

LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Public Disclosure

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Community Reinvestment Act Performance Evaluation

Cape Cod Bank and Trust Company, N.A.
Charter Number: 23947

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Office of the Comptroller of the Currency

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NOTE: 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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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Cape Cod Bank and Trust Company, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **January 18, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

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

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

The major factors that support this rating include:

- A majority of the number (92%) and dollar amount (84%) of loans were made in the bank's assessment area;
- A good distribution of refinance loans to borrowers with low- and moderate-income, and an adequate distribution of home purchase loans to borrowers with low- and moderate-income;
- An excellent distribution of loans to small sized businesses, and an excellent distribution of small size business loans;
- An overall good distribution of home loans and small business loans to moderate-income geographies;
- An adequate level of qualified community development investments;
- Service delivery systems that are very accessible to individuals of different income levels in the assessment area; and
- An excellent level of community development services.

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

| Performance Levels | Cape Cod Bank and Trust Co., N.A. Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | X |
| High Satisfactory | X | | |
| Low Satisfactory | | X | |
| Needs to Improve | | | |
| Substantial Noncompliance | | | |

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

Description of Institution

Cape Cod Bank and Trust Company, N.A. (CCB&T) is an intrastate community bank headquartered in Hyannis, Massachusetts with \$1,310 million in assets as of September 30, 1999. CCB&T is a wholly owned subsidiary of CCB&T Financial Companies, Inc., a one bank holding company with assets of \$1,310 million as of September 30, 1999.

CCB&T has four wholly owned subsidiaries, CCB&T Preferred Corp., TBM Development Corp., CCB&T Brokerage Direct, Inc. and CCB&T Securities Corp. CCB&T Preferred Corp. is a real estate investment trust established to utilize tax advantages available under Massachusetts tax law. It owns 100% of the bank's commercial mortgages and retains the bank as servicer. It was formed in the second quarter of 1999 and had \$208 million in assets and net income of \$6.7 million as of September 30, 1999. TBM Development Corp. holds and manages certain nonperforming loans of the bank, and had \$5 thousand in assets and no net income as of September 30, 1999. CCB&T Brokerage Direct, Inc. is a broker for customers' securities transactions and provides related investment advice. It had \$864 thousand in assets and net income of \$193 thousand as of September 30, 1999. CCB&T Securities Corp. holds and manages the bank's investment portfolio and had \$142 million in assets and net income of \$3.0 million as of September 30, 1999. None of these operating subsidiaries had a negative impact on the bank's ability to meet the credit and investment needs of its assessment area.

In September, 1999 CCB&T entered into a purchase agreement with Fleet Bank to acquire two of Fleet's banking offices located in Falmouth and Wareham, Massachusetts. The acquisition is expected to conclude in the spring of 2000.

CCB&T is a full service bank with 26 branch offices operating throughout Barnstable County. CCB&T offers a full range of loan and deposit products for consumers and businesses. The bank's primary lines of business are home

mortgage loans and business loans. CCB&T does not offer a separate home improvement loan product.

The bank actively promotes its home equity line and loan products as an alternative. Agricultural lending is not a primary business line of the bank.

As of September 30, 1999, CCB&T's net loans were \$633 million, representing 48% of total assets. The bank's loan mix consists of 88% real estate loans, 11% commercial loans and one percent consumer loans. Net tier 1 capital was \$83 million.

CCB&T operates in a competitive financial services market with healthy competition from community banks, branches of large regional banks, savings banks, credit unions and mortgage and finance companies. CCB&T is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment area.

Description of Assessment Area (AA)

CCB&T's assessment area is all of Barnstable County, which consists of MSA #0740 (Barnstable-Yarmouth, Ma.) and the non-MSA portion of the county. The county is contiguous and meets the regulatory requirements for an AA.

The population of the AA is 187 thousand. The income designations for the AA geographies are 11% moderate income, 69% middle income, 18% upper income and 2% which is not classified. There are no low-income geographies. The moderate-income geographies are located either in the town of, or portions of the towns of Provincetown, Dennisport, Hyannis, Bourne and Mashpee. The one geography that is not classified was a naval ship that was in port during the census. As it has neither owner occupied housing nor commercial enterprises, no home or small business loans were made in the geography. Ninety-two percent of the housing units in the AA are one-to-four family units, 7% are multifamily units and one percent is mobile homes or trailers. Of the total housing units, 41% are owner-occupied, 16% are renter-occupied and 43% are vacant. The vacant

housing is primarily second, or vacation homes. The median housing price in the AA is \$170 thousand.

According to 1999 business demographics, there are 13,148 businesses and farms in the AA, with farm businesses representing a very small portion of the total business population. Small businesses represent 78% of the 12,724 businesses in the AA. The primary industries in Barnstable County are services, retail trade and construction. Major employers include the Cape Cod Hospital, the Steamship Authority, Cape Air and the Woods Hole Oceanographic Institute, as well as numerous seasonally operated hotels, inns, restaurants and retail shops to support the large tourism industry.

The unemployment rate for Barnstable County was 2.6% as of September 30, 1999, slightly below the State average of 2.9%.

Community Contacts

We conducted one community contact during the examination with an affordable housing specialist from a Barnstable County planning and regulatory agency. The community contact emphasized the growing disparity between the large percentage of the population that earns low wages in the services and retail trade industries compared to the high cost and limited availability of housing, either to purchase or rent. The community contact also noted a need for small business loans.

Management noted the critical need for affordable housing, small business loans and general retail lending, including mortgages, credit cards and student loans.

Conclusions with Respect to Performance Tests

Scope of the Evaluation

This review covers calendar year 1998 and, for home mortgage related lending, calendar year 1999 and for small business lending, the first nine months of 1999. The market share and peer lender comparisons contained in the Lending Test are based on information contained in the aggregate HMDA and Small Business Reports for 1998. The aggregate HMDA and Small Business Reports are available for public review.

The 1999 information is based on the bank's HMDA Loan Application Register (LAR) and Small Business Register. We tested and verified the accuracy of the information on the HMDA LAR and Small Business Register.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business Reports for 1998. Essentially all lenders operating in CCB&T's AA would have been 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 an affiliate of a holding company with \$1 billion or more in assets during the same time period.

CCB&T's last CRA Public Evaluation, which was done by the Federal Deposit Insurance Corporation, is dated April 1, 1998 and evaluated the bank's performance from January 1, 1995 to December 31, 1997. The bank received a **Satisfactory** rating at that examination.

Lending Test

CCB&T's overall lending performance was good. This rating is based on a majority of the number and dollar volume of loans made in the bank's assessment area; an adequate distribution of home purchase loans and a good distribution of refinance loans to borrowers with low- and moderate-income; an excellent distribution of loans to small sized businesses and small sized business loans; and a good distribution of home loans and small business loans to moderate-income geographies.

AA Concentration of Lending Activity

CCB&T originated a total of 2,912 home mortgage-related loans between January 1, 1998 and December 31, 1999, and 1,831 small business loans between January 1, 1998 and September 30, 1999. The table below shows the number and dollar amount of home mortgage-related and small business loans that were originated. The bank made a substantial majority, 92% of the number and 84% of the dollar volume, of loans inside the AA. No additional weight was given to any one of these loan products.

| Ratio of Loans Originated Inside the AA | | | |
|--|----------------------|-----------------------|--------------|
| | Home Mortgage | Small Business | Total |
| Number | | | |
| Number of loans inside the AA | 2,570 | 1,786 | 4,356 |
| Total number of Loans | 2,912 | 1,831 | 4,743 |
| % of Loans Inside/Total # of Loans | 88% | 98% | 92% |
| Dollars (in 000's) | | | |
| \$ of Loans Inside the AA | 367,039 | 127,640 | 494,679 |
| Total \$ of Loans | 457,758 | 133,558 | 591,316 |
| % of Loans Inside/Total \$ of Loans | 80% | 96% | 84% |

Level of Lending Activity

CCB&T is an active HMDA and small business lender. In 1998, CCB&T ranked second in Barnstable County with a 7% market share for HMDA loans, and first with a 29% market share for small business loans.

In terms of deposit market share and market rank, CCB&T ranked first, with 19% of deposits for the 13 FDIC-insured financial institutions with branches located in Barnstable County as of June 30, 1999.

Geographic Distribution

Lending Gap Analysis

There were no conspicuous or inappropriate gaps found in CCB&T's geographic loan distribution. As noted earlier in this report there are no low-income geographies in the bank's assessment area.

Home Purchase Loans - Table 2

CCB&T had a good distribution of home purchase loans to moderate-income geographies. The bank distributed 5.1% of its loans in moderate-income geographies, compared to the 4.3% of owner occupied housing located in this area. The bank realized a 4.5% share of the moderate-income geography market compared to an overall market share of 7.8%. The bank's market share of the middle-income borrower market was 7.9%. Its share of the upper-income market was 9.0%.

Home Improvement Loans - Table 3 - not applicable

CCB&T does not offer a separate home improvement loan product. The bank actively promotes its home equity line and loan products. Management feels its home equity line and loan products satisfy customer needs for home improvement loans.

Refinance Loans - Table 4

CCB&T has an adequate distribution of refinance loans to moderate-income geographies. The bank distributed 3.8% of its loans in moderate-income geographies, compared to the 4.3% of owner occupied housing located in this area. The bank realized a 4.1% share of the moderate-income geography market compared to an overall market share of 6.3%. The bank's market share of the middle-income borrower market was 6.5%. Its share of the upper-income

market was 6.2%.

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Small Loans to Businesses - Table 5

CCB&T had a good distribution of loans to moderate-income geographies. CCB&T distributed 14.8% of its loans to moderate-income geographies, where 15.6% of the AA's businesses are located. The bank realized a 31.8% share of the moderate-income geography market, compared to an overall market share of 29.1%. It had a 30.3% share of the middle-income geography market, and a 24.7% share of the upper-income geography market.

Small Loans to Farms - Table 6 - not applicable.

Borrower Characteristics

Home Purchase Loans - Table 7

CCB&T had an adequate distribution of home purchase loans to low- and moderate-income borrowers at 4.6% and 12.3%, compared to the distribution of low- and moderate-income families, at 17.8% and 18.8% respectively. CCB&T realized an 11.9% share of the low-income borrower market, and an 8.9% share of the moderate-income borrower market compared to a 7.8% overall market share. The bank had a market share of 8.2% in the middle-income borrower market, and 9.9% in the upper-income borrower market.

Home Improvement Loans - Table 8 - not applicable.

Refinance Loans - Table 9

CCB&T had a good distribution of refinance loans to low- and moderate-income borrowers at 5.5% and 14.8%, compared to the distribution of low- and moderate-income families, at 17.8% and 18.8% respectively. CCB&T realized an 11.2% share of the low-income borrower market, and an 11.5% share of the moderate-income borrower market compared to a 6.3% overall market share. The bank had a market share of 8.1% in the middle-income borrower market, and 7.2% in the upper-income borrower market.

Small Loans to Businesses - Table 10

CCB&T had an excellent distribution of loans to small sized businesses and small size loans, i.e., loans for less than \$100,000. CCB&T made 96.3% of its loans to small sized businesses. Small businesses represent 77.6% of all businesses operating in the assessment area. The average lender in the market made

72.6% of its loans to small sized businesses. In 1998, the bank realized a 37.5% market share of loans to businesses with annual revenues of \$1 million or less compared to a 29.1% market share of all small business loans.

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A substantial majority or 80.1% of the loans were for amounts less than \$100,000. Loans for less than \$100,000 are generally the size of loans sought by small businesses.

Small Loans to Farms - Table 11 - not applicable.

Community Development Lending

During the evaluation period, CCB&T made no loans that specifically met the definition of community development that weren't included and considered in the analysis of HMDA and small business lending. However, the bank made four loans with community development characteristics totaling \$533 thousand that had to be reported as small business loans because of their size.

One of the loans was a \$200 thousand line of credit to a human service agency that primarily finds affordable housing for homeless and low-income people, including rental units and the construction of new homes utilizing state and federal grant monies. A \$40 thousand line of credit was granted to a start-up organization involved in revitalizing and stabilizing a downtown commercial district in a moderate-income geography. An \$83 thousand short-term bridge loan was granted to an affordable housing advocacy group to allow the group to purchase a home at a foreclosure auction to increase the stock of affordable housing. A \$210 thousand refinance of mortgages on two residential condominium units was granted to an organization that operates a disabled adult community living complex.

Innovative or Flexible Lending Practices

CCB&T offers several flexible loan products to address community credit needs. Products available to assist first time homebuyers and low- and moderate-income individuals and families consist of an internally developed affordable mortgage program, the **CCB&T 5/1 Adjustable Rate Mortgage (ARM)** as well as the **Federal Home Loan Mortgage Corp.'s Affordable Gold** series.

The **CCB&T 5/1 Affordable ARM** is available to first time homebuyers who meet income limitation guidelines, as well as those people purchasing a residence as a result of a change in marital status or senior citizens wishing to downsize. The ARM offers reduced interest rates, an expedited approval process, financing up to 89.9% without mortgage insurance, refund of the bank's standard

application fee and reduced closing costs. During the evaluation period, CCB&T originated 66 loans totaling \$6.1 million to low- and moderate-income borrowers.

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CCB&T offers three **Federal Home Loan Mortgage Corp.** products: **Affordable Gold 97**, **Affordable Gold 5** and **Affordable Gold 3/2**. **Affordable Gold 97** features financing up to 97%, flexible ratios and sources of borrowers' personal cash (downpayment), and closing costs and prepaid expenses from a variety of sources. During the evaluation period, CCB&T originated 2 loans for \$188 thousand to low- and moderate-income borrowers. **Affordable Gold 5** features no maximum monthly housing expense-to-income ratio, no reserves required and sources of borrowers' personal cash (downpayment), closing costs and prepaid expenses, from a variety of sources. During the evaluation period, CCB&T originated 6 loans for \$524 thousand to low- and moderate-income borrowers. **Affordable Gold 3/2** is similar to **Affordable Gold 5** but includes financing up to 95%. No loans were originated under this program during the evaluation period to low- or moderate-income borrowers.

Investment Test

CCB&T provides an adequate level of qualified investments. The community contact indicated that there are limited investment opportunities and competition within the bank's assessment area. CCB&T extended \$418 thousand during the evaluation period. Table 12 summarizes the bank's qualified investments.

During the evaluation period, the bank invested in two mortgage-backed securities totaling \$363 thousand. The securities are backed by mortgage loans made in moderate-income geographies within the bank's assessment area to low- or moderate-income borrowers.

CCB&T also made \$55 thousand in donations to community development related organizations. The organizations' activities provide affordable housing for low- and moderate-income individuals and families; community services targeted to low- or moderate-income individuals; or promote economic development for small businesses. Included in the donations is the bank's annual "Nonprofit Dividend", which is an additional donation presented to charitable organizations based on the bank's earnings.

Service Test

Retail Banking Services

CCB&T's service delivery systems are excellent, and are readily accessible to geographies and individuals of different income levels throughout the assessment area. The bank did not open or close any branches during the evaluation period. Table 13 summarizes the bank's distribution of branches.

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The bank has twenty-six full service offices. Twenty are standard branches, and six are located in supermarkets. Four, or 15% of the branches, including the main office, are located in moderate-income geographies. This is excellent in relation to the population distribution since 6% of the population resides in the moderate-income geographies.

The bank has 31 automated teller machines (ATMs). The distribution of ATM's to moderate-income geographies is excellent, with nine or 29% of the ATMs located in moderate-income geographies. Six are free standing and not associated with branches, four of which are located in moderate-income geographies. One of the four accepts deposits. With the exception of one of the two ATMs located in the head office, and the ATMs located in the supermarket branches, all are available 24 hours per day, seven days per week. The remaining ATMs are available when the branch or supermarkets are open.

Due to the large increase in population of tourists in the summer, the bank's summer and winter hours vary slightly, however the business hours offered at the branch offices do not vary in a way that inconveniences any portion of the AA. The office hours vary somewhat between offices. Typical lobby hours generally range from 8:30 AM to 3:00 PM Monday through Friday. Many of the branches, including the three branches in moderate-income geographies have extended hours on Friday to 4:00 or 5:00 PM. Saturday hours from 8:30 AM to noon are available at some of the branches, including one branch located in a moderate-income geography. Most of the standard branches have drive-up facilities, including the three branches located in moderate-income geographies.

Six of the branches, including one in a moderate-income geography, are located in supermarkets and have business hours that are particularly convenient to the needs of the individuals in the AA. All of the supermarket branches are open Monday through Friday from 9:00 AM to 7:00 PM, Saturday from 9:00 AM to 5:00 PM, and Sundays and, with the exception of the branch in a moderate-income geography, holidays from 10:00 AM to 2:00 PM. The branch in the moderate-income geography is open from 1:00 PM to 4:00 PM on holidays.

In addition to standard branches, the bank has three offices in local retirement

centers that offer limited hours and services, primarily account opening, acceptance of deposits, check cashing and incidental services. The bank also has two offices in local high schools that offer limited hours and services, and are primarily teaching facilities, with the bank supplying a manager and students studying banking subjects staffing the office. Services are similar to those offered at the retirement centers. The offices in the retirement centers and high schools are all located in middle income geographies, and do not have ATMs.

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CCB&T offers alternative delivery systems in the form of a bank-by-phone program and Internet banking. The bank maintains a 24-hour automated telephone banking service. Customers can transfer funds between accounts, obtain information on account balances and recent transactions, pay bills, initiate stop payments and request the faxing of account statements. The bank's PC banking product allows the customer to perform similar functions through their personal computer. The bank offers a similar PC based product for 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. In evaluating the bank's services, no significant weight was given to these systems since the bank does not track how well these services reach low- and moderate-income people and geographies, or small businesses.

CCB&T's **Self-Service Checking** account is the most affordable and was tailored to the convenience and needs of low- and moderate-income individuals. There is no minimum balance required, and the customer can write up to five checks for a \$6.00 monthly fee. There is a \$1.00 per check charge for checks in excess of five. For persons under 19 years or over 65 years of age, the account is available without a monthly maintenance fee or excess activity charge. Some additional standard fees on deposit accounts are also waived or reduced for people in these age groups.

Community Development Services

CCB&T provides an excellent level of community development services, and is a leader in the assessment area by offering more community development services than other financial institutions. Management supports various organizations, some of which are detailed below, throughout the communities that are served by the bank by offering financial and technical expertise to those groups. A number of these organizations address the identified community credit need of affordable housing for purchase or rent, and the need for small business loans.

A bank officer is a Board member and the Director of the Finance Committee for an organization that provides community services to low- and moderate-income elderly residents of Cape Cod.

A bank officer is a Board member and Treasurer of an organization that provides affordable shelter and community services to low- or moderate-income victims of domestic abuse in the town of Hyannis.

A bank officer is a Board member and Treasurer of an organization that builds affordable housing for very low- to low-income families throughout Cape Cod.

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A bank officer is the financial advisor to the Board of an organization that provides housing and services to low- and moderate-income elderly residents in the town of Dennis.

Two bank officers are members of the Servicing and Executive Committees of an affordable housing loan consortium which provides affordable housing throughout Cape Cod. The consortium consists of nine banks and provides financing primarily for the construction of affordable housing as well as some permanent loans.

A bank officer is a Director and Assistant Treasurer of an organization that provides a number of loan products to small businesses that are not able to obtain traditional bank financing. The bank officer is also a member of the Loan Committee and participates in the approval of all loans.

A bank officer is a member of the Board and Finance Committee, as well as the financial advisor, of an organization that provides services to low- and moderate-income families throughout Cape Cod.

Fair Lending Review

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. Our fair lending review consisted of a test for discrimination in the loan terms given to approximately 40 approved home purchase loan customers. Our sample consisted of all applications that were approved during a two-week period in the third quarter of 1999. The loan terms were equitable for all originations.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation and loan products considered.

| | | |
|--|---|---------------------------------------|
| Time Period Reviewed | Lending Test: Home Mortgage Loans: January 1, 1998 to December 31, 1999 Small Business Loans: January 1, 1998 to September 30, 1999 Investment Test: January 1, 1998 to January 18, 2000 Service Test: January 1, 1998 to January 18, 2000 | |
| Financial Institution | Products Reviewed | |
| Cape Cod Bank & Trust, N.A. (CCB&T) Hyannis, Massachusetts | Home purchase and refinance loans reported on the HMDA Loan Application Register and small business loans reported on the Small Business Register. | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| The assessment area consists of Barnstable County in southeastern Massachusetts. | On-site | See "Description of Assessment Area". |

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Appendix B: Tables of Performance Data

Content of Standardized Tables

For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the assessment area; 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 assessment area.

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 assessment area.
- 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2. *Not applicable.*
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available. *Not applicable.*
- Table 7. 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 assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7. *Not applicable.*
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

- Table 10. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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. *Not applicable.*
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each 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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. 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 AA. The table also presents data on branch openings and closings in each AA.

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | |
|-------------------|---------------------------------|---------------|------------|-----------------------------|------------|----------------------|------------|-----------------------|------------|----------------------|------------|--------------------------------|----------------------|--|---|--|
| Assessment Area: | % of Rated Area Deposits in AA* | Home Mortgage | | Small Loans to Businesses** | | Small Loans to Farms | | Community Development | | Total Reported Loans | | % of Rated Area Loans(#) in AA | | | | |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | |
| Barnstable County | 100.0 | 2,570 | 367,039 | 1,786 | 127,640 | N/A | N/A | 0 | 0 | 4,356 | 494,679 | 100.0 | | | | |

(*) Deposit data as of June 30, 1999.

(**) Data through September 30, 1999.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|-----|-----|-----|---------------------------|--------------|----------------------|--|---|--|
| Assessment Area: | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Purchase Loans | | | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | 4.3 | 5.1 | 76.1 | 74.0 | 19.6 | 20.9 | 2 | 7.8 | N/A | 4.5 | 7.9 | 9.0 | 1,267 | 100.0 | | | | |

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(**) Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | | | | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|---------------------|---------------------------|-----|-----|-----|-----|------------------------------|------------|----------------------|--|---|--|--|--|--|
| Assessment Area: | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank | Market Share by Geography | | | | | Total Home Improvement Loans | | | | | | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total | | | | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | | | | |

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | | | | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|-----|-----|-----|-------------------------------------|--------------|----------------------|--|---|--|--|--|--|
| Assessment Area: | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Home Mortgage Refinance Loans | | | | | | | | |
| | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | % Owner Occ Units | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | | | | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | 4.3 | 3.8 | 76.1 | 73.4 | 19.6 | 22.8 | 4 | 6.3 | N/A | 4.1 | 6.5 | 6.2 | 1,303 | 100.0 | | | | | | | |

(*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 5. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to September 30, 1999 | |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|------|------|------|----------------------------|----------------------|--|--|--|
| Assessment Area: | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography* | | | | | Total Small Business Loans | | | | |
| | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | % of Businesses | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total** | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | 15.6 | 14.8 | 67.2 | 71.9 | 17.2 | 13.3 | 1 | 29.1 | N/A | 31.8 | 30.3 | 24.7 | 1,786 | 100.0 | | | |

(*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

Table 6. Geographic Distribution of Small Loans to Farms

| Geographic Distribution: SMALL LOANS TO FARMS | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to September 30, 1999 | |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---------------------------|-----|-----|-----|-----|------------------------|----------------------|-----|--|--|
| Assessment Area: | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall Market Rank* | Market Share by Geography | | | | | Total Small Farm Loans | | | | |
| | % of Farms | % BANK Loans | % of Farms | % BANK Loans | % of Farms | % BANK Loans | % of Farms | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | |

Table 7. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | | | | | | | | | | | | |
|--------------------------------------|----------------------|----------------------|---------------------------|---|-------------------------|---------------|------------------------|---------------|----------------------|-----------------------------------|------|-----|-----|-----|---------------------------|---------------|
| Assessment Area: | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Overall Market Rank* | Market Share by Borrower Income** | | | | | Total Home Purchase Loans | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upp | # | % of Total*** |
| Full-Scope: | | | | | | | | | | | | | | | | |
| Barnstable County | 17.8 | 4.6 | 18.8 | 12.3 | 24.3 | 19.1 | 39.1 | 64.0 | 2 | 7.8 | 11.9 | 8.9 | 8.2 | 9.9 | 1,267 | 100.0 |

(*) As a percentage of loans with borrower income information available. No information was available for less than one percent of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

(***) Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 8. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | | | | | | | | | | | | | | | State: Massachusetts | | Evaluation Period: January 1, 1998 to December 31, 1999 | |
|---|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|---------------------|---------------------------------|-----|-----|-----|-----|------------------------------|------------|----------------------|--|---|--|
| Assessment Area: | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Overall Market Rank | Market Share by Borrower Income | | | | | Total Home Improvement Loans | | | | | |
| | % of Families | % BANK Loans | % of Families | % BANK Loans | % of Families | % BANK Loans | % of Families | % BANK Loans | | Overall | Low | Mod | Mid | Upp | # | % of Total | | | | |
| Full-Scope: | | | | | | | | | | | | | | | | | | | | |
| Barnstable County | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | | | | |

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

| Borrower Distribution: HOME MORTGAGE REFINANCE | | | | State: Massachusetts | | | | Evaluation Period: January 1, 1998 to December 31, 1999 | | | | | | | | |
|--|----------------------|---------------|---------------------------|----------------------|-------------------------|---------------|------------------------|---|----------------------|-----------------------------------|------|------|-----|-----|-------------------------------------|---------------|
| Assessment Area: | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Overall Market Rank* | Market Share by Borrower Income** | | | | | Total Home Mortgage Refinance Loans | |
| | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | % of Families | % BANK Loans* | | Overall | Low | Mod | Mid | Upp | # | % of Total*** |
| Full-Scope: | | | | | | | | | | | | | | | | |
| Barnstable County | 17.8 | 5.5 | 18.8 | 14.8 | 24.3 | 21.4 | 39.1 | 58.3 | 4 | 6.3 | 11.2 | 11.5 | 8.1 | 7.2 | 1,303 | 100.0 |

(*) As a percentage of loans with borrower income information available. No information was available for less than one percent of loans originated and purchased by the bank.

(**) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 10. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | | |
|--|---|----------------|----------------------|--|--------------------------|--|------------------|-------------------------|---------------------------------|-----------------|
| | | | State: Massachusetts | | | Evaluation Period: January 1, 1998 to September 30, 1999 | | | | |
| Assessment Area: | Businesses with Revenues of \$1 million or less | | | Loans by Original Amount Regardless of Business Size | | | Market Share**** | | Total Small Loans to Businesses | |
| | % of Businesses* | % BANK Loans** | % Market Loans*** | \$100,000 or Less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev \$1 million or less | # | % of Total***** |
| Full-Scope: | | | | | | | | | | |
| Barnstable County | 77.6 | 96.3 | 72.6 | 80.1 | 13.8 | 6.1 | 29.1 | 37.5 | 1,786 | 100.0 |

(*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(**) 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 1.5% of small loans to businesses originated and purchased by the bank.

(***) The market consists of all other Small Business reporters in the AA and is based on 1998 Aggregate Small Business Data only.

(****) Based on 1998 Aggregate Small Business Data only.

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

Table 11. Borrower Distribution of Small Loans to Farms

| Borrower Distribution: SMALL LOANS TO FARMS State: Massachusetts Evaluation Period: January 1, 1998 to September 30, 1999 | | | | | | | | | | |
|---|--|--------------|----------------|--|--------------------------|--------------------------|--------------|-------------------------|------------------------|------------|
| Assessment Area: | Farms with Revenues of \$1 million or less | | | Loans by Original Amount Regardless of Farm Size | | | Market Share | | Total Small Farm Loans | |
| | % of Farms | % BANK Loans | % Market Loans | \$100,000 or Less | > \$100,000 to \$250,000 | > \$250,000 to \$500,000 | All | Rev \$1 million or less | # | % of Total |
| Full-Scope: | | | | | | | | | | |
| Barnstable County | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Table 12. Qualified Investments

| QUALIFIED INVESTMENTS State: Massachusetts Evaluation Period: January 1, 1998 to January 18, 2000 | | | | | | | | | | |
|---|---------------------------|------------|----------------------------|------------|-------------------|------------|-----------------|------------------------|------------|--|
| Assessment Areas: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | | |
| | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | % of Total \$=s | # | \$ (000's) | |
| Full-Scope: | | | | | | | | | | |
| Barnstable County | 0 | 00 | 31 | 418 | 31 | 418 | 100.0 | 0 | 00 | |

(*) **P**rior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

(**) **U**nfunded Commitments means legally binding investment commitments reported on the Report of Condition Schedule-L Off Balance Sheet Items.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|------|------|-----|--------------------------|----------------------|---|-----|-----|-----|--|-----|------|------|
| | | | | | | | | | | State: Massachusetts | | | | Evaluation Period: January 1, 1998 to January 18, 2000 | | | |
| 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 Closings | # of Branch Openings | Net Change in Location of Branches (+ or -) | | | | % of the Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full-Scope: | | | | | | | | | | | | | | | | | |
| Barnstable County | 100.0 | 26 | 100.0 | N/A | 15.4 | 80.8 | 3.8 | 0 | 0 | -- | -- | -- | -- | N/A | 6.5 | 74.7 | 18.8 |

