

PUBLIC DISCLOSURE

March 31, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

South Shore Bank
Certificate Number: 90303

1530 Main Street
Weymouth MA 02190

Division of Banks
One Federal Street, Suite 710
Boston, Massachusetts 02110

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

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This document is an evaluation of the CRA performance of South Shore Bank (bank) prepared by the Massachusetts Division of Banks (Division), the institution's supervisory agency as of March 31, 2025. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

INSTITUTION RATING

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory

- Lending levels reflect good responsiveness to assessment area credit needs.
- A high percentage of loans were made in the institution's assessment area.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area.
- The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes.
- The bank makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank is a leader in originating community development loans.
- The bank has a good record relative to its fair lending policies and procedures.
- The bank's lending reflects a good record of preventing the loss of affordable housing.

The Investment Test is rated High Satisfactory

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.

- The institution makes occasional use of innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory

- Delivery systems are reasonably accessible to all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 30, 2023, to the current evaluation dated March 31, 2025. Examiners used Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three performance tests: the Lending Test, Investment Test, and Service Test.

The assessment area consists of municipalities in Norfolk and Plymouth Counties, which are part of the Boston Metropolitan Division (MD). Examiners used the 2020 ACS updated data for metropolitan area boundaries, census tracts and their income levels, and demographic information.

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans
- Fair Lending program
- Loss of Affordable Housing

The Investment Test considered the following criteria.

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

The Service Test considered the following criteria.

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

Loan Products Reviewed

South Shore Bank's major product lines are home mortgage and commercial loans, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Examiners reviewed home mortgage loans reported on the bank's 2023 and 2024 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 121 HMDA-reportable loans totaling \$44.2 million in 2023 and 55 HMDA-reportable loans totaling \$54.3 million in 2024. Examiners compared bank lending in 2023 and 2024 to aggregate HMDA data for the relevant year. Examiners also compared bank lending to applicable demographic data.

This evaluation considered all reported small business loan data on the CRA LARs for 2023 and 2024 to draw conclusions about small business lending performance. South Shore Bank originated 83 small business loans totaling \$22.0 million in 2023, and the bank originated 61 small business loans totaling \$18.3 million in 2024. Loan performance was compared to aggregate small business and demographic data as appropriate.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized bank performance by number of loans, as the number of loans better indicates the number of individuals served.

For the community development lending activity and the Investment and Service Tests, examiners drew conclusions based on data provided by bank management on community development loans, qualified investments, and retail and community development services since the prior CRA evaluation dated January 30, 2023.

DESCRIPTION OF INSTITUTION

Background

South Shore Bank is a state-chartered mutual savings bank headquartered in Weymouth, Massachusetts. The bank is a wholly-owned subsidiary of 1831 Bancorp, a Mutual Holding Company (MHC). The original holding company of South Shore Bank, South Shore Bancorp

MHC, was merged with 1831 Bancorp, MHC in 2024. The MHC is also a parent of Dedham Savings and the two institutions operate as separately branded banking affiliates.

The institution received a High Satisfactory rating during its previous Performance Evaluation, dated January 30, 2023, based on Large Institution Examination Procedures.

Operations

The bank's main branch is located in Weymouth, Massachusetts. The bank operates 12 other full-service branches in its assessment area. All full service-branches have automated teller machines (ATMs) that take deposits. The bank also operates two stand-alone ATM locations.

Ability and Capacity

As of December 31, 2024, the bank's assets totaled \$2.3 billion, and loans totaled approximately \$1.5 billion. During the evaluation period, total assets increased by approximately 9.5 percent and total loans increased by approximately 7.1 percent. Approximately 57.9 percent of the loans are either commercial and industrial loans or loans secured by non-farm non-residential properties, followed by residential loans at 41.6 percent.

The following table illustrates the current distribution of the bank's loan portfolio.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	82,894	5.3
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	412,116	26.5
Secured by Multifamily (5 or more) Residential Properties	151,194	9.7
Total Residential Loans	646,204	41.6
Secured by Nonfarm Nonresidential Properties	610,748	39.3
Commercial and Industrial Loans	289,130	18.6
Total Commercial Loans	899,878	57.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	7,205	0.5
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,553,287	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 assessment area credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. South Shore Bank has designated a single assessment area encompassing the counties of Norfolk and Plymouth in Massachusetts. The Bank expanded its assessment area since the previous evaluation to include all municipalities within the counties.

Economic and Demographic Data

The assessment area includes 265 census tracts. These tracts reflect the following income designations according to the 2020 ACS U.S. Census:

- 9 low-income tracts,
- 37 moderate-income tracts,
- 115 middle-income tracts,
- 98 upper income tracts, and
- 6 tracts have no income designation

The low-income census tracts are located in Brockton and Quincy, and the moderate-income census tracts are primarily located in Brockton, Quincy, Weymouth, Stoughton, Middleboro, and Wareham.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	265	3.4	14.0	43.4	37.0	2.3
Population by Geography	1,256,800	3.0	14.1	43.9	38.1	0.9
Housing Units by Geography	488,236	2.7	15.4	45.4	36.0	0.5
Owner-Occupied Units by Geography	331,403	1.1	12.0	46.0	40.5	0.4
Occupied Rental Units by Geography	126,919	6.7	23.0	43.8	25.7	0.8
Vacant Units by Geography	29,914	3.5	21.4	45.6	29.1	0.4
Businesses by Geography	140,121	2.5	12.2	41.1	43.9	0.2
Farms by Geography	3,049	0.8	12.9	46.9	39.3	0.2
Family Distribution by Income Level	312,269	18.3	15.5	20.9	45.3	0.0
Household Distribution by Income Level	458,322	22.1	14.3	17.0	46.5	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$499,898
			Median Gross Rent			\$1,557
			Families Below Poverty Level			4.1%
Source: 2020 ACS, 2024 D&B Data, and FFIEC Estimated Median Family Income;						

There are approximately 488,236 housing units in the area. Of these units, 67.9 percent are owner-occupied, 26.0 percent are occupied rental units, and 6.1 percent are vacant. The median housing value of \$499,898 based on ACS Data reflects a moderately priced area compared to Massachusetts (\$449,342). Examiners also reviewed public HMDA data and noted that the average credit originated for 1-4 family purchase loans was \$566,758 in 2023. This reflects a substantial increase in home prices since 2020.

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
2024 (\$136,200)	<\$68,100	\$68,100 to <\$108,960	\$108,960 to <\$163,440	≥\$163,440
<i>Source: FFIEC</i>				

According to 2024 D&B data, there were 140,121 businesses in the assessment area. GARs for these businesses are below.

- 89.4 percent of businesses have GARs less than or equal to \$1.0 million,
- 3.7 percent of businesses have GARs greater than \$1.0 million, and
- 6.9 percent of businesses have unknown revenues.

Service industries represent the largest portion of businesses at 36.7 percent; followed by non-classifiable establishments (22.3 percent); finance, insurance, and real estate (11.6 percent); and retail trade (9.7 percent). In addition, 62.9 percent of area businesses have four or fewer employees, and 92.3 percent operate from a single location.

Competition

South Shore Bank operates in a competitive market for banking services. According to 2024 Deposit Market Share data, there were 69 financial institutions operating 399 branches in the assessment area. South Shore Bank ranked 10th among institutions that reported deposit market share data. The institutions ahead of South Shore included the large national and state-chartered retail institutions (Rockland Trust, Bank of America and Citizens Bank NA) with a combined deposit market share of 37.6 percent.

The bank operates in a highly competitive area for mortgage loans. In 2023, 453 lenders reported 27,773 originated or purchased home mortgage loans. South Shore Bank ranked 50th with a 0.4 percent market share. The three most prominent mortgage lenders (JP Morgan Chase Bank NA, Citibank NA, and Rockland Trust Bank) account for 22.8 percent of the total market share.

The bank also operates in a highly competitive area for small business loans. Based on 2023 market share data, 134 lenders reported 35,703 small business loans. South Shore Bank ranked 33rd with 0.2 percent market share. The leading financial institutions (American Express Bank, Bank of America, JP Morgan Chase Bank NA) were large credit card companies and comprised 54.3 percent of the market.

Community Contacts

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

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

The second contact represented a municipal department serving Plymouth County and focusing on economic development, fostering entrepreneurship and small business growth, and affordable housing. The organization fosters this growth by providing business development services, developing partnerships with private and public stakeholders, and assisting individuals and small businesses. Much of the organization's service area includes low- and moderate-income areas with a diverse immigrant population. While there are many seeking opportunities for small business start-ups, there are limited turnkey locations, and such funding has virtually become non-existent. Small businesses are also impacted by difficulty finding employees and a population with lower education levels. There are a number of urban economic renewal programs developed but could use more stakeholders and resources to complete the outlined goals. Residential housing costs have become less affordable over time with low and moderate-income individuals and first-time homebuyers being priced out of the market. Low-income seniors are being particularly impacted by limited affordable housing. Accessory dwelling units (ADUs) could be a beneficial solution for existing property owners, however, environmental requirements place financial pressures on the construction of ADUs.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that financing for affordable housing, particularly for first-time homebuyers and seniors; financing options for affordable housing development projects; and

the creation of affordable credit products for small businesses, especially start-up businesses, are the area's primary community development needs. Community development opportunities in the assessment area also include financial literacy initiatives. Additionally, community development organizations would welcome direct donations of any kind.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

South Shore Bank demonstrated High Satisfactory performance under the Lending Test. The following sections summarize the bank's overall performance under each criterion.

Lending Activity

Lending levels reflect good responsiveness to the assessment area credit needs. South Shore Bank originated 121 home mortgage loans totaling \$44.2 million in the assessment area in 2023. The number of home mortgage loans decreased in 2024 to 55 loans, while the dollar amount of loans increased to \$54.3 million. The decrease in number is primarily driven by a change in the bank's lending process in the second quarter of 2024, when the bank refocused its efforts on small business lending and provides customers with residential lending products by coordinating loan referrals to its affiliate, Dedham Savings Bank, and purchasing loans back after origination. This is coupled with environmental factors, including increasing rates and lack of available housing stock in the market area.

South Shore Bank originated 83 small business loans in 2023 totaling \$22.0 million. Lending activity in 2024 decreased by number with 60 small business loans, while the total dollar amount was more comparable totaling \$18.2 million.

South Shore Bank's home mortgage market share represents the 89th percentile among all lenders, and the small business market share represents the 75th percentile. The bank's home mortgage performance exceeds its deposit market share percentile (85th). Additionally, the bank's loan-to-deposit ratio grew over the evaluation period from 71.3 percent to 77.3 percent. This information supports good performance in lending activity compared to the bank's resources and capabilities.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. The following table illustrates the bank's lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000)	%	\$ (000)	%	
Home Mortgage										
2023	121	87.1	18	12.9	139	44,154	74.8	14,886	25.2	59,040
2024	55	68.8	25	31.3	80	54,295	67.7	25,865	32.3	80,160
Subtotal	176	80.4	43	19.6	219	98,449	70.7	40,751	29.3	139,200
Small Business										
2023	83	70.9	34	29.1	117	21,992	61.2	13,940	38.8	35,932
2024	61	70.1	26	29.9	87	18,263	65.7	9,539	34.3	27,802
Subtotal	144	70.6	60	29.4	204	40,255	63.2	23,479	36.8	63,734
Total	320	75.7	103	24.3	423	138,704	68.3	64,230	31.7	202,934
Source: Bank Data										

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. The bank's performance in both home mortgage and small business lending supports this conclusion. Examiners focused on the number and percentage of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of loans reflects adequate dispersion throughout the assessment area, particularly to low-or moderate-income geographies in the assessment area. Lending in low-income census tracts was below the nominal percentage of owner-occupied units in the area and aggregate performance in 2023. The bank originated one loan in a low-income census tract in 2024, and the performance was comparable to the demographic for the same year.

The bank's performance in moderate-income census tracts was below aggregate performance and the demographic of owner-occupied housing in 2023. The bank's 2024 performance fell but remained comparable to 2023.

The bank has recognized a challenge in lending in low- and moderate-income census tracts and has implemented strategic efforts to improve its performance in these areas in coordination with an affiliate financial institution.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	1.1	1.4	0	0.0	0	0.0
2024	1.1	--	1	1.8	1,150	2.1
Moderate						
2023	12.0	12.0	10	8.3	1,600	3.6
2024	12.0	--	4	7.3	1,950	3.6
Middle						
2023	46.0	42.6	62	51.2	27,792	62.9
2024	46.0	--	28	50.9	7,857	14.5
Upper						
2023	40.5	43.9	49	40.5	14,761	33.4
2024	40.5	--	21	38.2	42,769	78.8
Not Available						
2023	0.4	0.3	0	0.0	0	0.0
2024	0.4	--	1	1.8	570	1.1
Total						
2023	100.0	100.0	121	100.0	44,154	100.0
2024	100.0	--	55	100.0	54,296	100.0
<i>Source: 2020 ACS; Bank Data, 2023 HMDA Aggregate Data, 2024 data not available.</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's 2023 performance in low-income census tracts was comparable to aggregate performance and the demographic of businesses for the same year. The bank originated no small business loans in the low-income census tracts in 2024.

The bank's lending was below the percentage of businesses and aggregate performance in moderate-income tracts in 2023. Performance increased by number and percentage in 2024 above the demographic comparator. The bank's improvement in 2024 was a result of the transition to focus on small business lending. The bank's hiring and strategies focused on supporting small business lending in Brockton and Stoughton, areas that comprise a large portion of the moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	2.5	2.2	2	2.4	20	0.1
2024	2.5	--	0	0.0	0	0.0
Moderate						
2023	12.1	13.3	6	7.2	1,487	6.8
2024	12.2	--	11	18.0	2,421	13.3
Middle						
2023	40.9	43.5	42	50.6	13,676	62.2
2024	41.1	--	23	37.7	7,888	43.2
Upper						
2023	44.2	40.7	33	39.8	6,809	31.0
2024	43.9	--	27	44.3	7,954	43.6
Not Available						
2023	0.2	0.3	0	0.0	0	0.0
2024	0.2	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	83	100.0	21,992	100.0
2024	100.0	--	61	100.0	18,263	100.0
<i>Source: 2023 & 2024 D&B Data; Bank Data, 2023 CRA Aggregate Data, 2024 data not available.</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different sizes. This is supported by the bank's good performance of lending to low- and moderate-income borrowers and small businesses.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects good penetration. The bank's 2023 lending to low-income borrowers was comparable to aggregate performance. The bank's lending to low-income borrowers improved by percentage in 2024.

The bank's lending to moderate-income borrowers in 2023 was above aggregate lending performance and the demographic comparator. The bank's performance fell in 2024 among moderate-income borrowers by number and percentage below the demographic of moderate-income families in the area.

The 2023 aggregate performance of all lenders, including South Shore Bank, was significantly below the percentage of families categorized as low-income with an annual income of less than \$68,450. The average loan amount originated for a 1 to 4- family residential purchase in the assessment area was \$566,758 in 2023. This data, coupled with around 4.1 percent of families in the assessment area falling below the poverty line, suggests a large percentage of low-income families would not meet the standards of qualification to afford to repay the average loan amount.

The bank's lending focus change in 2024 is one factor that impacts the performance. The bank refers residential loans to an affiliate, which provides several lending products that would be attractive to low- and moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	18.3	5.7	5	4.1	712	1.6
2024	18.3	--	5	9.1	517	1.0
Moderate						
2023	15.5	16.2	33	27.3	3,175	7.2
2024	15.5	--	7	12.7	918	1.7
Middle						
2023	20.9	21.9	21	17.4	3,809	8.6
2024	20.9	--	10	18.2	1,174	2.2
Upper						
2023	45.3	36.6	39	32.2	14,481	32.8
2024	45.3	--	15	27.3	6,122	11.3
Not Available						
2023	0.0	19.5	23	19.0	21,976	49.8
2024	0.0	--	18	32.7	45,564	83.9
Total						
2023	100.0	100.0	121	100.0	44,154	100.0
2024	100.0	--	55	100.0	54,296	100.0
<i>Source: 2020 ACS; Bank Data, 2023 HMDA Aggregate Data, 2024 data not available.</i>						

Small Business Loans

The distribution of small business loans reflects adequate distribution of credit to small businesses. The bank originated 45.8 percent of all 2023 small business loans to businesses with Gross Annual Revenues (GARs) of \$1 million and below. This performance is comparable to aggregate performance and below demographic percentage of businesses in the same revenue category in 2023.

The bank's 2024 performance decreased in 2024. The bank's percentage of lending to businesses with gross annual revenues of \$1 million or less was approximately 41.0 percent. This performance is below the 89.4 percent of businesses in the assessment area that fall in the same revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2023	89.7	52.6	38	45.8	6,499	29.6
2024	89.4	--	25	41.0	6,345	34.7
>\$1,000,000						
2023	3.6	--	45	54.2	15,493	70.4
2024	3.7	--	36	59.0	11,918	65.3
Revenue Not Available						
2023	6.6	--	0	0.0	0	0.0
2024	6.9	--	0	0.0	0	0.0
Total						
2023	100.0	100.0	83	100.0	21,992	100.0
2024	100.0	--	61	100.0	18,263	100.0

Source: 2023 & 2024 D&B Data; Bank Data, 2023 CRA Aggregate Data, 2024 data not available.

Innovative or Flexible Lending Practices

The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank originated 408 innovative and/or flexible loans totaling approximately \$104.9 million to individuals and businesses during the evaluation period. The bank's residential lending programs comprise the largest portions of flexible lending activity by number.

The following table details the bank's activities under its flexible lending programs during the evaluation period.

Flexible Lending Products		
Product	Total	
	#	\$ (000)
First Time Homebuyer Loan	22	9,459
Mass Save Heat Loans	158	2,538
HELOC Advantage	171	22,966
Residential Loans	351	34,963
SBA 7a	2	222
SBA 504	2	1,080
Invest MA	14	1,195
Jobs New England	4	618
MassCap	1	450
BDC Capital	6	1,107
Commercial Loans	29	4,672
Condominium Association Improvement Loan	28	65,239
Other Loans	28	65,239
Total Innovative/Flexible	408	104,874

The following are examples of the bank's flexible and innovative lending:

Residential Loan Programs

- ***First Time HomeBuyer Program*** – The bank provides a First Time Homebuyer Program with discounted closing costs and a reduced rate. The bank's program provides expanded access to credit for its customers that have not owned a home before, including low- and moderate-income individuals.
- ***Mass Save HEAT Loan*** – In partnership with Mass Save, the bank offers this product to make energy efficiency more affordable for Massachusetts residents. Borrowers can apply for an interest-free loan up to \$25,000 toward energy efficient home improvements with terms up to seven years.
- ***HELOC Advantage*** – The bank offers this product to allow flexibility and make credit more affordable for consumers. Borrowers can adjust a portion of the HELOC to a lower fixed rate to more affordably pay off the debt accrued. This product has clear advantages for low- and moderate-income individuals.

Commercial Loan Programs

- ***Small Business Administration Programs*** – The SBA works with lenders to provide loans to small businesses by providing guarantees to reduce risk. SBA loans offer benefits such as flexible underwriting criteria, lower down payment requirements, longer terms, and promote business growth and job creation. The bank offers a number of SBA programs, including Express 7(a) program, and the 504 economic development program.

- **Massachusetts Capital Access (MassCap) Small Business Loans** – The MassCap program is designed to help small businesses obtain funds to start or expand businesses. Participating institutions use cash collateral guarantees from MassCap that allows for flexible lending in a safe and sound manner.

Investing for the Long Term Initiative (Invest MA) – This program allows banks to partner with the State of Massachusetts to promote the success of small businesses through access to credit. The state's cash deposits are provided to the bank, which are used to extend loans to small businesses.

The bank also developed an innovative loan program to aid condominium associations in making improvements to facilities. The program has the capacity to significantly aid low- and moderate-income individuals, especially older residents on fixed incomes that would not be able to afford immediate assessments on their condominium developments.

Community Development Loans

South Shore Bank is a leader in providing community development loans in the assessment area. The bank originated 24 community development loans totaling \$57.3 million that met the needs of affordable housing, economic development, and revitalization and stabilization. This represents a decrease since the previous evaluation, attributed in part to a shorter evaluation period and the absence of the Paycheck Protection Program (PPP) loan. The bank's community development lending during the evaluation period represents 4.0 percent of average net loans during the evaluation period and 2.6 percent of average assets during the evaluation period.

The bank primarily provided credit to support economic development for small businesses and support for the revitalization and stabilization of low- and moderate-income areas. The focus on affordable housing reflects responsiveness to needs identified by the community contacts. Examiners included community development loans impacting the broader regional area in this analysis, given the bank's responsiveness in the assessment area.

The following table illustrates the bank's community development lending activity.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
1/30/2023-12/31/2023	3	3,622	2	5,990	1	2,758	2	5,486	8	17,856
2024	6	6,307	3	5,144	6	21,387	1	6,600	16	39,438
YTD 2025	0		0	0	2	4,100	0	0	0	0
Total	9	9,929	5	11,134	7	24,045	3	12,086	24	57,294
Source: Bank Data										

The following are examples of the bank's qualified community development loans.

- The bank originated a \$2.9 million loan in September 2023. The proceeds were used to construct a 48-unit residential property in Quincy, MA as part of the Wollaston Urban Revitalization project. The development is located adjacent to a moderate-income census tract and the project will stabilize the moderate-income area as part of the municipal plan. This loan qualifies for community development as it supports revitalization and stabilization of a moderate-income area.
- The bank originated two loans totaling \$12.4 million loan to a small business in Holbrook, MA. The loan funds were used to purchase an industrial building to help a business expand. The project was originated through the SBA 504 program and, by definition, will create and support jobs in the area. This loan qualifies for community development as it supports economic development of small businesses.
- The bank originated a \$6.6 million loan for a project in Dorchester, MA in 2024. The loan supports the revitalization of an abandoned property into a 28-unit mixed use development. While outside of the assessment area, this loan supports the broader regional area. This loan qualifies for community development as it supports revitalization and stabilization of a low-income area.

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. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, the bank has a good record relative to fair lending policies and procedures

Minority Application Flow

Examiners reviewed the bank's 2023 and 2024 HMDA LARs to determine if the application flow from the different racial groups within the bank's combined assessment area reflected the combined assessment areas' demographics.

According to the 2020 ACS Census Data, the bank's assessment area contained a population of 1.3 million individuals, of which 26.9 percent are minorities. The minority population represented is 8.0 percent Asian, 7.8 percent Black/African American, 0.1 percent American Indian, 4.9 percent Hispanic or Latino, and 7.1 percent other.

Examiners compared the bank's application activity to 2023 aggregate. Aggregate data for 2024 was not available as of the examination date. This data comparison assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow, as well as for the aggregate lenders in the bank's combined assessment area.

MINORITY APPLICATION FLOW					
RACE	South Shore 2023		Aggregate Data 2023	South Shore 2024	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0
Asian	7	4.3	6.6	2	2.6
Black/ African American	4	2.5	8.2	1	1.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority	0	0.0	0.2	0	0.0
Joint Race (White/Minority)	2	1.2	1.7	0	0.0
Total Racial Minority	13	8.0	17.1	3	3.8
White	113	69.8	56.4	40	51.3
Race Not Available	36	22.2	26.4	35	44.9
Total	162	100.0	100.0	78	100.0
ETHNICITY					
Hispanic or Latino	4	2.5	3.9	2	2.6
Joint (Hisp/Lat /Not Hisp/Lat)	4	2.5	1.4	0	0.0
Total Ethnic Minority	8	4.9	5.3	2	2.6
Not Hispanic or Latino	115	71.0	67.9	41	52.6
Ethnicity Not Available	39	24.1	14.6	35	44.9
Total	162	100.0	100.0	78	100.0

In 2023, the bank received 162 HMDA reportable loan applications within its assessment area. Of these, the bank received 13 applications, or 8.0 percent, from minority applicants, which ranked below the 2023 aggregate data of 17.1 percent. The bank received eight or 4.9 percent of all applications from ethnic groups of Hispanic origin within its assessment area in 2023, comparable to the aggregate of 5.3 percent.

In 2024, the bank received 78 HMDA reportable loan applications within its assessment area. Of these applications received, three or 3.8 percent were from minority applicants. Additionally, the bank received two or 2.6 percent of all applications from ethnic groups of Hispanic origin within its assessment area.

Considering the combined assessment area's demographic composition and comparisons to 2023 aggregate data, the bank's minority application flow is adequate. South Shore Bank's marketing, branch structure and brand awareness allow the bank to reach its entire assessment area. During the examination period, South Shore Bank opened up a branch in Brockton, a city with a substantial racial and ethnic minority population. In addition, the bank has placed an emphasis on hiring employees who are able to provide services in more than one language. The bank's outreach efforts appropriately correlate with their resources and capabilities.

Loss of Affordable Housing

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration

and a systematic pattern of lending resulting in the loss of affordable housing units. No systemic patterns were identified.

The bank's community development lending and investment strategies reflect strong performance for this criterion. In addition, the bank's investment initiatives reflect a commitment to helping individuals stay in their homes.

INVESTMENT TEST

The bank demonstrated "High Satisfactory" performance under the Investment Test. The bank has a significant level of qualified community development investments, grants, and donations, occasionally in a leadership position. The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has a primary purpose of community development.

Investment and Grant Activity

South Shore Bank made a significant level of qualified investments. During the evaluation period, qualified investments, grants and donations totaled \$15.5 million. The qualified investments and donations increased approximately 27.0 percent since the last evaluation period, when qualified investments totaled \$12.2 million. The bank's total donations decreased by over \$1.0 million, primarily due to the shorter evaluation period and decreased need post-pandemic. The bank's investment activity represents 0.7 percent of the bank's average assets and approximately 2.4 percent of average investments.

The following table reflects the bank's Investment Test activity.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	8,244	0	0	0	0	0	0	5	8,244
1/30/2023-12/31/2023	0	0	0	0	0	0	0	0	0	0
2024	3	6,981	0	0	0	0	0	0	3	6,981
YTD 2025	0	0	0	0	0	0	0	0	0	0
Subtotal	8	15,225	0	0	0	0	0	0	8	15,225
Qualified Grants & Donations	5	77	52	212	5	22	2	1	64	312
Total	13	15,301	52	212	5	22	2	1	72	15,537
<i>Source: Bank Records</i>										

Debt Security Investments

The bank has \$15.2 million in qualified debt security investments. All debt security investments are Mortgage-Backed Securities (MBS) comprised of home purchase loans to low- and moderate-

income borrowers in the assessment area. Five of these investments are prior-period investments, the current book value of which totals \$8.2 million. The bank also purchased three additional MBSs during the evaluation period totaling \$7.0 million. The following are notable examples of the bank's qualified equity investments.

Charitable Contributions

The bank made 64 qualified donations totaling approximately \$312,366 during the evaluation period. The majority of donations supported community services for low- and moderate-income individuals. The following are notable examples of qualified donations that impacted the assessment area and broader regional area.

- ***Father Bills & Mainspring*** – The aim of this organization is to aid individuals and families facing housing crises. The bank provided a donation to this organization in support of the Brockton Housing Resource Center, which includes supportive and emergency services for housing insecure individuals, as well as permanent housing. This donation qualifies for community development by supporting affordable housing for low- and moderate-income residents.
- ***Friendship Home*** – The aim of the organization is to aid adults with developmental disabilities. Programs include workforce development and life skills training. The majority of individuals served primarily rely on social security income and are low- and moderate-income adults. The bank's activity with Friendship Home qualifies as a community development donation by supporting community services for low- and moderate-income individuals.
- ***Metro South Chamber of Commerce*** – The mission of the Brockton-based chamber of commerce is to support small businesses in advocacy, education and community development. Services include technical assistance through workshops, grants, small business loans, and business center resources. This donation qualified for community development by supporting economic development for small businesses.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. The bank's equity investments are responsive to the need for affordable housing identified by a community contact. The bank's donations also reflect focus on meeting essential community needs. In particular, the bank's donation to Father Bills & Mainspring reflects leadership in helping support the new Housing Resource Center in Brockton.

Community Development Initiatives

South Shore Bank makes occasional use of innovative and complex investments to support community development initiatives. The bank's current qualified investment portfolio consists of Mortgage-Backed Securities, which are routinely provided by other similarly-situated banks.

SERVICE TEST

The overall Service Test performance is rated High Satisfactory.

The bank's good performance in the Community Development Services criterion supports this rating. The following sections address the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.

The bank operates 13 branches. All branches have at least one 24-hour deposit-taking ITM/ATM and are bilingual in English and Spanish. The bank also operates two stand-alone deposit-taking ITM/ATMs with one located in Commercial Square (Weymouth) in a middle-income census tract, and the other in a downtown area (Braintree) in an upper-income census tract. Since the prior evaluation, the bank added one stand-alone ITM. ITMs allow customers to interact with a virtual teller and offer extended hours past normal branch hours.

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

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ITM/ATMs	
	#	%	#	%	#	%	#	%
Low	9	3.4	38,323	3.0	0	0.0	0	0.0
Moderate	37	14.0	176,909	14.1	1	7.7	2	9.1
Middle	115	43.4	551,864	43.9	8	61.5	13	59.1
Upper	98	37.0	478,965	38.1	4	30.8	7	31.8
NA	6	2.3	10,739	0.9	0	0.0	0	0.0
Total	265	100.0	1,256,800	100.0	13	100.0	22	100.0
<i>Source: 2020 ACS Data; Bank Data</i>								

As the table illustrates, the bank does not have any branches or deposit-taking ITM/ATMs in the low-income census tracts. However, low-income census tracts make up approximately 3.0 percent of the population. Though the bank's number of branches increased to 13, the number inside moderate-income census tracts decreased from two to one, representing 7.7 percent of its branch structure. This is below the percentage of moderate-income census tracts in the bank's assessment at 14.0 percent.

Due to demographic changes between the 2015 American Community Survey versus the 2020 American Community Survey, the bank's number of branches in moderate-income census tracts changed from two to one. Specifically, the branch at 699 Hancock Street, Quincy, a formerly moderate-income census tract, became designated as a middle-income census tract during the current evaluation period.

Of the bank's 13 branches, eight border low- and moderate-income census tracts. Further, the East Bridgewater, Braintree, Quincy (699 Hancock St), Weymouth, East Weymouth, and Stoughton branches border moderate-income census tracts. The North Weymouth branch and Quincy (370 Quincy Ave) branches border low-income census tracts. In addition, one of the bank's two stand-alone ITM/ATMs borders two moderate-income census tracts. All individuals, including low- and moderate-income census tract residents, can access eleven of the thirteen branches and both stand-alone ITMs by public transportation (bus, subway, and commuter rail), increasing the branches' accessibility to provide services to individuals from the surrounding census tracts.

In addition to the branch and ATM network, South Shore Bank offers alternative delivery systems to expand access to retail banking services to all individuals. The bank offers 24/7 telephone banking, online and mobile banking platforms including mobile deposit, mobile web banking, text banking, and digital wallet connecting consumers and businesses to their accounts 24 hours a day to perform a variety of transactions. There is no additional cost for online or mobile banking. A chatbot feature is available online 24/7, through which customers may request a live agent during business hours. In addition, the bank allows customers to open consumer and business checking, savings, and money market accounts online as well as obtain prepaid reloadable Debit MasterCards. Alternative delivery systems allow all individuals, including low- and moderate-income individuals or those living in low- or moderate-income census tracts, to open accounts without physically traveling to a branch.

The bank expanded its CRA assessment area during the evaluation period. The expanded assessment area does not include branch presence near low and moderate-income census tracts in the municipalities of Norwood, Lakeville, Middleborough, Carver, and Wareham. To serve these areas, the bank provides retail banking services through online electronic banking options such as online banking, mobile deposit (remote deposit capture and mobile deposit via mobile phone) and in May 2023, through its mobile/online banking platform conversion, digital offerings were expanded. The upgraded technical capabilities provide accessibility to low- and moderate-income individuals.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, the bank opened a branch at 1280 Belmont Street in Brockton, located in a middle-income census tract. The branch is located within approximately a three-mile proximity of six low-income census tracts and three moderate-income census tracts and is directly across from a Brockton Area Transit Authority BATA bus station, making services accessible to low- and moderate-income individuals. An ATM/ITM is also located at the branch, offering extended hours. While the branch is not located directly in a low- or moderate-income census tract, it is anticipated that it will improve some accessibility to those areas.

Reasonableness of Business Hours and Services

The bank's retail services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and individuals. All branches are open Monday-Friday from 8:30 A.M. to 4:00 P.M. and offer the same products and services. Seven of the thirteen full-service branches are open on Saturday from 9:00 A.M. to 12:00 P.M. The branches with Saturday hours are located in Brockton, Stoughton, Quincy, and Weymouth, and ensure low- or moderate-income populations have access to retail services on Saturdays.

All branches have ITMs marketed as Face-to-Face machines (F2Fs). These ITMs allow customers to interact with a virtual teller Monday through Friday 7:00 A.M. to 7:00 P.M. and Saturday 7:00 A.M. to 2:00 P.M. Through the ITM, a customer interacts virtually to perform a variety of banking transactions including check cashing, deposits, loan payments, withdrawals, and account transfers. South Shore Bank ITMs also serve as an Automated Teller Machine (ATM) outside of the ITM hours.

The bank offers lower-cost checking and savings accounts through the Partnership for Financial Equity's Basic Banking program. These accounts are particularly beneficial for low- and moderate-income individuals as they feature low opening balance requirements, and lower monthly fees and transaction costs. Further, these accounts provide affordable, traditional banking services and allow low- and moderate-income consumers to work toward financial security.

South Shore Bank employees speak approximately 18 languages and dialects. Several low- and moderate-income census tracts in the assessment area contain significant minority populations which correlate to low- or moderate-income populations. Having employees who speak various languages assists in enhancing accessibility to banking services for the non-English speakers in those geographies.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, South Shore Bank provided 132 instances of community development services through financial literacy classes, first-time home buyer sessions, technical assistance to small businesses, and Board and committee membership for local community organizations. During the evaluation period, employees, senior management, and Board members devoted time to community development organizations supporting community services, economic development, affordable housing, workforce development initiatives, and financial literacy. These activities were responsive to needs identified by the community contacts.

The following table summarizes the community development service by year, purpose, and area.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
1/23/2023-12/31/2023	1	32	7	0	40
2024	1	38	9	0	48
1/1/2025-3/31/2025	2	42	0	0	44
Totals	4	112	16	0	132
<i>Source: Bank Data</i>					

The following samples highlight the community development services provided by the bank.

Employee Involvement

- **South Shore Habitat for Humanity (SSHH)** – This non-profit affordable housing organization constructs homes for low- and moderate -income households who earn no more than 80 percent of the area median income by household size or an existing income-eligible household with a home in need of maintenance or repair. A member of the bank’s senior management in Loan Servicing served on SSHH’s Board of Directors in 2023 and 2024. The bank's support of this organization helped create affordable housing for low- and moderate -income individuals and families in the assessment area.
- **Leadership South Shore Program** – South Shore Bank created this community leadership program in concert with the Metro South Shore Chamber of Commerce to help develop civic engagement within the assessment area. The year-long educational initiative covers areas of health and human services such as homelessness, food insecurity, and addiction crisis response, and education, justice and economic development. The goals of this program connect strongly to community development and impact low and moderate-income individuals. Given the opening of the bank’s Brockton branch, the program was duplicated in Brockton during the evaluation period.
- **Credit Apprenticeship Program** – The bank maintained its involvement with this innovative first-in-the-nation Credit Analyst Program previously founded by the bank’s President in partnership with the Massachusetts Executive Office of Labor and Workforce Development and the Massachusetts Bankers Association. The program addresses skills gaps and provides the opportunity to build a diverse qualified workforce promoting workers of underserved communities, especially women and people of color. Upon completion of classroom and on-the-job hours, the sponsored employee receives salary and title increases. South Shore Bank financially sponsors one-two of its employees annually and a member of senior management coordinates the bank’s program and taught multiple program courses annually.
- **Friendship Home and _cookie_s from the Heart** – Founded by the bank, this program funds the salaries of two individuals with developmental disabilities employed by Friendship Home, a non-profit whose Bridges to Work program includes supervised job readiness,

training, support, and job placement with established employment partners. The employees assemble promotional packaging of cookies baked by a local bakery located in a moderate-income census tract. The bank then distributes the packaged cookies bearing South Shore Bank and Friendship Home promotional material to customers. This activity not only provides opportunity for LMI employment, but it also raises awareness of the Friendship Home's mission.

- **Family and Community Resources, Inc.** – Family and Community Resources serves individuals and families whose lives are impacted by trauma, including violence at home, school, or in their community through prevention, education and outreach programs. In 2024 and 2025, a senior bank officer served as a Board member for the organization. This activity was supportive of community service needs in the assessment area.

Financial Literacy Education

- **Credit For Life Fairs** – Credit For Life Fairs provide students with a real-life financial educational simulation opportunity where they are exposed to young adult living scenarios, with a profession and annual salary. Students were assigned a credit counselor to review their financial decisions at the end of the fair to determine whether they were successful in managing a budget. Many of the students were from low- and moderate-income families. During 2023 and 2024, thirteen bank employees volunteered to provide financial counseling to students at one Quincy school and two Brockton schools.
- **Brockton Housing Authority** – The Office of Economic Empowerment promotes financial literacy to improve financial individual financial knowledge and support economic well-being throughout the state through free programs for K-12 students, college students and adults. During the evaluation period, three bank employees provided four instances of financial literacy workshops on debt management to income-eligible residents of senior housing in Brockton situated in low- and moderate-income census tracts.
- **First Time Homebuyer Classes** – During the evaluation period, the bank participated in four Citizens Housing and Planning Association (CHAPA) certified First-Time Homebuyer classes, which assisted low- and moderate-income participants to prepare for homeownership. The classes were held in collaboration with NeighborWorks Housing Solutions. The bank's involvement with First-Time Homebuyer classes with this affordable housing organization helped promote affordable housing to low- and moderate-income families and individuals within the bank's assessment area.
- **Road to Responsibility** – This non-profit organization provides job readiness, employment support, along with job placement for individuals with disabilities. Businesses who partner with the organization are eligible for tax credits under the U.S. Department of Labor's Work Opportunity Tax Credits (WOTC) program. The bank provided meeting space for a career fair designed to include a financial literacy presentation, resume review, mock interviews, and headshots for job readiness. The career fair took place at the bank and 22 bank

employees participated in the fair, with the Director of Facilities providing a presentation about jobs in that sector to organization clients and staff.

Technical Assistance

- **Neighborworks Housing Solutions** – In 2025, the bank refurbished one of its bank-owned residential three-bedroom properties located in the assessment area and, under M.G.L. 40T Publicly Assisted Affordable Housing, the bank leased the property to a family in need through the nonprofit organization Neighborworks Housing Solutions, which oversees subleasing the property to a qualified low-income household. The monthly rent amount is below the U.S. Department of Housing and Urban Development Fair Market Rent amount. This demonstrated the bank’s responsiveness to affordable housing needs and provision of innovative solutions in the community.
- **Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)** – The bank is a participant in the Massachusetts IOLTA Program. Under this program, interest earned is used to fund law-related public service programs to help low-income clients with various legal services.
- **Community Space** – The bank makes physical space available for use by community development organizations and non-profits.
 - *Neighborworks Housing Solutions* – During the evaluation period, NeighborWorks Housing Solutions utilized the bank’s Boardroom at the South Weymouth location for the organization’s in-person Board meetings. The organization utilized the meeting space once in 2023 and on two occasions in 2024.
 - *South Shore Peer Recovery (SSPR)* – South Shore Peer Recovery provides support and services to those seeking recovery from substance use disorder or other addiction. During the evaluation period, the bank provided free weekly meeting space at its Weymouth location to SSPR during 2023 and 2024. The bank entered into a multi-year lease agreement at below market rate for use of meeting space at its 383 Bridge Street, North Weymouth location.

LARGE INSTITUTION PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area through its lending activities by considering an institution's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of an institution's business, the Division will evaluate the institution's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The institution's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the institution's home mortgage, small business, small farm, and consumer loans, if applicable, in the institution's assessment area;
- 2) The geographic distribution of the institution's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the institution's lending in the institution's assessment area;
 - ii. The dispersion of lending in the institution's assessment areas; and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the institution's assessment area;
- 3) The distribution, particularly in the institution's assessment area, of the institution's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The institution's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The institution's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the institution's assessment area. Activities considered under the Lending or Service Test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The institution's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the institution's branches, the institution's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the institution, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The institution's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the institution provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 1530 Main St, Weymouth MA, 02190"

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

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

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

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area or field of membership delineated by the credit union under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

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

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

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.