

PUBLIC DISCLOSURE

January 30, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

South Shore Bank
RSSD # 772008

1530 Main Street
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.

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

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

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

Lending Test

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the banks assessment area.
- A high percentage of its loans are made in the bank’s assessment area.
- An adequate distribution, particularly in the bank’s assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank.
- An adequate geographic distribution of loans in the bank’s assessment area.
- An adequate record of serving the credit needs of highly economically disadvantaged areas in the bank’s assessment area, low-income individuals, or businesses (including farms), with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- The bank is a leader in making 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

- A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.
- Occasional use of innovative or complex qualified investments.

- Good responsiveness to credit and community development needs.

Service Test

- The bank's service delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.
- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

SSB is a full-service mutual savings bank originally chartered in 1833. SSB is a wholly owned subsidiary of South Shore Bancorp, Inc., which is a wholly owned subsidiary of South Shore Bancorp, Mutual Holding Company, both of which are noncomplex, shell holding companies. SSB wholly owns five subsidiaries: Cambridge Mortgage Group, LLC (CMG), 1868 Corporation, First Weymouth Corporation, 1833 Security Corporation, and Fourth Weymouth Corporation.

SSB operates a full-service branch at its headquarters in Weymouth, MA. In addition to its main office, the bank operates 11 full-service locations in 8 Massachusetts communities: 3 in Weymouth, 2 in Quincy, and 1 each in Braintree, East Bridgewater, Hanover, Hingham, Norwell, and Stoughton. During the review period SSB closed two branches in the following towns and cities: Pembroke, and Weymouth. The bank maintains 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 September 30, 2022, SSB's assets totaled \$2.1 billion, with total deposits of \$1.9 billion and net loans and leases of \$1.4 billion. Loans and leases have seen a steady increase since the previous evaluation in 2019. Loans and leases have increased 24.6 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 \$270.7 million in 2019 to \$367.6 million in 2022.

Table 1		
Loan Distribution as of September 30, 2022		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Residential RE	400,274	28.9
Agriculture	0	0.0
Commercial*	946,904	68.5
Consumer	35,530	2.6
Other	0	0.0
Total Loans	1,382,708	100.0%

Call Report as of September 30, 2022.

**May include construction, land development, and other land loans reported on the HMDA LAR*

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

The bank is primarily a commercial lender, with the largest portion of the loan portfolio, at 68.5 percent. Commercial loans primarily consist of commercial mortgage loans secured by nonfarm nonresidential properties, and commercial and industrial loans. Residential loans, accounting for 28.9 percent, consist of first lien closed-end and open-end mortgages secured by 1-4 family properties, and multifamily properties. Consumer loans account for the remaining balance of the loan portfolio.

SSB offers several types of commercial/business loans including term loans, lines of credit, commercial mortgages, and Small Business Administration (SBA) guaranteed loans. Furthermore, the bank offers several residential real estate loan products, including fixed-rate and adjustable-rate mortgages, home equity loans, and lines of credit.

The bank maintains a website at <https://www.southshorebank.com>. The website provides information about personal, business, commercial, and investment products and services. The website also provides access to online banking, branch and ATM location information, financial calculators, and news about the bank's involvement in the community.

SSB operates in a competitive geographic area where several community banks, as well as larger regional and national banks, maintain a branch presence. According to the FDIC Deposit Market Share Report, as of June 30, 2022, there were 25 financial institutions offering deposit services within the bank's assessment area. SSB ranked 7th for deposit market share, at 6.4 percent. Rockland Trust Company ranked first, at 16.0 percent; Bank of America, N.A. ranked second, at 15.8 percent; and Citizens Bank, N.A. ranked third, at 14.5 percent. Rockland Trust Company and Bank of America, N.A. maintain 26 and 19 locations, respectively, within the assessment area, while Citizens Bank, N.A. maintains 23 locations, and SSB maintains 12.

Additionally, the bank operates in a competitive environment for home mortgage loans. According to 2020 Home Mortgage Disclosure Act (HMDA) aggregate data, of the 169 financial institutions that originated a HMDA-reportable loan within the assessment area, SSB ranked 37th with 336 originations; in 2021, of the 166 financial institutions that originated a HMDA-reportable loan within the assessment area, the bank ranked 44th with 248 originations. Rocket Mortgage, LLC, one of the country's largest mortgage lenders, ranked first with 2,787 originations. Citizens Bank, N.A. one of the largest retail banks in the country, ranked second with 2,412 originations. The bank also faces strong competition for loans from Rockland Trust Company and loanDepot.com, LLC.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in its assessment area. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires a financial institution to define an assessment area within which its CRA performance will be evaluated based upon where it focuses its lending efforts. SSB maintains one assessment area in the Commonwealth of Massachusetts (Commonwealth). The assessment area includes a portion (139 out of 435 census tracts) of the Boston, MA Metropolitan Division (MD). The Boston, MA MD is comprised of Norfolk County, Plymouth County, and Suffolk County. Of these counties, the bank includes a portion of Plymouth County (73 census tracts) and a portion of Norfolk County (66 census tracts) in its assessment area. The assessment area consists of 30 contiguous cities and towns in Plymouth County and Norfolk County in southeastern Massachusetts. The cities and towns in the assessment area are Abington, Avon, Braintree, Bridgewater, Brockton, Canton, Cohasset, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Holbrook, Hull, Kingston, Marshfield, Milton, Norwell, Pembroke, Plympton, Quincy, Randolph, Rockland, Scituate, Sharon, Stoughton, West Bridgewater, Weymouth, and Whitman. The bank has not made any changes to its assessment area since the previous examination in 2019.

**Table 2
2021 SSB Demographics**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	6	4.3	4,945	2.8	1,597	32.3	36,243	20.7
Moderate	22	15.8	26,218	15.0	3,491	13.3	28,890	16.5
Middle	70	50.4	85,892	49.2	3,701	4.3	35,414	20.3
Upper	39	28.1	57,563	33.0	1,624	2.8	74,121	42.4
Unknown	2	1.4	50	0.0	0	0.0	0	0.0
Total AA	139	100.0	174,668	100.0	10,413	6.0	174,668	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	8,778	2,084	1.2	23.7	5,729	65.3	965	11.0
Moderate	46,602	21,760	12.1	46.7	21,631	46.4	3,211	6.9
Middle	140,064	93,450	51.8	66.7	38,573	27.5	8,041	5.7
Upper	80,607	63,060	34.9	78.2	12,589	15.6	4,958	6.2
Unknown	198	86	0.0	43.4	112	56.6	0	0.0
Total AA	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	745	2.2	683	2.2	52	1.9	10	5.0
Moderate	4,608	13.5	4,248	13.6	334	12.1	26	12.9
Middle	17,128	50.0	15,510	49.6	1,520	55.1	98	48.8
Upper	11,692	34.2	10,780	34.5	846	30.7	66	32.8
Unknown	50	0.1	44	0.1	5	0.2	1	0.5
Total AA	34,223	100.0	31,265	100.0	2,757	100.0	201	100.0
<p>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</p>								

Housing

The assessment area contains 276,249 housing units, of which 3.2 percent are in low-income census tracts; and 16.9 percent are in moderate-income census tracts. A majority of the housing units are located in the middle- and upper-income census tracts, with 50.7 percent located in middle-income census tracts, and 29.2 percent located in upper-income census tracts. Of the

housing units in the assessment area, 65.3 percent are owner-occupied, 28.5 percent are rental, and 6.2 percent are vacant units.

Of the 180,440 owner-occupied housing units, 1.2 percent are in low-income census tracts and 12.1 percent are in moderate-income census tracts, while a majority, 51.8 percent, and 34.9 percent, respectively, are in middle- and upper-income census tracts. Of the 78,634 rental units in the assessment area, 7.3 percent are in low-income census tracts, 27.5 percent are in moderate-income census tracts, 49.1 percent are in middle-income census tracts, and 16.0 percent are in upper-income census tracts. Comparatively, in Massachusetts housing units are comprised of 19.8 percent owner-occupied, 70.8 percent rentals, and 9.4 percent vacant units in low-income census tracts. Within moderate-income census tracts, 40.4 percent are owner-occupied housing units, 48.8 percent are rentals, and 10.8 percent are vacant units. Within the assessment area, rental units comprise 65.3 percent of housing stock in low-income census tracts and 46.4 percent in moderate-income census tracts. The relatively low percentage of owner-occupied units and high percentage of rental units in low- and moderate-income census tracts within the assessment area suggests limited opportunity to originate home mortgage loans in these census tracts.

Of the housing units in the assessment area, 222,718, or 80.6 percent, are 1-4 family units and 53,531, or 19.4 percent, are multifamily units. Of the 1-4 family units, 2.8 percent are in low-income census tracts and 14.3 percent are in moderate-income census tracts, 50.8 percent are in middle-income census tracts, and 32.1 percent are in upper-income census tracts. Of the multifamily units, 4.8 percent are in low-income census tracts, and 27.7 percent are in moderate-income census tracts, while units located in middle- and upper-income census tracts represent 50.3 percent and 17.1 percent, respectively. Mobile homes represent 0.3 percent.

A review of 2021 housing statistics indicates that the median sale prices of homes in Norfolk and Plymouth Counties were \$610,000 and \$481,250, respectively. The median sales price in Norfolk County was notably higher than the state-wide median housing sale price for Massachusetts, which was \$495,000, while Plymouth County was slightly below the state median price. The higher median sale prices in the Norfolk County poses significant challenges to housing affordability.

Business Characteristics

According to the 2020 Dun & Bradstreet, Short Hills, NJ (D&B) data, there are 34,223 businesses in the assessment area, of which 34.2 percent are in upper-income census tracts, 50.0 percent are located in middle-income census tracts, 13.5 percent are located in moderate-income census tracts, 2.2 percent are located in low-income census tracts, and 0.1 percent are located in unknown-income census tracts. Of total businesses located within the assessment area, 31,265, or 91.4 percent, are small businesses with recorded gross annual revenues of less than or equal to \$1 million.

Based on the labor market data on the Massachusetts Labor and Workforce Development website, major employers within Norfolk and Plymouth Counties¹ include Partners Healthcare System Inc, Brockton VA Hospital Medical Center, Good Samaritan Medical Center, and Harvard Pilgrim Health Care.

¹ Massachusetts Executive Office of Labor and Workforce Development – Largest Employers by Area: NECTAs are delineated by the Office of Management and Budget. They are similar to the county-based metropolitan and micropolitan statistical areas; however, NECTAs are based on county subdivisions, usually cities and towns.

Additionally, according to the January 2023 edition of the Beige Book, published by the Federal Reserve System, business activity in the First District was roughly flat, with continued strength in tourism and further declines in home sales. Prices increased modestly, and many contacts reported that non-labor cost pressures had eased considerably. Employment rose moderately, spurred by seasonal hiring in retail and hospitality. Wage pressures remained substantial. Home sales fell sharply, and commercial leasing and investment activity were flat. Outside of real estate markets, where the outlook weakened slightly, most contacts remained optimistic for their own prospects, even though some deemed a recession as likely for 2023. No firms planned to make significant layoffs and most expected price increases to moderate moving forward.

Population

The bank’s assessment area has a population of 698,753 individuals. A majority of the population, 343,098 or 49.1 percent, and 216,329 or 31.0 percent, reside in middle- and upper-income census tracts, respectively. The population located in the moderate-income census tracts represent 16.0 percent, or 112,000, while 3.2 percent, or 22,438, are in the low-income census tracts.

The assessment area includes 259,074 households. Households in the assessment area are distributed as follows: 45.1 percent are upper-income households, 16.6 percent are middle-income households, 14.1 percent are moderate-income households, and 24.2 percent are low-income households. Households below the poverty line consist of 8.8 percent. Of the total households, 174,668 are families. The majority, 42.4 percent, of families are upper-income. Middle-income families represent 20.3 percent of the assessment area, while moderate- and low-income families represent 16.5 percent, and 20.8 percent, respectively. Approximately 10,413 families within the assessment area, or 6.0 percent, are below the poverty level.

Income

The Federal Financial Institutions Examination Council (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			
MSA/MD	2021	2020	2019
Boston, MA (MD)	\$113,700	\$109,800	\$105,500
Commonwealth MFI*	\$111,700	\$109,900	\$102,600
<i>FFIEC median family income estimates</i>			
<i>*Represents non-MSA portions of the state</i>			

The MFIs for the Boston, MA (MD), and the Commonwealth are based on the annual FFIEC MFI estimates. As displayed in Table 3, the Boston, MA (MD) MFI is comparable to the Commonwealth MFI. As discussed in the housing section, the median housing sales prices in Norfolk County, Plymouth County, and Commonwealth are \$610,000, \$481,250, and \$495,000 respectively. The median sales prices compared to the MFI indicates that housing may be expensive in particular for low- and moderate-income individuals.

Employment Statistics

According to data released by the U.S. Bureau of Labor Statistics, unemployment rates during the review period were significantly higher than the previous examination mainly due to the COVID-19 pandemic. The unemployment rate for Norfolk and Plymouth counties rose sharply, peaking in April 2020, with Norfolk County, at 15.9 percent, and Plymouth County, at 18.8 percent. In 2021, the average annual unemployment rate for Plymouth County, at 6.1 percent, was above the Commonwealth, at 5.7 percent, and Norfolk County, at 5.1 percent. Since the unemployment rate peak in 2020 the unemployment rate has steadily decreased indicating that economic conditions have improved.

SCOPE OF EXAMINATION

SSB's performance review was based on CRA activities conducted using the FFIEC Examination Procedures for Large Institutions². These procedures evaluate banks under 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 of 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, 2020 and December 31, 2021, and community development lending from October 7, 2019 through January 30, 2023. 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 HMDA.³

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.

² "Large institutions" are banks or savings associations with assets of at least \$1.384 billion as of December 31 of both of the prior two calendar.
³ 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.

To evaluate performance, the bank's residential and small business loan data were compared to applicable aggregate and market data. The 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 register. Residential and small business market and demographic data were derived from the 2015 American Community Survey (ACS) and D&B data, respectively.

For both residential and small business lending, the bank's lending performance for 2020 and 2021 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 October 7, 2019 through January 30, 2023, 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.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are 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.

A community contact was conducted with a representative of a nonprofit organization focused on affordable housing and economic development within the Brockton community. The organization operates within a largely non-English speaking minority community. The contact cited the knowledge gap around the meaning and impact of credit worthiness in the community as a major concern, noting the community's need for more credit building opportunities, better outreach from local financial institutions in different languages, and more access to financial counseling and financial education. Specifically, there is an opportunity for more readily available credit counseling that is well advertised to non-English speakers. The contact further noted that affordable housing is an ongoing issue in the area, particularly with respect to the older age of local housing stock and the financial challenges for low- and moderate-income individuals to reside in de-lead and well-maintained properties.

An additional community contact was conducted with a representative from a community development financial institution focusing on business development and job creation in southeastern Massachusetts and all of Rhode Island. The organization works with small businesses, such as start-ups, that have been declined for traditional financing. Clients are typically from low-income, non-English speaking minority populations, and represent first-generation businesses. The contact noted that several financial institutions in the area were responsive to the organization's mission through providing sponsorships and committee

representation. However, the contact noted the need for increased financial literacy around commercial lending. It was also noted that commercial lending products with no prepayment penalties could further benefit low- and moderate-income entrepreneurs within the area.

A third community contact was conducted with a representative from a non-profit organization in Greater Quincy that is dedicated to reducing poverty through education and financial stability. The contact stated that there are several financial institutions that are involved in the community providing technical assistance and grants. There are opportunities for financial institutions to provide financial assistance to the Asian population that need language assistance and access. Banking outreach to this population will also help counter predatory lending practices. The community contact identified SSB as a bank exhibiting commitment to the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

SSB's performance under the Lending Test is rated High Satisfactory.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Lending Activity

The bank demonstrates excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. During the evaluation period the bank originated a total of 2,707 loans. In 2020, the bank originated a total of 1,597 loans, of which 460 were residential mortgages and 1,137 were small business loans. In 2021, the bank originated a total of 1,110 loans, of which 321 were residential mortgages and 789 were small business loans.

SSB ranked 7th out of 57 small business lenders in 2020, and 12th out of 57 in 2021. The bank was particularly responsive through the Paycheck Protection Program (PPP), offered by the SBA. According to the SBA database⁴ SSB was the 5th largest PPP lender in Norfolk and Plymouth counties, trailing only national and regional banks. For HMDA loans, SSB ranked 37th of 169 lenders in 2020 and 44th out of 166 lenders in 2021.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 4 demonstrates a high percentage of its loans are made in its assessment area. The following table presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	17	58.6	\$8,170	53.1	12	41.4	\$7,210	46.9
Home Purchase - Conventional	99	60.7	\$51,120	52.2	64	39.3	\$46,725	47.8
Multi-Family Housing	19	57.6	\$51,715	54.6	14	42.4	\$43,052	45.4
Refinancing	437	78.6	\$128,013	72.8	119	21.4	\$47,804	27.2
Total HMDA related	572	73.2	\$239,018	62.3	209	26.8	\$144,791	37.7
Small Business	1,448	75.2	\$177,811	74.5	478	24.8	\$60,974	25.5
Total Small Bus. related	1,448	75.2	\$177,811	74.5	478	24.8	\$60,974	25.5
TOTAL LOANS	2,020	74.6	\$416,829	67.0	687	25.4	\$205,765	33.0

HMDA and small business data for 2020 & 2021

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 75.2 percent, by number, and 74.5 percent, by dollar volume, within the assessment

⁴ <https://data.sba.gov/dataset/ppp-foia>

area from 2019 to 2021. The bank's small business lending performance decreased from the prior evaluation where 83.1 percent, by number, and 78.5 percent, by dollar volume, were originated within the bank's assessment area.

Residential Lending

An adequate percentage of originated home mortgage loans were made in the assessment area. As displayed in the table above, SSB originated 73.2 percent of home mortgage loans, by number, and 62.3 percent, by dollar volume, within the assessment area in 2020 and 2021. This is an increase from the 61.6 percent, by number, and 55.7 percent, by dollar volume, of home mortgage loans originated within the bank's assessment area during the evaluation period at the 2019 CRA evaluation. Lending inside the assessment area was consistent for both years as the bank originated 75.4 percent of its loans inside the assessment area in 2021, and 71.7 percent in 2020.

Table 4 also provides data on HMDA lending by loan purpose. Refinancings represent the largest percentage of loans originated by the bank inside the assessment area, at 78.6 percent. Refinancings also represented the bank's largest loan type, at 73.8 percent of the bank's HMDA lending. Home Purchase- Conventional loans were the second largest loan type, at 19.7 percent, and 60.7 percent of this loan type was originated within the bank's assessment area.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates an adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses (including farms) of different sizes, given the product lines offered by the bank.

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. Table 5 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with gross annual revenues (GARs) of \$1 million or less is adequate.

Table 5 Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	65	7.4	35.6	13,623	13.0	20.7	52	9.1	44.1	12,999	17.8	23.4	91.4
Over \$1 Million	62	7.1		17,871	17.0		47	8.2		16,633	22.8		8.1
Revenue Unknown	747	85.5		73,463	70.0		475	82.8		43,222	59.3		0.6
Total	874	100.0		104,957	100.0		574	100.0		72,854	100.0		100.0
By Loan Size													
\$100,000 or Less	585	66.9	89.7	19,412	18.5	36.4	388	67.6	92.8	13,598	18.7	41.8	
\$100,001 - \$250,000	160	18.3	6.1	24,782	23.6	20.4	101	17.6	4.5	15,112	20.7	19.6	
\$250,001 - \$1 Million	129	14.8	4.2	60,763	57.9	43.2	85	14.8	2.8	44,144	60.6	38.7	
Total	874	100.0	100.0	104,957	100.0	100.0	574	100.0	100.0	72,854	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	28	43.1		943	6.9		21	40.4		1,085	8.3		
\$100,001 - \$250,000	17	26.2		2,900	21.3		12	23.1		1,970	15.2		
\$250,001 - \$1 Million	20	30.8		9,780	71.8		19	36.5		9,944	76.5		
Total	65	100.0		13,623	100.0		52	100.0		12,999	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

SSB significantly lagged the aggregate and total businesses in both 2020 and 2021. However, this performance was primarily due to the revenue unknown category which comprised 85.5 percent of the revenues. The unknown revenue is attributable to the bank’s PPP lending, as reported revenue was not available for most PPP loans given the program requirements. Therefore, examiners could not conduct a meaningful analysis of lending to businesses of different sizes for either year. The loan size was used as proxy for the revenue not available due to the PPP loans. The majority of PPP loans, 66.9 percent in 2020, and 67.6 percent in 2021, had loan sizes of \$100,000 or less, indicating the bank is likely helping to serve the smaller loan needs of small businesses in the assessment area. However, this performance lagged the aggregate which 89.7 percent of the loans were \$100,000 or less.

Residential Lending

Table 6 provides a comparison of the bank’s lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank’s performance by loan type in comparison to the aggregate group. The bank’s performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 6 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	2	4.0	5.0	547	1.9	2.7	5	10.2	5.0	906	4.0	2.6	20.7
Moderate	8	16.0	23.9	2,152	7.5	17.9	7	14.3	22.8	2,166	9.6	16.9	16.5
Middle	9	18.0	24.7	2,499	8.8	22.9	11	22.4	23.6	4,100	18.1	21.7	20.3
Upper	22	44.0	34.2	15,764	55.3	44.5	12	24.5	33.7	7,045	31.2	43.9	42.4
Unknown	9	18.0	12.2	7,549	26.5	12.0	14	28.6	15.0	8,392	37.1	14.8	0.0
Total	50	100.0	100.0	28,511	100.0	100.0	49	100.0	100.0	22,609	100.0	100.0	100.0
Refinance Loans													
Low	21	7.9	4.0	3,289	4.2	2.2	13	7.6	5.7	2,403	4.8	3.1	20.7
Moderate	50	18.8	16.8	11,429	14.7	12.4	38	22.2	19.9	8,313	16.6	14.9	16.5
Middle	70	26.3	24.9	19,184	24.6	22.5	46	26.9	23.8	13,792	27.5	21.6	20.3
Upper	106	39.8	40.5	38,057	48.8	48.2	48	28.1	34.3	17,430	34.8	43.5	42.4
Unknown	19	7.1	13.8	5,963	7.7	14.6	26	15.2	16.3	8,153	16.3	16.9	0.0
Total	266	100.0	100.0	77,922	100.0	100.0	171	100.0	100.0	50,091	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.9	0	0.0	4.1	0	0.0	5.3	0	0.0	4.2	20.7
Moderate	0	0.0	15.9	0	0.0	13.1	1	10.0	15.5	382	5.3	11.4	16.5
Middle	2	28.6	25.4	145	14.8	23.0	0	0.0	24.2	0	0.0	19.9	20.3
Upper	4	57.1	49.4	473	48.1	52.2	5	50.0	53.0	2,258	31.4	59.9	42.4
Unknown	1	14.3	3.4	365	37.1	7.5	4	40.0	2.1	4,547	63.3	4.5	0.0
Total	7	100.0	100.0	983	100.0	100.0	10	100.0	100.0	7,187	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	23	7.1	4.3	3,836	3.6	2.4	18	7.8	5.5	3,309	4.1	3.0	20.7
Moderate	58	18.0	18.4	13,581	12.6	14.0	46	20.0	20.3	10,861	13.6	15.4	16.5
Middle	81	25.1	24.6	21,828	20.3	22.4	57	24.8	23.7	17,892	22.4	21.5	20.3
Upper	132	40.9	39.0	54,294	50.5	46.8	65	28.3	35.6	26,733	33.5	44.2	42.4
Unknown	29	9.0	13.7	13,877	12.9	14.4	44	19.1	14.9	21,092	26.4	15.9	0.0
Total	323	100.0	100.0	107,416	100.0	100.0	230	100.0	100.0	79,887	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

The bank’s lending performance to low- and moderate-income borrowers was similar in 2020 and 2021. In 2020, as noted in Table 6, the bank’s lending performance to low-income borrowers exceeded the aggregate. The bank originated 7.1 percent of its loans to low-income borrowers, compared to 4.3 percent for the aggregate. Of the 23 loans to low-income borrowers, 21 were refinances. The bank outperformed the aggregate in refinance loans 7.9 percent to 4.0 percent. Both the bank and aggregate lag the demographics of 20.7 percent. However, home ownership may be unaffordable for many low-income borrowers (families with income less than \$56,850) in the assessment area. For example, the median sale price of homes in Norfolk and Plymouth Counties, was \$610,000 and \$481,250, respectively. Additionally, a community contact stated that it is difficult for low-income borrowers to purchase homes because 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. Therefore, it is not expected that the bank’s lending performance will reflect the percentage of low-income families.

In 2020, the bank originated 58 loans, or 18.0 percent, to moderate-income borrowers, which is in-line with the demographics and slightly below the aggregate of 18.4 percent. Of the 58 loans to moderate-income borrowers, 50 were refinances and 8 were home purchases. The bank made a similar percentage of refinance loans to moderate-income borrowers as the aggregate and demographics in home purchases and refinances. The bank’s 2021 lending performance mirrored 2020.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The bank demonstrates an adequate geographic distribution of loans in its assessment area.

Small Business Lending

Table 7 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loan is adequate.

Table 7 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography														
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %	
	2020						2021							
	Bank		Agg	Bank			Bank		Agg	Bank				Agg
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%		
Low	8	0.9	2.1	1,184	1.1	1.7	6	1.0	2.6	897	1.2	2.0	2.2	
Moderate	82	9.4	12.5	11,605	11.1	12.7	59	10.3	14.5	9,058	12.4	13.0	13.5	
Middle	536	61.3	50.1	59,858	57.0	52.5	345	60.1	49.6	36,386	49.9	51.8	50.0	
Upper	248	28.4	35.1	32,310	30.8	33.1	164	28.6	33.3	26,513	36.4	33.2	34.2	
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0.1	
Total	874	100.0	100.0	104,957	100.0	100.0	574	100.0	100.0	72,854	100.0	100.0	100.0	

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

SSB’s geographic distribution of small business loans in the assessment area is adequate. The bank originated 8 (0.9 percent) small business loans in a low-income census tract in 2020 and 6 (1.0 percent) in 2021, both below the aggregate. Analysis of the assessment area suggests that opportunity for originating small business loans in low-income census tracts is limited, as approximately just 2.2 percent of businesses are located in low-income census tracts. A contact also noted that local financial institutions are responsive to the small business banking needs of the community. The bank originated 9.4 percent of its small business loans in 2020 and 10.3 percent of its small business loans in 2021 in moderate-income census tracts. The bank lags both the aggregate and total businesses in those tracts.

SSB originated the majority of its small business loans in middle income census tracts, with the bank originating 61.3 percent of its small business loans in middle income census tracts in

2020, and 60.1 percent in 2021.

Residential Lending

Table 8 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of loans is adequate.

Table 8 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	1.6	0	0.0	1.5	0	0.0	2.0	0	0.0	1.8	1.2
Moderate	4	8.0	12.9	981	3.4	10.9	4	8.2	14.0	1,204	5.3	11.9	12.1
Middle	25	50.0	49.9	9,108	31.9	43.3	24	49.0	49.7	8,052	35.6	43.2	51.8
Upper	21	42.0	35.5	18,422	64.6	44.3	21	42.9	34.1	13,353	59.1	43.1	34.9
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	50	100.0	100.0	28,511	100.0	100.0	49	100.0	100.0	22,609	100.0	100.0	100.0
Refinance Loans													
Low	1	0.4	0.9	140	0.2	0.7	0	0.0	1.3	0	0.0	1.1	1.2
Moderate	20	7.5	9.1	5,115	6.6	7.3	10	5.8	11.0	2,447	4.9	8.7	12.1
Middle	163	61.3	47.0	43,638	56.0	41.4	116	67.8	47.9	30,973	61.8	41.5	51.8
Upper	82	30.8	43.0	29,029	37.3	50.5	44	25.7	39.8	16,302	32.5	48.6	34.9
Unknown	0	0.0	0.1	0	0.0	0.0	1	0.6	0.1	369	0.7	0.1	0.0
Total	266	100.0	100.0	77,922	100.0	100.0	171	100.0	100.0	50,091	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.6	0	0.0	0.5	0	0.0	0.5	0	0.0	0.6	1.2
Moderate	0	0.0	5.9	0	0.0	5.1	0	0.0	7.1	0	0.0	6.2	12.1
Middle	5	71.4	46.0	910	92.6	41.5	6	60.0	43.5	5,097	70.9	36.9	51.8
Upper	2	28.6	47.5	73	7.4	52.8	4	40.0	48.9	2,090	29.1	56.2	34.9
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0.0
Total	7	100.0	100.0	983	100.0	100.0	10	100.0	100.0	7,187	100.0	100.0	100.0
Multifamily Loans													Multifamily Units %
Low	0	0.0	13.5	0	0.0	5.7	0	0.0	10.1	0	0.0	4.0	4.8
Moderate	2	28.6	23.6	2,500	17.7	27.0	2	16.7	21.2	4,650	12.4	19.6	27.7
Middle	3	42.9	56.2	6,130	43.3	64.0	9	75.0	57.6	32,010	85.2	43.7	50.3
Upper	2	28.6	6.7	5,525	39.0	3.3	1	8.3	11.1	900	2.4	32.7	17.1
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	7	100.0	100.0	14,155	100.0	100.0	12	100.0	100.0	37,560	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	1	0.3	1.1	140	0.1	1.0	0	0.0	1.4	0	0.0	1.4	1.2
Moderate	26	7.9	10.1	8,596	7.1	8.8	16	6.6	11.5	8,301	7.1	9.9	12.1
Middle	196	59.4	47.7	59,786	49.2	42.2	155	64.0	48.0	76,132	64.8	41.9	51.8
Upper	107	32.4	41.1	53,049	43.6	47.9	70	28.9	39.0	32,645	27.8	46.8	34.9
Unknown	0	0.0	0.1	0	0.0	0.0	1	0.4	0.1	369	0.3	0.1	0.0
Total	330	100.0	100.0	121,571	100.0	100.0	242	100.0	100.0	117,447	100.0	100.0	100.0

Source: 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

SSB's geographic distribution of HMDA loans in the assessment area is adequate. The bank's lending performance in low-income census tracts was similar in 2020 and 2021. In 2020, the bank made 1, or 0.3 percent, of its loans in a low-income census tract. The bank's performance slightly lags the aggregate, at 1.1 percent, and owner-occupied units, at 1.2 percent. Although the bank lags the owner-occupied units by 0.9 percent, the 1.2 percent distribution of owner-

occupied units in low-income census tracts indicates that there are 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 17 branches, led by HarborOne Bank with 5 branches. While the aggregate is slightly below the demographics, the percentage of loans made by the aggregate in low-income census tracts, at 1.1 percent, further indicates there is limited lending opportunities.

Data suggests 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 26 loans, or 7.9 percent, in moderate-income census tracts in 2020. Nevertheless, the bank lags the aggregate, at 10.1 percent, and owner-occupied units, at 12.1 percent. Although SSB's lending performance lags the aggregate, the bank has made efforts to serve low- and moderate-income census tracts. In 2021, as part of the effort to improve the bank's lending performance in Brockton and Randolph, the marketing department conducted targeted marketing campaigns that had geographic parameters that were targeted toward those two cities. Brockton and Randolph account for 17 of the 28 low- and moderate-income census tracts in the assessment area. Despite the efforts, the bank's lending performance in lending to low- and moderate-income census tracts did not improve the bank's lending performance. In 2021 the bank did not make a loan in a low-income census tract and originated 16 loans in moderate-income census tracts.

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 2020, the bank made 1 loan in a low-income census tract in Brockton, and 26 loans in 12 separate moderate-income census tracts in the following towns: Weymouth (9), Quincy (6), Brockton (4), Braintree (3), Randolph (2) and Holbrook (2). In 2021, the bank made 0 loans in low-income census tracts, and the bank originated 16 loans in 4 separate moderate-income census tracts located in Weymouth (4), Braintree (4), Quincy (3), Holbrook (3), and Brockton (2). The bank's loan distribution to the low- and moderate-income census tracts is adequate considering the bank's lending volume and branch network. The bank's lending performance in 2021 was similar to 2020.

The bank demonstrates an adequate record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses (including farms), with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Community Development Lending Activities

The bank's 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.

The bank demonstrates it is a leader in making community development loans. SSB originated 40 qualified community development loans, totaling \$57.3 million, within its assessment area. In addition, the bank originated 23 community development loans in the region totaling \$43.1 million. Of the 63 qualified community development loans, 33 were PPP loans to help businesses keep their workforce employed during the COVID-19 crisis. The remaining 30 qualified community development loans primarily served the need of providing affordable housing and economic development. Affordable housing was also a critical need identified by a community contact. A summary of the bank's community development lending activity during the review period is provided below:

- Beginning in April 2020, SSB began originating PPP loans to small businesses in partnership with the SBA; 33 loans qualified as community development loans, totaling \$39.3 million. The PPP program was created through The Coronavirus Aid, Relief, and Economic Security Act to help businesses continue to pay their workers during the COVID-19 pandemic.
- In March 2021, the bank refinanced a \$3.3 million commercial real estate loan to a non-profit that is a leading organization in the Greater Quincy area, dedicated to reducing poverty through partnerships, community engagement, and advocacy. The property receiving the loan is occupied by an early learning center.
- In May 2021, the bank originated a line of credit, totaling \$3.3 million, to an affordable housing complex that is comprised of eight buildings and 164 apartments in Brockton, MA. The units are rented to low-income tenants and persons with disabilities. The rental charges are subsidized through agreements with the U.S. Department of Housing and Urban Development under Section 8 of the Community Development Act of 1974.
- In March 2022, the bank approved a line of credit, totaling \$2.5 million, for a nonprofit agency whose mission is to end and prevent homelessness in Southern Massachusetts. The line of credit is to support short term cash flows and hedge risk associated with funding streams.
- In June 2022, the bank originated two loans, totaling \$7.8 million, to an organization that feeds homemade meals to 2.5 million people annually. For one of the loans, SSB was the source lender and the proposed facility was utilized by the organization to fund a New Market Tax Credit Leverage Loan.

Responsiveness to Credit Needs Through Innovative or Flexible Loan Programs

The bank makes use of innovative and flexible lending practices in a safe and sound manner 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. In particular, the bank's small business lending programs have been used extensively and demonstrate a strong commitment to the credit needs of area small businesses.

SBA Programs– The bank makes extensive use of the flexible small business lending through the SBA's 7(a), Certified Development Company (CDC) 504, and SBA Express Programs. 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. The SBA Express program features an accelerated turnaround time for SBA review. The SBA responds to applications within 36 hours.

During the review period the SSB originated 54 SBA loans, for \$27,350,578. Of that amount, 9 were SBA 7(a) loans totaling \$5,066,000, 28 were SBA 504 loans totaling \$19,897,578, and 17 were SBA Express loans totaling \$2,387,000.

Stream Loans- The Stream Loan product is designed to service the needs of small businesses through abbreviated application, approval, and documentation processes. This loan product has a dollar ceiling amount of \$100,000. During the review period the bank originated three loans, for \$79,850.

Jobs for New England- Jobs for New England is designed to support small businesses as defined by the Small Business Act (15 U.S.C. 632(a)) and implemented by the SBA under 13 CFR part 120 504, or any successor provisions. A key objective of this loan product is the creation or preservation of jobs in New England. During the review period the bank originated two loans for \$881,675.

Massachusetts Capital Access Program (CAP) - CAP is designed to help small businesses (with 200 or fewer in employees) throughout Massachusetts obtain loans from participating banks. Using cash collateral guarantees from a loan loss reserve fund, this program enables banks to make loans they might otherwise be unable to grant. During the review period the bank originated five loans for \$107,800.

BDC Capital- BDC Capital has been recognized locally and nationally as a leader and innovator in business lending and investment. BDC Capital provides “gap financing” – supplemental assistance that bridges conventional lending and the greater needs of business and industry. For nearly 70 years, their programs have assisted thousands of New England based companies with over \$1 billion of financial assistance. During the review period the bank originated two loans for \$725,674.

INVESTMENT TEST

SSB's performance under the Investment Test is rated High 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. 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 following bullet points reflect the bank's investment test performance:

- The bank demonstrates a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.
- The bank demonstrates occasional use of innovative or complex qualified investments.
- The bank demonstrates good responsiveness to credit and community development needs.

Equity Investments

Wells Fargo Securities – During the review period the bank invested in three Wells Fargo mortgage-backed securities, totaling \$10,022,283. Cumulatively, the investments are secured by 34 loans to borrowers inside the bank's assessment area whose incomes are below 80 percent of the median family income.

Wells Fargo Securities – In the prior review period, the bank invested in two Wells Fargo mortgage-backed securities with a remaining balance of \$838,641.50. This investment is secured by 14 loans to borrowers whose incomes are below 80 percent of the MFI.

Interest on Lawyers Trust Accounts (IOLTA)

As of this examination, there were 98 IOLTAs with a total balance of \$9,867,319. During the examination period, the IOLTAs at SSB generated \$15,393.07 in interest, which goes to providing legal services to low- and moderate-income individuals in Massachusetts, improving the delivery of legal services, promoting knowledge and awareness of the law, and improving the administration of justice.

Grants and Donations

SSB and its charitable foundation allocate resources to support and benefit the community through charitable, educational, and other benevolent organizations. Table 9 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 9 Qualified Donations												
Community Development Category	2019 (as of October, 7)		2020		2021		2022		2023 (as of January, 30)		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	1,500	1	5,000	4	8,000	3	7,500	0	0	9	22,000
Community Services	4	11,000	34	573,093	56	219,717	49	185,600	1	10,000	144	999,410
Economic Development	0	0	1	10,000	3	13,580	2	12,500	0	0	6	36,080
Revitalization/ Stabilization	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	12,500	36	588,093	63	241,297	54	205,600	1	10,000	159	1,057,490

Bank provided qualified investment data.

The current period qualified donations totaled \$1,057,490, which is a significant increase from the \$119,135 in donations made during the previous evaluation review period.

SSB's goal with its philanthropic contributions is to reinforce, encourage, and support the ongoing commitment to the well-being of the community. The foundation allocates its resources specifically for the advantage of the community at large, including education and social human services endeavors. In addition to the community service organizations, SSB also supports organizations that provide affordable housing and economic development.

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

- **South Shore Bank PPP Fund** - South Shore Bank set aside \$500,000 for a rental and mortgage assistance program from the net proceeds from PPP loans. The fund aided 279 applicants, totaling \$423,427.
- **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 the 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.

SERVICE TEST

SSB’s performance under the Service Test is rated High Satisfactory. The Service Test evaluates an institution’s record of helping to meet the credit needs of its assessment area(s) 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 10 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.

Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population	#	%
	% of #	% of #		
Low	6	3.2	0	0.0
Moderate	22	16.0	2	16.7
Middle	70	49.1	8	66.7
Upper	39	31.0	2	16.7
Unknown	2	1.4	0	0.0
Total	139	100.0	12	100.0

2015 ACS

- The bank demonstrates its service delivery systems are accessible to geographies and individuals of different income levels in its 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 and accessible to the area's low- and moderate-income geographies.
- To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Branch hours are convenient and similar to other competing institutions in the assessment area. Although the bank closed two branches during the review period the closures were not located in a low- or moderate-income census tracts and did not adversely affect accessibility to the bank's delivery systems. Additionally, two of the branch locations maintained face-to-face ATM machines where customers can speak to a live teller during business hours.
- The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. All branches have 24-hour ATMs. The bank partners with the 7-Eleven ATM network, which allows customers to use ATMs at over 8,000 store locations without fees. Furthermore, the bank has 14 locations offering 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; and 2) the innovativeness and responsiveness of community development services.

The bank is a leader in providing 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

- A vice president serves on the board of directors at Father Bill's & MainSpring, an organization which helps people struggling with or at risk of homelessness to achieve self-sufficiency through programs that provide emergency and permanent housing and help those in need obtain jobs.
- The chief commercial banking officer sits on the Corporate Advisory Council for Cradles to Crayons. This organization is a non-profit that provides resources such as school supplies and clothing to homeless and low-income children.

- A commercial loan officer serves as a board member and treasurer for the New England Village, an organization that supports men and women with intellectual and developmental disabilities. Programs offered by this organization include housing and support arrangements, and employment training programs designed to foster skill acquisition and career exploration.
- A senior commercial loan officer serves as a board member 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.

Educational Programs and Seminars

- SSB employees volunteered at first time homebuyer seminars throughout the evaluation period. During the review period, a loan officer participated in First Time Homebuyer seminars through NeighborWorks, a housing agency that serves Eastern Massachusetts and through the Plymouth Redevelopment Authority.
- SSB partnered with Massasoit Community College to help enhance the college's local chapter of the Alpha Beta Gamma (ABG) National Honor Society for business and professional students. Established in 2021, Massasoit's ABG chapter is strongly focused on service learning and developing leadership skills. SSB supports the ABG chapter by covering the membership costs for the first 20-student cohort to qualify for ABG membership, and through financial literacy workshops. Massasoit Community College is located in Brockton, MA. The median family income of the student population is moderate-income.⁶

Other Community Development Services

- In 2022 SSB donated \$20,000 in equipment and helped with the installation for the South Shore Bank Center for Data Science and Analytics at Massasoit Community College. The data science center will host classes in data science, Python programming language, data visualization, data structures, and algorithms.
- The Executive Office of Labor and Workforce Development, Massachusetts Bankers Association, and SSB launched a new apprenticeship program for credit analysts in November 2021. The credit analyst apprenticeship is designed to address skills gaps, provide banks with the opportunity to build a diverse, qualified workforce, especially for women and people of color, and increased industry retention. Furthermore, the program is designed to promote workers from underserved communities. The program combines 150 hours of related technical instruction with 2,000 hours of on-the-job training with a mentor.
- In 2021 SSB donated, delivered, and installed 16 personal computers to South Shore Stars, an afterschool program in Randolph. South Shore Stars provides comprehensive

⁶ <https://www.nytimes.com/interactive/projects/college-mobility/massasoit-community-college>

early education and youth development programs that enhance the optimal growth of children from economically and culturally diverse families, using a family support approach in collaboration with schools and other service providers. More than 100 kids attend the program.

- SSB provides meeting space for Peer Recovery South Shore in its main office. This organization's mission is to create a safe space in the heart of the community where people with lived experience join together to build skills, provide support, and find hope in recovery.
- During the review period, SSB participated in the Jobs for New England Recovery Grant program. This program is through the Federal Home Loan Bank Boston and gave members the ability to award grants to eligible small businesses and non-profit organizations that were negatively impacted by COVID-19. SSB identified six businesses who were rewarded \$108,333 in grants.

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.

APPENDIX

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