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MASSACHUSETTS COMMUNITY & BANKING COUNCIL

TO: Distribution

FROM: Jean Horstman, Co-Chair, MCBC Economic Development Committee

DATE: March 2, 2017

RE: Next MCBC Economic Development Committee Meeting

You are invited to attend the next meeting of the Massachusetts Community & Banking Council's (MCBC) Economic Development Committee.

The meeting will be held on **March 9th at 9:30 AM at Interise, 197 Portland Street, 2nd Floor, Boston, MA 02114.**

An agenda for the meeting is enclosed, along with minutes and materials of the last meeting.

If you wish to participate in the March 9th meeting via phone, please call # 712-432-6333, participant passcode 183421#.

We look forward to seeing you on March 9th.

Next Committee Meeting: April 27, 2017

Economic Development Committee

MISSION: MCBC's Economic Development Committee brings together financial institutions, small business assistance providers, city and state agencies and others to promote the economic revitalization of low- and moderate-income communities in Massachusetts by providing insight, ideas and information designed to encourage small business lending and growth.

Meeting of March 9, 2016

AGENDA

Time	Item	Description	Lead
9:30	1. Welcome		Jean Horstman
9:35	2. Governor's Office of Access and Opportunity	Discussion of state level work on increasing diversity and access for minority-owned, women-owned, and veteran-owned small businesses	Jabes Rojas, Deputy Chief, Access and Opportunity and Nam Pham, Assistant Secretary for Business Development & International Trade
10:15	3. Small Business Lending Report	Discussion of ideas for next year's report	Dana LeWinter
11:00	4. Anchor Institution Mapping	Update	Jean Horstman
11:20	5. Other Business and Minutes	Reading and Approval of January 26, 2017 Meeting Minutes	Jean Hortsman
11:30	6. Adjourn		

MASSACHUSETTS COMMUNITY & BANKING COUNCIL

Economic Development Committee
Meeting of January 26, 2017

Draft Minutes

Attending: Laura Ancil, Needham Bank
Nadine Boone, SBA
Brian Clarke, Federal Reserve Bank of Boston (phone)
Donna Haynes, Leader Bank
Jean Horstman, Interise
Paul Horwitz, FDIC
Dana LeWinter, MCBC
Jose Luis Rojas, Boston Private Bank & Trust Co.
Stuart Ryan, Bank Maps
Charles Smith, Eastern Bank
Mark Walker, Citizens Bank

The meeting began at 9:30 a.m. at Interise, Boston, MA and was chaired by Jean Hortsman.

1. Minutes of the Meeting of December 8, 2016

Jean noted the minutes of the meeting of December 8, 2016. A motion was made by Paul and seconded by Mark to approve the minutes. VOTE: The motion was approved.

2. Taking Your Business to the Next Level with Government Contracting

Nadine Boone from the SBA presented on their work on helping small businesses with government contracting (see attached). She noted in particular that there are workshops on these topics monthly at SBA offices. Go to FedBizOpps to get updates. She also noted that the state registration process is virtually the same as federal, so do both. When registering in SAM look at comparable businesses for assistance on how to categorize your business. She also noted that banks can get CRA credit for lending under all of these programs. A question regarding any changes with the new administration was raised and she noted that the new SBA Administration seems very focused on job creation and women-owned businesses in particular.

3. Small Business Lending Report Update:

Stuart Ryan attended to do a presentation on the report (see attached). Several questions came up during the discussion.

- Can the Federal Reserve do a comparison to other New England states? Maybe with the Small Biz survey, but RI and NH would not be included. If possible, incorporate the comparisons into next year's report or do a comparison across regions.
- What is the impact of the decrease in credit card lending? Is it being filled by micro-lenders and how do we capture this?

4. Anchor Institution Mapping Update:

Jean gave a quick update on C3. The report will be out in mid-February and have been having conversations with folks at the state. Next step will be conversations with City of Boston.

5. Other Business:

The group discussed possible ideas for meetings in the coming year, including:

- State Level work
- Unions and PLAs
- Online and Micro-lending: For-profit versus non-profit
- Unbanked and underbanked with focus on small biz
- Restaurant lending and changes in format
- Advanced Manufacturing
- New Administration impact
- Shared economy impacts
- Creative Financing models in other states and Canada/EU

+	-
Detailed Presentations	Brainstorm should be up front
Infographic	Donuts
Distribution and Dissemination of reports	

The meeting adjourned at 11:30 AM.

The next meeting will be held on Thursday, March 9th at Interise in Boston.



Massachusetts District Office



Massachusetts District Office
10 Causeway St, 2nd Floor
Boston, MA 02222
Telephone: (617) 565-5590
www.sba.gov/ma

Is Your Small Business Ready for Government Contracting

- The U.S. Government is the world's largest customer spending billions of dollars in goods and services purchases from private firms.
- It buys all types of products and services in both large and small quantities.
- It is required by law to provide opportunities for small businesses.

SBA's Role in Government Contracting

- Small Business Administration (SBA) has an Office of Government Contracting & Business Development that works with federal agencies to award at least 23 percent of all prime government contract dollars to small businesses.
- Overall goals includes:
 - 5% for Women-Owned Small Businesses (WOSB)
 - 3% for Service Disabled Veterans
 - 5% for Small Disadvantaged Businesses
 - 3 % for HUBZone firms

How to Get Started

- **Make sure the business is financially sound**
- Identify the Data Universal Numbering System (DUNS) number
- Identify the Employer Identification Number (EIN).
- Identify the North American Industry Classification System (NAICS) codes
- Register with System for Award Management (SAM)
 - SAM is an online government-maintained database of companies wanting to do business with the federal government
 - SBA supplemental page will be displayed in Dynamic Small Business Search (DSBS) engine

Getting Started

- **Federal Business Opportunities (FedBizOpps)**
 - Announces available business opportunities
- **Marketing Your Business**
 - Ultimately the small business owner is responsible for their own successes and will need to market to attract federal agencies and available contracting opportunities
- **General Services Administration (GSA Schedule and Federal Supply Schedule)**
 - Increases your opportunities for contracts all across government

Programs Of Assistance

■ **8(a) Business Development Program**

- A business assistance program for small disadvantaged businesses and firms that are at least 51% owned and controlled by socially and economically disadvantaged individuals
- Designated minorities: Black, Hispanic, Asian, or Native American or anyone who has been discriminated
- Participation in the program is for nine years: a four-year developmental stage and a five-year transition stage
- The program helps thousands of aspiring entrepreneurs to gain a foothold in government contracting
- Program participants are certified by the SBA

Mentor-Protégé Programs

- **8(a) BD Mentor-Protégé Program** is designed for successful firms to provide various forms of business development assistance to 8(a) BD Program Participants.
 - Assist the protégé with meeting the goals established in its SBA-approved business plan.
 - Improve the protégé's ability to successfully compete for contracts.

- **All Small Mentor-Protégé Program**

- New as of 10/1/2016 and requires an SBA approved agreement
- Apply online at certify.sba.gov as of 11/1/2016
 - Management and Technical Assistance
 - Financial Assistance
 - Contracting Assistance
 - Trade Education
 - Business Development Assistance
 - General and/or Administrative Assistance

Programs Of Assistance

■ Women-Owned Small Businesses (WOSB) Federal Contracting Program



- This program enables Economically Disadvantaged WOSBs (EDWOSBs) to compete for federal contracts that are set-aside for EDWOSBs in industries where women-owned small businesses are underrepresented
- Contracting officers now have access to the WOSB portal available at <https://certify.sba.gov>

■ Service-Disabled Veteran-Owned Small Business Concern Program (SDVOSBC)

- This program provides that federal contracting officers may restrict competition to SDVOSBCs and award a sole source or set-aside contract where certain criteria are met

Programs Of Assistance

■ Small Disadvantaged Businesses

- To self certify as an SDB, register your business in the [System for Award Management](#)
- SBA eligibility criteria for SDBs.
- The firm must be 51% or more owned and control by one or more disadvantaged persons
- The disadvantaged person or persons must be socially disadvantaged and economically disadvantaged.
- The firm must be small, according to SBA's size standards

■ HubZone

- The Historically Underutilized Business Zones (HUBZone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities.
- Must be 51% ownership by U.S. citizens, or a Community Development Corporation, an agricultural cooperative, or an Indian tribe
- Principal office must be located within the HUBZone
- At least 35% of its employees must reside in a HUBZone



Emerging Leaders or E200 Initiative

- Seven-month intensive, executive entrepreneurship education series now available in 53 Cities and Communities Across the United States.
 - approximately 100 hours of classroom time
 - business owners to work with experienced mentors,
 - attend workshops and develop connections with their peers, city leaders and financial communities
- “The initiative has trained more than 3,000 promising small business owners in underserved communities since its inception in 2008, and its impact continues to expand said former SBA Administrator Maria Contreras-Sweet continued.”
- **NOW ACCEPTING APPLICATIONS for the 2017 Emerging Leaders/E200 Program**

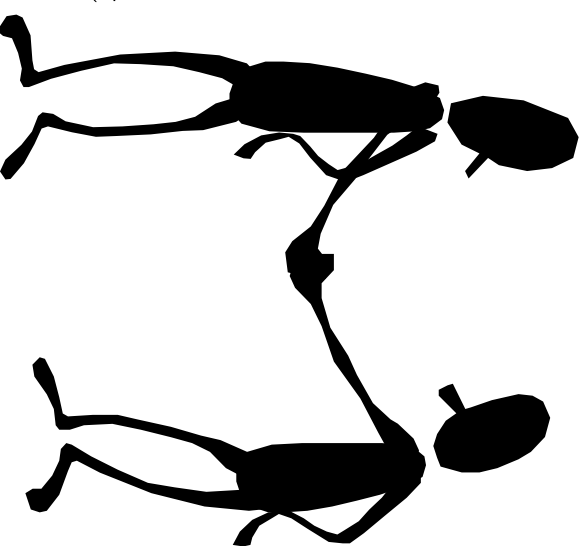


Massachusetts District Office

*“Supporting the Formation,
Growth, Prosperity, and Viability
of small businesses.”*

Thank you!!

Nadine Boone (617) 565-8514
Lead Business Opportunity Specialist
nadine.boone@sba.gov



Small Business Lending in Massachusetts – 2015 Edition

Utilized similar format as recent reports:

- Data sources - CRA data, Call Report data, SBA data
- Statewide review as well as a focus on traditionally underserved areas
- Comparisons of different types of lenders – local community banks, large commercial banks, credit card lenders, out-of-state lenders, and credit unions
- Geographic comparisons by county and town

Also includes newer areas of focus that were introduced in previous year's report:

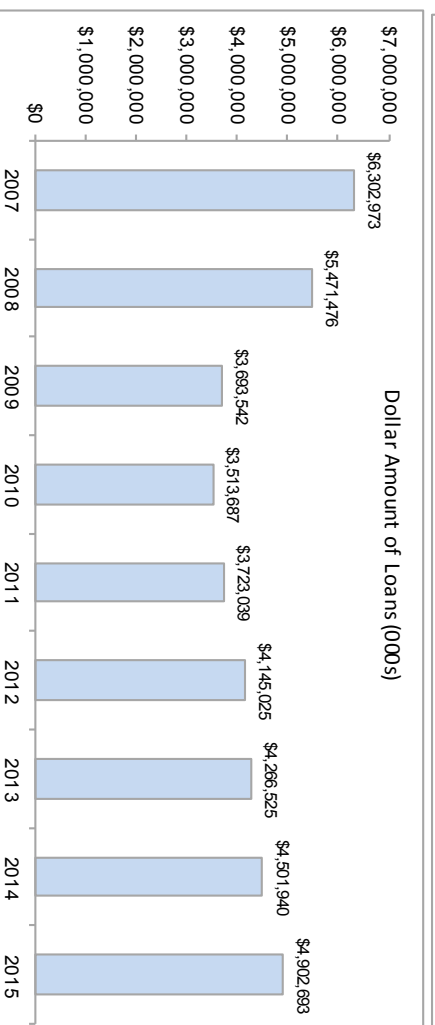
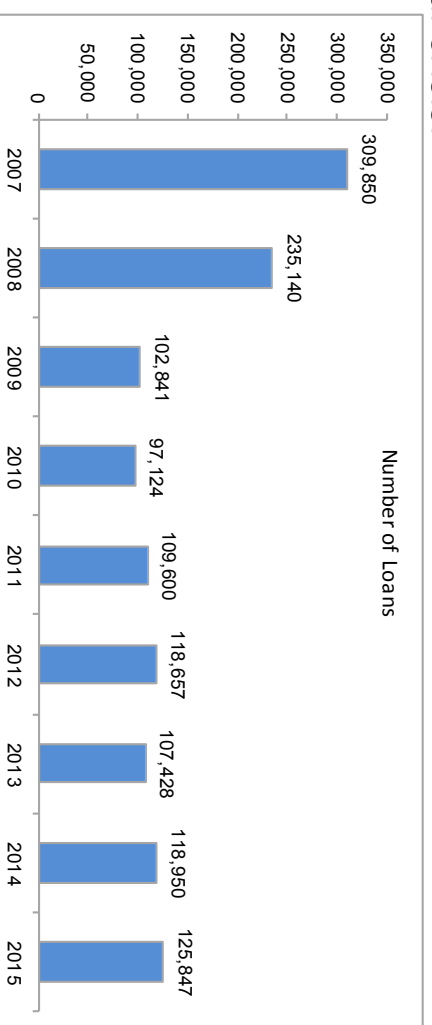
- Data on minority-owned businesses, immigrant/foreign-born business owners, and women-owned and veteran-owned businesses – based on Survey of Businesses data and SBA data
- Lending in communities with large immigrant/foreign-born populations
- State rankings based on CRA data and Call Report data
- Small business lending in Massachusetts Gateway Cities and Economic Target Areas which represent priority economic development areas designated by the Commonwealth and local municipalities

Economic indicators

- Massachusetts unemployment rate declined to 3.6% as of 9/2016 from a recent high of 8.7% in 2009 which is better than national average of 5.0%
- Recent GDP data showed growth of 2.6% in the state which was in line with the national results
- Loan delinquencies and charge-offs showed modest increases through Q2/2016 representing the first increase in several years – but remain near historically low levels
- Home values in Massachusetts continue to approach pre-crisis levels which adds to home equity levels and provides an additional source of capital for many business owners
- Unknown – effect of recent rate hikes by Federal Reserve on loan demand and economic expansion
- Unknown – the nature of the new administration's economic policies and their effect on trade, employment, wages, and GDP growth

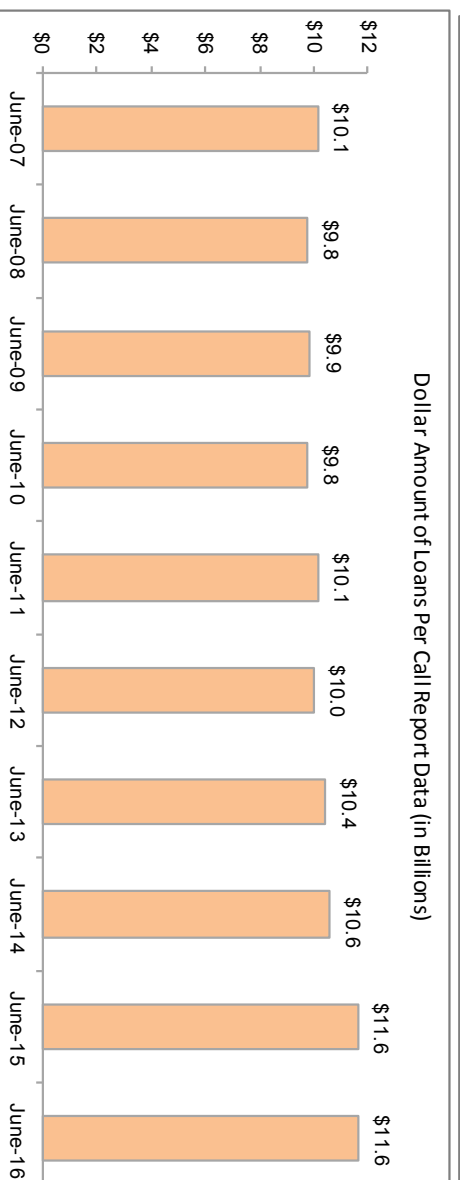
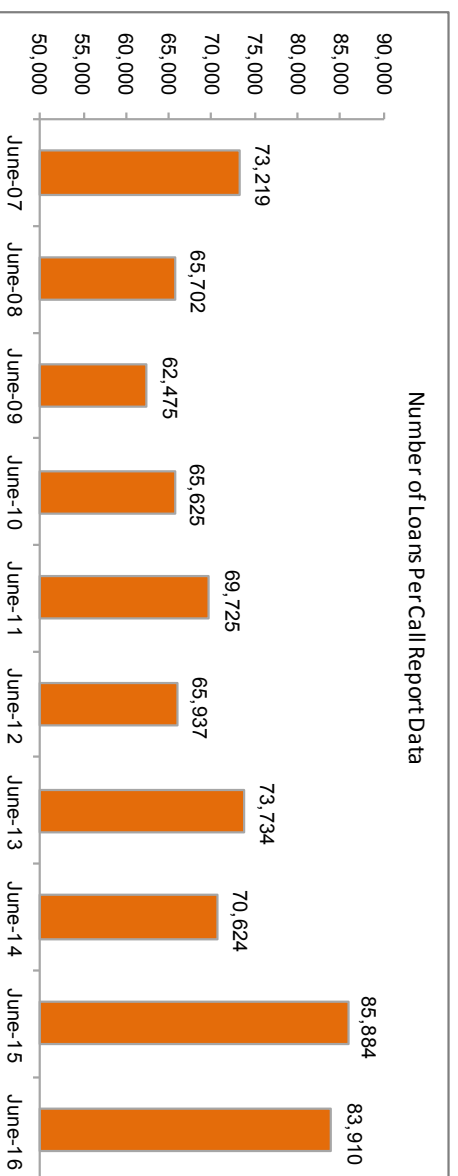
CRA Data

The annual CRA data, which primarily reflects the small business loan activity of the nation's largest lenders, shows that small business lending volume in Massachusetts increased modestly in 2015 in terms of both the number and dollar amount of loans. The 2015 results represent the fifth consecutive annual increase in loan dollars although overall loan volume remains well below the levels achieved prior to the recent financial crisis.



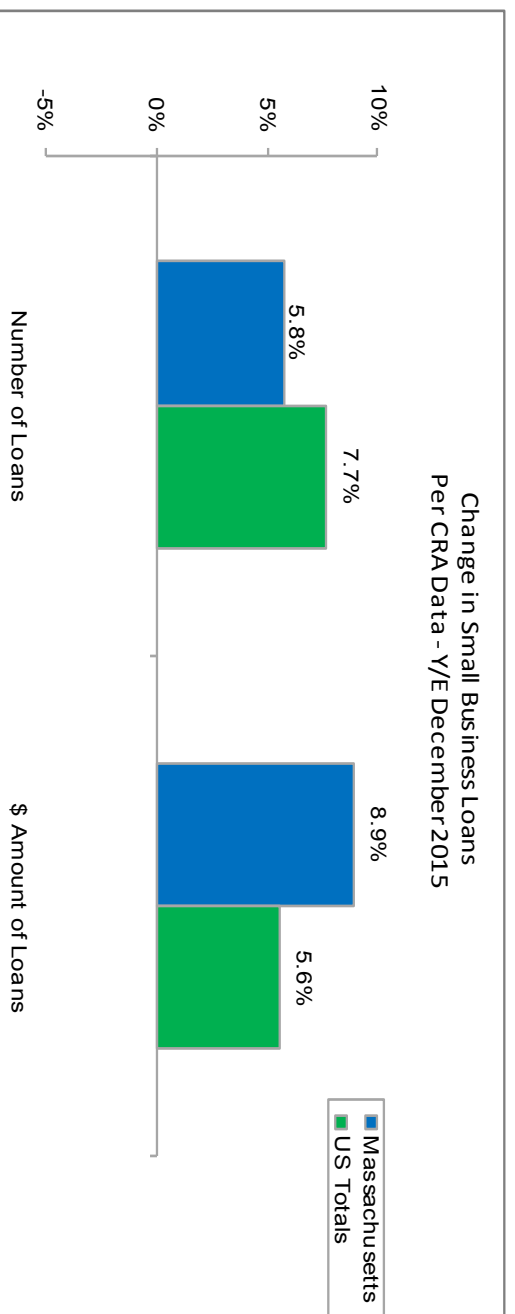
Call Report Data

The most recent quarterly Call Report data, which includes local community banks that are not included in the annual CRA database, showed a small decline in the number of small business loans over the past year but a modest increase in the dollar volume of loans. Call Report balances of small business loans at Massachusetts banks remain at historic levels.



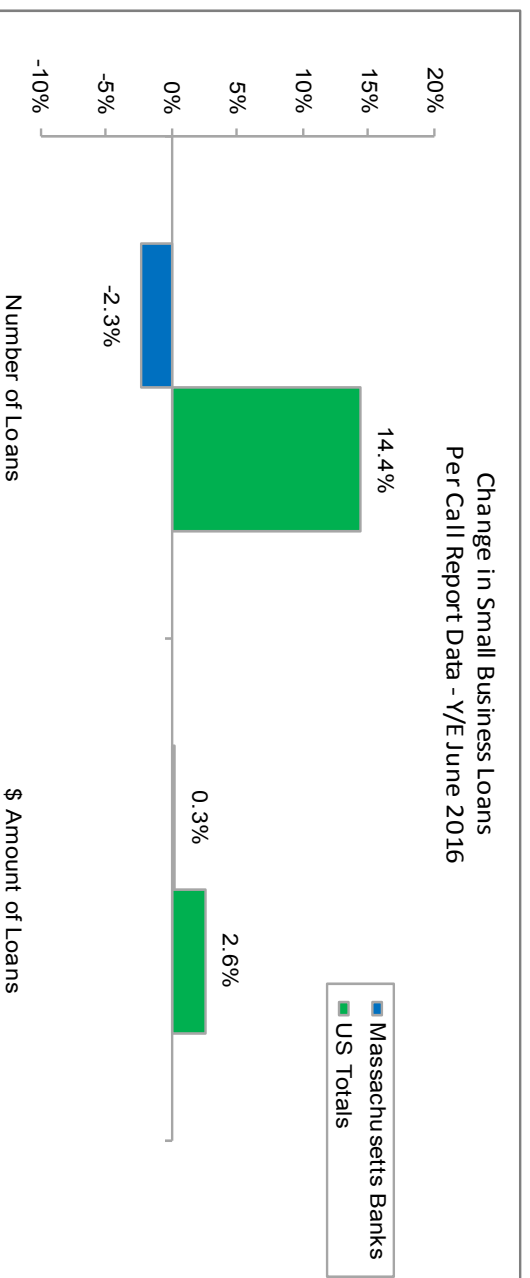
Loan Growth – Based on CRA Data

The most recent CRA data shows that small business loan originations in Massachusetts increased by 5.8% and 8.9% in 2015 in terms of the number and dollar amount of loans due in large part to increases in at locally-based lenders and out-of-state lenders. The Massachusetts results in 2015 were roughly in line with the results for the country as a whole.



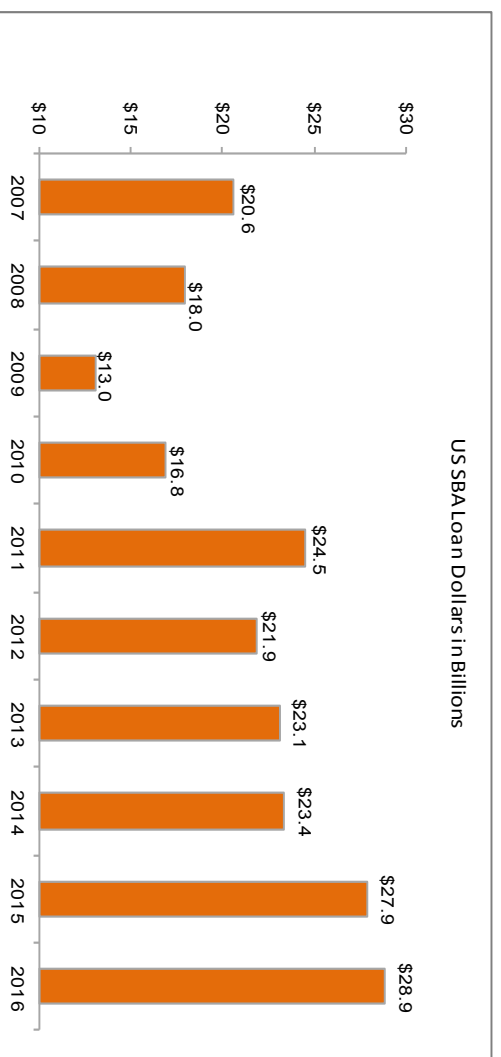
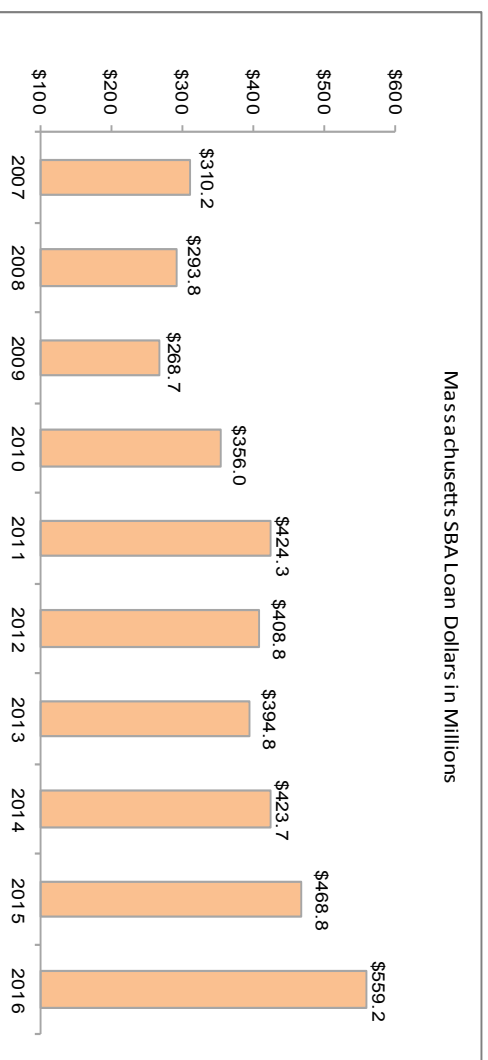
Loan Growth – Based on Call Report Data

A review of the quarterly Call Report data through June 30, 2015 shows that Massachusetts banks and thrifts experienced a small increase in the dollar amount of small business loans on the books of Massachusetts banks over the past year but a small decline in the dollar amount of loans. Small business loans on the books of local community banks increased by 0.3% in terms of the dollar amount of small business loans during the twelve months ended June 30, 2016 but declined by 2.3% in terms of the number of loans.



SBA Data

According to the US Small Business Administration (SBA), loans guaranteed by the SBA also expanded strongly for the third straight year in Massachusetts during the fiscal year ended September 30, 2016 raising the agency's lending volume to record levels.



State Rankings – Based on CRA Data

When compared to other states, the national CRA data shows that Massachusetts experienced larger overall percentage increases in the number and dollar amount of loans than most states in 2015. Massachusetts, which has the 14th largest state population in the country, ranked 11th in terms of the largest percentage change in small business loan dollars from 2014 to 2015 and 24th in terms of the percentage change in the number of loans. The national CRA data also shows that 43 states experienced increases in the number of CRA-reported loans from 2014 to 2015 while 41 states experienced increases in the dollar amount of loans.

	Number of Loans	Rank	% Change in of Loans	Rank	\$ Amount of Loans (000s)	Rank	% Change in \$ Amount of Loans	Rank	Total Population	Rank
California	963,061	1	12.5%	7	\$28,936,189	1	7.4%	20	37,253,956	1
Texas	457,562	3	6.2%	21	\$17,808,513	2	7.7%	17	25,145,561	2
New York	430,971	4	7.8%	17	\$13,191,199	3	4.3%	32	19,378,102	3
Florida	457,941	2	14.7%	2	\$12,449,342	4	10.5%	8	18,801,310	4
Illinois	217,175	5	6.0%	23	\$9,499,247	5	4.9%	31	12,830,632	5
Pennsylvania	197,788	7	3.2%	33	\$9,159,015	6	-2.4%	45	12,702,379	6
Ohio	155,133	10	0.9%	39	\$7,435,838	10	-0.7%	43	11,536,504	7
Michigan	149,249	11	5.1%	28	\$7,548,892	8	6.2%	26	9,883,640	8
Georgia	178,181	8	12.6%	6	\$6,353,328	11	3.8%	33	9,687,653	9
North Carolina	161,720	9	9.3%	12	\$7,594,561	7	11.6%	7	9,535,483	10
New Jersey	216,400	6	6.9%	19	\$7,444,630	9	5.0%	30	8,791,894	11
Virginia	144,131	12	13.7%	5	\$5,413,249	12	5.6%	28	8,001,024	12
Washington	132,481	14	8.1%	16	\$5,058,734	13	7.0%	21	6,724,540	13
Massachusetts	125,847	15	5.8%	24	\$4,902,693	14	8.9%	11	6,547,629	14
Indiana	80,019	23	1.6%	37	\$4,466,677	16	6.5%	23	6,483,802	15
Arizona	120,948	16	8.6%	14	\$3,699,882	20	7.9%	15	6,392,017	16
Tennessee	81,841	21	7.6%	18	\$3,785,384	19	3.6%	34	6,346,105	17
Missouri	89,915	19	3.7%	31	\$4,077,455	17	5.4%	29	5,988,927	18
Maryland	109,215	17	14.3%	3	\$3,884,020	18	8.0%	13	5,773,552	19
Wisconsin	81,132	22	-3.5%	49	\$3,350,883	23	-8.7%	50	5,686,986	20
Minnesota	98,592	18	0.3%	41	\$3,546,076	22	6.5%	22	5,303,925	21
Colorado	133,340	13	5.5%	25	\$4,631,555	15	6.2%	25	5,029,196	22
Alabama	61,518	28	5.4%	27	\$3,273,815	24	7.6%	18	4,779,736	23
South Carolina	67,485	26	9.8%	11	\$3,001,087	25	7.8%	16	4,625,364	24
Louisiana	69,772	25	-1.4%	48	\$3,578,155	21	2.0%	36	4,533,372	25

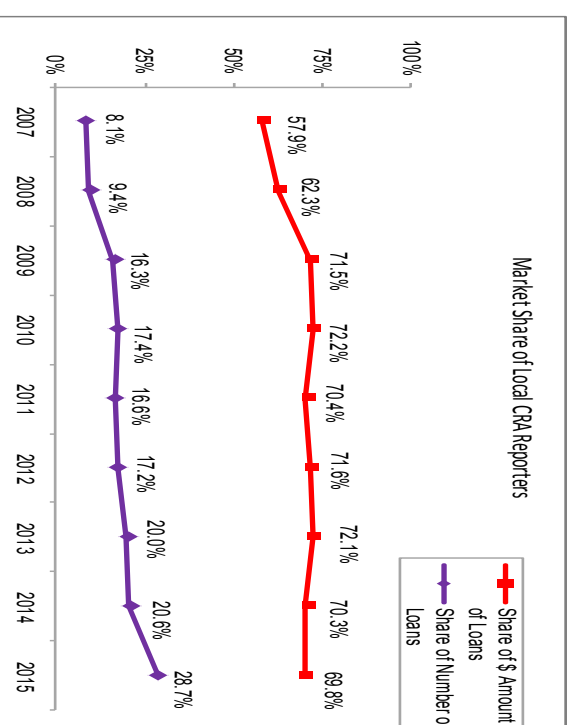
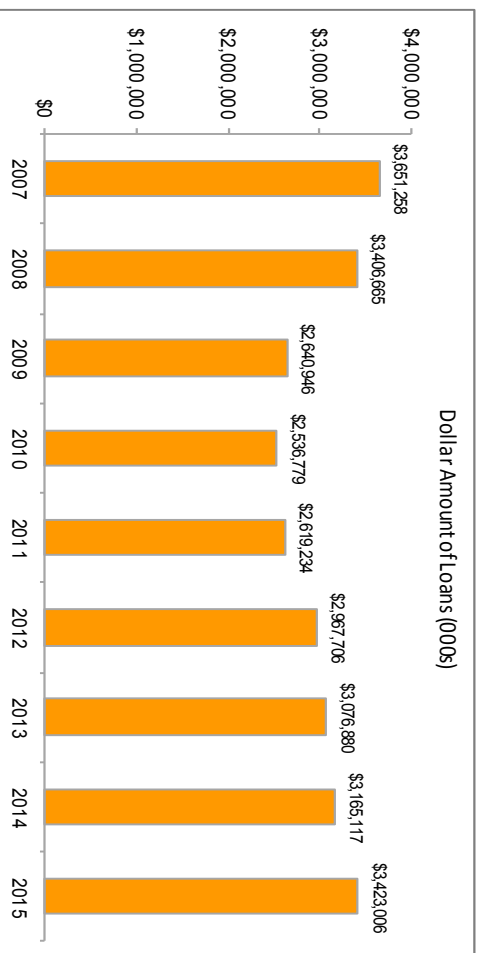
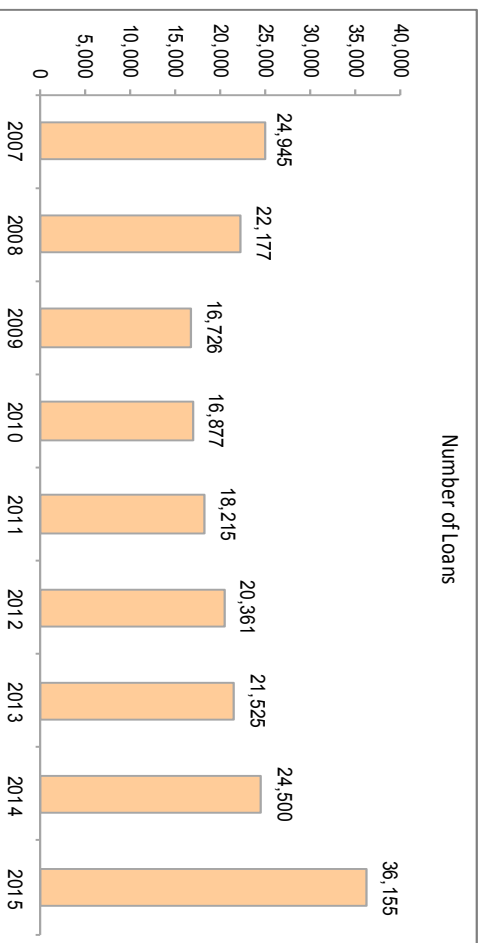
State Rankings – Based on Call Report Data

A review of the national Call Report data also shows that Massachusetts experienced smaller percentage changes in the number and dollar amount of loans than most states during the twelve months ended June 30, 2016. Massachusetts ranked 33rd in terms of the percentage change in loan dollars during the twelve months end June 30, 2016 and 40th in terms of the change in the number of loans. The national Call Report data also shows that 33 states experienced increases in the number of small business loans from June 2015 to June 2016 while 34 states experienced increases in the dollar amount of loans.

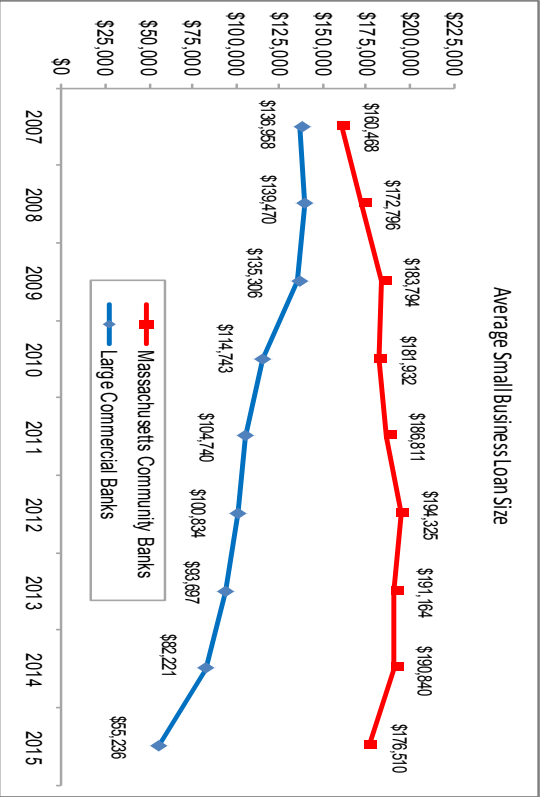
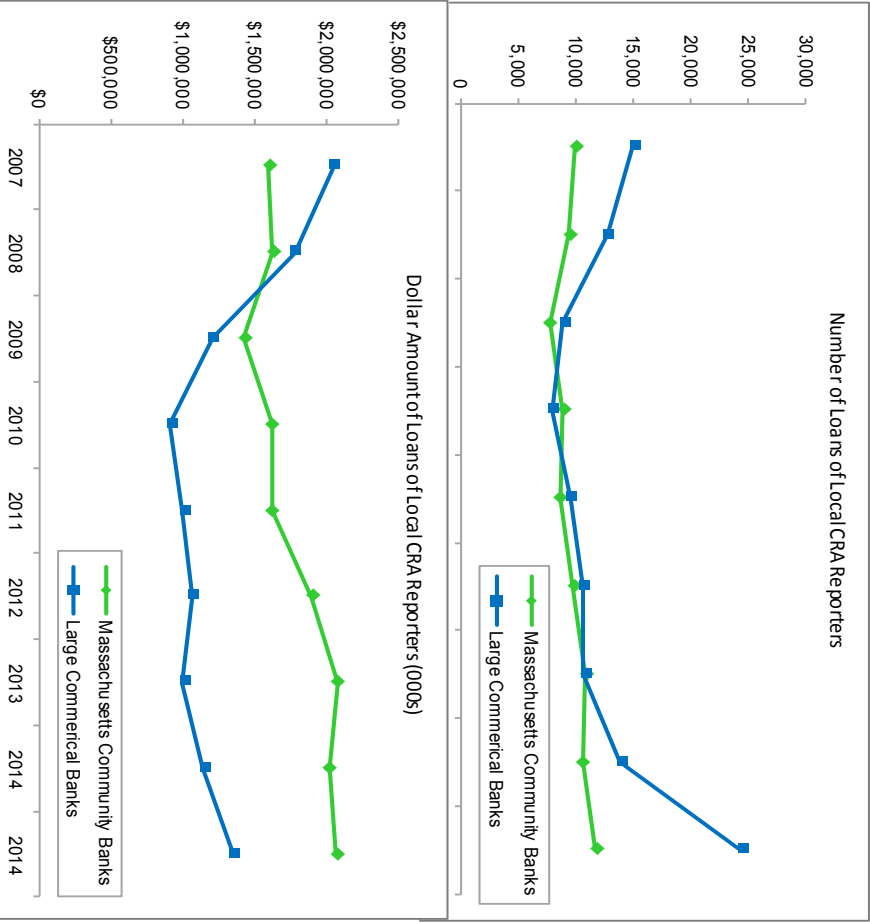
	Number of Loans	Rank	% Change in of Loans	Rank	\$ Amount of Loans (000s)	Rank	% Change in of Loans	Rank	Total Population	Rank
California	209,445	10	15.6%	5	\$29,133,760	6	1.8%	27	37,253,956	1
Texas	438,892	7	-2.6%	41	\$29,299,512	5	-0.8%	37	25,145,561	2
New York	187,396	12	2.9%	24	\$20,635,397	8	-3.2%	42	19,378,102	3
Florida	62,029	29	-6.4%	45	\$10,736,309	18	-5.2%	45	18,801,310	4
Illinois	457,760	6	26.3%	3	\$30,144,207	4	25.2%	1	12,830,632	5
Pennsylvania	163,542	14	-5.7%	44	\$16,277,359	10	-9.2%	47	12,702,379	6
Ohio	3,517,820	3	33.3%	2	\$54,690,255	2	-1.3%	40	11,536,504	7
Michigan	62,946	27	-3.3%	43	\$6,302,016	24	0.0%	34	9,883,640	8
Georgia	191,917	11	14.7%	6	\$17,260,320	9	-4.6%	44	9,687,653	9
North Carolina	3,598,456	2	5.0%	20	\$58,238,417	1	7.4%	8	9,535,483	10
New Jersey	47,071	33	6.3%	14	\$9,223,011	21	-0.3%	36	8,791,894	11
Virginia	354,795	9	-1.6%	38	\$11,573,265	15	-3.6%	43	8,001,024	12
Washington	62,631	28	7.1%	11	\$6,775,026	29	7.9%	7	6,724,540	13
Massachusetts	83,910	23	-2.3%	40	\$11,631,995	14	0.3%	33	6,547,629	14
Indiana	79,704	25	1.6%	28	\$8,971,239	22	4.1%	17	6,483,802	15
Arizona	9,103	46	-22.7%	49	\$1,698,464	42	-26.4%	49	6,392,017	16
Tennessee	94,245	20	3.7%	22	\$9,478,208	19	2.9%	22	6,346,105	17
Missouri	136,310	15	4.0%	21	\$12,359,423	13	2.5%	23	5,988,927	18
Maryland	25,448	42	2.2%	25	\$4,175,085	34	3.0%	20	5,773,552	19
Wisconsin	98,397	19	1.8%	26	\$10,905,781	16	-0.1%	35	5,686,986	20
Minnesota	122,090	16	1.5%	30	\$10,852,025	17	-1.1%	39	5,303,925	21
Colorado	39,633	36	5.7%	18	\$4,258,121	33	6.3%	12	5,029,196	22
Alabama	412,184	8	22.7%	4	\$14,107,666	12	3.0%	21	4,779,736	23
South Carolina	34,606	37	-8.0%	46	\$3,963,179	36	-6.4%	46	4,625,364	24
Louisiana	75,135	26	6.3%	15	\$8,200,363	25	6.2%	14	4,533,372	25

Local Lenders

Local lenders originated a total of 36,155 small business loans for \$3.4 billion in 2015 which represented 28.7% of the total number of small business loans in Massachusetts and 69.8% of small business loan dollars.

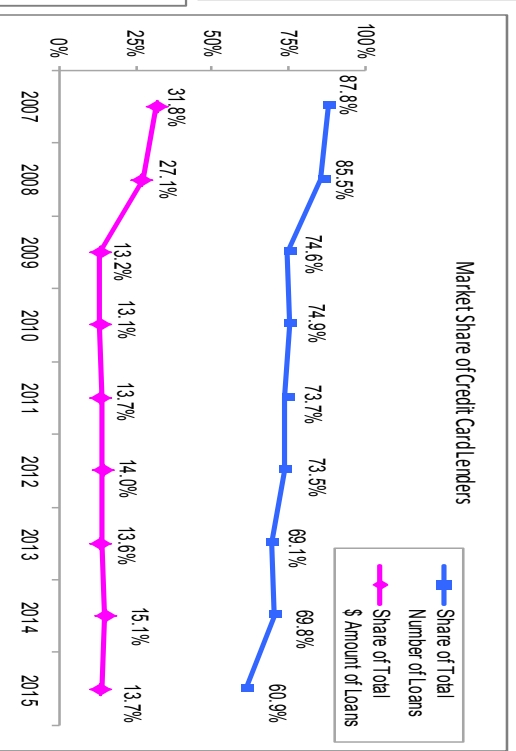
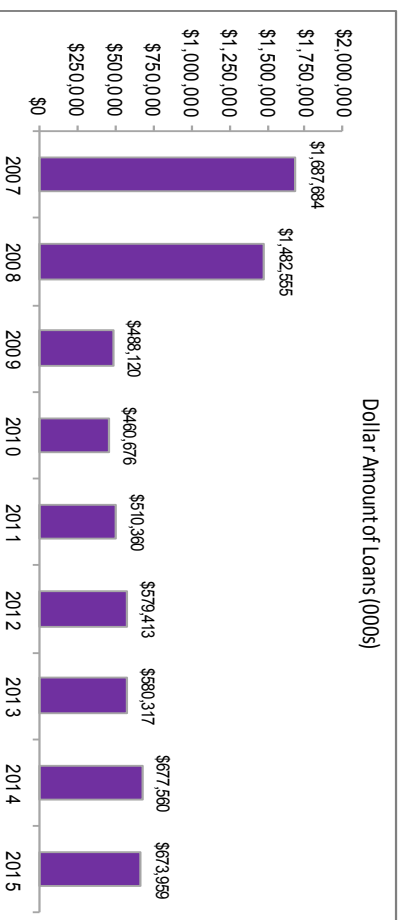
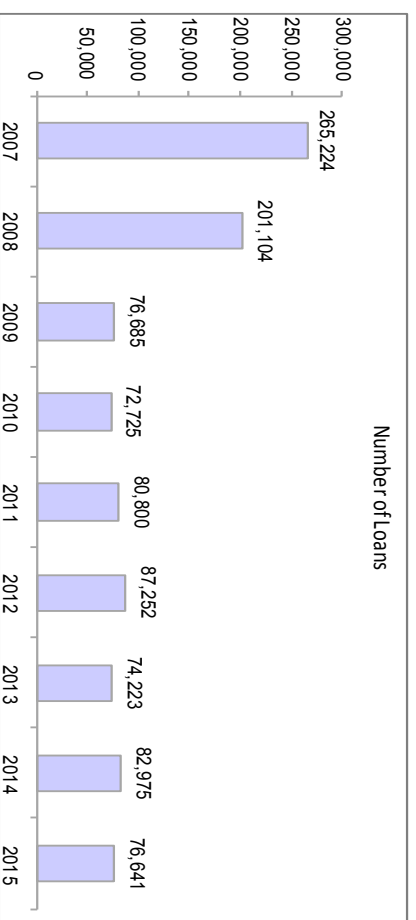


A closer examination of the data of local CRA reporters shows that community banks in Massachusetts lost market share in 2015 to large commercial banks that operate in the state in terms of small business lending, which represents a departure from the trend over the past few years. In 2015, local community banks accounted for 48.6% of small business loan dollars in Massachusetts compared to 47.7% in the previous year, while the large commercial banks with branches in the state accounted for 31.6% of the total compared to 26.8% in the previous year.



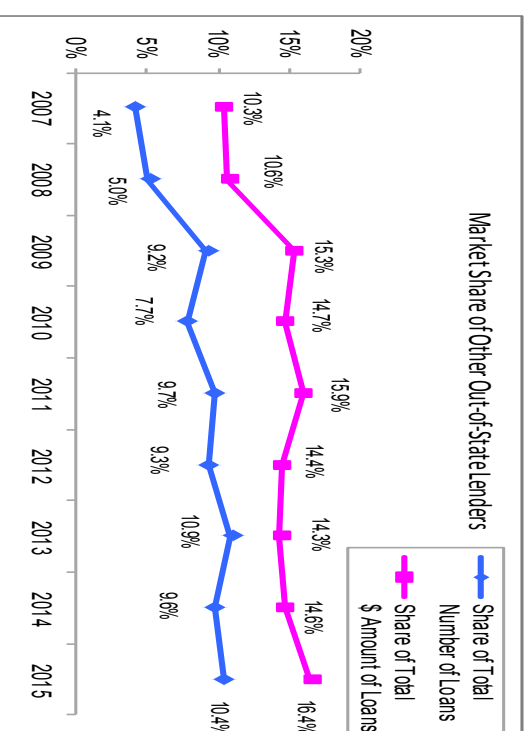
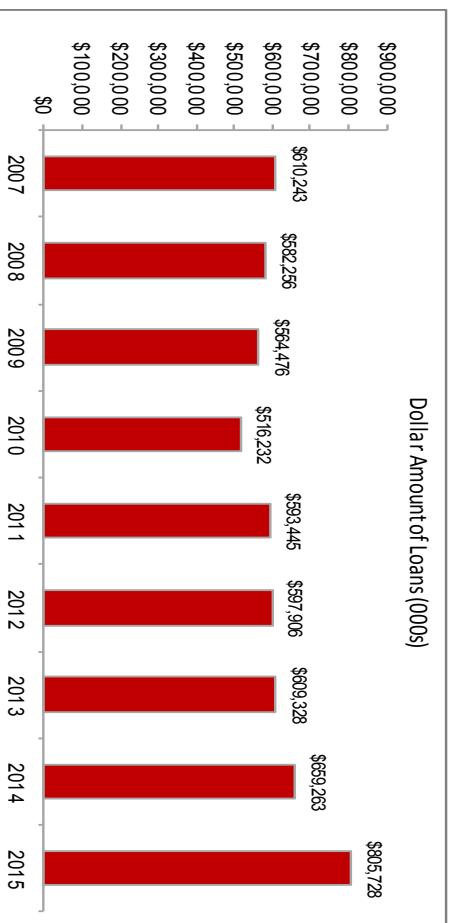
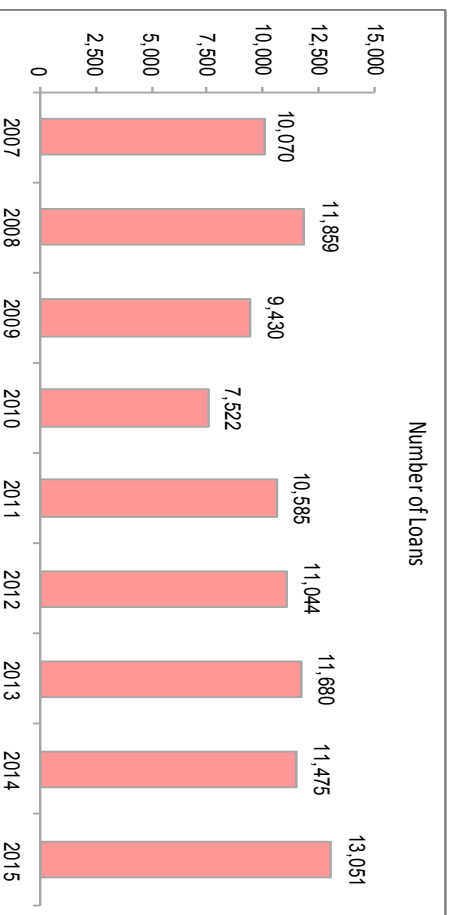
Credit Card Lenders

Credit card lenders reported an estimated 76,641 small business credit card loans in Massachusetts in 2015 for \$674.0 million, which represents a decline compared to the previous year and still well below the levels generated in the years leading up to the recent financial crisis. The decline was influenced to a large extent by an the acquisition of credit card accounts by one of the large commercial banks that operates in Massachusetts. Small business credit card loans accounted for 60.9% of the total number of CRA-reported small business loans in the state in 2015 and 13.7% of loan dollars.



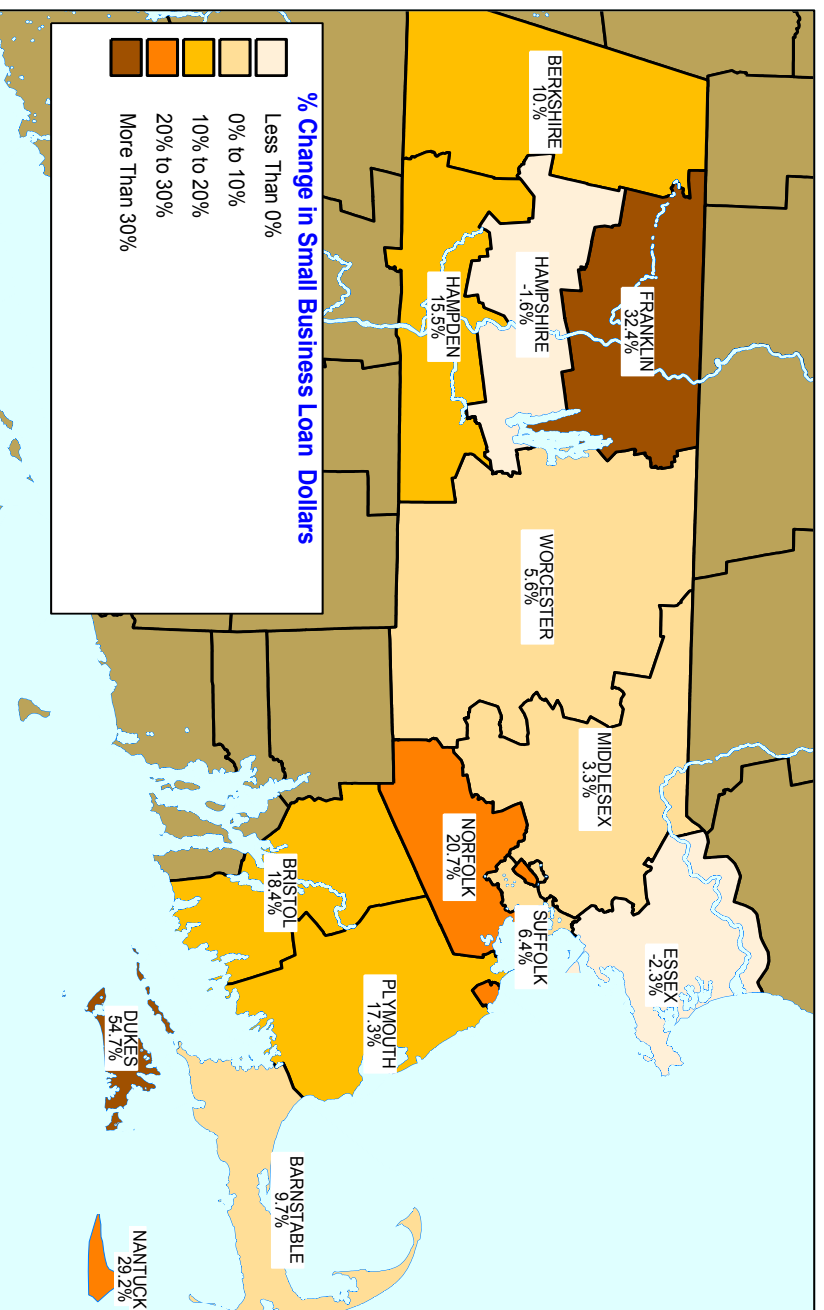
Other Out-of-State Lenders

Other out-of-state CRA lenders reported 13,051 CRA-reported small business loans in Massachusetts in 2015 for \$805.7 million, which represents a large increase compared to the previous year and which substantially exceeds the levels reached before the recent financial crisis. Small business loans by other out-of-state CRA lenders accounted for 10.4% of the total number of CRA-reported small business loans in the state in 2015 and 16.4% of loan dollars.



Loan Growth By County

Twelve of the 14 counties in Massachusetts experienced increases in CRA-reported small business lending volume in 2015. The largest percentage increases in small business loan dollars were in Dukes, Franklin, Nantucket Counties while the largest dollar increases were in Bristol, Norfolk, and Plymouth Counties. Essex and Hampshire Counties were the only counties that experienced declines in small business loan dollars in 2015



Demographics by Income Level

Based on the 2014 income level classifications, there are 164 low income census tracts and 281 moderate income census tracts in Massachusetts which account for 9.2% and 18.0% of the total population of the state.

Census Tract Income Level	Number of Census Tracts	Total Population	% of Total	Minority Population %
Low	164	603,091	9.2%	65.7%
Moderate	281	1,177,106	18.0%	41.3%
Middle	598	2,777,796	42.4%	15.7%
Upper	411	1,979,535	30.2%	12.1%
NA	18	10,101	0.2%	35.6%
Totals	1,472	6,547,629	100.0%	23.9%
Low & Moderate				
Combined	445	1,780,197	27.2%	49.6%

Demographics by Minority Population

Minorities account for approximately 23.9% of the total population of the state with Blacks, Hispanics, and Asians representing the largest minority groups. There are 102 high-minority census tracts across the state where the minority population is more than 75% of the total population of the tract and an additional 412 mixed-race census tracts where the minority population is between 25% and 75% of the total population

	Number of Census Tracts	Total Population	% of Total
High Minority & Low-Moderate	96	352,067	5.4%
High Minority & Middle-Upper	4	18,336	0.3%
Mixed-Race & Low-Moderate	261	1,092,045	16.7%
Mixed-Race & Middle-Upper	139	631,351	9.6%
White & Low-Moderate	88	336,085	5.1%
White & Middle-Upper	866	4,107,644	62.7%
Not Available	18	10,101	0.2%
Totals	1,472	6,547,629	100.0%

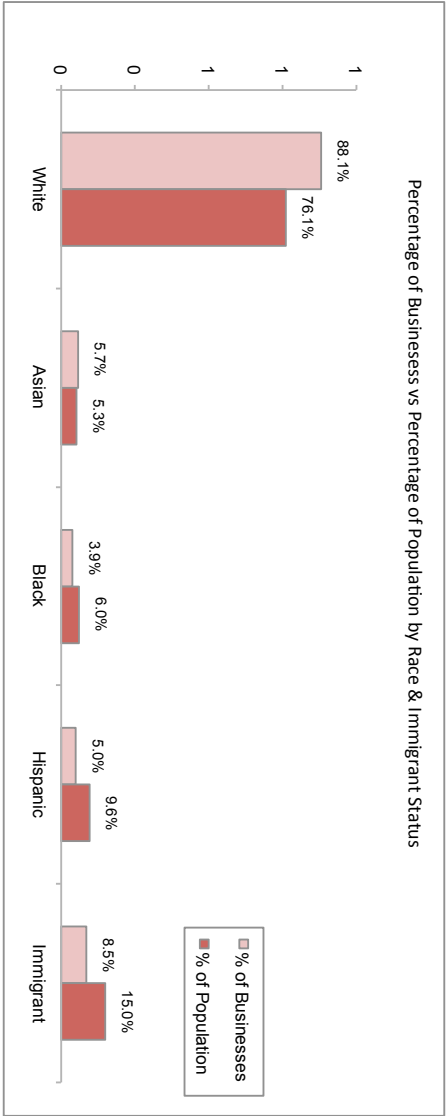
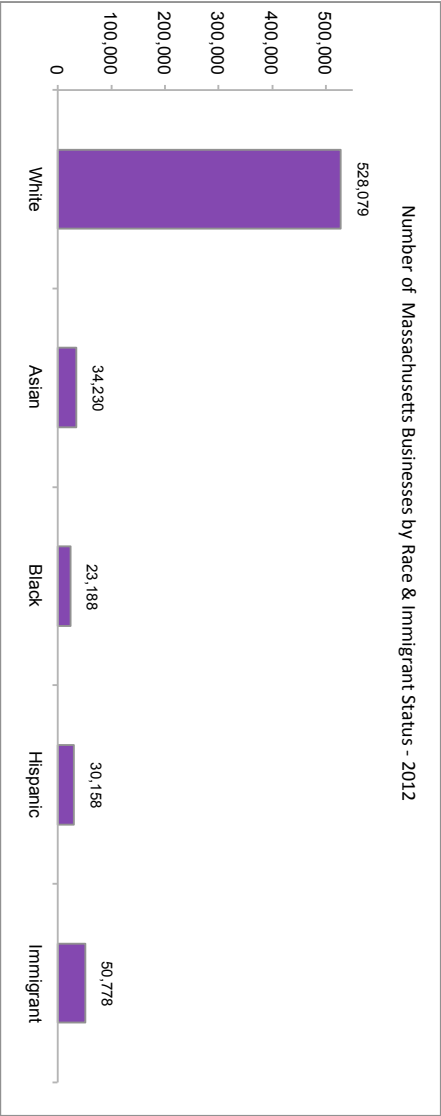
Demographics by Immigrant Population

In Massachusetts foreign-born residents account for 15.0% of the total population of the state and represent more than 40% of the local population in 58 census tracts covering 13 cities and towns in the greater Boston area, while many more communities in the state have immigrant populations of between 20% and 40% of the total.

Immigrant Population as % of Local Population	Number Census of Tracts	Immigrant Population	% of Local Population
Less Than 10%	638	161,710	5.5%
10% to 20%	403	257,368	14.3%
20% to 40%	373	452,570	27.8%
More Than 40%	58	120,060	47.3%
Totals	1,472	991,708	15.0%

Survey of Businesses

A review of the Census Bureau’s 2012 Survey of Businesses shows that there are 90,515 minority-owned businesses in Massachusetts, including 34,230 Asian-owned businesses, 23,188 Black-owned businesses, and 30,158 Hispanic-owned businesses. The data also shows that there are 200,326 women-owned businesses, 58,970 veteran-owned businesses, and 50,778 immigrant-owned businesses in Massachusetts.



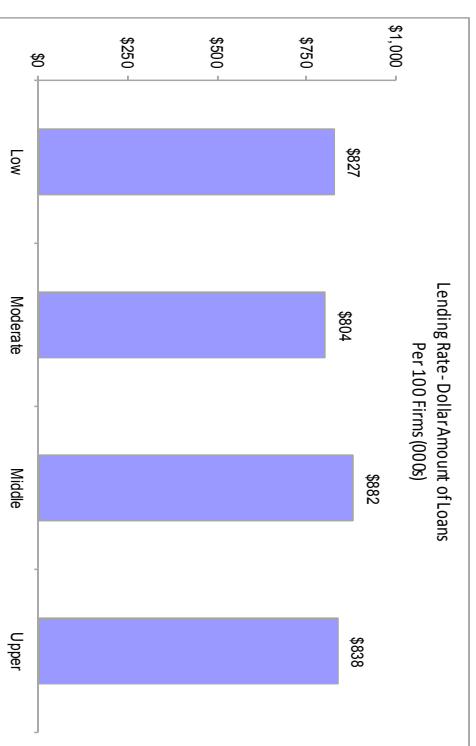
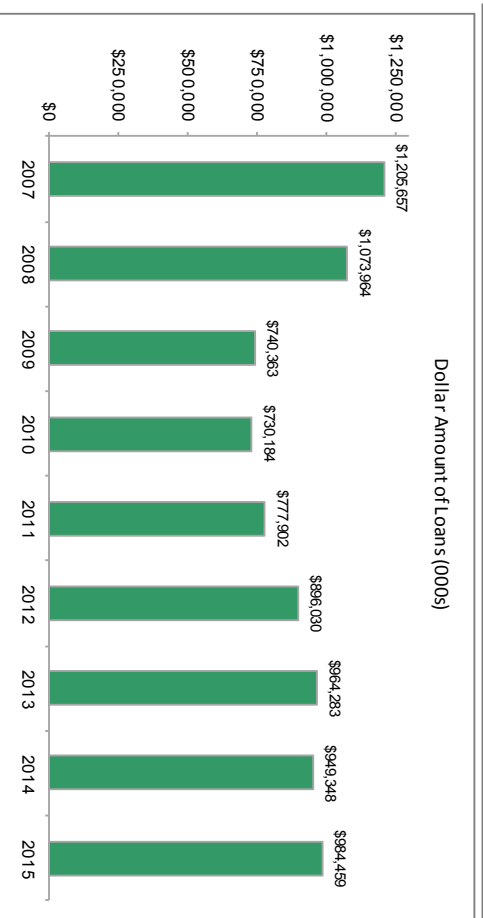
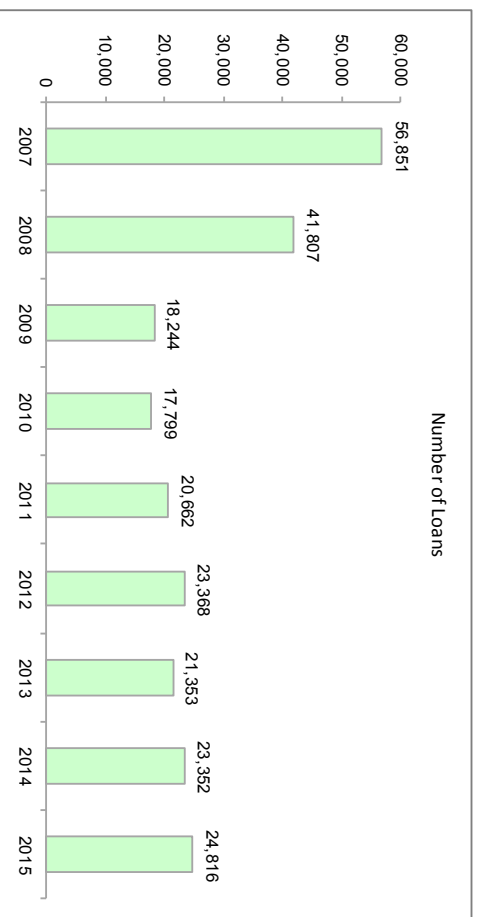
Survey of Businesses - Continued

According to the survey results, minority-owned businesses increased by 39.3% in Massachusetts from 2007 to 2012, with most of the growth involving Hispanic-owned businesses and Asian-owned businesses, while the number of white-owned businesses declined slightly. The Massachusetts results were generally similar the national results although black-owned and Hispanic-owned businesses account for a smaller percentage of total privately-held businesses in Massachusetts compared to the nation as a whole and the change in the number of these businesses in Massachusetts from 2007 to 2012 also diverged from national averages

Type of Business	Massachusetts Totals			US Totals		
	Number of Businesses 2012	% of Total	% Change 2007 to 2012	Number of Businesses 2012	% of Total	% Change 2007 to 2012
Minority-Owned	90,515	15.1%	39.3%	7,996,226	29.2%	38.8%
Asian	34,230	5.7%	28.8%	1,937,368	7.1%	25.0%
Black	23,188	3.9%	12.9%	2,593,168	9.5%	34.9%
Hispanic	30,158	5.0%	55.4%	3,320,563	12.1%	46.9%
Women-Owned	200,326	33.4%	12.5%	9,932,434	36.2%	27.5%
Veteran-Owned	58,970	9.8%	10.6%	2,540,706	9.3%	3.8%
Immigrant-Owned	50,778	8.5%	N/A	2,434,607	8.9%	N/A
White-Owned	528,079	88.1%	-0.2%	21,748,125	79.3%	-3.7%
Total Privately-Held Businesses	599,279	--	28.8%	27,422,714	--	25.0%

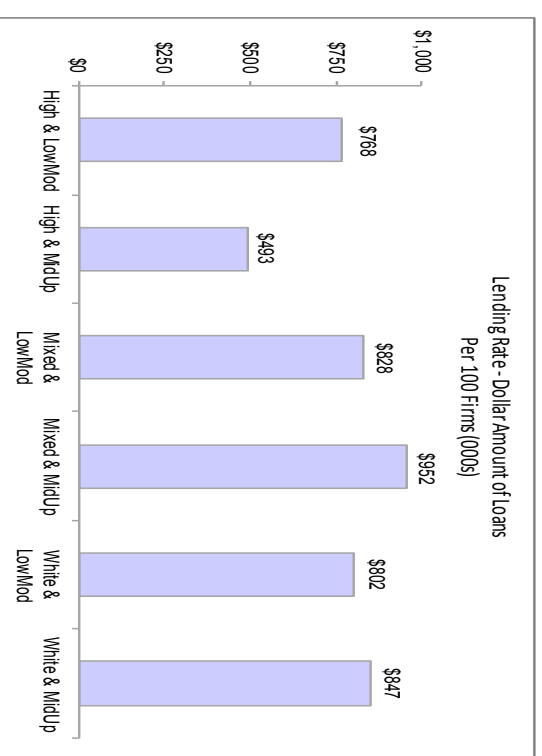
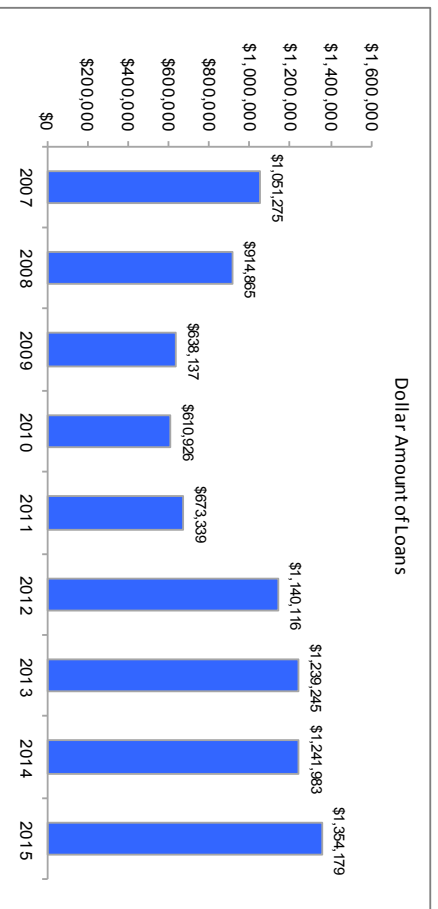
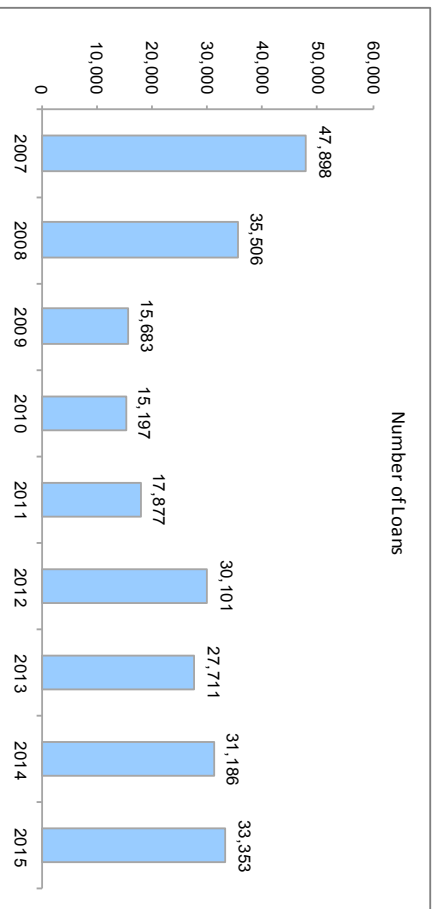
Small Business Lending in Lower Income Areas

The lowest lending rates in Massachusetts, measured in the amount of loan dollars per 100 firms, were recorded in moderate income communities in 2015 although the lending rates between income groups fell within a relatively narrow range of values for the second straight year.



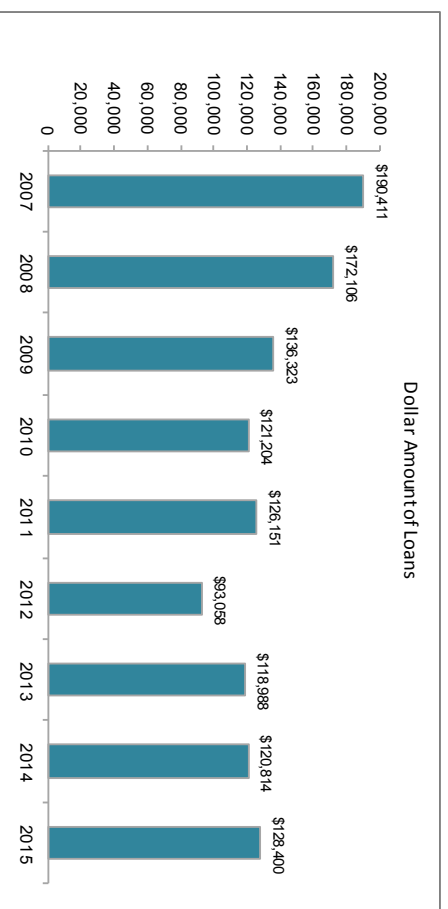
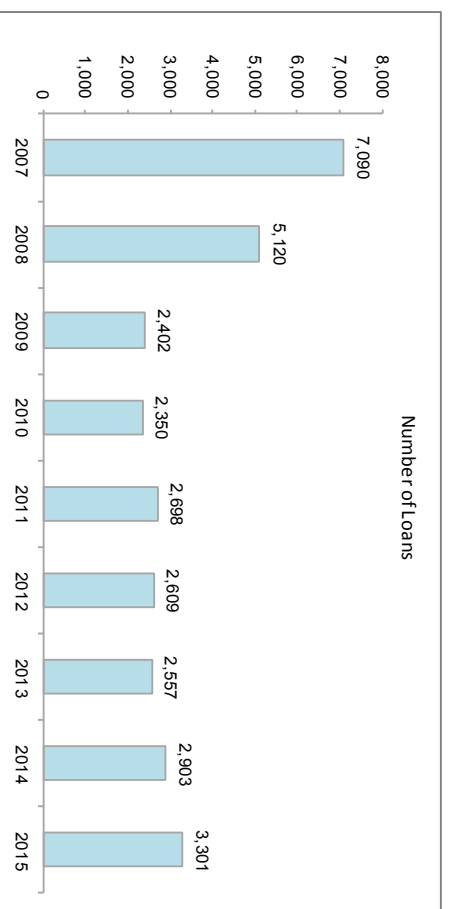
Small Business Lending in High Minority Areas

The overall dollar volume of loans in high minority and mixed-race neighborhoods in Massachusetts has increased over each of the past four years and now surpasses the highs achieved prior to the recent financial crisis. The lowest lending rates in Massachusetts were recorded in high minority communities in 2015 for the second consecutive year and lower income minority neighborhoods in Massachusetts have experienced lower lending rates than lower income white neighborhoods in eight of the past nine years.



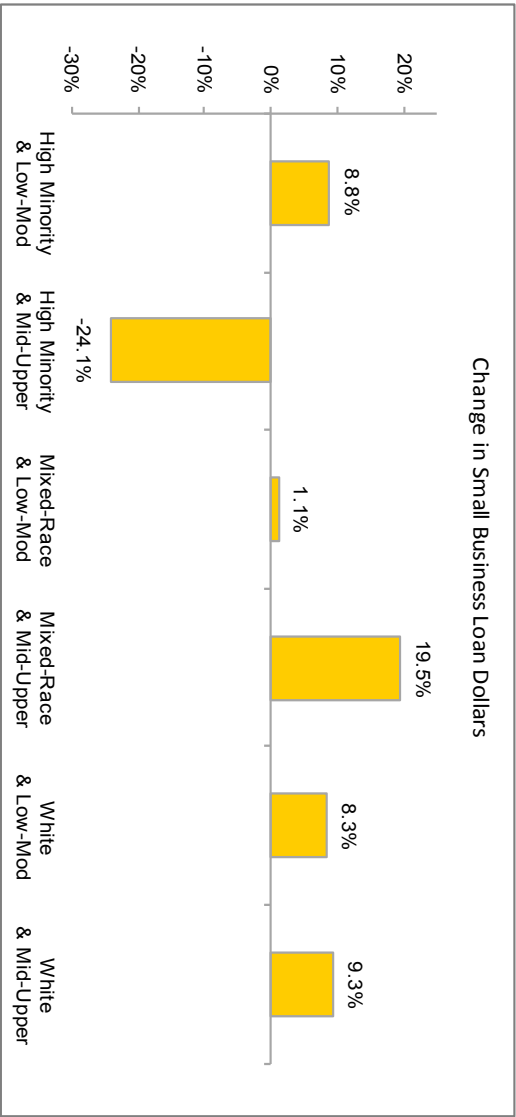
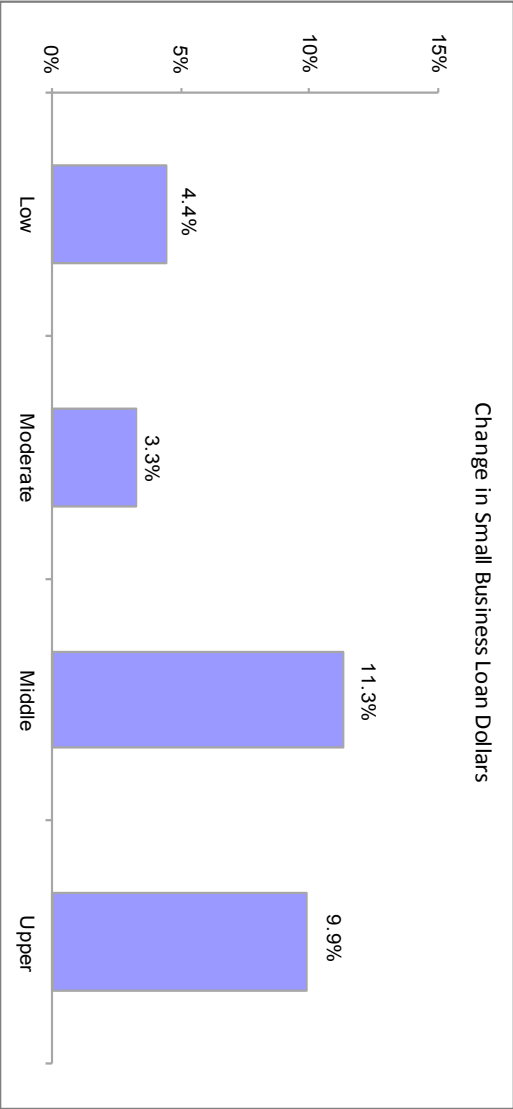
Small Business Lending in Areas with Large Immigrant Populations

The overall dollar volume of small business loans in communities in Massachusetts with the largest immigrant populations has recovered from the lows reached in the aftermath of the recent financial crisis but remains well below recent highs. Despite the decline in loan volume, the lending rate for firms located in neighborhoods with the largest immigrant populations exceeded the lending rate in communities with the smallest immigrant populations in 2015 marking the sixth year out of the past nine years when this has occurred.



Loan Growth in Lower Income Areas & High Minority Areas

Small business loan dollars increased at a slower pace in low and moderate income areas and high minority areas in 2015 compared to middle and upper income areas and areas with lower minority populations.

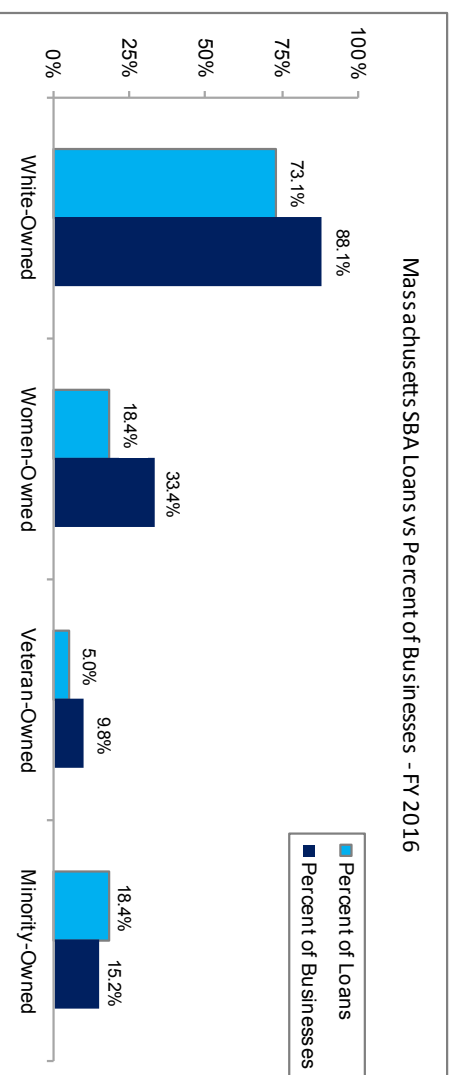


SBA Loans to Underserved Borrowers

Massachusetts SBA lending data shows that SBA loans to minority-owned business increased by 24.3% during the twelve months ended September 30, 2016, while loans to white-owned businesses increased by 3.9% and loans to women-owned businesses increased by 7.0%. Data on loans to immigrant-owned businesses was not available.

Type of Borrower	Number of Loans FY 2016	% of Total	Number of Loans FY 2015	% of Total	Change in Loan Volume
Minority-Owned	521	18.4%	419	16.2%	24.3%
Women-Owned	521	18.4%	487	18.8%	7.0%
Veteran-Owned	143	5.0%	93	3.5%	53.8%
White-Owned	2,074	73.1%	1,997	77.1%	3.9%
All Loans	2,836	100.0%	2,591	100.0%	9.5%

A comparison of the percent of Massachusetts SBA loans compared to the percentage of businesses shows that SBA lenders in Massachusetts made slightly more loans to minority-owned businesses than one might expect given the business demographics while making somewhat less loans than one might expect to women-owned businesses and veteran-owned businesses. White-owned businesses in Massachusetts also received a smaller share compared to their contribution to the total number of businesses in the state.



State Rankings in Underserved Communities – Based on CRA Data

When compared to other states, the national CRA data shows that Massachusetts experienced smaller percentage increases in the number and dollar amount of loans in low and moderate income areas than many states in 2015. Massachusetts, which has the 15th largest population in the country living in low and moderate income areas, ranked 26th in terms of the largest percentage increase in loan dollars from 2014 to 2015 and 26th in terms of the percentage change in the number of loans. The national CRA data also shows that 49 states experienced increases in the number of loans in lower income areas from 2014 to 2015 while 22 states experienced increases in the dollar amount of loans.

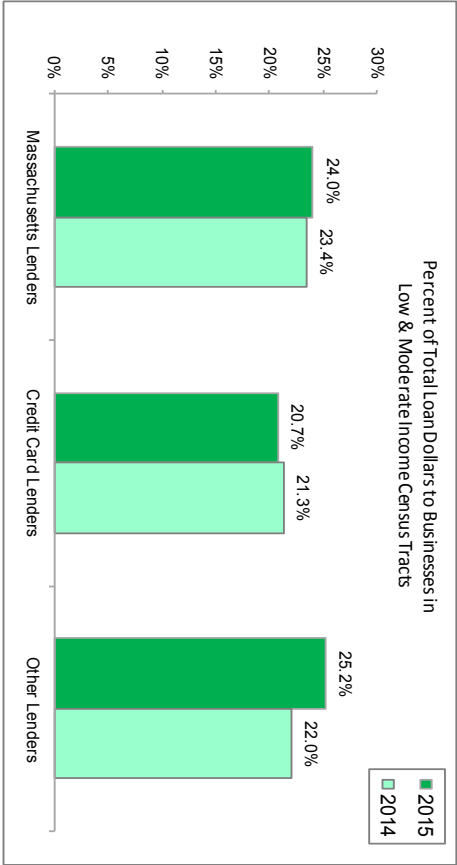
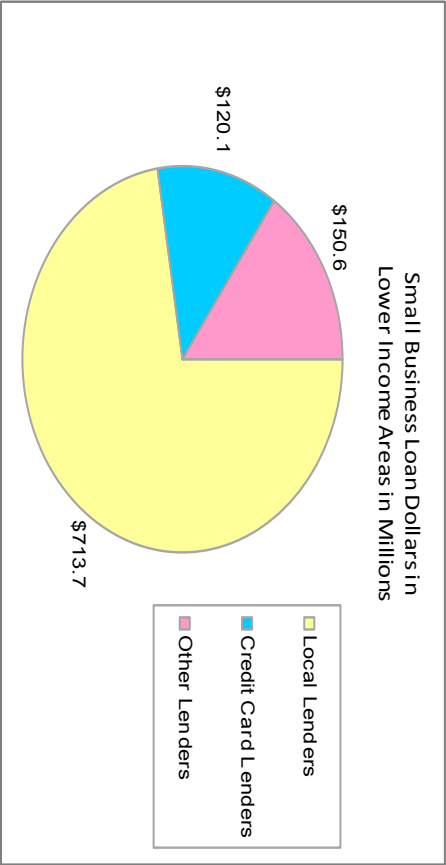
	Number of Loans	Rank	% Change in Number of Loans	Rank	\$ Amount of Loans (000s)	Rank	% Change in \$ Amount of Loans	Rank	Total Population	Rank
California	229,842	1	13.1%	6	\$7,862,364	1	6.5%	19	12,384,098	1
Texas	109,372	2	9.0%	17	\$4,747,800	2	7.9%	12	8,019,823	2
New York	107,469	3	14.9%	5	\$2,917,392	4	3.5%	29	6,340,139	3
Florida	100,459	4	12.9%	7	\$3,298,123	3	8.5%	9	5,086,985	4
Illinois	40,529	5	11.3%	11	\$1,855,021	7	3.7%	27	3,627,745	5
Ohio	33,243	11	3.7%	36	\$1,926,260	5	-3.1%	45	2,959,569	6
Pennsylvania	34,668	8	9.6%	16	\$1,645,855	10	-4.4%	47	2,884,405	7
Georgia	40,332	6	12.8%	8	\$1,688,792	9	0.7%	39	2,712,857	8
Michigan	30,547	12	7.4%	21	\$1,901,475	6	5.7%	22	2,465,137	9
North Carolina	33,254	10	11.7%	10	\$1,777,853	8	11.2%	4	2,303,925	10
New Jersey	40,167	7	9.8%	14	\$1,273,437	13	6.1%	20	2,146,594	11
Arizona	26,155	15	10.7%	13	\$1,090,768	15	6.7%	18	2,039,172	12
Virginia	26,181	14	16.3%	4	\$1,072,446	16	9.0%	7	1,883,928	13
Maryland	25,903	16	17.6%	2	\$874,589	21	4.5%	23	1,846,621	14
Massachusetts	24,813	17	6.3%	26	\$984,368	19	3.7%	26	1,780,197	15
Washington	28,845	13	7.3%	22	\$1,424,546	12	6.0%	21	1,639,658	16
Indiana	17,462	21	4.3%	34	\$1,134,774	14	8.8%	8	1,630,328	17
Tennessee	18,683	18	5.2%	32	\$1,057,731	17	1.3%	36	1,556,193	18
Colorado	34,060	9	8.1%	18	\$1,476,713	11	7.0%	17	1,513,575	19
Missouri	17,906	19	5.3%	31	\$985,351	18	4.5%	24	1,387,168	20
South Carolina	14,580	25	12.2%	9	\$790,443	24	7.5%	13	1,255,676	21
Louisiana	16,247	23	2.9%	39	\$863,569	22	3.6%	28	1,239,600	22
Alabama	13,836	26	4.5%	33	\$902,407	20	4.5%	25	1,189,681	23
Wisconsin	11,985	27	-2.0%	49	\$548,004	29	-15.4%	50	1,118,015	24
Kentucky	11,446	30	6.2%	27	\$568,616	28	1.4%	35	1,059,901	25

The Role of Local Lenders in Underserved Communities

Local CRA lenders continued to account for the vast majority of small business loans dollars in low and moderate income census tracts in Massachusetts in 2015. Local CRA lenders made a total of 7,485 loans for \$713.7 million in 2015, while credit card lenders made 14,517 loans for \$120.1 million and other out-of-state lenders made 2,811 loans for \$150.6 million. Local CRA lenders accounted for 72.5% of the small business loan dollars in lower income areas in the state in 2015.

	Number of Loans	% of Total	\$ Amount of Loans (000s)	% of Total
Local Lenders	7,485	30.2%	\$713,714	72.5%
Credit Card Lenders	14,517	58.5%	\$120,074	12.2%
Other Lenders	2,811	11.3%	\$150,580	15.3%
Totals	24,813	100.0%	\$984,368	100.0%

	2015 Change in Number of Loans	% Change	2015 Change in \$ Amount of Loans (000s)	% Change
Local Lenders	2,397	47.1%	\$19,050	2.7%
Credit Card Lenders	-1,203	-7.7%	-\$3,078	-2.5%
Other Lenders	267	10.5%	\$19,048	14.5%
Totals	1,461	6.3%	\$35,020	3.7%



Gateway Cities

The term Gateway City is a state designation that refers to municipalities with populations between 35,000 and 250,000, median family incomes below the state average, and rates of educational attainment at the college degree level below the state averages. The goal of the Gateway Cities program is to promote economic development agenda through long-term investments in education, innovation, and infrastructure, with special attention to the growth potential of entrepreneurs and small businesses..

	Number of Loans	\$ Amount of Loans (\$'000s)	2015 vs 2014 % Change in Number of Loans	2015 vs 2014 % Change in \$ Amount of Loans	Lending Rate Per 100 Firms
Attleboro	709	\$42,882	20.8%	49.6%	\$1,554
Barnstable	1,291	\$51,285	5.6%	-1.2%	\$787
Brockton	1,249	\$55,887	7.4%	2.7%	\$1,022
Chelsea	401	\$19,815	11.4%	36.6%	\$1,117
Chicopee	656	\$26,494	13.7%	25.1%	\$931
Everett	653	\$18,742	10.9%	-24.0%	\$736
Fall River	1,105	\$50,270	20.2%	11.6%	\$910
Fitchburg	403	\$21,185	-1.7%	1.1%	\$832
Haverhill	757	\$23,191	3.4%	-18.2%	\$571
Holyoke	418	\$18,670	9.1%	25.8%	\$733
Lawrence	764	\$35,570	8.5%	-3.9%	\$919
Leominster	621	\$27,078	-2.7%	13.5%	\$842
Lowell	1,118	\$42,274	16.8%	55.3%	\$702
Lynn	838	\$31,161	9.0%	-22.4%	\$707
Malden	989	\$32,948	9.3%	1.7%	\$959
Methuen	731	\$27,275	12.6%	19.3%	\$859
New Bedford	1,240	\$64,820	14.5%	16.6%	\$1,195
Peabody	1,063	\$42,851	11.1%	12.3%	\$1,037
Pittsfield	724	\$18,254	9.9%	-10.0%	\$479
Quincy	1,799	\$64,916	8.8%	24.9%	\$942
Revere	640	\$14,206	14.3%	12.5%	\$547
Salem	915	\$37,173	7.5%	4.5%	\$1,030
Springfield	1,597	\$68,062	8.8%	11.1%	\$758
Taunton	779	\$29,814	17.0%	16.1%	\$829
Westfield	716	\$40,409	10.7%	14.1%	\$1,515
Worcester	2,255	\$89,876	5.5%	31.5%	\$703
Gateway City Totals	24,431	\$995,108	9.8%	11.4%	\$864
State Averages			10.7%	5.5%	\$785

Economic Target Areas & Regional Technology Centers

The terms Economic Target Area (ETA) and Regional Technology Centers (RTC) are state designations based on income, unemployment and other economic characteristics of an area that enables a municipality to offer local tax incentives and allows businesses contemplating expanding within an ETA or RTC the ability to apply for tax credits.

			2015 vs 2014 % Change in Number of Loans	2015 vs 2014 % Change in \$ Amount of Loans	Lending Rate Per 100 Firms
ETA Totals	76,578	\$3,078,099	6.9%	8.6%	\$845
RTC Totals	19,466	\$784,409	3.2%	4.9%	\$897
ETA & RTC Totals	96,044	3,862,508	6.1%	7.8%	\$856
State CRA Totals			10.7%	5.5%	\$785