

PUBLIC DISCLOSURE

April 29, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HarborOne Bank
Certificate Number: 59070

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Division of Banks
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This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i> <i>**FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings and for rated areas in Massachusetts as the Division does not have a “low satisfactory” rating. For institutions with rated areas outside of Massachusetts, this jointly issued public evaluation uses the terms “high satisfactory” and “low satisfactory” for the Lending, Investment, and Service Test ratings.</i>			

The Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution originated a substantial majority of loans within its assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different sizes.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.

- The institution is a leader in making community development loans.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes extensive use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

HarborOne Bank (HOB) is wholly owned by HarborOne Bancorp, Inc., a publicly traded bank holding company. The bank wholly owns HarborOne Mortgage, LLC (HOME), a full-service residential mortgage lender that lends in 11 states, including Connecticut, Florida, Maine, Massachusetts, New Hampshire, New Jersey, North Carolina, Pennsylvania, Rhode Island, South Carolina, and Vermont. HOB also operates the HarborOne Foundation serving Massachusetts, New Hampshire, and Rhode Island.

The institution received an Outstanding rating at the prior CRA Performance Evaluation, conducted jointly by the FDIC and Massachusetts Division of Banks (Division) as of January 26, 2021, based on Interagency Large Institution Examination Procedures. The Lending Test, Investment Test, and Service Test were all rated Outstanding.

HOB is headquartered in Brockton, Massachusetts and operates 30 full-service branches throughout Eastern Massachusetts (21) and Rhode Island (9). The bank's primary business focus is commercial lending. Including lending activities of HOME, the bank offers a full range of residential, consumer, and commercial loan products. The bank's deposit services include checking, savings, money market deposit accounts, and certificates of deposit. The institution also offers wealth management services through MEMBERS Financial Services. Other banking services include internet and mobile banking, telephone banking, electronic bill pay, and ATMs.

Assets totaled \$5.9 billion as of March 31, 2024, which included total loans of \$4.8 billion and total securities of \$310.0 million. Deposits totaled \$4.4 billion as of the same date. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	233,972	4.9
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,727,495	36.0
Secured by Multifamily (5 or more) Residential Properties	431,542	9.0
Secured by Nonfarm Nonresidential Properties	1,883,944	39.3
Total Real Estate Loans	4,276,953	89.2
Commercial and Industrial Loans	387,658	8.1
Agricultural Production and Other Loans to Farmers	30	0.0
Consumer Loans	18,006	0.4
Obligations of State and Political Subdivisions in the U.S.	109,728	2.3
Other Loans	1,281	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(536)	0.0
Total Loans	4,793,120	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AAs) within which examiners will evaluate its CRA performance. HOB operates in the following AAs.

- Massachusetts AA – includes portions of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA).
- RI-MA Multistate MSA AA – includes the entire Providence-Warwick, RI-MA Multistate MSA.

In December 2021, HOB opened several new branches in greater Boston, which led to the addition of Suffolk County and Middlesex County to the Massachusetts AA. The RI-MA Multistate MSA AA remained unchanged since the prior evaluation. The bank's current AAs are contiguous and encompass 172 cities and towns and 1,238 census tracts.

Each of the bank's AAs represents a rated area; examiners assigned separate ratings for Massachusetts and the RI-MA Multistate MSA. Refer to each rated area section for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 26, 2021, to the current evaluation dated April 29, 2024. Examiners used Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include the Lending Test, Investment Test, and Service Test (see Appendices for complete descriptions of each test).

This evaluation includes the home mortgage lending activity of HOME. HOME originated most of the home mortgage loans considered for this evaluation, except home equity products and commercial loans secured by residential real estate originated by HOB. HOME has offices in Massachusetts, New Hampshire, Rhode Island, New Jersey, and Florida, but as previously mentioned, lends in 11 states. Unless otherwise specified, references to home mortgage lending activity in this evaluation will include those of both HOB and HOME.

The Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each state in which the bank maintains a branch, as well as in multistate MSAs in which the bank has branches in two or more states. Examiners assigned ratings for the bank's performance in the State of Massachusetts and the RI-MA Multistate MSA. In addition, examiners assigned an overall rating. The bank's performance in the Massachusetts rated area received greater weight when determining overall conclusions, as a majority of the bank's loans, branches, and

deposits are in the Massachusetts AA. Examiners used full-scope procedures to evaluate the bank's performance in both AAs. The following table details the bank's home mortgage and small business loans, deposits, and branches by rated area.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Massachusetts	1,540,621	64.7	3,061,712	70.5	17	56.7
RI-MA Multistate MSA	841,265	35.3	1,279,540	29.5	13	43.3
Total	2,381,886	100.0	4,341,252	100.0	30	100.0
<i>Source: 2021, 2022, and 2023 HMDA and CRA Data; FDIC Summary of Deposits (6/30/2023)</i>						

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. The evaluation did not consider small farm loans because the bank did not originate any small farm loans during the evaluation period.

The bank's record of originating home mortgage loans received more weight when determining overall Lending Test conclusions. While the bank's loan portfolio is almost equally distributed amongst residential and commercial loans by dollar amount (45.0 percent residential real estate loans, including one-to-four family and multifamily secured and 47.4 percent commercial real estate and commercial and industrial loans combined), HOB and HOME originated substantially more home mortgage loans than small business loans during the evaluation period.

The Lending Test considered HOB's and HOME's 2021, 2022, and 2023 home mortgage loan originations. Examiners obtained home mortgage loan information from each entity's annual HMDA Loan Application Register (LAR). Examiners considered home mortgage loans reported by HOME under the Geographic Distribution and Borrower Profile criteria, but did not consider loans reported by HOME under the Assessment Area Concentration criterion. The total volume of the bank's home mortgage loans was 751 loans totaling \$144.0 million in 2021, 880 loans totaling \$350.9 million in 2022, and 463 loans totaling \$96.5 million in 2023. The total volume of HOME's home mortgage loans was 7,437 loans totaling \$2.5 billion in 2021, 2,314 loans totaling \$1.0 billion in 2022, and 1,393 loans totaling \$580.7 million in 2023.

The Lending Test also considered the bank's 2021, 2022 and 2023 small business loan originations as reported on the bank's annual CRA Loan Registers. The bank reported 1,205 loans totaling \$149.0 million in 2021, 465 loans totaling \$87.3 million in 2022 and 456 loans totaling \$76.2 million in 2023.

Examiners compared 2021 home mortgage loan data to demographic data from the 2015 American Community Survey (ACS) and 2022 and 2023 home mortgage loan data to demographic data from the 2020 U.S. Census. Furthermore, aggregate lending data for 2021 and 2022 were used for comparisons. Small business lending data was compared to annual D&B business demographic data and CRA aggregate lending data for 2021 and 2022. Examiners focused on the comparisons to

aggregate lending data as this provides a better representation of assessment area lending demand and opportunities.

Examiners reviewed the number and dollar volume of home mortgage and small business loans. The analysis weighed the number of originated loans more heavily than the dollar amount, as the number of loans better indicates the number of individuals and small businesses served. Examiners also reviewed retail products and services geared toward low- and moderate-income individuals or businesses, delivery systems for providing retail services, including branch and alternative delivery systems, as well as the impact of branch openings and closings during the evaluation period. The evaluation also considered community development loans, investments, and services, as well as innovative and flexible lending practices since the prior evaluation date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Outstanding. The overall rating is consistent with the bank's performance in the more heavily weighted Massachusetts rated area and above the bank's performance in the RI-MA Multistate MSA rated area. The following sections summarize the bank's overall performance under each criterion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. This conclusion is supported by excellent responsiveness in both rated areas. Refer to each rated area section for a complete discussion of bank performance under this cr.

Assessment Area Concentration

As shown in the following table, the bank made a substantial majority of home mortgage and small business loans in the assessment areas. As stated previously, home mortgage loans originated by HOME are excluded from this analysis.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	699	93.1	52	6.9	751	135,235	93.8	8,880	6.2	144,115
2022	797	90.6	83	9.4	880	206,244	58.8	144,660	41.2	350,904
2023	434	93.7	29	6.3	463	92,053	95.4	4,399	4.6	96,452
Subtotal	1,930	92.2	164	7.8	2,094	433,532	73.3	157,939	26.7	591,471
Small Business										
2021	1,153	95.7	52	4.3	1,205	135,121	90.7	13,862	9.3	148,983
2022	445	95.7	20	4.3	465	77,311	88.5	10,016	11.5	87,327
2023	435	95.4	21	4.6	456	67,327	88.4	8,870	11.6	76,197
Subtotal	2,033	95.6	93	4.4	2,126	279,759	89.5	32,748	10.5	312,507
Total	3,963	93.9	257	6.1	4,220	713,291	78.9	190,687	21.1	903,978
Source: HMDA Reported Data; CRA Reported Data										

Geographic Distribution

The geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the assessment areas. Performance was inconsistent throughout the rated areas. Good geographic distribution in the Massachusetts rated area primarily supports this conclusion, while performance in the RI-MA Multistate MSA rated area was adequate. Refer to each rated area section for a complete discussion of bank performance under this criterion.

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. Performance was inconsistent throughout the rated areas. The bank's excellent performance in the Massachusetts rated area primarily supports this conclusion, while performance was good in the RI-MA Multistate MSA rated area. Refer to each rated area section for a complete discussion of bank performance under this criterion.

Innovative or Flexible Lending Practices

The bank makes extensive use of innovative and/or flexible lending programs that serve the credit needs of the assessment areas. During the evaluation period, HOB and HOME originated 3,668 loans totaling approximately \$719.7 million under these programs. In-house programs such as ONECommunity Mortgage and Success for Small Business reflect the bank's leadership and innovativeness in helping meet the needs of low- and moderate-income individuals and small businesses. Additionally, HOB offered modifications and deferrals to 13 home mortgage loan borrowers with loans totaling \$2.4 million between January 2021 and year-end 2023. These modifications and deferrals helped customers avoid foreclosure and retain homeownership.

The following are descriptions of the bank's innovative and/or flexible loan programs that benefit both assessment areas.

Home Mortgage Loan Programs

HOB and HOME offer the following innovative and/or flexible home mortgage loan programs:

- *Federal Housing Administration (FHA)* – FHA loans are federally-backed mortgages designed for low- and moderate-income borrowers who may have lower than average credit scores. FHA loans require lower minimum down payments and credit scores than many conventional loans. During the evaluation period, HOME funded 881 FHA loans totaling \$276.2 million.
- *Freddie Mac Home Possible* – The Freddie Mac Home Possible mortgage program helps very low-income borrowers attain home ownership. The program is available to borrowers whose income does not exceed 80.0 percent of area median income (AMI) and offers flexible underwriting and pricing standards for fixed-rate mortgages with down payment requirements as low as 3.0 percent. During the evaluation period, HOME originated 49 loans totaling \$12.3 million under this program.
- *Fannie Mae HomeReady* – HomeReady is a program designed to help lenders serve creditworthy low-income borrowers, including first time and repeat home buyers, and is available to borrowers whose income does not exceed 80.0 percent of the AMI. The program offers financing up to 97 percent LTV and allows gifts and grants for down payments, as well as supplemental boarder or rental income. HOME originated 96 loans totaling \$25.3 million under this program during the evaluation period.
- *MassHousing Loans* - MassHousing loan programs include features such as low down payments, competitive interest rates, reduced mortgage insurance premiums, special programs for veterans, and down payment assistance. During the evaluation period, HOME originated 144 MassHousing loans totaling \$26.3 million.
- *ONECommunity Mortgage Program* – This in-house portfolio product features expanded eligibility guidelines to meet the diverse needs of creditworthy low- and moderate-income borrowers purchasing or refinancing homes within the bank's assessment areas. The program allows up to 100.0 percent financing, no private mortgage insurance, and gifts and grants towards down payments. The program has a financial education requirement for both first-time homebuyer loans and refinances, which is made available through the bank's community education program, HarborOne U. HOB's Board of Directors set aside \$15.0 million in 2023 plus an additional \$15.0 million in 2024 to extend loans through this program. During the evaluation period, HOME originated 90 loans totaling \$30.9 million under this program.
- *U.S. Department of Agriculture (USDA) Rural Development Housing Programs* – These programs give families and individuals the opportunity to buy and build safe affordable homes in rural areas. Eligibility for loans, loan guarantees, and grants is based on income

and varies according to the AMI for each area. During the evaluation period, the bank originated 47 loans totaling \$10.7 million through these programs.

- *Veteran's Administration (VA) Mortgage Loans* – The VA offers flexible financing options to eligible active military service personnel and U.S. veterans. Benefits include no down payment required on most home purchases, limits on certain closing cost limits, and no private mortgage insurance. During the evaluation period, HOME originated 296 VA loans totaling \$102.5 million.
- *Equity Builder Program (EBP)* – Through the Federal Home Loan Bank of Boston (FHLBB), the bank offers this program with flexible terms, conditions, and underwriting guidelines to help serve the credit needs of low- and moderate-income homebuyers. The FHLBB offers its member banks up to \$150,000 in grants to provide households with less than 80.0 percent of AMI with assistance with down payments, closing costs, and homebuyer counseling. During the evaluation period, the bank awarded a grant to one borrower for down payment assistance.

Small Business Loan Programs

HOB provides various innovative and/or flexible loan programs for small businesses. In addition, the bank introduced BusinessONE in 2022 to further support small business lending. BusinessONE is an online quick decision loan platform for loans up to \$100,000.

The bank offers the following innovative and/or flexible small business loan programs:

- *Success for Small Business (SSB)* – The bank developed the SSB program to assist existing and start-up small business owners by providing them with necessary resources and guidance. For business owners who complete the SSB program, HOB offers an innovative and flexible \$5,000 SSB loan to serve as seed funding for start-up or new businesses less than two years old that may otherwise have difficulty obtaining capital. The loan product is available to businesses in Massachusetts or Rhode Island and requires a minimum personal credit score of 650. The bank funded 83 SSB loans totaling approximately \$425,000 during the evaluation period. The SSB program is an excellent example of the bank's commitment to meeting the credit needs of very small businesses throughout its assessment areas.
- *Small Business Administration (SBA) Paycheck Protection Program (PPP) and 7a/504 Loans* – In 2021, HOB continued to provide PPP loans to both existing and new customers to ensure small businesses had access to funding to support their basic operating needs. The bank made 886 PPP loans totaling \$85.8 million in 2021. Of these, the average loan amount was \$97,000 and the majority of the loans were for less than \$350,000. In addition, HOB originated a total of 116 SBA 7(a) loans totaling \$35.2 million and 35 SBA 504 loans totaling \$35.9 million during the evaluation period.
- *Federal Home Loan Bank of Boston (FHLBB) Small Business Lending Programs* – The FHLBB provides discounted funding via the Community Development Advance (CDA) and

CDA Extra program. CDA funding helps member banks support economic development and mixed-use initiatives in their communities. HOB has committed to providing \$35.0 million in CDA and \$15.0 million in CDA Extra financing annually. In 2023, the bank made four loans for a total of \$50.0 million through these two programs, reaching the bank's funding limit.

- *FHLBB Jobs New England (JNE) Program* – The FHLBB sponsors this interest-subsidized program for its member banks to promote economic development in the community through funding small business loans. JNE offers FHLBB members zero-percent financing to fund small business loans that create or preserve jobs, expand woman-, minority-, or veteran-owned businesses, or otherwise stimulate the economy in the New England communities the bank serves. The bank did not originate any loans through this program during the evaluation period.

Consumer Loan Programs

The bank offers the following innovative and/or flexible consumer loan programs to help make credit attainable to low- and moderate-income individuals:

- *Saint Vincent DePaul Micro-Loan Program* – The Society of Saint Vincent DePaul (SVDP) is a faith-based charitable organization that provides various community services to low- and moderate-income individuals. HOB created a partnership with the SVDP District Council of Attleboro to offer a collateralized micro-loan program for SVDP clients to obtain a low-interest loan in amounts of \$500 to \$5,000 collateralized by SVDP funds on deposit at HOB. This enables SVDP clients to address immediate financial crises and build a positive credit history over the repayment period. The program also includes provisions for financial education and credit counseling, helping to break the cycle of poverty in the community. Over the evaluation period, HOB originated five loans totaling \$7,000 under this program.
- *NeighborWorks Credit Builder Program* – Neighbor Works Housing Solutions (NHS) is Massachusetts-based certified Community Development Corporation and a certified Community Housing Development Organization (CHDO). Their mission is to develop safe and affordable housing in stable and opportunity-rich communities. They do this by developing housing and providing housing resources and education through collaboration with partners in the public and private sectors. In September 2021, HOB partnered with NHS to provide the Credit Builder Program to NHS's Section 8 housing residents. HOB committed to facilitate the issuance, servicing, and credit reporting of 20 secured personal loans for \$500 each with two-year terms and interest rates of 3.99 percent. NHS provided \$10,000 in collateral, which was funded by the Massachusetts Department of Housing and Community Development (DHCD). At the end of each loan term, NHS returns the original \$500 borrowed to each program participant. They also disburse to the client the \$500 in collateral sponsored by the DHCD, resulting in a total of \$1,000 provided to the client after successful repayment of the \$500 loan. Coupled with a positive credit score achieved through on-time payments, this is a significant benefit to these individuals. Through March 2024, NHS identified 12 clients to participate in the program.

- *Secured VISA* – This product is designed to help customers start or re-establish their credit history. The card is offered to customers with a savings account with balances as low as \$300. The bank opened 761 secured VISA accounts for a total of \$407,600 during the evaluation period.
- *Fresh Start Overdraft Repayment Plan* – This is an interest-free repayment plan available to customers with negative deposit account balances of \$250 over a period of 35 to 45 days. It allows customers a timeframe of up to 12 months to repay the amount of the negative balance and helps them avoid account closure.

Community Development Loans

HOB is a leader in making community development loans. Performance was consistent throughout the rated areas. During the evaluation period, the bank originated 107 community development loans totaling \$706.1 million. Of the total community development loans, 70 loans totaling approximately \$314.9 million directly benefited the assessment areas and 37 loans totaling approximately \$391.2 million benefited a broader statewide or regional area that includes the bank's assessment areas. The following tables show the total community development loans by year, purpose, and rated area.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	4	9,215	5	10,825	21	120,988	4	31,563	34	172,591
2022	11	20,439	2	400	29	405,945	1	11,000	43	437,784
2023	5	10,315	4	825	14	64,119	4	16,545	27	91,804
YTD 2024	0	0	2	1,050	1	2,888	0	0	3	3,938
Total	20	39,969	13	13,100	65	593,940	9	59,108	107	706,117
<i>Source: Bank Data</i>										

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Massachusetts	11	32,350	10	11,650	16	164,950	0	0	37	208,950
RI-MA Multistate MSA	6	4,798	3	1,450	21	88,486	3	11,280	33	106,014
Statewide/Regional	3	2,821	0	0	28	340,504	6	47,828	37	391,153
Total	20	39,969	13	13,100	65	593,940	9	59,108	107	706,117
<i>Source: Bank Data</i>										

The majority of loans in the broader statewide or regional area that includes the bank's assessment areas supported economic development through job creation and/or retention for restaurants, hotels, and retail businesses that meet the SBA's small business size standards. The following is a notable example.

- In 2021, the bank originated a \$3.6 million commercial real estate loan to refinance an existing mortgage on a restaurant and to pay off an existing working capital line of credit. The loan promoted economic development by financing a small business and promoting permanent job retention for low- and moderate-income people, as the majority of the restaurant's employees are low- or moderate-income.

The number and dollar amount of the bank's community development loans was significantly higher than the community development loans originated during the prior evaluation period when the bank originated 36 community development loans totaling \$86.1 million. The total dollar amount of community development loans represents 17.0 percent of average total loans and compares very favorably to similarly situated institutions such as BayCoast Bank and Bristol County Savings Bank. Refer to the rated area sections for a breakdown of community development lending by assessment area and notable examples.

INVESTMENT TEST

The Investment Test is rated Outstanding. The overall rating is consistent with the bank's performance in the more heavily weighted Massachusetts rated area and above performance in the RI-MA Multistate MSA rated area. The following sections discuss the bank's performance under each criterion. Refer to the rated area sections for details and notable qualified investment examples.

Investment and Grant Activity

HOB has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by investors. HOB and the HarborOne Foundation have 748 qualified investments totaling approximately \$75.0 million.

The bank's investments more than doubled by dollar amount from the prior evaluation period, when investments totaled \$32.3 million. The total dollar amount of investments and donations represents approximately 1.5 percent of average total assets and 15.7 percent of average total investments since the prior evaluation. The bank's performance exceeds similarly situated institutions.

The following table reflects the bank's qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,695	0	0	4	2,375	0	0	5	4,070
1/26/21-12/31/21	0	0	0	0	0	0	1	700	1	700
2022	1	2,000	2	28,814	1	5,000	0	0	4	35,814
2023	0	0	2	23,032	1	3,000	0	0	3	26,032
YTD 2024	0	0	1	3,566	0	0	0	0	1	3,566
Subtotal	2	3,695	5	55,412	6	10,375	1	700	14	70,182
Qualified Grants & Donations	86	992	588	3,620	57	235	3	17	734	4,864
Total	88	4,687	593	59,032	63	10,610	4	717	748	75,046
<i>Source: Bank Data</i>										

The following table reflects the bank's qualified investments by rated area and community development purpose.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Massachusetts	52	744	309	24,958	27	424	4	717	392	26,843
RI-MA Multistate MSA	26	219	271	5,193	31	111	0	0	328	5,523
Statewide/Regional	10	3,724	13	28,881	5	10,075	0	0	28	42,680
Total	88	4,687	593	59,032	63	10,610	4	717	748	75,046
<i>Source: Bank Data</i>										

Debt Security and Equity Investments

The bank has investments totaling approximately \$70.2 million. Nine investments totaling approximately \$66.1 million are new since the prior evaluation period. The remaining five investments were purchased during a prior evaluation period and examiners considered the current book value of each investment for this evaluation.

The following are examples of investments that benefit the broader statewide or regional area:

Prior Period Investments

- **MB Capital Fund IV** – This fund supports economic growth and promotes job creation for small businesses based in New England. The bank established this investment in 2017 and maintains a current book value of \$189,595. This investment qualifies for community development through the economic development of small businesses.

- **Massachusetts Housing Equity Fund (XXVI)** – This fund supports low-income housing projects in Massachusetts. Low-income housing tax credits supply equity financing to improve the development of poor neighborhoods. The bank invested \$2.0 million in this fund in 2020. The current book value of this investment is \$1.7 million. This investment qualifies for community development by supporting affordable housing for low- or moderate-income residents.
- **Small Business Investment Company (SBIC)** – The aim of the SBIC program is to support capital access for small businesses. The bank maintained two investments from a prior period in SBIC funds with a total book value of \$1.9 million. These investments support small businesses nationwide, including the regional area of New England, and they qualify as community development by supporting economic development of small businesses.

New Investments

- **MB Capital Fund V** – This fund supports economic growth and promotes job creation for small businesses based in New England. The bank purchased this investment in 2023 for \$3.0 million. This investment qualifies for community development through the economic development of small businesses.
- **Kipp Lynn Fund** – The bank participated 18.8 million in the purchase of a \$57.4 million bond supporting this organization in 2022. The organization supported is a charter school network in Boston and Lynn, Massachusetts. The aim is to prepare students in underserved communities for college. All three campuses are in low- or moderate-income census tracts and are focused on students from those communities. The bank’s investment qualifies for community development by supporting a community service for low- and moderate-income individuals.
- **Massachusetts Housing Equity Fund (XXVIII)** – This fund supports low-income housing projects in Massachusetts. Low-income housing tax credits supply equity financing to improve the development of poor neighborhoods. The bank invested \$2.0 million in this fund in 2022. This investment qualifies for community development by supporting affordable housing for low- or moderate-income residents.
- **Small Business Investment Company (SBIC) Series 2022-10B** – The aim of the SBIC program is to support capital access for small businesses. The bank purchased an investment in 2022 in this SBIC fund for \$5.0 million. This investment supports small businesses nationwide, including the regional area of New England, and qualifies for community development by supporting economic development of small businesses.

Grants and Donations

During the evaluation period, HarborOne and the HarborOne Foundation made approximately \$4.8 million in qualified donations. Donations primarily benefit community services for low- and

moderate-income individuals. As the bank was responsive to the needs of the assessment area, examiners also considered donations outside of the assessment areas.

The following are examples of qualified grants and donations that benefit individuals located outside of the assessment areas in the broader statewide or regional area:

- **Granite United Way** – This organization supports social services across New Hampshire for low- and moderate-income individuals. Programs include tax assistance, homelessness prevention, public health, and childcare. The bank’s donations in 2021 and 2022 qualify for community development by providing community services focused on low- and moderate-income families.
- **Habitat for Humanity Metrowest/Greater Worcester** – This Worcester-based non-profit organization aims to aid in the development of affordable housing for low- and moderate-income residents. Along with developing housing, the organization also provides essentials in the form of used furniture, appliances, and building materials. The bank’s 2023 donation qualifies for community development by supporting affordable housing for low- or moderate-income individuals.
- **Metro Housing Boston** – The organization focuses on serving communities in the Greater Boston Area, including communities in Suffolk, Norfolk, Middlesex, and Essex. Activities include rental assistance, foreclosure prevention, and technical assistance for families in search of affordable housing. The bank’s sponsorship qualifies for community development by supporting affordable housing for low- and moderate-income families.

Responsiveness to Credit and Community Development Needs

HarborOne exhibits excellent responsiveness to credit and community development needs. The bank’s investments address affordable housing needs as well as community service needs for low- and moderate-income individuals. The HarborOne Foundation also regularly conducts community organization site visits to gauge the needs of the assessment areas. As a result, the donations and grants provided are directly responsive to community needs. Finally, the bank’s in-kind donations directly respond to space needs for community organizations.

Community Development Initiatives

HarborOne makes extensive use of innovative and/or complex investments to support community development initiatives. The bank’s new and prior period investments include a variety of vehicles, such as participations, bonds, and low-income housing tax credits, which involved complexity and expertise. The bank also strategizes its donations through the Massachusetts Community Investment Tax Credit (CITC) program to reinvest its tax credits into the community. An additional \$83,500 was invested as a result of the strategy not routinely used by other financial institutions. Refer to the rated area sections for details about specific innovative and/or flexible investments that support those areas.

SERVICE TEST

The bank's overall Service Test performance is rated Outstanding. The overall rating is consistent with the bank's performance in the more heavily weighted Massachusetts rated area and above performance in the RI-MA Multistate MSA rated area. The following sections discuss the bank's overall performance under each criterion. Refer to the rated area sections for details and notable community service examples.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank's assessment area. The following table illustrates the distribution of branches and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	124	10.0	480,797	9.0	2	6.7	4	8.5
Moderate	216	17.4	948,616	17.7	3	10.0	6	12.8
Middle	438	35.4	2,005,713	37.4	13	43.3	22	46.8
Upper	412	33.3	1,871,681	34.9	11	36.7	14	29.8
NA	48	3.9	56,510	1.0	1	3.3	1	2.1
Total	1,238	100.0	5,363,317	100.0	30	100.0	47	100.0
<i>Source: 2015 ACS Data; Bank Data</i>								

HOB operates 30 full-service branches and 47 deposit-taking ATMs across its assessment areas. Of these branch locations, 17, or 56.7 percent, are in the Massachusetts AA, and 13, or 43.3 percent, are in the RI-MA Multistate MSA AA. While the percentage of branches in low- and moderate-income census tracts is below the demographic comparators shown in the previous table, examiners noted that 11 of the bank's branches in unknown-, middle-, and upper-income census tracts are immediately adjacent to low- or moderate-income census tracts and are accessible to those geographies. Delivery systems are more accessible in the Massachusetts AA than in the RI-MA Multistate MSA AA. Please refer to the rated area sections for details.

In addition to traditional brick-and-mortar branches and deposit-taking ATMs, HOB offers telephone, online, and mobile banking platforms through which customers can access their accounts and conduct transactions. Available services include mobile check deposit, bill pay, card management systems, balance inquiries, account maintenance, and money transfers. Additionally, HOB allows customers the ability to conduct banking transactions by appointment with bank staff via telephone or Zoom capabilities. HOB provides 24/7 technical and banking support for all services via its Customer Call Center. These delivery systems are available in both rated areas.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches improved the accessibility of the bank's delivery systems, particularly as it relates to low- and moderate-income

geographies and low- and moderate-income individuals. Since the prior evaluation, the bank closed one branch and opened five additional branches, all located within Greater Boston. These changes are discussed further in the Massachusetts rated area section.

Reasonableness of Business Hours and Services

The bank's retail services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals. All retail branches offer the same loan and deposit products and services. Most full-service branches are open during the same hours, which are Monday through Wednesday from 8:30AM to 4:00PM, Thursdays from 8:30AM to 6:00PM, Fridays 8:30AM to 5:00PM, and Saturdays 9:00AM to 1:00PM. Three branches located in Boston (1) and Providence (2) have hours that differ due to the nature of the locations. These differences are further discussed in the respective rated area sections.

Community Development Services

HOB is a leader in providing community development services across its assessment areas, outpacing similarly situated institutions in both community development service hours and instances. Despite the decreased availability of volunteer opportunities following the COVID-19 pandemic, HOB's performance was comparable to the number of hours qualified during the prior evaluation period. Over the course of the evaluation period, HOB employees contributed 5,550 hours of community development services through 228 organizations across the bank's assessment areas, benefiting affordable housing, economic and workforce development, revitalization and stabilization initiatives, community services, and financial literacy. The following table shows the total number of volunteer hours by rated area and purpose.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Massachusetts	405	3,033	437	57	3,932
RI-MA Multistate MSA	170	930	518	0	1,618
Total	575	3,963	955	57	5,550
<i>Source: Bank Data</i>					

The following table shows the total number of volunteer hours by year and purpose.

Community Development Services Assessment Area: Combined AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	312	1463	353	36	2,164
2022	126	1206	253	13	1,598
2023	112	1151	323	3	1,589
YTD 2024	25	143	26	5	199
Total	575	3,963	955	57	5,550
<i>Source: Bank Data</i>					

The following examples highlight community development services and programs that benefitted a broader statewide or regional area that includes the bank's assessment areas.

- HarborOne U** – HOB develops and administers financial education classes through its educational community outreach program, HarborOne U. Established in 2007, HarborOne U delivers financial education at its Brockton and Mansfield locations, and partners with multiple nonprofit and community organizations to bring financial literacy and education presentations to low- and moderate-income individuals. These classes increase financial literacy as it relates to personal financial management, budgeting, maintaining good credit, homebuyer education, and small business development. As of 2020, the bank makes HarborOne U personal finance and small business classes available free of charge on the bank's website. Offering these classes online increases the reach of the financial education program and allows attendees to access resources on their own time. HarborOne U offers in-person and online classes in both English and Spanish. Since the prior evaluation, HarborOne U has provided 179 classes with over 3,000 attendees. HarborOne U initiatives qualify for community development through its support of community services, economic development, and affordable housing education initiatives.
- Pitch Contest** – HarborOne uniquely supports small businesses by hosting an annual Pitch Contest, which began in 2016. The contest helps aspiring small business entrepreneurs obtain seed capital and expert technical assistance to expand their businesses. After selecting eight finalists from a pool of over 40 applicants each year, a panel of regional business experts judge the business plans and formal presentations during a live event at HarborOne U. In 2022, the bank added a Pitch Contest for nonprofit organizations with the same goals of providing the organizations with technical assistance and capital to support their work.
- Voyage** – In June 2021, HarborOne launched a small business digital resource center named Voyage, providing small business owners with the tools and support they need to start, recover, manage, and grow their business. The tools, templates, articles, and videos are available for free. The start-up guide, business feasibility health check, and break-even calculator are examples of the tools available for start-up businesses. New content is added regularly, and recent additions included information about cyber security and fraud prevention.

- **Bank On Boston** – Bank On Boston is part of a national initiative, Bank On, sponsored by the Cities for Financial Empowerment, which provides financial and technical assistance to municipalities to improve the financial stability of low- and moderate-income individuals and families. Bank On helps residents achieve economic mobility with better access to financial services at lower costs than widely available banking products, increasing access to deposit and credit products for unbanked and underbanked families. The bank's CRA officer volunteered for Bank On Boston throughout the evaluation period, supporting community services for low- and moderate-income individuals.
- **Partnership for Financial Equity (PFE)** – Originally established in 1990 as the Massachusetts Community & Banking Council, the Partnership for Financial Equity is a partnership organization comprised of financial industry professionals, community leaders, and government officials, advocating for the expansion of access to bank products and services and dedicated to improving financial futures for low- and moderate-income households. HOB is a certified participant in PFE's *Basic Banking for Massachusetts* program. Banks participating in the program provide low-cost checking and savings accounts with limited or no monthly fees associated with the account, are encouraged to accept alternative forms of identification, and are required to omit overdraft and insufficient funds fees. Several members of the bank's senior staff volunteered for the PFE during the evaluation period, serving as co-chair, members of the Mortgage Lending Committee, MA CRA Work Group, and the PFE's collaboration with the RI HousingWorks CRA Work Group. These services supported community services for low- and moderate-income individuals.
- **Achieve** – In 2021, the bank invested in the Achieve digital content platform provided by Everfi. Available free to the public, Achieve offers a collection of modules covering concepts such as checking accounts, loans, mortgages, credit building, saving, and avoiding bank overdraft fees. Content is featured in social media posts and monthly newsletters to customers. HOB also shares links to the content with its nonprofit partners so they can make their clients aware of the free financial education resource.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

Examiners used full-scope examination procedures to review the bank's operations in Massachusetts, which includes the bank's performance in the Massachusetts AA. The Massachusetts AA includes portions of the Boston-Cambridge-Newton, MA NH MSA including all of Norfolk, Plymouth, and Suffolk Counties, which comprise the Boston, MA MD, and all of Middlesex County, which is part of the Cambridge-Newton-Framingham, MA MD. This AA does not include Bristol County, MA, which is part of the Providence-Warwick, RI-MA Multistate MSA rated area.

HOB operates 17 of its 30 branch offices in the Massachusetts AA. Since the prior CRA evaluation, the bank expanded its retail network by adding five branches in South Boston (May 2021), Cambridge (December 2021), Brookline (December 2021) and Brighton (December 2021 and July 2022). The bank relocated its Middleborough branch one mile from its former location in July 2021 and relocated its Randolph branch less than less than a quarter mile from its former location in June 2023. The bank closed one of its three Brockton full-service branches, Montello, in July 2023.

With the opening of branches in Brighton, HOB added Suffolk County to the assessment area, thereby including the entirety of the Boston, MA MD in the assessment area. In addition, the branch opening in Cambridge, MA prompted the bank to add Middlesex County to the assessment area.

Refer to the Scope of Evaluation section for data sources used for examiner analysis in this section.

Economic and Demographic Data

HOB's Massachusetts AA consists of 857 census tracts with the following income designations using the 2020 U.S. Census data:

- 77 low-income census tracts,
- 147 moderate-income census tracts,
- 288 middle-income census tracts,
- 303 upper-income census tracts, and
- 42 census tracts with income not available.

A substantial portion of the assessment area's low-income census tracts are in Boston (44), Lowell (10), and Brockton (7). Similarly, a significant number of the assessment area moderate-income

census tracts are also in Boston (40), Lowell (13), and Brockton (9). The total number of census tracts in the assessment area increased since the prior evaluation due to the updated 2020 U.S. Census data and the addition of Suffolk and Middlesex Counties.

The following table illustrates the demographic characteristics of the Massachusetts AA.

Demographic Information of the Assessment Area Assessment Area: Massachusetts						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	857	9.0	17.2	33.6	35.4	4.9
Population by Geography	3,686,738	8.2	17.7	36.1	36.5	1.5
Housing Units by Geography	1,470,745	7.9	18.0	36.6	36.2	1.3
Owner-Occupied Units by Geography	825,218	3.0	13.3	39.6	43.5	0.6
Occupied Rental Units by Geography	557,932	14.8	24.5	32.7	25.8	2.1
Vacant Units by Geography	87,595	9.9	20.8	33.2	34.3	1.8
Businesses by Geography	460,042	5.3	14.1	33.0	45.8	1.7
Farms by Geography	7,536	2.6	13.1	40.2	43.4	0.7
Family Distribution by Income Level	858,599	21.8	15.7	19.8	42.7	0.0
Household Distribution by Income Level	1,383,150	25.6	14.0	16.6	43.8	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$552,179
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,665
			Families Below Poverty Level			5.8%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing values are relatively high in the assessment area as demonstrated by a median housing value of \$552,179.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the Boston, MA MD and the Cambridge-Newton-Framingham, MA MD.

Median Family Income Ranges Assessment Area: Massachusetts				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
<i>Source: FFIEC</i>				

According to 2022 D&B data, 413,192 non-farm businesses operate in the Massachusetts AA. The following is a break-down of these businesses by gross annual revenue (GAR) category.

- 88.2 percent have \$1.0 million or less,
- 4.4 percent have more than \$1.0 million, and
- 7.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.8 percent; followed by non-classifiable establishments (23.4 percent); finance, insurance and real estate (11.5 percent); retail trade (9.4 percent); and construction (7.1 percent). In addition, 60.9 percent of businesses have fewer than four employees, and 91.5 percent of businesses operate from one location.

Competition

The bank operates in a competitive market for financial services within the Massachusetts AA. According to FDIC Deposit Market Share data as of June 30, 2023, 83 financial institutions operated 1,050 offices in the assessment area. State Street Bank & Trust Company ranked 1st with a 36.9 percent market share; followed by Bank of America, NA with 20.4 percent; and Citizens Bank, NA with 12.1 percent.

HOB and HOME face a high level of competition for home mortgage loans among other banks, credit unions, and non-depository mortgage lenders. In 2022, 622 lenders reported 100,668 originated or purchased residential mortgage loans. The three most prominent home mortgage lenders were all non-depository mortgage lenders that accounted for 15.3 percent of the total market share.

There is also a high level of competition for small business loans from national banks and other community banks in the assessment area. In 2022, 200 lenders originated 104,473 small business loans in the assessment area. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$26,000 and originated 53.8 percent of all small business loans.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs and opportunities. This information also helps determine whether local financial institutions are responsive to those needs and opportunities.

Examiners reviewed a recent community contact with a non-profit Community Development Financing Institution (CDFI) focused on helping build healthy communities where low-income people live and work. The CDFI provides capital to support projects related to affordable housing, school facilities, child and youth development programs, community-based health centers, grocery stores, clean energy enhancements, community gathering places, foreclosure relief mortgage lending, and removing financial barriers to attaining U.S. citizenship. The contact stated that housing costs in the greater Boston area are very high, and there is a need for innovative and flexible loan programs targeted to low- and moderate-income individuals.

The community contact noted that there are opportunities for financial institutions to provide CDFIs with grants and donations, as well as low-cost, risk-tolerant capital, equity-equivalent investment products, and project-related investments. The contact also noted that lenders may help by creating their own flexible loan products and by participating in MassHousing and Massachusetts Partnership affordable housing programs, which have proven effective in helping low- and moderate-income individuals attain homeownership.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, publicly available community-based studies, demographic information, and bank management, examiners determined that innovative and flexible loan products, affordable housing, and community services targeting low- and moderate-income populations are the primary credit and community development needs in the assessment area. Community-based studies focused on Massachusetts identified key needs to be housing, financial stability and mobility, and access to healthcare and community services.

SCOPE OF EVALUATION – MASSACHUSETTS

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the Massachusetts AA. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The Lending Test is rated Outstanding for Massachusetts. The following sections discuss the bank's performance under each criterion.

Lending Activity

Lending levels reflect excellent responsiveness to the Massachusetts AA credit needs.

In 2021, HOB originated or purchased 389 home mortgage loans and ranked 88th out of 634 lenders with a market share of 0.2 percent, and HOME originated 1,614 loans and ranked 31st with a market share of 0.7 percent. Combined, HOB and HOME originated 2,003 home mortgage loans totaling \$750.4 million with a total market share of 0.9 percent. Throughout this evaluation, examiners presented the total number of loans and combined HOB and HOME market share percentages to depict the total market share obtained by the two entities. In 2022, HOB and HOME originated or purchased 1,031 loans for a combined market share of 1.1 percent. HOB ranked 49th and HOME ranked 39th out of 622 lenders. In 2023, HOB and HOME originated or purchased 518 home mortgage loans totaling \$209.6 million in the assessment area. In 2021 and 2022, the top ten lenders consisted primarily of nationwide mortgage companies such as Rocket Mortgage, Guaranteed Rate, Inc., Cross Country Mortgage, LLC, and large national banks including JP Morgan Chase, N.A., Citibank North America, Leader Bank, N.A., Bank of America, N.A., and Wells Fargo Bank, N.A. In 2021, local community banks with greater market shares included Rockland Trust Company, Eastern Bank, Envision Bank. In 2022, the only local community bank with a higher market share was Cambridge Savings Bank. Although HOB and HOME's lending volume decreased over the review period, their combined market share improved from 2021 to 2022, and they consistently outperformed several local community banks and mortgage companies.

HOB originated 477 small business loans totaling \$59.3 million in this rated area in 2021, 228 small business loans totaling \$40.4 million in 2022, and 182 small business loans totaling \$25.6 million in 2023. Market share reports show that the bank ranked 34th out of 248 lenders with a market share of 0.4 percent in 2021, and the bank ranked 34th out of 200 lenders with a market share of 0.2 percent in 2022. In 2021, several local institutions ranked higher than HOB, including Eastern Bank, Rockland Trust Company, Middlesex Savings Bank, and Cambridge Savings Bank, but in 2022, the only local institutions ranked higher were Eastern Bank, Rockland Trust, and Enterprise Bank and Trust. In both years, the top lenders are national credit card lenders that offer average loan sizes of as little as \$5,000, compared to HOB whose average loan size was \$125,000 in 2021 and \$178,000 in 2022.

Geographic Distribution

The geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the Massachusetts AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was comparable to demographic data and the aggregate performance in 2021 and 2022. The bank's performance increased in 2023 and exceeded demographics. In moderate-income census tracts, the bank's performance was comparable to demographic data and aggregate performance in 2021 and exceeded aggregate performance and demographic data in 2022. HOB's performance continued to exceed demographics in moderate-income census tracts in 2023.

Market share data further supports the conclusion. In 2022, HOB and HOME obtained a combined 0.8 percent market share out of 297 lenders in low-income census tracts and a 1.6 percent market share out of 424 lenders in moderate-income census tracts, outperforming several local community banks, credit unions, and mortgage companies.

Geographic Distribution of Home Mortgage Loans Assessment Area: Massachusetts						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	2.7	3.2	59	2.9	18,136	2.4
2022	3.0	3.8	29	2.8	21,225	4.7
2023	3.0	--	22	4.2	4,774	2.3
Moderate						
2021	14.0	14.4	288	14.4	84,869	11.3
2022	13.3	13.7	147	14.2	48,210	10.6
2023	13.3	--	76	14.7	19,409	9.3
Middle						
2021	42.3	40.5	958	47.8	316,676	42.2
2022	39.6	38.8	494	47.7	151,121	33.2
2023	39.6	--	250	48.3	77,183	36.8
Upper						
2021	40.9	41.7	694	34.6	329,362	43.9
2022	43.5	42.9	360	34.8	224,454	49.3
2023	43.5	--	168	32.4	107,865	51.5
Not Available						
2021	0.1	0.2	4	0.2	1,341	0.2
2022	0.6	0.8	5	0.5	10,315	2.3
2023	0.6	--	2	0.4	350	0.2
Totals						
2021	100.0	100.0	2,003	100.0	750,384	100.0
2022	100.0	100.0	1,035	100.0	455,325	100.0
2023	100.0	--	518	100.0	209,581	100.0
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, in low-income census tracts, the bank's performance exceeded aggregate performance and demographic data for 2021 and 2022. In moderate-income census tracts, the bank's performance also exceeded demographic data and

aggregate performance in 2021 and 2022. Finally, positive trends in performance in low- and moderate-income census tracts in 2023 support the bank's excellent performance.

Geographic Distribution of Small Business Loans Assessment Area: Massachusetts						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.9	5.7	35	7.3	2,539	4.3
2022	5.3	4.9	19	8.3	3,195	7.9
2023	5.3	--	16	8.8	542	2.1
Moderate						
2021	14.9	16.2	84	17.6	8,178	13.8
2022	14.0	15.3	38	16.7	4,445	11.0
2023	14.1	--	42	23.1	3,411	13.3
Middle						
2021	35.1	37.3	216	45.3	27,869	47.0
2022	33.3	36.0	113	49.6	19,058	47.1
2023	33.0	--	76	41.8	13,709	53.5
Upper						
2021	43.6	40.4	140	29.4	20,658	34.8
2022	45.6	42.2	56	24.6	13,617	33.7
2023	45.8	--	48	26.4	7,967	31.1
Not Available						
2021	0.4	0.4	2	0.4	33	0.1
2022	1.7	1.5	2	0.9	110	0.3
2023	1.7	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	477	100.0	59,277	100.0
2022	100.0	100.0	228	100.0	40,425	100.0
2023	100.0	--	182	100.0	25,629	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among retail customers of different income levels and business customers of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels in the Massachusetts AA. As shown in the following table, the bank's 2021 and 2022 home mortgage lending to low-income borrowers was significantly above aggregate performance. Although the bank trailed demographic percentages throughout the evaluation period, families in this income group may face difficulties affording home ownership given the median housing values in the assessment area. The bank's lending to moderate-income borrowers was also above aggregate performance in 2021 and 2022 and was above the percentage of moderate-income families in all three years.

Market share data further supports the conclusion. In 2022, HOB and HOME obtained a combined 1.3 percent market share out of 306 lenders in lending to low-income borrowers and a combined 1.2 percent market share out of 391 lenders in lending to moderate-income borrowers, outperforming its local community bank competitors.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Massachusetts						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	22.7	4.9	180	9.0	32,547	4.3
2022	21.8	6.5	86	8.3	12,215	2.7
2023	21.8	--	47	9.1	6,107	2.9
Moderate						
2021	15.8	16.5	435	21.7	111,213	14.8
2022	15.7	17.5	208	20.1	48,056	10.6
2023	15.7	--	130	25.1	29,162	13.9
Middle						
2021	19.1	22.0	475	23.7	157,280	21.0
2022	19.8	21.8	252	24.3	72,609	15.9
2023	19.8	--	123	23.7	38,828	18.5
Upper						
2021	42.4	43.1	871	43.5	407,514	54.3
2022	42.7	41.3	469	45.3	259,792	57.1
2023	42.7	--	215	41.5	121,484	58.0
Not Available						
2021	0.0	13.5	42	2.1	41,830	5.6
2022	0.0	12.9	20	1.9	62,652	13.8
2023	0.0	--	3	0.6	14,000	6.7
Totals						
2021	100.0	100.0	2,003	100.0	750,384	100.0
2022	100.0	100.0	1,035	100.0	455,325	100.0
2023	100.0	--	518	100.0	209,581	100.0
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As shown in the following table, the bank's performance in lending to businesses with gross annual revenues of \$1.0 million or less exceeded aggregate performance in 2021 and 2022. The bank's performance was similar in 2023.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Massachusetts						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	87.0	43.3	240	50.3	13,939	23.5
2022	88.2	48.0	122	53.5	12,915	31.9
2023	89.3	--	96	52.7	8,718	34.0
>\$1,000,000						
2021	5.0	--	138	28.9	38,519	65.0
2022	4.4	--	94	41.2	26,010	64.3
2023	4.0	--	79	43.4	16,536	64.5
Revenue Not Available						
2021	7.9	--	99	20.8	6,819	11.5
2022	7.4	--	12	5.3	1,500	3.7
2023	6.8	--	7	3.8	375	1.5
Totals						
2021	100.0	100.0	477	100.0	59,277	100.0
2022	100.0	100.0	228	100.0	40,425	100.0
2023	100.0	--	182	100.0	25,629	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices in order to serve credit needs within the Massachusetts AA. The bank's full range of innovative and flexible loan programs detailed in the overall Innovative or Flexible Lending Programs section are available to borrowers in the Massachusetts AA. The bank showed leadership through responsive in-house programs such as the ONECommunity and Success for Small Businesses loan programs. The high volume of loans made under the bank's innovative and flexible loan programs, particularly their responsive in-house programs, support the strong performance conclusion. Refer to the overall Innovative or Flexible Lending Practices section for descriptions of each program.

Community Development Loans

HOB is a leader in making community development loans in the Massachusetts AA. HOB originated 37 community development loans totaling \$209.0 million that met various affordable housing, community services, and economic development needs. The bank's volume of community development loans in this AA increased significantly since the previous evaluation when the bank made 14 loans totaling \$27.6 million. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Assessment Area: Massachusetts										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	4	9,215	5	10,825	3	18,250	0	0	12	38,290
2022	5	15,115	2	400	9	131,262	0	0	16	146,777
2023	2	8,020	3	425	3	12,550	0	0	8	20,995
YTD 2024	0	0	0	0	1	2,888	0	0	1	2,888
Total	11	32,350	10	11,650	16	164,950	0	0	37	208,950
<i>Source: Bank Data</i>										

The following are notable examples of the bank's community development loans.

- During the evaluation period, the bank made six loans totaling \$1.2 million to a nonprofit that serves over 2,500 individuals, children, and families annually by providing an array of early education, adult, and social services with a focus on serving at-risk youth from low-income families, children referred by the MA Department of Early Education and Care, and children of teen parents. These loans support community service needs in the assessment area.
- In 2022, the bank originated a \$11.5 million loan for development of a property in a moderate-income census tract in Middlesex County to be leased to a state agency providing services to low- and moderate-income children and families. This loan supports economic development by retaining social service jobs in the assessment area, and it also supports the provision of community services to low- and moderate-income families.
- In 2022, the bank funded \$24.0 million of a participation loan for demolition of an existing public housing complex in Suffolk County and construction of two new multi-family buildings. Of the 330 total units, 96 will replace the existing public housing units and will be designated as affordable housing. Based on the percentage of affordable units, examiners qualified the pro rata share of \$7.0 million as affordable housing.

INVESTMENT TEST

The Investment Test is rated Outstanding for Massachusetts. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

HOB has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by investors. HOB and the HarborOne Foundation made 392 qualified investments and donations totaling approximately \$26.8 million, most of which were new during the evaluation period and one investment was from a prior period. The bank's activity is greater than the number and dollar amount of investments during the

prior evaluation period when the bank had 324 investments and donations for \$18.8 million. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments Assessment Area: Massachusetts										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	300	0	0	1	300
1/26/21-12/31/21	0	0	0	0	0	0	1	700	1	700
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	2	23,032	0	0	0	0	2	23,032
2024	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	2	23,032	1	300	1	700	4	24,032
Qualified Grants & Donations	52	744	307	1,926	26	124	3	17	388	2,811
Total	52	744	309	24,958	27	424	4	717	392	26,843
<i>Source: Bank Data</i>										

Debt Security and Equity Investments

The bank has five qualified investments totaling approximately \$24.0 million, four of which totaling approximately \$23.7 million are new. One qualified investment was purchased during a prior evaluation period and received credit for its current book value.

The following are examples of investments that benefit the Massachusetts AA:

Prior Period Investments

- **Brockton Venture Fund** – HOB was the leading financial institution and developed this fund in collaboration with NeighborWorks Solutions and other regional institutions. The purpose of this fund is to help businesses grow and hire in Brockton by providing small business loans along with small business education. The fund focuses on minority-owned or women-owned businesses. As of the date of the evaluation date, the book value of the bank's investment was \$300,000. This investment qualifies for community development through the economic development of small businesses.

New Investments

- **Mary Ann Morse Healthcare** – This is a non-profit organization that provides essential healthcare and assisted living services for those in need through facilities in Framingham and Natick, Massachusetts. Most patients are low- and moderate-income and depend on Medicaid and Medicare. The bank purchased this investment in 2023 for \$14.8 million. This investment qualifies for community development by supporting community services for low- and moderate-income individuals.

- **Brockton Opportunity Zone Investment** – The bank made a \$700,000 equity investment in a housing redevelopment project in 2021. The development includes market-rate housing located in a low-income census tract designated as an Opportunity Zone and supports Brockton’s defined district improvement plans. The bank’s investment qualifies as community development by supporting the revitalization and stabilization of a low-income census tract.
- **YMCA of Greater Boston** – The bank invested in an \$8.2 million bond for this organization in 2023. The aim of the organization is to provide social services in the Greater Boston area. Programs include afterschool, childcare, adult education, homelessness prevention, and food access. This investment qualifies as community development by supporting community services for low- or moderate-income individuals.

Grants and Donations

During the evaluation period, HOB and the HarborOne Foundation made approximately \$2.8 million in qualified donations. Donations primarily benefit community services for low- and moderate-income individuals.

The following are examples of qualified donations that impact the Massachusetts AA:

- **Project Citizenship** – This Boston-based organization offers free legal services to permanent residents to help them become U.S. citizens. Programs include application assistance, legal referrals and classes for individuals with limited English proficiency. Most individuals that benefit from the free legal services are low- and moderate-income. The bank’s 2022 donation qualifies as community development by providing community services to low- and moderate-income families.
- **Brockton Neighborhood Health Center** – This non-profit facility is in a low-income census tract and is dedicated to meeting the health and wellness needs of individuals in the area. The majority of patients served live in the low- and moderate-income areas of Brockton. The bank’s 2021 donation qualifies as community development by providing community services to low- and moderate-income families.
- **NeighborWorks Housing Solutions of the South Shore** – The organization focuses on serving communities in Southern Massachusetts. Activities include homeownership education, downpayment assistance, and reverse mortgage counseling. Along with grant donations, the bank provides an in-kind donation of its Brockton meeting space to the organization. The bank’s donations qualify for community development by supporting affordable housing for low- and moderate-income families.

Responsiveness to Credit and Community Development Needs

HOB exhibits excellent responsiveness to credit and community development needs. The bank’s investments address community service needs for low- and moderate-income individuals and benefit an Opportunity Zone initiative developed by a municipality in the assessment area in

response to a community revitalization need. The HarborOne Foundation also regularly conducts community organization site visits to gauge the needs of the bank's assessment areas. As a result, the donations and grants provided are directly responsive to community needs. Finally, the bank's in-kind donations directly respond to space needs for the local community organization.

Community Development Initiatives

HOB makes extensive use of innovative and/or complex investments to support community development initiatives. In addition to the information provided under the overall Investment Test section, the bank's Brockton Venture Fund was developed with leadership from the institution and is not routinely provided by other investors.

SERVICE TEST

The bank's Service Test performance is rated Outstanding for Massachusetts. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of the Massachusetts AA. HOB operates a total of 17 branches and 27 ATMs in the Massachusetts AA. In low-income census tracts, the bank operates two branches, or 11.8 percent, and four ATMs, or 14.8 percent. These percentages exceed the percentage of low-income census tracts (9.0 percent) and the percentage of the population that is low-income (8.2 percent). The bank operates three branches, or 17.6 percent, in moderate-income census tracts, which is similar to the percentage of moderate-income census tracts (17.2 percent) and the percentage of the population that is moderate-income (17.7 percent).

The following table illustrates bank branches and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Massachusetts								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	77	9.0	304,053	8.2	2	11.8	4	14.8
Moderate	147	17.2	652,899	17.7	3	17.6	6	22.2
Middle	288	33.6	1,329,428	36.1	7	41.2	10	37.0
Upper	303	35.4	1,346,562	36.5	5	29.4	7	25.9
Not Available	42	4.9	53,796	1.5	0	0.0	0	0.0
Total	857	100.0	3,686,738	100.0	17	100.0	27	100.0
<i>Source: 2015 ACS; Due to rounding, totals may not equal 100.0%</i>								

Examiners noted that, of the bank's 17 branch locations, four branches are in designated Opportunity Zones. Opportunity Zones, nominated by state governors and approved by the U.S.

Secretary of the Treasury, identify economically distressed communities that could benefit from additional financial resources, including financial institutions. HOB's Quincy branch, Randolph branch, and two Brockton branches are all in designated Opportunity Zones.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly as it relates to low- and moderate-income census tracts and low- and moderate-income individuals.

Since the prior evaluation, HOB opened five new branches within the Greater Boston area. One of the new branches is in a moderate-income census tract in Brighton, MA. The branch is in proximity to two additional moderate-income census tracts and is easily accessed by public transportation. Seven of the bank's locations are immediately adjacent to, and easily accessible from, low- or moderate-income census tracts.

During the evaluation period, HOB closed its Brockton-Montello branch, located in a low-income census tract. According to bank management, the branch was closed following a 48.0 percent decline in transactions from 2018-2022, with many customers instead choosing to use mobile or online banking options. Additionally, HOB opened a remote deposit-taking ATM in Brockton and operates three additional full-service branches in Brockton, each accessible by Brockton Area Transit, which offers both standard and reduced-rate bus fares. Examiners determined that the closing of the Brockton-Montello branch had a limited effect on the accessibility of delivery systems to low- and moderate-income individuals within the assessment area.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the Massachusetts AA, particularly low- and moderate-income census tracts or individuals. As stated in the overall section, most full-service branches operate with the same hours Monday through Saturday.

The branch located at 64 Broad Street, which is in an upper-income census tract in Boston, maintains hours that vary from the rest of the Massachusetts AA due to the nature of the location in the financial district with limited foot traffic on weekends. Therefore, the branch does not offer Saturday hours.

Community Development Services

HOB is a leader in providing community development services. HOB employees contributed 3,932 community service hours in the Massachusetts AA during the evaluation period. This exceeds the 3,702 community development service hours provided by employees during the prior evaluation period. Employees devoted time to community development organizations supporting affordable housing, community services, economic and workforce development, revitalization and stabilization initiatives, and financial literacy.

The following table shows community development services in the Massachusetts AA by year and purpose.

Community Development Services Assessment Area: Massachusetts					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	242	1,076	190	36	1,544
2022	95	1,006	147	13	1,261
2023	47	869	89	3	1,008
YTD 2024	21	82	11	5	119
Total	405	3,033	437	57	3,932
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services.

- **Downtown Brockton Association (DBA)** – The DBA consists of business owners, non-profit organizations, financial institutions, municipal government, and residents working to promote the economic growth, development, and quality of life in downtown Brockton and the wider Brockton area. An employee of HOB serves as Treasurer for the DBA, and a member of the bank's senior management team serves on the DBA's Business Improvement District Steering Committee. Business Improvement Districts (BIDs) are districts in which property owners vote to initiate, manage, and finance supplemental services or enhancements beyond those already provided by local governments, with the goal of improving and revitalizing low- and moderate-income census tracts. This activity qualifies as community development by supporting the revitalization and stabilization of low- and moderate-income census tracts.
- **Allston Brighton Community Development Corporation (CDC)** – The Allston Brighton CDC is a non-profit organization created with the intent to increase community engagement, increase the supply of and access to affordable housing, and encourage financial independence across people of all income levels in Allston and Brighton. The Allston Brighton CDC operates the All Bright Community Center, where CDC staff provide case management services, and resident programming such as English as a Second Language (ESL) classes and mobile food pantries. Additionally, the Allston Brighton CDC delivers, in both English and Spanish, homeownership education and counseling, first-time homebuyer classes, and workshops on homebuying assistance programs. The Allston Brighton CDC owns and maintains 553 homes in its own real estate portfolio, housing over 1,000 low- and moderate-income individuals and families. An employee of HarborOne serves on the Board. This service supports affordable housing for low- and moderate-income individuals and families.
- **United Way of Greater Plymouth County** – The United Way of Plymouth County is a nonprofit organization that allocates volunteers and financial contributions to partner organizations that serve the needs of low- and moderate-income individuals and families across Plymouth County. The United Way supports organizations that work to increase

food access, emergency housing, access to affordable health, job training and placement opportunities, and support services for children within its service area. The United Way's partnerships include nonprofit organizations such as the Old Colony YMCA, Boys & Girls Club of Metro South, NeighborWorks Housing Solutions, American Credit Counseling Services, Inc., and more. An employee of HOB serves on the Board of Directors. This service supports community services to low- and moderate-income individuals and families.

- **NeighborWorks Housing Solutions (NHS)** – NHS is a CDFI that focuses on improving access to stable, affordable housing for low-income individuals and families in Southern Massachusetts. NHS delivers a wide variety of services, such as administering state and federal rental subsidies; providing housing counseling and education programs, foreclosure prevention services, technical assistance and lending programs for homebuyers, homeowners, and small business owners; and providing permanent and transitional housing for families affected by domestic violence, veterans, people with disabilities, seniors, and formerly homeless individuals and families. Several employees provided technical expertise to this organization through board involvement, financial literacy classes, and grant application assistance. These services qualify for community development by supporting affordable housing opportunities to low- and moderate-income individuals and families.

PROVIDENCE-WARWICK, RI-MA MULTISTATE MSA

CRA RATING FOR RI-MA Multistate MSA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RI-MA MULTISTATE MSA

Examiners used full-scope examination procedures to review the bank's operations in the RI-MA Multistate MSA AA, which consists of the following counties in Rhode Island and Massachusetts: Bristol County (RI), Kent County (RI), Newport County (RI), Providence County, RI, Washington County (RI), and Bristol County (MA).

HOB operates 13 of its 30 branches in the RI-MA Multistate MSA AA. The bank did not open or close any branches in the assessment area during the evaluation period.

Economic and Demographic Data

HOB's RI-MA Multistate MSA AA consist of 381 census tracts with the following income designations using the 2020 U.S. Census data:

- 47 low-income census tracts,
- 69 moderate-income census tracts,

- 150 middle-income census tracts,
- 109 upper-income census tracts, and
- 6 census tract with income not available.

The low-income census tracts are in Providence (10), Fall River (9), New Bedford (9), Pawtucket (6), Woonsocket (6), Central Falls (4), Middletown (1), Taunton (1), and Newport (1). The moderate-income census tracts are in Providence (15), Fall River (12), New Bedford (12), Pawtucket (5), Taunton (4), Cranston (3), Warwick (3), Attleboro (2), North Providence (2), West Warwick (2), Woonsocket (2), Bristol (1), Coventry (1), East Providence (1), Fairhaven (1), Johnston (1), Newport (1) and Westport (1). The tracts with no income designation contain universities, hospitals, parks, golf courses, prisons, ports and terminals, and bodies of water on the coast of Southern Massachusetts and Rhode Island.

The following table illustrates demographic characteristics of the RI-MA Multistate MSA AA.

Demographic Information of the Assessment Area Assessment Area: RI-MA Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	381	12.3	18.1	39.4	28.6	1.6
Population by Geography	1,676,579	10.5	17.6	40.3	31.3	0.2
Housing Units by Geography	705,332	10.2	17.9	41.2	30.4	0.2
Owner-Occupied Units by Geography	393,874	4.1	12.2	44.4	39.3	0.0
Occupied Rental Units by Geography	241,221	20.1	27.0	36.6	16.0	0.4
Vacant Units by Geography	70,237	11.0	19.3	39.3	30.2	0.2
Businesses by Geography	174,247	9.0	14.2	42.0	34.6	0.2
Farms by Geography	4,611	4.2	8.7	38.3	48.8	0.1
Family Distribution by Income Level	402,793	22.8	16.2	20.6	40.5	0.0
Household Distribution by Income Level	635,095	26.6	14.6	16.6	42.2	0.0
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$89,555	Median Housing Value			\$301,319
			Median Gross Rent			\$1,023
			Families Below Poverty Level			8.0%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing values in the assessment area are moderate, as demonstrated by a median housing value of \$301,319.

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The

following table reflects low-, moderate-, middle-, and upper-income categories in the RI-MA Multistate MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
RI-MA Multistate MSA Median Family Income (39300)				
2021 (\$87,500)	<\$43,750	\$43,750 to <\$70,000	\$70,000 to <\$105,000	≥\$105,000
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
2023 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960
<i>Source: FFIEC</i>				

According to 2022 D&B data, 153,938 non-farm businesses operate in the RI-MA Multistate MSA AA. The following reflects gross annual revenues (GARs) for these businesses.

- 88.4 percent have \$1.0 million or less,
- 4.1 percent have more than \$1.0 million, and
- 7.5 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.7 percent; followed by non-classifiable establishments (19.4 percent); retail trade (11.9 percent); finance, insurance and real estate (11.3 percent); and construction (8.6 percent). In addition, businesses with four or fewer employees make up 64.0 percent of businesses in the assessment area and 91.9 percent of businesses operate from one location.

Competition

The bank operates in a competitive market for financial services within the RI-MA Multistate MSA AA. According to FDIC Deposit Market Share data as of June 30, 2023, 25 financial institutions operated 361 offices in the assessment area. Citizens Bank, NA, ranked 1st with a 27.7 percent market share; followed by Bank of America, NA with 19.5 percent; and the Washington Trust Company of Westerly with 9.0 percent.

HOB and HOME face a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2022, 499 lenders reported 53,530 originated or purchased residential mortgage loans. The three most prominent home mortgage lenders were all non-depository mortgage lenders that accounted for 19.5 percent of the total market share.

There is also a high level of competition for small business loans from national banks and other community banks in the assessment area. In 2022, 153 lenders originated 41,857 small business loans in the assessment area. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$30,000 and originated 45.5 percent of all small business loans.

Credit and Community Development Needs and Opportunities

Examiners determined the primary needs of the assessment area based on demographic and economic information and bank-provided information from various public community-based studies and meetings. The needs and opportunities include affordable and stable housing, job training, affordable health care and childcare, and services for senior citizens.

SCOPE OF EVALUATION – RI-MA MULTISTATE MSA

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the RI-MA Multistate MSA AA. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN RI-MA MULTISTATE MSA

LENDING TEST

The Lending Test is rated High Satisfactory for the RI-MA Multistate MSA. The following sections discuss the bank's performance in the assessment area under each criterion.

Lending Activity

Lending levels reflect excellent responsiveness to the RI-MA Multistate MSA AA credit needs.

In 2021, HOB and HOME originated or purchased a combined 1,344 home mortgage loans totaling \$373.4 million in the assessment area. During 2022, HOB and HOME originated or purchased 660 loans totaling \$204.7 million, and in 2023, HOB and HOME originated or purchased 377 loans totaling \$108.7 million. HOB and HOME obtained a combined market share of 1.4 percent out of 542 lenders in 2021 and a combined market share of 1.2 out of 499 lenders in 2022, outperforming many local competitors.

In both 2021 and 2022, the top 10 lenders consisted primarily of nationwide mortgage companies and large national banks such as Rocket Mortgage, United Wholesale Mortgage, Freedom Mortgage Company, Citibank North America, JP Morgan Chase Bank, N.A., and Webster Bank, N.A. In 2021, locally based lenders with greater market shares included Pawtucket Credit Union, Navigant Credit Union, BayCoast Bank, and The Washington Trust Company. In 2022, locally based lenders with greater market shares included Coastal1 Credit Union, BayCoast Bank, The Washington Trust Company, and BankNewport. Although HOB and HOME's combined lending activity decreased over the review period, the overall volume of lending by the aggregate market also decreased significantly from 2021 to 2022. In 2021, the market originated and purchased a total of 96,700 loans totaling \$28.1 billion, and in 2022, the total volume dropped to 53,530 loans totaling \$16.6 billion. HOB and HOME combined maintained a consistent market share.

HOB originated 676 small business loans totaling \$75.8 million in 2021, 217 small business loans totaling \$36.9 million in 2022, and 253 small business loans totaling \$41.7 million in 2023 in the assessment area. Market share reports show that the bank ranked 18th out of 163 lenders with a market share of 1.4 percent in 2021 and ranked 22nd out of 153 lenders with a market share of 0.5 percent in 2022. In 2021, local banks that ranked higher included Washington Trust Company, Bank Rhode Island, BankNewport, BayCoast Bank, and Bristol County Savings Bank. However, in 2022, Bristol County Savings Bank was the only local institution ranked higher. In both years, several lenders that ranked higher were national credit card lenders that had average loan sizes under \$10,000, compared to HOB whose average loan size was \$112,000 in 2021 and \$171,000 in 2022.

Finally, the bank is a leading SBA lender in Rhode Island and was ranked the number one and number three lender by volume in 2021 and 2022, respectively. The bank ranked number two in 2023 and was named SBA's "7(a) and 504 Combined Lender of the Year" based on total loan dollars.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the RI-MA Multistate MSA AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was below demographic data and aggregate performance in 2021 and 2022 but was closer to demographics in 2022. The bank's percentage of loans in low-income census tracts decreased in 2023. Similarly, the bank's performance was lower than aggregate performance and demographic data in moderate-income census tracts, but it improved from 2021 to 2022 and was closer to demographics. The bank's performance in moderate-income census tracts was similar in 2023.

Market share data further supports the conclusion. HOB and HOME obtained a combined 0.8 percent market share in both 2021 and 2022 in lending in low-income census tracts out of 250 and 218 lenders in 2021 and 2022, respectively. HOB and HOME also obtained a combined 0.9 percent market share in both 2021 and 2022 in moderate-income census tracts out of 316 and 309 lenders in 2021 and 2022, respectively.

Geographic Distribution of Home Mortgage Loans Assessment Area: RI-MA Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	4.3	5.0	38	2.8	9,267	2.5
2022	4.1	5.2	22	3.3	11,132	5.4
2023	4.1	--	7	1.9	2,419	2.2
Moderate						
2021	11.2	11.9	103	7.7	24,713	6.6
2022	12.2	14.2	71	10.8	25,071	12.2
2023	12.2	--	39	10.3	17,494	16.1
Middle						
2021	41.5	39.6	518	38.5	116,290	31.1
2022	44.4	43.8	272	41.2	70,501	34.4
2023	44.4	--	164	43.5	37,940	34.9
Upper						
2021	42.8	43.3	683	50.8	222,845	59.7
2022	39.3	36.8	295	44.7	98,016	47.9
2023	39.3	--	167	44.3	50,858	46.8
Not Available						
2021	0.2	0.2	2	0.1	292	0.1
2022	0.0	0.1	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	1,344	100.0	373,407	100.0
2022	100.0	100.0	660	100.0	204,720	100.0
2023	100.0	--	377	100.0	108,710	100.0
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, in 2021, the bank's performance in low-income census tracts was below the aggregate performance and demographic data; however, in 2022, the bank's performance exceeded aggregate performance and demographic data. Performance declined in 2023. In moderate-income census tracts, the bank's performance was below aggregate performance and demographic data in 2021 but exceeded aggregate performance and demographic data in 2022. The bank's performance improved again in 2023. Given these comparisons, and the positive trend in moderate-income census tracts in particular, performance is good.

Geographic Distribution of Small Business Loans Assessment Area: RI-MA Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	10.2	9.8	55	8.1	5,562	7.3
2022	8.9	8.6	21	9.7	2,506	6.8
2023	9.0	--	14	5.5	1,976	4.7
Moderate						
2021	15.5	15.6	72	10.7	9,425	12.4
2022	14.0	14.2	34	15.7	4,235	11.5
2023	14.2	--	42	16.6	5,046	12.1
Middle						
2021	35.1	35.0	286	42.3	31,895	42.1
2022	42.0	41.9	71	32.7	11,822	32.0
2023	42.0	--	118	46.6	20,323	48.7
Upper						
2021	38.6	39.3	258	38.2	28,503	37.6
2022	34.9	35.2	91	41.9	18,323	49.7
2023	34.6	--	77	30.4	14,203	34.1
Not Available						
2021	0.6	0.4	5	0.7	459	0.6
2022	0.2	0.1	0	0.0	0	0.0
2023	0.2	--	2	0.8	150	0.4
Totals						
2021	100.0	100.0	676	100.0	75,844	100.0
2022	100.0	100.0	217	100.0	36,886	100.0
2023	100.0	--	253	100.0	41,698	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among retail customers of different income levels and business customers of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels in the RI-MA Multistate MSA AA. As shown in the following table, the bank's 2021 and 2022 home mortgage lending to low-income

borrowers was slightly below aggregate performance but the bank's percentage of loans to low-income borrowers improved in 2022 and 2023. Although the bank's performance trailed demographic percentages throughout the evaluation period, low-income families may face difficulties affording home ownership. The bank's lending to moderate-income borrowers exceeded demographics in all three years and was in line with aggregate performance for 2021. Performance was below aggregate in 2022 but trended slightly upward in 2023.

Market share data further supports the conclusion. In lending to low-income borrowers, HOB and HOME obtained a combined market share of 1.2 percent out of 199 lenders in 2021, and a combined market share of 1.0 percent out of 179 lenders in 2022. In lending to moderate-income borrowers, HOB and HOME obtained a combined 1.4 percent market share out of 306 lenders in 2021 and a combined 1.1 percent market share out of 290 lenders in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: RI-MA Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	23.6	4.6	54	4.0	7,333	2.0
2022	22.8	6.3	33	5.0	4,043	2.0
2023	22.8	--	21	5.6	2,499	2.3
Moderate						
2021	16.4	18.3	250	18.6	52,054	13.9
2022	16.2	20.7	118	17.9	23,328	11.4
2023	16.2	--	68	18.0	12,730	11.7
Middle						
2021	19.2	24.9	389	28.9	93,859	25.1
2022	20.6	26.3	168	25.5	36,752	18.0
2023	20.6	--	95	25.2	22,426	20.6
Upper						
2021	40.8	36.6	622	46.3	210,074	56.3
2022	40.5	34.8	317	48.0	106,227	51.9
2023	40.5	--	188	49.9	59,371	54.6
Not Available						
2021	0.0	15.6	29	2.2	10,088	2.7
2022	0.0	12.0	24	3.6	34,371	16.8
2023	0.0	--	5	1.3	11,685	10.7
Totals						
2021	100.0	100.0	1,344	100.0	373,407	100.0
2022	100.0	100.0	660	100.0	204,720	100.0
2023	100.0	--	377	100.0	108,710	100.0
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As shown in the following table, HOB's performance exceeded aggregate performance in 2021 and 2022, and the bank consistently outperformed similarly situated institutions and other lenders in lending to businesses with GARs of \$1.0 million or less. The bank's lending performance improved from 2021 to 2022 but declined by number and percentage in 2023. An increase in the percentage of loans with revenues not available from 5.5 percent in 2022 to 13.4 percent in 2023 may have contributed to the decline.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: RI-MA Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2021	87.2	43.1	333	49.3	20,323	26.8
2022	88.4	51.1	118	54.4	17,006	46.1
2023	89.4	--	96	37.9	13,710	32.9
>\$1,000,000						
2021	4.7	--	173	25.6	43,983	58.0
2022	4.1	--	87	40.1	19,005	51.5
2023	3.6	--	123	48.6	25,481	61.1
Revenue Not Available						
2021	8.1	--	170	25.1	11,538	15.2
2022	7.6	--	12	5.5	875	2.4
2023	7.0	--	34	13.4	2,507	6.0
Totals						
2021	100.0	100.0	676	100.0	75,844	100.0
2022	100.0	100.0	217	100.0	36,886	100.0
2023	100.0	--	253	100.0	41,698	100.0
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

The bank makes extensive use of innovative and flexible lending practices in order to serve credit needs within the RI-MA Multistate MSA AA. The bank's full range of innovative and flexible loan programs detailed in the overall Innovative or Flexible Lending Programs section are available to borrowers in the RI-MA Multistate MSA AA. The bank also offers the following residential loan program specific to Rhode Island.

- *Rhode Island Housing Loans* – Rhode Island Housing offers loan programs for low- and moderate-income borrowers featuring low down payments, competitive interest rates, discounted mortgage insurance, and second mortgage options. During the evaluation period, HOME originated 95 first mortgages totaling \$27.0 million and 68 second mortgages totaling \$763,320 through these programs. Rhode Island Housing only serves the RI-MA Multistate MSA AA.

The bank's in-house programs such as ONECommunity and Success for Small Businesses are particularly responsive to credit needs within this rated area. As mentioned previously, the bank is also a leading SBA lender in Rhode Island and was ranked the number one and number three lender

by volume in 2021 and 2022, respectively. The bank ranked number two in 2023 and was named SBA’s “7(a) and 504 Combined Lender of the Year” based on total loan dollars.

Community Development Loans

HOB is a leader in making community development loans in the RI-MA Multistate MSA AA. HOB originated 37 community development loans totaling \$253.7 million that met the needs of affordable housing, community services, or economic development. This represents a significant increase in volume since the pervious evaluation when the bank made 13 community development loans totaling \$26.6 million. The following table illustrates the bank’s community development lending activity.

Community Development Lending										
Assessment Area: RI-MA Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	0	0	0	0	6	20,007	0	0	6	20,007
2022	4	4,311	0	0	7	31,818	0	0	11	36,129
2023	2	487	1	400	8	36,661	3	11,280	14	48,828
YTD 2024	0	0	2	1,050	0	0	0	0	2	1,050
Total	6	4,798	3	1,450	21	88,486	3	11,280	33	106,014
<i>Source: Bank Data</i>										

The following are notable examples of the bank’s community development loans.

- In 2023, the bank originated three loans totaling \$11.3 million in partnership with the Massachusetts Development Finance Agency for construction and permanent financing for the renovation of a historic industrial building in Bristol County, Massachusetts. The development was approved for various tax credits and a Tax Increment Exemption as part of the Massachusetts Housing Development Incentive Program (HDIP), which provides certain cities (“Gateway Cities”) with a tool to develop market rate housing while increasing residential growth, expanding diversity of housing stock, supporting economic development, and promoting neighborhood stabilization in designated areas. These loans support revitalizing and stabilizing a moderate-income census tract by renovating a former mill building and converting it to market-rate housing as part of the HDIP.
- In 2022, the bank originated a \$6.2 million dollar loan to refinance and recapitalize multiple multifamily properties in Providence and Cranston, Rhode Island. Of the 62 total housing units, 26 are affordable, thus, the pro rata share of \$2.6 million qualifies as affordable housing.

INVESTMENT TEST

The Investment Test is rated High Satisfactory for the RI-MA Multistate MSA. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

HOB has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by investors. HOB and the HarborOne Foundation made 328 qualified investments totaling approximately \$5.5 million during the evaluation period. The total dollar volume of qualified investments increased since the prior evaluation period due to the investment in one new bond and a 55.0 percent increase in the total dollar volume of qualified grants and donations. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments										
Assessment Area: RI-MA Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
1/26/21-12/31/21	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	1	3,566	0	0	0	0	1	3,566
Subtotal	0	0	1	3,566	0	0	0	0	1	3,566
Qualified Grants & Donations	26	219	270	1,627	31	111	0	0	327	1,957
Total	26	219	271	5,193	31	111	0	0	328	5,523
<i>Source: Bank Data</i>										

Debt Security and Equity Investments

The bank made the following new debt security investment:

- **Child and Family Services of Newport County Inc** – The bank invested in a \$3.6 million bond for this organization in 2024. The aim of the organization is to provide social services in Rhode Island. Programs include foster care, childcare, and supportive housing. This investment qualifies for community development by supporting community services for low- or moderate-income residents.

Grants and Donations

During the evaluation period, HarborOne and the HarborOne Foundation made approximately \$2.0 million in qualified grants and donations, which primarily benefitted community services for low- and moderate-income individuals.

The following are examples of qualified grants and donations that benefit the RI-MA Multistate MSA AA:

- **South Eastern Economic Development (SEED) Corporation** – The SEED Corporation, based in Taunton, is a certified nonprofit organization promoting economic development across Southeastern Massachusetts and Rhode Island. SEED’s mission is to empower entrepreneurs, strengthen local economies, and create jobs by providing financing and technical assistance to small businesses. Loan programs range from \$1,000 microloans to \$5.5 million SBA 504 loans. The bank’s donation in 2022 qualifies for community development by supporting economic development.
- **MENTOR Rhode Island** – This non-profit organization aims to help Rhode Island youths from under-resourced backgrounds succeed academically and socially. Programs include enrichment activities, emergency funds, and juvenile justice advocacy. The bank also provides its Warwick Rhode Island meeting space for the organization as an in-kind donation. The bank’s donations qualify for community development by providing community services to low- and moderate-income families.
- **ONE Neighborhood Builders** – The organization focuses on serving communities across Rhode Island. Activities include affordable housing development and fostering healthier and more equitable communities. The bank’s donations qualify for community development by supporting affordable housing for low- and moderate-income families.

Responsiveness to Credit and Community Development Needs

HarborOne exhibits good responsiveness to credit and community development needs. The HarborOne Foundation also regularly conducts community organization site visits to gauge the needs of their assessment areas. As a result, the donations and grants provided are directly responsive to community needs. The bank’s in-kind donation directly responds to space needs for the local community organization.

Community Development Initiatives

HarborOne rarely uses innovative and/or complex investments to support community development initiatives. The bank’s new investment uses debt securities to support low- and moderate-income families.

SERVICE TEST

The Service Test is rated High Satisfactory for the RI-MA Multistate MSA. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the RI-MA Multistate MSA AA. HOB operates 13 branches and 20 ATMs across Bristol County, Massachusetts, and Providence and Kent County, Rhode Island. Specifically, the bank operates four branches in Massachusetts, located in Attleboro, Easton, Mansfield, and Raynham, while the other nine branches are located in Cranston (2), East Greenwich, East Providence, Lincoln, Providence (2), and Warwick (2). All branches have at least one deposit-taking ATM available for 24/7 access.

The following table illustrates bank branches and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: RI-MA Multistate MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	47	12.3	176,744	10.5	0	0.0	0	0.0
Moderate	69	18.1	295,717	17.6	0	0.0	0	0.0
Middle	150	39.4	676,285	40.3	6	46.2	12	25.5
Upper	109	28.6	525,119	31.3	6	46.2	7	14.9
NA	6	1.6	2,714	0.2	1	7.7	1	2.1
Total	381	100.0	1,676,579	100.0	13	100.0	20	42.6
<i>Source: 2015 ACS Data; Bank Data</i>								

The bank operates no full-service branches or deposit-taking ATMs in low- or moderate-income census tracts within the RI-MA Multistate MSA AA. However, examiners noted that four branches in the assessment area are in immediate proximity to low- and/or moderate-income census tracts. This is especially true for the Providence branch (in a middle-income census tract) and the Women and Infants Hospital branch (in a census tract with no income level assigned), both of which are immediately adjacent to high concentrations of low- and moderate-income census tracts and are accessible by public transportation.

Changes in Branch Locations

To the extent changes have been made, HOB's record of opening and closing branches has not adversely affected the accessibility of the bank's delivery systems, particularly as it relates to low- and moderate-income census tracts and individuals. Since the prior evaluation, HOB made no changes to its branching network in the RI-MA Multistate MSA AA.

Reasonableness of Business Hours and Services

Services and business hours are largely consistent across the assessment area, and do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals. As stated previously, most full-service branches are open Monday through Wednesday from 8:30AM to 4:00PM. Extended hours are available on Thursdays,

8:30AM to 6:00PM, and Fridays 8:30AM to 5:00PM. Additionally, each full-service branch offers weekend hours on Saturdays, 9:00AM to 1:00PM.

Of HOB's 13 branch locations in the RI-MA MSA, two have limited hours due to the nature of the locations. The Women and Infants Hospital branch, located at 101 Dudley Street in Providence, is open 10:00AM to 2:00PM, Monday, Thursday, and Friday. While hours of operations are restrictive, the bank maintains a deposit-taking ATM at this location that is accessible 24 hours per day. The Providence branch, located at 180 Washington Street in a middle-income census tract, is open from 8:30AM to 4:00PM Monday to Wednesday. Extended hours are available both Thursday and Friday, from 8:30AM to 5:00PM. The branch is closed both Saturday and Sunday. The Providence branch is accessible via public transportation and maintains both walk-up and drive-up ATMs.

Community Development Services

HOB Bank is a leader in providing community development services. HOB employees contributed 1,618 hours of community development services during the evaluation period in the RI-MA Multistate MSA AA. The bank's performance exceeded that of the prior evaluation period, when bank employees provided 1,453 hours of community development services. During the evaluation period, employees devoted time to community development organizations supporting affordable housing, community services, economic and workforce development, revitalization and stabilization initiatives, and financial literacy.

The following table illustrates the bank's community development services in the RI-MA Multistate MSA AA.

Community Development Services					
Assessment Area: RI-MA Multistate MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	70	387	163	0	620
2022	31	200	106	0	337
2023	65	282	234	0	581
YTD 2024	4	61	15	0	80
Total	170	930	518	0	1,618
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services.

- **The South Eastern Economic Development (SEED) Corporation** – The SEED Corporation, based in Taunton, is a certified nonprofit organization promoting economic development across Southeastern Massachusetts and Rhode Island. SEED's mission is to empower entrepreneurs, strengthen local economies, and create jobs by providing financing and technical assistance to small businesses. SEED's technical assistance offerings include individual financing consultations, entrepreneurial workshops, and business plan templates.

Multiple employees of HOB volunteered their expertise for this organization, supporting economic development for small businesses.

- **Boys & Girls Club of Metro South** – The Boys & Girls Club is a non-profit community service organization that offers a variety of after-school and summer programming to children of low- and moderate-income families in Southeastern Massachusetts. The Boys and Girls Club provides activities and programs focused on academic and leadership success, health and nutritional education, financial literacy, mentorship, and a variety of sports, arts, and recreational programming. The bank has three senior employees serving on different boards and committees of the Boys & Girls Club of Metro South. Several senior bank employees volunteered their expertise over the course of the evaluation period. The bank's activity qualifies as community development by supporting community services for low- and moderate-income families.
- **Old Colony YMCA** – The Old Colony YMCA is a 501(c)(3) non-profit serving individuals in families in 31 communities across Southeastern Massachusetts. The YMCA offers community services such as health and wellness services, early education, after-school programs, summer childcare and camp enrollment, sports, arts, recreational activities, family counseling services, financial management workshops, and nutrition and food access support. Additionally, the Old Colony YMCA offers an income-based financial assistance program for low- and moderate-income individuals and families. Multiple employees of HOB volunteered their expertise for this organization. This community development activity supports access to community services for low- and moderate-income individuals and families.

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

Minority Application Flow

Examiners reviewed the bank's 2022 and 2023 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2020 U.S Census, the bank's assessment area contained a total population of 5,363,317 individuals of which 33.7 percent are minorities. The minority population represented is 8.2 percent Black/African American, 9.2 percent Asian, 11.6 percent Hispanic or Latino, 0.2 percent American Indian, and 7.4 percent other.

Examiners compared the bank application activity with that of the 2022 and 2023 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	8	0.3	0.3	4	0.2	0.3
Asian	120	4.2	7.4	65	3.9	7.2
Black/ African American	397	14.0	6.4	294	17.6	6.6
Hawaiian/Pacific Islander	17	0.6	0.2	14	0.8	0.2
2 or more Minority	6	0.2	0.2	10	0.6	0.2
Joint Race (White/Minority)	72	2.5	1.8	22	1.3	1.8
Total Racial Minority	620	21.9	16.3	409	24.5	16.2
White	1,939	68.5	60.1	1,155	69.1	56.1
Race Not Available	271	9.6	23.6	108	6.5	27.6
Total	2,830	100.0	100.0	1,672	100.0	100.0
ETHNICITY						
Hispanic or Latino	138	4.9	6.8	104	6.2	6.7
Joint (Hisp/Lat /Not Hisp/Lat)	51	1.8	1.4	30	1.8	1.5
Total Ethnic Minority	189	6.7	8.2	134	8.0	8.2
Not Hispanic or Latino	2,394	84.6	68.9	1,430	85.5	64.9
Ethnicity Not Available	247	8.7	22.8	108	6.5	26.8
Total	2,830	100.0	100.0	1,672	100.0	100.0
<i>Source: HMDA Aggregate Data (2022 and 2023), HMDA LAR Data (2022 and 2023)</i>						

The bank received 2,830 home mortgage loan applications from within its assessment area in 2022. Of these applications, the bank received 21.9 percent of its applications from racial minority applicants. The bank's performance exceeded that of aggregate lenders, who received 16.3 percent of its applications from racial minority borrowers. For the same period, the bank received or 6.7 percent of its applications from ethnic groups of Hispanic origin within its assessment area, below the aggregate performance of 6.7 percent.

The bank's minority app flow performance improved in 2023. The bank received 1,672 home mortgage loan applications from within its assessment area. The bank received 24.5 percent of these applications from racial minority applicants, which exceeded the aggregate performance of 16.2 percent. For the same period, the bank received 8.0 percent of its applications from ethnic groups of Hispanic origin within its assessment area. This ethnic minority application flow is comparable with aggregate performance of 8.2 percent.

Considering the comparisons to aggregate data in both years and the bank's improvement in minority application flow from 2022 to 2023, the bank's minority application flow is considered good.

DIVISION OF BANKS LOSS OF AFFORDABLE HOUSING

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of

affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank's record of foreclosures does not reflect a systemic loss of affordable housing. Additionally, the bank's leadership in community development lending and services as well as many investment initiatives, reflects good performance for this criterion.

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under

the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

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

Service Test

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

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

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

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

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

SCOPE OF EVALUATION

HarborOne Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: Massachusetts AA RI-MA Multistate MSA AA	
Time Period Reviewed:	January 27, 2021 - April 29, 2024
Products Reviewed: Home Mortgage: 2021, 2022, 2023 Small Business: 2021, 2022, 2023	

List of Affiliates and Products Reviewed		
Affiliate	Affiliate Relationship	Products Reviewed
HarborOne Mortgage Company (HOME)	Wholly Owned Subsidiary	Home Mortgage

List of Assessment Areas and Type of Evaluation			
Assessment Area	Type of Evaluation	Branches Visited	Other Information
Massachusetts AA	Full-scope	None	None
RI-MA Multistate MSA AA	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall Rating for Rated Area
Massachusetts	Outstanding	Outstanding	Outstanding	Outstanding
RI-MA Multistate MSA	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

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

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.