

PUBLIC DISCLOSURE

July 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Street Bank and Trust Company
Certificate Number: 014

State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111

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 or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

State Street Bank and Trust Company's (State Street) performance under the Community Development Test is considered excellent. The bank has a high level of community development investments and services, particularly investments that are not routinely provided by private investors. Qualified investments are considered innovative and complex. The bank exhibits excellent responsiveness to credit and community development needs in this assessment area. State Street is also a leader in providing community development services to various organizations engaged in community development.

SCOPE OF EVALUATION

General Information

State Street's performance was evaluated using the Community Reinvestment Act (CRA) Examination Procedures for Limited Purpose and Wholesale Institutions, as issued by the Federal Financial Institutions Examination Council. These procedures assess a bank's record of helping to meet the credit needs of its assessment area under the community development test through its community development lending, qualified investments, or community development services.

As part of their normal course of business, State Street does not provide retail or commercial loans. Therefore, community development lending is not part of the bank's CRA analysis. In accordance with the procedures, a wholesale institution need not engage in all three categories of community development activities (lending, investment, and service) to perform well under the community development test.

The examination covered State Street's community development activities between February 17th 2015 and July 10th 2017. The scope included qualified investments made during the review period and those made during the previous evaluation period that are still outstanding. Grants, sponsorships, donations, and community development services within the bank's assessment area were also considered under the same time period.

The bank has identified one assessment area in which its CRA activities were evaluated. In addition, as a designated wholesale bank, State Street was credited with qualified investments made outside its assessment area as the bank has adequately addressed the community development needs of its assessment area.

Demographic information referenced throughout the evaluation was obtained from the 2010 United States (U.S.) Census Bureau's American Community Survey (ACS) data, unless otherwise noted.

DESCRIPTION OF INSTITUTION

Background

State Street is a wholly owned subsidiary of State Street Corporation. The company's headquarters are located at One Lincoln Street in Boston, Massachusetts, and also has offices in 30 countries around the world. State Street is one of the country's largest custodial banks, holding assets and providing recordkeeping for large institutional investors, such as mutual funds, insurers, and hedge funds. State Street does not maintain retail branches or directly provide retail banking services, such as mortgages, credit cards or other consumer products. Any lending the bank does engage in relates primarily to the provision of credit to its core customer base of institutional investors, as well as occasional lines of credit and overdraft lines of credit to help the operation of financial markets.

Ability and Capacity

State Street's balance sheet, as of March 31, 2017, reflects assets of 233.5 billion dollars. The bank has stated that 114.5 billion dollars of liabilities and equity are invested primarily in investments securities and loans. CRA-eligible assets would typically be found among this portion of the balance sheet.

As of March 31, 2017, net loans and leases accounted for just 9.6 percent of the bank's \$233.5 billion asset base. The bank, therefore, continues to be designated a wholesale bank for CRA purposes. State Street is well positioned to help meet the credit needs of the assessment area through the provision of community development services and community development investments.

DESCRIPTION OF ASSESSMENT AREA

State Street's assessment area is comprised of the cities of Boston and Quincy. The assessment area was designated based upon the locations of bank operations combined with the State Street Charitable Foundation's strategic focus to directly impact those communities.

In addition, State Street's focus on having Boston and Quincy as there assessment area is influenced by the demographics of these communities. Boston and Quincy have among the highest concentrations of low income residents in Massachusetts. Within Boston and Quincy, over 50 percent of the population are low- and moderate-income.

The following table displays selected characteristics of the assessment area based on geographical income categories and certain demographic information to assist in identifying community development needs within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	200	25.0	25.5	25.0	19.0	5.5
Population by Geography	709,865	25.1	29.4	28.4	16.9	0.2
Housing Units by Geography	313,734	21.7	28.7	29.7	19.8	0.1
Owner-Occupied Units by Geography	105,935	11.6	25.2	36.6	26.5	0.1
Occupied Rental Units by Geography	180,522	27.6	30.3	26.2	15.8	0.1
Vacant Units by Geography	27,277	22.7	31.7	25.7	19.9	0.0
Businesses by Geography	57,885	14.9	18.5	19.5	46.1	1.0
Farms by Geography	347	10.8	23.0	35.7	30.5	0.0
Family Distribution by Income Level	136,533	35.6	17.3	17.9	29.2	
Household Distribution by Income	286,457	35.1	15.3	16.3	33.3	
Median Family Income		\$68,548	Median Housing Value			\$392,360
FFIEC-Estimated Median Family Income for 2017		\$94,300	Median Gross Rent			\$1,177
			Families Below Poverty Level			14.6%
Source: 2010 U.S. Census, 2017 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.						

The table above shows low- and moderate-income families represent 52.9 percent of families in the assessment area and 14.6 percent of families are living below the poverty level in the assessment area. This level of family income distribution emphasizes the need for community services to low- and moderate-income families.

According to the 2010 U.S. Census data, the median home value is \$392,360. Given the high cost of housing, low- and moderate-income individuals are not likely be able to afford a home in the bank's assessment area, and therefore would rent. As displayed above, of the majority of housing units in the assessment area, 57.5 percent are rental. The vast majority of housing units in low- and moderate-income census tracts, 72.9 percent and 60.7 percent, respectively, are rental. These percentages reflect the need for affordable housing within the assessment area.

According to the Bureau of Labor statistics, the unemployment rate in Massachusetts was 4.2 percent as of May and the unemployment rate for the Boston-Cambridge-Quincy, MA area was at 3.06 percent as of December 2016. Unemployment rates coupled with lower income levels demonstrate the need for employment opportunities and workforce development within the assessment area. Since 2015, the State Street Foundation and State Street Corporation have created a multi-year impact-based community initiative titled the Boston Workforce Investment Network or Boston WINs. This commitment in Boston will assist growth in education, job readiness, and workforce development.

Community Contact

As part of the CRA evaluation process, examiners contacted third parties to gain performance context in the assessment of the credit and community development needs of the bank's AA. Relevant information from the contacts assists in determining whether local financial institutions are responsive to the credit needs of the community, and what community development opportunities, if any, are available.

Examiners conducted a community contact with a representative of an affordable housing organization. The organization serves Boston and the surrounding communities by offering affordable rental assistance programs.

The contact did indicate a majority of the financial institutions in the area reflected involvement with affordable housing activities and noted participation with low-income housing tax credit projects. State Street was specifically mentioned as an institution involved in providing community development initiatives.

Credit and Community Development Needs and Opportunities

Based on information gathered from bank management, demographic and economic data, and information provided by community contacts, examiners determined that affordable housing, economic development, and community services continue to be a significant need in the area.

CONCLUSIONS ON PERFORMANCE CRITERIA

State Street's CRA evaluation considered the number and amount of qualified investments and community development services, the bank's use of innovative and complex qualified investments and community development services and the extent to which the investments are not routinely provided by private investors. The bank's responsiveness to credit and community development needs was also considered.

In determining a wholesale institution's overall CRA performance, examiners may consider qualified activities that benefit a broader statewide or regional area that includes the institution's assessment area. Consideration may also be given to nationwide activities when the institution has demonstrated the needs were met within the designated assessment area. Based on its use of community development investment, including grants, donations, sponsorships, and services, the bank exhibits excellent responsiveness to the community economic development needs of the assessment area. Therefore, consideration was also given to investments made by the bank in Massachusetts and broader areas, and also Nationwide.

Overall, State Street has an excellent level of qualified community development investments and services, particularly complex investments not provided by private investors.

Investment Activity

During the evaluation period, the bank's overall Qualified Equity investments totaled \$867.9 million and qualified donations totaled \$28.1 million. This represents an increase in activity for both equity investment and donations since the last CRA evaluation, dated February 17, 2015, where investments totaled \$462.8 million.

Responsiveness to Community Development Needs

The bank has taken a leadership role in making investments through innovative and complex means not routinely provided by other investors. An example of this leadership role is through a unique collaboration titled the Boston Workforce Investment Network (Boston WINS). Boston WINS was established in June 2015 and is a partnership between the State Street Foundation and Boston Private Industry Council (PIC), Bottom Line, College Advising Corps, uAspire, and Year Up — each dedicated to creating job readiness and career advancement for Boston youth. The partnership involves a four year commitment of grants from State Street to each organization. The bank extended over \$9 million in community development grants, sponsorships, and donations aimed at increasing the economic well-being of area residents, benefitting the WINS program.

In addition, the Bank's leadership role is further evidenced by the Bank's involvement with the Massachusetts Housing Equity Fund (MHEF), a private investment fund specializing in investments to low-income housing. The MHEF investments extended support for affordable housing in Boston, Quincy, and a statewide regional and national basis.

During the evaluation period, the bank's overall Qualified Equity investments totaled \$867.9 million and consisted of the following 5 categories: Massachusetts Housing Equity Fund (MHEF), Massachusetts tax credits, low-income housing tax credits, municipal bonds, and small business investment funds.

Investments and Donations			
Investments	New Commitments	Prior Book Value	Total Qualified
Assessment Area (AA) Investments			
MHIC (MHEF)	\$24,000,000.00	\$33,251,622.00	\$57,251,622.00
MA Tax Credit Purchase	\$16,108,125.00		\$16,108,125.00
SBIC's	\$8,000,000.00	\$19,207,000.00	\$27,207,000.00
Total Inside AA Investment	\$48,108,125.00	\$52,458,622.00	\$100,566,747.00
Nationwide Investments			
Affordable Housing Preservation	\$10,000,000.00		
Municipal Bonds	\$29,910,000.00		
Nationwide LIHTC	\$282,000,000.00	\$445,469,542.00	\$727,469,452.00
Total Nationwide Investment	\$321,910,000.00	\$445,469,542.00	\$727,469,452.00
Total Qualified Equity Investments	\$370,018,125.00	\$497,928,074.00	\$867,946,199.00
Donations	\$28,100,000.00		
Total	\$398,118,125.00	\$497,928,074.00	\$896,046,199.00

Bank internal records from 2/15/2015 through 7/10/2017

Community Development Initiatives

Massachusetts Housing Equity Fund (MHEF)

Equity investments are made through the MHEF Inc., a subsidiary of MHIC. The MHIC is a non-profit corporation, created in 1990 by institutions in Massachusetts to help expand the financing of affordable housing in low- or moderate-income communities throughout the commonwealth. The bank committed \$24 million in new commitments towards MHEF. These investments were considered highly responsive to the critical need for affordable housing within the assessment area. The bank's participation with the Massachusetts Housing Investment Corporation (MHIC) demonstrates the bank's responsiveness to addressing affordable housing needs within the assessment area.

Tax Credits Projects

Massachusetts Tax Credits

State Street has also engaged in the purchase of Massachusetts tax credits. The bank purchased \$16.1 million in Massachusetts Tax Credit projects; all projects were associated with rehabilitation of low-income housing within the Commonwealth. This type of funding is not routinely provided by private investors.

Low Income Housing Tax Credits (LIHTC)

The bank's investments supported affordable housing projects nationwide. New commitments totaling \$282 million toward low-income housing tax credits (LIHTC) projects benefitted the assessment area and the broader statewide area. LIHTCs are considered complex, requiring considerable ongoing management attention and expertise due to the technical accounting requirements associated with the administration of the investment over time.

Small Business Investments

During the examination period, the bank committed \$8 million in small business investments funds focused on Massachusetts which promote economic development, job creation, retention, and improvements for low income geographies. The investments were made in funds that target companies located throughout New England and the Northeast, which includes the bank's assessment area. These funds are detailed below.

Balance Point Capital Partners II, LP

This fund is organized as a small business investment company (SBIC) under the Small Business Administration (SBA). The fund's strategy is to target lower-middle companies, particularly those in the healthcare, technology and business sectors. One of the fund's objectives is to create strong community development outcomes in terms of significant job creation within its companies. The bank invested in this fund to meet several of its CRA investment objectives to promote support for the growth of small business with an emphasis in Massachusetts.

MB Capital Fund IV, LLC

This fund is organized as a Business Development Corporation (BDC) which facilitates capital formation for small and middle market companies. Investments in BDC's are considered a "community development" activity under the Community Reinvestment Act (CRA) as the funds target lower-middle companies. Its target sectors includes general and industrial manufacturing, and business services. The fund's objective is to create strong community development outcomes in New England with a focus on Massachusetts by supporting significant job creation within its portfolio companies.

Seacoast Capital Partners IV, LP

This fund is organized as a Small Business Investment Company (SBIC) under the Small Business Administration (SBA). The fund focuses on non-control growth investments in lower-middle market companies in manufacturing, specialty distribution, and business service sectors. Investment in this fund allows State Street to meet several of its CRA investments objectives because the fund provides support for the growth of small businesses with particular emphasis on Massachusetts. This fund has a strong record of funding Massachusetts-based companies, a total of 15 to date.

Ironwood Capital Fund, LP

Ironwood Capital Fund is structured as a Small Business Investment Corporation (SBIC). It focuses on buyouts, recaps, and growth investments in lower-middle market companies with emphasis on recurring revenues business services and environmental services, among others. Among the objectives of the fund is to engage in impact investing that focuses on women-and minority-owned and green companies, and create strong community development outcomes in terms of significant job creation within its portfolio companies.

State Street Foundation, Inc.

State Street Foundation, Inc. awards grants to nonprofit organizations locally and globally. The mission of the foundation is to promote education and workforce development.

Approximately, \$28 million in qualified CRA contributions representing grants, donations, and sponsorships were provided to organizations that meet the definition of community development.

Grants

During the review period, State Street Foundation, Inc. awarded grants to over 200 organizations that promote community development services, economic development, and affordable housing. Within Massachusetts and the Statewide Regional Area, 290 grants totaling \$22.9 million were considered qualified as they met the definition of community development. In addition, nationwide grants were considered for the review, representing 92 grants totaling \$1.7 million. Total qualified grants did increase from the previous evaluation by approximately 20 percent. State Street has an extensive grant application review process for each grant request. Overall, 382 grants were considered qualified totaling \$24.6 million. Grants are specifically earmarked for specific operating years and purposes and must be used in accordance to each organizations grant proposal. A condition of the grant requires organizations to submit a report on how the funds were used, performance, outcomes, and metrics is required after each fiscal year.

Sponsorships

State Street Foundation, Inc. provided financial support to non-profits. Sponsorships are for events hosted by charities that align with the State Street Foundation's focus on workforce development. In addition, many of the sponsorships have a unique volunteer aspect tied to them. State Street sponsors events hosted by charities where State Street leaders serve on the board of these organizations, such as Action for Boston Community Development, Boston Partners in Education, City Year, and Homestart. The total amount of CRA eligible sponsorship within Massachusetts, statewide regionally, and nationwide totaled 162 sponsorships representing \$2.3 million.

Matching Gift Program

State Street Foundation, Inc. provides matching gifts of employee donations to nonprofits on an annual basis. During the review period, 1,760 qualified community development matching gifts totaled \$945,446. In addition, State Street's nationwide matching gifts were also considered. During the review period, there were 360 matching gifts totaling \$240,953.21. Matching gift contributions assisted organizations that promote affordable housing, community services, and also economic development.

In-Kind Donations

Furthermore, the bank absorbed \$36,245 by providing in-kind donations of meeting space and event expenses to non-profit organizations operating within the assessment area.

Community Development Services

State Street provides innovative services that exhibit an excellent responsiveness to credit and community economic development needs within the assessment area. Detailed below are the community development services.

Boston WINS Outreach

As previously mentioned, Boston WINS is the unique collaboration of the Boston Workforce Investment Network (Boston WINS). The partnership is impactful with a monetary contribution combined with a unique outreach and services component.

State Street employees are actively involved in supporting student mentoring and capacity building for the WINS partners. A total of 310 Employees participated with the 5 Boston WINS organization for a total of 1,747 hours.

Global Outreach Volunteer Program

State Street operates a companywide employee volunteer program that facilitates the service activities of their employees worldwide. All employees are provided two days off for volunteer work at organizations such as Boston Earned Income Tax Credit Coalition, Junior Achievement of New England, and Common Impact. State Street employees have had a long term relationship with these organizations as they have been highlighted in several examination cycles.

Earned Income Tax Credit (EITC) Coalition

The bank partnered with the City of Boston and Quincy Community Action Programs to assist with low-income tax filings. State Street organizes employee volunteers to participate in the City of Boston/Internal Revenue Service EITC Initiative. The EITC Coalition involves a partnership with the city, the IRS, and corporate volunteers whereby volunteers may apply their financial skills and receive special IRS training in the EITC and use both to assist low-income residents in the preparation of their federal tax returns. A total of two State Street volunteers participated in the Boston program and four employees volunteered through the Quincy program, logging 254 hours of volunteer time during the examination timeframe.

Junior Achievement of New England

During the review period, 305 State Street employees volunteered 2,470 hours to help teach young people job readiness and financial literacy skills. Employees participated in a variety of volunteer activities with Junior Achievement, including job shadow days and teaching in the classrooms about economics, personal finance, and other professional topics.

Common Impact

State Street has a strong partnership with Common Impact, which places skilled volunteer workers with non-profits to help them better meet their missions. Thirty-five State Street employees volunteered, providing 2,447 hours of volunteer time to local non-profits. Participation included providing technical assistance, financial assistance, information technology support, and marketing and business planning to community development organizations. Providing technical assistance on financial matters, assisting in marketing financial services, including development of advertising and promotions, publications, workshops and conferences, and assisting in fund raising, including soliciting or arranging investments, are all considered CRA qualified services.

Nonprofit Board Training

State Street contracted with the Arts and Business Council of Greater Boston to train senior executives for non-profit board service. In total, 68 State Street executives completed the “Business on Board” training program during the examination period.

Community Leadership Program

Under the Community Leadership Program, State Street EVPs and SVPs are encouraged to serve on nonprofit organizations by providing their financial expertise through these positions. Many employees serve on organizations that are aligned with Boston WINs and other community development organizations. As an incentive for employee participation, State Street will provide financial support directly to the organization in the form of a matching gift or grant.

Year Up

Year Up’s mission is to close the opportunity divide by providing urban young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education. An executive vice president is a board member of this organization.

City Year Boston

City Year Boston is an education-focused nonprofit organization that partners with Boston public schools to provide full-time targeted intervention for students most at risk of dropping out. A bank executive vice president is a board member of this organization.

Catholic Schools Foundation

The bank's president and chief operating officer is a board member of this organization that provides families with demonstrated financial need an opportunity to attend Catholic schools.

Metropolitan Boston Housing Partnership (MBHP)

MBHP is a nonprofit organization whose purpose is to convene and provide leadership for community-based organizations involved in developing and advocating programs that meet the shelter needs of low- or moderate-income neighborhoods in Metropolitan Boston. MBHP helps organizations working in low-income communities to be more effective through a combination of technical assistance, direct training, program advocacy, and information and resource training. An executive vice president is a member of the board.

The Women's Lunch Place

An executive vice president is a board member of the Women's Lunch Place. The Women's Lunch Place is a daytime shelter in Boston where homeless and poverty stricken women and their children find support, friendship, a nutritious home-cooked meal, and a safe haven from the streets.

Habitat for Humanity

Habitat for Humanity partners with people in communities, and all over the world, to help them build or improve a place they can call home. Through their 2020 Strategic Plan, Habitat for Humanity will serve more people than ever before through decent and affordable housing. Habitat homeowners help build their own homes alongside volunteers and pay an affordable mortgage. An executive vice president serves on the Board for Habitat for Humanity.

Other Initiatives

Boston Private Industry Council (PIC)

The Summer Jobs Program annually places low- and moderate-income residents of Boston's neighborhoods in summer jobs among a wide range of Boston's businesses. During the summer of 2015, State Street hired 254 students who completed the program.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI

facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;

- (2) A poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures

are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

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 State Street Financial Center, One Lincoln St. Boston, Massachusetts 02111."

- 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.