

PUBLIC DISCLOSURE

January 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

South Shore Bank
Certificate Number: 90303

1530 Main Street
South Weymouth, Massachusetts 02190

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

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

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INSTITUTION RATING

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

An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities

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

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 adequate penetration among businesses of different sizes and individuals of different income levels.
- 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 accessible to essentially 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 not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including 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 is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 7, 2019, to the current evaluation dated January 30, 2023. 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 mostly of towns in Norfolk and Plymouth Counties, which are part of the Boston Metropolitan Division (MD). Examiners used the 2015 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 commercial loans and home mortgage loans, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank's record of originating small business loans contributed more weight to overall conclusions based on origination activity during the evaluation period. This evaluation considered all reported small business loan data on the CRA LARs for 2020 and 2021 to draw conclusions about small business lending performance. South Shore Bank originated 1,137 small business loans totaling \$134.4 million in 2020, and the bank originated 789 small business

loans totaling \$74.2 million in 2021. Loan performance was compared to aggregate small business and demographic data as appropriate.

Examiners reviewed home mortgage loans reported on the bank's 2020 and 2021 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 469 HMDA-reportable loans totaling \$201.3 million in 2020 and 328 HMDA-reportable loans totaling \$186.9 million in 2021. Examiners compared bank lending in 2020 and 2021 to aggregate HMDA data for the relevant year. Examiners also compared bank lending to applicable demographic data

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage 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 October 7, 2019.

DESCRIPTION OF INSTITUTION

Background

South Shore Bank is a state-chartered mutual savings bank headquartered in South Weymouth, Massachusetts. The bank is a wholly owned subsidiary of South Shore Bancorp, Inc. The institution received a Satisfactory rating during its previous Performance Evaluation, dated October 7, 2019, based on Large Institution Examination Procedures.

Operations

The bank's main branch is located in South Weymouth, Massachusetts. The bank operates eleven other full-service branches in its assessment area. All full service-branches have automated teller machines (ATMs) that take deposits. The bank also has several Interactive Teller Machines (ITMs) with videoconferencing retail services to provide live assistance. The bank also operates one stand-alone ATM and ITM location.

The institution offers a variety of personal and business deposit products. Deposit products include checking, savings, money market accounts, individual retirement accounts, and certificates of deposit. South Shore Bank primarily focuses on commercial lending. The institution offers loan products including commercial real estate loans, lines of credit, term loans, and Small Business Administration (SBA) loans. The bank also provides home mortgages, personal loans, jumbo loans, and home equity lines of credit. The bank provides alternative delivery systems such as online and mobile banking, electronic bill pay and mobile check deposits.

Ability and Capacity

As of December 31, 2022, the bank's assets totaled \$2.1 billion, and loans totaled approximately \$1.4 billion. During the evaluation period, total assets increased by approximately 40.0 percent and total loans increased by approximately 27.3 percent.

The bank is primarily a commercial lender with a majority of the loan portfolio secured by residential properties. Approximately 55.1 percent of the loans are either commercial and industrial loans or loans secured by nonfarm nonresidential properties, followed by residential loans at 44.4 percent.

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

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	48,233	3.5
Secured by Farmland	0	0.00
Secured by 1-4 Family Residential Properties	433,093	31.1
Secured by Multifamily (5 or more) Residential Properties	136,781	9.8
Total Residential Loans	618,107	44.4
Secured by Nonfarm Nonresidential Properties	538,391	38.5
Commercial and Industrial Loans	230,744	16.6
Total Commercial Loans	769,135	55.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	6,299	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	1,393,541	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 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 30 cities and towns within Norfolk and Plymouth counties in Massachusetts. The following table is a list of cities and towns the bank has designated within its assessment area.

Assessment Area					
Massachusetts					
Norfolk County					
Avon	Braintree	Canton	Cohasset	Holbrook	Milton
Quincy	Randolph	Sharon	Stoughton	Weymouth	
Plymouth County					
Abington	Bridgewater	Brockton	Duxbury	E. Bridgewater	Halifax
Hanover	Hanson	Hingham	Hull	Kingston	Marshfield
Norwell	Pembroke	Plympton	Rockland	Scituate	W. Bridgewater
Whitman					

*Represents new municipalities since the prior evaluation

Economic and Demographic Data

The assessment area includes 139 census tracts. These tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 6 low-income tracts,
- 22 moderate-income tracts,
- 70 middle-income tracts, and
- 39 upper income tracts
- 2 N/A

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

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)	139	4.3	15.8	50.4	28.1	1.4
Population by Geography	698,753	3.2	16.0	49.1	31.0	0.7
Housing Units by Geography	276,249	3.2	16.9	50.7	29.2	0.1
Owner-Occupied Units by Geography	180,440	1.2	12.1	51.8	34.9	0.0
Occupied Rental Units by Geography	78,634	7.3	27.5	49.1	16.0	0.1
Vacant Units by Geography	17,175	5.6	18.7	46.8	28.9	0.0
Businesses by Geography	65,684	2.5	14.0	49.1	34.3	0.2
Family Distribution by Income Level	174,668	20.7	16.5	20.3	42.4	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$357,746
			Median Gross Rent			\$1,182
			Families Below Poverty Level			6.0%

Source: 2015 ACS, 2021 D&B Data, and FFIEC Estimated Median Family Income
 (*) The NA category consists of geographies that have not been assigned an income classification.

There are 276,249 housing units in the area. Of these units, 65.3 percent are owner occupied, 28.5 percent are occupied rental units, and 6.2 percent are vacant. The median housing value of \$357,746 based on ACS Data reflects a moderately priced area. Examiners also reviewed public HMDA data and noted that the average credit originated for 1-4 family purchase loans was \$436,878 in 2020 and \$482,438 in 2021. This reflects a dramatic increase in home prices in the last few years.

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)				
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440

Source: FFIEC

According to 2021 D&B data, there were 204,603 businesses in the assessment area. GARs for these businesses are below.

- 87.9 percent of businesses have GARs less than or equal to \$1.0 million,
- 4.5 percent of businesses have GARs greater than \$1.0 million, and
- 7.6 percent of businesses have unknown revenues.

Service industries represent the largest portion of businesses at 37.9 percent; followed by non-classifiable establishments (18.8 percent); finance, insurance, and real estate (10.5 percent); and retail trade (11.2 percent). In addition, 64.4 percent of area businesses have four or fewer employees, and 91.6 percent operate from a single location.

Competition

South Shore Bank operates in a moderately competitive market for banking services. According to 2022 Deposit Market Share data, there were 39 financial institutions operating 225 branches in the assessment area. South Shore Bank ranked 8th with a deposit market share of 5.5 percent. The institutions ahead of South Shore Bank included the large state chartered and national retail institutions (Rockland Trust, Bank of America, and Citizens Bank NA) with a combined deposit market share of 40.0 percent.

The bank operates in a highly competitive area for small business loans. Based on 2021 market share data, 181 lenders reported 42,404 small business loans. South Shore Bank ranked 37th with 0.3 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 40.4 percent of the market.

The bank also operates in a highly competitive area for mortgage loans. In 2021, 497 lenders reported 49,779 originated or purchased home mortgage loans. South Shore Bank ranked 48th with a 0.5 percent market share. The three most prominent mortgage lenders (Rocket Mortgage, Citibank NA, and Guaranteed Rate Inc) account for 14.4 percent of the total market share.

Community Contact

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

Examiners contacted a representative of a community service organization in the bank's assessment area, operating in Quincy and the surrounding communities. The contact identified the need for housing and access to childcare as significant obstacles, but overall affordability for consumers in response to rising prices is the most critical issue. While wages are rising, income is not increasing at such a pace that individuals are able to save or make financial progress. Food insecurity is becoming more of an issue, and there are a number of service gaps being identified

for families that may not meet the income level to qualify for aid but may be in serious need of services. The contact identified credit builder loans as a helpful tool for individuals with little or no credit history. Consumer lending for automobiles is an important form of credit to assist in employment and food security. The contact mentioned that a number of local institutions are very attentive to the community and responsive to needs, and South Shore bank has reached out to strategize ways to impact the community.

The contact hopes to see additional investment in long term financial mentorship or technical assistance (e.g. Volunteer Tax Return Assistance) as well as workforce development between volunteers (many of whom are students with a financial background) and the financial institutions. Community apprenticeships were specifically identified as a need by the contact. Also identified were more Limited English Proficiency (LEP) resources for individuals in the North Quincy community.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that workforce development and affordable housing represent the primary community development needs in the assessment area. The relatively large population of underbanked and low- or moderate-income individuals supports this need.

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 874 small business loans totaling \$105.0 million in the assessment area in 2020. The large loan volume is attributed in part to the Paycheck Protection Program (PPP) Lending. The PPP program continued into 2021 albeit with less volume. In 2021, the number of small business loans decreased to 574 loans totaling \$72.9 million.

In 2020, South Shore Bank originated or purchased 336 home mortgage loans totaling \$122.1 million. Lending activity in 2021 fell to 248 home mortgage loans by number, while the total dollar amount increased to \$119.2 million.

Assessment Area Concentration

The bank made a majority of its small business and home mortgage 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 \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	874	76.9	263	23.1	1,137	104,957	78.1	29,350	21.9	134,307
2021	574	72.8	215	27.2	789	72,854	69.7	31,624	30.3	104,478
Subtotal	1,448	75.2	478	24.8	1,926	177,811	74.5	60,974	25.5	238,785
Home Mortgage										
2020	336	71.6	133	28.4	469	122,125	60.7	79,157	39.3	201,282
2021	248	75.6	80	24.4	328	119,188	63.8	67,744	36.2	186,932
Subtotal	584	73.3	213	26.7	797	241,313	62.2	146,901	37.8	388,214
Total	2,032	74.6	691	25.4	2,723	419,124	66.8	207,875	33.2	626,999

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 small business and home mortgage lending supports this conclusion. Examiners focused on the number and percentage of loans in low- and moderate-income census tracts.

Small Business Loans

The geographic distribution of small business loans reflects adequate dispersion throughout the assessment area. In 2020, the bank’s performance was comparable to the percentage of businesses in low-income tracts and the aggregate performance for the same year. In 2021, the number of loans in low-income census tracts decreased, and the percentage of loans in the area increased. However, the bank’s performance remained below the aggregate performance and the demographic comparator.

The bank’s lending was below the percentage of businesses and aggregate performance in moderate-income tracts in 2020. Performance remained below the demographic comparator in 2021.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.2	2.1	8	0.9	1,184	1.1
2021	2.5	2.6	6	1.0	897	1.2
Moderate						
2020	13.7	12.6	82	9.4	11,605	11.1
2021	14.0	14.5	59	10.3	9,058	12.4
Middle						
2020	49.2	50.3	536	61.3	59,858	57.0
2021	49.0	49.7	345	60.1	36,386	50.0
Upper						
2020	34.7	35.0	248	28.4	32,310	30.8
2021	34.3	33.1	164	28.6	26,513	36.4
Not Available						
2020	0.2	0.0	0	0.0	0	0.0
2021	0.2	0.1	0	0.0	0	0.0
Total						
2020	100.0	100.0	874	100.0	104,957	100.0
2021	100.0	100.0	574	100.0	72,854	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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. In 2020, lending in low-income census tracts was below the percentage of owner-occupied units in the area, and aggregate performance. The bank originated no loans in low-income census tracts in 2021.

The bank's performance in moderate-income census tracts was below aggregate performance and the demographic of owner-occupied housing for both 2020 and 2021.

The bank has recognized a challenge in lending in low- and moderate-income census tracts and has implemented strategic efforts to improve their performance in these areas.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	1.2	1.1	1	0.3	140	0.1
2021	1.2	1.5	0	0.0	0	0.0
Moderate						
2020	12.1	10.3	26	7.7	8,596	7.0
2021	12.1	11.7	16	6.5	8,301	7.0
Middle						
2020	51.8	48.1	202	60.1	60,344	49.5
2021	51.8	48.2	159	64.1	76,905	64.5
Upper						
2020	34.9	40.5	107	31.8	53,046	43.4
2021	34.9	38.5	72	29.0	33,613	28.2
Not Available						
2020	0.0	0.1	0	0.0	0	0.0
2021	0.0	0.1	1	0.4	369	0.3
Total						
2020	100.0	100.0	336	100.0	122,125	100.0
2021	100.0	100.0	248	100.0	119,188	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

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

Small Business Loans

The distribution of small business loans reflects adequate distribution of credit to small businesses. The bank originated 7.4 percent of all loans to businesses with Gross Annual Revenues (GARs) of \$1 million and below. This performance is below aggregate performance and the demographic percentage of businesses in the same revenue category in 2020. The bank's performance is impacted by the PPP loan originations in 2020, for which the bank did not collect revenue information. This revenue category represented 86.9 percent of all small business lending in 2020. Due to these circumstances examiners also reviewed the size of loans as a proxy for the size of the business, as smaller dollar loans correlate to smaller businesses. In 2020, approximately 66.9 percent of small business loans were distributed in amounts of \$100,000 or less, which compared reasonably to aggregate data in the same year. This performance suggests most of the lending was distributed to very small businesses.

The bank's percentage of lending to businesses with gross annual revenues of \$1 million or less was approximately 9.1 percent. This performance is below the 87.9 percent of businesses in the assessment area that fall in the same revenue category. Examiners also reviewed loan size for 2021 for trend purposes. In 2021, approximately 67.6 percent of small business loans were distributed in amounts of \$100,000 or less, below the aggregate performance of 91.6 percent. This performance suggests most of the lending continued to be distributed to very small businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	86.9	35.0	65	7.4	13,623	13.0
2021	87.9	43.5	52	9.1	12,999	17.9
>\$1,000,000						
2020	5.1	--	62	7.1	17,871	17.0
2021	4.5	--	47	8.2	16,633	22.8
Revenue Not Available						
2020	8.0	--	747	85.5	73,463	70.0
2021	7.6	--	475	82.8	43,222	59.3
Total						
2020	100.0	100.0	874	100.0	104,957	100.0
2021	100.0	100.0	574	100.0	72,854	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans by Loan Size 2020					
Gross Revenue Level	Aggregate %	#	%	\$(000s)	%
< \$100,000	88.2	585	66.9	19,412	18.5
\$100,000 - \$249,999	7.9	160	18.3	24,782	23.6
\$250,000 - \$1,000,000	4.9	129	14.8	60,763	57.9
Total	100.0	874	100.0	104,957	100.0

Small Business Loans by Loan Size 2021					
Gross Revenue Level	Aggregate %	#	%	\$(000s)	%
< \$100,000	91.6	388	67.6	13,598	18.7
\$100,000 - \$249,999	4.9	101	17.6	15,112	20.7
\$250,000 - \$1,000,000	3.5	85	14.8	44,144	60.6
Total	100.0	558	100.00	72,854	100.00

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 2020 lending to low-income borrowers was above aggregate performance. In 2021, the bank's lending to low-income borrowers improved by percentage, and remained above aggregate lending levels. Similarly, the bank's lending to moderate-income borrowers in 2020 and 2021 was comparable to aggregate lending level for both years, within half of a percentage point.

In both 2020 and 2021, the 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 \$56,850. Whereas the average loan amount originated for a 1 to 4- family residential purchase in the assessment area was \$436,878 in 2020 and \$482,438 in 2021. This data, coupled with around 6.0 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. Moderate-income families earning over \$90,000 may be able to afford a home in the area, which may explain why the bank and aggregate performance consistently exceeds the demographic of moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.7	4.4	23	6.8	3,835	3.1
2021	20.7	5.6	18	7.3	3,309	2.8
Moderate						
2020	16.5	18.5	61	18.2	13,968	11.4
2021	16.5	20.3	49	19.8	11,399	9.6
Middle						
2020	20.3	24.6	83	24.7	21,952	18.0
2021	20.3	23.7	59	23.8	18,397	15.4
Upper						
2020	42.4	38.8	133	39.6	54,341	44.5
2021	42.4	35.4	66	26.6	27,432	23.0
Not Available						
2020	0.0	13.7	36	10.7	28,030	23.0
2021	0.0	14.9	56	22.6	58,651	49.2
Total						
2020	100.0	100.0	336	100.0	122,125	100.0
2021	100.0	100.0	248	100.0	119,188	100.0
<i>Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Innovative or Flexible Lending Practices

The bank makes use of innovative and/or flexible lending practices. The bank originated 2,048 innovative and/or flexible loans, totaling approximately \$267.7 million to individuals and businesses during the evaluation period. The bank’s Small Business Administration (SBA) lending comprise the largest portions of flexible lending activity. Specifically, the bank had strong participation in the SBA’s Paycheck Protection Program (PPP) lending, to aid small businesses during the COVID-19 pandemic.

Flexible Lending Products		
Product	Total	
	#	\$ (000)
HEAT Loans	385	4,818
SBA 504	28	20,618
SBA Express	17	2,387
SBA 7a	9	5,066
SBA PPP Loans	1,600	228,631
BDC Capital	2	726
MassCap	5	4,616
Jobs for NE	2	882
Total Innovative/Flexible	2,048	267,744

The following are examples of the bank's flexible lending activity.

- **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.

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 utilizes a variety of SBA programs including Express 7(a) program, and the 504 economic development program. The majority of the bank's lending activity was through the Paycheck Protection Program (PPP), a response to the COVID-19 pandemic. The bank was a leader in extending PPP loans as exhibited through market share. Out of 736 Massachusetts PPP lenders, South Shore bank ranked 24th in retaining jobs, with an estimated 19,439 jobs retained.
- **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.

The bank also provided 450 loan modifications totaling \$163.7 million to consumers and small businesses. These modifications were made in response to the COVID-19 pandemic and support the bank's willingness to make use of flexible access to credit for individuals in need.

Community Development Loans

South Shore Bank is a leader in providing community development loans in the assessment area. The bank originated 61 community development loans totaling \$99.6 million that met the needs of affordable housing, economic development, and revitalization and stabilization. The bank primarily provided credit to small businesses in the area that supported economic development

by creating jobs for low- and moderate-income individuals or in low- or moderate-income areas. The following table illustrates the bank’s community development lending activity.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize and Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/7/19-12/31/19	1	155	0	0	0	0	0	0	1	155
2020	0	0	5	3,794	11	25,785	5	1,384	21	30,962
2021	8	24,716	2	3,383	15	18,835	2	1,137	27	48,071
2022	1	286	1	2,500	7	14,966	3	2,693	12	20,446
Total	10	25,158	8	9,677	33	59,585	10	5,214	61	99,634

Source: Bank Data

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

- The bank originated a \$13 million loan to developers in 2021. The proceeds were used to refund the renovation of a 176-unit property (formerly an abandoned mill) in Lawrence MA. The development is in an opportunity zone and will retain residents in the area. This loan qualifies for community development as it supports revitalization and stabilization of a low-income census tract.
- The bank originated a \$3.3 million loan to a project in Brockton MA in 2021. The loan funds were for renovation of an abandoned property into a 164-unit residence. All units are reserved for low- and moderate-income individuals or individuals primarily subsisting off of social security income. This loan supports affordable housing within the assessment area.
- South Shore Bank originated a \$10 million PPP loan in 2020 to an emergency medical service business that serves southeastern Massachusetts. This loan was particularly responsive to community needs during the height of the COVID-19 pandemic and directly addressed the nationwide designated disaster. Therefore, this loan served the assessment area under revitalization and stabilization of a designated disaster area.
- The bank originated a \$3.3 million loan to a social services agency in Quincy MA in 2021. The loan will refinance a childcare center focused on serving low- and moderate-income families. This loan qualifies as supporting a community service for low- and moderate-income individuals.
- In 2022, the bank originated a several loans to a business headquartered in Roxbury MA. This business is in a low-income area and primarily serves schools, elder-care organizations, and health-related industries. This business is a qualified active low-income community business and qualifies for new market tax credits. Loans to this business totaled \$8.5 million and provide economic development through working capital. This funding will support jobs for the small business in a low-income area.

- In 2022, the bank originated a \$1.5 million loan to purchase a multi-family building with six residential units, of which all six qualify as affordable housing. The affordable housing units benefitted low-income individuals within the assessment area.

Discriminatory or Other Illegal Credit Practices Review

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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, the bank maintains a good record relative to fair lending policies and practices.

Minority Application Flow

The bank's HMDA LARs for 2020 and 2021 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 1,795,000 individuals of which 37.7 percent are minorities. The minority population represented is 12.9 percent Black/African American, 19.5 percent Asian/Pacific Islander, 0.1 percent American Indian/Alaskan Native, and 1.8 percent other. Approximately 12.9 percent of the population is Hispanic or Latino.

The bank's level of lending in 2020 and 2021 was compared with that of the 2020 and 2021 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2020 HMDA		2020 Aggregate Data	Bank 2021 HMDA		2021 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	2	0.3	0.2	4	0.7	0.1
Asian	19	2.9	11.0	37	6.4	11.6
Black/ African American	18	2.7	3.8	16	2.8	4.7
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	1	0.2	0.1	1	0.2	0.2
Joint Race (White/Minority)	14	2.1	2.3	20	3.4	2.3
Total Racial Minority	54	8.2	17.5	78	13.5	19.0
White	477	72.1	57.9	370	63.9	53.9
Race Not Available	130	19.7	24.6	131	22.6	27.1
Total	661	100.0	100.0	579	100.0	100.0
ETHNICITY						
Hispanic or Latino	13	2.0	4.1	18	3.1	4.9
Joint (Hisp/Lat /Not Hisp/Lat)	11	1.7	1.2	6	1.0	1.3
Total Ethnic Minority	24	3.7	5.3	24	4.1	6.2
Not Hispanic or Latino	499	72.0	69.3	412	71.2	67.1
Ethnicity Not Available	138	24.3	25.4	143	24.7	26.7
Total	661	100.0	100.0	579	100.0	100.0
<i>Source: ACS Census 2015, HMDA Aggregate Data 2020 and 2021, HMDA LAR Data 2020 and 2021</i>						

In 2020, the bank received 661 HMDA reportable loan applications within its assessment area. Of these applications, 8.2 percent were received from racial minority applicants. This was below aggregate performance of 17.5 percent of its applications from racial minority applicants. The bank’s racial minority application flow improved in 2021 to 13.5 percent but remained below the aggregate application flow of 19.0 percent. While overall applications fell from 2020 to 2021, the number of applications received from racial minority consumers increased approximately 44.4 percent

In 2020, the bank received 24 or 3.7 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was comparable to an aggregate ethnic minority application rate of 5.3 percent. In 2021, the bank received 4.1 percent of all applications from ethnic groups of Hispanic origin within its assessment area. This was reasonably comparable to an aggregate ethnic minority application rate of 5.2 percent.

The bank’s 2021 origination rate to racial minority borrowers was 70.5 percent, comparably above the 66.7 percent rate of origination among white borrowers. The bank’s origination rate to ethnic minority borrowers was 62.5 percent, comparably below an origination rate of 73.8 percent among non-Hispanic borrowers. While the 2021 origination rate among ethnic minority applicants was below that of white applicants for the bank, the rate of origination was comparable to the aggregate rate (approximately 64.0 percent).

The bank's application flow in 2020 and 2021 reflect an adequate racial minority application flow. The bank's racial minority application flow was below that of aggregate lenders, however the gap is primarily attributed to a difference in the percentage of Asian applicants. Reaching out to the Asian demographic represents a challenge for many similarly situated depository institutions; among depository institutions between \$1 billion and \$10 billion, approximately 46.5 percent of the market is controlled by one institution. The bank has made significant efforts to reach out to the Asian demographic, including work with community organizations and assistance with the application process including translation. Additionally, the bank conducts periodic monitoring of its lending practices to control fair lending risk.

Finally, the bank also remains cognizant of the importance of small business lending and outreach to minority populations. Examiners noted that small business lending in majority minority census tracts is commensurate with the percentages of businesses present in those tracts which reflects fair lending efforts.

Considering the demographic composition of the assessment area, comparisons to aggregate data, and the bank's fair lending controls, the bank's minority application flow reflects reasonable performance.

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.

The bank's development of and participation in flexible lending programs and community development lending 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, particularly those that are not routinely provided by private investors. 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 Activity

South Shore Bank made a significant level of qualified investments. During the evaluation period, qualified investments, grants and donations totaled \$12.2 million. The qualified

investments and donations are more than tripled since the last evaluation period when qualified investments totaled \$3.4 million. The bank also increased the amount of donations almost tenfold, to approximately \$1.4 million. 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	2	839	0	0	0	0	0	0	2	839
2020	1	3,479	0	0	0	0	0	0	1	3,479
2021	2	6,534	0	0	0	0	0	0	2	6,534
2022	0	0	0	0	0	0	0	0	0	0
Subtotal	5	10,861	0	0	0	0	0	0	5	10,861
Qualified Grants & Donations	11	524	157	593	34	250	0	0	202	1,367
Total	16	11,385	157	593	34	250	0	0	207	12,228

Source: Bank Records

Equity and Debt Security Investments

The bank has \$10.9 million in qualified debt security investments. The bank holds five CRA mortgage-backed securities (MBSs) within their investment portfolio. These are secured by one to-four family residential mortgages to low-and moderate-income borrowers in the bank’s assessment area. Two of these mortgage-backed securities are prior-period investments, the current book value of which totals \$838,641. The bank also purchased three additional mortgage-backed securities during the evaluation period totaling \$10.0 million.

Charitable Contributions

The bank made 202 qualified donations totaling approximately \$1.4 million during the evaluation period. The majority of the bank’s donations benefited low- and moderate-income individuals primarily under the community development purpose of Community Services and secondarily under Affordable Housing. The following are notable examples of examples of qualified donations that impacted the assessment area and broader regional area.

- ***South Shore Bank Community Fund*** – The Bank used its net proceeds to create a fund to assist clients in need of financial assistance to secure housing. The bank developed and administered this program in full, and established income and liquid asset limitations for beneficiaries. This grant program primarily was designed to aid individuals that were low- and moderate-income due to the impact of COVID-19. This donation qualifies for community development as a grant supporting affordable housing for low- and moderate-income individuals.
- ***Quincy Asian Resources Inc (QARI)*** – The bank provided several donations to Quincy Asian Resources, a social services non-profit organization. The mission of QARI is to improve the economic and social lives of immigrants and their families. Services include workforce development, adult education, and nutrition assistance. The bank provided

conventional grants, but also subsidized the organizations rent in Quincy as an in-kind donation. The bank's activity with QARI qualifies as a community development donation supporting community services for low- and moderate-income individuals.

- ***Massasoit Community College*** – The bank established an in-kind donation by building a computer lab for community college students in 2022. The computer lab is located in the Brockton campus, where the majority of census tracts are low- or moderate-income. This donation qualified for community development as supporting community services for low- and moderate-income individuals.
- ***Friendship Home Inc*** – The bank made annual donations to this organization. The mission of the organization is to aid the vocational education and the nutrition support for adults with developmental disabilities. The majority of individuals served by this organization rely on social security income and are likely delineated as low- or moderate income. This activity qualified for community development as it supported community services for low- and moderate-income individuals.
- ***Food Pantries*** – The bank provided donations to food pantries in Braintree, East Bridgewater, Weymouth, and Whitman. The food pantries benefitted low- and moderate-income families, particularly during the challenges faced by the COVID-19 pandemic. These donations qualified for community development by supporting community services for low- and moderate-income individuals.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. The bank's equity investments directly impact the assessment area. The bank's donations reflect focus on meeting essential community needs. In particular, the bank's community foundation exhibits responsiveness to needs exhibited during the pandemic in helping individuals stay in their homes. The bank's mortgage-backed securities also exhibit responsiveness by choosing locations within the assessment area.

Community Development Initiatives

South Shore Bank makes occasional use of innovative and complex investments to support community development initiatives. The bank's new debt security investments are mortgage-backed securities, which are initiatives routinely provided by other investors. The bank's community fund and in-kind donations reflect innovative funding which are not routinely provided by other investors.

SERVICE TEST

The bank’s overall Service Test performance is rated High Satisfactory. The bank’s good performance with regards to retail services and community development services support this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are essentially accessible to all portions of the bank’s assessment area. The bank has ten full-service branches and one limited-service branch within the assessment area. All the bank’s branches offer ATM services, and nine branches offer drive thru services.

The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level												
Assessment Area: South Shore Bank (2021)												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Opened Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	6	4.3	22,438	3.2	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	22	15.8	112,000	16.0	2	16.7	3	15.0	0	0.0	0	0.0
Middle	70	50.4	343,098	49.1	8	66.7	14	70.0	0	0.0	3	100.0
Upper	39	28.1	216,329	31.0	2	16.7	3	15.0	0	0.0	0	0.0
Not Available	2	1.4	4,888	0.7	0	0.0	0	0.0	0	0.0	0	0.0
Total	139	100.0	698,753	100.0	12	100.0	20	100.0	0	0.0	3	100.0

*Source: 2015 ACS
Due to rounding, totals may not equal 100.0%*

As the table illustrates, the bank’s percentage of branches in low- and moderate-income census tracts is below that of the percentage of population residing in these tracts and that of the total percentage of low- and moderate-income census tracts in the assessment area. Specifically, the bank has no current branches located in Brockton, which contains the majority of low-income census tracts. However, two of the full-service branches (the East Bridgewater branch and the Stoughton branch) are within a four-mile radius of the majority of low-income geographies in Brockton. The Quincy and East Weymouth branches are readily accessible to most moderate-income branches.

In addition to the bank’s branches ITMs and ATMS, the bank offers alternative delivery systems which expand retail banking service access to all its customers. The bank offers online and mobile banking to all its customers. Customers can manage their finances 24 hours a day online or on their mobile device. Customers can receive real time updates, transfer funds, make deposits, and make person to person transfers 24 hours a day.

Changes in Branch Locations

To the extent changes have been made, the bank’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank has opened no new branches since the previous evaluation.

The bank has closed three branches in Pembroke, Braintree and Weymouth, respectively. The bank conducted a CRA analysis to ensure the availability of retail services to low- and moderate-income areas was not adversely affected. Two of these former branch locations were supplemented by ITMs to maintain retail access.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All retail branches offer the same loan and deposit products and services.

The bank maintains similar hours at most of their locations. Full-service branches maintain hours from 8:30 am to 4:00 pm Monday through Friday, and Saturday hours from 9:00 am to 12:00 pm.

Community Development Services

The bank was a leader in providing community development services. The bank provided 122 instances of community development services to approximately 34 community development organizations. The bank’s leadership was exhibited through responsive and innovative services beyond those routinely provided. The following table summarizes the bank’s community development service hours by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
10/7/19-12/31/19	0	7	0	0	7
2020	1	16	4	0	21
2021	1	20	4	0	25
2022	1	25	8	0	34
2023 YTD	2	26	7	0	35
Total	5	94	23	0	122

Source: Bank Data

The following are notable examples of community development services provided by the bank.

- **Leadership South Shore Program** – South Shore Bank created this community leadership program in concert with the South Shore Chamber of commerce to help develop civic engagement within the assessment area. The yearlong educational initiative covers areas of health and human services, education, justice and economic

development. The aims of this program connect strongly to community development and impacts low- and moderate-income individuals.

- **Credit Apprenticeship Program**– The bank was a lead financial institution in developing this program, in partnership with the Massachusetts Banker Association and the Executive Office of Labor and Workforce Development. The program provides additional opportunities for workforce development; helping provide a sustainable career path and mentorship for individuals, and helping companies facing skills gaps an opportunity to build a diverse and qualified workforce.
- **Jobs New England Grant Program** – Bank staff participated in a COVID-response initiative, by helping local small businesses with financing needs apply for local grants. This technical assistance with fundraising qualifies as community development by contributing to the economic development of the region.
- **Margie Crispin Center**– This organization aims to provide emergency assistance and support for Braintree residents. Programs include adult day care and a food pantry, and the majority of individuals served are likely low- and moderate-income. The bank’s Community Relations Officer served on the Finance committee for this organization.
- **Cradles to Crayons** – This organization focuses on providing essential needs for low- and moderate-income students in the Greater Boston Area. Children’s items in good condition are collected through fundraising campaigns and redistributed to disadvantaged children through a network of service partners. The bank’s Chief Commercial Banking Officer served on the Corporate Advisory Board for this organization.
- **Neighborworks Housing Solutions** – This organization focuses on affordable housing solutions in Southern Massachusetts communities. Services include homeownership education and counseling, rental housing opportunity, and financial assistance. The majority of these programs benefit low- and moderate-income families. The bank’s Senior Vice President of Commercial Lending acted as a Board Member of this organization.

Technical Assistance

- **Computer Lab Development** – The bank worked with Massasoit Community College in Brockton and South Shore Stars afterschool in Randolph to provide computers free of charge. The bank provided its IT staff in installing and setting up the equipment. This activity was directly responsive to an identified need by the community organizations,

and the service was coupled with a community development donation to purchase the computers.

- **Community Space: South Shore Peer Recovery** – The bank provided meeting space to a local organization focused on aiding individuals and families with substance use disorders. This program is likely to aid low- and moderate-income individuals.
- **Interest on Lawyers Trust Accounts (IOLTA)**– The bank participates in the IOLTA initiative. The bank facilitates fundraising for CRA-qualified community organizations by delivering accrued interest to legal aid organizations. These organizations primarily serve low- and -moderate-income residents of Massachusetts.

GLOSSARY

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

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

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

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

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

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

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require 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, South Weymouth Massachusetts 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 agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.