

PUBLIC DISCLOSURE

November 4, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hingham Institution for Savings
Certificate Number: 90211

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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 **Satisfactory**.

An institution in this group has a satisfactory 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			
High Satisfactory	X	X	
Satisfactory**			X
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><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></p>			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank originated an adequate percentage of loans within its assessment areas.
- The geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among retail customers of different income levels and businesses of different sizes.
- The institution makes limited 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 High Satisfactory.

- The bank has a significant level of qualified investments and donations.

- The bank exhibits good responsiveness to credit and community development needs.
- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Satisfactory.

- Delivery Systems are reasonably 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 not adversely affected 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 provides an adequate level of community development services.

DESCRIPTION OF INSTITUTION

Hingham Institution for Savings (HIFS) is a publicly traded state-chartered institution with its headquarters in Hingham, Massachusetts. The institution primarily engages in commercial real estate and residential lending in the greater Boston, Washington D.C., and San Francisco Bay area markets. The institution does not have any subsidiaries or lending affiliates, and there have not been any mergers or acquisitions since the previous evaluation.

The FDIC and the Massachusetts Division of Banks jointly performed the previous evaluation on October 12, 2021, using Interagency Large Institution Procedures. The institution received a High Satisfactory rating on all three tests and received an overall rating of Satisfactory from the FDIC and High Satisfactory from the Massachusetts Division of Banks.

The institution maintains seven full-service branches in Massachusetts (6) and Washington D.C. (1). In Massachusetts, the institution operates two full-service branches in Hingham and one branch each in Boston, Cohasset, Hull, and Nantucket, each of which has an automated teller machine (ATM). The institution offers drive-up services at the Hull branch and at a detached facility next to the Main Street branch in Hingham. Additionally, the institution operates two limited-service branches in Massachusetts and a loan production office (LPO) in San Francisco, California.

In June 2023, the bank converted its LPO in Washington D.C. into a full-service branch. The location accepts electronic deposits and checks but does not retain cash or have teller services. The location primarily provides services to its commercial and business customers in the area, although residential loan applications at the branch are accepted. Additionally, the institution opened a new LPO in San Francisco to serve commercial customers in the Bay Area.

HIFS offers banking services to individual, commercial, non-profit, and governmental clients. The institution offers retail, online, and mobile banking products, and offers cash management services for businesses. The bank's home mortgage offerings include fixed- and adjustable-rate loans, super jumbo loans, construction loans, home equity lines of credit, and refinances. For commercial customers, the institution offers fixed- and adjustable-rate loans and lines of credit.

HIFS had assets totaling \$4.5 billion and net loans of \$3.9 billion as of the September 30, 2024 Report of Condition and Income (Call Report), representing asset growth of 13.5 percent and net loan growth of 12.6 percent since the previous evaluation. Deposits totaled \$2.5 billion, compared to \$2.4 billion at the prior evaluation, representing 0.7 percent growth.

Multifamily residential lending has become the institution's largest loan type, making up 37.1 percent of loans, up from 28.7 percent at the previous evaluation. The bank's increased focus on multifamily lending also resulted in high average loan dollar amounts. The institution's one-to-four family residential lending represents 26.6 percent of loans. Lastly, commercial lending remained relatively consistent as a proportion of lending activity, making up 29.1 percent of total loan activity. The following table illustrates the bank's loan portfolio as of September 30, 2024.

Loan Portfolio Distribution as of 09/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	280,202	7.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,037,079	26.6
Secured by Multifamily (5 or more) Residential Properties	1,445,679	37.1
Secured by Nonfarm Nonresidential Properties	1,126,204	29.0
Total Real Estate Loans	3,889,164	99.9
Commercial and Industrial Loans	51	<0.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	204	<0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	747	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	3,890,166	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0 percent.</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 within which examiners will evaluate its CRA performance. HIFS has delineated more than one assessment area, which are referred to collectively as the combined assessment area in this evaluation. In June 2023, HIFS expanded its combined assessment area from 429 census tracts to 754 census tracts after opening a branch in Washington, D.C. The expansion resulted in three individual assessment areas across two rated areas. The Massachusetts rated area includes two assessment areas: the Boston/South Shore assessment area and the Nantucket assessment area. The Boston/South Shore assessment area includes portions of the Boston, MA Metropolitan Division (MD) and the Cambridge-Newton-Framingham, MA MD, both of which are part of the larger Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The Nantucket assessment area includes Nantucket County, which is in a nonmetropolitan area in Massachusetts. Both Massachusetts assessment areas remain unchanged from the prior evaluation.

The Washington D.C. rated area consists of one new assessment area containing all of Washington D.C.; Arlington County, VA; and the City of Alexandria, VA in the Washington-Arlington-Alexandria, D.C.-VA-MD-WV MSA.

Refer to the individual rated area and assessment area sections for additional information including economic and demographic data.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 12, 2021, to the current evaluation dated November 16, 2024. Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate the bank's performance. These procedures include the Lending Test, Investment Test, and Service Test (see Appendices for a detailed description).

Considering the Massachusetts rated area accounts for a substantial majority of the bank's deposits and branches, as well as most of its lending activity, examiners gave greater weight to performance in Massachusetts when determining the overall rating. Refer to rated area sections for information about whether examiners performed full-scope or limited-scope reviews for each assessment area. The following table illustrates the distribution of home mortgage loans and small business loans, deposits, and branches in each rated area.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Massachusetts	933,429	66.9	2,329,110	95.7	6	85.7
Washington, D.C.	462,313	33.1	104,493	4.3	1	14.3
Total	1,395,742	100.0	2,433,603	100.0	7	100.0

Source: 2021, 2022, and 2023 HMDA and 2022 and 2023 CRA Data; FDIC Summary of Deposits (06/30/2024)

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage 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.

Examiners analyzed all home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2021, 2022, and 2023 to evaluate lending performance. The bank reported 408 loans totaling \$709.9 million in 2021, 314 loans totaling \$841.9 million in 2022, and 128 loans totaling \$287.8 million in 2023. Examiners compared the bank's 2021, 2022, and 2023 home mortgage lending performance to HMDA aggregate data for each year under the Geographic Distribution and Borrower Profile criteria. Examiners also compared 2021 home mortgage performance to the 2015 American Community Survey (ACS) demographic data and 2022 and 2023 home mortgage performance to the 2020 United States (U.S.) Census demographic data.

Examiners also analyzed all small business loans reported on the bank's CRA loan registers for 2021, 2022, and 2023. The bank reported 30 loans totaling \$13.9 million in 2021, 30 loans totaling \$15.0 million in 2022, and 14 loans totaling \$6.3 million in 2023. Examiners compared the bank's 2021 and 2022 small business loan performance to 2022 CRA aggregate data under the Geographic

Distribution and Borrower Profile criteria. Aggregate data was not yet available for 2023. Examiners also compared 2021, 2022, and 2023 small business loan performance to D&B business demographic data.

Examiners analyzed the number and dollar volume of home mortgage and small business loans for the Lending Test. If relevant, performance sections indicate how variations in loan percentages by number versus dollar amount affected Lending Test conclusions. Although the Assessment Area Concentration performance table presents activity for all three years for small business loans, examiners did not include 2021 small business lending data under the Geographic Distribution or Borrower Profile criteria; 2022 and 2023 small business lending were representative of bank performance during the full evaluation period. Examiners gave greater weight to home mortgage lending performance when determining overall conclusions and ratings because the bank originated a larger volume of home mortgage loans compared to small business loans during the evaluation period.

Furthermore, examiners reviewed retail products and services that benefit low- and moderate-income individuals or small businesses, delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices from the prior CRA evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 ACS, 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. Financial data is based on the September 30, 2024 Call Report.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated High Satisfactory. This section addresses the bank's overall lending performance across both rated areas, with later sections focusing on individual rated areas and assessment areas. The bank's overall Lending Test performance is consistent with performance in the Massachusetts rated area, and above performance in the Washington D.C. rated area.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. Performance was consistent across both rated areas. Refer to the rated area sections for lending activity details.

Assessment Area Concentration

HIFS originated an adequate level of home mortgage and small business loans within the combined assessment areas. The increasing trend in percentage of home mortgage lending inside the assessment areas reflects positively on the bank's performance. The following table illustrates the

bank's home mortgage and small business lending activity inside and outside of the combined assessment areas by product type.

Lending Inside and Outside of the Assessment Area HIFS Overall										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total (000)
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	\$ (000)	%	\$(000)	%	
Home Mortgage										
2021	224	54.9	184	45.1	408	465,127	65.5	244,806	34.5	709,933
2022	234	74.5	80	25.5	314	666,286	79.1	175,647	20.9	841,933
2023	104	81.3	24	18.8	128	252,860	87.9	34,915	12.1	287,775
Subtotal	562	66.1	288	33.9	850	1,384,273	75.2	455,368	24.8	1,839,641
Small Business										
2021	19	63.3	11	36.7	30	8,645	62.1	5,278	37.9	13,923
2022	16	53.3	14	46.7	30	7,365	49.0	7,674	51.0	15,039
2023	8	57.1	6	42.9	14	4,104	65.4	2,171	34.6	6,275
Subtotal	43	58.1	31	41.9	74	20,114	57.1	15,123	42.9	35,237
Total	605	65.5	319	34.5	924	1,404,387	74.9	470,491	25.1	1,874,878
Source: Bank Data										

Geographic Distribution

The geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the combined assessment areas. Performance was consistent throughout the rated areas. The bank's good Geographic Distribution performance in the Massachusetts and Washington D.C. rated areas support this conclusion. Refer to the rated area and individual assessment area sections for performance details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among retail customers of different income levels and businesses of different sizes within the combined assessment areas. Adequate penetration of home mortgage loans among individuals of different income levels (including low- and moderate-income) and excellent penetration of small business loans to businesses of different sizes support this conclusion. Performance in the Massachusetts rated area is consistent with overall performance, while performance in the Washington D.C. rated area was lower than the overall conclusion. Refer to rated area and individual assessment area sections for detailed borrower profile analysis.

Innovative and/or Flexible Lending Practices

HIFS makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank currently maintains two different programs to assist low- and moderate-income borrowers that would usually struggle to qualify for conventional lending products. Additionally, the bank previously offered a 40-year mortgage product but discontinued the product in 2022.

HIFS offers its innovative or flexible loan programs in all three assessment areas. Between October 12, 2021, and March 31, 2024, the bank originated 15 innovative or flexible loans, totaling \$11.9 million, through these programs. This represents a decrease in activity compared to the prior evaluation period. During the prior evaluation period, more than half of the bank's innovative and/or flexible loans were originated through the Small Business Administration (SBA) Payment Protection Program (PPP), which ended on May 31, 2021, and the bank's 40 Year Mortgage product, which the bank discontinued in 2022. Management also contributed the overall decline in originations to a reduction in demand in the residential loan market due to the higher-rate environment and decrease in overall affordability.

The following are descriptions of the programs offered during the evaluation period.

- *Alternative Verification of Ability to Repay (AVATAR)* – The AVATAR program provides a pathway to mortgage financing and homeownership for unbanked and underbanked people that have difficulty documenting ability to repay using traditional income verification standards. The bank provides application forms in foreign languages and court-certified translators free of charge. The program is particularly beneficial to low- and moderate-income minority populations. HIFS originated three loans totaling \$1.2 million under this program during the evaluation period.
- *First Time Homebuyer Program* – HIFS created this program with low- and moderate-income borrowers in mind, but with a higher household income cap to allow for the purchase of a home in its assessment area. The property must be located in the bank's assessment area and the borrower must not have owned real estate in the past three years. The program offers flexible underwriting ratios, a minimum five percent down payment with mortgage insurance required, and credits the borrower \$250.00 at closing. The bank continued to offer this program, but did not originate any loans under this program during the evaluation period.
- *40-year Mortgage* – HIFS began offering consumers a 40-year mortgage product in 2004. This product offered low- and moderate-income borrowers a lower monthly payment by amortizing the loan over a longer timeframe. The bank discontinued the product in 2022 when it introduced a new loan origination system that would not be able to effectively accommodate 40-year mortgages. Between October 12, 2021, and the discontinuation of the loan product in 2022, HIFS originated 12 loans totaling \$10.8 million under this program.

Community Development Loans

HIFS is a leader in making community development loans. All the bank's community development loans supported affordable housing, which reflects good responsiveness to specific identified community needs. Performance was consistent throughout the Massachusetts and Washington D.C. rated areas.

During the evaluation period, the bank originated 133 community development loans totaling \$412.6 million, with the following annual totals:

- 2021 – 17 loans totaling \$45.6 million
- 2022 – 77 loans totaling \$243.3 million
- 2023 – 27 loans totaling \$96.6 million
- 2024 – 12 loans totaling \$27.1 million

While the total number of community development loans was similar to the previous evaluation period, the total dollar amount of community development loans increased. By dollar amount, the bank's community development lending activity represents 11.5 percent of average net loans and 10.0 percent of average total assets, slightly exceeding prior evaluation ratios of 11.1 percent and 9.6 percent, respectively. Examiners compared the bank's community development lending ratios to those of similarly situated institutions based on asset size, geographic location, and lending focus. HIFS' performance exceeded the performance of two similarly situated institutions that were also leaders in making community development loans. Refer to rated area and individual assessment area sections for additional data and examples of community development loans.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory. This rating is consistent with performance in the Massachusetts rated area, and above performance in the Washington D.C. rated area. The following sections discuss the bank's overall performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified investments and donations, particularly those that are not routinely provided by private investors, occasionally in a leadership position. The bank's qualified investments and donations totaled \$12.4 million during the evaluation period, which is an increase compared to the prior evaluation period. Current investments represent 0.3 percent of average total assets and 13.7 percent of average total securities. The percentage of qualified investments to average total assets is similar to the prior evaluation period; however, the percentage of qualified investments to average total securities decreased slightly.

The following table illustrates the bank's community development 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	16	11,675	0	0	0	0	0	0	16	11,675
10/13/2021-12/31/2021	1	500	0	0	0	0	0	0	1	500
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	17	12,175	0	0	0	0	0	0	17	12,175
Qualified Grants & Donations	0	0	51	250	1	5	6	15	58	270
Total	17	12,175	51	250	1	5	6	15	75	12,445
<i>Source: Bank Data</i>										

Please refer to the rated area and individual assessment area sections for descriptions of investments and notable donations that primarily benefited those areas.

Responsiveness to Credit and Community Development Needs

HIFS exhibits good responsiveness to credit and community development needs. Community contacts identified affordable housing and community services to low- and moderate-income individuals as critical needs in all the bank's assessment areas. The bank directed most of its investments and donations to support these critical areas.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. Refer to the rated area sections for details.

SERVICE TEST

The Service Test is rated Satisfactory. This rating is consistent with performance in both rated areas. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas. The bank also uses alternative delivery systems to supplement the bank's branch network and provide accessibility to banking services throughout the assessment areas.

HIFS has six full-service branches located in Hingham (2), Boston, Cohasset, Hull, and Nantucket in Massachusetts; and one branch in Washington D.C. The bank also operates ATMs at its

Massachusetts branches. None of the bank's current ATMs accept deposits. One of the bank's ATMs offers Spanish as an alternative language.

The following table illustrates the distribution of branches and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Census Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	113	14.9	417,876	15.6	0	0.0	0	0.0
Moderate	131	17.4	528,636	19.7	0	0.0	0	0.0
Middle	180	23.9	664,326	24.8	2	28.6	1	20.0
Upper	281	37.3	993,529	37.1	5	71.4	5	80.0
NA	49	6.5	73,770	2.8	0	0.0	0	0.0
Total	754	100.0	2,678,137	100.0	7	100.0	6	100.0
<i>Source: 2020 U.S. Census and Bank Data</i>								

As the table depicts, there are no branches or ATMs in low- and moderate-income census tracts. However, the Boston branch has 3 low- or moderate-income census tracts immediately surrounding the branch, and it is within a reasonable distance of 16 low- and 6 moderate-income census tracts. Additionally, the Washington D.C. branch is also within a reasonable distance of one moderate-income census tract. HIFS also provides financial access to an underserved non-metropolitan middle-income geography through its Nantucket branch.

In addition to the bank's physical network, HIFS offers alternative delivery services to expand the accessibility of banking services. The delivery services include banking online, by mail, over the phone, or via a mobile application. These services are provided at no cost to the customer and are available 24/7. Using these two options, customers have access to bill pay, remote deposit capture, internal money transfers, and online account opening. HIFS also offers free domestic wires for business customers using the online platform. To help customers with day-to-day banking needs, the bank's website features a help center with blog posts that answer frequently asked questions. While these services are not specifically targeted to low- or moderate-income individuals or geographies, they support accessibility to banking services throughout the assessment areas.

Further, HIFS increases accessibility through translation services that lower barriers to banking. These services are particularly beneficial in low- and moderate-income census tracts that have high immigrant and non-English speaking populations nearby the Boston branch. Specifically, the bank partners with a third party that offers translation services at no cost during the mortgage application process, which benefits non-English speaking individuals. The bank's mortgage disclosures are readily available in Chinese dialects, addressing the particular needs of portions of the Boston/South Shore assessment area. The bank also offers disclosures in other languages upon request. Additionally, one of the bank's closing attorneys is fluent in Spanish and provides translation services to those who use English as a second language.

Changes in Branch Locations

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank opened a branch in Washington D.C. Please see the rated area sections for further information about changes in branch locations.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. All Massachusetts branches offer the same loan and deposit products and services, and differences in branch hours are marginal. Most branches operate from 8:30 AM to 4:00 PM Monday through Friday. Additionally, the branch in Hingham is open on Saturday from 8:30 AM to 1:00 PM. The Washington D.C. branch operates as a cashless branch with no set hours posted, although management noted that this location is generally open 9:00 AM to 5:30 PM Monday through Thursday.

The bank offers low-cost checking and savings accounts that benefit low- and moderate-income and unbanked customers. According to the 2023 FDIC National Survey of Unbanked and Underbanked Households, approximately 33.4 percent of unbanked households cited minimum balance requirements and account fees as the main reasons for not having a bank account. The bank's checking and savings accounts do not have minimum balance requirements or monthly maintenance fees. Moreover, the bank's Simple Checking account is specifically modeled after the Massachusetts Basic Banking program. The Partnership for Financial Equity launched the Basic Banking program in 1994 by partnering with financial institutions to offer low-cost savings and checking accounts to encourage those with low to moderate incomes to establish banking relationships.

Community Development Services

The bank provides an adequate level of community development services. During the evaluation period, 6 employees participated with 9 organizations to provide 27 instances of financial literacy and technical assistance to local community development organizations that primarily serve low- and moderate-income individuals and areas. Most employees offered their expertise by serving on boards and committees. Performance was inconsistent across the rated areas, as HIFS only provided community development services benefitting the Massachusetts rated area during the evaluation period. The bank did not provide community development services in the Washington D.C. rated area.

The current level of community development services represents a decrease from the previous evaluation period, during which the bank provided 71 instances of community development services. See the following table for more information.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
10/12/2021-12/31/2021	1	6	0	0	7
2022	1	6	0	0	7
2023	1	6	0	0	7
YTD 2024	1	5	0	0	6
Total	4	23	0	0	27
<i>Source: Bank Data</i>					

The bank also offers Interest on Lawyers Trust Accounts (IOLTA) accounts, which benefits low- and moderate-income individuals. Since the previous evaluation, the bank expanded the IOLTA program to include Pennsylvania, Maryland, Virginia, Washington D.C., California, and all of New England. Interest earned is used to reduce the cost of legal services to low- and moderate-income individuals.

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: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

HIFS operates six of seven full-service branches and designated two individual assessment areas in Massachusetts. Massachusetts assessment areas have not changed since the prior evaluation. Refer to specific assessment area sections for descriptions of and demographic data for the Boston/South Shore assessment area and the Nantucket assessment area.

SCOPE OF EVALUATION - MASSACHUSETTS

Examiners evaluated the bank's performance in the Massachusetts rated area using full-scope procedures for the Boston/South Shore assessment area and limited-scope procedures for the Nantucket assessment area. Refer to the overall Scope of Evaluation for a description of products

reviewed and rationale for product weight. The Boston/South Shore assessment area contains all but one of the bank's Massachusetts branches, 88.6 percent of its home mortgage and small business lending during the evaluation period, and 93.6 percent of Massachusetts deposits. Therefore, bank performance in the Boston/South Shore assessment area received greater weight than the Nantucket assessment area when determining the Massachusetts rating and conclusions.

The Nantucket assessment area received a limited-scope review because of the bank's low proportion of Massachusetts loans (11.4 percent), deposits (6.4 percent), and branches (16.7 percent) in the assessment area. Performance in the Nantucket assessment area received minimal weight when determining the Massachusetts rating and conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

LENDING TEST

The Lending Test is rated High Satisfactory in Massachusetts. This section addresses the bank's lending performance across both assessment areas in Massachusetts, with later sections focusing on individual assessment area performance. The bank's performance in the Boston/South Shore assessment area is consistent with Massachusetts performance, while performance in the Nantucket assessment area was below Massachusetts performance.

Lending Activity

Massachusetts lending levels reflect adequate responsiveness to assessment area credit needs. The bank's adequate lending activity in the Boston/South Shore assessment area primarily supports this conclusion. Refer to the assessment area sections for details.

Geographic Distribution

The geographic distribution of home mortgage loans and small business loans reflects good penetration throughout the assessment areas. The bank's Geographic Distribution performance in the Boston/South Shore assessment area is consistent with performance in the rated area, and performance in the Nantucket assessment area is below performance in the rated area. Refer to the individual assessment area sections for details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among retail customers of different income levels and businesses of different sizes within the Massachusetts assessment areas. The bank's Borrower profile performance in the Boston/South Shore assessment area is consistent with Massachusetts performance, but performance in the Nantucket assessment area is below Massachusetts performance. Refer to assessment area sections for details.

Community Development Loans

HIFS is a leader in making community development loans in Massachusetts. As indicated in the overall section, all community development loans support affordable housing, which reflects good responsiveness to an identified community need stated by a community contact in Massachusetts. The bank originated 98 community development loans totaling \$248.5 million, with the following annual totals:

- 2021 – 16 loans totaling \$39.2 million
- 2022 – 61 loans totaling \$155.1 million
- 2023 – 12 loans totaling \$32.5 million
- 2024 – 9 loans totaling \$21.7 million

The bank made 65 community development loans totaling \$174.9 million in the Boston/South Shore assessment area, while the remaining 33 loans totaling \$73.6 million were in the broader statewide area. The bank did not make any community development loans in the Nantucket assessment area. Strong community development lending volume and responsiveness in the Boston/South Shore assessment primarily supported the conclusion. As noted previously, performance in the Boston/South Shore assessment area carried significant weight in determining Massachusetts conclusions.

Below are examples of community development loans that benefited the broader statewide area:

- In 2022, the bank made a \$50.7 million loan to construct 173 residential units in Wakefield. The project included 48 units with reduced rents set aside specifically for low- or moderate-income families. The bank received \$14.1 million in community development loan credit for this loan that supported affordable housing for low- and moderate-income families.
- In 2024, the bank made a \$2.3 million loan to purchase and renovate a 17-unit apartment building in a moderate-income census tract in Lowell. All rents are below the Department of Housing and Urban Development (HUD) fair market rents for this area. Renovations include upgrading the heating system and common areas and replacing the roof. The loan supported affordable housing for low- and moderate-income families and improved the quality of affordable housing in a moderate-income census tract.

INVESTMENT TEST

The Investment Test is rated High Satisfactory in Massachusetts. Investment Test performance in the Boston/South Shore assessment is consistent with Massachusetts performance, while Investment Test performance in the Nantucket assessment area is below Massachusetts performance. The following sections discuss the bank's Massachusetts performance under each criterion.

Investment and Grant Activity

The bank made a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. The bank's qualified investments and donations in Massachusetts totaled \$11.4 million during the review period.

The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments Rated Area: Massachusetts										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	10,675	0	0	0	0	0	0	15	10,675
10/13/2021-12/31/2021	1	500	0	0	0	0	0	0	1	500
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	16	11,175	0	0	0	0	0	0	16	11,175
Qualified Grants & Donations	0	0	49	246	1	5	5	12	55	263
Total	16	11,175	49	246	1	5	5	12	71	11,438

Source: Bank Data

The bank made and maintained the following investments that supported affordable housing statewide.

Community Capital Management's CRA Qualified Investment Fund – In addition to existing investments in the CRA Qualified Investment Fund, the bank invested \$500,000 in new money during the evaluation period. HIFS earmarks these investments to affordable housing initiatives in Massachusetts, including in the assessment areas. Prior period investments in the fund had a book value of \$9.5 million as of the evaluation date, resulting in \$10.0 million invested in the CRA Qualified Investment Fund in total.

BlueHub Capital (formerly Boston Community Loan Fund) – BlueHub Capital is a community development financial institution (CDFI) whose mission is to build healthy communities where low-income individuals live and work. The CDFI primarily serves New England. Through its BlueHub Loan Fund, the organization provides loans to non-profit organizations, community development corporations, and local developers that build affordable housing and provide social and community services for underserved communities. HIFS holds two investments in Blue Hub Capital with a total book value of \$1.2 million as of the evaluation date. The investments primarily promoted affordable housing in the Boston/South Shore assessment area.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community needs in Massachusetts. The investments supported affordable housing, which is a significant need in both assessment areas. Qualified donations primarily supported community services to low- and moderate-income individuals, which was also identified as a key need in Massachusetts assessment areas.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. The bank's investments in the Community Capital Management fund are earmarked to target the assessment areas, and the BlueHub Capital Loan Fund supports a variety of complex and high-impact community development projects.

SERVICE TEST

The Service Test is rated Satisfactory in Massachusetts. Service Test performance in the Boston/South Shore assessment is consistent with Massachusetts performance, while Service Test performance in the Nantucket assessment area is below Massachusetts performance. The following sections discuss the bank's Massachusetts performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Massachusetts assessment areas. Branch distribution and alternative delivery systems in Massachusetts are consistent with overall comments. Refer to the overall section for additional information.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of delivery systems. No branch changes occurred in Massachusetts during the evaluation period.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. The reasonableness of business hours and services in Massachusetts is consistent with comments included in the overall section. Refer to the overall Service Test section for additional information.

Community Development Services

The institution provides an adequate level of community development services in Massachusetts. All the bank's community development services in Massachusetts benefited the Boston/South Shore

assessment area or the broader statewide area. The following community development service benefited Massachusetts communities in the broader statewide area but did not directly benefit the assessment areas. Refer to the overall section and the Boston/South Shore assessment area section for additional information and examples.

- In 2021, the bank formed a new relationship with the Waltham Boys and Girls Club and a bank vice president serves on the Capital Campaign Committee. This organization provides after-school childcare at a reduced rate. The childcare program, located in a moderate-income census tract, also offers free meals for its attendees.

BOSTON/SOUTH SHORE ASSESSMENT AREA - Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOSTON/SOUTH SHORE ASSESSMENT AREA

The Boston/South Shore assessment area has not changed since the prior evaluation. The assessment area encompasses portions of the Boston-Cambridge-Quincy, MA-NH MSA including the following towns and cities located in Norfolk County (Braintree, Brookline, Cohasset, Milton, Quincy, and Weymouth), Plymouth County (Hanover, Hingham, Hull, Kingston, Marshfield, Norwell, and Scituate), and Suffolk County (Boston, Chelsea, Revere, and Winthrop) in the Boston, MA MD, and the following towns and cities located in Middlesex County (Cambridge, Everett, Malden, Medford, and Somerville) in the Cambridge-Newton-Framingham, MA MD.

Economic and Demographic Data

The assessment area contains a total of 422 census tracts with the following income designations using the 2020 U.S Census data.

- 57 low-income census tracts,
- 89 moderate-income census tracts,
- 112 middle-income census tracts,
- 130 upper-income census tracts,
- 34 census tracts with income not available.

The low-income census tracts are in Boston (44), Cambridge (2), Chelsea (2), Everett (1), Malden (2), Revere (2), Somerville (2), and Quincy (2). The moderate-income census tracts are in Boston (40), Cambridge (4), Chelsea (7), Everett (9), Malden (4), Medford (4), Revere (7), Quincy (7), Somerville (4), and Weymouth (3). In addition, there are 8 Opportunity Zones (OZ) within the assessment area. All OZs are in Suffolk County in Boston (6), Chelsea (1), and Revere (1). There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area.

The following table illustrates the demographic characteristics of the Boston/South Shore assessment area based on the 2020 U.S. Census data.

Demographic Information of the Assessment Area						
Assessment Area: Boston/South Shore						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	422	13.5	21.1	26.5	30.8	8.1
Population by Geography	1,576,227	14.3	23.9	28.1	30.9	2.7
Housing Units by Geography	661,649	13.3	23.3	28.1	32.7	2.6
Owner-Occupied Units by Geography	271,229	6.6	19.7	30.6	41.3	1.8
Occupied Rental Units by Geography	342,138	18.5	26.3	26.8	25.3	3.2
Vacant Units by Geography	48,282	14.2	21.5	23.8	37.5	3.1
Businesses by Geography	187,963	8.5	17.0	23.2	47.5	3.8
Farms by Geography	1,721	5.9	17.8	25.3	47.9	3.0
Family Distribution by Income Level	322,156	28.0	15.9	18.4	37.7	0.0
Household Distribution by Income Level	613,367	30.0	13.9	16.3	39.8	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$592,403
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,750
			Families Below Poverty Level			9.1%
Source: 2020 ACS, 2024 D&B Data, and FFIEC Estimated Median Family Income; (*) 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. As shown in the previous table, owner-occupancy rates in low-income census tracts are low, limiting opportunities for home mortgage lending in those tracts. Housing costs are high in the assessment area as demonstrated by the median housing cost of \$592,403, which is five times higher than the average median family income for the assessment area of \$117,044.

Examiners also used the Federal Financial Institutions Examination Council (FFIEC) updated median family incomes to analyze the bank's home mortgage lending performance under the Borrower Profile criterion. The following table reflects low-, moderate-, middle, and upper-income categories in the assessment area.

Median Family Income Ranges				
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 2023 D&B data, non-farm businesses operating in the Boston/South Shore assessment area have the following gross annual revenues (GARs).

- 89.1 percent have \$1.0 million or less,
- 3.9 percent have more than \$1.0 million,
- 7.0 percent have unknown revenues.

Service industries represent the largest portion of businesses at 40.0 percent; followed by non-classifiable establishments at 25.1 percent; finance, insurance, and real estate 13.9 percent; retail trade at 9.3 percent; and construction 5.4 percent. In addition, businesses with fewer than four employees make up 59.6 percent of businesses in the assessment area and 91.5 percent of businesses operate from one location.

According to the U.S. Bureau of Labor Statistics, unemployment rates have steadily declined in recent years. Massachusetts saw a notable drop in unemployment, with state rates almost matching the national average. At the county level, Middlesex and Norfolk demonstrated stronger labor markets, reflected in lower unemployment rates. In contrast, Plymouth and Suffolk Counties faced slightly higher jobless rates. Overall, this data highlights ongoing job growth, but the differences between counties reveal that not all communities are recovering at the same pace. The following table illustrates the average annual unemployment rate in the county, the rated area, and nationally.

Unemployment Rates Assessment Area: Boston/South Shore			
Area	2021	2022	2023
	%	%	%
Middlesex County	4.3	3.0	3.0
Norfolk County	4.7	3.2	3.2
Plymouth County	5.6	3.9	3.7
Suffolk County	5.5	3.5	3.4
Massachusetts	5.5	3.8	3.7
National Average	5.3	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 47 financial institutions operated 320 offices in the assessment area. HIFS ranked 9th with 0.6 percent market share. State Street Bank and Trust Company captured the largest market share with 52.9 percent market share, followed by Bank of America N.A. with a market share of 19.0 percent and Citizens Bank with a market share of 12.7 percent.

HIFS faces a high level of competition for home mortgage loans from credit unions, national banks, and non-depository mortgage lenders. According to 2023 HMDA aggregate data, 441 lenders reported 26,282 loans within the Boston/South Shore assessment area. The top three institutions, JPMorgan Chase Bank, N.A.; CBNA; and Leader Bank N.A. collectively held a 34.6 percent market share. In 2022, 502 lenders reported 34,137 home mortgage loans. The top three institutions, CBNA, First Republic Bank; and Guaranteed Rate, Inc., together accounted for 17.1 percent market share. In 2021, 559 lenders reported 74,462 home mortgage loans. Combined, the top three institutions held 16.3 percent market share.

A high level of competition for small business loans also exists among national banks and community banks. According to 2022 small business aggregate data (only available at the full county level), 200 lenders reported 104,473 small business loans in the Boston/South Shore assessment area counties. The top three institutions, American Express, N.A.; Bank of America, N.A.; and JPMorgan Chase Bank, N.A.; collectively held a 54.0 percent market share. In 2021, 248 lenders reported 121,890 small business loans. The top three lenders together accounted for 42.6 percent market share.

Community Contacts

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. This information helps determine whether local financial institutions are responsive to these needs and shows available credit and community development opportunities.

For this evaluation, examiners referred to a recently conducted community contact with an organization that provides services to low-income individuals and families in over 80 communities across Southeastern Massachusetts, Cape Cod, and the Islands (Nantucket and Martha's Vineyard).

The contact noted, through a client survey, that approximately 40.0 percent of low-income respondents reported they are worse off now as compared to before the COVID-19 Pandemic. The contact indicated that the top unmet needs of low-income individuals and families are the ability to pay for heat and utilities, affordable housing, access to affordable and nutritious food, transportation, assistance with financial emergencies, and early education and childcare. The contact noted support from several financial institutions. Additionally, the contact indicated areas where financial institutions could be more involved, such as assistance with Individual Development Accounts. The contact noted that these accounts were an effective state funded program and helped individuals meet a financial goal, such as saving for education or buying a first home. However, there are currently no resources to continue this program and assistance from banks would be helpful. Lastly, the contact noted that affordable housing continues to be a concern and support from financial institutions is needed.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services are the primary community development needs in the Boston/South Shore assessment area. Community development opportunities include the creation of flexible loan programs and financial literacy initiatives benefiting low- and moderate-income individuals. Additionally, Suffolk County contains QOZs, which further indicates opportunities for financial institutions to participate in projects to address the needs in those communities.

The assessment area has a wide range of credit needs. Needs and opportunities exist for purchase, construction, and refinance loans secured by multifamily properties, which is a primary focus for the bank. Assessment area cities such as Boston, Cambridge, Malden, and Somerville have a high concentration of multifamily residences.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BOSTON/SOUTH SHORE ASSESSMENT AREA

LENDING TEST

The bank demonstrated good overall lending performance in the Boston/South Shore assessment area. The bank's good performance under the Geographic Distribution and Borrower Profile criteria and leadership level of Community Development Lending support this conclusion. The following sections detail the bank's performance under each criterion.

Lending Activity

HIFS' lending activity reflects adequate responsiveness to assessment area credit needs. During the evaluation period, the bank originated or purchased 423 home mortgage loans totaling \$820.6

million and 30 small business loans totaling \$12.5 million in the Boston/South Shore assessment area. Specifically, the bank reported 183 home mortgage loans totaling \$338.8 million in 2021, 167 home mortgage loans totaling \$328.6 million in 2022, and 73 home mortgage loans totaling \$153.2 million in 2023. The decline in lending activity is attributed to lesser demand due to persistent high interest rates alongside increasing home prices that have further strained affordability.

Despite a decline in home mortgage lending, HIFS maintained a relatively steady percentage of market share, with minor year-to-year fluctuations over the evaluation period. HIFS ranked 60th in home mortgage lending in 2023 with 0.3 percent market, 49th in 2022 with 0.5 percent market, and 57th in 2021 with 0.4 percent market.

For small business loans, HIFS originated 14 loans in 2021 totaling \$5.9 million, 11 small business loans totaling \$4.8 million in 2022, and 5 loans totaling \$1.8 million in 2023. HIFS ranked 82nd in 2022 and 89th in 2021 with market share under 0.1 percent in both years.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflect good penetration throughout the Boston/South Shore assessment area. The bank's good performance for home mortgage and small business lending supports this conclusion. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of home mortgage loans reflects good penetration in the Boston/South Shore assessment area. The bank's performance in low- and moderate-income census tracts exceeded both demographic data and aggregate performance in 2021 and 2022. In 2023, when the bank's overall mortgage lending activity decreased, the bank's lending in low-income tracts was below aggregate performance but continued to exceed demographic data, and the bank's lending in moderate-income tracts was below demographic and aggregate data. Notably, aggregate performance was also below demographics in 2023. Given the bank's strong performance in 2021 and 2022 and considering high competition among mortgage lenders in the area, the bank's performance is good.

The following table illustrates the bank's performance, as well as aggregate and demographic data, in 2021, 2022, and 2023 by census tract income level.

Geographic Distribution of Home Mortgage Loans Assessment Area: Boston/South Shore						
Census Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	6.2	7.2	18	9.8	29,344	8.7
2022	6.6	8.1	16	9.6	28,221	8.6
2023	6.6	9.1	6	8.2	7,855	5.1
Moderate						
2021	25.0	26.8	57	31.1	123,427	36.4
2022	19.7	19.1	37	22.2	59,564	18.1
2023	19.7	17.5	7	9.6	10,260	6.7
Middle						
2021	39.3	37.3	50	27.3	94,888	28.0
2022	30.6	29.6	43	25.7	98,612	30.0
2023	30.6	26.9	19	26.0	45,212	29.5
Upper						
2021	29.1	28.4	55	30.1	81,506	24.1
2022	41.3	41.1	64	38.3	113,687	34.6
2023	41.3	43.7	39	53.4	55,862	36.5
Not Available						
2021	0.4	0.4	3	1.6	9,675	2.9
2022	1.8	2.1	7	4.2	28,485	8.7
2023	1.8	2.8	2	2.7	34,050	22.2
Total						
2021	100.0	100.0	183	100.0	338,840	100.0
2022	100.0	100.0	167	100.0	328,570	100.0
2023	100.0	100.0	73	100.0	153,239	100.0
Source: 2020 ACS; Bank Data, 2021 - 2023 HMDA Aggregate Data, "--" data not available.						

Small Business Loans

The distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, in 2022, the bank's lending in low-income census tracts exceeded both aggregate performance and demographic data. In 2023, the bank did not originate a small business loan in a low-income census tract within the assessment area. In moderate-income census tracts, the bank's performance exceeded both demographic data and aggregate performance. In 2023, the bank's performance also exceeded demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Boston/South Shore						
Census Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	8.6	8.6	1	9.1	534	11.1
2023	8.5	--	0	0.0	0	0.0
Moderate						
2022	16.9	19.0	3	27.3	1,641	33.9
2023	16.9	--	2	40.0	1,117	63.7
Middle						
2022	23.5	25.7	3	27.3	1,287	26.6
2023	23.2	--	1	20.0	111	6.3
Upper						
2022	47.2	42.9	4	36.3	1,374	28.4
2023	47.5	--	2	40.0	526	30.0
Not Available						
2022	3.8	3.8	0	0.0	0	0.0
2023	3.8	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	11	100.0	4,836	100.0
2023	100.0	--	5	100.0	1,754	100.0
Source: 2022 & 2023 D&B Data; Bank Data, 2022 CRA Aggregate Data, "--" data not available.						

Borrower Profile

The distribution of borrowers within the Boston/South Shore assessment area reflects, given the demographics of the assessment area, good penetration among individuals of different income levels and businesses of different sizes. Adequate lending to low- and moderate-income borrowers and excellent lending to businesses with GARs of \$1.0 million or less support this conclusion. The bank's high percentage of home mortgage loans for which income is not available lessened the weight of home mortgage lending performance for this criterion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels. The bank's home mortgage lending to low-income borrowers was below aggregate performance and demographics in 2021 and 2022. In 2023, the bank did not originate any loans to low-income borrowers, therefore, performance remained below aggregate and demographic data. The bank's home mortgage lending to moderate-income borrowers was below aggregate performance and demographics in 2021 and 2022.

Although HIFS showed slight improvement by percentage in 2023 to moderate-income borrowers, the bank's performance remained below aggregate and demographic data.

In both years, a vast majority of the bank's home mortgage loans was to entities with no income level available, which reflects a high number of multi-family residential mortgages that consisted of five or more units. As shown in the following table, HIFS reported significantly higher percentages of home mortgage loans as income not available compared to the aggregate.

In addition, low-income families in the assessment area, earning less than \$68,450, most likely face extreme difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$592,403. These factors help explain the disparity between the bank and aggregate lending and the percentage of families. The bank also faces high competition in the low- and moderate-income tracts. According to the 2023 HMDA aggregate data for low- and moderate-income tracts in the Boston/South Shore assessment area, 237 lenders reported 3,826 home mortgage loans. The top three competitors in this assessment area were large national banks and non-depository institutions, which maintained 23.3 percent of the market share combined. This suggests a high volume of competition. Given the size and capacity of the institution and the high level of competition in the assessment area, the bank's performance is adequate.

The following table illustrates the bank's lending to borrowers of different income levels in the assessment area as compared to aggregate and demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Boston/South Shore						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	31.3	4.2	1	0.5	366	0.1
2022	28.0	5.7	1	0.6	30	0.0
2023	28.0	3.7	0	0.0	0	0.0
Moderate						
2021	17.0	15.3	8	4.4	1,980	0.6
2022	15.9	15.2	2	1.2	590	0.2
2023	15.9	10.9	2	2.7	493	0.3
Middle						
2021	17.5	22.0	10	5.5	3,660	1.1
2022	18.4	20.0	5	3.0	1,870	0.6
2023	18.4	16.0	0	0.0	0	0.0
Upper						
2021	34.3	44.4	27	14.8	18,320	5.4
2022	37.7	44.0	21	12.6	19,565	6.0
2023	37.7	34.8	18	24.7	13,930	9.1
Not Available						
2021	0.0	14.0	137	74.9	314,514	92.8
2022	0.0	15.2	138	82.6	306,515	93.3
2023	0.0	34.6	53	72.6	138,817	90.6
Total						
2021	100.0	100.0	183	100.0	338,840	100.0
2022	100.0	100.0	167	100.0	328,570	100.0
2023	100.0	100.0	73	100.0	153,239	100.0

Source: 2020 ACS; Bank Data, 2021 - 2023 HMDA Aggregate Data, "--" data not available.

Small Business Loans

The distribution of small business loans reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes. As noted in the following table, the bank originated 100.0 percent of small business loans to businesses with GARs of \$1.0 million or less, exceeding the demographic comparator and far exceeding the aggregate performance in 2022. In 2023, the bank's performance remained consistent, continuing to exceed the demographic comparator.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Boston/South Shore						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	87.9	47.7	11	100.0	4,836	100.0
2023	89.1	--	5	100.0	1,754	100.0
>\$1,000,000						
2022	4.3	--	0	0.0	0	0.0
2023	3.9	--	0	0.0	0	0.0
Revenue Not Available						
2022	7.8	--	0	0.0	0	0.0
2023	7.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	11	100.0	4,836	100.0
2023	100.0	--	5	100.0	1,754	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data, 2022 CRA Aggregate Data, "--" data not available.</i>						

Community Development Loans

HIFS is a leader in making community development loans in the Boston/South Shore assessment area. During the evaluation period, the bank originated 65 community development loans for approximately \$174.9 million. The level of activity decreased by 15 loans compared to the previous evaluation period when the bank originated 80 loans totaling \$144.2 million; however, the total dollar amount increased by approximately 21.3 percent. Out of the 65 community development loans, the bank originated ten loans for \$29.3 million in 2021, 38 loans for \$100.0 million in 2022, 11 loans for \$30.9 million in 2023, and 6 loans for \$14.7 million thus far in 2024. All 65 loans promoted affordable housing.

The following are examples of community development loans the bank originated during the evaluation period.

- In 2023, the bank originated a \$33.5 million loan to construct new affordable housing in vacant buildings in Boston. Of the 55 units, 8 were deed-restricted affordable housing units. The bank received \$5.1 million pro rata consideration for this loan. This loan qualifies for community development by supporting affordable housing for low- and moderate-income residents in the assessment area.
- In 2022, the bank originated a \$10.0 million loan for the redevelopment of a property in a low-income neighborhood of Boston. Of the 30 units, 4 were deed-restricted affordable housing units. The bank received \$1.3 million in pro rata consideration for this loan. This loan qualifies for community development by supporting affordable housing for low- and

moderate-income residents in the assessment area.

- In 2022, the bank originated a \$4.2 million line of credit for a 48-unit multi-family building in a moderate-income area in Boston. All units were rented below market value and were considered affordable. This loan qualifies for community development by supporting affordable housing for low- and moderate-income residents in the assessment area.

INVESTMENT TEST

The bank demonstrated good performance under the Investment Test in the Boston/South Shore assessment area. Performance under the Investment Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this conclusion. The bank's community development investments primarily benefitted this assessment area. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified community development investment and grants that benefit the Boston/South Shore assessment area. The qualified investments described at the statewide level also benefitted this assessment area specifically. The bank also made 45 grants and donations totaling \$241,265 that specifically benefitted this assessment area during the evaluation period. The level of qualified investments and donations slightly increased by number and dollar amount since the prior evaluation period. By community development category, 42 donations totaling \$231,265 supported community services targeted to low- and moderate-income individuals and families, 1 donation for \$5,000 promoted economic development, and 2 donations totaling \$5,000 promoted revitalization or stabilization of low- or moderate-income census tracts.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community needs in the Boston/South Shore assessment area. Investments and donations primarily supported affordable housing, which the community contact identified as the assessment area's greatest need. Many of the qualified donations are continued relationships with the same organizations noted in the previous evaluation.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Refer to the MA rated area section for details.

SERVICE TEST

The bank demonstrated adequate performance under the Service Test in the Boston/South Shore assessment area. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas, and alternative delivery systems supplement the bank's branches. The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level Assessment Area: Boston/South Shore								
Census Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	57	13.5	225,418	14.324	0	0.0	0	0.0
Moderate	89	21.1	377,469	24.0	0	0.0	0	0.0
Middle	112	26.5	443,503	28.1	1	20.0	1	20.0
Upper	130	30.8	486,990	30.9	4	80.0	4	80.0
NA	34	8.1	42,847	2.7	0	0.0	0	0.0
Total	422	100.0	1,576,227	100.0	5	100.0	5	100.0
<i>Source: 2020 U.S. Census and Bank Data</i>								

As the table illustrates, the bank's branches are primarily in upper-income census tracts and one middle-income census tract. The branch locations are in Hingham, Cohasset, Boston, and Hull. The main branch in Hingham serves five low- and moderate-income census tracts within a five-mile radius. The second branch in Hingham is in a retirement community and only serves the community's residents and staff.

As noted previously, the Boston branch is accessible to several low- and moderate-income census tracts, and the branch is accessible via public transportation. Customers from the 22 nearby low- or moderate-income census tracts can access the branch by bus or subway. The branch is a 10-minute walk from the nearest subway station and directly located on bus route 43, which covers Boston Common, Bay Village, South End, Frederick Douglas Square, and Northeastern University. The Boston branch is also accessible to nearby non-profit organizations that the bank serves. Providing access to banking services and products allows non-profits to serve their communities by providing resources such as affordable housing, early childhood education, and wealth building for low-income individuals.

The bank maintains five ATMs in the Boston/South Shore assessment area, all of which are at branch locations. The Cohasset branch does not have an ATM while the main branch in Hingham has two: one in the lobby and one in the branch's drive-through.

The alternative delivery systems discussed in the overall Service Test section are available to customers in the Boston/South Shore assessment area.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of delivery systems. No branch changes occurred in the assessment area during the evaluation period.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Comments included in the overall section are consistent with bank performance in the assessment area. Please refer to comments in the overall section for additional details.

Community Development Services

The bank provides an adequate level of community development services. All the bank's community development services, except for the service to the Waltham Boys and Girls Club referenced in the MA rated area section, occurred in the Boston/South Shore assessment area. Please see the overall Community Development Services section for additional details.

Most community development services continued from the prior evaluation period. For example, one bank employee has been a Board member of the Hanover Affordable Housing Trust since 2012. Additionally, the bank offered two first time homebuyers' classes in Spanish in partnership with Allston Brighton Community Development, a corporation that primarily serves low- to moderate-income individuals. These services are responsive to community needs such as affordable housing, food security, early education, and childcare.

NON-METROPOLITAN STATEWIDE AREA (Limited-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NANTUCKET ASSESSMENT AREA

The bank maintains a single branch, 7.6 percent of loans, and 6.1 percent deposits in the Nantucket assessment area. The assessment area contains 7 census tracts using the 2020 U.S. Census data.

From 2023 to 2024, there was a minimal shift in the assessment area's census tracts. According to 2023 demographic data, the assessment area consisted of the following:

- 1 moderate-income census tract,
- 5 middle-income census tracts,
- 1 census tract with income not available.

According to 2024 data, the assessment area consisted of the following:

- 1 middle-income census tract,
- 5 upper-income census tracts,
- 1 census tract with income not available.

In 2023, there were 5 census tracts in Nantucket County designated as distressed and underserved middle-income nonmetropolitan tracts. In 2024, only 1 census tract in a middle-income geography was considered distressed and underserved.

The table illustrates select demographic characteristics of the Nantucket assessment area.

Demographic Information of the Assessment Area Assessment Area: Nantucket						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	0.0	14.3	71.4	14.3
Population by Geography	14,255	0.0	0.0	3.7	96.3	0.0
Housing Units by Geography	12,498	0.0	0.0	9.7	90.3	0.0
Owner-Occupied Units by Geography	2,563	0.0	0.0	6.8	93.2	0.0
Occupied Rental Units by Geography	1,146	0.0	0.0	2.1	97.9	0.0
Vacant Units by Geography	8,789	0.0	0.0	11.5	88.5	0.0
Businesses by Geography	4,397	0.0	0.0	2.9	97.1	0.0
Farms by Geography	149	0.0	0.0	5.4	94.6	0.0
Family Distribution by Income Level	2,531	10.7	12.6	15.5	61.2	0.0
Household Distribution by Income Level	3,709	17.8	14.2	14.4	53.6	0.0
Median Family Income Non-MSAs - MA		\$86,053	Median Housing Value			\$1,358,135
			Median Gross Rent			\$1,730
			Families Below Poverty Level			0.7%
Source: 2020 ACS, 2024 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

Housing demographics in the Nantucket assessment area differ from the Boston/South Shore assessment area due to the pronounced seasonal tourism on the islands. Of the 12,498 housing units, only 20.5 percent are owner-occupied, 70.3 percent are vacant, and 9.2 percent are occupied rental units. The significant volume of seasonal housing in the area is reflected in the vacancy rate. In addition, housing costs are extremely expensive in the assessment area with a median housing value of \$1,032,948. The annual average unemployment rate for Nantucket County for 2023 was 5.9 percent. The unemployment rate declined over the evaluation period from a high of 7.1 percent in 2021, but remains much higher than the state and national average. The COVID-19 pandemic contributed to the higher unemployment rates in 2021.

According to 2024 D&B data, 4,397 non-farm businesses operate in the Nantucket assessment area. Non-classifiable establishments represent the largest portion of businesses at 34.3 percent. These types of businesses include community-based organizations that provide social services, education and job training, startup companies, small artisan workshops, and consulting firms. The next largest portion of businesses are services industries at 22.3 percent; construction at 15.6 percent, retail trade at 10.4 percent, and finance, insurance, and real estate at 7.2 percent.

LENDING TEST

The bank's performance in the Nantucket assessment area is below the performance in the full-scope assessment area. Examiners considered the high cost of housing, lower median family income level, and high competition. The bank originated 67 home mortgage loans totaling approximately \$105.2 million and two small business loans totaling \$954,000 during the evaluation period. The following tables illustrate the bank's performance under the Geographic Distribution and Borrower Profile criteria. Community development lending performance was also below the performance in the full-scope assessment area. The bank did not originate any community development loans in the Nantucket assessment area during the evaluation period.

Geographic Distribution of Home Mortgage Loans Assessment Area: Nantucket						
Census Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	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
Moderate						
2021	0.0	0.0	0	0.0	0	0.0
2022	6.8	7.0	1	4.0	600	1.7
2023	6.8	7.3	0	0.0	0	0.0
Middle						
2021	55.2	61.3	19	61.3	29,086	60.9
2022	93.2	93.0	24	96.0	34,345	98.3
2023	93.2	92.7	11	100.0	22,491	100.0
Upper						
2021	44.8	38.7	12	38.7	18,714	39.2
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Not Available						
2021	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
Total						
2021	100.0	100.0	31	100.0	47,800	100.0
2022	100.0	100.0	25	100.0	34,945	100.0
2023	100.0	100.0	11	100.0	22,491	100.0

Source: 2020 ACS; Bank Data, 2021 - 2023 HMDA Aggregate Data, "--" data not available.

Geographic Distribution of Small Business Loans Assessment Area: Nantucket						
Census Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	--	0.0	0	0.0	0	0.0
2023	--	--	0	0.0	0	0.0
Moderate						
2022	3.1	2.2	0	0.0	0	0.0
2023	2.9	--	0	0.0	0	0.0
Middle						
2022	96.9	97.8	1	100.0	454	100.0
2023	97.1	--	1	100.0	500	100.0
Upper						
2022	--	0.0	0	0.0	0	0.0
2023	--	--	0	0.0	0	0.0
Not Available						
2022	--	0.0	0	0.0	0	0.0
2023	--	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	1	100.0	454	100.0
2023	100.0	--	1	100.0	500	100.0
Source: 2022 & 2023 D&B Data; Bank Data, 2022 CRA Aggregate Data, "--" data not available.						

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Nantucket						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	7.5	1.3	0	0.0	0	0.0
2022	16.0	2.0	0	0.0	0	0.0
2023	16.0	0.7	0	0.0	0	0.0
Moderate						
2021	13.3	3.1	2	6.5	960	2.0
2022	14.5	5.4	2	8.0	724	2.1
2023	14.5	2.3	0	0.0	0	0.0
Middle						
2021	16.8	7.6	1	3.2	800	1.7
2022	26.3	9.2	2	8.0	1,235	3.5
2023	26.3	4.4	0	0.0	0	0.0
Upper						
2021	62.4	72.8	21	67.7	32,589	68.2
2022	43.2	67.0	10	40.0	19,155	54.8
2023	43.2	34.1	3	27.3	9,800	43.6
Not Available						
2021	0.0	15.3	7	22.6	13,451	28.1
2022	0.0	16.5	11	44.0	13,831	39.6
2023	0.0	58.4	8	72.7	12,691	56.4
Total						
2021	100.0	100.0	31	100.0	47,800	100.0
2022	100.0	100.0	25	100.0	34,945	100.0
2023	100.0	100.0	11	100.0	22,491	100.0
Source: 2020 ACS; Bank Data, 2021- 2023 HMDA Aggregate Data, "--" data not available.						

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Nantucket						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	92.5	44.5	1	100.0	454	100.0
2023	93.5	--	0	0.0	0	0.0
>\$1,000,000						
2022	2.8	--	0	0.0	0	0.0
2023	2.5	--	1	100.0	500	100.0
Revenue Not Available						
2022	4.6	--	0	0.0	0	0.0
2023	4.0	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	1	100.0	454	100.0
2023	100.0	—	1	100.0	500	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data, 2022 CRA Aggregate Data, "--" data not available.</i>						

INVESTMENT TEST

The bank's Investment Test performance in the Nantucket assessment area is below the performance in the full-scope assessment area. While the performance was considered, it does not change the conclusions for the rated area. During the review period, the bank made 8 qualified donations totaling \$15,250 that were primarily responsive to community services and the revitalization and stabilization of distressed or underserved non-metropolitan middle-income geographies. The bank also has prior period investments and new commitments that benefit a broader statewide regional area that includes this assessment area.

SERVICE TEST

The bank's Service Test performance in the Nantucket assessment area is below the performance in the full-scope assessment area. While the performance was considered, it does not change the conclusions for the rated area. HIFS operates one full-service branch in an underserved non-metropolitan middle-income geography. This branch creates financial access to low- and moderate-income individuals who may struggle to find banking products and services while living on the island. The branch also features an ATM available in both English and Spanish. By offering these options, HIFS provides access to banking services for non-English speaking individuals, including the 16.2 percent Hispanic population in the Nantucket area. Products, services, and hours are similar to those offered in the full-scope assessment area and there have not been any branching changes. Bank employees did not perform any community development services in this assessment area during the evaluation period.

WASHINGTON D.C.
(Full-Scope Review)

CRA RATING FOR WASHINGTON, D.C.: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON D.C.

Within the Washington D.C. rated area, HIFS has an assessment area consisting of all of Washington D.C, Arlington County, VA, and the City of Alexandria, VA. Up until 2024, the assessment area was under the Washington-Arlington-Alexandria, DC-VA-MD-WV MD. As of 2024, the Office of Management and Budget adjusted metropolitan boundaries so that Arlington County, VA and Alexandria, VA are within the new Arlington-Alexandria-Reston, VA-WV MD and Washington D.C. is within the new Washington D.C.-MD MD. Because the evaluation did not analyze lending activity in 2024, the evaluation presents demographic data as of 2023.

The bank has 33.2 percent of its home mortgage and small business loans, 4.3 percent of deposits, and one full-service branch in this assessment area. Since the previous evaluation, HIFS converted its LPO in Washington D.C. into a limited-service branch in June 2023. The location does not retain any cash and is intended primarily to provide service to its commercial and business customers in the area, although residential loan applications are accepted at the branch.

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

Economic and Demographic Data

The Washington D.C. assessment area consists of 325 census tracts with the following income designations using the 2020 U.S. Census data and metropolitan boundaries effective from 2021 through 2023:

- 56 low-income census tracts,
- 41 moderate-income census tracts,
- 63 middle-income census tracts,
- 151 upper-income census tracts,
- 14 census tracts with income not available.

The low-income census tracts are primarily concentrated in Washington D.C. (48), followed by Alexandria (6) then Arlington County (2). Similarly, the largest concentration of moderate-income census tracts is in Washington D.C. (29), followed by Alexandria (7) and Arlington County (5). The following table illustrates demographic characteristics of the Washington D.C. assessment area.

Demographic Information of the Assessment Area Assessment Area: Washington D.C.						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	325	17.2	12.6	19.4	46.5	4.3
Population by Geography	1,087,655	17.7	13.9	19.0	46.6	2.8
Housing Units by Geography	511,801	16.9	13.8	20.0	47.4	1.9
Owner-Occupied Units by Geography	199,784	9.6	11.5	19.6	58.2	1.1
Occupied Rental Units by Geography	268,416	21.9	15.4	20.5	40.0	2.4
Vacant Units by Geography	43,601	19.5	14.7	19.1	43.8	2.9
Businesses by Geography	139,120	9.6	16.4	18.0	52.9	3.0
Farms by Geography	399	8.8	9.3	17.0	64.4	0.5
Family Distribution by Income Level	207,178	26.1	13.0	15.1	45.8	0.0
Household Distribution by Income Level	468,200	27.5	15.3	17.4	39.7	0.0
Median Family Income MD - 47894 Washington-Arlington-Alexandria, DC-VA-Maryland-WV		\$126,224	Median Housing Value			\$588,018
			Median Gross Rent			\$1,761
			Families Below Poverty Level			8.8%
Source: 2020 ACS (2023 metropolitan boundaries), 2023 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.						

Examiners used the 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 Washington D.C. assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Washington-Arlington-Alexandria, DC-VA-MD-WV Median Family Income (47894)				
2023 (\$150,100)	<\$75,050	\$75,050 to <\$120,080	\$120,080 to <\$180,120	≥\$180,120
2022 (\$139,700)	<\$69,850	\$69,850 to <\$111,760	\$111,760 to <\$167,640	≥\$167,640
2021 (\$122,100)	<\$61,050	\$61,050 to <\$97,680	\$97,680 to <\$146,520	≥\$146,520
Source: FFIEC				

According to 2023 D&B data, 139,120 non-farm businesses operate in the assessment area. The following reflects GARs for these businesses.

- 84.0 percent have \$1.0 million or less,
- 4.9 percent have more than \$1.0 million,
- 11.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 48.5 percent; followed by non-classifiable establishments (18.1 percent); finance, insurance, and real estate (9.9 percent); retail

trade (7.7 percent); and construction (6.1 percent). In addition, businesses with fewer than four employees make up 71.9 percent of businesses in the assessment area and 90.1 percent of businesses operate from one location.

According to the Bureau of Labor Statistics, as of October 2024, the unemployment rate in Washington D.C. was 5.7 percent, the unemployment rate in Arlington County, VA was 2.2 percent, and the unemployment rate in Alexandria, VA was 2.9 percent. The unemployment rate for Washington D.C. declined during the evaluation period from a high of 6.3 percent in October 2021. The unemployment rate in Washington D.C. is among the highest compared to the rest of the bank's combined assessment area.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2024, 71 financial institutions operated in the assessment area. Capital One, N.A ranked 1st with a market share of 19.8 percent, followed by Bank of America N.A. with a market share of 17.6 percent, and Truist Bank with a market share of 12.4 percent. These top three institutions combined for a 50.0 percent market share, indicating the substantial competition HIFS faces from large banks in the Washington D.C. assessment area. HIFS ranked 57th with a deposit market share under 0.1 percent.

HIFS also faces a high level of competition for home mortgage loans among banks, credit unions, and national non-depository lenders. According to 2023 HMDA aggregate data, 464 lenders originated or purchased 16,856 home mortgage loans in the assessment area. The top three lenders were Truist Bank (4.1 percent), First Savings Mortgage Corporation (3.9 percent), and TD Bank N.A (3.6 percent).

For small business lending, the 2022 CRA aggregate data for the Washington D.C. assessment area reflected 147 lenders originated 30,548 small business loans for approximately \$951.4 million. The top three small business lenders by loan count were American Express National Bank (37.1 percent); JPMorgan Chase Bank, N.A. (16.2 percent); and Bank of America (9.0 percent). Data for 2023 was not yet available.

Community Contact

For this evaluation, examiners referred to a recently conducted community contact with a non-profit affordable housing developer that preserves housing for those with incomes of 30-80 percent of the area median income. The organization serves a regional area that includes Washington D.C., Northern Virginia, and Maryland.

The contact indicated that there is a significant need for affordable housing. The low-income areas in Washington D.C. continue to have high levels of vacant units. Many low- and moderate-income families cannot afford the cost of housing in the Washington D.C. area. With a median housing value of over \$500,000, most low- and moderate-income individuals cannot obtain safe and affordable housing. The contact also indicated that there continues to be significant needs for basic community services for those below the poverty level.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary community development needs of the Washington D.C. assessment area are affordable housing and community development services to low- and moderate-income individuals and those below the poverty level. The assessment area also has credit needs and ample opportunities for home mortgage lending, including multifamily lending.

SCOPE OF EVALUATION – WASHINGTON D.C.

Examiners evaluated the bank's performance in the Washington D.C. rated area using full-scope procedures for the Washington D.C. assessment area. Because the bank did not have a branch in Washington D.C. until June 2023, the Lending Activity, Geographic Distribution, and Borrower Profile criteria of the Lending Test do not present lending activity for 2021 or 2022, and only present lending in the assessment area for 2023.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON D.C.

LENDING TEST

The Lending Test is rated Satisfactory in Washington D.C. The following sections discuss the bank's performance in the Washington D.C. assessment area under each criterion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs.

The bank originated 20 home mortgage loans totaling \$77.1 million in 2023. Among HMDA-reporting lenders by number of loans, HIFS ranked 114th out of 464 lenders in 2023 with a 0.1 percent market share. The bank's market share by dollar amount is much higher at 40th with a 0.7 percent market share in 2023. These totals and market rankings reflect adequate responsiveness to area credit needs, particularly considering the level of competition among other institutions and the bank's small branch footprint in the Washington D.C. assessment area.

The bank originated 2 small business loans totaling \$1.8 million in the Washington D.C. assessment area in 2023. Aggregate data for 2023 was not available as of the evaluation date. Given the bank's low volume of small business lending overall, and the bank not opening its branch in this assessment area until June 2023, the review of small business lending activity does not yield meaningful conclusions for small business loans.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Washington D.C. assessment area. The bank's good performance for home mortgage lending supports this conclusion. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of home mortgage loans reflects good penetration among low- and-moderate-income census tracts. The bank's performance in low-income census tracts in 2023 was above demographics data and aggregate performance. In moderate-income census tracts, HIFS's performance was below demographic data and aggregate performance; however, had the bank originated one or two more loans in a moderate-income tract, it would have been more in line with aggregate data. Performance is good considering the level of competition and the bank's recent entry into this assessment area.

The following table illustrates the bank's performance and aggregate and demographic data by census tract income level.

Geographic Distribution of Home Mortgage Loans Assessment Area: Washington D.C.						
Census Tract Income Level	% of Owner- Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	9.6	11.4	5	25.0	14,970	19.4
Moderate						
2023	11.5	13.0	1	5.0	2,248	2.9
Middle						
2023	19.6	19.5	3	15.0	7,202	9.3
Upper						
2023	58.2	55.0	11	55.0	52,710	68.3
Not Available						
2023	1.1	1.1	0	0.0	0	0.0
Total						
2023	100.0	100.0	20	100.0	77,129	100.0
<i>Source: 2020 ACS; Bank Data, 2023 HMDA Aggregate Data, "--" data not available.</i>						

Small Business Loans

As noted previously, the bank originated only two small business loans in the Washington D.C. assessment area, both of which were in upper-income census tracts. The low number of loans makes it difficult to draw meaningful conclusions for this loan type.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels and businesses of different sizes. The bank's high percentage of home mortgage loans for which income is not available lessened the impact of home mortgage lending performance for this criterion. Furthermore, low small business lending levels limited the effect of small business lending on Borrower Profile conclusions. As a result, Borrower Profile conclusions did not receive much weight when determining the Lending Test rating in Washington D.C. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

As noted in the following table, all 20 of the bank's loan originations reported income as Not Available because of its focus on loans secured by multifamily properties. The lack of borrower income data for all 20 loans prevents examiners from drawing meaningful Borrower Profile conclusions for this loan type.

The following table illustrates the bank's lending by borrower income level in the assessment area as compared to aggregate and demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Washington D.C.						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	26.1	6.8	0	0.0	0	0.0
Moderate						
2023	13.0	16.0	0	0.0	0	0.0
Middle						
2023	15.1	18.9	0	0.0	0	0.0
Upper						
2023	45.8	41.0	0	0.0	0	0.0
Not Available						
2023	0.0	17.4	20	100.0	77,129	100.0
Total						
2023	100.0	100.0	20	100.0	77,129	100.0
<i>Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available.</i>						

Small Business Loans

The bank's two small business loans were both made to businesses with GARs of \$1.0 million or less. The low number of loans makes it difficult to draw meaningful conclusions for this loan type.

Community Development Loans

HIFS is a leader in making community development loans in the Washington D.C. assessment area. During the evaluation period, the bank originated 35 community development loans for approximately \$164.1 million.

The following are examples of community development loans the bank originated during the evaluation period.

- In 2023, the bank originated a \$1.4 million loan for the financing of an affordable multifamily housing complex in Washington D.C. All units are voucher supported through the affordable housing program of the District of Columbia Housing Authority.
- In 2022, the bank originated a \$15.4 million loan, and in 2023, the bank originated a \$10.5 million loan for the redevelopment of a 77-unit apartment building in Washington D.C. All units are retained as affordable housing. These two loans are responsive to needs for affordable housing and required the collaboration of multiple funding partners in various stages. The first stage of the project was in partnership with the Black Economic Development Corporation (BEDC) and the second stage of the project involved financing in partnership with Amazon's Housing Equity Fund.
- In 2021, the bank refinanced a \$6.4 million loan on a 49-unit multifamily housing complex in a low-income neighborhood of Washington D.C. All units are rented below market rate rents. Additionally, the property is part of Washington D.C.'s Housing Choice Voucher Program (HCVP). The program provides vouchers to low-income tenants to obtain affordable rental housing.

INVESTMENT TEST

The Investment Test is rated Satisfactory in Washington D.C. The following sections discuss bank performance under each criterion.

Investment and Grant Activity

The institution has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Considering the bank only established this assessment area in 2023, the level of qualified investments is adequate.

Qualified Investments Assessment Area: Washington D.C.										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Prior Period	1	1,000	0	0	0	0	0	0	1	1,000
10/13/2021-12/31/2021	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
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	1	1,000	0	0	0	0	0	0	1	1,000
Qualified Grants & Donations	0	0	2	5	0	0	1	2	3	7
Total	1	1,000	2	5	0	0	1	2	4	1,007
<i>Source: Bank Data</i>										

Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community development needs. The bank maintains a \$1.0 million investment in the Washington Housing Initiative, which is particularly responsive to identified affordable housing needs as it provides financing for the preservation of 2,800 affordable housing units.

Community Development Initiatives

The institution occasionally uses innovative or complex investments to support community development initiatives. The Washington Housing Initiative implements an innovative model to preserve affordable housing by acquiring rental buildings in neighborhoods facing rising property values and housing costs in order to keep a majority of the units affordable for moderate-income households.

SERVICE TEST

The Service Test is rated Satisfactory in Washington D.C. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. Customers in the Washington D.C. assessment area have the same delivery systems available bank-wide, such as mail-in banking, an online banking platform, and language accessibility services. However, the Washington D.C. branch operates as a cashless building and there is no ATM at this location. While the Washington D.C. branch is within a reasonable distance of one moderate-income census tract, customers must go to a nearby ATM of a different financial

institution to deposit and dispense cash. Please see the overall accessibility of delivery systems section for further information.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. HIFS opened the Washington D.C. branch in June 2023. The branch is in an upper-income census tract.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals. The Washington D.C. branch offers the same products and services mentioned in the overall service section; however, there is a material difference in the branch's hours as HIFS has no set schedule for when the branch opens and closes. Because the branch primarily maintains commercial-based relationships, most customers schedule appointments with the bank's employees. However, the branch is generally available Monday through Thursday from 9:00 AM to 5:30 PM for walk-ins.

Community Development Services

The institution provides few, if any, community development services. HIFS did not provide community development services during the evaluation period. Given the branch's recent opening in June 2023, this level of performance did not materially affect overall conclusions.

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106).

Response to CRA Complaints and Fair Lending Policies

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Examiners' 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. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify 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 2020 ACS Census Data, the bank's assessment area contained a total population of 2,678,137 individuals, of which 56.0 percent are minorities. The minority and ethnic population represented is 11.7 percent Asian, 14.5 percent Hispanic, 22.8 percent Black or African American, 6.8 percent other race, 0.1 percent American Indian or Alaska Native, and 0.1 percent Native Hawaiian or other Pacific Islander. 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 aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	HIFS 2022		Aggregate Data 2022	HIFS 2023		Aggregate Data 2023
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.3
Asian	15	5.4	8.6	5	3.9	8.2
Black/ African American	4	1.4	11.8	2	1.5	11.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.3	0	0.0	0.2
Joint Race (White/Minority)	3	1.1	2.5	1	0.8	2.4
Total Racial Minority	22	7.9	23.6	8	6.2	22.6
White	104	37.3	46.7	46	35.4	41.2
Race Not Available	153	54.8	29.8	76	58.5	36.1
Total	279	100.0	100.0	130	100.0	100.0
ETHNICITY						
Hispanic or Latino	4	1.4	5.9	0	0.0	5.8
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.1	1.7	1	0.8	1.6
Total Ethnic Minority	7	2.5	7.6	1	0.8	7.4
Not Hispanic or Latino	98	35.1	63.7	41	31.5	57.3
Ethnicity Not Available	174	62.4	28.7	88	67.7	35.2
Total	279	100.0	100.0	129	100.0	100.0

In 2022, the bank received 279 home mortgage loan applications from within its assessment area. Of these applications, the bank received 22 or 7.9 percent from racial minority applicants. The aggregate received 23.6 percent of its application from minority applicants. For the same period, the bank also received 7, or 2.5 percent, from ethnic groups of Hispanic origin within its assessment area and the aggregate received 7.6 percent.

In 2023, the overall application volume decreased to 129, primarily due to market conditions. Of these applications, the bank received 8 or 6.2 percent from racial minority applicants. The aggregate received 22.6 percent of its applications from minority applicants. For the same period, the bank also received 1 application, or 0.8 percent, from ethnic groups of Hispanic origin within its assessment area and the aggregate received 7.4 percent.

Considering the demographics of the assessment area, market conditions, and comparisons to the aggregate data in 2022 and 2023, the bank's application rates from racial and ethnic minorities are reasonable.

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

Hingham Institution for Savings	
Scope of Examination: Full-scope or limited-scope reviews were performed on the following assessment areas within the noted rated areas: <div style="margin-left: 40px;"> Massachusetts: <div style="margin-left: 40px;">Boston/South Shore Assessment Area (full scope)</div> <div style="margin-left: 40px;">Nantucket Assessment Area (limited scope)</div> </div> <div style="margin-left: 40px;"> Washington, D.C.: <div style="margin-left: 40px;">Washington-Arlington-Alexandria, D.C.-VA-MD-WV MSA (full-scope)</div> </div>	
Time Period Reviewed:	10/12/21 to 11/4/24
Products Reviewed: Home Mortgage Loans: (01/01/21 – 12/31/23)* Small Business Loans: (01/01/21 – 12/31/23)* *Only loans from 01/01/23 – 12/31/23 were reviewed for the Washington, D.C. rated area	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Massachusetts	High Satisfactory	High Satisfactory	Satisfactory	Satisfactory
Washington, D.C.	Satisfactory	Satisfactory	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.