

# **PUBLIC DISCLOSURE**

April 15, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

MountainOne Bank  
Certificate Number: 90253

93 Main Street  
North Adams, MA 01247

Division of Banks  
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test.

**The Community Development Test is rated High Satisfactory by the Division and Satisfactory by the FDIC.**

While both agencies agreed on the bank's Community Development Test performance, Part 345 of FDIC Rules and Regulations does not provide a High Satisfactory rating for Intermediate Small Bank performance tests.

- The institution demonstrated good responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

## DESCRIPTION OF INSTITUTION

### **Background**

MountainOne Bank (MOB) is a state-chartered mutual savings bank founded in 1848. The bank's headquarters are in North Adams, Massachusetts (MA). MOB is a wholly owned subsidiary of MountainOne Financial, Inc., which is a wholly-owned subsidiary of MountainOne Financial, MHC. The bank has four subsidiaries, including NASBD Security Corp., RSB Properties, LLC, South Street Property, LLC, and MountainOne Insurance Agency, Inc. None of the subsidiaries offer retail banking products or services considered as part of this evaluation.

The Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division) previously evaluated the bank's CRA performance on November 12, 2020, using the Federal Institution Examination Council's (FFIEC) Interagency Intermediate Small Institution Examination Procedures. The bank received a Satisfactory rating.

### **Operations**

In addition to its main office in North Adams, MOB operates five full-service branches. The branches are located in Pittsfield and Williamstown in the Pittsfield, MA Metropolitan Statistical Area (MSA) and Quincy, Rockland, and Scituate in the Boston, MA Metropolitan Division (MD). Each branch has an Automated Teller Machine (ATM), and the bank maintains three stand-alone full-service ATMs in North Adams and Williamstown (2) in the Pittsfield, MA MSA. Since the prior evaluation, the bank has not opened or closed any branches or had any mergers or acquisitions.

MOB offers home mortgage, consumer, and commercial loans. Additionally, the bank offers government loan programs such as Freddie Mac - Home Possible mortgage loans, Veterans Administration (VA) loans, and Small Business Administration (SBA) loans. Further, the bank offers special lending programs for first-time homebuyers. In addition to standard personal and business deposit products, the bank provides alternative banking services, including internet and mobile banking and ATMs.

### **Ability and Capacity**

As of December 31, 2023, MOB reported total assets of \$995.2 million, of which loans totaled \$756.7 million. Deposits totaled \$723.8 million. Commercial loans, which include loans secured by nonfarm nonresidential real estate secured and commercial and industrial loans, make up the largest portion of the bank's loan portfolio, followed closely by residential real estate loans, which include loans secured by 1-4 family and multi-family properties. This is inconsistent with the previous evaluation period, during which residential lending made up a larger portion of the portfolio. The following table further illustrates a breakdown of the bank's loan portfolio.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	123,868	16.4
Secured by Farmland	0	0
Secured by 1-4 Family Residential Properties	227,992	30.1
Secured by Multifamily (5 or more) Residential Properties	60,600	8.0
Secured by Nonfarm Nonresidential Properties	230,668	30.4
<b>Total Real Estate Loans</b>	<b>643,128</b>	<b>85.0</b>
Commercial and Industrial Loans	95,654	12.6
Agricultural Production and Other Loans to Farmers	0	0
Other Revolving Credit	72	0.1
Consumer Loans	17,844	2.3
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	0	0
<b>Total Loans</b>	<b>756,698</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. MOB designated two noncontiguous assessment areas<sup>1</sup> in portions of the Pittsfield, MA MSA in northwestern Massachusetts and Bennington County in southern Vermont, referred to as the Western Assessment Area, and the Boston, MA MD in southeastern Massachusetts, referred to as the South Shore Assessment Area. MOB has not changed its assessment area delineations since the prior evaluation period. Please refer to the individual assessment area sections for additional information.

- **Western Assessment Area** – The Western Assessment area encompasses nineteen communities in Berkshire County, Massachusetts as well as eight bordering communities in Bennington County, Vermont. The Western assessment area consists of many rural communities in the northwest corner of Massachusetts and the southeast corner of Vermont.
- **South Shore Assessment Area** – The South Shore Assessment Area encompasses 17 communities in Plymouth County and 5 communities in Norfolk County, Massachusetts.

<sup>1</sup> This document collectively refers to these areas as the combined assessment area

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation, dated November 12, 2020, to the current evaluation, dated April 15, 2024. FDIC and DOB examiners used the FFIEC Interagency Intermediate Small Institution (ISI) Examinations Procedures to evaluate MOB’s performance. These procedures consist of the Lending Test and the Community Development Test.

Examiners conducted full-scope reviews of the Western and South Shore assessment areas. Based on the needs of each assessment area, as well as the distribution of bank branches, deposits, and loans across the assessment areas, examiners assigned equal weight to the bank’s performance in each assessment area in arriving at overall conclusions. The following table shows a breakdown of home mortgage and small business loans, deposits, and branches across both assessment areas.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$ (000s)</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Western	82,567	30.1	411,065	57.1	3	50.0
South Shore	186,694	69.9	308,390	42.9	3	50.0
<b>Total</b>	<b>269,261</b>	<b>100.0</b>	<b>719,455</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits June 30, 2023*

### Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of originations during the evaluation period. When determining the overall conclusions, examiners assigned greater weight to home mortgage lending performance, as the volume of home mortgage loans originated exceeded the volume of small business loans. Examiners did not consider small farm loans because the bank did not originate any farm loans during the evaluation period.

Examiners analyzed the home mortgage loans reported on the bank’s Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2020, 2021, 2022, and 2023. MOB reported 352 loans totaling \$119.7 million in 2020, 215 loans totaling \$114.7 million in 2021, 151 loans totaling \$98.3 million in 2022, and 99 loans totaling \$74.6 million in 2023. Management indicated that the volume of home mortgage originations declined during the evaluation period due to economic factors, such as a higher interest rate environment, and turnover in loan personnel. Examiners compared the bank’s 2020, 2021, and 2022 home mortgage lending performance to aggregate data for each year under the Geographic Distribution and Borrower Profile criteria. Aggregate data is not yet available for 2023. Examiners also compared 2020 and 2021 home mortgage lending performance to the 2015 American Community Survey (ACS) demographic data and compared 2022 and 2023 home mortgage lending performance to the 2020 United States (U.S.) Census demographic data.

As an ISI, MOB is not required to collect and report small business loan data and has not chosen to report the data voluntarily. However, MOB voluntarily collected small business loan data during the evaluation period; therefore, examiners considered all small business loans originated in 2020, 2021, 2022, and 2023. The bank originated 107 loans totaling \$37.7 million in 2020, 83 loans totaling \$22.6 million in 2021, 36 loans totaling \$12.8 million in 2022, and 60 loans totaling \$23.3 million in 2023. The number of small business loans was higher in 2020 and 2021 due to the bank originating SBA Paycheck Protection Program (PPP) loans. As the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. D&B data for 2020, 2021, 2022 and 2023 provided a standard of comparison for small business lending.

For the Lending Test, examiners analyzed and presented the number and dollar volume of home mortgage and small business loans. However, examiners emphasized performance by number of loans because it is a greater indicator of the number of individuals and businesses served. Although the Assessment Area Concentration table presents activity for all four years, examiners did not include 2020 and 2021 data under the Geographic Distribution or Borrower Profile criteria, as examiners did not identify any trends between 2020 and 2022 that materially affect conclusions.

For the Community Development Test, examiners considered the number and dollar amount of qualified community development loans and investments, and the number of community development services from the prior evaluation through the current evaluation period.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test is rated Satisfactory.

This section presents the bank's overall performance in the combined assessment areas. Separate presentations for the individual assessment areas are included in subsequent sections.

#### **Loan-to-Deposit Ratio**

The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 92.6 percent over the past 13 calendar quarters from December 31, 2020 to December 31, 2023. The LTD ratio fluctuated over the evaluation period and ranged from a low of 84.6 percent as of March 31, 2022, to a high of 103.3 percent as of December 31, 2023. The bank's average LTD ratio for the evaluation period was similar to the average LTD ratio of similarly situated institutions, as shown in the following table. Examiners selected similarly situated institutions based on asset size, geographic location, and loan composition.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 12/31/2023 (S000s)	Average Net LTD Ratio (%)
<b>MountainOne Bank</b>	<b>995,167</b>	<b>92.6</b>
Adams Community Bank	994,672	91.1
Coastal Heritage Bank	987,708	92.9
<i>Source: Reports of Condition and Income 12/31/2020 - 12/31/2023</i>		

### Assessment Area Concentration

The bank made a majority of home mortgage and small business loans inside the assessment areas. Home mortgage lending decreased by number and dollar volume each year during the evaluation period; however, the percentage of home mortgage loans originated inside the assessment areas remained above 60.0 percent each year. Small business lending fluctuated throughout the evaluation period by number and volume, primarily due to PPP lending in 2020 and 2021. Despite the fluctuation, the percentage of small business loans originated inside the assessment areas remained above 63.0 percent each year.

The following table illustrates the bank's home mortgage and small business lending activity inside and outside of the combined assessment areas.

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	227	64.5	125	35.5	352	69,207	57.8	50,453	42.2	119,660
2021	151	70.2	64	29.8	215	66,063	57.6	48,682	42.4	114,745
2022	106	70.2	45	29.8	151	35,238	35.9	63,020	64.1	98,258
2023	60	60.6	39	39.4	99	35,959	48.2	38,678	51.8	74,637
<b>Subtotal</b>	<b>544</b>	<b>66.6</b>	<b>273</b>	<b>33.4</b>	<b>817</b>	<b>206,467</b>	<b>50.7</b>	<b>200,833</b>	<b>49.3</b>	<b>407,300</b>
Small Business										
2020	72	67.3	35	32.7	107	22,806	60.5	14,860	39.5	37,666
2021	61	73.5	22	26.5	83	16,145	71.5	6,426	28.5	22,571
2022	23	63.9	13	36.1	36	8,288	65	4,469	35.0	12,757
2023	38	63.3	22	36.7	60	15,555	66.8	7,725	33.2	23,280
<b>Subtotal</b>	<b>194</b>	<b>67.8</b>	<b>92</b>	<b>32.2</b>	<b>286</b>	<b>62,794</b>	<b>65.2</b>	<b>33,480</b>	<b>34.8</b>	<b>96,274</b>
<b>Total</b>	<b>738</b>	<b>66.9</b>	<b>365</b>	<b>33.1</b>	<b>1,103</b>	<b>269,261</b>	<b>53.5</b>	<b>234,313</b>	<b>46.5</b>	<b>503,574</b>
<i>Source: HMDA Reported Data; Bank Small Business Data Due to rounding, totals may not equal 100.0%.</i>										

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Performance was consistent throughout the Western and South Shore assessment areas. The individual assessment area sections include detailed analysis and comparisons to demographic and aggregate data.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes throughout the assessment areas. Performance was consistent throughout the Western and South Shore assessment areas. The individual assessment area sections include detailed analysis and comparisons to demographic and aggregate data.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The Community Development Test is rated High Satisfactory by the Division and Satisfactory by the FDIC.

MOB demonstrated good responsiveness to the community development needs of its assessment areas through community development loans, qualified investments and community development services. Examiners considered the bank's capacity and the need and availability for such opportunities for community development in the assessment areas.

### **Community Development Loans**

MOB originated 90 community development loans totaling \$120.7 million during the evaluation period, which represents 13.2 percent of average total assets and 17.9 percent of average total loans since the prior evaluation, which exceeded the ratios of comparable institutions. Of the total, 47 loans totaling \$22.0 million were originated in 2021 as part of the SBA PPP in response to the COVID-19 pandemic. Since the bank met the community development needs of the assessment areas, examiners considered 18 other community development loans totaling approximately \$34 million that benefitted geographies outside of the assessment areas in the broader statewide/regional area. The bank's CD loan activity was slightly lower than the previous evaluation period. This is primarily due to the high volume of PPP loans originated during the prior evaluation period and the discontinuation of the PPP during the current evaluation period.

The following table illustrates the bank's community development loans by year and purpose during the review period.

<b>Community Development Lending Assessment Area: Combined</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	0	0	0	0	0	0	0	0
2021	3	1,870	1	3,900	45	30,463	16	8,827	65	45,060
2022	8	14,104	2	3,568	5	7,238	0	0	15	24,910
2023	3	20,907	0	0	4	10,412	1	1,000	8	32,319
YTD 2024	2	18,450	0	0	0	0	0	0	2	18,450
<b>Total</b>	<b>16</b>	<b>55,331</b>	<b>3</b>	<b>7,468</b>	<b>54</b>	<b>48,113</b>	<b>17</b>	<b>9,827</b>	<b>90</b>	<b>120,739</b>

*Source: Bank Data*

The following are examples of community development loans that benefitted geographies outside of the assessment area in the broader statewide area:

- In 2021 and 2023, MOB originated five SBA 504 loans totaling \$13.7 million outside of the assessment areas. The SBA 504 program offers small businesses financing, while promoting growth and job creation. The loans were responsive and promoted economic development as the financing assisted businesses who may otherwise not qualify for traditional financing.
- In 2022, MOB originated a \$12.0 million construction loan for the development of an 18-unit apartment building in Boston, of which two units were affordable. Of this amount, \$1.3 million or 11.1 percent received credit for supporting affordable housing. The loan is responsive to the needs of the broader statewide area, especially given the affordable housing needs and high cost of housing in the Boston area.

Refer to the individual assessment area sections for other notable examples.

### **Qualified Investments**

MOB made 186 qualified investments totaling \$11.2 million, seven of which were qualified equity investments totaling \$10.6 million and 179 of which were grants and donations totaling \$691,000. This is an increase in activity compared to the prior evaluation period, during which the bank made \$2.0 million in qualified investments. The increase in investment activity is primarily attributed to a \$10.0 million investment in an affordable housing fund. Current period investments also consist of affordable housing bonds and commercial mortgage-backed securities. Additionally, MOB provided CRA qualified grants through their Community Dividend Program, which funds a variety of community-based programs with a focus on small businesses and low- and moderate-income individuals and families.

The dollar amount of qualified investments represents 1.2 percent of average total assets and 9.5 percent of average total securities. The bank's performance by number and dollar amount of investments exceeds that of similarly situated institutions. Since the bank was responsive to the assessment area credit needs, examiners also considered the bank's 2023 \$500,000 investment in a

commercial mortgage-backed security (CMBS) backed by a mortgage on an affordable housing development in Malden, MA, which is outside of the assessment area and within the broader statewide area. Please refer to each assessment area section for other notable examples.

The following table shows the number and dollar volume of total qualified investments made by year and purpose.

<b>Qualified Investments Assessment Area: Combined</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>	<b>#</b>	<b>\$ (000s)</b>
Prior Period	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	5	105	0	0	0	0	0	0	5	105
2023	2	10,500	0	0	0	0	0	0	2	10,500
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>7</b>	<b>10,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>10,605</b>
Qualified Grants & Donations	7	15	153	530	19	146	0	0	179	691
<b>Total</b>	<b>14</b>	<b>10,620</b>	<b>153</b>	<b>530</b>	<b>19</b>	<b>146</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>11,296</b>
<i>Source: Bank Data</i>										

### **Community Development Services**

During the evaluation period, the bank provided 142 instances of financial education and technical assistance to local community organizations. This is a slight decrease in instances compared to the prior evaluation period, during which the bank provided 172 instances. However, the bank’s initiatives for financial education, advocacy, and support for the community were responsive to the needs for community development services throughout the assessment areas. Additionally, the extent of involvement exceeds that of three similarly situated institutions.

Bank employees participated on various boards and committees of organizations that serve low- and moderate-income individuals and/or geographies by focusing on affordable housing, community services, and economic development. The bank also provided financial education to youth, teens, and adults through a series of seminars. Community contacts identified that financial literacy programs are needed in both assessment areas.

The following table shows the number of instances of community development services by year and purpose. Refer to each assessment area section for notable examples.

<b>Community Development Services Assessment Area: Combined</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	0	0	0	0	<b>0</b>
2021	0	9	0	0	<b>9</b>
2022	3	23	9	1	<b>36</b>
2023	9	58	11	2	<b>80</b>
YTD 2024	1	15	0	1	<b>17</b>
<b>Total</b>	<b>13</b>	<b>105</b>	<b>20</b>	<b>4</b>	<b>142</b>
<i>Source: Bank Data</i>					

### **Other Services**

MOB offers other community development services that increase access to financial services for low- and moderate-income individuals. The bank continues its membership with the Federal Home Loan Bank (FHLB) and has been selected to participate in the FHLB Equity Builder Program (EBP) and its Housing Our Workforce Program (HOW). The programs provide the bank with an annual grant to assist low- and moderate-income borrowers with down payment, closing-cost, home-buyer counseling, and rehabilitation assistance on units that borrowers will occupy as their primary residence.

The bank participates in the Massachusetts Interest on Lawyers' Trust Accounts. The program, mandated by the Supreme Judicial Court, requires lawyers and law firms to establish interest-bearing accounts for client deposits. The interest earned funds law-related public service programs that help low-income clients.

Lastly, MOB is involved in the Massachusetts Community and Banking Council's Banking in Massachusetts program. This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

## **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 Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## WESTERN ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN WESTERN ASSESSMENT AREA

MOB operates three, or 50.0 percent, of its 6 branch offices, including its main office, in the Western assessment area. The Western assessment area represents 24.3 percent of the total number of census tracts in the bank’s assessment areas, 30.1 percent of loans, and 57.1 percent of deposits. The assessment area consists of the following communities in Berkshire County, MA and Bennington County, VT.

**Berkshire County, MA:** Adams, Becket, Cheshire, Clarksburg, Dalton, Florida, Hancock, Hinsdale, Gainsborough, Lenox, New Ashford, North Adams, Pittsfield, Peru, Richmond, Savoy, Washington, Williamstown, and Windsor.

**Bennington County, VT:** Bennington, Glastenbury, Pownal, Readsboro, Searsburg, Stamford, Sunderland, and Woodford.

#### **Economic and Demographic Data**

The Western assessment area did not change since the prior evaluation; however, the income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Western assessment area had 36 census tracts with the following income designations:

- 3 low-income tracts
- 5 moderate-income tracts
- 21 middle-income tracts
- 7 upper-income tracts

According to the 2020 U.S. Census, the 36 census tracts now have the following income designations:

- 1 low-income tract
- 9 moderate-income tracts
- 20 middle-income tracts
- 6 upper-income tracts

The one low-income tract is located in Pittsfield, while the nine moderate-income tracts are located in Adams, North Adams (2), Pittsfield (4), and Savoy (1), and Bennington. The following table illustrates select demographic characteristics of the assessment area using the 2020 U.S. Census data.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Western</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	36	2.8	25.0	55.6	16.7	0.0
Population by Geography	122,331	2.8	22.4	56.0	18.7	0.0
Housing Units by Geography	62,001	3.9	22.6	56.1	17.5	0.0
Owner-Occupied Units by Geography	35,443	0.3	18.0	59.9	21.9	0.0
Occupied Rental Units by Geography	16,754	11.4	32.5	48.2	7.9	0.0
Vacant Units by Geography	9,804	3.7	22.3	55.9	18.1	0.0
Businesses by Geography	14,826	25.1	14.9	43.7	16.3	0.0
Farms by Geography	441	8.2	8.2	57.1	26.5	0.0
Family Distribution by Income Level	29,837	21.2	18.2	22.6	38.1	0.0
Household Distribution by Income Level	52,197	27.0	15.2	18.2	39.5	0.0
Median Family Income MSA – 38340 Pittsfield, MA MSA		\$82,207	Median Housing Value			\$200,648
Median Family Income Non-MSA – VT		\$77,189	Median Gross Rent			\$884
			Families Below Poverty Level			7.1%

Source: 2020 U.S. Census and 2023 D&B Data.  
Due to rounding, totals may not equal 100.0%.  
(\*) The NA category consists of geographies that have not been assigned an income classification.

The Geographic Distribution criterion compares home mortgage lending to the distribution of the owner-occupied housing units. Housing costs are relatively inexpensive in the Western assessment area compared to national and statewide averages. The median housing value of \$200,648 is lower than U.S. average of \$348,079 and the Massachusetts average of \$449,342.

According to 2023 D&B data, 12,642 non-farm businesses operate in the Western assessment area. The following reflects the gross annual revenues (GARs) for these businesses.

- 87.3 percent have \$1.0 million or less,
- 3.8 percent have more than \$1.0 million, and
- 8.9 percent have unknown revenues.

Service industries represent the largest portion of businesses at 36.5 percent; followed by non-classifiable establishments (22.4 percent); retail trade (11.8 percent); finance, insurance & real estate (9.0 percent); and construction (7.0 percent). In addition, 59.6 percent of area businesses have four or fewer employees and 90.5 percent operate from a single location.

Examiners used the FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the MFI ranges in the assessment area in 2022 and 2023.

<b>Median Family Income Ranges</b>				
<b>Assessment Area: Western</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Pittsfield, MA MSA Median Family Income (38340)</b>				
2022 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
2023 (\$92,500)	<\$46,250	\$46,250 to <\$74,000	\$74,000 to <\$111,000	≥\$111,000
<b>Vermont Non-MSA Median Family Income (99999)</b>				
2022 (\$85,700)	<\$42,850	\$42,850 to <\$68,560	\$68,560 to <\$102,840	≥\$102,840
2023 (\$94,700)	<\$47,350	\$47,350 to <\$75,760	\$75,760 to <\$113,640	≥\$113,640
<i>Source: FFIEC</i>				

The U.S. Bureau of Labor Statistics (BLS) reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic. The following table shows the county, state, and national average annual unemployment rates during the evaluation period.

<b>Unemployment Rates</b>			
<b>Location</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Berkshire County, MA	6.3	4.3	3.6
Massachusetts	5.4	3.7	3.4
Bennington County, VT	4.5	2.8	2.5
Vermont	3.6	2.3	2.0
Nationally	5.3	3.6	3.7
<i>Source: U.S Bureau of Labor Statistics</i>			

## **Competition**

The Western assessment area is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 12 financial institutions operated 40 offices in the Western assessment area. Of these, MOB ranked fourth with 11.1 percent market share, behind Berkshire Bank, with 29.4 percent; Adams Community Bank, with 19.8 percent; and TD Bank, with 14.7 percent.

The bank faces a high level of competition for home mortgage loans from national banks, credit unions, mortgage companies, and other state-chartered community banks in the assessment area. In 2022, 191 lenders reported 3,245 residential mortgage loans. MOB ranked tenth with 1.9 percent market share. Greylock Federal Credit Union, Adams Community Bank, and Academy Mortgage Corporation were the top three lenders capturing more than half of the market with a combined market share of 55.1 percent.

There is also a high level of competition for small business loans, particularly from national banks, in the assessment area. MOB does not report its small business lending. However, aggregate data

provides an indicator of competition and demand for small business loans in the assessment area. Aggregate small business data is only available at the county level; therefore, the data represents lending activity in the Berkshire County, MA and Bennington County, VT. In 2022, 86 lenders originated 4,016 small business loans in Berkshire and Bennington counties. The top five lenders were national banks, capturing a significant amount of the market with a combined market share of 68.0 percent.

### **Community Contact**

As part of the CRA evaluation, examiners contact organizations active in the assessment area to better understand and assess credit and community development needs and opportunities. The information obtained helps determine the responsiveness of local banks to identified needs.

Examiners contacted a non-profit organization that promotes affordable housing and economic development in the Western assessment area. The contact expressed that one of the primary challenges in the area is a lack of available affordable housing for low- and moderate-income individuals. The contact noted that the area has a strained workforce and that affordable housing scarcity adds to the struggles of the workforce. The contact also indicated that many nonprofit organizations in Berkshire County need continued support and funding. According to the contact, the most significant needs for low- and moderate-income families are affordable housing and livable wages. The contact expressed that banks can help meet community needs through funding affordable housing development projects, offering flexible credit products for mortgages and small business loans, first time homebuyer education, and sponsoring the nonprofit organizations of Berkshire County.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary credit and community development needs of the assessment are related to affordable housing and economic development. Opportunities to address these needs include the creation of flexible loan programs and the origination of loans for affordable housing development. Additionally, economic development opportunities exist in the form of loans to small businesses to support job retention for low- and moderate-income individuals. Further, the bank can help support low- and moderate-income populations in this assessment area by offering financial education programs and sponsoring non-profit organizations that provide community services.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN WESTERN ASSESSMENT AREA

### LENDING TEST

MOB demonstrated reasonable performance under the Lending Test in the Western assessment area. The bank's reasonable performance under Geographic Distribution primarily supports this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Western assessment area. The bank's reasonable home mortgage and small business performance supports this conclusion. Examiners assigned greater weight to home mortgage lending performance than small business lending performance because the volume of loans was greater during the evaluation period.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion among low- and moderate-income census tracts. MOB's performance in the low-income census tract was below the aggregate performance and area demographics in 2022. However, in 2023 the bank's performance was above area demographics. The low volume of owner-occupied housing units in the census tract reflects limited opportunities for lending. According to 2022 Peer Mortgage data, 15 lenders originated or purchased 39 home mortgage loans within the low-income census tract.

Greater lending opportunities exist in moderate-income census tracts compared to the low-income census tract. MOB's performance in moderate-income census tracts was below the aggregate performance and area demographics in 2022, but performance was above area demographics in 2023. According to 2022 Peer Mortgage Data, Greylock Federal Credit Union and Adams Community Bank were the top two lenders and collectively held 51.23 percent of the market share in moderate-income census tracts. MOB ranked 14<sup>th</sup> out of the 86 lenders who originated or purchased home mortgage loans in moderate-income census tracts.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Western</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	0.3	1.2	0	0.0	0	0.0
2023	0.3	--	1	3.6	803	6.5
<b>Moderate</b>						
2022	18.0	21.2	7	11.7	893	5.6
2023	18.0	--	6	21.4	4,807	39.2
<b>Middle</b>						
2022	59.9	55.7	16	26.7	3,502	21.9
2023	59.9	--	7	25.0	1,411	11.5
<b>Upper</b>						
2022	21.9	21.9	37	61.7	11,619	72.6
2023	21.9	--	14	50.0	5,241	42.7
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>16,014</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>28</b>	<b>100.0</b>	<b>12,262</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census 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 reasonable penetration throughout the assessment area, which is primarily supported by the bank’s performance in moderate-income census tracts. The bank did not lend to small businesses in the low-income census tract in 2022 or 2023, therefore MOB’s performance was well below area demographics. However, the bank’s small business lending performance in moderate-income census tracts exceeded area demographics in 2022 and 2023. According to 2022 Peer Small Business data, national banks were the top five lenders in low-income census tracts in the counties with a combined market share of 76.9 percent. Similarly, in moderate-income census tracts, the top five lenders were national banks with a combined market share of 62.7 percent.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: Western</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2022	19.6	0	0.0	0	0.0
2023	25.1	0	0.0	0	0.0
<b>Moderate</b>					
2022	16.1	2	40.0	46	7.7
2023	14.9	4	40.0	1,093	33.5
<b>Middle</b>					
2022	46.7	2	40.0	450	75.5
2023	43.7	2	30.0	696	21.4
<b>Upper</b>					
2022	17.6	1	20.0	100	16.8
2023	16.3	4	40.0	1,470	45.1
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>596</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,259</b>	<b>100.0</b>
<i>Source: 2022 and 2023 D&amp;B Data; Bank Data, “—” data not available. Due to rounding, totals may not equal 100.0%</i>					

## **Borrower Profile**

The distribution of borrowers reflects poor penetration among individuals of different income levels and businesses of different sizes within the Western assessment area. MOB’s poor home mortgage lending performance primarily supports this conclusion. Examiners gave greater weight to home mortgage lending than small business lending because the volume of loans was greater during the evaluation period.

### ***Home Mortgage Loans***

The distribution of borrowers reflects poor penetration among individuals of different income levels. As shown in the following table, the bank’s lending to low-income borrowers was below aggregate performance in 2022 and below area demographics in 2022 and 2023. Low-income families in the Western assessment area, earning less than \$47,350, may have difficulty qualifying for a mortgage under conventional underwriting standards. Additionally, 7.1 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between the percentage of low-income families and the aggregate performance.

Although low median family incomes and high poverty rates create potential barriers to homeownership, 2022 Peer Mortgage Data shows that the bank’s performance is below other community banks who face the same demographic challenges. According to 2022 Peer Mortgage data, 44 lenders originated or purchased 302 home mortgage loans to low-income borrowers, in which MOB ranked 35th with 0.3 percent market share. Greylock Federal Credit Union and Adams Community Bank had a combined market share of 53.7 percent, and smaller community

institutions, including Pittsfield Co-operative Bank, which ranked fifth, and Lee Bank, which ranked seventh, ranked ahead of MOB.

Similarly, MOB’s performance to moderate-income borrowers was below aggregate performance in 2022 and below area demographics in 2022. Performance declined in 2023. According to 2022 Peer Mortgage data, 72 lenders originated or purchased 765 home mortgage loans to moderate-income borrowers, of which MOB ranked 12<sup>th</sup> with a 1.3 percent market share. Greylock Federal Credit Union and Adams Community Bank had a combined market share of 53.2 percent, and smaller community institutions, including Pittsfield Co-operative Bank, which ranked sixth, and Lee Bank, which ranked seventh, ranked ahead of MOB.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Western</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	21.2	9.3	1	1.7	77	0.5
2023	21.2	--	1	3.6	60	0.5
<b>Moderate</b>						
2022	18.2	23.6	8	13.3	996	6.2
2023	18.2	--	2	7.1	205	1.7
<b>Middle</b>						
2022	22.6	24.5	15	25.0	2,692	16.8
2023	22.6	--	6	21.4	1,067	8.7
<b>Upper</b>						
2022	38.1	32.6	34	56.7	9,142	57.1
2023	38.1	--	16	57.1	5,527	45.1
<b>Income Not Available</b>						
2022	0.0	10.0	2	3.3	3,107	19.4
2023	0.0	--	3	10.7	5,403	44.1
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>16,014</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>28</b>	<b>100.0</b>	<b>12,262</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. The bank originated more than half of their small business loans to businesses with GARs of \$1.0 million or less; however, the bank’s percentage of small business loans to those businesses was below demographics in 2022 and 2023. According to 2022 Peer Small Business data, less than half (approximately 48.8 percent) of all reported small business loans were made to businesses with GARs of \$1.0 million or less in Berkshire County, MA and Bennington County, VT in 2022. This data provides a better indication of the demand for small business loans among

businesses with GARs of \$1.0 million or less in the assessment area. Given this information and the level of competition for small business loans in the assessment area, performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: Western</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2022	87.0	3	60.0	296	49.7
2023	88.7	6	60.0	1,759	54.0
<b>&gt; \$1,000,000</b>					
2022	3.9	2	40.0	300	50.3
2023	3.3	4	40.0	1,500	46.0
<b>Revenue Not Available</b>					
2022	9.1	0	0.0	0	0.0
2023	7.9	0	0.0	0	0.0
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>596</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,259</b>	<b>100.0</b>
<i>Source: 2022 and 2023, D&amp;B Data, Bank Data, — data not available. Due to rounding, totals may not equal 100.0%</i>					

## **COMMUNITY DEVELOPMENT TEST**

MOB demonstrated reasonable responsiveness to the community development needs within the Western assessment area through community development loans, qualified investments and community development services. Examiners considered the bank’s capacity and the need and availability for such opportunities.

### **Community Development Loans**

MOB originated 36 community development loans totaling approximately \$65.7 million in the Western assessment area, accounting for 40.0 percent by number and 54.4 percent by dollar amount of total community development loans. The majority of loans, by dollar amount, supported affordable housing. These loans were responsive to the primary needs of the assessment area, which include affordable housing. The following table shows the number and dollar volume of community development loans by year and purpose.

<b>Community Development Lending Assessment Area: Western</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	21	18,904	9	4,561	30	23,465
2022	1	2,657	1	900	0	0	0	0	2	3,557
2023	2	20,182	0	0	0	0	0	0	2	20,182
YTD 2024	2	18,450	0	0	0	0	0	0	2	18,450
<b>Total</b>	<b>5</b>	<b>41,289</b>	<b>1</b>	<b>900</b>	<b>21</b>	<b>18,904</b>	<b>9</b>	<b>4,561</b>	<b>36</b>	<b>65,654</b>

*Source: Bank Data*

The following are examples of community development loans that benefitted the Western assessment area:

- In 2021, as part of the second round of PPP loans, the bank originated 25 PPP loans totaling \$12.5 million in the Western assessment area to help small businesses retain permanent jobs for low- and moderate-income individuals or in low- or moderate-income areas during the COVID-19 pandemic.
- In 2022, the bank originated a \$2.7 million commercial real estate mortgage to an organization whose primary mission is to develop and manage low-income housing in the Berkshire region. The loan was responsive to affordable housing needs in the Western assessment area as it resulted in 41 new units of affordable housing for low- and moderate-income individuals and families. Additionally, the overall project was complex, as the financing required the collaboration of multiple funding partners and a combination of low-income housing tax credits and grants.
- In 2023, MOB originated a \$16.2 million commercial loan for the construction of a 65-unit affordable housing project in Lenox, MA. The loan was responsive to the assessment area’s needs for affordable rental housing. Affordable housing is a critical need in Lenox, with approximately 4,463 households on the family public housing waitlist.

**Qualified Investments**

MOB made 136 investments totaling \$10.7 million in the Western assessment area, which accounts for 73.1 percent of total qualified investments by number and 94.5 percent of qualified investments by dollar amount.

The bank’s largest investment of \$10.0 million in the NEF Northeast Regional Fund was responsive to affordable housing needs, as the fund helps to create and preserve affordable housing in the Western assessment area and broader statewide regional area. MOB’s participation is a collaboration among eight other investors for a total fund size of \$122.5 million. While it is a regional fund, MOB’s investment has a targeted allocation to a 65-unit affordable housing development in Lenox, MA, within the Western assessment area. The bank’s involvement in this

project was particularly responsive, as the bank also originated a \$16.2 million loan for the construction of this affordable housing complex.

Additionally, the bank renewed five investment bonds totaling \$105,000 to support affordable housing in the Western assessment area. The following table shows the number and dollar volume of qualified investments by year and purpose.

<b>Qualified Investments</b>										
<b>Assessment Area: Western</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	5	105	0	0	0	0	0	0	5	105
2023	1	10,000	0	0	0	0	0	0	1	10,000
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>10,105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>10,105</b>
Qualified Grants & Donations	1	1	114	434	15	121	0	0	130	556
<b>Total</b>	<b>7</b>	<b>10,106</b>	<b>114</b>	<b>434</b>	<b>15</b>	<b>121</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>10,661</b>

*Source: Bank Data*

The following are examples of qualified donations that benefitted the Western assessment area:

- **FHLB Jobs for New England** – In 2021, MOB secured a \$50,000 grant from the FHLB’s Jobs for New England Recovery Grant program and awarded a total of \$20,000 in grants to two organizations benefiting the Western assessment area. Created by the FHLB of Boston, the program allows member financial institutions to apply for grants and disperse the funds to small businesses and nonprofits who have experienced significant challenges due to the COVID-19 pandemic.
- **Lever, Inc.** – MOB continued its commitment to Lever, Inc., an economic development organization serving Berkshire County that creates jobs by helping to support entrepreneurs, launching companies, and growing companies. Lever, Inc. also helps students secure employment and places college students in paid internships. The organization relies on grants and philanthropic support to help serve entrepreneurs and carry out its mission. The bank’s contributions of \$92,500 over the evaluation period promoted economic development in the assessment area by assisting small businesses and promoting job creation.
- **Community Health Programs, Inc.** – Through MOB’s Community Dividend Program, MOB awarded \$9,000 to Community Health Programs, Inc. serving Berkshire County. The organization focuses on essential services to families and children, including housing support, assistance with food insecurity, access to transportation, and connecting families with resources to improve their quality of life and access to healthcare. The donations helped the organization expand family services into portions of the assessment area.

**Community Development Services**

During the evaluation period, employees provided 111 instances of financial education or technical assistance to community organizations in the Western assessment area. The majority (77.0 percent) of the bank’s community development services were provided in this area. This level of activity is similar to the bank’s performance during the prior evaluation period. The following table shows the number of community development services by year and purpose.

Community Development Services Assessment Area: Western					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	0	0	0	0
2021	0	5	0	0	5
2022	3	13	9	1	26
2023	8	46	11	2	67
YTD 2024	1	11	0	1	13
<b>Total</b>	<b>12</b>	<b>75</b>	<b>20</b>	<b>4</b>	<b>111</b>

*Source: Bank Data*

The following are examples of community development services that benefitted the Western assessment area:

- ***Northern Berkshire Community Coalition*** – A bank officer serves as the Vice Chair for the Northern Berkshire Community Coalition, a North Adams-based organization that supports communities through neighborhood development initiatives, substance use prevention, and youth programming. The participation supports community services for low- and moderate-income individuals in the Western assessment area.
- ***Northern Berkshire United Way*** – A bank officer serves on the Board of Directors of the Northern Berkshire United Way, which supports 20 non-profit organizations that address social issues such as domestic violence, hunger, disability services, and homelessness. The participation on the Board supports community services to low- and moderate-income individuals in the Western assessment area.
- ***Berkshire Housing Development*** – A bank officer serves on the Board of Directors and Finance Committee of Berkshire Housing Development. Berkshire Housing Development provides affordable housing for low- and moderate-income individuals and families throughout the Berkshires, and has an affordable housing portfolio of approximately 1,000 units.

## **SOUTH SHORE ASSESSMENT AREA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH SHORE ASSESSMENT AREA**

MOB operates three, or 50.0 percent, of its 6 branch offices, in the South Shore assessment area. The South Shore assessment area represents 75.7 percent of the total number of census tracts in the bank’s assessment areas, 69.9 percent of loans, and 42.9 percent of deposits. The assessment area consists of the following communities in Plymouth County, MA and Norfolk County, MA.

**Plymouth County, MA:** Abington, Carver, Duxbury, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Plymouth, Plympton, Rockland, Scituate, and Whitman.

**Norfolk County, MA:** Braintree, Cohasset, Milton, Quincy, and Weymouth.

#### **Economic and Demographic Data**

The South Shore assessment area did not change since the prior evaluation; however, the income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the South Shore assessment area had 98 census tracts with the following income designations:

- 1 low-income tract
- 11 moderate-income tracts
- 57 middle-income tracts
- 29 upper-income tracts

According to the 2020 U.S. Census data, the South Shore assessment area now has 112 census tracts with the following income designations:

- 2 low-income tracts
- 14 moderate-income tracts
- 54 middle-income tracts
- 39 upper-income tracts
- 3 unassigned income classifications

Based on 2020 U.S. Census data, the two low-income tracts are located in Quincy and the fourteen moderate-income census tracts are located in Quincy (7), Weymouth (3), Carver (2), and Plymouth (2).

The following table illustrates select demographic characteristics of the assessment area using the 2020 U.S. Census data.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: South Shore</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	112	1.8	12.5	48.2	34.8	2.7
Population by Geography	532,980	1.2	13.2	49.5	35.0	1.2
Housing Units by Geography	218,259	1.2	14.6	50.8	32.5	1.0
Owner-Occupied Units by Geography	147,701	0.4	10.2	51.4	37.3	0.8
Occupied Rental Units by Geography	55,899	3.2	26.1	48.4	20.5	1.8
Vacant Units by Geography	14,659	1.2	14.7	53.4	30.0	0.8
Businesses by Geography	59,369	1.4	12.1	42.1	43.9	0.5
Farms by Geography	1,347	0.2	11.4	49.4	38.5	0.4
Family Distribution by Income Level	134,259	17.8	16.0	21.7	44.5	0.0
Household Distribution by Income Level	203,600	22.6	14.5	17.5	45.4	0.0
Median Family Income MSA – 14454 Boston, MA		\$112,607	Median Housing Value Median Gross Rent Families Below Poverty Level			\$472,135 \$1,523 3.9%

*Source: 2020 U.S. Census and 2023 D&B Data.  
Due to rounding, totals may not equal 100.0%  
(\* The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares home mortgage lending to the distribution of owner-occupied housing units. Housing costs are relatively expensive in the assessment area compared to national and statewide averages. The median housing value of \$472,135 is above the U.S. average of \$348,079 and the Massachusetts average of \$449,342.

According to 2023 D&B data, 59,369 non-farm businesses operate in the South Shore assessment area. The following reflects the GARs for these businesses.

- 90.1 percent have \$1.0 million or less,
- 3.3 percent have more than \$1.0 million, and
- 6.6 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.9 percent; followed by non-classifiable establishments (21.9 percent); finance, insurance & real estate (11.9 percent); and retail trade (10.1 percent). In addition, 63.9 percent of area businesses have four or fewer employees and 92.7 percent operate from a single location.

Examiners used the FFIEC-updated MFI levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the MFI ranges in the assessment area in 2022 and 2023.

<b>Median Family Income Ranges</b>				
<b>Assessment Area: South Shore</b>				
<b>Boston, MA Median Family Income (14454)</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280

*Source: FFIEC*

The U.S. Bureau of Labor Statistics (BLS) reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic. The following table shows the county, state, and national average annual unemployment rates during the evaluation period.

<b>Unemployment Rates</b>			
<b>Location</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Norfolk County, MA	4.8	3.2	3.1
Plymouth, County, MA	5.7	3.9	3.5
Massachusetts	5.4	3.7	3.4
Nationally	5.3	3.6	3.7

*Source: U.S Bureau of Labor Statistics*

## **Competition**

The South Shore assessment area is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 20 financial institutions operate 137 offices in the South Shore assessment area. MOB ranked 13<sup>th</sup> with a 1.6 percent market share. Of the institutions that ranked ahead of MOB, four were national banks and eight were state-chartered banks. Rockland Trust Company ranked first with a 21.0 percent market share.

MOB faces significant competition for home mortgage loans from national banks, mortgage companies, credit unions, and other state-chartered community banks. In 2022, 419 lenders reported 18,191 residential mortgage loans in the assessment area. MOB ranked 80<sup>th</sup> with a 0.3 percent market share. Community Bank, Rockland Trust Company, Eastern Bank, and Rockland Federal Credit Union were the top four lenders, with a combined market share of 24.4 percent.

There is also a high level of competition for small business loans, particularly from national banks, in the South Shore assessment area. MOB does not report its small business lending. However, aggregate data provides an indication of competition and demand for small business loans in the assessment area. Aggregate small business data is only available at the county level; therefore, the data represents the entirety of Norfolk and Plymouth counties. In 2022, 153 lenders originated 36,924 small business loans in Norfolk and Plymouth counties. The top five lenders were national banks, capturing a significant amount of the market with a combined market share of 64.4 percent.

## **Community Contact**

As part of the CRA evaluation, examiners contact organizations active in the assessment area to better understand and assess credit and community development needs and opportunities. The information obtained helps determine the responsiveness of local banks to identified needs.

Examiners contacted a non-profit community action agency that provides services to low-income individuals and families throughout the South Shore. The contact noted that low-income families in the area are struggling to find affordable housing, as well as pay for heat and utilities, food, transportation, early education, and childcare. According to the contact, the most significant needs for low- and moderate-income families in the assessment area include affordable housing and financial education. The contact expressed that banks can help meet these needs by offering financial education courses covering topics such as credit card usage, and through products and services such as Individual Development Accounts, which are accounts with a match savings program intended to save towards homeownership.

## **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary community development needs of the assessment area are affordable housing and financial literacy. Credit needs and opportunities in the assessment area include the creation of flexible loan programs and loans for affordable housing development. Additionally, the bank can help support low- and moderate-income populations in this assessment area by offering financial education programs.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH SHORE ASSESSMENT AREA**

## **LENDING TEST**

MOB demonstrated reasonable performance under the Lending Test in the South Shore assessment area. The bank's reasonable performance under the Geographic Distribution and Borrower Profile criteria supports this conclusion.

## **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the South Shore assessment area. The bank's reasonable home mortgage lending performance primarily supports this conclusion. Examiners gave greater weight to home mortgage lending than small business lending because the volume of loans was greater during the evaluation period.

## ***Home Mortgage Loans***

The distribution of home mortgage loans reflects reasonable dispersion among low- and moderate-income census tracts. The bank did not lend in low-income census tracts in 2022 or 2023; however, opportunities are relatively limited given the low volume of owner-occupied housing units in the low-

income census tracts. According to 2022 Peer Mortgage data, 36 lenders originated or purchased 49 home mortgage loans within those census tracts, and no lender originated or purchased more than three loans.

In moderate-income census tracts, MOB’s performance was slightly below aggregate performance in 2022 and was below area demographics in 2022 and 2023. According to 2022 Peer Mortgage Data, 208 lenders originated or purchased 1,732 mortgage loans in moderate-income census tracts in the assessment area. Of the 208 lenders, the top five lenders were large institutions and mortgage companies that originated almost 25 percent of all home mortgage loans in the assessment area. Only 45 lenders originated or purchased more than 10 mortgage loans. Given the level of competition in the assessment area, MOB’s performance was reasonable. This conclusion is primarily supported by performance in moderate-income census tracts in 2022.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: South Shore</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	0.4	0.3	0	0.0	0	0.0
2023	0.4	--	0	0.0	0	0.0
<b>Moderate</b>						
2022	10.2	9.5	3	6.5	929	4.8
2023	10.2	--	1	3.1	8,100	34.2
<b>Middle</b>						
2022	51.4	51.0	21	45.7	7,138	37.1
2023	51.4	--	19	59.4	7,682	32.4
<b>Upper</b>						
2022	37.3	38.4	22	47.8	11,158	58.0
2023	37.3	--	11	34.4	7,665	32.3
<b>Not Available</b>						
2022	0.8	0.8	0	0.0	0	0.0
2023	0.8	--	1	3.1	250	1.1
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>19,224</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>32</b>	<b>100.0</b>	<b>23,698</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank did not lend to small businesses in low-income census tracts in 2022 or 2023. Additionally, the bank’s small business lending performance in moderate-income census tracts was below area demographics in 2022 and 2023.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Assessment Area: South Shore</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2022	1.4	0	0.0	0	0.0
2023	1.4	0	0.0	0	0.0
<b>Moderate</b>					
2022	12.2	1	5.6	251	3.3
2023	12.1	2	7.1	1,213	9.9
<b>Middle</b>					
2022	42.1	9	50.0	3,288	42.7
2023	42.1	17	60.7	7,982	64.9
<b>Upper</b>					
2022	43.9	8	44.4	4,153	54.0
2023	43.9	9	32.1	3,101	25.2
<b>Not Available</b>					
2022	0.5	0	0.0	0	0.0
2023	0.5	0	0.0	0	0.0
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>7,692</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>12,296</b>	<b>100.0</b>
<i>Source: 2022 and 2023 D&amp;B Data; Bank Data, “—“data not available.</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes within the South Shore assessment area. The bank’s reasonable home mortgage and small business lending performance supports this conclusion.

### ***Home Mortgage Loans***

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As shown in the following table, lending to low-income borrowers was above aggregate performance in 2022; however, performance was below area demographics in 2022 and declined slightly in 2023. Low-income families in the South Shore assessment area, earning less than \$68,450, may have difficulty qualifying for a mortgage under conventional underwriting standards, especially considering the median housing value of \$472,135. Additionally, 3.9 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between the percentage of low-income families and aggregate performance.

In lending to moderate-income borrowers, MOB’s performance exceeded area demographics and aggregate performance in 2022; however, performance declined in 2023 and was below area demographics.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: South Shore</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	17.8	6.9	4	8.7	751	3.9
2023	17.8	--	2	6.3	520	2.2
<b>Moderate</b>						
2022	16.0	18.4	11	23.9	3,426	17.8
2023	16.0	--	2	6.3	565	2.4
<b>Middle</b>						
2022	21.7	24.0	9	19.6	2,713	14.1
2023	21.7	--	9	28.1	2,999	12.7
<b>Upper</b>						
2022	44.5	39.3	18	39.1	10,063	52.3
2023	44.5	--	17	53.1	10,801	45.6
<b>Income Not Available</b>						
2022	0.0	11.5	4	8.7	2,271	11.8
2023	0.0	--	2	6.3	8,813	37.2
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>46</b>	<b>100.0</b>	<b>19,224</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>32</b>	<b>100.0</b>	<b>23,698</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available</i>						

***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. The bank’s percentage of small business loans to businesses with GARs of \$1.0 million or less was below the percentage of businesses with those revenues in both 2022 and 2023. However, 2022 Peer Small Business data shows that, among CRA data reporters, less than half (approximately 48.8 percent) of all small business loans were made to businesses with GARs of \$1.0 million or less in Norfolk and Plymouth counties. This data provides a better indication of the demand for small business loans among businesses with GARs of \$1.0 million or less in the assessment area. Given this information and the level of competition for small business loans in the assessment area, performance is reasonable.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Assessment Area: South Shore</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2022	89.0	10	55.6	4,770	62.0
2023	90.0	9	32.1	3,114	25.3
<b>&gt; \$1,000,000</b>					
2022	3.7	8	44.4	2,922	38.0
2023	3.4	19	67.9	9,182	74.7
<b>Revenue Not Available</b>					
2022	7.3	0	0.0	0	0.0
2023	6.7	0	0.0	0	0.0
<b>Total</b>					
<b>2022</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>7,692</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>12,296</b>	<b>100.0</b>
<i>Source: 2022 and 2023 D&amp;B Data; Bank Data</i>					

## **COMMUNITY DEVELOPMENT TEST**

MOB demonstrated reasonable responsiveness to the community development needs within the South Shore assessment area through community development loans, qualified investments, and community development services. Examiners considered the bank’s capacity and the need and availability for such opportunities.

### **Community Development Loans**

MOB originated 33 loans totaling \$20.9 million in the South Shore assessment area, which accounts for 30.0 percent by number and 17.3 percent by dollar amount of total community development loans. This performance is consistent with the prior evaluation period. The following table shows the number and dollar volume of community development loans by year and purpose.

<b>Community Development Lending Assessment Area: South Shore</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	0	0	0	0	0	0	0	0	0	0
2021	2	1,510	1	3,900	17	5,271	7	4,982	27	15,663
2022	3	2,982	0	0	0	0	0	0	3	2,982
2023	1	725			1	530	1	1,000	3	2,255
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>5,217</b>	<b>1</b>	<b>3,900</b>	<b>18</b>	<b>5,801</b>	<b>8</b>	<b>5,982</b>	<b>33</b>	<b>20,900</b>

*Source: Bank Data*

The following are examples of community development loans that benefitted the South Shore assessment area:

- In 2021, the bank originated 19 PPP loans during the second phase of disbursements totaling \$8.3 million in the South Shore assessment area. These loans helped small businesses retain permanent jobs for low- and moderate-income individuals or in low- and moderate-income areas. The loans promoted economic development as well as revitalization and stabilization of low- and moderate-income census tracts within the assessment area.
- In 2021 and 2023, MOB originated four SBA 504 loans totaling \$1.4 million. The SBA 504 program offers small businesses financing, while promoting growth and job creation. The loans promoted economic development within the assessment area.
- In 2022, MOB originated two loans totaling \$6.5 million for the construction of a housing development in the South Shore assessment area. Of this amount, \$1.6 million or 25 percent received credit for supporting affordable housing, as eight units out of 32 are affordable. The financing is responsive to the need for affordable housing in the South Shore assessment area.

**Qualified Investments**

During the review period, MOB made 49 qualified investments in this assessment area. All of the qualified investments were in the form of donations totaling approximately \$136,360. This total accounts for 26.3 percent of the bank’s qualified investments by number and 1.2 percent of qualified investments by dollar amount. The following table shows the number and dollar volume of qualified donations by year and purpose.

Qualified Donations Assessment Area: South Shore										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	0	0	6	17,835	0	0	0	0	6	17,835
2021	2	3,750	12	48,000	0	0	0	0	14	51,750
2022	2	3,750	9	18,600	0	0	0	0	11	22,350
2023	2	6500	10	24,425	0	0	0	0	12	30,925
YTD 2024	0	0	2	7500	4	6,000			6	13,500
<b>Total</b>	6	14,000	39	116,360	4	6,000	0	0	49	136,360

Source: Bank Data

The following are examples of qualified donations that benefitted the South Shore assessment area:

- **Interfaith Social Services** – Interfaith Social Services provides community services to South Shore residents. The bank donated \$8,000 to Interfaith Social Services during the evaluation period. The bank’s donations helped the organization provide community services to low- and moderate-income individuals through food pantry operations, homelessness prevention services, and mental health counseling.
- **Manet Community Health Care (Manet)** – Manet is a not-for-profit Federally Qualified Health Center that provides services regardless of financial circumstances or health insurance coverage. Manet operates seven primary care sites, six of which are in the assessment area. More than 75.0 percent of patients served by the health centers are at or below the poverty level, and 54.2 percent are covered by Medicaid or Medicare.
- **Habitat for Humanity of Greater Plymouth (HFHGP)** – HFHGP builds and repairs homes for low- and moderate-income families in Plymouth and surrounding communities. The bank’s contribution of \$5,000 helped promote affordable housing and support the rehabilitation work for an abandoned property site in Carver.
- **FHLB Jobs for New England** – In 2021, MOB secured a \$50,000 grant from the FHLB’s Jobs for New England Recovery Grant program and awarded a total of \$30,000 in grants to three community development organizations benefiting the South Shore assessment area. Created by the FHLB of Boston, the program allows member financial institutions to apply for the grants and disperse funds to small businesses and nonprofits who have experienced significant challenges due to the COVID-19 pandemic.

**Community Development Services**

During the evaluation period, bank employees provided 31 instances of financial education or technical assistance to community development-related organizations in the South Shore assessment area. The level of activities represents 21.0 percent of all community development services and is consistent with performance during the prior evaluation period. The following table shows the number of community development services by year and purpose.

Community Development Services Assessment Area: South Shore					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	0	0	0	0
2021	0	4	0	0	4
2022	0	10	0	0	10
2023	1	12	0	0	13
YTD 2024	0	4	0	0	4
<b>Total</b>	<b>1</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>31</b>
<i>Source: Bank Data</i>					

The following are examples of community development services that benefitted the South Shore assessment area:

- ***Habitat for Humanity of Greater Plymouth*** – As previously noted, HFHGP constructs and rehabilitates homes for low- and moderate-income families in Plymouth and surrounding communities. A bank officer serves as Secretary on the Board of HFHGP. The participation supports affordable housing in the assessment area.
- ***Friendship Home*** – The President continues to serve on the Board of Directors and as the Fundraising Gala Chair for Friendship Home, which is a Norwell-based organization providing care and life skills for individuals with disabilities. The organization primarily serves individuals from low- and moderate-income households. The participation helps provide community services to low- and moderate-income individuals in the assessment area.
- ***Financial Education*** – MOB sponsored and supported 16 financial education courses to schools in communities that met the eligibility criteria for free or reduced lunch; therefore, the financial education primarily supported low- and moderate-income students.
- ***First Time Homebuyer Seminars*** – MOB staff presented at three first time homebuyer seminars in collaboration with Quincy Community Action Program, an agency dedicated to reducing poverty and supporting low- and moderate-income individuals. These seminars support an affordable housing service to low- and moderate-income individuals.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's complaint log indicated the bank received CRA-related complaints pertaining to branch hours. MOB acknowledged the complaints and responded appropriately. For example, MOB responded by extending the hours of the North Adams branch, situated in a moderate-income area. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

### **MINORITY APPLICATION FLOW**

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

According to 2020 ACS Census Data, the bank's assessment area within the Western assessment area and South Shore assessment area contained a total population of 655,311 individuals, of which 16.9 percent are minorities. The minority and ethnic population represented is 7.8 percent Asian, 3.7 percent Hispanic, 3.3 percent Black or African American, 2.0 percent other race, 0.1 percent American Indian or Alaska Native, and 0.02 percent Native Hawaiian or other Pacific Islander. Examiners compared the bank application activity with that of the 2022 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 aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	2022		2022 Aggregate Data	2023	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	2	1.2	6.3	2	2.1
Black/ African American	1	0.6	2.3	1	1.1
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	4	2.5	1.4	3	3.3
<b>Total Racial Minority</b>	<b>7</b>	<b>4.3</b>	<b>10.4</b>	<b>6</b>	<b>6.5</b>
White	145	89.5	68.7	73	79.4
Race Not Available	10	6.2	20.9	13	14.1
<b>Total</b>	<b>162</b>	<b>100.0</b>	<b>100.0</b>	<b>92</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	2	1.2	2.9	2	2.2
Joint (Hisp/Lat /Not Hisp/Lat)	5	3.1	1.1	1	1.1
<b>Total Ethnic Minority</b>	<b>7</b>	<b>4.3</b>	<b>4.0</b>	<b>3</b>	<b>3.3</b>
Not Hispanic or Latino	145	89.5	74.0	79	85.9
Ethnicity Not Available	10	6.2	22.0	10	10.8
<b>Total</b>	<b>162</b>	<b>100.0</b>	<b>100.0</b>	<b>92</b>	<b>100.0</b>
<i>Source: HMDA Aggregate Data (2022), HMDA LAR Data (2022 and 2023)</i>					

In 2022, the bank received 162 home mortgage loan applications from within its assessment area. Of these applications, the bank received 7 or 4.3 percent from racial minority applicants, of which 4 or 57.1 percent resulted in originations. The aggregate received 10.4 percent of its application from minority applicants, of which it originated 59.8 percent resulting in originations. For the same period, the bank also received 7 or 4.3 percent from ethnic groups of Hispanic origin within its assessment area. Of these applications, the bank originated 4 or 57.1 percent with an aggregate application rate of 4.0 percent with a 57.9 percent origination rate.

In 2023, the overall application volume decreased, primarily due to market conditions. However, the bank maintained a similar application flow by number. The bank received 92 applications from within its assessment area. Of these applications, the bank received 6 or 6.5 percent from racial minority applicants, of which 4 or 66.6 percent resulted in originations. For the same period, the bank also received 3 or 3.3 percent from ethnic groups of Hispanic origin within its assessment area. Of these applications, 2 or 66.6 percent resulted in originations.

Considering the demographics of the assessment area, market competition and conditions, comparisons to the aggregate data in 2022, and the bank's origination rates to racial and ethnic minorities, the bank's minority application flow is reasonable.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and,
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and,
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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 (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.

**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.

**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.