

PUBLIC DISCLOSURE

October 12, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Hingham Institution for Savings
Certificate Number: 90211

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Hingham, MA 02043

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**. The Massachusetts Division of Banks (Division) assigned a **High Satisfactory** rating. Although the agencies agree on the institution’s overall performance, the FDIC’s rating matrix does not include a High Satisfactory rating for overall performance.

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	X
Satisfactory**			
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 a high percentage of loans within its assessment area.
- The geographic distribution of home mortgage and small business loans reflects good distribution throughout the assessment area.
- 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 bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank 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 economic development needs.
- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment areas, and alternative delivery systems supplement the bank's branches.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals
- 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 bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (DOB), assessed Hingham Institution for Savings' (HIFS) CRA performance since the prior evaluation dated June 25, 2018, to the current evaluation dated October 12, 2021. Examiners used the Interagency Large Institution CRA Examination Procedures, which include a Lending Test, Investment Test, and Service Test.

The Lending Test considered the institution's performance according to the following criteria.

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

The bank designated two assessment areas. Examiners conducted a full-scope review of the bank's Boston/South Shore assessment area and a limited-scope review of the Nantucket assessment area. The Boston/South Shore assessment area contains all but one of the bank's branches, 88.8 percent of its home mortgage and small business lending during the evaluation period, and 96.7 percent of bank deposits are from this assessment area. Therefore, the bank's performance in the Boston/South Shore assessment area received much greater weight when determining the overall rating and conclusions. Performance in the Nantucket assessment area received minimal weight when determining the overall rating and conclusions due to the bank's limited lending activity and deposits in this area. The Nantucket assessment area does not include any low- or moderate-income census tracts, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, examiners did not evaluate this criterion for the Nantucket assessment area.

Activities Reviewed

Based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, examiners determined that the bank's major product lines are home mortgage

loans and small business loans. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, they provided no material support for conclusions or ratings and examiners did not present them.

Examiners reviewed all loans reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2018, 2019, and 2020. The bank reported 401 loans totaling \$360.8 million in 2018, 371 loans totaling \$410.2 million in 2019, and 388 loans totaling \$458.7 million in 2020. For the geographic distribution and borrower profile criteria, examiners presented HMDA data for 2019 and 2020, the most recent years for which aggregate data is available. Examiners did not present 2018 data in these sections, as lending activity in 2019 and 2020 was representative of bank performance throughout the review period. Examiners placed greater weight on home mortgage lending when drawing conclusions due to higher origination activity compared to small business lending during the evaluation period.

Examiners also reviewed all small business loans reported on the bank's CRA loan registers for 2018, 2019 and 2020. The bank reported 21 loans totaling \$9.0 million in 2018, 54 loans totaling \$24.0 million in 2019, and 69 loans totaling \$16.7 million in 2020. For the geographic distribution and borrower profile criteria, examiners presented small business data for 2019, the most recent year for which aggregate data is available, and 2020 for trend analysis. As with home mortgage loans, examiners did not present 2018 small business loan data, as 2019 and 2020 lending activity was representative of bank performance throughout the review period.

The evaluation considered the bank's innovative and flexible lending programs and community development loans made between June 25, 2018 and October 12, 2021 under the Lending Test. The Investment Test considered the number and dollar amount of qualified investments during this timeframe. The Service Test considered community development services and a review of delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings or closings during the same period. Additionally, examiners reviewed retail banking products and services targeted toward low- and moderate-income individuals or small businesses and tailored to meet specific needs within the assessment area.

Examiners obtained demographic and economic information referenced in the evaluation from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, Moody's Analytics, and U.S. Bureau of Labor Statistics. Examiners obtained the bank's financial data from its September 30, 2021 Report of Income and Condition (Call Report).

DESCRIPTION OF INSTITUTION

Background

HIFS is a publicly traded state-chartered savings bank headquartered in Hingham, MA that principally engages in residential mortgage and commercial real estate (CRE) lending in greater Boston and southeastern Massachusetts. The bank is stock-owned and not held by a holding company. The bank has not had any mergers or acquisitions since the previous evaluation and there are no lending-related affiliates or subsidiaries considered in this evaluation.

The institution received an Outstanding rating from the FDIC and DOB at the prior CRA Performance Evaluation dated June 25, 2018 based on Interagency Large Institution CRA Examination Procedures. The Lending Test was rated Outstanding, and the Investment and Service Tests were rated High Satisfactory.

Operations

The bank operates six branches in Massachusetts, with two branches located in Hingham and the remaining branches located in Boston, Cohasset, Hull, and Nantucket. Drive-up services are available at the Main Street branch in Hingham, at a facility adjacent to the branch, and at the Hull branch. The bank operates nine automated teller machines (ATMs), and has a loan production office in Washington D.C.

Since the prior evaluation, the bank closed five branch locations and one remote ATM. The closures included the North Scituate branch in September 2018, South Weymouth in January 2020, Boston Beacon Hill in September 2020, South Hingham in April 2021, and Norwell in September 2021. The remote ATM closure was at the Hingham Fruit Center in 2018.

HIFS provides banking products and services to individuals, businesses, non-profits, and government agencies. The bank also offers alternative banking services including online and mobile banking and digital cash management tools to meet customer needs. Home mortgage lending types include conventional fixed- and variable-rate loans, jumbo loans, home equity lines of credit, and construction loans. Commercial loan offerings include fixed-rate loans, term loans, and lines of credit.

Ability and Capacity

HIFS had assets totaling \$3.1 billion and total loans of \$2.8 billion as of the September 30, 2021 Call Report. The bank is primarily a one-to-four family residential lender with 36.2 percent of the loan portfolio secured by such properties, followed by multifamily residential lending at 28.7 percent and commercial real estate (non-farm non-residential) at 27.5 percent.

Total loans represent 89.1 percent of total assets. Asset growth over the examination period was 30.4 percent and is attributable to loan growth, which increased by 33.1 percent. The loan growth is centered in multifamily lending and commercial real estate lending. Total deposits increased by 31.8 percent from \$1.6 billion to \$2.4 billion during the evaluation period. Increases in wholesale, retail, and commercial deposits drove the overall increase, with the COVID-19 pandemic prompting

an increase in insured bank deposits as opposed to riskier investments. The following table illustrates the bank’s loan portfolio distribution as of September 30, 2021.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	214,658	7.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	1,019,629	36.2
Secured by Multi-family (5 or more) Residential Properties	807,806	28.7
Secured by Non-farm Non-Residential Properties	773,548	27.5
Total Real Estate Loans	2,815,641	99.9
Commercial and Industrial Loans	2,869	0.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	374	0.0
Obligations of States and Political Subdivisions in the United States	0	0.0
Other Loans	867	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	2,819,751	100
<i>Source Reports of Condition and Income</i>		

Examiners did not identify any financial, legal or other impediments that affect the bank’s ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to designate one or more assessment area(s) within which it will focus its lending efforts and examiners will evaluate its CRA performance. HIFS’ designated two individual assessment areas encompassing portions of five counties throughout Massachusetts. The Boston/South Shore assessment area includes portions of the Boston, MA Metropolitan Division (MD) (14454) and the Cambridge-Newton-Framingham, MA MD (15764), both of which are part of the larger Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA) (14460). The Nantucket assessment area includes portions of the nonmetropolitan area of MA. In November 2019, HIFS added Chelsea, Revere, and Winthrop to the Boston/South Shore assessment area. Specific descriptions of and demographic data for each assessment area is located under the specific assessment area sections.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated High Satisfactory. This conclusion is consistent with the conclusions for each assessment area. The following sections address the bank's overall lending performance in the combined assessment areas, with sections later in this report focusing on the full-scope review of the Boston/South Shore assessment area and the limited-scope review of the Nantucket assessment area.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. In 2020, HIFS ranked 58th out of 541 lenders that originated at least one HMDA-reportable loan in the combined assessment areas. The bank ranked ahead of three similarly situated community banks based on asset size, business strategy, and lending area. The vast majority of lenders ranked ahead of HIFS were large national banks, national mortgage lenders, or regional banks. For small business lending, the bank ranked 72nd out of 172 lenders that originated at least one small business-reportable loan in 2019. Aggregate data for 2020 was not yet available. These illustrate good responsiveness to assessment area credit needs. In 2018, 2019, and 2020, the bank originated or purchased 880 home mortgage loans totaling \$924.4 million and 102 small business loans totaling \$34.0 million inside the assessment area.

The bank's performance in both assessment areas supports this conclusion. Refer to the individual assessment area sections for additional analysis.

Assessment Area Concentration

HIFS originated a high percentage of home mortgage and small business loans inside the combined assessment areas. It is notable that the percentage of loans by number gradually increased each year, particularly for small business loans. 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 Areas										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	299	74.6	102	25.4	401	279,514	77.5	81,291	22.5	360,805
2019	277	74.7	94	25.3	371	299,367	73.0	110,794	27.0	410,162
2020	304	78.4	84	21.6	388	345,546	75.3	113,190	24.7	458,736
Subtotal	880	75.9	280	24.1	1,160	924,427	75.2	305,275	24.8	1,229,702
Small Business										
2018	12	57.1	9	42.9	21	4,516	50.1	4,497	49.9	9,013
2019	36	66.7	18	33.3	54	16,718	69.6	7,305	30.4	24,023
2020	54	78.3	15	21.7	69	12,790	76.7	3,888	23.3	16,678
Subtotal	102	70.8	42	29.2	144	34,024	68.4	15,690	31.6	49,714
Total	982	75.3	322	24.7	1,304	958,451	74.9	320,965	25.1	1,279,416

Source HMDA Reported Data; CRA Reported Data.
Due to rounding, totals may not equal 100.0%.

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects good distribution throughout the combined assessment areas. Good performance in the Boston/South Shore assessment area primarily supports this conclusion, as the Nantucket assessment area does not include any low- and moderate-income geographies. Refer to the individual assessment area sections for detailed geographic distribution analysis.

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 supports this conclusion. Refer to the individual assessment area sections for detailed borrower profile analysis. Performance was consistent throughout the assessment areas.

Innovative or Flexible Lending Practices

HIFS makes limited use of innovative and flexible lending practices in order to serve assessment area credit needs. While the bank makes limited use of these types of programs, the bank does offer some programs designed to assist low- and moderate-income individuals and first-time homebuyers with low minimum down payments, discounted interest rates, and no mortgage insurance requirements. HIFS also offered loans under the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which has provided much-needed credit to small businesses during the COVID-19 pandemic. All of the bank's innovative and/or flexible programs were available in both assessment areas.

The bank originated 137 innovative and/or flexible loans totaling \$28.2 million to individuals and businesses during the evaluation period. Of these innovative and flexible loans, the bank originated 90 loans totaling \$23.3 million under affordable housing programs to meet the needs of low- and moderate-income borrowers. HIFS originated the remaining 47 loans totaling \$4.9 million under the PPP. The following table illustrates the bank’s innovative and/or flexible lending programs, by year and type of program.

Innovative or Flexible Lending Programs										
Type of Program	7/1/2018 through 12/31/2018		2019		2020		YTD 2021		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
First-time Homebuyer Program	9	1,911	12	3,164	1	233	0	0	22	5,308
Alternative Verification of Ability to Repay (AVATAR)	15	3,867	18	4,353	2	605	1	429	36	9,254
40 Year Mortgages	9	2,240	18	4,508	3	771	2	1,169	32	8,688
Paycheck Protection Program	0	0	0	0	47	4,900	0	0	47	4,900
Totals	33	8,018	48	12,025	53	6,509	3	1,598	137	28,150
<i>Source Bank Data</i>										

First-time Homebuyer Program

The bank’s First-time Homebuyer Program primarily benefits low- and moderate-income borrowers purchasing a home within the combined assessment areas. The volume of originations under this program decreased from 229 loans totaling \$57 million during the prior evaluation period to 22 loans totaling \$5.3 million during the current evaluation period. Management attributed this, in part, to a temporary slowdown in the housing market in 2020 with the difficulties potential borrowers faced due to the COVID-19 pandemic.

Program guidelines consist of the following:

- Secured property must be located in the assessment area,
- Maximum household income of \$115,000,
- Borrower must not have owned real estate in the past three years,
- Flexible underwriting ratios of 33.0 percent housing-to-income ratio and 38.0 percent debt-to income ratio,
- Minimum 5.0 percent down payment with mortgage insurance required, and
- \$250.00 borrower credit at closing.

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 program has primarily benefited certain low- and moderate-income minority populations, as the bank provides application forms in foreign languages and court-certified translators free of charge.

From July 1, 2018 through March 31, 2021, the bank originated 36 loans totaling \$9.3 million under this program to low- and moderate-income borrowers. This is a decrease from activity during the prior evaluation period when the bank originated 197 loans totaling \$12.6 million. Management attributed this, in part, to the impact of the COVID-19 pandemic in 2020.

40 Year Mortgage Loans

The bank's 40-year mortgage loans help make housing more affordable for first-time and low- and moderate-income homebuyers. The bank's ability to offer longer amortization terms results in lower monthly payments and more favorable debt service for borrowers than conventional mortgage financing with a 30-year amortization. The bank maintains these loans in its portfolio. During the evaluation period, the bank originated 32 40-year mortgage loans totaling \$8.7 million to low- and moderate-income borrowers.

Paycheck Protection Program (PPP)

HIFS participated in the SBA's PPP for new and existing customers. The PPP provided low-cost, forgivable loans to qualifying small businesses to help cover expenses such as payroll costs, mortgage interest, rent, and utilities during periods of severe business disruption or temporary closure caused by the COVID-19 pandemic. The Bank originated 47 loans under the PPP for a total of \$4.9 million.

Community Development Loans

HIFS is a leader in making community development loans. Since the bank was responsive to community development needs within the assessment areas, consideration was given to community development loans in the broader statewide or regional area. During the evaluation period, the bank originated 140 community development loans totaling \$251.6 million that benefited the assessment areas and/or the broader statewide or regional area. This represents 9.6 percent of average total assets and 11.1 percent of average total loans as of September 30, 2021. All of the community development loans supported affordable housing for low- and moderate-income people within Massachusetts, which examiners identified as a primary assessment area need.

HIFS originated 18 community development loans for \$22.5 million during the second half of 2018, 40 loans for \$70.4 million in 2019, and 47 loans for \$120.4 million in 2020. As of the evaluation date, the bank also originated 35 qualified community development loans for \$38.5 million thus far in 2021. The bank's community development lending increased significantly since the previous evaluation period, when the bank originated 127 community development loans totaling \$122.5 million. The bank's performance in the Boston/South Shore assessment area primarily supports the overall conclusion, as the Nantucket assessment area does not have significant community development opportunities available. Refer to the individual assessment area sections, particularly the Boston/South Shore assessment area section, for details on specific community development loans.

Additionally, examiners compared the bank's community development lending performance to that of four similarly situated institutions. These institutions have asset sizes between \$1.9 and \$4.6 billion, operate within the bank's assessment area, and offer both home mortgage and small

business loans. HIFS originated substantially more community development loans than each of these similarly situated institutions, which is noteworthy considering three of the institutions were also leaders in making community development loans. The following examples reflect community development loans made outside the combined assessment areas, but within the broader statewide area.

- In 2019, the bank originated a \$1.5 million loan for the refinance of a 27-unit and a 12-unit apartment complex in a low-income census tract in Brockton, Massachusetts. The loan supported affordable housing for low-income individuals. All unit occupants qualify for the U.S. Department of Housing and Urban Development's (HUD) section 8 housing choice voucher program, which assists very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.
- In 2020, HIFS made two loans totaling \$2.0 million to refinance 24-unit and 23-unit apartment complexes in a low-income census tract in Lawrence, Massachusetts. The loans supported affordable housing for low- and moderate-income individuals. All rental rates are well below HUD's fair market rent rates.
- In 2021, the bank originated a \$1.0 million loan to purchase and renovate three multifamily properties in a moderate-income census tract in Worcester, Massachusetts. This loan promoted the availability and improvement of affordable housing for low- and moderate-income individuals. Notably, the renovations expanded two-bedroom units into three-bedroom units, and offered rents below HUD's fair market rent rates.

INVESTMENT TEST

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

Investment Activity

The bank made a significant level of qualified investments during the evaluation period, particularly those that are not routinely provided by private investors, occasionally in a leadership position. Qualified investments and donations supported activities that predominately promote affordable housing and community services to low- and moderate-income individuals, which community contacts identified as needs in the combined assessment areas.

During the evaluation period, qualified investments, grants, and donations totaled \$10.7 million, which represents 0.4 percent of average total assets and 18.7 percent of average total securities. Overall securities exhibited growth throughout the examination period, increasing by 55.6 percent from \$38 million to \$85.6 million. Management attributed growth to a variety of market factors and the purchase of additional investments in the Washington D.C market area where the bank has an LPO. While these investments were responsive to affordable housing needs in the Washington D.C

market area, examiners did not consider them within this evaluation because they benefitted an area outside the current defined assessment area and beyond the broader statewide or regional area.

Examiners compared the bank’s qualified investment activity to that of similarly situated institutions. Comparable institutions were selected based on asset size, geographic location, and lending focus. HIFS’ investment activity was comparable to two of the other institutions in terms of dollar amount and performance ratios, both of which received High Satisfactory Investment Test ratings.

As shown in the table below, equity investments totaled \$10.5 million, and donations totaled \$284,000. The \$10.7 million in qualified investments and donations represents an increase since the last evaluation period, when qualified investments totaled \$9 million. 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	4	9,000	0	0	0	0	0	0	4	9,000
6/25/2018-12/31/2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	1	1,500	0	0	0	0	0	0	1	1,500
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	5	10,500	0	0	0	0	0	0	5	10,500
Qualified Grants & Donations	10	23	30	246	0	0	11	15	51	284
Total	15	10,523	30	246	0	0	11	15	56	10,784
<i>Source Bank Data</i>										

The bank maintained investments in the following funds that supported community development in the broader statewide or regional area that includes the assessment areas.

- ***Community Capital Management’s CRA Qualified Investment Fund*** – In addition to existing investments in Community Capital Management’s CRA Qualified Investment Fund from prior periods, HIFS committed an additional \$1.5 million in new money during the current evaluation period. These investments earmark funds to CRA-qualified investments inside the bank’s assessment areas, which resulted in loans originated to low- and moderate-income borrowers. The bank’s affordable housing investments in the CRA Qualified Investment Fund have a current book value of \$8.0 million for prior investments as of September 30, 2021, plus new investments of \$1.5 million, totaling \$9.5 million.
- ***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. They primarily serve New England and the Mid-Atlantic states. 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. During the evaluation period, HIFS maintained its two investments in the loan fund totaling \$1.0 million, which primarily promoted affordable housing in the assessment areas and broader regional area.

Please refer to individual assessment area sections for examples of notable donations that primarily benefited those areas.

Responsiveness to Credit and Community Development Needs

HIFS exhibits good responsiveness to credit and community development needs. As noted previously, the community contacts identified affordable housing and community development services as the primary needs for low- and moderate-income individuals in the assessment areas. The bank directed a significant majority of its investments and donations to support affordable housing needs. The bank's investment in BlueHub Capital supports responsive affordable housing developments. During the evaluation period, the fund invested in two separate projects in Boston creating 243 units of affordable housing.

Additionally, the bank has a particular focus on education for low-and moderate-income students and underserved communities, committing a substantial portion of qualified donations for students from low- and moderate-income families to attend schools they could not otherwise afford. These efforts are responsive to the need for community development services.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank continues to invest in larger funds that serve as efficient vehicles for banks of HIFS' size and complexity to support community development activities. The bank maintains a substantial investment in the Community Capital Management's CRA Qualified Investment Fund and committed \$1.5 million in new funds during the evaluation period. The bank's investment in this fund is in participation with approximately 400 other investors. Investments are earmarked to the banks' assessment areas. The BlueHub Loan Fund also supports complex affordable housing projects. While the investments themselves are not particularly innovative or complex, they are important funding sources for community development projects.

SERVICE TEST

The Service Test is rated High Satisfactory. This conclusion is consistent with the conclusions for the Boston/South Shore assessment area, but performance in the Nantucket assessment area was slightly below overall performance. The bank's relatively high level of community development services received considerable weight when determining the Service Test rating. 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 area.

HIFS operates six branches in Hingham (2), Boston, Cohasset, Hull, and Nantucket. One of the Hingham branches is at a retirement community and is only open to community residents and employees. The bank also operates nine ATMs, of which eight are deposit taking. All ATMs are located at HIFS branch locations and at drive-up locations, with one remote location at the Hingham Shipyard. Seven ATMs are part of the SUM network. SUM allows customers to save money by offering surcharge-free access to thousands of ATMs around the country. Most of the ATMs are capable of providing hearing impaired services and are equipped with Braille for the visually impaired. Two ATMs are available in Spanish.

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

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	56	15.3	215,036	14.3	0	0.0	0	0.0
Moderate	102	27.9	463,273	31.0	0	0.0	0	0.0
Middle	107	29.2	470,212	31.4	2	33.3	2	22.2
Upper	87	23.8	343,018	22.7	4	66.7	7	77.8
NA	14	3.8	8,101	0.6	0	0.0	0	0.0
Total	366	100.0	1,499,640	100.0	6	100.0	9	100.0

Source 2015 ACS Data; Bank Data

As the table illustrates, the bank does not have any branches in the low- and moderate-income census tracts. However, the lack of branch presence within these areas does not entirely limit accessibility from nearby communities and residents. The bank’s Boston branch is within a reasonable distance of 10 low-income and 4 moderate-income census tracts.

The Bank’s branch location at 35 Main Street in Nantucket is in an underserved non-metropolitan middle-income geography. The bank’s branch positioned in the underserved area creates financial access to customers who otherwise may not have had access to banking products and services.

In addition to the branch and ATM network, HIFS offers alternative delivery systems to expand retail banking service access to all individuals. The bank offers online and mobile banking platforms to connect consumers and businesses to their accounts 24 hours a day to perform various transactions. There is no additional cost for online or mobile banking. Since the last CRA evaluation, the bank implemented online account opening due to substantial customer demand to open accounts via online channels. Alternative delivery systems allow low- and moderate-income individuals or those living in low- or moderate-income geographies to open accounts without

physically traveling to a branch location; however, these services do not uniquely benefit low- or moderate-income individuals or geographies, as they are available to all customers.

Changes in Branch Locations

To the extent changes have been made, the banks' opening and closing of branches has generally 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 closed five branches with two situated in middle-income census tracts and three in upper-income census tracts. There was one remote ATM closed at the Hingham Fruit Center, which was in an upper-income census tract. The branch closures were gradual over the exam period. The first closure was North Scituate in September 2018, South Weymouth in January 2020, Boston Beacon Hill in September 2020, South Hingham in April 2021, and Norwell in September 2021.

While the closed branches were not located in low- or moderate-income census tracts, the Boston Beacon Hill branch was within a reasonable distance of one low- and two moderate-income census tracts that area not near any remaining HIFS branches. However, the bank's remaining Boston branch is located just 1.0 mile from the closed Beacon Hill branch. Further, to lessen the impact to customers, the bank provided a personalized customer service to each individual of the branch and ensured they had all of the digital tools enabled.

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 branches offer the same loan and deposit products and services, and there are no material differences in branch hours.

The bank offers a specific loan product and certain foreign language services that address needs particular to low- and moderate-income individuals and geographies. As noted previously, the bank's Boston branch is near 10 low- and 4 moderate-income census tracts. These low- and moderate-income tracts and many other tracts in the City of Boston have high immigrant and non-English speaking populations. Many low- and moderate-income individuals in these communities have sought out the bank's AVATAR loan product discussed in the Innovative and Flexible Lending section.

Further, HIFS' foreign language services enhance customer accessibility to bank products and services and promote economic inclusion among first-generation immigrants and other consumers who may otherwise have limited financial resources, many of which are low- or moderate-income individuals and families. Specifically, to serve the needs of non-English speaking individuals living near the bank's Boston branch and throughout the assessment area, banking services are offered in multiple languages. The bank provides consumer mortgage disclosures in Chinese dialects from application to servicing, and has the ability to provide disclosures in any additional languages upon request. Additionally, the bank has a licensed third-party translator that will provide free translation services during the application process. It provides a licensed third-party translator at the closing table when requested at no cost to the borrower.

Additionally, one of the bank’s closing attorneys is available to provide the same services in Spanish. The bank also has a member of the Digital Banking Group who is fluent in Spanish. The bank’s Boston branch ATM, which is within a reasonable distance of 10 low- and 4 moderate-income census tracts, is accessible for Spanish-speaking individuals, improving access to financial services for those with English as a second language.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, the bank provided 71 instances of financial literacy and technical assistance to local community development organizations that primarily serve low- and moderate -income individuals or small businesses and provide support for affordable housing. The bank’s level of community development services is similar to two similarly situated institutions that also provided a relatively high level of community development services.

The bank maintained its commitment to many of the same organizations noted in the prior evaluation and also formed new relationships. For example, the CRA officer’s participation with a Boston area-based coalition is new and is responsive to community development needs of unbanked and underbanked residents in the assessment area. Further, bank employees and officers demonstrated responsiveness to affordable housing needs with their continued commitment to affordable housing agencies within the assessment area and a statewide affordable housing coalition. These activities primarily benefitted the Boston/South Shore assessment area. These 71 instances represent an increase in community outreach and services since the prior evaluation. During the prior evaluation period, the bank provided 56 instances of community development services.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/25/2018-12/31/2018	4	11	2	1	18
2019	4	9	2	1	16
2020	4	12	3	1	20
YTD 2021	4	9	3	1	17
Total	16	41	10	4	71
<i>Source Bank Data</i>					

Please refer to individual assessment area sections for examples of community development services.

The bank continues to administer the Interest on Lawyers’ Trust Accounts (IOLTA). Under this program, the interest earned goes to the Massachusetts IOLTA Program, and the funds are used to provide low-income individuals with a variety of legal services. As of the quarter ending March 31, 2021, HIFS had 43 accounts in the IOLTA Program.

METROPOLITAN AREA

(Full-scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

The Boston/South Shore assessment area includes portions of Norfolk, Plymouth, and Suffolk Counties in the Boston, MA MD and portions of Middlesex County in the Cambridge-Newton-Framingham, MA MD. The Boston, MA MD and the Cambridge-Newton-Framingham, MA MD are part of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The Boston/South Shore assessment area contains the following cities and towns.

- **Boston, MA MD**
 - **Norfolk County** – *Braintree, Brookline, Cohasset, Milton, Quincy, and Weymouth*
 - **Plymouth County** – *Hanover, Hingham, Hull, Marshfield, Norwell, and Scituate*
 - **Suffolk County** – *Boston, Chelsea, Revere, and Winthrop*
- **Cambridge-Newton-Framingham, MA MD**
 - **Middlesex County** – *Cambridge, Everett, Malden, Medford, and Somerville*

Economic and Demographic Data

The Boston/South Shore assessment area consists of 360 census tracts. According to the 2015 ACS, 56 of the 360 census tracts are low-income tracts, 102 are moderate-income tracts, 107 are middle-income tracts, 82 are upper-income tracts, and 13 tracts do not have an assigned income classification. The following table illustrates select demographic characteristics of the assessment area.

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)	360	15.6	28.3	29.7	22.8	3.6
Population by Geography	1,489,084	14.4	31.1	31.6	22.3	0.5
Housing Units by Geography	628,827	12.9	30.0	32.3	24.1	0.6
Owner-Occupied Units by Geography	256,607	6.1	24.2	38.1	31.3	0.4
Occupied Rental Units by Geography	327,839	18.2	34.7	28.2	18.2	0.8
Vacant Units by Geography	44,381	14.1	29.2	29.2	26.7	1.0
Businesses by Geography	139,105	10.3	21.9	26.3	40.4	1.0
Farms by Geography	1,241	5.8	20.8	34.9	38.2	0.3
Family Distribution by Income Level	310,720	30.6	16.8	17.6	35.0	0.0
Household Distribution by Income Level	584,446	31.3	14.8	15.7	38.2	0.0
Median Family Income MSA – 14454 Boston, MA		\$90,699	Median Housing Value			\$433,650
Median Family Income MSA – 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,370
			Families Below Poverty Level			11.4%
<i>Source 2015 ACS Data; 2020 D&B Data.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Although assessment area median family income levels are higher than other parts of Massachusetts, there may be limited opportunities for low- and moderate-income families to qualify for home mortgage loans given that the median housing value for the area is \$433,650. In addition, 2015 ACS data reflects that 11.4 percent of families are below the poverty level.

According to 2020 D&B data, there are 139,105 businesses in the assessment area, with approximately 85.8 percent having gross annual revenues (GARs) of \$1.0 million or less. Of the remaining businesses, 5.7 percent have GARs of more than \$1.0 million, and 8.6 percent have unknown revenues. Service industries represent the largest portion of businesses at 43.6 percent, followed by non-classifiable businesses at 16.5 percent, finance/insurance at 12.2 percent, and retail trade at 11.9 percent.

The following table presents low-, moderate-, middle-, and upper-income categories for each metropolitan area within the Boston/South Shore assessment area in 2019 and 2020.

Median Family Income Ranges				
Assessment Area: Boston/South Shore				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
<i>Source FFIEC</i>				

Competition

Peer mortgage data shows that there is a high level of competition for home mortgage and small business loans among banks, credit unions, and non-depository lenders in the Boston/South Shore assessment area. According to 2020 aggregate HMDA data, 537 lenders reported 70,909 originated or purchased residential mortgage loans in the assessment area. The top three lenders were Leader Bank, N.A.; Guaranteed Rate, Inc.; and Citizens Bank, NA. These three lenders captured 14.3 percent of the market share. HIFS ranked 62nd with a 0.4 percent market share.

The 2019 aggregate small business data also shows a high degree of competition, as 172 lenders reported 103,899 small business loans in the area. The top three lenders were American Express National Bank; Bank of America, N.A; and JP Morgan Chase Bank, N.A. These three lenders captured 51.3 percent of the market share. HIFS ranked 74th with a market share under 0.1 percent.

Community Contact

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

Examiners contacted a representative from a non-profit organization serving the Boston, MA MD. The organization provides services including homelessness prevention, a food relief program, thrift shop, and mental health counseling. The contact acknowledged an increase in demand and opportunity for the provision of food supplies for low- and moderate-income individuals and those below the poverty level due to the COVID-19 pandemic. In terms of credit-related assistance, the contact discussed the need for mortgage and rental relief to retain residents in their homes and stabilize communities. The contact indicated that financial institutions have been responsive with donations to provide the needed funding to support essential programs, and cited HIFS as a supporter to the local community.

Credit and Community Development Needs and Opportunities

Examiners considered demographic and economic data, information gathered from the community contact, and the bank to determine the Boston/South Shore assessment area's primary credit and community development needs. Examiners determined that opportunities exist to increase the availability of affordable housing, financial education, and economic development. With the high cost of housing, it is particularly difficult for low- and moderate-income families to find affordable housing in the area. Further, the COVID-19 pandemic intensified the need for basic community services targeted to the area's low- and moderate-income individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BOSTON-CAMBRIDGE-NEWTON, MA-NH MSA

LENDING TEST

The bank's lending activity in the Boston/South Shore assessment area reflects good responsiveness to assessment area credit needs. The bank's good performance under the Lending Activity, Geographic Distribution, and Borrower Profile criteria and excellent 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 good responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 780 home mortgage loans totaling \$821.3 million and 92 small business loans totaling \$30.1 million inside this area. Lending activity was consistent throughout the evaluation period. As noted in the Lending Activity section for the combined assessment area, HIFS had a higher market share ranking than three similarly situated institutions that also meet the CRA definition of a large bank.

Geographic Distribution

HIFS' geographic distribution of home mortgage and small business loans reflects good penetration throughout the assessment area. Good home mortgage lending performance and adequate small business lending performance 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. As shown in the following table, the bank's performance in low-income census tracts exceeded both demographic data and aggregate performance in 2019 and 2020, reflecting excellent dispersion in those geographies. In moderate-income census tracts, the bank's performance was below demographic data and aggregate performance for 2019; however, performance improved in 2020 and slightly exceeded both comparative figures.

Geographic Distribution of Home Mortgage Loans – Boston/South Shore AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	6.1	6.7	26	10.5	23,154	8.6
2020	6.1	6.0	26	9.5	25,857	8.2
Moderate						
2019	24.2	25.1	48	19.4	60,005	22.4
2020	24.2	23.9	67	24.4	93,824	29.9
Middle						
2019	38.1	36.3	73	29.6	83,837	31.3
2020	38.1	36.9	68	24.7	70,249	22.4
Upper						
2019	31.3	31.4	98	39.7	98,325	36.7
2020	31.3	32.7	113	41.1	120,733	38.5
Not Applicable						
2019	0.4	0.5	2	0.8	2,404	0.9
2020	0.4	0.5	1	0.4	2,970	0.9
Totals						
2019	100.0	100.0	247	100.0	267,725	100.0
2020	100.0	100.0	275	100.0	313,633	100.0
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the Boston/South Shore assessment area. As shown in the following table, the bank’s percentage of loans in low-income census tracts in 2019 was slightly below demographic data, but similar to aggregate performance. In the same year, the percentage of loans in moderate-income census tracts in was below aggregate data and demographics. Performance in both income categories declined in 2020. However, given the relatively low volume of total small business lending and the level of competition for small business loans in the assessment area, overall performance is reasonable.

Geographic Distribution of Small Business Loans – Boston/South Shore AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	10.3	9.9	3	9.4	1,005	6.9
2020	10.3	--	3	6.2	968	8.7
Moderate						
2019	21.7	24.1	5	15.6	2,128	14.7
2020	21.9	--	3	6.2	871	7.8
Middle						
2019	26.8	28.9	13	40.6	6,402	44.1
2020	26.3	--	15	31.2	4,380	39.4
Upper						
2019	40.1	36.1	11	34.4	4,983	34.3
2020	40.4	--	26	54.2	4,875	43.9
Not Applicable						
2019	1.1	0.9	0	0.0	0	0.0
2020	1.0	--	1	2.1	19	0.2
Totals						
2019	100.0	100.0	32	100.0	14,518	100.0
2020	100.0	--	48	100.0	11,113	100.0
<i>Source 2019 and 2020 D&B Data; CRA Reported Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

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 million or less supports 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 lending still carried more weight in arriving at overall conclusions, but not as substantially as under the geographic distribution criterion.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels. As shown in the following table, the bank's home mortgage lending to low-income borrowers was below aggregate performance and demographics in 2019. While showing slight improvement, performance was similar in 2020. The bank's home mortgage lending to moderate-income borrowers was also below aggregate performance and demographics in 2019, and declined further in 2020. The difference between demographic figures and aggregate performance for low-income borrowers highlights the high housing costs and difficulty in obtaining affordable housing within the assessment area.

While the bank’s performance is below demographics and aggregate performance, this is in part due to the bank’s high percentage of borrowers for whom income was not available in 2019 and in 2020. In 2020, over 50.0 percent of the bank’s home mortgage loans were to borrowers or entities with no income level available. In fact, many of these loans were to finance multi-family housing, a significant number of which had rents below fair market rates and received consideration as community development loans. Given the level of competition in the assessment area and the number of loans to borrowers without available income, performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Boston/South Shore						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	30.6	3.7	5	2.0	599	0.2
2020	30.6	3.1	6	2.2	951	0.3
Moderate						
2019	16.8	13.8	25	10.1	5,230	2.0
2020	16.8	14.4	20	7.3	5,783	1.8
Middle						
2019	17.6	21.5	31	12.6	12,040	4.5
2020	17.6	22.7	22	8.0	7,282	2.3
Upper						
2019	35.0	47.4	84	34.0	59,048	22.1
2020	35.0	47.9	85	30.9	58,422	18.6
Income Not Available						
2019	0.0	13.6	102	41.3	190,808	71.3
2020	0.0	12.0	142	51.6	241,197	76.9
Total						
2019	100.0	100.0	247	100.0	267,725	100.0
2020	100.0	100.0	275	100.0	313,635	100.0
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among businesses of different sizes. As noted in the table below, the bank’s performance in lending to businesses with GARs of \$1 million or less in 2019 far exceeded aggregate performance. In 2020, there was a high volume of loans without revenue information, which distorted the results. Specifically, 68.8 percent of small business loans originated were PPP loans, for which lenders do not obtain borrower revenue information. While specific revenue information is not available, these loans were responsive to the credit needs of businesses in response to the COVID-19 pandemic.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Boston/South Shore						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2019	84.5	40.6	29	90.6	12,753	87.8
2020	85.8	--	15	31.3	7,523	67.7
> \$1,000,000						
2019	6.3	--	3	9.4	1,766	12.2
2020	5.7	--	0	0.0	0	0.0
Subtotal						
2019	90.8	40.6	32	100.0	14,519	100.0
2020	91.5	--	15	31.3	7,523	67.7
Revenue Not Available						
2019	9.2	--	0	0.0	0	0.0
2020	8.6	--	33	68.8	3,590	32.3
Total						
2019	100.0	100.0	32	100.0	14,519	100.0
2020	100.0	--	48	100.0	11,113	100.0
<i>Source 2019-2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%.</i>						

Because of the large volume of PPP loans in 2020 and the lack of borrower revenue data, examiners evaluated PPP loans using loan size as a proxy to help better determine how well bank lending supported smaller businesses. As shown in the table below, the majority of the bank's PPP loans were \$100,000 or less. With an average loan amount of \$42,125, the small loan size of PPP loans suggests that the bank's PPP lending effectively focused on meeting the credit needs of small businesses in this assessment area. The following table includes a breakdown of PPP loans by loan size.

Distribution of PPP Loans By Loan Size (2020)				
Assessment Area: Boston/South Shore				
Loan Size	#	%	\$(000s)	%
< \$100,000	24	75.0	1,011	36.3
\$100,000 - \$249,999	6	18.8	879	31.5
\$250,000 - \$1,000,000	2	6.3	897	32.2
Total	32	100.0	2,787	100.0
<i>Source Bank Data.</i>				
<i>Due to rounding, totals may not equal 100.0.</i>				

Community Development Lending

During the evaluation period, HIFS was a leader in making community development loans in the Boston/South Shore assessment area. The bank originated 80 community development loans totaling \$144.2 million in this area. This volume accounts for 57.1 percent by number and 57.3 percent by dollar amount of total community development loans. All of these loans supported

affordable housing for low- and moderate-income people. The bank originated eight community development loans for \$14.7 million during the second half of 2018, 25 loans for \$44.2 million in 2019, 23 loans for \$54.8 million in 2020, and 24 loans for \$30.6 million thus far in 2021.

The following are two notable examples of community development loans that benefitted the Boston/South Shore assessment area.

- In 2019, the bank originated a \$9.7 million loan for the refinance of 32-unit and 52-unit apartment complexes that are both located in a low-income census tract in Boston's Dorchester neighborhood. In addition to 11 units having formal affordability restrictions to benefit low-income people, all other units have rental rates well below applicable HUD fair market rent rates. The loan promotes affordable housing benefitting low- or moderate-income individuals.
- In 2020, the bank originated a \$3.3 million loan for the purchase of an 18-unit apartment building in a moderate-income census tract in Medford, Massachusetts. The rental rates of all 18 units are well below applicable HUD fair market rent rates. The loan promotes affordable housing benefitting low- or moderate-income individuals.
- In 2020, HIFS made an \$11.5 million loan for the refinance of two apartment buildings and a mixed-use building with one street-level retail space and 12 residential rental units. All three buildings are located in a moderate-income census tract in Boston's Brighton neighborhood. In total, the secured properties contain 68 residential units, all of which have rents below HUD's fair market rent rates. The loan promotes affordable housing benefitting low- or moderate-income individuals.

INVESTMENT TEST

The bank demonstrated good performance under the Investment Test in the Boston/South Shore assessment. Good performance under the Investment Activity, and Responsiveness to Credit and Community Development Needs criteria, and adequate performance under the Community Development Initiatives criterion 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 Activity

The bank has a significant level of qualified community development investment and grants that benefit the Boston/South Shore assessment area. All of the bank's qualified equity investments benefitted the Boston/South Shore assessment area in addition to a larger regional or statewide area that includes this assessment area. The vast majority (94.5 percent) of grants and donations also benefitted this assessment area. The total dollar amount of investments and grants that benefitted this assessment area represents a slight increase over the prior evaluation period by \$28,000.

During the evaluation period, HIFS made 30 donations totaling \$245,955 to organizations that provide community services to low- and moderate-income individuals and families in the

assessment area. Additionally, the bank made 10 donations totaling \$22,750 that supported affordable housing for low- and moderate-income individuals. The following examples highlight a few of the many organizations receiving bank donations during the evaluation period. These examples received notable qualitative credit under this criterion due to their community impact.

- The bank continued its commitment to education and made four contributions totaling \$157,890 to two schools in Cambridge and Boston. The bank's donations to these schools provided financial assistance through scholarships to students from low- and moderate-income families.
- The bank donated \$12,000 to a multi-service community center in Boston offering a women's emergency shelter, a food pantry, English as a second language classes, and job search services. The bank's donations supported community services for low- and moderate-income individuals.
- The bank donated \$1,000 to a non-profit organization in Boston, a provider of emergency support services to over 1,600 domestic violence victims and survivors. The bank's contribution helped promote community services for low- and moderate-income individuals by supporting the organization's residential, housing assistance and advocacy, financial literacy education, and job readiness skill building programs.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community needs in the Boston/South Shore assessment area. The investments and donations supported activities that predominantly promote community services to low- and moderate-income individuals, which the community contact identified as the assessment area's greatest need along with affordable housing.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Refer to combined assessment area comments for details.

SERVICE TEST

The bank demonstrated good performance under the Service Test in the Boston/South Shore assessment area. The bank's adequate performance under the Accessibility of Delivery Systems and Changes in Branch Locations, and good performance under Community Development Services, and Reasonableness of Business Hours and Services criteria support this conclusion. 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								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	56	15.5	215,036	14.4	0	0.0	0	0.0
Moderate	102	28.3	463,273	31.1	0	0.0	0	0.0
Middle	107	29.7	470,212	31.6	1	20.0	1	12.5
Upper	82	22.8	332,462	22.3	4	80.0	7	87.5
NA	13	3.7	8,101	0.6	0	0.0	0	0.0
Total	360	100.0	1,489,084	100.0	5	100.0	8	100.0
<i>Source 2015 ACS Data; Bank Data</i>								

As the table illustrates, the bank does not have any branches in low- or moderate-income census tracts. The bank’s five branches are located in Boston, Hingham (2), Cohasset, and Hull within middle- and upper-income census tracts. Surrounding the bank’s Boston branch are the highest concentrations of the assessment area’s low- and moderate-income census tracts, with 10 low- and 4 moderate-income census tracts within a reasonable distance. This location is reasonably accessible to customers, businesses, and non-profit organizations in those geographies.

Residents of these low- and moderate-income census tracts can also access the Boston branch by public transportation (bus, subway and commuter rail). The Boston branch is also situated in close proximity to certain non-profit organizations the bank serves. Access to banking services and products is essential for non-profits in order for them to carry out their mission in serving low- and moderate-income families and underserved areas.

The bank maintains eight ATMs in the Boston/South Shore assessment area, all of which are located at the bank’s branches. These ATMs offer customers various ways to transact with envelope free deposits, cash dispensing in various denominations, technology for hearing and sight impaired, and wheel-chair accessibility. The bank’s Boston branch ATM is available in both English and Spanish.

In addition to its branches and ATMs, HIFS offers alternative delivery systems that expand access to retail banking service beyond the branch network. Digital tools are a core component of the bank’s customer banking services. The bank offers online and mobile banking that enables customers to perform various transactions 24 hours a day.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has generally 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 consolidated customer service operations and closed five branches in the Boston/South Shore assessment area. Please refer to comments in the overall Changes in Branch Locations section, as all branch closures discussed for the combined assessment area are specific to the Boston/South Shore assessment area.

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. Please refer to comments in the overall section for additional details. Combined assessment area comments are representative of bank performance in this assessment area.

Community Development Services

Bank employees provided a relatively high level of community development services. During the evaluation period, 10 employees and officers participated with 17 organizations for a total of 67 community development services within the Boston/South Shore assessment area. Services included leadership on various boards and committees of organizations focused on affordable housing, community services, and economic development. Many of these organizations serve the assessment area's low- and moderate-income individuals and/or geographies. Additionally, bank employees presented at seven financial education seminars during the evaluation period.

The following are examples of responsive community development services provided by the bank's employees:

- A Branch Manager presented FDIC Money Smart to a non-profit organization in Marshfield that provides essential community services to low- and moderate-income families. The organization provides emergency shelter services for homeless families, and the course is taught four times a year to shelter residents.
- Two loan officers presented at a first-time homebuyer seminar in partnership with a non-profit organization dedicated to promoting sustainable homeownership opportunities to Asian-American and Pacific Islander communities. The agenda for the seminar was in both Mandarin and English, and covered topics such as the pre-approval process, down payments, acceptable debt-to-income ratios, and an application checklist. The seminar primarily benefitted low- and moderate-income families or individuals.
- The Chief Executive Officer has been an Advisory Member of an Affordable Housing Alliance since 2012. The alliance works to educate and organize individuals and communities to increase affordability and sustainable homeownership across Massachusetts.

NON-METROPOLITAN STATEWIDE AREA

(Limited-scope Review)

DESCRIPTION OF OPERATIONS IN MASSACHUSETTS NON-METROPOLITAN AREA

The Nantucket assessment area consists of all of Nantucket County, which is a non-MSA area of Massachusetts. The only town in Nantucket County is Nantucket. The bank operates one branch in this assessment area.

The following 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)	6	0.0	0.0	50.0	33.3	16.7
Population by Geography	10,556	0.0	0.0	72.7	27.3	0.0
Housing Units by Geography	11,763	0.0	0.0	75.6	24.4	0.0
Owner-Occupied Units by Geography	2,568	0.0	0.0	71.5	28.5	0.0
Occupied Rental Units by Geography	1,355	0.0	0.0	75.1	24.9	0.0
Vacant Units by Geography	7,840	0.0	0.0	77.0	23.0	0.0
Businesses by Geography	2,618	0.0	0.0	70.7	29.3	0.0
Farms by Geography	97	0.0	0.0	62.9	37.1	0.0
Family Distribution by Income Level	2,295	12.6	12.7	15.0	59.7	0.0
Household Distribution by Income Level	3,923	14.3	9.5	18.8	57.3	0.0
Median Family Income Non-MSA – MA		\$89,768	Median Housing Value			\$1,060,513
			Median Gross Rent			\$1,594
			Families Below Poverty Level			6.1%
<small>Source 2015 ACS Data; 2020 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.</small>						

The assessment area’s median housing value is \$1.1 million and the median family income is \$89,768, which makes housing affordability a challenge in this assessment area. While there are no low- or moderate-income census tracts in the assessment area, there are three tracts designated as underserved middle-income nonmetropolitan tracts.

The following table presents the low-, moderate-, middle-, and upper-income categories for the Nantucket assessment area.

Median Family Income Ranges				
Assessment Area: Nantucket				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
MA Non-MSA Median Family Income (99999)				
2018 (\$80,700)	<\$40,350	\$40,350 to <\$64,560	\$64,560 to <\$96,840	≥\$96,840
2019 (\$102,600)	<\$51,300	\$51,300 to <\$82,080	\$82,080 to <\$123,120	≥\$123,120
2020 (\$109,900)	<\$54,950	\$54,950 to <\$87,920	\$87,920 to <\$131,880	≥131,880
<i>Source FFIEC</i>				

Community Contact

Examiners contacted a representative from a non-profit organization whose mission is to preserve and provide equitable and affordable housing solutions to the Nantucket year-round community. The contacted noted financial institutions are responsive and assist with financing for the covenant loan program and through education seminars. The contact mentioned HIFS as a supporter of the programs. The contact indicated that while the housing prices decreased substantially under the covenant loan program, it remains challenging for many people to come up with the down payment for a covenant home. As a way to assist buyers, the contact suggested banks could be involved with a down payment assistance program.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NANTUCKET AA

LENDING TEST

The bank's Lending Test performance in the Nantucket assessment area is consistent with the performance in the full-scope assessment area considering performance context and the small size of the Nantucket assessment area. For 2018, 2019, and 2020, the bank originated 100 home mortgage loans totaling approximately \$103.1 million and 10 small business loans totaling approximately \$3.9 million in the Nantucket assessment area. The following tables demonstrate the bank's borrower distribution performance.

Distribution of Home Mortgage Loans by Borrower Income Level – Nantucket AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	12.6	2.2	0	0.0	0	0.0
2020	12.6	2.3	0	0.0	0	0.0
Moderate						
2019	12.7	3.6	2	6.7	660	2.1
2020	12.7	4.6	0	0.0	0	0.0
Middle						
2019	15.0	9.6	4	13.3	1,869	5.9
2020	15.0	9.4	3	10.3	1,484	4.7
Upper						
2019	59.7	66.4	16	53.3	16,522	52.2
2020	59.7	70.7	19	65.5	22,780	71.4
Income Not Available						
2019	0.0	18.2	8	26.7	12,593	39.8
2020	0.0	13.0	7	24.1	7,648	24.0
Total						
2019	100.0	100.0	30	100.0	31,644	100.0
2020	100.0	100.0	29	100.0	31,912	100.0
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

Distribution of Small Business Loans by Gross Annual Revenue Category – Nantucket AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2019	89.2	35.3	4	100.0	2,200	100.00
2020	90.7	--	2	33.3	1,480	88.3
> \$1,000,000						
2019	4.7	--	0	0.0	0	0.0
2020	3.8	--	0	0.0	0	0.0
Subtotal						
2019	93.9	--	4	100.0	2,200	100.0
2020	94.5	--	2	33.3	1,480	88.3
Revenue Not Available						
2019	6.2	--	0	0.0	0	0.0
2020	5.5	--	4	66.7	197	11.7
Total						
2019	100.0	100.0	4	100.0	2,200	100.0
2020	100.0	--	6	100.0	1,677	100.0
<i>Source 2019-2020 D&B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%.</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 overall conclusions. During the review period, the bank made 11 qualified donations totaling \$15,500 to this assessment area. Donations are primarily responsive to the revitalization and stabilization of 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 institution's Service Test performance in the Nantucket assessment area is below the performance in the Boston/South Shore assessment area. The single branch in this assessment area is an underserved non-metropolitan middle-income geography. A branch positioned in an underserved area creates financial access to customers who otherwise may not have had access to banking products and services. Bank officers provided four instances of community development services to organizations in this assessment area.

Products, services, and hours are similar to those offered in the full-scope assessment area; however, some services are tailored to the needs of low- and moderate-income individuals in the Nantucket assessment area. The bank offers a covenant loan program, in partnership with Nantucket Housing, to maintain stable housing options for year-round residents on the island earning less than 150.0 percent of median household income. The program is also intended to

maintain Nantucket's diverse community and generate a supply of housing that will remain permanently affordable.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	June 25, 2018 – October 11, 2021
FINANCIAL INSTITUTION	Hingham Institution for Savings
PRODUCTS REVIEWED	Small business and home mortgage loans originated in 2018, 2019, and 2020

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Boston-Cambridge-Newton MA-NH MSA	Full-scope	None	NA
Non-MSA, MA	Limited-scope	None	NA

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).

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

Division of Banks Examiners reviewed the bank's HMDA LARs for 2019 and 2020 to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2015 ACS Census Data, the Bank's assessment area contained a total population of 1,499,640 individuals of which 41.3 percent are minorities. The minority population represented is 14.0 percent Hispanic or Latino, 13.6 percent Black/African American, 10.4 percent Asian, 0.1 percent American Indian, and 3.2 percent other.

Examiners compared the bank application activity with that of the 2019 and 2020 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 table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.1
Asian	72	19.3	9.6	64	14.6	9.9
Black/ African American	2	0.5	5.9	2	0.6	4.7
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	5	1.3	1.7	12	2.8	1.9
Total Racial Minority	79	21.1	17.7	78	18.0	16.8
White	184	49.4	57.0	219	49.6	58.0
Race Not Available	110	29.5	25.3	144	32.4	25.21
Total	373	100.0	100.0	441	100.0	100.0
ETHNICITY						
Hispanic or Latino	8	2.1	5.8	10	2.3	4.9
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.5	1.0	2	0.4	1.1
Total Ethnic Minority	10	2.6	6.8	12	2.7	6.0
Not Hispanic or Latino	216	57.9	67.8	225	51.0	68.2
Ethnicity Not Available	147	39.5	25.4	204	46.3	25.8
Total	373	100.0	100.0	441	100.0	100.0
<i>Source ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020</i>						

In 2019, the bank received 373 HMDA reportable loan applications within its assessment area. Of these applications, 79 or 21.1 percent were received from minority applicants and 82.0 percent resulted in originations. The aggregate received 17.7 percent of its applications from minority consumers, of which 55.0 percent were originated. For the same time period, the bank received 10 or 2.6 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 70.0 percent were originated, compared to an aggregate ethnic minority application rate of 6.8 percent with a 51.0 percent origination rate.

In 2020, the bank received 441 HMDA reportable loan applications within its assessment area. Of these applications, 78 or 18.0 percent were received from minority applicants and 67.0 percent resulted in originations. The aggregate received 16.8 percent of its applications from minority consumers, of which 60 percent of which were originated. For the same time period, the bank received 12 or 2.7 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 50.0 percent were originated, compared to an aggregate ethnic minority application rate of 6.0 percent with a 54.0 percent origination rate.

The bank's application activity in 2019 and 2020 reflect a reasonable racial minority application flow.

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.