

PUBLIC DISCLOSURE

April 9, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SOUTH SHORE SAVINGS BANK

90303

**1530 MAIN STREET
SOUTH WEYMOUTH, MASSACHUSETTS 02190**

**Division of Banks
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Boston, MA 02118**

<p>NOTE: 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.</p>
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GENERAL INFORMATION

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

This document is an evaluation of the CRA performance of **South Shore Savings Bank (or the “Bank”)** prepared by the Division, the institution's supervisory agency, as of **April 9, 2012**. The Division evaluates the performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution’s branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING:

This institution is rated “Satisfactory.”

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

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS South Shore Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory			
Satisfactory	X	X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

The assigned rating is based on the results of three performance tests applicable to the Large Bank examination procedures: the Lending Test, the Investment Test, and the Service Test. A summary of South Shore Savings Bank's performance is provided below:

Lending Test

The Lending Test is rated Satisfactory based on the following:

- The Bank's lending activity reflects adequate responsiveness to credit needs in its assessment area.
- A majority of the Bank's total home mortgage and small business were extended in the Bank's delineated assessment area.
- The geographic distribution of home mortgage and small business loans reflects an adequate dispersion by number and dollar volume throughout the assessment area.
- The distribution of mortgage loans to borrowers of different incomes reflects a good penetration of loans to low- and moderate-income borrowers, considering the product lines offered by the institution.
- The distribution of business loans, by the size of the loans, reflects a good performance in loans under \$100,000 and loans between \$100,000 and \$250,000.
- The Bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound business practices.
- The Bank made an adequate level of community development loans.
- The Bank makes good use of innovative and/or flexible lending practices to serve assessment area credit needs.

Investment Test

The Investment Test is rated Satisfactory based on the following:

- The Bank has increased its investments since the last examination; the Bank maintains an adequate level of qualified investments.
- The Bank's investments, donations, and grants display an adequate level of responsiveness to credit and community development needs.

Service Test

The Service Test is rated Outstanding based on the following:

- The Bank's service delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area.
- To the extent changes have been made, the Bank'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.
- The Bank's services, including business hours, are tailored to the convenience and needs of its assessment area.
- The Bank is a leader in providing community development services.

PERFORMANCE CONTEXT

Description of Institution

South Shore Savings Bank, headquartered in South Weymouth, Massachusetts, was originally chartered in 1833 as the Weymouth and Braintree Institution for Savings. As of December 31, 2011, the Bank had total assets of \$958 million, net loans of \$640 million and total deposits of \$666 million. South Shore Savings Bank is a full service bank with 13 branches in Massachusetts, located in nine communities throughout the South Shore. The main office and nine full service branches are located in Norfolk County in the towns of Braintree, East Weymouth, Quincy, South Weymouth, Stoughton and Weymouth and 3 full service offices are located in Plymouth County in the towns of East Bridgewater, Norwell and Pembroke. A branch located in a moderate-income census tract in the town of Plymouth was closed October 31, 2009. With the closing of this branch, South Shore Savings Bank's assessment area contracted by the towns of Kingston and Plymouth. This change to the assessment area occurred January 1, 2010.

South Shore Savings Bank offers a variety of financial products including checking and savings accounts, mortgages, home equity and consumer loans, commercial banking and small business banking services, and investment solutions.

The South Shore Savings Charitable Foundation was created by South Shore Savings Bank in 1997 for the support and benefit of community, charitable, educational, and other benevolent organizations. The South Shore Savings Charitable Foundation's financial grants and monetary gifts support non-profit organizations whose work benefits the population of those communities in which the Bank has a major presence. Grants will be made for existing program support, general support, special projects, and/or start-up endeavors covering a variety of issues impacting the community.

South Shore Savings Bank is a predominately residential and commercial real estate lender. The composition of the loan portfolio includes residential loans, commercial real estate, commercial and industrial loans, and loans to individuals. The Bank also makes multifamily residential real estate loans.

Table 1		
Loan Portfolio as of December 31, 2011		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Construction and Land Development	34,640	5.3
1-4 Family Residential	318,970	48.6
Multi-Family (5 or more) Residential	60,488	9.2
Commercial Real Estate	202,560	30.9
Total Real Estate Loans	616,658	94.0
Commercial and Industrial	36,547	5.6
Consumer	2,990	0.4
Less: Unearned Income	<1>	<0.0>
Total Loans	656,194	100.0

Source: Consolidated Report of Condition and Income (Call Report)

Table 1 illustrates the Bank is primarily a real estate lender, with a majority of the loan portfolio secured by 1-4 family residential real estate. As noted in Table 1, approximately 48.6 percent of the loans are secured by 1-4 family residential real estate properties, followed by commercial real estate at 30.9 percent, multi-family residential real estate properties at 9.2 percent, commercial and industrial loans at 5.6 percent, construction and land development loans at 5.3 percent, and consumer loans at 0.4 percent. Total real estate loans account for 94.0 percent of the total loan portfolio.

An analysis of the Bank's balance sheet revealed a loan-to-deposit (LTD) ratio of 97.3 percent as of December 31, 2011, and a 91.2 percent quarterly average since the prior Division evaluation. Table 2 depicts the average LTD ratios of the Bank and three similarly situated institutions from September 30, 2009 through December 31, 2011.

Table 2		
Peer Group Loan-to-Deposit Comparison		
Institution Name	Total Assets \$('000s) as of 12/31/11	Average Net LTD Ratio 9/30/2009 - 12/31/2011
Hingham Institution for Savings	1,127,290	109.3%
South Shore Savings Bank	950,388	91.2%
The Bank of Canton	634,192	83.8%

Source: Call Report Data

The last CRA Public Evaluation dated August 10, 2009 was conducted jointly by the Division and the Federal Deposit Insurance Corporation. The Division assigned the Bank a CRA rating of "High Satisfactory" and the FDIC assigned a rating of "Satisfactory." There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires a financial institution to define an assessment area, or areas within which it will concentrate its lending efforts and within which its record of helping to meet the needs of its community will be evaluated.

South Shore Savings Bank has delineated one contiguous assessment area consisting of 89 census tracts within Massachusetts. The assessment area consists of 21 cities and towns within Norfolk and Plymouth counties: Abington, Avon, Braintree, Cohasset, Duxbury, East Bridgewater, Hanover, Hanson, Hingham, Holbrook, Hull, Marshfield, Norwell, Pembroke, Quincy, Randolph, Rockland, Scituate, Stoughton, Weymouth, and Whitman. All of the cities and towns are located within the Boston-Quincy Metropolitan Division (MD).

The assessment area, as currently defined, meets the technical requirements of the CRA since it (1) consists of one or more political subdivisions; (2) includes geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas.

To assess the Bank's lending performance within this evaluation, consideration is given to certain demographic data about the overall assessment area. Table 3 highlights the relevant demographic information from the Boston-Cambridge-Quincy, MA, NH MSA.

Table 3 – Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	89	1.1	2.2	65.2	31.5
Population by Geography	452,291	0.7	2.4	65.1	31.8
Owner-Occupied Housing by Geography	123,325	0.3	1.8	62.2	35.7
Business by Geography (2011)	45,492	0.2	1.8	56.9	41.1
Family Distribution by Income	117,963	14.5	17.0	23.8	44.7
Household Distribution by Income	173,477	0.7	2.8	66.9	29.6
Distribution of Low- and Moderate- Income Families throughout AA Geographies	37,179	1.6	3.7	72.9	21.8
HUD Estimated Median Family Income		\$87,600	Median Housing Value		\$204,943
Weighted Average of Median Family Income		\$71,657	Unemployment Rate (2011):		
Households Below Poverty Level		5.8%	Norfolk County		6.2%
Families Below the Poverty Level		7.2%	Plymouth County		7.8%

Source: 2000 Census Data

Geographies

Currently, the assessment area is comprised of 89 census tracts, of which 1 is low-income; 2 are moderate-income; 58 are middle-income; and 28 are upper-income. The low-income census tract is located in Quincy. The moderate-income census tracts are located in Weymouth and Quincy.

Population

Based on the 2000 United States (U.S.) Census data, the total population of the assessment area is 452,291. As depicted in Table 3, approximately 1.1 percent of the total population resides in low-income census tracts; 0.7 percent are in moderate-income census tracts; 65.1 percent are in middle-income census tracts; and 31.8 percent are in upper-income census tracts. The population for Norfolk and Plymouth Counties in 2010 was estimated at 670,850 and 414,919, respectively.

Business Data

According to 2011 Business Geo-demographic Data, there are approximately 45,492 businesses operating within the Bank's assessment area. The breakdown by census tracts is as follows: 88 are in low-; 822 are in moderate-; 25,868 are in middle-; and 18,714 are in upper-income census tracts. When broken down by size, 68.4 percent of all businesses have gross annual revenues (GARs) of \$1 million or less, which is considered a small business for purposes of this analysis.

Family Distribution

There are 531,042 families within the Bank's assessment area. Table 3 illustrates the breakout of families by income level. A total of 14.5 percent are low-; 17.0 percent are moderate-; 23.8 percent are middle-; and 44.7 percent are upper-income. Table 3 also includes the breakout of low- and moderate-income families, combined (37,179), by where they reside. A total of 1.6 percent are in low-; 3.7 percent are in moderate-; 72.9 percent are in middle-; and 21.8 percent are in upper-income tracts.

Consideration is also given to the distribution of families by income level when compared to the weighted average of HUD adjusted MSA median family income (MFI). Based on the 2000 U.S. Census, the MFI for the assessment area was \$87,600. HUD annually adjusts the MFI based on estimates. Income levels are determined as follows: low-income individuals are equal to or less than 50.0 percent of MFI; moderate-income persons are greater than 50.0 percent, but less than 80.0 percent of MFI; middle-income individuals are greater than 80.0 percent, but less than 120.0 percent of MFI; and upper-income individuals are equal to or greater than 120.0 percent of MFI. The estimated percentage of households below the poverty level in the assessment area in 2011 was 5.8 percent.

Housing

Recent figures from the *Banker and Tradesman* show that the assessment area's median home prices in 2011 ranged from a low of \$213,000 in Rockland to a high of \$621,000 in Hingham. As of 2011, the median price within the Bank's assessment area stood at \$293,725. Home prices in this range generally make homeownership out of reach for low-and moderate-income families and reduce financial institution's ability to penetrate those markets with residential loan products.

SCOPE OF EXAMINATION

South Shore Savings Bank is an Intermediate Small Bank ("ISB") for CRA Evaluation purposes, but the Bank elected to be evaluated under Large Bank CRA evaluation procedures. These procedures include three performance tests: Lending, Investment, and Service Tests. The data and applicable timeframes used for the three tests are discussed below.

Through a review of the Bank's loan portfolio composition and discussions with management, it was noted that the Bank's primary lending focus is home mortgage lending. However, the Bank is also an active commercial lender. Consumer loans were not considered in the evaluation as they represent a very small portion of the Bank's loan portfolio. Based on the Bank's lending activity, the focus of the evaluation is home mortgage and commercial lending activities, with more weight given to home mortgage lending.

Information concerning home mortgage lending was derived from the Loan Application Registers ("LARs") maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home purchase and home improvement loans, including refinancing of one to four family and multi-family (five or more units) properties. The primary focus of the evaluation is the Bank's HMDA lending performance in 2010, as this is the most recent year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation. It includes lending information from all HMDA reporting lenders that extended loans in the Bank's assessment area. Residential lending for 2011 was also analyzed to identify any significant trends or anomalies.

South Shore Savings Bank has requested that the residential mortgage lending of its affiliate, Cambridge Mortgage Group LLC, also be considered in this CRA evaluation. The affiliate lending for 2010 and 2011 will be included in this analysis for the purposes of geographic distribution and lending to borrowers with different incomes. Only those HMDA-reportable loan originations within the Bank's assessment area are included.

The evaluation also considered small business lending. As an ISB, the Bank is not subject to formal CRA data reporting given its asset size, but the Bank has elected to maintain and report the data to be examined as a large bank for this current examination. Information concerning small business lending was derived from CRA small business loan register the Bank maintains and reports to the Federal Financial Institution Examination Council. The registers contain information on originated commercial real estate and commercial and industrial loans with balances of \$1 million or less. The Bank's small business performance is based primarily on 2010 data, as this is the most recent year which aggregate small business lending data is available. Comparisons are made to the aggregate market activity since the Bank elected to report this information. Aggregate small business loan data is recorded at utilizing full counties, not by individual census tract. Therefore, there will be some anomalies in the comparison as the Bank's data is presented by census tract of the assessment area. Small business data for 2011 is referenced in the narrative to illustrate trends in the Bank's lending data.

The Investment Test generally includes analyses of qualified investments the Bank made from August 10, 2009 through April 9, 2012, as well as investments currently held by the Bank that were made prior to August 10, 2009.

The Service Test considered the Bank's branch distribution and its retail services offered as of April 9, 2012. Consideration for community development services was given from the date of the previous Division's CRA evaluation through the date of this evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the following performance criteria: Lending Activity, Assessment Area Concentration, Geographic Distribution, Borrower Characteristics, Response to Credit Needs, Community Development Lending, and Innovative or Flexible Lending Practices. The following information details the data compiled and reviewed for this evaluation as well as conclusions regarding the Bank's performance in each area.

As previously discussed, the Bank's loan portfolio is distributed among home mortgage loans (48.6 percent) and commercial loans (36.5 percent). Both products will be given consideration, but more weight will be given to residential lending from a quantitative perspective in arriving at overall conclusions pursuant to the Lending Test criteria. Performance under the Lending Test is weighed more heavily than the Investment and Service Tests in arriving at an overall CRA rating.

I. Lending Activity

Lending Activity

South Shore Savings Bank displays an adequate level of responsiveness to local credit needs. During this evaluation period, the Bank originated 498 HMDA-reportable loans totaling \$129 million. While the Bank's level of HMDA lending declined by 35.8 percent compared to the previous Division's CRA evaluation, the Bank's lending levels are considered adequate given current market conditions and also the Bank's business structure through its subsidiary. The Bank's residential lending is done through its subsidiary, Cambridge Mortgage Group, LLC ("CMG"). The CRA regulation does not permit affiliate lending to be considered for purposes of evaluating assessment area concentration. Consequently, the significant difference between the prior CRA examination residential lending levels is attributed to a shifting of loan originations to the mortgage company.

Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending benefitting the assessment area residents and businesses and evaluates the adequacy of such lending. The Bank originated the majority of home mortgage and small business loans by within the assessment area.

As illustrated in Table 4, in 2010 and 2011, the Bank originated a total of 965 home and small business loans totaling \$291.6 million. Of the combined home mortgage and small business loans, there were 554, or 57.4 percent, by number, and \$106.5 million, or 36.5 percent by dollar volume, originated within the Bank's delineated assessment area. Each loan type is further depicted in Table 4.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number Loans					Dollar Volume \$(000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2010 Home Mortgage	60	33.7	118	66.3	178	24,870	24.7	75,783	75.3	100,653
2011 Home Mortgage	133	41.6	187	58.4	320	36,045	27.8	93,426	72.2	129,471
Subtotal	193	38.8	305	61.2	498	60,915	26.5	169,209	73.5	230,124
2010 Small Business	162	78.3	45	21.7	207	21,948	76.9	6,608	23.1	28,556
2011 Small Business	199	76.5	61	23.5	260	23,642	71.7	9,315	28.3	32,957
Subtotal	361	77.3	106	22.7	467	45,590	74.1	15,923	25.9	61,513
Grand Total	554	57.4	411	42.6	965	106,505	36.5	185,132	63.5	291,637

Source: HMDA LAR and CRA LR data (2010 and 2011).

Home Mortgage Lending

The Bank originated less than the majority of loans inside the assessment area by number and by dollar amount in 2010 and 2011. However, more emphasis is placed on the percentage of loans by number since it has a more direct correlation to the number of borrowers served. As previously mentioned, there are various factors that may be impacting the market inside the assessment area such as the broad lending area of the Bank's subsidiary, CMG, which originates home mortgage loans on behalf of the Bank. The Bank indicated that a majority of home mortgage lending is done through this affiliate. The CRA regulation does not permit affiliate lending to be considered for purposes of lending inside and outside of the assessment area. As a result, only home mortgage loans recorded on the Bank's HMDA-LAR were considered in the analysis. As depicted in Table 4, the Bank reported 178 home mortgage loans totaling \$100.6 million in 2010. Of those loans, 33.7 percent by number were in the assessment area. In 2011, the Bank's total home mortgage increased to 320 loans, with 41.6 percent originated within the Bank's delineated assessment area.

From the time when the Bank's mortgage operations moved to CMG in November 2008, the Bank's loan originations began demonstrating a decreasing trend of home mortgage lending in the assessment area. In the previous CRA examination dated August 10, 2009, the Bank originated 79.5 percent of home mortgage loans inside the assessment area for the period January 1, 2007 through December 31, 2009.

Small Business Lending

As depicted in Table 4, the Bank originated a majority of its small business loans inside the assessment area by number of loans and dollar amount. In 2010, the Bank originated 207 small business loans totaling \$28.6 million. Of these loans, 78.3 percent, by number, and 76.9 percent, by dollar amount, were originated inside the assessment area. In 2011, the Bank made 260 small business loans totaling \$33.0 million, which by number and dollar is greater than its 2010 performance. In the assessment area, 199 loans, totaling \$23.6 million (or 71.7 percent) were originated. As previously noted, the total number and dollar of small business loans originated in 2011 is greater than 2010; however, the percentages of small business loans originated in the Bank's assessment area are similar. Market share reports for 2010 show that 87 lenders originated or purchased small business loans inside the Bank's assessment area. Out of all 87 lenders, South Shore Savings Bank ranked 14th.

II. Geographic Distribution

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low-and moderate-income census tracts. As mentioned previously under the Description of Assessment Area, the Bank's assessment area comprises of 89 census tract. 1 (1.1 percent) low-income; 2 (2.2 percent) moderate-income; 58 (65.2 percent) are middle-income; and 28 (31.5 percent) are upper-income tract.

Overall, the geographic distribution of the Bank's residential mortgages and small business loans during this evaluation period reflects and adequate distribution throughout the assessment area.

HMDA Loans

Table 5 – Distribution of HMDA Loans by Income Category of the Census Tract									
Census Tract Income Level	% of Total Owner-Occupied Housing Units	2010 Bank Lending Data		2010 Bank Aggregate Data		2011 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	0.3	1	0.3	72	0.2	0	0.0	1	0.2
Moderate	1.8	5	1.6	415	1.5	10	3.7	15	2.6
Middle	62.2	174	54.4	15,134	53.7	150	55.8	324	55.0
Upper	35.7	140	43.8	12,583	44.6	109	40.5	249	42.3
Total	100.0	320	100.0	28,204	100.0	269	100.0	589	100.0

Source: HMDA LAR 2010 and 2011 and HMDA aggregate data for 2010 and the 2000 U.S. Census Data

Home Mortgage Lending

As shown in Table 5, the lending data includes South Shore Savings bank data and its subsidiary CMG. The inclusion of the mortgage company added 260 total HMDA loans that were originated within the Bank's assessment area in 2010. In addition, in 2011 there were 136 HMDA loans added by CMG.

In 2010, the Bank made one loan or 0.3 percent in the Bank's one low income census tract located in Quincy. This level of lending is in line with the aggregate market's 0.2 percent and the assessment area's owner occupied housing units in low income tracts (0.3 percent).

The Bank's residential mortgage lending in the assessment area's moderate-income census tracts (1.6 percent) is also generally consistent with aggregate data (1.5 percent) and the percentage of owner-occupied housing units located in moderate-income geographies (1.8 percent).

The Bank's lending in middle- and upper-income census tracts is consistent with aggregate data and the percentage of owner-occupied housing units.

Residential lending data for 2011 reflects increase in loan volume in geographic distribution among the moderate, middle, and upper census tract income groups. However, the Bank did not originate any loans in the one low income census tract.

Small Business Lending

As depicted in Table 8, the Bank did not originate any small business loans in the Bank's one low income census tract in 2010. However, this is considered to be reasonable as aggregate lending data shows that only 0.5 percent of loans were made to in that low-income census tract. The opportunities to lend to businesses in the Bank's one low income census tract are relatively low considering the demographic data indicating that 88 or 0.2 percent of business are located in this tract. In moderate-income census tracts, the percentage of small business loans originated by the Bank was at 3.1 percent in 2010. This is below the performance of the aggregate lenders at (5.2) percent and is above the percentage of businesses in moderate income tracts (1.8) percent.

The Bank's small business loan originations in 2011 are shown to have a similar performance as in 2010. The Bank did not originate any loans in the one low income census tract.

Table 8 Geographic Distribution of Small Business Loans by Income Level of Census Tract							
Census Tract Income Level		2010 Bank Loans		2010 Aggregate Lending Data		2011 Bank Loans	
	% of Total Businesses	# of Bank Loans	%	# of Loans	%	# of Bank Loans	%
Low	0.2	0	0.0	84	0.5	0	0.0
Moderate	1.8	5	3.1	983	5.2	8	4.0
Middle	56.9	103	63.6	8,267	43.9	127	63.8
Upper	41.1	54	33.3	9,072	48.2	64	32.2
N/A	0.0	0	0.0	407	2.2	0	0.0
Total	100.0	162	100.0	18,813	100.0	199	100.0

Source: CRA Small Business Data (2010) and Business Geodemographic Data

* Note that aggregate lending data primarily reflects the performance of lenders with assets greater than \$1 billion that are required to report small business lending data annually. South Shore Savings Bank's asset size does not require reporting of small business data. The Bank has opted to report such data in order to be evaluated pursuant to the large bank performance standards. When comparing the Bank's performance to small business aggregate data, consideration was given to the fact that other reporters were primarily larger institutions.

The Bank demonstrated through its performance that it is meeting its obligation of providing small business loans within its assessment area.

III. Borrower Characteristics

This performance criterion evaluates distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on revenue size of the business. Emphasis is placed on loans to businesses with gross annual revenues (GAR) of \$1 million or less.

Overall, given the demographics of the assessment area, the distribution of borrower reflects a good penetration among individuals of different income levels, including those of low- and moderate-income and businesses of different sizes.

HMDA Loans

The Bank's 2010 and 2011 HMDA lending by borrower income level is shown in Table 7.

Table 7 - Distribution of HMDA Loans by Borrower Income									
Borrower Income Level	Family Distribution by Income Level	2010 Bank Lending Data		2010 Bank Aggregate Data		2011 Bank Lending Data		Total Bank Lending Data	
		#	%	#	%	#	%	#	%
Low	14.5	13	4.1	1,024	3.6	22	8.2	35	5.9
Moderate	17.0	55	17.2	4,484	16.0	50	18.6	105	17.8
Middle	23.8	87	27.2	6,593	23.4	73	27.1	160	27.2
Upper	44.7	158	49.4	10,997	39.0	116	43.1	274	46.5
N/A	0.0	7	2.2	5,106	18.0	8	3.0	15	2.5
Total	100.0	320	100.0	28,204	100.0	269	100.0	589	100.0

Source 2010 and 2011 HMDA LARS and 2010 Aggregate Data

The Bank extended 13 loans to low income borrowers in 2010 and almost doubled its volume in 2011 to 22 loans to low-income borrower, representing 4.1 and 8.2 percent of total loans in each year, respectively. The Bank's percentage to low-income borrowers in each year was below the percentage of low income families (14.5 percent) but it should be noted that 5.8 percent of all families in the assessment area are living below the poverty level and would not qualify for home mortgage loans. The table above also demonstrates the Bank exceeded the aggregate in lending to low-income borrower in 2010.

In 2010 the Bank extended 17.2 percent of total loans to moderate-income borrowers, which compares favorable to the percentage of moderate-income families (17.0) and exceeds the 2010 aggregate market percentage of 16.0 percent. In 2011, the Bank's percentage increased to 18.6 percent of total loans to moderate-income borrowers.

With the inclusion of the Bank's subsidiary, CMG, 260 HMDA loans were included for 2010 and 130 HMDA for 2011 were included in this analysis. As indicated above, the Bank's performance demonstrated good penetration of lending to borrower's of different income levels. The Bank participates in various loan programs that assist low- to moderate-income borrowers. These programs are offered through the CMG and include First Time Home Buyer Programs, Federal Housing Administration loan programs, and Massachusetts Housing Finance Agency.

Small Business Lending

The Bank's small business lending demonstrated excellent penetration to businesses of different revenue sizes, particularly the smaller businesses in the assessment area in 2010 and 2011. The data utilized for this analysis is presented in Table 8.

Table 8			
Distribution of Small Business Loans by Gross Annual Revenue (GAR)			
	# of Loans	Businesses with Revenues of \$1 million or less	
		Percent of Bank Loans	Percent of Businesses
2010 Bank Data	111	68.5	68.4
2010 Aggregate Data	4,385	23.3	
2011 Bank Data	148	74.4	

Source 2010 and 2011 Small Business LAR and 2010 Business Demographic Data

As shown in Table 8, the Bank originated 68.5 percent of all small business loans to business with GARs of \$1 million or less in 2010, which is in line with than the percentage of businesses in that size category (68.4 percent). The Bank's performance in 2010 significantly exceeded that of the aggregate market at 23.3 percent. In 2011, the Bank's lending to businesses in its assessment area with GARs of \$1 million or less increased to 148 loans, or 74.4 percent.

The Bank's small business lending performance was also analyzed by loan size. This analysis is predicated on the premise that smaller businesses and start-ups typically have a need for smaller dollar loans. Table 9 indicates the Bank has a good level of grating smaller dollar business loans.

As illustrated in Table 9, in 2010, 67.9 percent of the Bank's small business loans in its assessment area were originated in amounts of \$100,000 or less, and 18.5 percent were in amounts between \$100,000 and \$250,000. Aggregate market data reveals that 93.3 percent of all loans were in amounts of \$100,000 or less; however, as noted previously, this percentage is presumably significantly inflated due to the large number of business credit cards extended at low dollar amounts by large financial institutions in the Bank's assessment area. Therefore, the Bank's performance is considered reasonable.

In 2011, the Bank originated 76.9 percent of the small business loans in its assessment area in amounts of \$100,000 or less, and 12.6 percent in amounts between \$100,000 and \$250,000.

Table 9						
Distribution of Small Business Loans by Loan Size						
Loan Size (000s)	2010 Bank Lending Data		2010 Aggregate Lending Data		2011 Bank Lending Data	
	#	%	#	%	#	%
≤ \$100	110	67.9	17,551	93.3	153	76.9
> \$100 ≤ \$250	30	18.5	594	3.2	25	12.6
> \$250 ≤ \$1,000	22	13.6	668	3.5	21	10.5
Total*	162	100.0	18,813	100.0	199	100.0

Source 2010 and 2011 Small Business LAR and 2010 Small Business Peer Mortgage Data

IV. Community Development Lending

Qualified Community Development Loans

As defined in the CRA regulation, a community development loan has its primary purpose: affordably housing for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing small businesses or small farms; or activities that revitalize or stabilize low- and moderate-income geographies. Furthermore, the loan must benefit the Bank's assessment area or a broader statewide area that also includes the assessment area. Loans required to be reported as home mortgage loans or small business loans cannot also be reported as a community development loan unless the loan is for a multifamily dwelling (five or more units), meets a community development definition, and benefits the Bank's assessment area or a broader statewide area that includes the assessment area.

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

Over the current evaluation period, the Bank originated 3 community development loans totaling \$7.7 million, with only one loan for \$1.4 million in its assessment area. Community development loans represent 1.1 percent of total loans.

Although considered adequate, this level of lending represents a slight decline in the dollar volume of community development loans from the previous CRA evaluation which noted that the Bank originated 8 community development loans totaling \$8.4 million. A summary of the Bank's community development lending is provided below. More weight was given to community development loans in the assessment area.

Inside Assessment Area

On April 30, 2010, the Bank originated a term loan to a non-profit organization in Quincy in the amount of \$1,442,007. The loan was for land purchase and is secured by marketable securities.

Outside Assessment Area

On April 12, 2011, the Bank refinanced a commercial mortgage loan in the amount of \$5,000,000 to a local developer. The loan is secured by 6 apartment buildings with a total of 183 units located in various locations of Dorchester, Mattapan, and Hyde Park. All of the buildings have Section 8 Housing Assistance Contracts with U.S. Department of Housing and Urban Development for low income occupants.

On April 12, 2011, the Bank refinanced a loan in the amount of \$1.3 million to a local developer. The loan is secured by 4 apartment buildings containing a total of 63 units and one retail unit in Dorchester and Roxbury. All of the buildings have Section 8 Housing Assistance Contracts with U.S. Department of Housing and Urban Development for low income occupants.

The locations of the properties securing these loans are considered Empowerment Zones.

V. Innovative or Flexible Lending Practices

The Bank's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1.) The degree to which the loans serve low-and moderate income creditworthy borrowers in new way or serve groups of creditworthy borrowers not previously served by the Bank; and 2) the success of each product in serving low-and moderate-income borrowers or geographies, including the number and dollar volume of loans originated during the review period.

South Shore Savings Bank uses innovative and flexible lending practices to better serve the assessment area's credit needs. The Bank participates in several special mortgage programs tailored to assist either lower-income people or first-time homebuyers in pursuing or maintaining home ownership. The Bank currently originates Home Equity (HE) loans, Home Equity Lines of Credit (HELOC) and secured and unsecured consumer loans and commercial loans. The Bank is an active lender with its wholly owned subsidiary CMG, which originates all first mortgage residential loans for the Bank. Those originations made under the CMG's programs are specified below. The Bank also participates in various loan programs to assist area small businesses. These innovative and flexible loan products are described below:

Massachusetts Housing Finance Agency (MHFA) - The Bank participates in various MHFA loan programs. The loan programs, some of which are designed for first time home buyers, feature low (or no) downpayment requirements, closing cost assistance, expanded debt ratios, and fixed rate financing. Other programs are geared for present homeowners looking to make home improvements and repairs. During the time frame of this evaluation, the Bank originated 20 loans totaling \$4,845,351

First Time Homebuyer Program - The Bank offers First Time Home Buyer Programs through CMG. During the examination period, the Bank originated 137 loans totaling \$37,835,873

Federal Housing Administration (FHA) - The Bank participated in FHA home mortgage loan programs through CMG. These programs offer 100 percent financing of 1-4 family, owner-occupied residences and condominiums to low-and moderate-income homebuyers and have flexible underwriting standards. The institution extended 27 FHA loans totaling \$8,345,548

Small Business Administration (SBA) - The Bank is an SBA lender, which enables the institution to offer financing to small businesses that could not obtain financing on more conventional terms. The program offers loans for working capital, inventory, and equipment as both lines of credit and term loans. For the examination period the Bank originated 77 special purpose loans to small businesses, under the SBA 7(a) program. These loans represent a dollar volume of \$5,658,900.

State Treasurer's Small Business Banking Partnership - A partnership between South Shore Savings Bank and the Commonwealth of Massachusetts, Office of the State Treasurer, to expand existing small business loan programs and/or create a new small business loan program that fosters the creation of jobs by offering below-market loans for expansion, new construction, and/or equity for small business. The State Treasurer deposits a fund amount at South Shore Savings and the Banks uses these funds to fund the loan programs. Loan amounts to small business range from \$10,000 to \$500,000. In 2011, the Bank originated 9 loans totaling \$90,000.

INVESTMENT TEST

The institution's Investment Test is rated "Satisfactory." The Investment Test evaluates an institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). 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:

- The dollar amount of qualified investments.
- The innovativeness or complexity of qualified investments.
- The responsiveness of qualified investments to credit and community development needs.
- The degree to which the qualified investments are not routinely provided by private investors.

A qualified investment is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. Community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low- and moderate-income geographies.

South Shore Savings Bank's qualified community development investments, donations and contributions reflect an adequate responsiveness to credit and community development needs given the extent to which such opportunities are available within the assessment area. During the evaluation period, the Bank's equity investments and charitable donations total \$1,604,553.

Qualified bonds and equity investments total \$1,307,403, which represents 81.5 percent of the Bank's total investments. Since the previous examination, the Bank has restructured its CRA qualified investments portfolio by selling off some qualified investments and not replacing qualified investments which have reached maturity.

Federal National Mortgage Association (FNMA) Mortgage Backed Security

FNMA offers CRA targeted securities that are often tailored to meet the community development needs of a financial institution. These securities are backed by residential mortgages, in which a substantial majority, are with located in low-or moderate-income tracts, or were originated to low- or moderate income borrowers.

The Bank currently holds one FNMA mortgage backed security with a current balance of \$1,047,600. This investment is securitized by loans that benefited low- and moderate-income borrowers within the Bank's assessment area.

BCA Mezzanine Fund, II L.P (BCA)

South Shore Savings Bank invests in the Small Business Invest Fund, BCA, the only Small Business Investment Fund licensed in New England.

BCA has made investments in nine companies and is currently working towards a tenth investment. BCA provides secured, fixed rate, fixed term loans to small businesses in New England for growth capital in support of expansion, acquisition, equipment purchases, as well as recapitalizations and long term working capital.

On April 5, 2012, South Shore Savings made its first capital contribution of \$259,803.

Qualified Donations

South Shore Savings Bank provided an adequate number of donations throughout the evaluation period. During the period, donations totaled \$509,930, with \$297,150 (58.3 percent) considered qualified CRA donations. During the CRA evaluation period, the Bank provided 112 qualified contributions totaling \$195,150. An additional 18 donations totaling \$102,000 were provided by the South Shore Savings Bank Charitable Founding, Inc., a foundation established by the Bank as a means of providing additional financial support to the local community. In 2010, the Bank's total donations as a percentage of pre-tax net operating income (NOI) was 2.48 percent. In 2011, the Bank's donations were 2.35 percent of pre-tax NOI. Donations as a percentage of pre-tax NOI was not available for 2009 and 2012 as this represents partial year data. Refer to the following table for further information regarding the Bank's and Foundation's charitable contributions.

Assessment Area Donations August 11, 2009 through YTD 2012					
	2009*	2010	2011	2012 YTD	Total
South Shore Savings Bank	\$0	\$104,536	\$88,674	\$1,940	\$195,150
SSSB Charitable Foundation	\$5,000	\$39,500	\$37,500	\$20,000	\$102,000
Total Qualified Donations	\$5,000	\$144,036	\$126,174	\$21,940	\$297,150
NOI**	N/A	\$5,809,000	\$5,366,000	N/A	-
Donations/Pre-Tax NOI	N/A	2.48%	2.35%	N/A	-

*2009 donations from August 11 – December 31

** NOI as stated on the Uniform Bank Performance Report

The Bank has provided donations to organizations that provide financial education and training, affordable housing, youth programs, and health and human services to lower income residents. The mission of the Bank's Charitable Foundation is to reinforce, encourage, and support the Bank's ongoing commitment to the well-being of the communities it services. The Foundation allocates its resources specifically for the advantage of the community at large, including education and social human service endeavors.

The following table displays the total number and dollar value of the Bank's and Foundation's CRA qualified donations and sponsorships. The table breaks out contributions according to the organization's qualified purpose, including those that provide services for low- and moderate-income individuals, promote affordable homeownership, and support small business and economic development.

Community Development Grants & Donations										
Community Development Category	2009*		2010		2011		2012 YTD		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	\$0	18	\$51,740	13	\$46,700	1	\$5,000	32	\$103,440
Community Services	1	\$5,000	43	\$81,796	43	\$78,224	8	\$16,940	95	\$181,960
Economic Development	0	\$0	2	\$10,500	1	\$1,250	0	\$0	3	\$11,750
Total	1	\$5,000	63	\$144,036	57	\$126,174	9	\$21,940	130	\$297,150

*2009 donations from August 11 – December 31

As displayed in table above, a majority of the Bank's donations were provided to organizations that provide community services and affordable housing to low- and moderate-income individuals. The following is a sample of the organizations which benefited from the Bank's contributions.

- *Neighborhood Housing Services of the South Shore (NHS)* - NHS's mission is to create housing opportunities by education and assisting first time home buyers to purchase their own homes, developing affordable housing for those in need, and making home rehabilitation loans.
- *South Shore Habitat for Humanity* - The South Shore Habitat for Humanity is a faith-based, nonprofit organization dedicated to building simple, decent homes in partnership with families in need.
- *Interfaith Social Services* – Interfaith Social Services has many programs catering to the needs of low- and moderate-income individuals and families, including a food pantry which services over 400,000 pounds of food every year and its HomeSafe program, which provides assistance and homelessness prevention services to families and individuals in emergency situations
- *Caritas Communities* - The leading provider of Single Room Occupancy (SRO) housing. They own and manage 28 houses, providing permanent affordable housing for over 750 men and women in Greater Boston. Residents are typically employed in service related jobs, earning at or near minimum wage, and are unable to afford market rate apartments in the Boston Area.
- *Stars (formerly South Shore Day Care Services)* - Stars provides comprehensive early education and youth programs, using a family support approach, that enhance development of children from economically and culturally diverse families through collaboration with parents, schools, and communities.
- *Quincy Community Action Programs (QCAP)* - QCAP is a leading nonprofit organization in the Greater Quincy area dedicated to reducing poverty and helping low-income people achieve self-sufficiency.

SERVICE TEST

The institution's Service Test is rated "Outstanding" The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment areas by analyzing both the availability and effectiveness of an institution's systems for delivering retail Banking services and the extent and innovativeness of its community development services. An institution's retail Banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches in low- and moderate-income geographies or the primarily serve low- and moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail Banking services; and 4) the ranges of services provided in low-, moderate-, middle-, and upper-income geographies.

RETAIL BANKING SERVICES

South Shore Savings Bank's service delivery systems are accessible to essentially all portions of the assessment area. As previously mentioned, the Bank operates 13 branch locations including its main branch, located in nine communities through the South Shore. Table 12 displays the distribution of the Bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 12 – Distribution of Branch Offices by Income Category			
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location
	Total Census Tracts % of #	Total Population % of #	% of #
Low	1.1	0.7	0.0
Moderate	2.3	2.4	7.7
Middle	65.2	65.1	69.2
Upper	31.5	31.9	23.1
Total	100.0	100.0	100.0

Since the previous CRA evaluation the Bank has closed two branch locations. In 2009, the Bank closed its 34 Court Street location in Plymouth, which was located in a moderate-income census tract. With the closing of this branch, the Bank's assessment area contracted by the two towns of Kingston and Plymouth. In 2011, the Bank closed its banking facility at Weymouth High School, which was located in a middle-income census tract.

Despite closing a branch in a moderate-income census tract, the Bank's branch distribution is still accessible to low- and moderate-income individuals and areas. The Bank's percentage of branches in low- and moderate-income geographies (as shown above) is in line with the percentage of low-income census tracts in the area and exceeds the percentage of moderate-income tracts. The Bank's ATM locations are readily accessible in low- and moderate-income census tracts. Therefore, 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/or to low- and moderate-income individuals.

The Bank's office hours vary by location, but with the extended hours of the walk-up and drive-up services, the Bank's hours are convenient to the assessment area. South Shore Savings Bank's services and hours of operation are similar to those of competing institutions and afford accessibility to all segments of the assessment area. Each of the full service offices offer extended hours during the week and are equipped with 24-hour ATMs that linked to NYCE and PLUS networks.

COMMUNITY DEVELOPMENT SERVICES

The Bank's level of involvement in community development services shows an excellent responsiveness to the needs of its assessment area. The Bank has demonstrated its commitment by volunteering time and financial expertise to numerous community-orientated organizations and programs that provide affordable housing opportunities and promote economic development for small businesses. The following is a sample of the Bank's involvement in community development service organizations.

- The Vice President is a Board member of Neighborhood Housing Services of the South Shore (NHS). NHS' mission is to drive the economic and social advancement of low- to moderate-income persons and other underserved residents in the South Shore area by providing educational and financial resources they need to achieve financial independence and become community leaders.
- The Vice President is also the Director/Treasurer of Neighborhood Housing Finance Corporation (NHFC). NHFC is a Massachusetts non-profit supporting NHS. NHFC was formed in 2012 and provides access to capital in the form of loans to benefit underserved communities, particularly homeowners throughout the South Shore. NHFC is responsible for originating, underwriting, and administering loans to borrowers, including homeowners, who otherwise lack sufficient access to capital to economically advance in the community.
- The Bank's President is a Board Member for the Cardinal Cushing Center. The Center offers 150 units of Project Based Section 8 affordable housing for individuals with intellectual disabilities. The Bank's Vice President/Treasurer is also a member of the Board.
- The Bank's Executive Vice President/Chief Operating Officer serves as a Board Member of the South Shore Habitat for Humanity. There are also over 10 Bank employees who participate as volunteers. South Shore Habitat for Humanity is a faith-based, nonprofit organization dedicated to building simple, decent homes in partnership with families in need.
- The Bank's Senior Vice President/Director of Human Resources is a Board Member for the South Shore Department of Children and Families. The Department is charged with protecting children from abuse and neglect and strengthening families.

- The Bank's Senior Vice President/Chief Information Officer is a Board Member for the South Shore Chamber of Commerce. The Chamber is an independent association committed to strengthening the economy and improving the business climate in the communities south of Boston, from Quincy to Plymouth. The Chamber is home of the Massachusetts Small Business Development Center, which provides free, high-quality, confidential business counsel for entrepreneurs and business owners seeking technical assistance and capital access.

Educational Services and Seminars and Other Services

In addition to continued involvement in community development organizations, the Bank has demonstrated that it meets the need for financial education opportunities in its assessment area.

- The Bank's Vice President of Small Business sponsored two SBA seminars in which 35 participants attended.
- The Bank hosted a class for seniors of South Shore Christian Academy on how to use a credit card responsibly.
- The Bank co-sponsors First-Time Homebuyer seminars with Neighborhood Housing Services of the South Shore. Loan officers from the Bank's affiliate, CMG, assist in class instruction, offer free-preapprovals, and award First-Time Homebuyer certificates from Neighborhood Housing Services of the South Shore. Four seminars were held in 2010 and two were held in 2011.
- The Bank participates in the "Savings Makes Cents" school banking program sponsored by the Office of the State Treasurer. Hundreds of local school children participate in the program that teaches basic monetary concepts from the origins of money to opening and building a savings account.
- Employees from the Bank's Quincy branch participated in the Credit for Life Fair. This event helped teach students about the importance of good credit.
- CMG employees participated in the Opportunity Knocks event hosted by MassHousing. This event teaches first-time homebuyers of different lending opportunities available to them.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

APPENDIX A

Fair Lending Policies and Procedures

South Shore Savings Bank has a satisfactory record of implementing fair lending policies and practices. The following comments are based on the guidelines of the Division's Regulatory Bulletin 2.3-101.

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. However, adequate procedures are in place for handling such items.

A review of the Bank's residential loan application files was conducted to evaluate fair lending policies and procedures. A review was conducted for compliance with fair lending regulations and no evidence of disparate treatment was detected.

The Bank has a written Fair Lending Policy. Included in this policy are the Bank's efforts to eliminate discrimination in all aspects of lending including product development, marketing and advertising, underwriting, and training.

Fair lending training is provided to employees at least annually. The Bank has a second review process.

The Bank has instituted appropriate fair lending controls and systems such as compliance audits and self assessments to identify compliance risks and assess performance.

Among the institution's staff are employees who are bilingual in Albanian, Cape Verde Credo, Creole, French, Hindi, Hindu, Italian, Polish, Portuguese, Romanian, Russian, Spanish and Tagalog.

Minority Application Flow

The purpose of the minority application flow is to assess the number of HMDA-reportable applications the Bank received from minorities within its delineated assessment area. The data analyzed was obtained from the Bank's HMDA/LAR for 2010 and 2011. In addition, the 2010 HMDA/LAR aggregate data was analyzed in order to measure the Bank's performance relative to all other lenders within the assessment area. The Bank's minority application flow for this period was also compared with the racial make-up the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

According to 2000 Census Data, the Bank's assessment area contained a total population of 452,291 individuals, 10.6 percent of which is representative of various racial and ethnic minorities. The breakout of the assessment area's minority population is as follows: 4.6 percent Asian, 2.8 percent Black, 1.4 percent Hispanic, 0.1 percent American Indian/Alaska Native and 1.7 percent "other race."

Table 13
MINORITY APPLICATION FLOW

RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank Total	
	#	%	#	%	#	%	#	%
American Indian/Alaska Native	0	0.0	51	0.1	0	0.0	0	0.0
Asian	7	1.6	1,736	4.6	6	1.6	13	1.6
Black/ African American	0	0.0	786	2.1	1	0.3	1	0.1
Hawaiian/Pac Isl.	0	0.0	50	0.1	0	0.0	0	0.0
2 or more Minority	0	0.0	6	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	3	0.7	322	0.9	3	0.8	6	0.7
Total Minority	10	2.2	2,951	7.7	10	2.6	20	2.4
White	423	94.2	26,864	70.7	340	88.1	763	91.4
Race Not Available	16	3.6	8,179	21.6	36	9.3	52	6.2
Total	449	100.0	37,944	100.0	386	100.0	835	100.0
ETHNICITY								
Hispanic or Latino	0	0.0	318	0.8	5	1.3	5	0.6
Not Hispanic or Latino	427	95.1	29,181	76.8	342	88.6	769	92.1
Joint (Hisp/Lat /Not Hisp/Lat)	4	0.9	233	0.6	3	0.8	7	0.8
Ethnicity Not Available	18	4.0	8,262	21.8	36	9.3	54	6.5
Total	449	100.0	37,994	100.0	386	100.0	835	100.0

Source: PCI Services, Inc., CRA Wiz Software.

The most weight is given to the 2010 data, as this is the most recent year in which aggregate information is available. As displayed above, The Bank received 10 or (2.2 percent) of applications from racial minorities, which was significantly below that received (7.7 percent) by the aggregate. Of the 10 applications received, the Bank originated 5 or (50.0 percent) to racial minorities. The Bank received 4 or (0.9 percent) of application from ethnic minorities. The aggregate stood at 1.4 percent. The Bank originated one application to an ethnic minority applicant. The Bank's performance also was below the demographic indicators.

The Bank's lending to both racial and ethnic minorities increased slightly in 2011. However, applications from racial minorities remained below the aggregate.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

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) but excluding 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.

HOUSING TERMS

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 which 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).

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

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.

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.

INCOME TERMS

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.

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

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

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

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.

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.

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.

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

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

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

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.

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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 Street, South Weymouth MA 02190.

- 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.