

PUBLIC DISCLOSURE

October 7, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

South Shore Bank
RSSD # 772008

1530 Main Street
South Weymouth, MA 02190

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The following table indicates the performance level of South Shore Bank (SSB or the bank) with respect to the Lending, Investment, and Service Tests.

	<u>South Shore Bank</u>		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory			
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

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

The major components supporting the ratings in the above referenced table include:

Lending Test

- Adequate responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small-business loans in its assessment area.
- A high percentage of its loans are made in its assessment area.
- An adequate geographic distribution of loans in its assessment area.
- A good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- It has made a low level of community development loans.
- Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

Investment Test

- An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.
- Adequate responsiveness to credit and community economic development needs.

- Occasional use of innovative or complex qualified investments.

Service Test

- Its 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, its record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies and to low- and moderate-income individuals.
- Its services (including where appropriate, business hours) are tailored to the convenience and needs of its assessment area, particularly low- or moderate-income geographies or low-or moderate-income individuals.
- It is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

SSB is a full service mutual savings bank originally chartered in 1833. It is a wholly-owned subsidiary of South Shore Bancorp, Inc., which is a wholly owned subsidiary of South Shore Bancorp, Mutual Holding Company. The bank had five subsidiaries during the review period: Cambridge Mortgage Group, LLC (CMG), 1868 Corporation, First Weymouth Corporation, 1833 Security Corporation, and Fourth Weymouth Corporation. Effective January 2018, Cambridge Mortgage Group LLC (CMG) ceased to be a subsidiary of the bank. As a subsidiary, CMG originated and sold residential real estate mortgage loans to its affiliate, SSB, as well as to nonaffiliated banks. Mortgage activities of CMG have been incorporated into SSB operations. In October of 2017, SSB acquired Braintree Co-operative Bank (BCB) and its assets. Both banks operated in a similar market area.

SSB is headquartered at 1530 Main Street in Weymouth, Massachusetts. In addition to its main branch, the bank operates 15 full-service locations in 8 Massachusetts communities: 5 in Weymouth, 3 in Quincy, 2 in Braintree, and 1 each in East Bridgewater, Hingham, Norwell, Pembroke, and Stoughton. In addition to the regular weekday hours and retail banking services, branches typically provide Saturday hours, drive-up tellers, 24-hour ATMs, and extended weeknight hours at least once each week.

As of June 30, 2019, SSB's assets totaled \$1.5 billion, with total deposits of \$1.2 billion and net loans and leases of \$1.1 billion. Loans and leases have seen a steady increase since the previous evaluation in 2015. Loans and leases have increased 50.0 percent since the previous evaluation. This growth has come from a year-to-year increase in the bank's real estate loans and loans secured by other non-farm non-residential loans. Other Non-farm non-residential loans increased from \$172.7 million in 2015, to \$208.9 million in 2017, to \$270.7 million in 2019.

Refer to Table 1 for further information regarding the bank's loan portfolio.

Table 1 Loan Distribution as of June 30, 2019		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Construction and Land Development	101,747	9.2
Revolving 1-4 Family Residential	43,230	3.9
1-4 Family Residential	356,947	32.2
Multifamily (5 or more) Residential	110,687	10.0
Commercial RE	352,673	31.8
Total Real Estate Loans	965,284	87.0
Commercial and Industrial	139,100	12.5
Consumer	5,657	0.5
Total Loans	1,110,041	100.0

Call Report as of June 30, 2019.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

SSB operates in a competitive environment with both regional and national financial institutions. Based on Federal Deposit Insurance Corporation (FDIC) market share information, as of June 30, 2019, SSB ranked seventh for deposit market share within its assessment area, at 5.8 percent of the market share. Citizens Bank, N.A. ranked first, at 16.5 percent, and Bank of America,

N.A. ranked second, with 15.0 percent. Other local, regional and national banks with deposit market shares higher than SSB include Rockland Trust Company (14.1 percent), HarborOne Bank (8.5 percent), Hingham Institution for Savings (6.9 percent), and Eastern Bank (6.0 percent). SSB's ranking improved from the 2015 CRA Performance Evaluation, where it was ranked ninth and had 2.2 percent of the market share. The improvement in market share can be partially attributed to the acquisition of BCB, as SSB held a 1.3 percent market share in the assessment area in 2017 prior to the acquisition.

SSB is able to compete in this market and engage in a level of lending activity commensurate with the size and resources of the bank as evidenced by the bank's loan-to-deposit ratio of 91.9 percent during the evaluation period. The bank's financial capacity, legal impediments, local economic conditions, demographics, and market competition are all considered when examining the bank's CRA performance. There are no financial or legal impediments that would prevent the bank from fulfilling its responsibilities under the CRA. The previous CRA evaluation was conducted concurrently by the Federal Reserve Bank of Boston (FRBB) and the Commonwealth of Massachusetts Division of Banks (Division) on June 22, 2015. The bank was rated "Satisfactory" by both the FRBB and Division.

SCOPE OF EXAMINATION

SSB's performance evaluation was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Large Institutions.¹ Under these procedures, South Shore Bank was evaluated using three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness to credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The evaluation of the bank's lending performance was based on residential and small business lending between January 1, 2016 and December 31, 2018, and community development lending from July 1, 2015 through October 7, 2019. Residential loans include all home purchase loans, home improvement loans, and refinance loans for one-to-four family and multifamily (five or more unit) properties, which the bank is required to report under the Home Mortgage Disclosure Act (HMDA).²

1 "Large institutions" are banks or savings associations with assets of at least \$1.284 billion as of December 31 of both of the prior two calendar years.

2 Due to a change with HMDA reporting requirements in 2018, other purpose/closed exempt loans are included in the residential lending review as a unique field for that year. The other purpose/closed exempt loan category are loans where the applicant provides no statement to the proposed use of the proceeds, and the covered loan is not a home purchase loan, cash-out refinancing, or refinancing.

Small business loans, for the purpose of this evaluation, include non-farm, non-residential real estate and commercial and industrial loans with original loan amounts of \$1 million or less. Small business loan data was obtained from the small business loan registers produced and maintained by South Shore Bank as required for large banks under the CRA.

To evaluate performance, the bank's residential and small business loan data were compared to applicable aggregate and market data. The 2017 aggregate data for residential lending was obtained from the FFIEC's HMDA data while the 2018 aggregate data for residential lending was obtained from the Consumer Financial Protection Bureau (CFPB). Aggregate data for small business lending was obtained from the CRA small business registers for both years. Residential and small business market and demographic data were derived from the 2015 American Community Survey (ACS) and Dun & Bradstreet, Short Hills, New Jersey (D&B) data, respectively.

For both residential and small business lending, the bank's lending performance for 2017 and 2018 is included in the data tables unless otherwise noted. While both the number and dollar volume of the bank's residential and small business lending were reviewed, the number of originations was weighted more heavily than the dollar volume to reduce the potential distorting effects of larger-dollar loans. Finally, greater weight was given to small business as it comprises a larger portion of the bank's loan portfolio.

Community development activities are not evaluated using a separate test, but are included as a component of the Lending, Investment, or Service Test, depending on the nature of the activity. The bank's community development lending, qualified investments, and services were reviewed for the period of July 1, 2015 through October 7, 2019, and were evaluated in the context of community development needs of the assessment area and the bank's capacity to meet those needs. In addition, third-party community organizations were contacted to provide additional insight into the credit needs of the assessment area.

Description of Assessment Area

The CRA requires a financial institution to define an assessment area where it focuses its lending efforts and within which its CRA performance will be evaluated. The bank's assessment area is centered around the town of Weymouth. Weymouth, where SSB's headquarters are located, is a residential suburb located just south of Boston, with close proximity to the crossroads of I-93 (Massachusetts Route 128) and Route 3. Weymouth has no downtown center; rather it has four village centers, each featuring its own blend of historic buildings, land uses, and open space. Housing in the town consists mostly of single-family homes nestled in established neighborhoods, with large apartment and condominium complexes interspersed. Business development has been strong along Weymouth's highways and local arteries. Its thoroughfares feature an assortment of restaurants, retail outlets, and small shopping plazas, while its village centers are home to a mix of local stores. The bank's assessment area and market area are the same.

In November of 2017, SSB revised its assessment area by removing four towns (Carver, Easton, Plymouth, and Wareham) and adding the Town of Plympton. In total, SSB's assessment area is comprised of 30 cities and towns within portions of Norfolk and Plymouth Counties. Norfolk County communities include Avon, Braintree, Canton, Cohasset, Holbrook, Milton, Quincy, Randolph, Sharon, Stoughton, and Weymouth. Plymouth County communities include Abington, Bridgewater, Brockton, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Plympton, Rockland, Scituate, West Bridgewater, and Whitman. Out of the 139 census tracts in the assessment area, 6 are low-income and 22 are moderate-income. The low- and moderate-income census tracts are located in Brockton, Quincy, Randolph, Weymouth, Stoughton and Holbrook. All cities and towns are located in the Boston, MA Metropolitan Division (MD), which is part of the Boston-Cambridge-Newton, MA-NH MSA.

Relevant demographic data for the bank's assessment area is provided in Table 2.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	6	4.3	4,945	2.8	1,597	32.3	36,243	20.7
Moderate-income	22	15.8	26,218	15.0	3,491	13.3	28,890	16.5
Middle-income	70	50.4	85,892	49.2	3,701	4.3	35,414	20.3
Upper-income	39	28.1	57,563	33.0	1,624	2.8	74,121	42.4
Unknown-income	2	1.4	50	0	0	0	0	0
Total Assessment Area	139	100.0	174,668	100.0	10,413	6.0	174,668	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	8,778	2,084	1.2	23.7	5,729	65.3	965	11.0
Moderate-income	46,602	21,760	12.1	46.7	21,631	46.4	3,211	6.9
Middle-income	140,064	93,450	51.8	66.7	38,573	27.5	8,041	5.7
Upper-income	80,607	63,060	34.9	78.2	12,589	15.6	4,958	6.2
Unknown-income	198	86	0	43.4	112	56.6	0	0
Total Assessment Area	276,249	180,440	100.0	65.3	78,634	28.5	17,175	6.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	731	2.1	667	2.1	50	1.7	14	5.5
Moderate-income	4,588	13.0	4,203	13.2	360	11.9	25	9.8
Middle-income	17,524	49.8	15,719	49.2	1,681	55.8	124	48.6
Upper-income	12,307	35.0	11,299	35.4	919	30.5	89	34.9
Unknown-income	56	0.2	48	0.2	5	0.2	3	1.2
Total Assessment Area	35,206	100.0	31,936	100.0	3,015	100.0	255	100.0
	Percentage of Total Businesses:			90.7		8.6		.7

2018 Census Data and 2018 D&B data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Housing

According to the September 2019 report published by the Warren Group, Peabody, MA, the median family housing value is \$385,000 and \$475,000, in Plymouth County and Norfolk County, respectively. The Warren Group median family housing value of \$395,000 for the Commonwealth of Massachusetts is higher than Plymouth County but lower than Norfolk County. According to the August 2019 edition of the Beige Book published by the Federal Reserve System, median sales prices for single families rose and inventory declined in the Boston area. Condominium inventories improved and closed sales declined during the same time period. Beige Book contacts within the housing industry expressed a positive near-term outlook

but voiced affordability concerns as intense bidding and multiple offers still prevail. Generally, higher median housing values can act as a barrier for low- and moderate-income borrowers to purchase a home.

Within the bank's assessment area, there are 276,249 units comprised of 65.3 percent owner-occupied units, 28.5 percent rental units, and 6.2 percent vacant units. The percentage of owner-occupied units in the assessment area is higher than the percentage of owner-occupied units in Massachusetts, which is 56.0 percent. The majority of housing units in the assessment area are 1-4 family units (79.8 percent), with 66.3 percent comprised of single units and 13.5 percent comprised of 2-4 units. Multifamily units, which are residential properties with 5 or more units, account for 19.4 percent of the housing units in the assessment area. Within the Commonwealth of Massachusetts, the percentage of single units is 57.4 percent, 2-4 units is 21.1 percent, and multifamily units is 20.7. The value of the homes and the composition of the housing stock suggest that lending opportunities are available inside the assessment area.

Business Characteristics

According to D&B data, there were 35,206 businesses operating in the assessment area in 2018 and 30,255 businesses in 2017. In 2018, 90.7 percent of businesses had gross annual revenues (GAR) less than or equal to \$1 million, and in 2017, this number was 89.6 percent. The majority of businesses, 84.8 percent in 2018 and 85.3 percent in 2017, operate in middle- and upper-income tracts.

Based on the labor market data on the Massachusetts Department of Labor and Workforce Development's website, the top employers in the assessment area are hospitals, educational facilities, and corporate headquarters for such companies as The Talbots, Inc., The Stop & Shop Supermarket Company, LLC, and Dunkin Brands, Inc.

Population

According to the 2015 ACS, SSB's assessment area has a population of 698,753 individuals. Of the families in the assessment area, 2.8 percent reside in low-income census tracts, 15.0 percent reside in moderate-income tracts, 49.2 percent reside in middle-income tracts, and 33.0 percent reside in upper-income tracts.

Of 259,074 households in the assessment area, 24.2 percent are low-income, 14.1 percent are moderate-income, 16.6 percent are middle-income, and 45.1 percent are upper-income. This is comparable to the distribution of households by income within Massachusetts, which is 26.5 percent low-income, 14.5 moderate-income, 16.41 middle-income, and 42.7 upper-income. Within the assessment area, households below the poverty line comprise 8.8 percent of total households, compared to 12.0 percent of total households below the poverty line in Massachusetts.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. The following table displays the MFI incomes for the assessment area.

Table 3					
Median Family Income Comparison					
Year	MSA/MD/Town/County/State	MFI	Year	MSA/MD/Town/County/State	MFI
2017	Boston, MA MD	\$94,300	2018	Boston, MA MD	\$99,300
2017	Massachusetts	\$80,000	2018	Massachusetts	\$80,700

FFIEC median family income estimates.

As shown in the table above, in 2017, the MFI for the Boston, MA MD was \$94,300 and \$80,000 for the Commonwealth of Massachusetts. In 2018, the MFI increased for the Boston, MA MD by \$5,000 and by \$700 for Massachusetts. The Boston, MA MD has a higher median family income than Massachusetts for both years.

Employment Statistics

According to the U.S. Bureau of Labor Statistics, as of June 2019, the national unemployment rate was 3.7 percent, 2.9 percent for the Commonwealth of Massachusetts and 2.8 percent for the Boston, MA MD. The unemployment rate marks the lowest total in the past 10 years for Massachusetts. In addition to the decreasing unemployment rate, the unemployment rates for the cities and towns in the assessment area were generally lower than the national rates but in-line with Massachusetts rates. As of June 2019, the unemployment rates for the cities and towns within the assessment area ranged from 2.4 percent in the town of Sharon, to 4.1 percent in the city of Brockton, with only two towns in the assessment area, Hull and Brockton, having unemployment rates over 3.5 percent.

Community Contacts

As part of the evaluation process, three third parties that are active in community affairs were contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

The first contact was with an organization whose mission is to help people have a safe and affordable place to live by developing and managing affordable housing, and providing education for homeowners and homebuyers. This organization serves Southeast Massachusetts. The contact stated that there is an affordable housing crunch in the community. The area has a strong pool of qualified borrowers; however, the housing stock is limited which is resulting in elevated prices and multiple bidders for homes. Additionally, investors are active in the area and are willing to purchase homes with cash offers. The contact stated that the local banks are

involved in the community and have a good variety of loan products for homebuyers in the area. The contact specifically highlighted the Brockton First Time Homebuyer program as a loan product that is beneficial for the community and particularly for low- and moderate-income borrowers. SSB is listed on the website as a lending partner. The contact also identified opportunities for banks which included continuing to participate in first time homebuyer classes and seminars.

The second community contact was with a business advisor for an organization that educates and helps small businesses start, grow, and succeed. This organization is also a resource partner with the U.S. Small Business Administration (SBA). The contact discussed that the area is experiencing strong business conditions and specifically highlighted Brockton due to its transportation infrastructure and proximity to Boston. The contact stated that local banks, the SBA, and economic development organizations are meeting the credit needs for entrepreneurs and small businesses. The contact identified low-dollar commercial leasing loans as a need for new businesses as it is a barrier for starting a business. The contact also noted that there is a need for banks to have personnel who can speak foreign languages as the community is diverse and a lot of entrepreneurs are immigrants or speak in a first language that is not English.

The third community contact was with an executive director at a community development institution that assists small businesses and promotes job creation. The contact stated that the financial institutions in the area are responsive to the organization and provide support. Local banks operate in a competitive environment for small business loans because they are also competing with economic development financial institutions and city sponsored lending programs. The contact would like to see banks refer their denied businesses applicants to the organization because the contact believes they have the capacity to offer business loans with flexible terms as an alternative to higher priced loans. The contact noted there are challenges in assisting low-income areas because of economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

SSB's performance under the Lending Test is rated Low Satisfactory. The bank's lending reflects an adequate responsiveness to assessment area credit needs. A high percentage of loans are made in the bank's assessment area and the geographic distribution of loans reflects adequate penetration throughout the assessment area. The distribution of borrowers reflects, given the product lines offered, good penetration among customers of different income levels and businesses of different sizes. The bank exhibits a good record of serving the credit needs of low-income individuals and areas and of very small businesses. The bank makes a low level of community development loans. The bank uses innovative and/or flexible lending practices in serving assessment area credit needs.

The composition of the bank's portfolio is more heavily comprised of commercial loans, at 53.5 percent of the portfolio. Residential real estate loans comprise 46.1 percent of the loan portfolio. As commercial lending represents a larger portion of the bank's portfolio, it will be weighted more heavily in arriving at the overall conclusions for the Lending Test criteria.

Lending Activity

The bank's lending levels reflect adequate responsiveness to assessment area credit needs. During the evaluation period the bank originated or purchased a total of 811 loans. In 2018, the bank originated or purchased a total of 442 loans, of which 290 were residential mortgages and 155 were small business loans. In 2017, the bank originated or purchased a total of 159 loans, of which 51 were residential mortgage loans and 108 were small business loans. In 2016, the bank originated or purchased a total of 207 loans, of which 55 were residential and 152 were small business. The bank's residential real estate lending significantly increased from 51 loans in 2017 to 290 loans in 2018, which is primarily attributable to the bank bringing the residential real estate function in-house and the acquisition of BCB.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a high percentage of loans and other lending related activities are in the institution's assessment area. Table 4 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 4 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	19	63.3	\$6,947	45.4	11	36.7	\$8,345	54.6
Home Purchase - Conventional	102	54.8	\$43,726	48	84	45.2	\$47,424	52
Multifamily Housing	26	55.3	\$41,588	66.7	21	44.7	\$20,765	33.3
Other Purpose Closed-End	6	100	\$2,218	100	0	0	\$0	0
Refinancing	91	71.7	\$27,922	57.3	36	28.3	\$20,767	42.7
Total HMDA related	244	61.6	\$122,401	55.7	152	38.4	\$97,301	44.3
Small Business	345	83.1	\$75,023	78.5	70	16.9	\$20,556	21.5
Total Small Bus. related	345	83.1	\$75,023	78.5	70	16.9	\$20,556	21.5
TOTAL LOANS	589	72.6	\$197,424	62.6	222	27.4	\$117,857	37.4

*HMDA and small business data January 1, 2016 through December 31, 2018; Small business data is bank provided
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

Small Business Lending

A high percentage of small business loans were originated inside the assessment area. The bank originated 83.1 percent, by number, and 78.5 percent by dollar volume, within the assessment area from 2016 to 2018. The bank's small business lending performance declined from the prior evaluation where 89.6 percent, by number, and 85.7 percent, by dollar volume, were originated within the bank's assessment area.

Residential Lending

An adequate percentage of originated home mortgage loans are located inside the assessment area. As displayed in the table above, SSB originated 61.6 percent of home mortgage loans, by

number, and 55.7 percent, by dollar volume, within the assessment area in 2016, 2017, and 2018. This is an increase from the 46.9 percent, by number, and 32.7 percent, by dollar volume, of home mortgage loans originated within the bank's assessment area during the evaluation period at the 2015 CRA evaluation. The bank's lending was further analyzed by year for trend purposes. The bank originated 43.6 percent of its loans in the assessment area in 2016, 55.5 percent in 2017, and 66.2 in 2018. The three year trend demonstrates an improved performance by the bank with lending inside its assessment area.

The table also provides data on HMDA lending by loan purpose. Other purpose closed-end loans, a loan category introduced in 2018 due to the HMDA regulation change, represent the largest number of loans originated by the bank inside the assessment area with 100.0 percent; however, only six loans were originated in this loan category. The second highest loan category were refinance loans with 71.7 percent inside the assessment area, followed by home improvement and multifamily loans at 63.3 percent and 54.8 percent, respectively.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes when compared to area demographics and aggregate performance.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. The distribution of the bank's small business loans by gross annual revenue (GAR) reflects good penetration of lending to businesses with revenues of \$1 million or less. Tables 5 and 6 detail the bank's lending to small businesses according to revenue size.

Table 5 Small Business by Revenue Size				
BUSINESS REVENUE	Bank & Aggregate Lending Comparison			
	2017			
	Total Businesses	Count		
	%	Bank # %	Agg %	
\$1 Million or Less	89.6%	47	51.1%	46.9%
Over \$1 Million	9.8%	45	48.9%	
Total Rev. available	99.4%	92	100.0%	
Rev. Not Known	0.6%	0	0.0%	
Total	100.0%	92	100.0%	

D&B 2017. CRA data for 2017.

Table 6 Small Business by Revenue Size				
BUSINESS REVENUE	Bank & Aggregate Lending Comparison			
	2018			
	Total Businesses	Count		
	%	Bank # %	Agg %	
\$1 Million or Less	90.7%	78	61.4%	38.9%
Over \$1 Million	8.6%	49	38.6%	
Total Rev. available	99.3%	127	100.0%	
Rev. Not Known	0.7%	0	0.0%	
Total	100.0%	127	100.0%	

D&B 2018. CRA data for 2018

The bank originated 51.1 percent of its loans to businesses with GARs under \$1 million in 2017, and 61.4 percent in 2018. The bank outperformed the aggregate which originated 46.9 percent, and 38.9 percent in 2017 and 2018, respectively. At 89.6 percent in 2017 and 90.7 percent in 2018, the percentage of businesses with GARs of \$1 million or less suggest there is opportunity for banks to lend to such businesses. However, the bank's performance is considered good as compared to the aggregate's performance, which is a better indicator of actual demand for small business loans.

Residential Lending

Tables 7 and 8 provide comparisons of the bank's lending by income level of the borrower to the

income distribution of families in the assessment area and demographic data.³ The distribution of borrowers reflects good penetration among customers of different income levels. The borrower distribution tables further outlines the bank's performance by loan type in comparison to the aggregate group.

³ Table 8 displays the bank's loans, by number and dollar volume, compared to the aggregate percentages for each loan type the bank is required to report under HMDA. The aggregate percentages in the "HMDA Totals" include all loans required to be reported by the banks comprising the aggregate, and may include additional loan types not required to be reported by the bank.

Table 7 Borrower Distribution of HMDA Loans							
PRODUCT TYPE	Borrower Income Levels	Bank & Aggregate Lending Comparison					
		2017					
		Families by Family Income %	Count		Dollar		
			Bank	Agg.	Bank		Agg.
			#	%	%	\$ (000s)	\$ %
HOME PURCHASE	Low	20.7%	0	0.0%	4.4%	\$0	0.0%
	Moderate	16.5%	0	0.0%	19.5%	\$0	0.0%
	Middle	20.3%	1	12.5%	23.7%	\$738	15.2%
	Upper	42.4%	0	0.0%	37.2%	\$0	0.0%
	Unknown	0.0%	7	87.5%	15.3%	\$4,117	84.8%
	<i>Total</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,855</i>	<i>100.0%</i>
REFINANCE	Low	20.7%	0	0.0%	5.4%	\$0	0.0%
	Moderate	16.5%	0	0.0%	19.1%	\$0	0.0%
	Middle	20.3%	0	0.0%	26.9%	\$0	0.0%
	Upper	42.4%	0	0.0%	36.1%	\$0	0.0%
	Unknown	0.0%	5	100.0%	12.5%	\$3,557	100.0%
	<i>Total</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$3,557</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	20.7%	0	0.0%	4.6%	\$0	0.0%
	Moderate	16.5%	0	0.0%	16.2%	\$0	0.0%
	Middle	20.3%	0	0.0%	29.7%	\$0	0.0%
	Upper	42.4%	0	0.0%	44.2%	\$0	0.0%
	Unknown	0.0%	5	100.0%	5.3%	\$1,831	100.0%
	<i>Total</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$1,831</i>	<i>100.0%</i>
MULTIFAMILY	Low	20.7%	0	0.0%	0.0%	\$0	0.0%
	Moderate	16.5%	0	0.0%	0.0%	\$0	0.0%
	Middle	20.3%	0	0.0%	0.0%	\$0	0.0%
	Upper	42.4%	0	0.0%	0.0%	\$0	0.0%
	Unknown	0.0%	10	100.0%	100.0%	\$13,073	100.0%
	<i>Total</i>	<i>100.0%</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$13,073</i>	<i>100.0%</i>
HMDA TOTALS	Low	20.7%	0	0.0%	4.7%	\$0	0.0%
	Moderate	16.5%	0	0.0%	18.9%	\$0	0.0%
	Middle	20.3%	1	3.6%	25.3%	\$738	3.2%
	Upper	42.4%	0	0.0%	37.3%	\$0	0.0%
	Unknown	0.0%	27	96.4%	13.8%	\$22,578	96.8%
	<i>Total</i>	<i>100.0%</i>	<i>28</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$23,316</i>	<i>100.0%</i>

2010 U.S. Census & 2015 ACS, 2017 Aggregate HMDA Data, 2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 8 Borrower Distribution of HMDA Loans								
PRODUCT TYPE	Borrower Income Levels	Bank & Aggregate Lending Comparison						
		2018						
		Families by Family Income	Count			Dollar		
			Bank		Agg	Bank		Agg
		%	#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	20.7%	4	4.7%	4.5%	\$1,461	4.1%	2.6%
	Moderate	16.5%	10	11.6%	21.4%	\$2,826	7.9%	15.3%
	Middle	20.3%	20	23.3%	25.4%	\$6,346	17.8%	23.0%
	Upper	42.4%	26	30.2%	35.3%	\$10,237	28.7%	45.0%
	Unknown	0.0%	26	30.2%	13.4%	\$14,805	41.5%	14.1%
	<i>Total</i>	<i>100.0%</i>	<i>86</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$35,675</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	20.7%	10	12.2%	6.6%	\$1,474	6.3%	3.7%
	Moderate	16.5%	17	20.7%	20.6%	\$3,160	13.6%	16.0%
	Middle	20.3%	23	28.0%	26.0%	\$5,570	23.9%	23.5%
	Upper	42.4%	28	34.1%	38.7%	\$11,335	48.7%	47.9%
	Unknown	0.0%	4	4.9%	8.1%	\$1,742	7.5%	8.9%
	<i>Total</i>	<i>100.0%</i>	<i>82</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$23,281</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	20.7%	3	27.3%	5.2%	\$215	5.2%	4.2%
	Moderate	16.5%	1	9.1%	15.8%	\$432	10.4%	13.2%
	Middle	20.3%	2	18.2%	26.7%	\$1,184	28.4%	23.9%
	Upper	42.4%	3	27.3%	50.2%	\$900	21.6%	54.5%
	Unknown	0.0%	2	18.2%	2.2%	\$1,435	34.4%	4.2%
	<i>Total</i>	<i>100.0%</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,166</i>	<i>100.0%</i>	<i>100.0%</i>
MULTIFAMILY	Low	20.7%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	16.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	20.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	42.4%	0	0.0%	2.3%	\$0	0.0%	0.3%
	Unknown	0.0%	7	100.0%	97.7%	\$19,671	100.0%	99.7%
	<i>Total</i>	<i>100.0%</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$19,671</i>	<i>100.0%</i>	<i>100.0%</i>
OTHER PURPOSE CLOSED/EXEMPT	Low	20.7%	1	16.7%	7.0%	\$185	8.3%	4.7%
	Moderate	16.5%	2	33.3%	13.1%	\$108	4.9%	8.6%
	Middle	20.3%	1	16.7%	26.9%	\$55	2.5%	18.2%
	Upper	42.4%	2	33.3%	49.5%	\$1,870	84.3%	61.2%
	Unknown	0.0%	0	0.0%	3.4%	\$0	0.0%	7.3%
	<i>Total</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,218</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	20.7%	18	9.4%	5.3%	\$3,335	3.9%	2.9%
	Moderate	16.5%	30	15.6%	19.8%	\$6,526	7.7%	14.7%
	Middle	20.3%	46	24.0%	25.2%	\$13,155	15.5%	22.1%
	Upper	42.4%	59	30.7%	38.0%	\$24,342	28.6%	44.4%
	Unknown	0.0%	39	20.3%	11.8%	\$37,653	44.3%	15.9%
	<i>Total</i>	<i>100.0%</i>	<i>192</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$85,011</i>	<i>100.0%</i>	<i>100.0%</i>

2010 U.S. Census & 2015 ACS, 2018 Aggregate HMDA Data, 2018 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2017, the bank originated 28 home mortgage loans and, of these loans, 27 or 96.4 percent were originated to borrowers with unknown income. Loans reported with unknown income include those originated to applicants that were not natural persons or in situations where the income was not part of the credit decision. Given the low loan volume and the high percentage of loans with unknown income in 2017, the bank's 2018 borrower distribution is more indicative of the bank's performance on this criterion.

In 2018, as noted in Table 8, the bank's lending performance to low-income borrowers exceeded the aggregate. The bank originated 9.4 percent of its loans to low-income borrowers compared to 5.3 percent for the aggregate. Of the 18 loans to low-income borrowers, 10 were refinances, 4 home purchase, 3 home improvements, and 1 other purpose closed/exempt. The bank outperformed the aggregate in refinance loans 12.2 percent to 6.6 percent. Both the bank and aggregate lag the demographics of 20.7 percent. Home ownership may be unaffordable for many low-income borrowers (families with income less than \$46,782) as the median family housing value in the assessment area is \$346,467. SSB is a participant in the Brockton First Time Homebuyer Program which is a loan program to address the affordability challenges in Brockton. This loan program offers a maximum of \$15,000 through a zero-interest deferred loan for borrowers under the income limits. Additionally, a community contact from an affordable housing organization stated that it is difficult for low-income borrowers to purchase homes because of the tight real estate market. The supply is limited and there is strong competition for the available inventory. The contacts within the housing industry quoted in the Federal Reserve Beige Book support that assessment as they voiced affordability concerns as intense bidding and multiple offers still prevail. Therefore, it is not expected that the bank's lending performance meet the percentage of low-income families.

In 2018, the bank originated 30 loans, or 15.6 percent, to moderate-income borrowers, which is in-line with the demographics and slightly below the aggregate of 19.8 percent. Of the 30 loans to moderate-income borrowers, 17 were refinances, 10 home purchase, 1 home improvement, and 2 other purpose closed/exempt. The bank made a similar percentage of refinance loans to moderate-income borrowers as the aggregate but lagged the aggregate in originating home purchase loans.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

Small Business Lending

Tables 9 and 10 represent the distribution of small business loans by census tract income level.

Table 9 Geographic Distribution of Small Business Loans by Census Tract				
Census Tract Income Level	2017 % Total Business by Tracts	2017 Bank		2017 Aggregate
	%	#	%	%
Low	2.0	0	0.0	2.2
Moderate	12.6	8	8.7	13.0
Middle	49.7	50	54.3	50.6
Upper	35.6	34	37.0	34.1
N/A	0.1	0	0.0	0.1
Total	100.0	92	100.0	100.0

D&B 2017. CRA data for 2017.

Table 10 Geographic Distribution of Small Business Loans by Census Tract				
Census Tract Income Level	2018 % Total Business by Tracts	2018 Bank		2018 Aggregate
	%	#	%	%
Low	2.1	0	0.0	2.3
Moderate	13.0	11	8.7	12.2
Middle	49.8	84	66.1	50.7
Upper	35.0	32	25.2	34.8
N/A	0.2	0	0.0	0.1
Total	100.0	127	100.0	100.0

D&B 2018. CRA data for 2018.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

SSB's geographic distribution of small business loans in the assessment area is adequate. The bank did not originate a small business loan in a low-income census tract in either year. However, analysis of the assessment area would suggest that opportunity is limited for originating small business loans in low-income census tracts, as approximately just 2.0 percent of businesses are located in low-income census tracts. Further, one of the community contacts stated that there are limited banking opportunities in low-income areas due to current economic conditions. The contact also noted that local financial institutions are responsive to the small business banking needs of the community.

The bank originated 8.7 percent of its small business loans in 2017 and 2018 in moderate-income census tracts. The bank lags both the aggregate and total businesses in those tracts. However, the same community contact stated that other competitors, such as city-sponsored lending programs and community development organizations, are making lending opportunities for banks challenging. A second community contact stated that Brockton's (a city with the highest concentration of low- and moderate-income census tracts in the

assessment area) small business conditions are strong and that the small business banking needs in the community are being met.

Residential Lending

Tables 11 and 12 provide comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.⁴

⁴ Table 12 displays the bank's loans, by number and dollar volume, compared to the aggregate percentages for each loan type the bank is required to report under HMDA. The aggregate percentages in the "HMDA Totals" include all loans required to be reported by the banks comprising the aggregate, and may include additional loan types not required to be reported by the bank.

Table 11 Geographic Distribution of HMDA Loans								
PRODUCT TYPE	Tract Income Levels	Bank & Aggregate Lending Comparison						
		2017						
		Owner Occupied Units %	Count		Agg	Dollar		Agg
			#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	1.2%	0	0.0%	1.9%	\$0	0.0%	1.5%
	Moderate	12.1%	0	0.0%	14.9%	\$0	0.0%	12.0%
	Middle	51.8%	5	62.5%	49.1%	\$3,308	68.1%	42.5%
	Upper	34.9%	3	37.5%	33.9%	\$1,547	31.9%	43.8%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>8</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,855</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1.2%	0	0.0%	1.4%	\$0	0.0%	1.0%
	Moderate	12.1%	2	40.0%	12.9%	\$1,120	31.5%	10.2%
	Middle	51.8%	0	0.0%	51.4%	\$0	0.0%	45.4%
	Upper	34.9%	3	60.0%	34.3%	\$2,437	68.5%	43.3%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$3,557</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	1.2%	0	0.0%	1.1%	\$0	0.0%	1.0%
	Moderate	12.1%	2	40.0%	9.3%	\$1,005	54.9%	8.8%
	Middle	51.8%	3	60.0%	48.6%	\$826	45.1%	38.5%
	Upper	34.9%	0	0.0%	40.8%	\$0	0.0%	51.7%
	Unknown	0.0%	0	0.0%	0.2%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>5</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$1,831</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	4.8%	2	20.0%	22.4%	\$1,481	11.3%	4.4%
	Moderate	27.7%	4	40.0%	28.6%	\$3,252	24.9%	20.9%
	Middle	50.3%	1	10.0%	39.8%	\$2,325	17.8%	27.5%
	Upper	17.1%	3	30.0%	7.1%	\$6,015	46.0%	46.6%
	Unknown	0.0%	0	0.0%	2.0%	\$0	0.0%	0.6%
	<i>Total</i>	<i>100.0%</i>	<i>10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$13,073</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	1.2%	2	7.1%	1.7%	\$1,481	6.4%	1.5%
	Moderate	12.1%	8	28.6%	13.7%	\$5,377	23.1%	11.6%
	Middle	51.8%	9	32.1%	49.9%	\$6,459	27.7%	42.8%
	Upper	34.9%	9	32.1%	34.6%	\$9,999	42.9%	44.1%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>28</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$23,316</i>	<i>100.0%</i>	<i>100.0%</i>

*Distribution of multifamily units by census tract income
2010 U.S. Census & 2015 ACS, 2017 Aggregate HMDA Data, 2017 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 12 Geographic Distribution of HMDA Loans								
PRODUCT TYPE	Tract Income Levels	Bank & Aggregate Lending Comparison						
		2018						
		Owner Occupied Units %	Count			Dollar		
			Bank		Agg	Bank		Agg
			#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	1.2%	0	0.0%	2.1%	\$0	0.0%	1.8%
	Moderate	12.1%	8	9.3%	13.9%	\$2,941	8.2%	11.4%
	Middle	51.8%	49	57.0%	51.5%	\$16,515	46.3%	45.4%
	Upper	34.9%	28	32.6%	32.4%	\$15,848	44.4%	41.2%
	Unknown	0.0%	1	1.2%	0.1%	\$371	1.0%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>86</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$35,675</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1.2%	0	0.0%	1.4%	\$0	0.0%	1.3%
	Moderate	12.1%	6	7.3%	11.8%	\$1,010	4.3%	9.9%
	Middle	51.8%	52	63.4%	47.7%	\$12,324	52.9%	42.1%
	Upper	34.9%	24	29.3%	38.9%	\$9,947	42.7%	46.7%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>82</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$23,281</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	1.2%	0	0.0%	0.6%	\$0	0.0%	0.7%
	Moderate	12.1%	1	9.1%	8.7%	\$584	14.0%	7.7%
	Middle	51.8%	7	63.6%	48.3%	\$2,297	55.1%	42.3%
	Upper	34.9%	3	27.3%	42.5%	\$1,285	30.8%	49.3%
	Unknown	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>11</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,166</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	4.8%	1	14.3%	9.1%	\$1,301	6.6%	1.8%
	Moderate	27.7%	2	28.6%	22.7%	\$2,595	13.2%	3.4%
	Middle	50.3%	4	57.1%	56.8%	\$15,775	80.2%	70.3%
	Upper	17.1%	0	0.0%	11.4%	\$0	0.0%	24.5%
	Unknown	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$19,671</i>	<i>100.0%</i>	<i>100.0%</i>
Other Purpose Closed/Exempt	Low	1.2%	0	0.0%	0.6%	\$0	0.0%	0.2%
	Moderate	12.1%	1	16.7%	10.1%	\$70	3.2%	9.0%
	Middle	51.8%	4	66.7%	48.6%	\$348	15.7%	34.2%
	Upper	34.9%	1	16.7%	40.7%	\$1,800	81.2%	56.6%
	Unknown	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$2,218</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	1.2%	1	0.5%	1.6%	\$1,301	1.5%	1.6%
	Moderate	12.1%	18	9.4%	12.5%	\$7,200	8.5%	10.5%
	Middle	51.8%	116	60.4%	49.8%	\$47,259	55.6%	45.0%
	Upper	34.9%	56	29.2%	36.0%	\$28,880	34.0%	42.8%
	Unknown	0.0%	1	0.5%	0.1%	\$371	0.4%	0.1%
	<i>Total</i>	<i>100.0%</i>	<i>192</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$85,011</i>	<i>100.0%</i>	<i>100.0%</i>

*Distribution of multifamily units by census tract income
2010 U.S. Census & 2015 ACS, 2018 Aggregate HMDA Data, 2018 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

While it is not required that the bank lend in every census tract throughout its assessment area, an analysis of the bank's lending activity was conducted to determine if there were any conspicuous lending gaps among the low- and moderate-income census tracts. It does not appear that there are lending gaps in the assessment area's low- and moderate-income census tracts. As mentioned earlier, the bank's assessment area is comprised of 139 census tracts; of these, 6 are low-income tracts and 22 are moderate-income tracts. In 2018, the bank made 1 loan in a low-income census tract in Brockton, and 18 loans in 9 separate moderate-income census tracts in the following towns: Quincy (8), Weymouth (5), Randolph (2), Braintree (2), and Brockton (1). In 2017, the bank made 2 loans in 2 low-income census tracts in Brockton, and the bank originated 8 loans in 4 separate moderate-income census tracts located in Quincy (4), Weymouth (2), and Brockton (2). The bank's loan distribution to the low- and moderate-income census tracts is appropriate considering the bank's lending volume and branch network.

SSB's geographic distribution of HMDA loans in the assessment area is adequate. Analysis for the bank's lending performance in its geographic distribution is discussed below.

In 2018, the bank made 1, or 0.5 percent, of its loans in low-income census tracts. The bank's performance slightly lags the aggregate at 1.6 percent, and owner occupied units at 1.2 percent. Although the bank lags the demographics by 0.7 percent, the 1.2 percent distribution of owner occupied units in low-income census tracts indicates that there is limited lending opportunities. Further, it is difficult to make residential real estate loans in the low-income census tracts due to competition. In the city of Brockton, which contains 5 of the 6 low-income census tracts, 8 banks operate at least one branch in the city. In total, the 8 banks operate 20 branches led by HarborOne Bank with 6 branches. While the aggregate slightly outperforms the demographics, the percentage of loans made by the aggregate in low-income census tracts is 1.6 percent indicating there is limited lending opportunities.

Data would suggest that there are more lending opportunities in moderate-income census tracts, as 12.1 percent of owner occupied housing in the assessment area is located in these tracts. The bank made 18 loans, or 9.4 percent, in moderate-income census tracts in 2018. The bank lags the aggregate of 12.5 percent and owner occupied units of 12.1 percent. Although SSB's lending performance lags the aggregate, the bank has made efforts to serve low- and moderate-income census tracts. For example, the bank is a participant in the Brockton first time homebuyer loan program that provides down payment assistance for eligible borrowers. The City of Brockton has 5 low-income census tracts and 10 moderate-income census tracts. A community contact highlighted SSB as an active participant with this loan program. Taking into consideration the bank's lending performance and the loan products offered by the bank, the bank's lending performance is adequate in 2018.

The bank's geographic distribution lending performance in 2017 is considered good. In 2017 the bank made 2 loans, or 7.1 percent, in low-income tracts which significantly surpasses the aggregate of 1.7 percent and the demographics of 1.2 percent. The bank made 8 loans, or 28.6 percent, in moderate-income census tracts which also significantly surpasses the aggregate of 13.7 percent and the demographics of 12.1 percent. The majority of the bank's lending in low- and moderate-income geographies was for multifamily housing. Both loans in low-income geographies and 4 out of the 8 loans in moderate-income geographies were for multifamily properties. The remaining 4 loans to moderate-income geographies were refinance (2) and home

improvement (2) loans. Due to SSB's low lending volume for this year (28 loans), more weight of the bank's lending performance is given to 2018, resulting in an overall residential real estate geographic distribution lending performance of adequate.

Community Development Lending

The banks community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution's assessment area(s); 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

SSB has made a low level of community development loans. The bank originated two qualified community development loans, totaling \$2.1 million. The bank's community development lending activity during the time period is provided below.

- In May 2017, the bank made a \$1.3 million working capital loan to a non-profit that provides shelter for homeless families and individuals in the greater Brockton area.
- In March 2018, the bank made a \$750,000 commercial mortgage loan to a non-profit organization dedicated to delivering simple, decent, and affordable homes to people in need. The loan will help fund the development of six residential condo homes in Duxbury under the Local Initiative Program. Three units will be for moderate-income families and the other three units are for low-income families.

Responsiveness to Credit Needs Through Innovative or Flexible Loan Programs

This criterion includes all innovative and flexible lending programs and activity. Flexible and innovative loan programs have a positive impact on lending performance. The bank's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) degree to which lending activity serves low- and moderate-income creditworthy borrowers in innovative ways or assists groups of consumers not previously served by the institution; and (2) the success of each product in serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the examination period.

The bank makes use of innovative and flexible lending practices in serving assessment area credit needs. Descriptions of the innovative or flexible products offered and the number and dollar amount of loans made under each program during the period reviewed are provided below. Residential lending programs, while not necessarily innovative, have flexible standards and demonstrate a commitment to meeting the needs of creditworthy individuals that may not otherwise be able to obtain credit. The bank's small business lending programs have been used extensively and demonstrate a strong commitment to the credit needs of area small businesses.

Residential Lending Programs

Mass Save HEAT Loan Program – The bank participates in this program where customers can apply for a zero percent loan for the installation of qualified energy efficient improvements in

their homes. This loan program is available to all Massachusetts residents including low- and moderate-income borrowers. During the evaluation period, the bank originated 323 loans for \$3.0 million.

Brockton Redevelopment Authority (BRA) Abandoned Housing Initiative Loan Program –

The BRA is tasked with community development and economic revitalization, specifically for the benefit of low- and moderate-income households and areas of the city of Brockton. SSB provides funding through BRA in the form of short-term, low-interest, no-payment loans, which allows borrowers to reclaim and renovate abandoned property that are in violation of safety codes and contribute to urban blight. The bank originated 5 loans, for \$1,000,570 to this program.

Brockton Redevelopment Authority First Time Homebuyer Program (FTHP) -

The FTHP offers financial assistance to first time eligible homebuyers for down payment assistance through a zero-interest deferred loan. The loan is repayable in the event of a transfer or change in property ownership, refinance, or if the property ceases to be the buyer's primary residence. The bank is a participant in this loan program.

SBA Programs– The bank makes extensive use of the flexible small business lending through the SBA's 7(a) Program and Certified Development Company (CDC) 504 Program. The 7(a) Program serves as the SBA's primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels. The funds provide start-up costs to small businesses. Through the program, a bank funds the entire loan, with SBA guaranteeing between 75 and 90 percent of the loan. The CDC/504 Program provides financing for major fixed assets such as equipment or real estate. During the review period the SSB originated 79 SBA loans, for \$12,714,837.

INVESTMENT TEST

SSB's performance under the Investment Test is rated Low Satisfactory. The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments⁵ that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The institution's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

- The bank made an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors, rarely in a leadership position.
- The bank exhibits adequate responsiveness to credit and community development needs.
- The bank occasionally uses innovative and/or complex investments to support community development initiatives.

Equity Investments

During the evaluation period, the bank made 4 new qualified investments, totaling \$2,623,582, and maintains another equity investment that was considered in the last performance evaluation that has a remaining balance of \$718,473. The bank's qualified equity investments totaled \$3,342,055. Qualified donations, as detailed below, totaled \$119,135, for a combined investment total of \$3,461,190.

Wells Fargo Securities – In June 2018, the bank invested in a Wells Fargo mortgage-backed security for \$2,566,561. This investment is secured by eight loans to borrowers inside the bank's assessment area whose incomes are below 80 percent of the median family income.

BCA Mezzanine Fund – The bank made three economic development investments in 2017 and 2018 totaling \$57,021 in a Small Business Investment Company fund. The fund provided financing to a software company located in Braintree, Massachusetts.

Wells Fargo Securities – In February 2015, the bank invested \$1,315,058 in a Wells Fargo mortgage-backed security. This investment is secured by six loans to borrowers whose incomes are below 80 percent of the median family income. The remaining balance on the security is \$718,473.

Grants and Donations

Table 13 displays the bank and charitable foundation's qualified grants and donations by year and community development purpose.

⁵ A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Table 13 Qualified Donations by Purpose												
Community Development Category	2015 (as of July, 1)		2016		2017		2018		2019 (as of October, 6)		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	3	4,660	3	1750	4	13,000	7	14,750	4	19,500	21	53,660
Community Services	5	12,075	11	16,150	1	2,500	9	24,550	8	10,200	34	65,475
Economic Development	0	0	0	0	0	0	0	0	0	0	0	0
Revitalization/Stabilization	0	0	0	0	0	0	0	0	0	0	0	0
Total	8	16,735	14	17,900	5	15,500	16	39,300	12	29,700	55	119,135

Bank Records

The majority of SSB's donations were to community service organizations targeting low- and moderate-income individuals. The bank made 34 donations, totaling \$65,475, to these organizations during the evaluation period. Affordable housing organizations received 21 donations totaling \$53,660. As stated by a community contact, affordable housing is an identified need for the area. By year, the bank had a noticeable increase in donations in 2018 and 2019 with \$39,300 and \$29,700 donations in those respective years. However, the bank's total donations, \$119,135, is a sizeable decrease of the \$410,475 donations from the previous evaluation.

The following is a sample of the organizations that benefited from the bank and foundation contributions.

- **Cardinal Cushing Centers** – Through this organization individuals with intellectual disabilities and autism spectrum disabilities of all ages experience learning, work, social relationships, recreation, and enhanced independent living in a caring and engaging setting. Cardinal Cushing Centers also provides 150 units of Section 8 one- and two-bedroom apartments in Hanover, MA.
- **Father Bill's & MainSpring** – This organization is committed to ending and preventing homelessness in Southern Massachusetts with programs that provide emergency and permanent housing and programs that help people obtain skills, jobs, housing, services, and self-sufficiency.
- **NeighborWorks Southern Massachusetts** – NeighborWorks helps people have a safe and affordable place to live by developing and managing affordable housing, educating and assisting homeowners and homebuyers, and helping homeowners repair and maintain their homes.
- **South Shore Habitat for Humanity** – This organization is dedicated to delivering simple, decent homes in partnership with families in need. Since its inception in 1986, the South Shore Habitat for Humanity has completed 53 homes.
- **The Arc of South Shore** – The Arc of the South Shore provides quality services and advocacy for children and adults with intellectual, cognitive, physical or developmental

disabilities. The organization offers personalized employment services to individuals with developmental disabilities to enable them to find and keep community jobs based on their skills, preferences, interests, and strengths. In addition, it provides housing options, including affordable apartments, condominiums, and single-family homes for adults with developmental disabilities.

- **Weymouth Food Pantry** – This neighbor-to-neighbor grassroots project ensures food security for economically distressed families in Weymouth. The food pantry provides meals to 450-600 families each month. Additional programs include a community gardening project; doubling SNAP dollars at the local farmers market; deliveries to a local homeless shelter, people with disabilities, and the elderly; a backyard gardening program; and a satellite program operated in partnership with churches, community centers, and schools around town.
- **Interest on Lawyers Trust Accounts** - The bank offers attorney IOLTA accounts. The interest on these accounts is contributed to a fund that provides legal services to those who cannot afford an attorney. The bank currently has 91 accounts with a total balance of \$7,941,423.

SERVICE TEST

SSB's performance under the Service Test is rated Outstanding. The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area 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.

Retail Banking Services

Retail banking services evaluates the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Table 14 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 14				
Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	6	3.0	0	0.0
Moderate	22	16.7	2	12.5
Middle	70	51.0	13	81.3
Upper	39	29.2	1	6.3
Unknown	2	0.1	0	0.0
Total	139	100.0	16	100.0

2015 ACS

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

- Although the bank does not have any branches in low-income tracts, delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank maintains two branch locations in moderate-income census tracts. Furthermore, several of the bank's branches located in middle- and upper-income tracts are in close proximity to, and are accessible to the area's low- and moderate-income geographies and individuals.
- The bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the review period the bank opened five branches of which two were acquired through the BCB merger in 2017. Four of the 5 branches are located in middle-income census tracts, while 1 is located in a moderate-income census tract. During the same time period the bank closed two branches located in middle-income census tracts.
- Services, including business hours, do not vary in such a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies and individuals. Branch hours are convenient and similar to other competing institutions in the assessment area. Fourteen of the branches offer Monday through Saturday hours with at least one weekday with extended hours. Of the remaining two branches, one branch, located in a middle-income census tract, does not offer Saturday hours and the other, also located in a middle-income census tract, does not offer Wednesday or Saturday hours.
- All branches have 24-hour ATMs that are linked to NYCE's SUM network, which allows customers to use ATMs outside of SSB's network without fees. In July 2018, the bank entered a partnership with the 7-Eleven ATM network, which allows customers to use ATMs at over 8,000 store locations without fees. Furthermore, eleven branches offer personal teller machines that have increased hours Monday through Saturday allowing customers to receive assistance from a live teller via a video feed.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; 2) the innovativeness,

including whether the bank serves low- or moderate-income customers in new ways or serves groups of customers not previously served; and 3) the degree to which they serve low- and moderate-income community development services.

The bank provides a relatively high level of community development services. SSB management and staff were involved with several community organizations that provide services to low- and moderate-income individuals. Bank involvement includes serving as board members, treasurers, and fundraising committee members at organizations providing community development services. The bank also participates in first time homebuyer seminars, provides meeting space for an affordable housing organization, and conducts financial literacy courses for students and members of the community. The following details the bank's community development service activity:

Employee Services

- SSB is involved with a local branch of Habitat for Humanity. The chief risk officer is a board member of South Shore Habitat for Humanity and an assistant controller is on the finance committee. This nonprofit organization is dedicated to providing families in need with affordable housing.
- A vice president serves on the board of directors at Father Bill's & MainSpring, an organization which helps people struggling or at risk of homelessness to achieve self-sufficiency through programs that provide emergency and permanent housing and help those in need obtain jobs.
- A vice president is a director on the finance committee for Road to Responsibility, Inc. This organization provides support for citizens with disabilities by operating 47 residences, plus co-operative and supportive living apartments throughout the South Shore. The organization also manages service locations focusing on education, employment, and community enrichment.
- A senior vice president is a director for NeighborWorks which is an affordable housing organization that develops and manages affordable housing programs and educates and assists homeowners and home buyers. The organization has locations in Brockton, Quincy and New Bedford. This employee led several first time homebuyer seminars with this organization throughout the review period.
- A first vice president is a representative on the loan pool committee of the Quincy 2000 Collaborative. Quincy 2000 Collaborative is the economic development agency of the Quincy Chamber of Commerce. The program provides financial support for new and emerging businesses.
- An assistant vice president is on the board of directors for the Arc of the South Shore, which is an organization that provides quality services and advocacy for children and adults with intellectual, cognitive, physical or developmental disabilities. The organization offers personalized employment services to individuals with developmental disabilities to enable them to find and keep community jobs based on their skills, preferences, interests, and strengths. In addition, the organization provides housing

options, including affordable apartments, condominiums, and single-family homes for adults with developmental disabilities.

Educational Programs and Seminars

- Each year SSB employees provide financial literacy seminars to high school students at Credit for Life fairs. During the evaluation period, bank employees participated in fairs at local schools, including schools in Brockton, Weymouth, and Quincy.
- SSB employees volunteered at first time homebuyer seminars throughout the evaluation period. In 2016, a loan officer participated in Fannie Mae First Time Homebuyer seminars for Quincy Community Action Program and the Plymouth Redevelopment Authority.
- In 2015, a bank officer volunteered through South Shore Elder Services, assisting seniors in managing finances and paying bills on time.
- The bank sponsors the Financial Scholars Program, which provides interactive digital financial education to schools throughout the bank's assessment area including Brockton, Weymouth, and Quincy. More than 300 students have completed or are currently enrolled in the curriculum.

Other Community Development Services

- The bank provides meeting space for Neighborhood Housing, an organization that creates housing opportunities by educating and assisting first time homebuyers to purchase their own homes, developing affordable housing for those in need, and making home rehabilitation loans.
- The bank rents out a former branch to Quincy Asian Resources Inc., at a subsidized rate. The organization provides workforce development, adult education programs, and youth development.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives 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).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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.

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 family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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 percent 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 percent and less than 80 percent in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12