

PUBLIC DISCLOSURE

November 12, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MountainOne Bank
Certificate Number: 90253

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North Adams, MA 01247

Division of Banks
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Boston, Massachusetts 02118

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: MountainOne Bank (MOB) 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 (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- MOB made a majority of its home mortgage and small business loans in its 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.

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (DOB), covers the period from the prior evaluation, dated September 11, 2017, to the current evaluation, dated November 12, 2020. The FDIC and DOB used FFIEC Interagency Intermediate Small Institution Examination Procedures to evaluate MOB's CRA performance. These procedures include two tests: the Small Bank Lending Test and the Community Development Test.

Examiners used full-scope examination procedures for Pittsfield, MA MSA 38340 (Western) and the Boston, MA MD 14454 (Eastern South Shore) assessment areas (AAs). Examiners placed equal weight on the performance of the Western and Eastern South Shore AAs since they have an equal number of banking offices and a similar lending volume during the review period. Limited-scope examination procedures were used to evaluate the bank's performance in the Cambridge-Newton-Framingham, MA MD 15764 (Eastern North Shore) AA. The bank closed its only banking office in the Eastern North Shore AA on June 22, 2018; therefore, examiners only evaluated bank performance in this AA through 2018. Consequently, Eastern North Shore AA performance had very little impact on the overall rating.

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

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

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. Examiners considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and were not analyzed or presented.

Examiners considered the entire universe of home mortgage loans originated or purchased from January 1, 2017, through December 31, 2019. During the review period, the bank originated 1,019 home mortgage loans totaling \$410.7 million. This total includes 527 loans for \$204.7 million in 2017, 274 loans for \$123.3 million in 2018, and 218 loans for \$82.6 million in 2019. Although examiners considered the bank's performance throughout the review period, this evaluation will only present data from calendar years 2018 and 2019 while noting any specific anomalies or trends when present.

Examiners also considered the entire universe of small business loans originated from January 1, 2017, through December 31, 2019. During the review period, the bank originated 69 small business loans for \$22.1 million in 2017, 50 loans for \$15.1 million in 2018, and 44 loans for \$13.5 million in 2019. Home mortgage lending received greater weight when determining Lending Test conclusions based on the bank originating substantially more home mortgage loans compared to small business loans during the review period.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses and individuals served.

Examiners compared the institution's lending performance to 2015 American Community Survey (ACS) data, 2017 through 2019 D&B data, and aggregate reported home mortgage data. Where feasible, the performance of comparable institutions was also used as a comparison.

The evaluation of community development (CD) activities includes all qualified activities from September 11, 2017, through November 12, 2020. Examiners assessed CD activities quantitatively based on the bank's financial capacity, and qualitatively based upon the impact and responsiveness to AA needs.

DESCRIPTION OF INSTITUTION

Background

Founded in 1848, MOB is a Massachusetts state-chartered mutual savings bank and a wholly owned subsidiary of MountainOne Financial, Inc., which is a wholly owned subsidiary of MountainOne Financial, MHC. The bank has three subsidiaries, none of which provide retail banking services. The FDIC and the Division last evaluated MOB's CRA performance as of September 11, 2017. The bank received a Satisfactory rating using Intermediate Small Institution CRA Examination Procedures.

Operations

MOB offers a wide range of lending products, including residential real estate, commercial real estate, commercial and industrial loans, home equity loans and lines of credit, construction loans, and consumer and commercial credit cards. In addition, MOB offers special lending programs for first-time home buyers and veterans. The bank also offers Small Business Administration (SBA) loans to qualifying business owners. MOB offers standard personal and business deposit products, access to alternative banking services such as remote deposit capture, and 24-hour online and mobile banking for customers and businesses.

The bank's products and services are available through its banking offices in Berkshire County, Norfolk County, and Plymouth County, including its main office located in North Adams, Massachusetts. Automated teller machines (ATMs) are located at each banking office, with additional remote ATMs located in North Adams and Williamstown. On June 22, 2018, MOB closed its branch in Danvers, MA, which is located in a middle-income census tract. Since the previous examination, the bank has not opened any branches or had any mergers or acquisitions.

Ability and Capacity

As of September 30, 2020, MOB had total assets of \$907.6 million, which includes total loans of \$720.4 million, representing 79.4 percent of total assets. The bank had total deposits of \$754.9 million. Residential mortgage loans (one-to-four family residential and multi-family residential loans) account for a slightly larger portion of the bank's loan portfolio, followed by commercial loans (nonfarm nonresidential real estate secured and commercial and industrial loans). The table below illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as of September 30, 2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	113,386	15.7
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	238,418	33.1
Secured by Multifamily (5 or more) Residential Properties	42,240	5.9
Secured by Nonfarm Nonresidential Properties	177,170	24.6
Total Real Estate Loans	571,214	79.3
Commercial and Industrial Loans	143,356	19.9
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	5,795	0.8
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
Total Loans	720,365	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more AAs within which it will focus its lending efforts and examiners will evaluate its CRA performance. MOB's combined assessment area comprised three individual assessment areas, including five counties in Massachusetts and Vermont. On June 22, 2018, MOB closed its branch in Danvers, MA, its only branch in Essex County and the Eastern North Shore AA; consequently, this eliminated the Eastern North Shore AA. Each AA complies with CRA technical requirements and is described below:

- **Western** – a contiguous area consisting of nineteen communities from Berkshire County, Massachusetts and eight communities from Bennington County, Vermont. Although MOB does not have a deposit-taking facility in Bennington, County, this AA includes portions of Bennington County that do not extend substantially beyond the Pittsfield MSA. The Western AA consists of many rural communities in the northwest corner of Massachusetts and the southeast corner of Vermont.
- **Eastern South Shore** – a contiguous area consisting of 17 communities from Plymouth County and 5 communities from Norfolk County, which are all in Massachusetts in the Boston MSA. The Eastern South Shore AA contains Boston suburban communities.
- **Eastern North Shore** – a contiguous area consisting of 18 communities from Essex County, Massachusetts, which is in the Boston MSA. The Eastern North Shore AA also contains Boston suburban communities.

Bank lending and deposits are distributed fairly evenly between the Western and Eastern South Shore AAs, and the bank has three branches in each of these AAs. Refer to each full-scope AA section for a description of relevant demographic and economic information.

The global Coronavirus - COVID-19 pandemic (pandemic), which began in early 2020, resulted in subsequent statewide closures of businesses and affected the bank's ability to serve community needs. Specifically, the Massachusetts governor declared a state of emergency on March 10, 2020. All non-essential businesses temporarily closed, and Massachusetts issued a stay-at-home order for its residents.

According to Moody's Analytics, leisure and hospitality services, retail trade, and transportation industries have been severely affected, and recovery will take longest for these industries due to fear of virus transmittal, consumer uncertainty about finances, and social distancing restrictions. Because the evaluation focuses on lending activity from 2017 through 2019, the pandemic did not affect bank Lending Test performance during the evaluation period. The pandemic did, however, create new CD needs and opportunities in the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Satisfactory. The more than reasonable Loan-to-Deposit ratio and the reasonable Geographic Distribution and Borrower Profile performance in the Western and Eastern South Shore AA's primarily support this conclusion. Refer to each full-scope AA for more information.

Loan-to-Deposit Ratio

The average net loan-to-deposit (LTD) ratio of 105.9 percent is more than reasonable given the bank's size, financial condition, and assessment areas' credit needs. The bank's average net LTD ratio is calculated from Call Report data from the past 13 calendar quarters between September 30, 2017, and September 30, 2020. The LTD ratio ranged from a low of 93.4 percent as of September 30, 2020, to a high of 115.3 percent as of December 31, 2017. The ratio remained generally stable and above 100.0 percent during the evaluation period, until it began to dip below that threshold on June 30, 2020, from the impact of operations due to the pandemic. The average LTD ratio declined slightly from the bank's performance at the prior evaluation, when it averaged 108.7 percent.

MOB maintained a high ratio compared to similar institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 09/30/2020 (\$000s)	Average Net LTD Ratio (%)
MountainOne Bank	907,543	105.9
Dime Savings Bank	988,456	91.8
The Guilford Savings Bank	944,435	95.3
Webster Five Cents Savings Bank	982,412	103.3
<i>Source: Reports of Condition and Income 09/30/2017 – 09/30/2020</i>		

Assessment Area Concentration

The bank originated a majority of loans in its assessment areas. Performance improved since the prior evaluation, at which time the bank originated 57.7 percent of loans by number within its AAs, and it remained similar to the prior 47.7 percent by dollar volume inside its AAs. Refer to the table below for more details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	320	60.7	207	39.3	527	76,904	37.6	127,829	62.4	204,733
2018	179	65.3	95	34.7	274	64,813	52.6	58,481	47.4	123,294
2019	163	74.8	55	25.2	218	44,843	54.3	37,788	45.7	82,631
Subtotal	662	65.0	357	35.0	1,019	186,560	45.4	224,098	54.6	410,658
Small Business										
2017	45	65.2	24	34.8	69	13,891	62.8	8,214	37.2	22,105
2018	29	58.0	21	42.0	50	6,510	43.2	8,564	56.8	15,074
2019	31	70.5	13	29.5	44	8,901	66.1	4,560	33.9	13,461
Subtotal	105	64.4	58	35.6	163	29,302	57.9	21,338	42.1	50,640
Total	767	64.9	415	35.1	1,182	215,862	46.8	245,436	53.2	461,298
Source: HMDA Reported Data; CRA Reported Data; Due to rounding, totals may not equal 100.0%.										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the combined AA. The bank's reasonable performance in low- and moderate-income census tracts for home mortgage loan dispersion in the Western and Eastern South Shore AAs and the small business loan dispersion in low- and moderate-income census tracts in the Western AA support this conclusion. Refer to the individual AAs sections for a detailed geographic distribution analysis.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable penetration of loans to low- and moderate-income borrowers and to businesses with GARs of \$1.0 million or less in the Western and Eastern South Shore AAs support this conclusion. Refer to the individual AAs sections for the borrower profile analysis of each area.

Response to Complaints

MOB has not received any CRA-related complaints since the previous CRA Evaluation; consequently, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

MOB demonstrated good responsiveness to the CD needs of its AAs through CD loans, qualified investments, and CD services. Examiners considered the bank's capacity and the need and availability for such opportunities, and compared its overall CD performance to three similarly-situated banks in Massachusetts. Of these three similarly situated banks, one received a High

Satisfactory (Satisfactory from the FDIC) and two received Satisfactory Community Development Test ratings.

Community Development Loans

MOB originated 102 CD loans totaling \$61.4 million during the evaluation period, which represents 6.7 percent of average total assets and 8.5 percent of average total loans since the prior evaluation. Of these loans, 74 totaling \$22.1 million were originated in 2020 as part of the SBA Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. In addition, since the bank was responsive to AA needs, examiners considered 13 CD loans for \$9.0 million outside of the AAs.

The bank's CD loan ratios exceeded those of comparable institutions, even when excluding MOB's PPP loans. Additionally, the bank's CD loan activity increased from the previous evaluation period, during which the bank made 16 CD loans totaling \$20.0 million. The increase is attributed to enhanced identification, documentation, and tracking of community development loan types.

The following table illustrates the total number and dollar volume of CD loans by year and purpose during the review period, including those outside the AAs. Refer to each AA section for notable examples.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/11/2017-12/31/2017	0	0	0	0	0	0	4	11,758	4	11,758
2018	1	438	5	2,693	6	648	4	3,531	16	7,310
2019	0	0	0	0	3	703	0	0	3	703
YTD 2020	4	9,510	0	0	74	22,146	1	9,998	79	41,654
Total	5	9,948	5	2,693	83	23,497	9	25,287	102	61,425
<i>Source: Bank Data</i>										

Qualified Investments

Overall, MOB made 198 qualified investments and donations totaling \$2.0 million. The bank made one new equity investment totaling \$100,000 and continues to hold two prior period investments totaling \$1.2 million. These consist of mortgage-backed securities and an affordable housing bond. Additionally, MOB provided 195 qualified donations for approximately \$739,000 during the review period. This is an increase in qualified donation activity from the previous evaluation period, when the bank had \$413,000 in qualified donations. Increased needs from the COVID-19 pandemic contributed to the increase in qualified donations.

By dollar amount, the bank made 51.0 percent of its donations to support low- and moderate-income individuals. The bank's donations were responsive to some of the lowest income

individuals and areas of its assessment area. Additionally, 33.2 percent of donations by dollar amount benefited efforts to revitalize or stabilize low- and moderate-income geographies. These investments demonstrate bank responsiveness to critical AA needs.

The dollar amount of qualified investments equals 0.2 percent of average total assets and 2.1 percent of average total securities. The bank's performance by number of investments exceeds that of comparable institutions; by dollar amount, bank performance exceeded two banks and was below one comparable bank.

The following table shows the number and dollar volume of total qualified investments made by year and purpose. Refer to each AA section for notable examples.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	1,178	0	0	0	0	0	0	2	1,178
9/11/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	0	0	0	0	1	100	0	0	1	100
Subtotal	2	1,178	0	0	1	100	0	0	3	1,278
Qualified Grants & Donations	19	37	151	377	12	79	13	246	195	739
Total	21	1,215	151	377	13	179	13	246	198	2,017
<i>Source: Bank Data</i>										

Community Development Services

During the review period, bank employees provided 172 instances of financial literacy and technical assistance to local community development organizations. Examiners noted these activities primarily benefitted the Western and Eastern South Shore assessment areas, as the assessment area in the North was eliminated in 2018. This level of involvement is comparable to the performance noted during the prior evaluation period. Additionally, the number of qualified activities is above those of three similarly situated institutions.

In addition, bank employees also participated on various boards and committees of organizations focused on affordable housing, community services, and economic development. Many of these organizations serve AA low- and moderate-income individuals and/or geographies. The following table shows the bank's CD services by number of activities and purpose during the review period. Refer to each AA section for notable examples.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/11/2017-12/31/2017	2	38	0	0	40
2018	2	40	0	0	42
2019	2	44	7	0	53
YTD 2020	2	35	0	0	37
Total	8	157	7	0	172
<i>Source: Bank Records</i>					

Other Services

MOB offers 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 and maintains approval for the Equity Builder Program. The program provides 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 did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

Pittsfield, MA MSA (Western AA) – Full-scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN *WESTERN AA*

The Pittsfield AA includes contiguous portions of Pittsfield County, Massachusetts and Bennington County, Vermont. The bank’s main office is located in North Adams, Massachusetts, and two full-branches are located in Pittsfield and Williamstown, Massachusetts. The bank does not maintain a deposit-taking branch or ATM in Vermont. The AA includes the following communities:

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

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

The AA accounts for the following:

- 50.0 percent of the bank’s full-service branch network,
- 55.0 percent of total deposits,
- 18.7 percent of total census tracts,
- 43.1 percent by number and 24.0 percent by dollar volume of the home mortgage loans,
- 37.1 percent by number and 27.3 percent by dollar volume of small business loans,
- 53.9 percent by number and 56.5 percent by dollar volume of CD loans,
- 66.7 percent by number and 37.0 percent by dollar volume of investments, and
- 78.5 percent of community development services.

Economic and Demographic Data

According to a January 2019 Moody’s Analytics report, Pittsfield’s economy slowed after a strong half of 2018, resulting in increasing unemployment trends. However, the Pittsfield MSA maintained most earlier job gains; as a result, the area no longer trailed Massachusetts in annual job growth. The Pittsfield MSA benefited from strength in the leisure/hospitality, education/healthcare, and construction industries. The top employers in the area include Berkshire Health Systems, General Dynamics Advanced Info Systems, B Mango & Bird, Berkshire Bank, and BMC Hillcrest Campus.

Based on the 2015 ACS, the AA consists of 36 census tracts, of which 3 are low-income, 5 are moderate-income, 21 are middle-income, and 7 are upper-income. Three low- and one moderate-income census tracts are located in Pittsfield. The remaining moderate-income geographies are in North Adams (3) and Bennington, Vermont (1). The following table illustrates demographic information about the AA.

Demographic Information of the Assessment Area						
Assessment Area: Western						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	8.3	13.9	58.3	19.4	0.0
Population by Geography	125,091	8.7	15.7	55.7	19.9	0.0
Housing Units by Geography	62,184	9.9	15.5	55.0	19.6	0.0
Owner-Occupied Units by Geography	35,715	3.3	13.3	62.0	21.5	0.0
Occupied Rental Units by Geography	17,591	23.6	22.8	42.1	11.4	0.0
Vacant Units by Geography	8,878	9.1	9.7	52.8	28.4	0.0
Businesses by Geography	9,079	15.2	14.4	47.8	22.6	0.0
Farms by Geography	287	2.4	9.4	59.2	28.9	0.0
Family Distribution by Income Level	31,902	23.9	17.9	20.9	37.2	0.0
Household Distribution by Income Level	53,306	27.0	15.9	17.4	39.7	0.0
Median Family Income – Pittsfield, MA MSA		\$66,604	Median Housing Value			\$193,649
Median Family Income – VT Nonmetropolitan		\$64,849	Median Gross Rent			\$765
			Families Below Poverty Level			11.1%
Source: 2015 ACS Data; 2019 D&B Data; FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0%.						

The AA contains 62,184 housing units, of which 57.4 percent are owner occupied, 28.3 percent are renter occupied, and 14.3 percent are vacant. With low-income census tracts containing only 3.3 percent of the area's owner-occupied housing units, lenders have limited opportunities to make owner-occupied home mortgage loans in these geographies.

According to 2019 D&B data, 82.3 percent of AA businesses reported gross annual revenues (GARs) of \$1.0 million or less, 5.9 percent had revenues over \$1.0 million, and 11.8 percent have unknown revenues. Service industries represent the largest sector at 44.1 percent, followed by retail trade at 15.3 percent and construction at 8.1 percent. In addition, 63.7 percent of area businesses have four or fewer employees, with 89.8 percent operating from a single location. This information indicates there are opportunities for banks to originate loans to small businesses in the AA.

The following table presents low-, moderate-, middle-, and upper-income categories for the Pittsfield, MA MSA and Vermont statewide nonmetropolitan area for 2018 and 2019.

Median Family Income Ranges				
Assessment Area: Western				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Pittsfield, MA MSA Median Family Income (38340)				
2018 (\$68,800)	<\$34,400	\$34,400 to <\$55,040	\$55,040 to <\$82,560	≥\$82,560
2019 (\$81,700)	<\$40,850	\$40,850 to <\$65,360	\$65,360 to <\$98,040	≥\$98,040
VT NA Median Family Income (99999)				
2018 (\$71,900)	<\$35,950	\$35,950 to <\$57,520	\$57,520 to <\$86,280	≥\$86,280
2019 (\$73,600)	<\$36,800	\$36,800 to <\$58,880	\$58,880 to <\$88,320	≥\$88,320
<i>Source: FFIEC</i>				

Competition

The AA is moderately competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 9 financial institutions operated 37 branch offices within the Western AA. Of these institutions, MOB ranked fourth with a 10.2 percent deposit market share. The top three financial institutions account for 78.9 percent of the total deposit market share: Berkshire Bank at 52.5 percent, TD Bank N.A. at 13.3 percent, and Adams Community Bank at 13.1 percent.

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the AA. In 2019, 175 lenders originated or purchased 2,914 HMDA-reportable loans. MOB ranked eighth out of this group, with a market share of 2.8 percent. The three most prominent home mortgage lenders accounted for 46.2 percent of total market share: Greylock Federal Credit Union at 23.9 percent, Adams Community Bank at 15.1 percent, and Academy Mortgage Corporation at 7.2 percent.

Due to its asset size, MOB is not required to report small business loan data and elected not to do so. However, reported data is an indicator of competition and demand for small business loans in the AA. CRA aggregate data for 2018 shows that 69 lenders reported 3,502 small business loans in the AA; this indicates a moderate degree of competition for this product. The three most prominent small business lenders accounted for 48.3 percent of the total market share: American Express N.A. at 22.6 percent, Chase Bank USA N.A. at 14.0 percent, and Citibank N.A. at 11.7 percent. These are all credit card banks with reported average loan size of \$13,000 or less.

Community Contact

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

Examiners referenced a contact with a non-profit organization in Berkshire County whose mission is to increase affordable housing opportunities and deliver community development programs. The contact noted a strong need for affordable housing, considering rents have increased significantly over recent years, with an increasing number of second homes raising housing prices. Additionally, the contact stated there is a need for financial education, such as credit counseling and homeownership counseling. Overall, the contact was pleased with the responsiveness of local community banks to the area's credit and community development needs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the AA's primary credit and community development needs. Examiners determined opportunities exist to increase the availability of affordable housing,

financial education, and economic development, particularly in Pittsfield. The area also needs affordable home mortgage loan products with flexible terms.

CONCLUSIONS ON PERFORMANCE CRITERIA IN *WESTERN AA*

LENDING TEST

The following sections detail MOB's Geographic Distribution and Borrower Profile performances in the Western AA.

Geographic Distribution

The bank's geographic distribution of loans in the Western AA is reasonable. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable dispersion in the AA. MOB's lending performance in 2018 and 2019 was below both demographic and aggregate data in low-income census tracts; however, bank performance exceeded aggregate data in moderate-income census tracts in both years. The bank's 2019 lending performance in moderate-income census tracts also exceeded the percentage of owner-occupied units in these geographies. The bank's good performance in moderate-income tracts offset its lesser performance in low-income tracts.

Additionally, market share data shows strong competition for home mortgage loans in the low-income census tracts. In 2019, 31 lenders collectively made 157 loans in the three low-income census tracts, with the top 3 lenders capturing approximately 50.0 percent of the market share. The following table shows 2018 and 2019 lending by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Western						
Census Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.3	4.7	2	2.4	125	0.9
2019	3.3	5.4	1	1.2	293	2.3
Moderate						
2018	13.3	12.2	11	13.1	1,061	7.8
2019	13.3	12.4	13	15.9	1,067	8.4
Middle						
2018	62.0	59.1	31	36.9	3,669	27.0
2019	62.0	57.6	22	26.8	3,077	24.2
Upper						
2018	21.5	24.0	40	47.6	8,709	64.2
2019	21.5	24.7	46	56.1	8,290	65.1
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	84	100.0	13,564	100.0
2019	100.0	100.0	82	100.0	12,727	100.0
Source: 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. Because the bank had such limited volume in both years, a difference in just one loan would substantially change the distribution of loans by census tract income level. The bank's proportion of loans in low-income census tracts in 2018 exceeded demographic data, but MOB did not originate a loan in 2019 in these tracts. Although the bank did not originate any small business loans in moderate-income census tracts in 2018, its 2019 performance showed improvement. Penetration into the moderate-income census tracts tripled the percentage of businesses in these tracts. Considering this is the bank's secondary product, its performance is reasonable.

Geographic Distribution of Small Business Loans					
Assessment Area: Western					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	14.6	2	20.0	800	35.4
2019	15.2	0	0.0	0	0.0
Moderate					
2018	14.4	0	0.0	0	0.0
2019	14.4	5	45.5	805	31.7
Middle					
2018	48.4	5	50.0	973	43.0
2019	47.8	3	27.3	900	35.4
Upper					
2018	22.7	3	30.0	490	21.7
2019	22.6	3	27.3	834	32.8
Totals					
2018	100.0	10	100.0	2,263	100.0
2019	100.0	11	100.0	2,539	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 – 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

The distribution of borrowers in the Western AA reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Despite trailing aggregate data, bank lending to moderate-income borrowers matched or fell just slightly below the percentage of moderate-income families, during the evaluation period. Notably, the bank ranked 7th out of 58 total lenders to moderate-income borrowers in 2018. The bank remained in the top 10 in 2019, ranking 9th despite total lenders increasing to 80. The top three lenders captured more than half of all loans to moderate-income borrowers. Considering significant competition and the fact that the bank ranked in the top ten of lenders in 2018 and 2019 for moderate-income borrowers, bank performance is reasonable.

Despite unfavorable comparisons to aggregate and demographic data in 2018 and 2019 for low-income borrowers, market share data highlight the bank's reasonable performance in light of significant competition. For 2018, MOB ranked 9th out of 37 lenders that made a loan to a low-income borrower, capturing a 2.1 percent market share. The bank's performance fell in 2019, as it ranked 16th out of 52 lenders with a 0.6 percent market share. The top three lenders captured over half the market of loans to low-income borrowers in both years. The following table shows the 2018 and 2019 distribution of loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Western						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.9	8.6	5	6.0	332	2.4
2019	23.9	11.4	2	2.4	115	0.9
Moderate						
2018	17.9	20.7	15	17.9	1,395	10.3
2019	17.9	23.8	13	15.9	1,273	10.0
Middle						
2018	20.9	21.5	15	17.9	1,686	12.4
2019	20.9	20.1	13	15.9	1,668	13.1
Upper						
2018	37.2	36.1	49	58.3	10,151	74.8
2019	37.2	31.5	53	64.6	9,378	73.7
Not Available						
2018	0.0	13.1	0	0.0	0	0.0
2019	0.0	13.2	1	1.2	293	2.3
Totals						
2018	100.0	100.0	84	100.0	13,564	100.0
2019	100.0	100.0	82	100.0	12,727	100.0
Source: 2015 ACS; 2018 & 2019 bank data and HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among business customers of different sizes. The percentage of bank loans was below the percentage of businesses with revenues of \$1.0 million or less. However, the percentage of businesses in this revenue category overstates the demand for small business credit among businesses with GARs of \$1.0 million or less. Market data shows that, among CRA data reporters, less than half of all small business loans were made to businesses with GARs of \$1.0 million or less in the Western AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Western					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	80.9	6	60.0	1,063	47.0
2019	82.3	5	45.5	1,130	44.5
>1,000,000					
2018	6.3	4	40.0	1,200	53.0
2019	5.8	5	45.5	1,218	48.0
Revenue Not Available					
2018	12.9	0	0.0	0	0.0
2019	11.9	1	9.1	191	7.5
Totals					
2018	100.0	10	100.0	2,263	100.0
2019	100.0	11	100.0	2,539	100.0
<i>Source: 2018-2019 D&B Data; CRA Reported Data; CRA Aggregate Data; 2019 Aggregate Data Not Available. Due to rounding, totals may not equal 100.0%.</i>					

COMMUNITY DEVELOPMENT TEST

MOB demonstrated reasonable responsiveness to the CD needs of the Western AA through CD loans, qualified investments, and CD services. Examiners considered the bank's capacity and the need and availability for such opportunities.

Community Development Loans

MOB originated 55 CD loans totaling \$34.7 million in the Western AA. This volume accounts for 53.9 percent of by number and 56.4 percent by dollar amount of total CD loans. The following table shows the number and dollar volume of CD loans by year and purpose.

Community Development Lending										
Assessment Area: Western										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/11/2017-12/31/2017	0	0	0	0	0	0	3	10,583	3	10,583
2018	0	0	4	694	1	50	4	3,531	9	4,275
2019	0	0	0	0	1	400	0	0	1	400
YTD 2020	0	0	0	0	41	9,446	1	9,997	42	19,443
Total	0	0	4	694	43	9,896	8	24,111	55	34,701
<i>Source: Bank Records</i>										

Below are three notable examples of the bank's CD lending in the Western AA.

- In 2020, the bank originated 41 PPP loans for \$9.4 million in the Western AA to help small businesses retain permanent jobs for low- or moderate-income individuals or in low- or moderate-income areas during the COVID-19 pandemic.
- In 2018, the bank originated four loans totaling \$694,000 to a non-profit organization dedicated to providing services for low-income individuals.
- In 2017, the bank originated three loans totaling \$10.5 million to redevelop the site of a rundown and vacant motel building. The loans were made through the SBA's 7A and 504 financing programs. The loans financed economic development through the creation of permanent jobs benefitting low- and moderate-income individuals.

Qualified Investments

MOB's Western AA qualified investment activity accounts for 66.6 percent of total qualified investments by number and 37.0 percent by dollar amount. The bank maintained a prior period investment bond in the amount of \$105,000 to support affordable housing in the Western AA. In 2020, the bank made a new investment of \$100,000 to an economic development fund to provide seed and capital growth to companies located in Berkshire County and throughout the region. The investment helped launch new businesses; support entrepreneurs, job creation, and hiring; and support college internship programs.

Additionally, MOB made 130 qualified donations totaling \$542,000 in this AA, more than doubling the volume of qualified donations in this area during the prior evaluation period. The following table shows the number and dollar volume of qualified investments in the Western AA by year and purpose.

Qualified Investments										
Assessment Area: Western										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	105	0	0	0	0	0	0	1	105
2020	0	0	1	100	0	0	0	0	1	100
Subtotal	1	105	1	100	0	0	0	0	2	205
Qualified Grants & Donations	12	20	99	256	12	79	7	187	130	542
Total	13	125	100	356	12	79	7	187	132	747
<i>Source: Bank Records</i>										

Below are notable examples of donations provided in the Western AA.

- MOB donated \$7,100 during the review period to a housing agency that serves those facing homelessness and housing insecurity in the Northern Berkshire region. The bank's yearly contribution supports the agency's housing services and programs for low- and moderate-income individuals.
- The bank donated \$5,250 to an organization in Berkshire County that offers domestic support and financial education programs. The vast majority of this organization's clients are from low-income households.
- In response to the pandemic, MOB participated in the Federal Home Loan Bank's (FHLB) Jobs for New England Working Capital Lending Program. As a FHLB member, MOB receives funding it awards to small businesses needing financial assistance. MOB awarded \$50,000 to organizations in the Western AA.

Additionally, MOB donated \$136,000 to organizations in the Western AA requiring additional support during the pandemic, such as food pantries, senior services, and other support organizations. These organizations serve low- and moderate-income individuals.

Community Development Services

During the evaluation period, employees provided 135 instances of financial expertise or technical assistance to CD-related organizations in the Western AA. The majority of service-related activities were concentrated in this area and account for 78.5 percent of all CD services. This level of activity is similar to performance during the prior evaluation period.

Community Development Services					
Assessment Area: Western					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	2	31	0	0	33
2018	2	31	0	0	33
2019	2	39	0	0	41
YTD 2020	2	26	0	0	28
Total	8	127	0	0	135
<i>Source: Bank Records</i>					

Below are notable examples of CD services provided in the Western AA.

- During the review period, five employees presented at five financial education seminar series for low- and moderate-income elders. Seminars focused on fraud awareness and financial scams. Bank employees devoted 48 hours to these financial seminars.
- During the review period, the community engagement officer served on the Northern Berkshire Homelessness and Housing Collaborative, a task force of multiple agencies collaborating on housing stability in the region.
- During the review period, the chief financial officer served as a board member of Berkshire Housing Development, an agency dedicated to providing affordable housing.

In addition, MOB operates a branch and three ATMs in opportunity zones, with one of the ATMs situated in a moderate-income area. These branches and ATM locations support the availability of banking services to low- and moderate-income individuals.

Boston, MA MD (Eastern South Shore AA) – Full-scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN *EASTERN SOUTH SHORE AA*

The Eastern South Shore AA includes a contiguous area consisting of 17 communities from Plymouth County and 5 communities from Norfolk County, which are in the Boston, MA MSA. The Eastern South Shore AA contains the following Boston suburban communities.

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.

The AA accounts for the following:

- 50.0 percent of the bank’s full-service branch network,
- 45.0 percent of total deposits,
- 50.8 percent of total census tracts,
- 41.5 percent by number and 57.9 percent by dollar volume of the home mortgage loans,
- 60.0 percent by number and 70.0 percent by dollar volume of small business loans,
- 33.3 percent by number and 28.8 percent by dollar volume of CD loans,
- 28.8 percent by number and 9.6 percent by dollar volume of investments, and
- 18.0 percent of community development services.

Economic and Demographic Data

According to a January 2019 Moody’s Analytics Report, technology-heavy professional/business services have provided many jobs. The labor market was tight, as the jobless rate had fallen to three percent, which is its lowest level since 2000. The housing market was growing at a slower pace, with multifamily building slowing after hitting an all-time high in 2017. In addition, the pace of home sales began to slow, along with home value appreciation.

Based on the 2015 ACS, the AA consists of 98 census tracts, of which 1 is low-, 11 are moderate-, 57 are middle-, and 29 are upper-income census tracts. The following table illustrates demographic information within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Eastern South Shore						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	98	1.0	11.2	58.2	29.6	0.0
Population by Geography	508,049	0.6	10.4	56.5	32.5	0.0
Housing Units by Geography	208,764	0.6	11.7	57.6	30.1	0.0
Owner-Occupied Units by Geography	138,374	0.2	8.2	56.8	34.8	0.0
Occupied Rental Units by Geography	55,573	1.7	20.7	59.0	18.6	0.0
Vacant Units by Geography	14,817	0.1	10.9	60.1	28.9	0.0
Businesses by Geography	40,414	0.2	10.7	54.5	34.6	0.0
Farms by Geography	958	0.1	8.8	55.9	35.2	0.0
Family Distribution by Income Level	129,912	18.2	15.9	20.7	45.3	0.0
Household Distribution by Income Level	193,947	22.4	13.4	16.6	47.6	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$384,151
			Median Gross Rent			\$1,250
			Families Below Poverty Level			4.3%
Source: 2015 ACS and 2019 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 AA contains 208,764 housing units, of which approximately 66.3 percent are owner-occupied, 26.6 percent are renter occupied, and 7.1 percent are vacant. With low-income CTs containing only 0.2 percent of the area's owner-occupied housing units, lenders have limited opportunities to make owner-occupied home mortgage loans in these geographies.

According to 2019 D&B data, 86.3 percent of businesses have GARs of \$1.0 million or less, 5.2 percent have revenues of more than \$1.0 million, and 8.5 percent have unknown revenues. Service industries represent the largest portion of the businesses at 42.7 percent; followed by retail trade at 12.8 percent, construction at 10.2 percent, and finance/insurance at 10.0 percent. In addition, 67.0 percent of area businesses have four or fewer employees, with 92.5 percent operating from a single location.

The low-, moderate-, middle-, and upper-income categories are presented in the following table for the Eastern South Shore AA.

Median Family Income Ranges				
Assessment Area: Eastern South Shore				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Source: FFIEC				

Competition

The AA is highly competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2019, 24 financial institutions operated 154 branch offices within the AA. Of these institutions, MOB ranked 11th with a 1.8 percent deposit market share. The top three financial institutions account for 54.1 percent of the total deposit market: Rockland Trust Company at 19.5 percent, Citizens Bank N.A. at 18.0 percent, and, Bank of America N.A. at 16.5 percent.

According to 2019 HMDA aggregate data, 436 institutions reported 26,587 home mortgage loans in the AA, indicating a highly competitive market. By number of loans, MOB ranked 60th with a 0.3 percent market share. The five most prominent lenders accounted for 25.7 percent of the total market: Citizens Bank N.A. at 6.4 percent; Wells Fargo Bank N.A. at 5.0 percent; Rockland Trust Company at 4.5 percent; Quicken Loans at 3.7 percent; and, JPMorgan Chase Bank N.A. at 3.4 percent.

According to 2018 CRA aggregate data, 137 institutions reported 32,634 small business loans in the AA, indicating a highly competitive market for small business loans. The five most prominent small business lenders accounted for 58.9 percent of total market share: American Express N.A. at 25.9 percent; Bank of America N.A. at 12.2 percent; Chase Bank USA N.A. at 8.9 percent; Citibank N.A. at 6.9 percent; and Capital One Bank USA N.A. at 5.0 percent.

Community Contact

Examiners contacted a representative from a non-profit organization serving the Eastern South Shore AA. Services provided by the organization include homelessness prevention, a food relief program, a thrift shop, and mental health counseling. Due to the pandemic, the contact acknowledged an increase in demand and opportunity for providing food to low- and moderate-income individuals. In terms of credit-related assistance, the contact discussed the need for mortgage and rental relief to help residents stay in their homes and stabilize communities. The contact indicated that financial institutions have been responsive with donations to provide the needed funding to support essential programs, and the contact cited MOB as being a supporter.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined affordable housing and community services to support low- and moderate-income individuals as primary community development needs in the Eastern South Shore AA. In particular, housing stabilization in low- and moderate-income areas and for low- and moderate-income individuals is a major need.

CONCLUSIONS ON PERFORMANCE CRITERIA IN *Eastern South Shore AA*

LENDING TEST

The following sections detail MOB's Geographic Distribution and Borrower Profile performances in the Eastern South Shore AA.

Geographic Distribution

The bank's geographic distribution of loans in the Eastern South Shore AA is reasonable. The following sections describe the bank's performance by loan type. Despite a poor distribution of small business loans, the bank's reasonable distribution of home mortgage loans carried greater weight, resulting in overall reasonable performance.

Home Mortgage Loans

The geographic distribution of loans reflects reasonable dispersion in the AA. As noted previously, the AA's low-income census tracts contain only 0.2 percent of owner-occupied units; therefore, analyzing bank lending in low-income census tracts does not provide meaningful conclusions. In 2018, bank performance in moderate-income tracts was slightly below aggregate and demographic data, but in 2019, bank performance was slightly above these comparators. The following table shows the distribution of loans by census tract income level.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Eastern South Shore						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.2	0.2	0	0.0	0	0.0
2019	0.2	0.2	0	0.0	0	0.0
Moderate						
2018	8.2	8.3	4	5.7	1,308	3.0
2019	8.2	7.7	7	8.8	1,944	6.1
Middle						
2018	56.8	56.1	33	47.1	26,865	62.6
2019	56.8	54.9	42	52.5	14,339	45.2
Upper						
2018	34.8	35.4	33	47.1	14,719	34.3
2019	34.8	37.2	31	38.8	15,429	48.7
Totals						
2018	100.0	100.0	70	100.0	42,892	100.0
2019	100.0	100.0	80	100.0	31,712	100.0
Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. As with home mortgage lending, bank performance in moderate-income tracts determined this conclusion based, on examiners' inability to meaningfully analyze bank performance in low-income census tracts given the comparatively lower volume of businesses located in these geographies. The bank originated one small business loan in a moderate-income census tract in 2018 and none in 2019. Overall, the bank's small business lending volume is low and below demographic data during the review period in both low- and moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Assessment Area: Eastern South Shore					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	0.2	0	0.0	0	0.0
2019	0.2	0	0.0	0	0.0
Moderate					
2018	10.8	1	5.6	200	4.9
2019	10.7	0	0.0	0	0.0
Middle					
2018	54.9	11	61.1	1,629	40.3
2019	54.5	13	65.0	3,267	51.4
Upper					
2018	34.2	6	33.3	2,218	54.8
2019	34.6	7	35.0	3,095	48.6
Totals					
2018	100.0	18	100.0	4,047	100.0
2019	100.0	20	100.0	6,362	100.0
<i>Source: 2018 & 2019 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

Bank lending to borrowers of different income levels and businesses of different sizes is reasonable. The following sections describe the bank's performance by loan type.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. In 2018, the bank's home mortgage lending performance to low-income borrowers is below area demographics, but similar to aggregate data. In 2019, the bank's performance exceeded aggregate data.

MOB's home mortgage lending to moderate-income borrowers was below demographic and aggregate data in both 2018 and 2019. Overall, examiners noted an improving trend, and market share data shows that this a highly competitive market for home mortgage loans. The following tables show the 2018 and 2019 distribution of loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Eastern South Shore						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.2	5.1	3	4.3	572	1.3
2019	18.2	4.4	5	6.3	1,190	3.8
Moderate						
2018	15.9	17.1	9	12.9	2,164	5.0
2019	15.9	16.2	11	13.8	2,865	9.0
Middle						
2018	20.7	24.4	20	28.6	5,990	14.0
2019	20.7	24.2	24	30.0	8,496	26.8
Upper						
2018	45.3	42.0	33	47.1	14,365	33.5
2019	45.3	41.7	36	45.0	17,434	55.0
Not Available						
2018	0.0	11.5	5	7.1	19,800	46.2
2019	0.0	13.5	4	5.0	1,728	5.4
Totals						
2018	100.0	100.0	70	100.0	42,891	100.0
2019	100.0	100.0	80	100.0	31,712	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of borrowers reflects reasonable penetration among business customers of different sizes. In 2017, 48.0 percent of the bank's small business loans were made to businesses with GARs of \$1.0 million or less. In 2018, the bank originated a majority of small business loans to businesses with GARs of \$1.0 million or less. In 2019 the bank originated 30.0 percent of small business loans to businesses with GARs of \$1.0 million or less. A negative trend is noted. While not used as a direct comparison or benchmark, aggregate data is an indicator of the demand for small business credit, and the bank's performance exceeded aggregate lending data in both 2017 and 2018. The following table shows the 2018 and 2019 small business lending performance by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Eastern South Shore					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	84.9	10	55.6	2,286	56.5
2019	86.3	6	30.0	1,555	24.4
>1,000,000					
2018	5.8	8	44.4	1,761	43.5
2019	5.2	12	60.0	3,861	60.7
Revenue Not Available					
2018	9.3	0	0.0	0	0.0
2019	8.5	2	10.0	946	14.9
Totals					
2018	100.0	18	100.0	4,047	100.0
2019	100.0	20	100.0	6,362	100.0
<i>Source: 2018, 2019 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

COMMUNITY DEVELOPMENT TEST

MOB demonstrated reasonable responsiveness to the CD needs of the Eastern South Shore AA through CD loans, qualified investments, and CD services. The bank's increase in community development loans, qualified donations, and qualified services since the last examination further supports this rating. The bank's Community Development test is consistent with its overall performance. Although the dollar amount of investments in this portion of the assessment area accounts for 9.6 percent of overall investments, the percentage by number, 28.8 percent, is higher and did not impact the overall rating. Examiners considered the bank's capacity and the need and availability for such opportunities.

Community Development Loans

MOB originated 34 CD loans totaling \$17.7 million in the Eastern South Shore AA, which accounts for 33.3 percent by number and 28.8 percent by dollar amount of total CD loans. This is an increase from the prior review period when the bank originated one loan totaling \$1.1 million in the Eastern South Shore AA.

Community Development Lending Assessment Area: Eastern South Shore										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/11/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
YTD 2020	1	5,000	0	0	33	12,700	0	0	34	17,700
Total	1	5,000	0	0	33	12,700	0	0	34	17,700
<i>Source: Bank Records</i>										

Below are notable examples of CD donations provided in the AA.

- In 2020, MOB originated a loan totaling \$5.0 million to construct a 30-unit low-income senior housing complex in the Eastern South Shore AA. Of these 30 units, 22 are reserved for seniors earning 60 percent of the median family income. There will be 8 units reserved for extremely low-income residents earning at or below 30 percent of the median family income. The entire project utilized a number of funding sources, including MOB, State funds, tax credits, and the Massachusetts Housing Partnership. There is a designated need for affordable housing for seniors in this portion of the assessment area. Therefore, this loan demonstrates particular responsiveness to affordable housing needs.
- In 2020, the bank originated 33 PPP loans for approximately \$12.7 million in the South Shore AA. These loans helped small businesses retain permanent jobs for low- and moderate-income individuals or in low- or moderate-income areas.

Qualified Investments

MOB made 57 investments, all of which were in the form of donations, totaling approximately \$193,250 over the review period in this AA. These figures account for 28.7 percent of investments by number and 9.6 percent of investment by dollar amount. The bank increased its investment activity by dollar amount within this assessment area from a total of \$119,550 at the last examination. The following table shows the overall number and dollar volume of qualified donations in the Eastern South Shore AA by purpose.

Qualified Investments Assessment Area: Eastern South Shore										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Qualified Grants & Donations	6	14,700	45	118,550	0	0	6	60,000	57	193,250
<i>Source: Bank Records</i>										

Below are notable examples of CD donations provided in the AA.

- MOB donated \$13,000 during the review period to a non-profit organization in the Greater Quincy area dedicated to reducing poverty. Annually, the organization serves more than 26,000 individuals in Quincy, Weymouth, Braintree, Milton, Randolph, Hull, and surrounding communities on the Eastern South Shore. The bank's yearly contribution supports the agency's housing and financial education program. Clients enrolled in the program can simultaneously receive housing support services, financial education, career development, and job readiness guidance.
- During the exam period, the bank donated \$35,000 to an organization serving individuals with developmental disabilities and their families. Approximately 85 percent of individuals served are from low- or moderate-income households.
- MOB donated \$4,000 to an organization providing pathways to students facing homelessness. The bank's contribution supports the tutoring program for Weymouth and Norwell students.

Community Development Services

During the evaluation period, employees provided 31 instances of financial expertise or technical assistance to CD-related organizations in the Eastern South Shore AA. The level of activities represent 18 percent of all community development services and is an increase since the last examination of 16 community development activities.

Community Development Services					
Assessment Area: Eastern South Shore					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017	0	5	0	0	5
2018	0	9	0	0	9
2019	0	8	0	0	8
YTD 2020	0	9	0	0	9
Total	0	31	0	0	31
<i>Source: Bank Records</i>					

Below are notable examples of CD services provided in the AA.

- A vice president served as a volunteer teacher for Literacy Volunteers of Massachusetts, dedicating 80 hours of time in 2019 to providing free and individualized tutoring to adults in basic literacy and English as a Second Language.
- Two employees presented two first-time homebuyer seminars for an organization serving low- and moderate-income individuals. Additionally, two employees presented an economic development workshop tailored for business start-ups.

- During the review period, the president served 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.
- During the review period, a vice president served as a board member of DOVE Inc. DOVE, which is a multi-service organization based in Quincy, provides assistance to victims of domestic violence. Approximately 65.0 percent of DOVE clients are from low- or moderate-income households. Advocacy staff at DOVE work in partnership with survivors to assess and respond to their ongoing financial needs, including housing, food assistance, utility assistance, credit repair, and job search.

Cambridge-Newton-Framingham, MA MSA (Eastern North Shore AA) – Limited-scope Review

The Eastern North Shore AA includes a contiguous area consisting of 18 communities from Essex County, Massachusetts. The bank's Lending Test and Community Development Test performance in this AA received nominal weight in determining the bank's overall rating. In 2018, due in part to issues related to the highly competitive lending market in the area, the bank decided to close its only branch in this area. As a result, the Eastern North Shore AA was removed from the bank's defined AAs in mid-2018. Although the bank continued to serve the lending needs of the area, it did not have a presence in the area; consequently, the lending volume and other activities is limited.

The AA includes the following communities: Beverly, Danvers, Essex, Gloucester, Groveland, Hamilton, Ipswich, and Manchester by the Sea, Middleton, Newbury, Newburyport, Peabody, Rockport, Rowley, Salem, Topsfield, Wenham, and West Newbury.

- 0.0 percent of the bank's full-service branch network,
- 0.0 percent of total deposits,
- 30.5 percent of total CTs,
- 15.4 percent by number and 18.1 percent by dollar volume of the home mortgage loans,
- 2.9 percent by number and 2.7 percent by dollar volume of small business loans,
- 0.0 percent by number and 0.0 percent by dollar volume of CD loans,
- 4.0 percent by number and 0.2 percent by dollar volume of investments, and
- 1.2 percent of community development services.

Economic and Demographic Data

Based on the 2015 ACS, the AA consists of 59 census tracts, of which 3 are low-, 13 are moderate-, 35 are middle-, and 8 are upper-income census tracts. The following table illustrates demographic information within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Eastern North Shore						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	59	5.1	22.0	59.3	13.6	0.0
Population by Geography	292,437	3.9	20.6	59.1	16.4	0.0
Housing Units by Geography	125,095	4.7	22.4	60.0	12.9	0.0
Owner-Occupied Units by Geography	76,242	1.7	16.7	64.5	17.1	0.0
Occupied Rental Units by Geography	39,939	10.2	33.2	50.7	5.9	0.0
Vacant Units by Geography	8,914	5.3	23.0	62.9	8.8	0.0
Businesses by Geography	27,097	5.9	20.0	57.9	16.1	0.0
Farms by Geography	706	2.4	13.6	65.4	18.6	0.0
Family Distribution by Income Level	73,641	23.0	18.9	21.7	36.4	0.0
Household Distribution by Income Level	116,181	28.7	15.8	17.7	37.8	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA	\$100,380	Median Housing Value				\$381,314
		Median Gross Rent				\$1,131
		Families Below Poverty Level				5.5%

Source: 2015 ACS and 2019 D&B Data; Due to rounding, totals may not equal 100.0%.

The FFIEC updates median family incomes on an annual basis by MSA. The low-, moderate-, middle-, and upper-income categories are presented in the following table for the Cambridge-Newton-Framingham, MA MSA (Eastern North Shore) AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360

Source: FFIEC

CONCLUSIONS ON PERFORMANCE CRITERIA IN *EASTERN NORTH SHORE AA*

LENDING TEST

Lending Test performance in the Eastern North Shore AA is consistent with overall performance. The bank closed its only banking office and removed the area from its AA in mid-2018. Consequently, the bank's operations were not active in the area for a large portion of the review period.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Eastern North Shore						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.7	2.5	1	4.0	238	2.8
Moderate						
2018	16.7	17.7	1	4.0	329	3.9
Middle						
2018	64.5	63.1	19	76.0	6,315	75.6
Upper						
2018	17.1	16.7	4	16.0	1,476	17.7
Totals						
2018	100.0	100.0	25	100.0	8,358	100.0
<i>Source: 2015 ACS; Bank Data, 2018 HMDA Aggregate Data,</i>						

Small Business Loans

Geographic Distribution of Small Business Loans					
Assessment Area: Eastern North Shore					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	6.1	0	0.0	0	0.0
Moderate					
2018	20.2	0	0.0	0	0.0
Middle					
2018	57.9	1	100.0	200	100.0
Upper					
2018	15.7	0	0.0	0	0.0
Totals					
2018	100.0	1	100.0	200	100.0
<i>Source: 2018 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Eastern North Shore						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	23.0	6.8	2	8.0	498	6.0
Moderate						
2018	18.9	19.7	8	32.0	2,199	26.3
Middle						
2018	21.7	26.3	8	32.0	2,898	34.7
Upper						
2018	36.4	35.5	7	28.0	2,762	33.0
Not Available						
2018	0.0	11.7	0	0.0	0	0.0
Totals						
2018	100.0	100.0	25	100.0	8,357	100.0
<i>Source: 2015 ACS; Bank Data, 2018 HMDA Aggregate Data; Due to rounding, totals may not equal 100.0%.</i>						

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Eastern North Shore					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	84.8	1	100.0	200	100.0
>1,000,000					
2018	6.6	0	0.0	0	0.0
Revenue Not Available					
2018	8.6	0	0.0	0	0.0
Totals					
2018	100.0	1	100.0	200	100.0
<i>Source: 2018 & 2019 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

COMMUNITY DEVELOPMENT TEST

The bank's CD Test performance in the Eastern North Shore AA is below overall performance; however, it does not change the overall rating since the bank closed its only banking office in Danvers on June 22, 2018, and it removed the area from its AA.

There were no community development loans originated in Eastern North Shore AA during this time period. The bank made eight qualified donations totaling \$4,500 to this portion of the assessment area, which represents 4.0 percent by number and 0.2 percent by dollar amount of CRA qualified investments. Donations primarily benefited community development services to low- and moderate-income individuals and geographies. The bank also maintained a prior-period investment of mortgage-backed securities that benefited a broader statewide regional area that includes this assessment area. While this investment received credit as a regional investment, it is worth noting that there was one investment made in this pool to a moderate-income borrower in Danvers.

The bank participated in volunteer services in the Eastern North Shore AA. Of the services, there were two outreach activities that received CRA consideration. The bank continued its commitment to the North Shore Community Development Corporation as noted in the prior evaluation. A community banking officer serves as a committee member. The organization focuses on revitalization and stabilization of low-income and distressed neighborhoods in Salem, Peabody, and Beverly. The bank also participated in a Credit for Life Fair in this assessment area.

APPENDIX

MA DIVISION OF BANKS – FAIR LENDING POLICIES AND PROCEDURES

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

MINORITY APPLICATION FLOW

Division of Banks Examiners reviewed the bank's 2018 and 2019 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. Considering the assessment area's demographic composition and comparisons to 2018 and 2019 aggregate data, the bank's minority application flow is reasonable.

The bank's assessment area contained a total population of 659,368 individuals, of which 13.6 percent are minorities. The assessment area's minority and ethnic population is 2.6 percent Hispanic or Latino, 2.8 percent Black/African American, 5.8 percent Asian, 0.1 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, and 2.2 percent other.

The bank's level of lending was compared with that of the aggregate's lending performance level for 2018 and 2019. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow, as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2018 HMDA		2018 Aggregate Data	Bank 2019 HMDA		2019 Aggregate Data
	#	%	%	%	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.1
Asian	3	1.2	6.3	3	1.7	5.8
Black/ African American	3	1.2	1.7	1	0.6	1.7
Hawaiian/Pacific Islander	0	0	0.1	0	0.0	0.1
2 or more Minority	0	0	0.1	0	0.0	0.1
Joint Race (White/Minority)	2	0.8	1.1	2	1.2	1.0
Total Racial Minority	8	3.2	9.6	6	3.5	8.8
White	204	83.3	71.4	144	83.7	70.4
Race Not Available	33	13.5	19.0	22	12.8	20.8
Total	245	100.0	100.0	172	100.0	100.0
ETHNICITY						
Hispanic or Latino	5	0.4	2.0	3	1.7	1.9
Joint (Hisp/Lat /Not Hisp/Lat)	1	2.0	0.8	4	2.3	0.8
Total Ethnic Minority	6	2.4	2.8	7	4.0	2.7
Not Hispanic or Latino	210	85.7	76.8	149	86.7	75.4
Ethnicity Not Available	29	11.9	20.4	16	9.3	21.9
Total	245	100.0	100.0	172	100.0	100.0
<i>Source: HMDA Aggregate Data (2018 and 2019), HMDA LAR Data (2018 and 2019)</i>						

In 2018, the bank received 245 HMDA-reportable loan applications from within its assessment area. Of these applications, eight or 3.2 percent were received from racial minority applicants, of which seven or 87.5 percent were originated. The aggregate received 9.6 percent from minority applicants and originated 57.4 percent. For the same time period, the bank received six applications or 2.4 percent from ethnic groups of Hispanic origin within its assessment area, of which four or 66.6 percent were originated versus the aggregate that received 2.8 percent from Hispanic applicants and originated 54.5 percent.

In 2019, the bank received 172 HMDA-reportable loan applications from within its assessment area. Of these applications, six or 3.5 percent were received from racial minority applicants, of which three or 50.0 percent were originated. The aggregate received 8.8 percent from minority applicants and originated 58.1 percent. For the same time period, the bank received seven or 4.0 percent from ethnic groups of Hispanic origin within its assessment area, and all seven applications were originated versus the 2019 aggregate that received 2.7 percent from Hispanic applicants and originated 59.4 percent.

Examiner evaluated the bank's advertising and marketing controls related to fair lending. The bank's advertising is primarily focused on areas within a 10-mile radius surrounding each branch. The 10-mile radius around branches in Quincy and Rockland capture majority minority census tracts in Boston, Randolph, and Brockton. The bank advertises over various channels to cover a broad geographic area to ensure all demographics in the assessment area are reached. Despite these efforts, the bank's application activity to racial minority applicants is below the aggregate for 2018 and 2019. The bank continues to monitor application activity in the assessment area. Based on this information, the minority application flow is reasonable.

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

Core Based Statistical Areas (CBSAs): 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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

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

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

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

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area: 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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