

PUBLIC DISCLOSURE

September 12, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Marblehead Bank

Certificate Number: 90234

21 Atlantic Avenue
Marblehead, MA 01945

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING.....	3
SCOPE OF EVALUATION	4
DESCRIPTION OF INSTITUTION.....	5
DESCRIPTION OF ASSESSMENT AREA	6
CONCLUSIONS ON PERFORMANCE CRITERIA	9
GLOSSARY	15

INSTITUTION RATING

This document is an evaluation of the CRA performance of **Marblehead Bank** prepared by the Massachusetts Division of Banks, the institution's supervisory agency as of **September 12, 2022**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in the group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income borrowers, in a manner consistent with its resources and capabilities. Marblehead Bank's performance under this test is summarized below:

- The average net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans by number and dollar volume, within the assessment area.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area.
- The distribution of borrowers reflects adequate penetration among individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not affect the Lending Test rating.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period from the prior evaluation dated July 16, 2018, to the current evaluation dated September 12, 2022. The Massachusetts Division of Banks (“Division”) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Small Institution Examination procedures. The procedures encompass the Lending Test.

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

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

Loan Products Reviewed

Examiners reviewed the bank’s lending activity and determined that the bank’s major product line is home mortgage loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. The bank was not a HMDA reporter in 2020, as such, this evaluation considered a reflective sample of the bank’s 2020 home mortgage loans and all home mortgage loans reported on the bank’s 2021 HMDA LAR. For 2020, the random sample of loans created by examiners consisted of 101 loans totaling \$38.4 million. For 2021, the bank reported 154 HMDA-reportable loans totaling \$69.7 million. Examiners compared the institution’s performance under the Geographic Distribution and Borrower Profile criteria in 2021 to aggregate HMDA data. Aggregate data includes reported assessment area lending activity from institutions subject to HMDA reporting requirements. Examiners also compared 2020 and 2021 lending performance to applicable demographic data.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage loans. While the number and dollar volume of loans are presented, examiners gave more weight to performance by the number of loans because the number of loans is a better indicator of the number of individuals served.

Examiners also considered the bank’s lending-related activities, specifically the bank’s Paycheck Protection Program (PPP) lending, under the Geographic Distribution Criteria.

DESCRIPTION OF INSTITUTION

Background

Marblehead Bank is a state-chartered mutual savings bank chartered in 1871. The bank is headquartered at 21 Atlantic Avenue in Marblehead, Massachusetts. The bank received a “Satisfactory” rating at its previous CRA evaluation conducted by the Division, dated July 16, 2018, based on Interagency Small Institution Examination Procedures.

Operations

In addition to its main office on Atlantic Avenue in Marblehead, which is located in a middle-income census tract, the bank maintains three other full-service branches. These branches are located in Beverly, located within a moderate-income census tract, on Humphrey Street in Marblehead, in an upper-income census tract, and in Salem, located within a moderate-income census tract. Marblehead Bank also maintains one non-deposit stand-alone ATM in Beverly in a moderate-income census tract, located in close proximity to its Beverly branch. The bank is a member of the SUM Network, and as a member, the bank’s customers can use any SUM program ATM surcharge-free. The bank is also a member of the CIRBUS and NYCE networks, further expanding ATM access for their customers.

The bank’s branches operate at slightly different hours from one another, though all maintain at least the main office hours of 8:30 a.m. to 4:00 p.m. Monday through Friday. Marblehead’s Beverly and Salem locations stay open until 4:30 p.m. Monday through Friday, while the Humphrey Street branch is open 8:30 a.m. to 4:00 p.m. Monday through Wednesday and 8:30 a.m. to 6:00 p.m. Thursday and Friday. With the exception of Beverly, all branches offer drive-up services and Saturday hours of 8:30 a.m. to 12:30 p.m. The main office and Salem branch offer drive-up hours that mirror their lobby hours, while the Humphrey Street branch offers extended hours from 7:30 a.m. to 5:00 p.m. Monday through Wednesday and 7:30 a.m. to 6:00 p.m. Thursday and Friday.

Marblehead Bank is a full-service financial institution that offers a wide variety of products and services. Loan products include residential mortgages, including fixed and adjustable rates, home equity lines of credit, and home equity loans. The bank also offers secured and unsecured personal loans, new and used car loans, new and used boat loans, land loans, and credit cards. In addition, the bank offers commercial and small business lines of credit, term loans, Small Business Administration (SBA) loans, and commercial real estate loans.

The bank offers deposit products and services, including checking and savings accounts, business checking and savings accounts, certificates of deposit, money market accounts, and individual retirement accounts. Other services include free online banking and bill payment, mobile banking and deposit, mobile wallet, free 24-hour telephone banking, retirement planning, education planning, and Zelle, a mobile payment service that allows peer-to-peer money transfers.

Ability and Capacity

As of June 30, 2022, the bank had total assets of approximately \$285.9 million, total deposits of approximately \$259.3 million, and total loans of \$189.3 million. Since the previous evaluation, total assets increased by 34.9 percent, and total loans increased by 8.3 percent.

The bank is primarily a residential lender, with its loan portfolio primarily being comprised of loans secured by 1-4 family residential properties representing 68.3 percent of all loans, followed by loans secured by commercial real estate. The following table provides additional details regarding the bank's loan portfolio.

Loan Portfolio Distribution as of 06/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,396	2.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	129,414	68.3
Secured by Multifamily (5 or more) Residential Properties	0	0.0
Secured by Nonfarm Nonresidential Properties	50,908	26.9
Total Real Estate Loans	184,718	97.5
Commercial and Industrial Loans	3,909	2.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	751	0.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	189,378	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. Marblehead Bank designated a single contiguous assessment area that includes 23 census tracts, all of which are located in the Cambridge, Newton, Framingham, MA Metropolitan Division (MD) (15764). The assessment area consists of the following four towns located in Essex County: Beverly, Marblehead, Salem, and Swampscott.

Economic and Demographic Data

The bank's assessment area consists of 23 census tracts that reflect the following income designations according to the 2015 ACS Census Data:

- 1 low-income tract
- 6 moderate-income tracts
- 11 middle-income tracts
- 5 upper-income tracts

All of the low- and moderate-income census tracts within the assessment area are located within Beverly and Salem. The bank maintains two branches in moderate-income census tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	4.3	26.1	47.8	21.7	0.0
Population by Geography	117,475	3.2	25.9	46.7	24.1	0.0
Housing Units by Geography	50,678	3.6	27.5	48.4	20.4	0.0
Owner-Occupied Units by Geography	29,192	1.3	20.3	49.3	29.1	0.0
Occupied Rental Units by Geography	18,564	6.9	38.2	47.5	7.4	0.0
Vacant Units by Geography	2,922	5.3	32.1	46.3	16.3	0.0
Businesses by Geography	11,716	5.3	29.3	42.1	23.3	0.0
Farms by Geography	199	1.0	22.6	50.3	26.1	0.0
Family Distribution by Income Level	28,632	22.9	17.9	22.1	37.1	0.0
Household Distribution by Income Level	47,756	28.7	14.4	18.7	38.1	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$386,208
Families Below Poverty Level		6.8%	Median Gross Rent			\$1,129
<i>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (* The NA category consists of geographies that have not been assigned an income classification.</i>						

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for Marblehead Bank are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
<i>Source: FFIEC</i>				

There are 50,678 housing units in the assessment area. Of these, 57.6 percent are owner-occupied, 36.6 percent are occupied rental units, and 5.8 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Data obtained from the U.S. Bureau of Labor and Statistics indicates that the January 2022 unemployment rate was 4.8 percent for Massachusetts statewide and 4.4 percent for the Cambridge-Newton-Framingham, MA-NH Metropolitan area.

Competition

Marblehead Bank faces strong competition from other financial institutions that originated loans within the assessment area. In 2021, 321 lenders reported 8,586 home mortgage loans. Marblehead Bank ranked 16th, reporting 128 home mortgage loans totaling \$56.8 million. This represents 1.5 percent market share by number and dollar amount. The majority of top ranked lenders are comprised of large community banks and non-depository lenders, such as Guaranteed Rate INC., Salem Five Mortgage Co., LLC, Eastern Bank, Rocket Mortgage, and Cross County Mortgage, LLC. The top ten lenders in the assessment area had a combined market share of 38.5 percent.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help assess the credit and community development needs. The information obtained helps examiners determine whether local financial institutions are responsive to these needs and what credit and community development opportunities, if any, are available.

A community contact was conducted with a representative from a community development corporation that serves the assessment area. The organization's programs include affordable housing, workforce development, including financial wellness and coaching, and small business assistance for low-income individuals and families. The contact stated that one way financial institutions can better engage low-income individuals in the community is to offer financial literacy, primarily focusing on topics such as opening a bank account, budget balancing, and establishing credit, as many low-income residents in the community, are not in a position to obtain a mortgage. The contact also expressed a desire to see financial institutions perform outreach where this population already receives services rather than waiting for these individuals to come to a branch. The contact stated another way to engage with the community is to not only speak the languages that are prevalent in the community but to be culturally competent and have front line staff that both reflects the demographics of the neighborhood and has a personal connection to it.

Credit and Community Development Needs and Opportunities

Examiners identified the primary credit needs of the assessment area based on demographic and economic information, discussions with management, and the conversation with the community contacts. Examiners determined the primary credit need of the community to be affordable housing and financial literacy.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

The bank's average net loan-to-deposit ratio (LTD) is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 85.7 percent over the past 16 calendar quarters from September 30, 2018, to June 30, 2022. This ratio ranged from a high of 100.9 percent as of June 30, 2019, to a low of 69.4 percent as of December 31, 2021. The bank's average LTD ratio was compared to that of similarly situated institutions based on asset size, geographic location, lending focus, and branching structure. Marblehead Bank's average LTD ratio is slightly below both similarly situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Institution	Total Assets as of 6/30/2022 (\$000s)	Average Net LTD Ratio (%)
Marblehead Bank	285,928	85.7
Wakefield Co-operative Bank	276,059	86.2
BankGloucester	344,854	93.3
<i>Source: Reports of Condition and Income 09/30/2018 - 06/30/2022</i>		

Assessment Area Concentration

The bank made a majority of its home mortgage loans, by number and dollar volume, within its assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	77	76.2	24	23.8	101	30,433	79.2	7,981	20.8	38,414
2021	128	83.1	26	16.9	154	56,806	81.5	12,866	18.5	69,672
Total	205	80.4	50	19.6	255	87,239	80.7	20,847	19.3	108,086
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the assessment area. The bank's home mortgage lending performance and lending-related activities support this conclusion.

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate dispersion throughout the assessment area. Examiners focused on the percentage by number of home mortgage loans in low- and moderate-income geographies. Due to the bank's 2020 lending being a sample of loans, examiners only compared 2021 to aggregate data. Examiners also compared 2020 and 2021 lending to demographic data.

In 2021, the bank made 1 loan within the low-income census tract within its assessment area. The performance is slightly below aggregate and demographic data. Within moderate-income census tracts in 2021, the bank made 14 or 10.9 percent of its loans, which was below the aggregate of 21.9 percent.

The bank's assessment area is highly competitive, particularly in Salem and Beverley, where all of the moderate-income census tracts are located within the assessment area. The competition is primarily made up of large community banks and non-depository lenders. In 2021, Marblehead ranked 35th in market share within the moderate-income census tracts within its assessment area, with 0.9 percent of the market, while the top ten lenders made up 38.0 percent of the overall market share. Due to demographic changes within its census tract, the bank's Salem branch went from being located in a middle-income census tract to a moderate-income census tract since the previous examination.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	1.3	1.6	1	0.8	440	0.8
Moderate						
2021	20.3	21.9	14	10.9	5,812	10.2
Middle						
2021	49.3	49.3	69	53.9	29,976	52.8
Upper						
2021	29.1	27.1	44	34.4	20,579	36.2
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
Totals						
2021	100.0	100.0	128	100.0	56,806	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Within the 2020 sample of loans, the bank made 1 loan in the low-income census tract within the assessment area, and its performance was in line with the percentage of owner-occupied housing units within the tract. The bank made 8 or 10.4 percent of loans to borrowers located within moderate-income census tracts, which is behind the percentage of owner-occupied housing units of 20.3 percent.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2020	1.3	1	1.3	108	0.4
Moderate					
2020	20.3	8	10.4	3,178	10.4
Middle					
2020	49.3	29	37.7	10,818	35.5
Upper					
2020	29.1	39	50.6	16,329	53.7
Not Available					
2020	0.0	0	0.0	0	0.0
Totals					
2020	100.0	77	100.0	30,433	100.0

Source: 2015 ACS; Bank Data; Due to rounding, totals may not equal 100.0%

Lending-Related Activities

During the Covid-19 pandemic, Marblehead Bank made SBA PPP loans in low- and moderate-income census tracts within its assessment area. In 2020, the bank originated 33 SBA PPP loans in low- and moderate-income census tracts totaling \$2.0 million. Of the 33 loans that were originated, 5 loans were originated within the low-income census tract totaling \$633,823, and 28 loans were in moderate-income census tracts totaling \$1.3 million.

In 2021, the bank originated 23 SBA PPP loans in low- and moderate-income census tracts totaling \$1.1 million. Of the 23 loans that were originated, 1 loan was originated within the low-income census tract totaling \$270,270, and 22 loans were originated within the moderate-income census tracts totaling \$854,509.

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels. The bank’s home mortgage lending performance and lending-related activities primarily support this conclusion.

Home Mortgage

The distribution of borrowers reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Due to the bank’s 2020 lending being a sample of loans, examiners only compared 2021 to aggregate data. Examiners also compared both 2020 and 2021 to demographic data.

In 2021, the bank made 16 or 12.5 percent of loans to low-income borrowers, which was more than double the performance of the aggregate at 5.5 percent but was below that of the percentage of low-income families within the assessment area. Marblehead also made 25 or 19.5 percent of loans to moderate-income borrowers, which was slightly above the aggregate's performance of 18.9 percent and above the percentage of moderate-income families within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	22.9	5.5	16	12.5	3,167	5.6
Moderate						
2021	17.9	18.9	25	19.5	7,312	12.9
Middle						
2021	22.1	23.2	31	24.2	12,588	22.2
Upper						
2021	37.1	37.1	39	30.5	21,652	38.1
Not Available						
2021	0.0	15.3	17	13.3	12,088	21.3
Totals						
2021	100.0	100.0	128	100.0	56,806	100.0
<i>Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Within the random sample of loans reviewed by examiners to represent 2020, the bank originated 3 or 3.9 percent of loans to low-income borrowers, which was below that of the percentage of families who are low-income within the assessment area

The bank also originated 16 or 20.8 percent of loans to moderate-income borrowers, which is above the percentage of families who are moderate-income within the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2020	22.9	3	3.9	698	2.3
Moderate					
2020	17.9	16	20.8	4,579	15.0
Middle					
2020	22.1	19	24.7	5,627	18.5
Upper					
2020	37.1	31	40.3	15,336	50.4
Not Available					
2020	0.0	8	10.4	4,193	13.8
Totals					
2020	100.0	77	100.0	30,433	100.0
<i>Source: 2015 ACS; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank has not received any CRA-related complaints since the last CRA evaluation; therefore, this criterion did not affect the CRA rating.

Fair Lending Policies and Procedures

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

Minority Application Flow

Examiners reviewed the bank's 2021 HMDA LAR 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 776,381 individuals, of which 14.4 percent are minorities. The minority population represented is 2.4 percent Black/African American, 1.7 percent Asian, 0.2 percent American Indian, 8.2 percent Hispanic or Latino, and 1.9 percent other.

Examiners reviewed the bank's 2021 HMDA lending and compared it to 2021 aggregate data. This data comparison assists in deriving reasonable expectations for the application rate the bank received from minority home mortgage loan applicants. Refer to the following table for

information on the bank’s minority application flow as well as the aggregates in the bank’s assessment area.

MINORITY APPLICATION FLOW			
RACE	2021 Aggregate Data	Bank 2021 HMDA	
	%	#	%
American Indian/ Alaska Native	0.2	0	0.0
Asian	1.7	1	0.6
Black/ African American	1.2	0	0.0
Hawaiian/Pacific Islander	0.1	0	0.0
2 or more Minority	0.0	0	0.0
Joint Race (White/Minority)	1.2	0	0.0
Total Racial Minority	4.5	1	0.6
White	70.6	140	86.7
Race Not Available	24.9	20	12.4
Total	100.0	161	100.0
ETHNICITY			
Hispanic or Latino	3.8	5	3.1
Joint (Hisp/Lat /Not Hisp/Lat)	1.2	2	1.2
Total Ethnic Minority	5.0	7	4.3
Not Hispanic or Latino	70.1	134	83.2
Ethnicity Not Available	24.9	20	12.4
Total	100.0	161	100.0

Source: HMDA Aggregate Data 2021, HMDA LAR Data 2021

In 2021, the bank received 161 HMDA reportable loan applications within its assessment area. Of these applications, the bank received one or 0.6 percent from minority applicants. This application resulted in an origination. The aggregate received 4.5 percent of its applications from minority applicants, of which 62.0 percent were originated. The bank also received 7 or 4.3 percent of applications from ethnic groups of Hispanic origin within its assessment area, of which the bank originated 3 or 42.9 percent, compared to an ethnic minority application rate of 5.0 percent with a 60.6 percent origination rate.

Overall, the minority application flow for this evaluation period is considered adequate.

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.

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.

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 (e.g., 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.

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.

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.

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 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.

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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (21 Atlantic Avenue, Marblehead, MA 01945)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.