or exceeds the bank's overall market share.

### **Home Purchase Loans**

Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home purchase loan originations and purchases. CCBT's overall distribution of home purchase loans by income level of borrower is excellent.

In the Barnstable County AA, the distribution of home purchase loans by income level of borrower is excellent after considering performance context. Specifically, high median housing costs of \$166,585 compared to the wages of low-income individuals were considered. A low-



income family earns less than \$28,293, based on HUD's updated median family income. The difficulty many low-income families have purchasing houses in this AA is considered a performance context impediment. Another performance context issue is borrowers who are reporting income within low- and moderate-income ranges and making large down payments or reporting significant cash reserves. Further analysis reveals that some of these borrowers are retirees relocating to Cape Cod, and they enhance the bank's performance. CCBT's percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families. However, CCBT's market share for low-income borrowers exceeds the bank's overall market share. CCBT ranks second in lending to low-income borrowers and second in overall lending. The percentage of home purchase loans to moderate-income borrowers is lower than the percentage of moderate-income families. However, CCBT's home purchase loan market share for moderate-income borrowers is equal to its overall market share. The bank ranks first in lending to moderate-income borrowers.

### ***Home Refinance Loans***

In the AA, the distribution of refinance loans by income level of borrower is excellent after considering performance context. The difficulty low-income families have affording a house in this AA as discussed above, limit opportunities for home refinance loans. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families. However, CCBT's market share for low-income borrowers is slightly greater than the bank's overall market share. CCBT ranks third in lending to low-income borrowers compared to third in overall lending. The percentage of home refinance loans to moderate-income borrowers is lower than the percentage of moderate-income families. However, CCBT's home refinance loan market share for moderate-income borrowers slightly exceeds its overall market share. Again, the bank ranks third in lending to moderate-income borrowers.

### **Small Loans to Businesses**

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses. CCBT's overall record of making loans to businesses with gross annual revenues of \$1 million or less, or small businesses, and small size loans to businesses is excellent.

In the AA, the distribution of loans to small size businesses and small size loans (i.e., loans for less than \$100 thousand) is excellent. The bank makes 88% of its business loans to small size businesses compared to the 77% of all businesses in the non-MA AA that are small businesses. CCBT's 12.4% market share for loans to businesses with annual revenues of \$1 million or less is greater than its 6.6% market share for all small business loans. Among local lenders, CCBT ranks first in lending to businesses with incomes of \$1 million or less. A significant majority of CCBT's business loans, 74%, are for amounts less than \$100 thousand. Small businesses generally seek loans of less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including

multifamily loans that also qualify as CD loans. Please note the separate line entry for the CD loan outside the assessment area.

CD lending has a slightly positive impact on the Lending Test.

During the evaluation period, CCBT originated four loans totaling \$4.2 million in the AA. A significant majority of the amount funds multi-use real estate developments in which a comparatively small portion of each project (20%) is reserved for affordable housing. In addition, CCBT executed a \$10 million participation in a loan that helps address affordable housing needs, in a broader statewide area that includes the AA, through a feature reserving a small portion of this facility for affordable housing.

### **Product Innovation and Flexibility**

Innovation and flexibility in product design and application have a neutral effect on Lending Test conclusions.

CCBT offers a full array of standard loan programs and products. CCBT offers a first-time homebuyer program with relaxed underwriting criteria for homebuyers who meet specific income, credit history, and debt ratio guidelines. The number and dollar amount of loans by borrower income levels is not available.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "**Needs to Improve**". Based on a full-scope review, the bank's performance in the Barnstable County AA is poor.

Our assessment included CD opportunities provided by bank management and opportunities discussed by community contacts. The level of opportunity is high in both number of opportunities and in dollar volume. Competition for these opportunities is not a factor in the bank's ability to take advantage of them.

Refer to Table 14 in Appendix C for the data used to evaluate the bank's level of qualified investments and performance under the Investment Test.

During the evaluation period, CCBT made three investments and 43 grants. The grants directly benefited the AA while the investments were not responsive to credit needs identified by community contacts. The investments, with a combined total of \$713 thousand, are mortgage-backed securities purchased from a service company that specializes in remarketing previously sold loans. The mortgagees are families that evidence moderate-income levels. CCBT's current period investments and grants total \$752 thousand.

CCBT has no outstanding balance of qualified investments made in the prior evaluation period. CCBT has no formal commitments for future period funding.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory**". Based on the full-scope review, the bank's performance in the Barnstable County AA is good.

Although the bank's geographic distribution of branches and ATMs throughout the AA is excellent, retail product services are routine. The extent to which products are tailored or tailored products or services help meet low- and moderate-income individuals' credit and banking needs is not available. The bank's level of community development services is adequate based on staff involvement compared to needs identified by community contacts.

### Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CCBT's service and delivery systems are good, and they are accessible to the geographies and individuals of different income levels within the assessment area.

CCBT's branch network consists of 38 locations offering full- and limited-banking services, including private banking, to customers and potential customers in the assessment area. The bank operates 32 full service offices, one private banking facility, three limited service locations in retirement communities and two drive-through only banking facilities. Twenty-three of the full service locations are standard branches, and nine are located in supermarkets. Six, or 16% of the CCBT banking locations are located in moderate-income geographies. This level of activity slightly exceeds 15% of the assessment area population residing in moderate-income geographies.

The bank operates 41 automated teller machines (ATMs) throughout the assessment area. Of these, 35 are tied to full-service banking offices. Six are stand-alone ATMs. The distribution of ATMs to moderate-income geographies is excellent, with 11 or 27% of the ATMs located in moderate-income geographies. With the exception of one of the two ATMs located in the head office, and the ATMs in supermarket branches, all are available 24 hours a day, seven days a week. The ATMs in supermarkets are available continuously from 7 a.m. on Monday until midnight on Saturday plus Sunday from 7 a.m. to midnight.

Branching activity during the evaluation period included opening seven branch locations and closing three branches. In addition, two banking offices were purchased. Branches closed included the consolidation of an existing office with an acquired branch location. New branch locations included eight full-service offices and one private banking facility. The two offices purchased are located in moderate-income geographies. Two closed branches were in underutilized local high school banking programs. Management also consolidated branch operations of the Falmouth Main Street branch within the purchased Falmouth Worcester Court office, as they duplicated operations due to their close proximity.

Based on the increase in population levels during the tourist season, management modifies the bank's hours of operation to meet customer needs. This change does not adversely impact the level of service provided to the assessment area. Office hours vary slightly between offices. Typical lobby hours range from 8:30 a.m. to 3:00 p.m. Monday through Friday. Many of the branches including those located in moderate-income geographies have extended hours on Friday to 4:00 or 5:00 p.m. Weekend operations are also available at many branch locations. Saturday hours of operation are available at many offices including 3 located in moderate-income geographies. These locations are typically opened 8:30 a.m. to noon.

The nine branch offices in supermarkets offer extended hours of operation for residents of the assessment area. Six of these offices are located in moderate-income geographies. The schedule of operation for these branches enhances the availability of the bank's products and services throughout the AA including moderate-income geographies. All supermarket branches are opened Monday through Friday 9:00 a.m. to 7:00 p.m., Saturday from 9:00 a.m. to 5:00 p.m. (except South Dennis), and Sunday 10:00 a.m. to 2:00 p.m. The supermarket locations are also open on holidays 10:00 a.m. to 2:00 p.m.

In addition to standard branches, the bank has three offices in local retirement centers. These locations offer limited hours and services, primarily account opening, deposit taking, check cashing, and incidental services. The offices in the retirement centers are all located in middle-income geographies and do not have ATMs.

CCBT offers alternative delivery systems in the form of bank-by-phone and Internet banking services to facilitate the availability of its products and services throughout the AA. The bank operates a 24-hour automated telephone banking system that allows customers to perform various transactions. Bank customers can transfer funds, obtain account balance and transactional information, pay bills, initiate stop payments and request the faxing of account statements. Similar banking functions are available to bank customers through the use of their personal computer and the bank's PC banking product. The bank offers a similar PC based product for small business customers as well as a cash management product that offers electronic transmission of payrolls, the transfer of funds and the origination of automated clearing-house payments. Customers can access the bank's website for informational purposes, including current interest rates, financial statements for the bank and information regarding products and services.

CCBT offers a variety of deposit accounts. They meet the banking needs of many individuals and small businesses throughout the assessment area. Checking services are offered that benefit account holders who prefer to bank electronically as well as those individuals who want to minimize monthly costs or earn interest. An array of business deposit services is also available for commercial customers throughout the assessment area. Specifically, the Business One Checking account is designed to meet the needs of small businesses.

We did not place significant weight on retail product services or alternate delivery systems when determining our conclusion since management has no method to determine the impact or benefit of these systems to low- and moderate-income geographies or individuals.

## Community Development Services

CCBT provides an adequate level of community development services. A limited number of bank staff uses their financial and banking knowledge assisting selected community groups. The community outreach activities performed are as follow:

- A bank officer is a member and chairman of a community development corporation that provides micro loans to small businesses in lower Cape Cod.
- A bank officer is a board member and treasurer of an organization that builds affordable housing for low- and moderate-income families throughout Cape Cod.
- Two bank officers are members of the credit and eligibility committee for an organization that builds affordable housing for low- and moderate-income families throughout Cape Cod.
- A bank officer is a committee member of an affordable housing loan consortium. The consortium is comprised of eight financial institutions, local housing authorities, and community development organizations.
- A bank officer and two directors are members of the fund raising committee of an organization promoting affordable housing on Cape Cod. Approximately 80% of funds raised are used to assist the acquisition and maintenance of affordable housing stock. The remaining 20% is used to assist the homeless.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/00 to 12/31/02) Investment and Service Tests and CD Loans: (01/01/00 to 01/30/03)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Cape Cod Bank and Trust Company, National Association (CCBT) Hyannis, MA	Home purchase and refinance loans reported on the HMDA Loan Application Register and small business loans reported on the CRA register.  Community development loans, investments, and services.  Retail products and services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Cape Dune Holdings Corp. and CCBT Preferred Corp.	CCBT	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Barnstable County, a combination of Barnstable MA #0740 and the Non-metropolitan geographies of Barnstable County.	Full-Scope	See “Market Profile” in Appendix B.

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Barnstable County .....	B-2
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**Barnstable County (Barnstable MA and included Non-metropolitan Area)**

Demographic Information for Full-Scope Area: Barnstable MA and non-MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	55	0.00	18.18	63.64	16.36	1.82
Population by Geography	205,773	0.00	15.16	67.72	17.06	0.06
Owner-Occupied Housing by Geography	61,659	0.00	12.86	69.25	17.89	0.00
Businesses by Geography	19,411	0.00	20.17	62.78	17.05	0.00
Farms by Geography	609	0.00	11.17	69.29	19.54	0.00
Family Distribution by Income Level	57,634	18.96	19.40	24.35	37.30	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	22,105	0.00	20.36	68.65	10.99	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$38,750 = \$56,587 = 8.08%	Median Housing Value Unemployment Rate		= \$166,585 = 3.49%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

CCBT’s assessment area is Cape Cod, Massachusetts (the Cape), Barnstable County and four adjacent CTs separated from the Cape by a canal. The area is mostly, 64%, comprised of middle-income tracts. There is one “NA” geography in the assessment area, as a marine research vessel that has since been redeployed. Centers of population are Barnstable, Falmouth, and Yarmouth, along with a series of continuous small coastal communities with larger summer than year-round residents. The largest towns have populations of about 25 thousand.

CCBT has a significant presence with 38 branches and 41 ATMs; it ranks second in deposit market share at 18% as of June 30, 2001. Major mortgage loan competitors include Cape Cod Five Cents Saving Bank, Plymouth Savings Bank, Rockland Trust, and Compass Bank for Savings. As well, large nationwide and regional banks, such as Countrywide, North American Mortgage, Washington Mutual, GMAC, and Fleet Bank compete aggressively. American Express, Associates Capital Bank, Capital One, GE Capital, and MBNA, are strong competitors in loans to small businesses.

The major business lines in the assessment area are the hospitality industry and services for residential communities. Ocean pleasure activities, including boating and related interests, are abundant. Since the Cape is a continuous beach, business is strong for those operations serving individuals who want to look at and be near the ocean. For many, the draw of the sea has resulted in buying or building second homes or retirement homes. As a result, building trade activities and suppliers are strong. Overall, a growing population that has an increased



level of wealth helps stabilize the economy. As well, services such as regional school administration districts, regional medical facilities, and community public works departments stabilize the economy. The unemployment rate of 3.5% is lower than the state's average of 5.3% and the national average of 5.8%.

There is no direct comparative population data for the AA. However, updated Cape Cod Chamber of Commerce data on major segments of the AA reflect the impact of population increases and changes in relative wealth. Credit card spending in the fourth quarter of 2002 compared to the fourth quarter of 2001 shows increased dollar expenditures in supermarkets, lodging, big-ticket items and food service. For eight consecutive quarters, from the first quarter of 2001 through the fourth quarter of 2002, the median sales price of homes priced between \$50 thousand and \$1 million increased from \$200 thousand to \$292 thousand. The number of residential sales in the four quarters of 2002, in order, more than 900, more than 1400, and more than 1100 in each of the third and fourth quarters. New residential construction permits were more than 300 in each of the eight quarters of 2001 and 2002. Commercial construction permits totaled more than 50 in 2001 and more than 60 in 2002. Community contacts say affordable housing is becoming critical. There is some concern that community-based service providers such as police, firefighters, and schoolteachers may find living in their communities increasingly more difficult. Secondly, small business credit needs are important, and those needs are generally being met.

CCBT is the second largest depository institution in the area. It helps address community needs through CD loans. Overall, CCBT made four CD loans totaling \$4.2 million in the AA and one for \$10 million in a broader statewide or regional area that includes the AA. These activities equal 12% of Tier 1 Capital.

The level of investment opportunity in the assessment area is high in number and dollar volume. Competition for these opportunities is neutral. Community contacts agree that banks need to support economic initiatives that help the lower paid work force and low- and moderate-income individuals, as defined. With historically low interest rates and low down payment requirements, home ownership remains unattainable due to high housing costs in relation to income. An innovative and flexible approach to home ownership is needed. Bankers also need to renew discontinued financial educational programs for first time homebuyers and consumers with credit problems.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/AA column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/AA.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/AA column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: BARNSTABLE COUNTY						Evaluation Period: January 1, 1999 to December 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Barnstable County	100.00	3,783	702,840	2,353	222,104	0	0	4	4,200	6,140	929,144	100.00
Out of Assessment Area								1	10,000	1	10,000	

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is January 1, 2000 to January 30, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 1999 to December 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Not Applicable														

Table 1. Other Products

LENDING VOLUME		Geography: BARNSTABLE COUNTY				Evaluation Period: January 1, 2000 to December 31, 2002			
MA/Assessment Area:	Other Unsecured Consumer Loans*				Other Optional Loans*				
	#	\$ (000's)			#	\$ (000's)			
<b>Full Review:</b>									
Not Applicable									

\*Loan Data as of NA. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from NA to NA.

\*\*\* Deposit Data as of June 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(\*) The evaluation period for Optional Product Line(s) is from NA to NA.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Barnstable County	1,273	100.00	0.00	0.00	12.86	5.34	69.25	76.36	17.89	18.30	6.18	0.00	1.54	6.95	8.18

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Not Applicable															

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total **	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	% Owner Occ Units ***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Barnstable County	2,510	100.00	0.00	0.00	12.86	4.62	69.25	73.51	17.89	21.87	5.40	0.00	2.02	5.94	5.64

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: BARNSTABLE COUNTY								Evaluation Period: January 1,2000 to December 31, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total **	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Not Applicable															

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.



**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: BARNSTABLE COUNTY					Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total **	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Barnstable County	2,353	100.00	0.00	0.00	20.17	22.01	62.78	67.57	17.05	10.41	6.61	0.00	13.92	7.89	3.01						

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2002.

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: BARNSTABLE COUNTY					Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Not Applicable	0	0	0.00	0.00	11.17	0.00	69.29	0.00	19.54	0.00	0.00	0.00	0.00	0.00	0.00						

\*Based on 2001 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data – Dun and Bradstreet 2002.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total **	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Barnstable County	1.273	100.00	18.96	4.52	19.40	12.06	24.35	18.33	37.30	65.08	7.29	11.3	7.22	6.58	7.35

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.02% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Not Applicable															

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: BARNSTABLE COUNTY								Evaluation Period: January 1, 2000 to December 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Barnstable County	2,510	100.00	18.96	5.00	19.40	15.08	24.35	23.19	37.30	56.73	6.54	7.22	6.73	6.40	6.50

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.20% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: BARNSTABLE COUNTY		Evaluation Period: January 1, 2000 to December 31, 2002			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Barnstable County	2,353	100.00	77.17	88.40	74.08	16.91	9.01	6.61	12.38

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.33% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS				Geography: BARNSTABLE COUNTY Evaluation Period: From January 1, 2000 to December 31, 2002					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Not applicable	0	0.00	90.97	0.00	0	0	0	0	0

\* Based on 2001 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by Bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS																		Geography: BARNSTABLE COUNTY																		Evaluation Period: January 1, 2000 to December 31, 2002																	
MA/Assessment Area:	Geographic Distribution										Borrower Distribution																																										
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers																																				
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans																																			
<b>Full Review:</b>																																																					
Not Applicable																																																					

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS										Geography: BARNSTABLE COUNTY										Evaluation Period: January 1, 2000 to December 31, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**																					
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)																				
<b>Full Review:</b>																													
Barnstable County	0	0	46	752	46	752	100.00	0	0																				

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: BARNSTABLE Evaluation Period: January 31, 2000 to December 31, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Barnstable County	100.00	38	100.00	0.00	15.7	73.6	10.5	7	3	0	0	4	0	0.00	15.16	67.72	17.06



