

PUBLIC DISCLOSURE

April 18, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Coastal Heritage Bank
RSSD # 115575

195 Washington Street
Weymouth MA

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 Lending Test is rated: SATISFACTORY

The Community Development Test is rated: OUTSTANDING

Coastal Heritage Bank (CHB or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment areas based on the following findings:

Lending Test

- A more than reasonable loan-to-deposit (LTD) ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment areas, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.
- A majority of the bank's loans and, as appropriate, other lending-related activities, are in its assessment areas.
- A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes that is reasonable given the demographics of the bank's assessment areas.
- A reasonable geographic distribution of loans given the bank's assessment areas.
- A record of taking appropriate action, when warranted, in response to written complaints, if any, about the bank's performance in helping to meet the credit needs of its assessment areas.

Community Development Test

- The bank's community development performance demonstrates excellent responsiveness to community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

SCOPE OF EXAMINATION

CHB's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, loan distribution according to the income of the borrower, geographic distribution of loans, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the institution provides community development services, and the bank's responsiveness through such activities.

The data used for the evaluation and the applicable timeframes are discussed below.

At the time of the previous CRA examination in 2018, and until November 8, 2021, the bank had two delineated assessment areas: one southeast of Boston, Massachusetts (South Shore) and one north of Boston (North Shore). On November 8, 2021, the bank changed its assessment area by removing the North Shore assessment area. The bank now maintains only one assessment area: the South Shore assessment area. The change was driven primarily by the fact that in 2021 the bank executed an agreement to sell the bank's only two North Shore branches, including the deposits and loans associated with those branches, to Reading Cooperative Bank, Reading, MA. A full-scope review was conducted for the South Shore assessment area based on the significance of the bank's lending and deposit activities in this assessment area. A limited scope review was conducted for the North Shore assessment area, and is discussed at the conclusion of this evaluation, due to the limited percentage of lending and deposits in that assessment area relative to the South Shore assessment area. The bank's lending and community development activities in the South Shore assessment area were assigned primary consideration and weighted more heavily in arriving at the overall rating. The LTD ratio, lending in the assessment areas, and response to complaints were assessed at the bank level as these criteria are not analyzed based on individual assessment areas.

The Lending Test evaluated the bank's home mortgage and small business lending activity from January 1, 2018 to December 31, 2021 in the South Shore assessment area, and home mortgage lending from January 1, 2018 to December 31, 2021 in the North Shore assessment area. Small business loans were not included for the North Shore assessment area as commercial lending in that assessment area accounted for a statistically insignificant percentage of CHB's loan portfolio during the review period. Information for the two most recent full years, 2020 and 2021, is included in tables unless otherwise noted. While both the number and dollar volume of the bank's home mortgage and small business loans were reviewed, the number of originations was weighted more heavily than the dollar volume when forming overall conclusions. The analysis of the bank's net LTD ratio includes the last 19 quarters, which represents the period since the prior CRA examination.

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$376 million as of December 31 of both of the prior two calendar years and less than \$1.503 billion as of December 31 of either of the prior two calendar years.

Home mortgage data was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs record data for home purchase loans, home improvement loans and refinance loans for one-to-four family and multifamily (five or more unit) properties. The bank's data is shown in comparison to the 2020 and 2021 aggregate data. Aggregate data consists of lending information from all HMDA reporters that originated or purchased home mortgage loans in the bank's assessment areas and was obtained from the Consumer Finance Protection Bureau (CFPB). The loan purposes of "other" and "not applicable" were excluded from the bank and aggregate data. The bank's home mortgage lending performance was also compared to demographics from the 2015 American Community Survey (ACS), unless otherwise noted.

Small business lending was also considered in this evaluation. Small business loans, for the purpose of this evaluation, include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. As the bank is not required to collect and report small business loans, a comparison to aggregate lenders for small business lending was not considered appropriate since the bank is not subject to the reporting requirements. The bank's small business lending performance was compared to relative demographic information obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

The Community Development Test included a review of community development loans, investments, and services for the period June 18, 2018 through April 18, 2023. The community development test is evaluated in the context of the community needs and the capacity of the bank. Third-party community organizations were contacted to provide additional insight into the credit needs and opportunities in the assessment areas.

The bank's last CRA examination was conducted by the Federal Reserve Bank of Boston on June 18, 2018, in accordance with the FFIEC Examination Procedures for Intermediate Small Institutions. The examination rated the bank's CRA performance as Satisfactory. The examination evaluated the CRA performance of Equitable Bank. On April 1, 2019, Equitable Bank merged with Coastal Heritage Bank. Coastal Heritage Bank was a community bank also based in Weymouth serving a similar geographic market on Boston's South Shore. Although Equitable Bank was the surviving charter, the bank adopted the Coastal Heritage Bank name after the merger.

DESCRIPTION OF INSTITUTION

CHB is headquartered and operates a full-service branch at 195 Washington Street in Weymouth, MA. In addition to its headquarters, the bank operates 10 full-service branches in East Weymouth, Green Harbor, Hanover, Hingham, Kingston, Marshfield, Norwell, Quincy, Scituate, and South Weymouth. The bank closed branches in Quincy and East Bridgewater in 2021. As mentioned previously, the bank also sold branches located in Nahant and Lynn in 2021. CHB is a wholly-owned subsidiary of Equitable Bancorp, Inc., East Weymouth, MA. CHB has four subsidiaries, none of which are involved in consumer lending or deposit activities.

CHB offers personal products and services such as checking and savings accounts, mortgages, and home equity loans and lines of credit. The same products and services are available at all branch locations. CHB also offers a first-time homebuyer program, which offers low down payment options, reduced interest rates or discounted closing costs, reduced attorney fees, and no points or processing fees. CHB participates in the Federal Home Loan Bank of Boston's Equity Builder Program (EBP) and Housing Our Workforce (HOW) programs. These programs provide grants that reduce costs associated with purchasing a home for low- and moderate-income homebuyers within the bank's assessment area. Additionally, the bank participates in the MassHousing MassDREAMS program which provides down payment and closing cost grants to first-time homebuyers who meet the program's eligibility criteria and who currently live in one of the 29 communities that were disproportionately impacted by the COVID-19 pandemic, including communities within the bank's assessment areas such as Brockton, Quincy, and Randolph. The bank is also a participating lender in the Mass Save HEAT Loan program which provides zero interest energy-efficient home improvement loan financing. Business products and services offered by CHB include traditional loan and deposit products. The bank's website, www.coastalheritagebank.com, provides branch and ATM location information and a listing of loan and deposit services, including rates. In addition to other traditional delivery methods, the bank receives residential mortgage loan applications through its website.

As of December 31, 2022, CHB's assets totaled \$932 million, with total loans of \$756.9 million, and total deposits of \$718.8 million. The bank's total assets experienced substantial growth during the evaluation period primarily due to the former Equitable Bank's merger with CHB. Prior to the merger, as of March 31, 2018, the bank's assets totaled \$332.9 million, with total loans of \$257.4 million, and total deposits of \$295.1 million. The bank's residential real estate portfolio increased from \$137.3 million as of March 31, 2018, to \$462.5 million as of December 31, 2022. The bank's commercial loan portfolio increased from \$88.8 million as of March 31, 2018, to \$282.1 million as of December 31, 2022. The bank's growth in assets, loans, and deposits during the review period is also partly attributed to the financial events shaped by the COVID-19 pandemic, including the low interest rate environment and historic deposit increases.

Table 1		
Loan Distribution as of December 31, 2022		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Residential RE	462,500	61.1
Agriculture	0	0.0
Commercial*	282,066	37.3
Consumer	12,277	1.6
Other	18	0.0
Total Loans	756,861	100.0%
<i>Call Report as of December 31, 2022.</i> <i>*May include construction, land development, and other land loans reported on the HMDA LAR</i> <i>Total percentages shown may vary by 0.1 percent due to automated rounding differences.</i>		

As the data in Table 1 shows, as of December 31, 2022, the bank’s portfolio is primarily comprised of residential real estate loans, which account for 61.1 percent of the portfolio, followed by commercial loans, which comprise 37.3 percent of the portfolio.

CHB 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 23 financial institutions offering deposit services within the South Shore assessment area. CHB ranked ninth for deposit market share, at 2.7 percent. Rockland Trust Company ranked first, at 18.8 percent; Citizens Bank, N.A. ranked second, at 14.4 percent, and Bank of America, N.A. ranked third, at 14.0 percent. Rockland Trust Company and Citizens Bank, N.A. maintain 29 and 22 locations, respectively, within the South Shore assessment area, while CHB maintains 11.

Additionally, the bank operates in a competitive environment for home mortgage loans. According to 2020 HMDA aggregate data, of the 478 financial institutions that originated a HMDA reportable loan within the South Shore assessment area, CHB ranked 43rd with 275 originations; in 2021, of the 503 financial institutions that originated a HMDA-reportable loan within the South Shore assessment area, the bank ranked 47th with 244 originations. Rocket Mortgage, LLC, one of the country’s largest mortgage lenders, ranked first with 2,910 originations. Citizens Bank, N.A. one of the largest retail banks in the country, ranked second with 2,647 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. The South Shore assessment area includes portions of Norfolk County and Plymouth County within the Boston, MA Metropolitan Division (MD). The portions of these counties consist of 29 whole cities and towns. The cities and towns located in Norfolk County include Avon, Braintree, Cohasset, Holbrook, Milton, Quincy, Randolph, and Weymouth. The cities and towns located in Plymouth County include Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Hingham, Hull, Kingston, Marshfield, Norwell, Pembroke, Plymouth, Plympton, Rockland, Scituate, West Bridgewater, and Whitman. Since the last CRA examination, the following cities and towns were added to the South Shore assessment area: Avon, Milton, Randolph, Bridgewater, Carver, East Bridgewater, West Bridgewater, and Whitman. These changes were primarily driven by the merger.

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	37,238	21.3
Moderate-income	24	17.4	29,607	16.9	3,682	12.4	29,886	17.1
Middle-income	74	53.6	93,063	53.1	3,697	4.0	36,284	20.7
Upper-income	32	23.2	47,474	27.1	1,420	3.0	71,731	41.0
Unknown-income	2	1.4	50	0.0	0	0.0	0	0.0
Total Assessment Area	138	100.0	175,139	100.0	10,396	5.9	175,139	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	8,778	2,084	1.1	23.7	5,729	65.3	965	11.0
Moderate-income	52,606	26,103	14.4	49.6	22,708	43.2	3,795	7.2
Middle-income	150,993	101,645	55.9	67.3	38,864	25.7	10,484	6.9
Upper-income	67,107	51,869	28.5	77.3	10,680	15.9	4,558	6.8
Unknown-income	198	86	0.0	43.4	112	56.6	0	0.0
Total Assessment Area	279,682	181,787	100.0	65.0	78,093	27.9	19,802	7.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	745	2.2	683	2.2	52	2.1	10	5.1
Moderate-income	5,196	15.6	4,762	15.5	399	15.9	35	17.9
Middle-income	18,048	54.0	16,474	53.7	1,472	58.7	102	52.0
Upper-income	9,355	28.0	8,727	28.4	580	23.1	48	24.5
Unknown-income	50	0.1	44	0.1	5	0.2	1	0.5
Total Assessment Area	33,394	100.0	30,690	100.0	2,508	100.0	196	100.0
Percentage of Total Businesses:				91.9		7.5		0.6
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.								

The South Shore assessment area includes 138 census tracts (6 low-income, 24 moderate-income, 74 middle-income, 32 upper-income, and 2 unknown-income). The two unknown-income census tracts consist of a correctional institution and Bridgewater State University located in Bridgewater, MA. The low-income tracts are concentrated within Plymouth County, specifically in Brockton, which contains five of the assessment area's six low-income tracts. The other low-income tract is in Quincy. The 24 moderate-income tracts are located in the cities and

towns of Braintree (1); Brockton (10); Carver (1); Holbrook (1); Plymouth (2); Quincy (6); Randolph (2); and Weymouth (1).

Population

The South Shore assessment area has a total population of 699,782 individuals, with 259,880 households. Of these households, 42.2 percent are upper-income. Middle-income households represent 17.1 percent of the assessment area, while low- and moderate-income households represent 24.4 percent and 14.4 percent, respectively. The distribution of households in the assessment area is generally in line with the distribution throughout Massachusetts and Plymouth County. Norfolk County has a larger percentage of upper-income households and lower percentages of low-income and moderate-income households.

The South Shore assessment area includes 175,139 households that are families. Of these families, 41.0 percent are upper-income, 20.7 percent middle-income, 17.1 percent moderate-income, and 21.3 percent low-income. The number of families below poverty level in the bank’s assessment area is 10,396, or 5.9 percent. The distribution of families in the assessment area is generally in line with the distribution throughout Massachusetts and Plymouth County. Norfolk County has a larger percentage of upper-income families and lower percentages of low-income and moderate-income families.

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. Table 3 displays the MFI incomes for the assessment area.

Table 3				
Median Family Income				
MSA/MD	2018	2019	2020	2021
Boston, MA (MD)	\$99,300	\$105,500	\$109,800	\$113,700
Massachusetts*	\$80,700	\$102,600	\$109,900	\$111,700
<i>FFIEC median family income estimates</i>				
<i>*Represents non-MSA portions of the state</i>				

The MFI for the Boston, MA MD was \$113,700 in 2021. The MFI for the non-MSA portions of Massachusetts was \$111,700 in 2021. The MFI for these geographies increased during the review period. It should be noted that the MFI in Brockton, within Plymouth County, is below that of the Boston, MA MD and non-MSA portions of Massachusetts. Further, the poverty level in Brockton exceeded that of the assessment area. This suggests that, though some pockets of affluence exist, many residents in the assessment area may experience economic insecurity.

Housing

The South Shore assessment area includes 279,682 housing units, of which a significant majority, 81.7 percent, are 1-4 family housing; 18.3 percent are multifamily (five or more units); and 1.3 percent are mobile homes. A majority, 65.0 percent, of housing units within the assessment area are owner-occupied, while 27.9 percent are rental units, and 7.1 percent are vacant.

Within the South Shore assessment area, low-income census tracts contain only 3.1 percent of housing units, of which a majority, 65.3 percent, are rentals; 23.7 percent are owner-occupied, and 11.0 percent are vacant. The low percentage of housing units and majority percentage of rental units in low-income tracts suggest limited opportunity for home loan originations within those tracts. Moderate-income census tracts contain 18.8 percent of the assessment area's housing units, of which 43.2 percent are rentals; 49.6 percent are owner-occupied; and 7.2 percent are vacant, indicating limited opportunity for home loan originations in those tracts. In Brockton, 20.8 percent of housing units are located in low-income census tracts and 55.3 percent are in moderate-income tracts. Owner occupancy, rental occupancy, and vacancy rates in Brockton's low- and moderate-income census tracts are consistent with the South Shore assessment area, again indicating limited opportunity to originate home mortgage loans within this city.

Based on the 2015 ACS, the median housing value in the South Shore assessment area was \$338,223 which is in line with Plymouth County, at \$328,600, and below that of Norfolk County, at \$399,500, and the Commonwealth, at \$333,100. Recent data obtained from The Warren Group, Boston, MA, indicates that housing prices continue to rise. For calendar year 2022, the average median home sales price in the Commonwealth was \$530,000. Norfolk County was at \$655,000 and Plymouth County was at \$528,213. These elevated home prices may present a barrier to home ownership for many low- and moderate-income borrowers.

Employment Statistics

According to data released by the U.S. Bureau of Labor Statistics, unemployment rates in the assessment area have increased since the previous CRA examination. The unemployment rate for Norfolk and Plymouth counties rose sharply due to the COVID-19 pandemic, 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. In 2022, the average annual unemployment rates lowered, although for Plymouth County, at 4.0 percent, the rate remained above the Commonwealth, at 3.8 percent, and Norfolk County, at 3.3 percent. More recently, the unemployment rates in these counties have remained at similar levels.

Business Characteristics

Based on 2021 D&B data, there are 33,394 businesses operating in the assessment area. The majority, 91.9 percent, have revenues equal to or less than \$1 million, and 7.5 percent have revenues over \$1 million. The largest percentages of businesses in the assessment area are located in middle-income (54.0 percent) and upper-income census tracts (28.0 percent). Only 2.2

percent of businesses are located in low-income census tracts and 15.6 percent in moderate-income census tracts.

According to the Massachusetts Executive Office of Labor and Workforce Development, the largest employers in Norfolk County are Partners Healthcare System Inc., Destination XL Group Inc., Harvard Pilgrim Health Care, Hollingsworth & Vose Co., and Medical Information Tech Inc. The largest industries in Norfolk County are Health Care & Social and Professional, Scientific, and Technical Services. Of the five largest employers in Plymouth County, four are headquartered in Brockton: Bridgewater Associates, Brockton VA Hospital Medical Center, Good Samaritan Medical Center, and Massasoit Community College. The largest industries in Plymouth County and Brockton are Health Care & Social Assistance and Retail Trade.

The April 2023 Federal Reserve Bank of Boston Beige Book provides further insight into the economic conditions across New England, where business activity was flat on average. Employment increased modestly and wage growth was moderate. Prices increased at a modest pace and slower price growth is expected for the rest of 2023. The outlook was mostly positive.

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 Brockton. 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 explained that economic conditions due to the COVID-19 pandemic continue to present challenges, and that businesses would benefit from increased financial and business proficiency as well as assistance with overcoming language barriers. 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 specifically identified the Massachusetts Capital Access Program as a program which financial institutions could utilize to further satisfy the community's credit and service needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

CHB's performance under the Lending Test is rated Satisfactory.

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

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank demonstrates a more than reasonable loan-to-deposit ratio (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment areas, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Table 5 provides a comparison of the bank's average LTD over the past 19 quarters under evaluation to similarly sized institutions operating within the assessment area.

Institutions	Total Assets* \$(000's)	Average LTD Ratio** (%)
Coastal Heritage Bank	932,279	92.4
Abington Bank	1,354,850	93.2
Bluestone Bank	1,398,628	80.7
North Easton Savings Bank	1,458,969	80.6
<i>*Call Report as of December 31, 2022</i>		
<i>**Call Reports from June 30, 2022 to December 31, 2022.</i>		

From June 30, 2018, to December 31, 2022, CHB's average LTD ratio was 92.4 percent. The bank's quarterly LTD ratio ranged from a high of 103.9 percent, as of December 31, 2019, to a low of 80.5 percent, as of June 30, 2021. The dip in 2021 can be partially attributed to increased deposit growth due to the COVID-19 pandemic. The bank's LTD ratio is generally higher than similarly sized institutions operating within the assessment area.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment areas. As shown below, a majority of the bank's loans and, as appropriate, other lending-related activities, are in its assessment areas. Table 6 presents the bank's levels of lending inside and outside the assessment areas for the entire evaluation period.

Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase	208	72.0	102,607	56.2	81	28.0	80,044	43.8	289	182,651
Home Improvement	23	79.3	5,484	65.9	6	20.7	2,840	34.1	29	8,324
Multifamily Housing	23	79.3	29,361	70.4	6	20.7	12,323	29.6	29	41,684
Refinancing	577	83.6	218,257	77.8	113	16.4	62,300	22.2	690	280,557
Residential Total	831	80.1	355,709	69.3	206	19.9	157,507	30.7	1,037	513,216
Small Business Total	133	91.1	38,014	88.9	13	8.9	4,763	11.1	146	42,777
Grand Total	964	81.5	393,723	70.8	219	18.5	162,270	29.2	1,183	555,993
<i>HMDA and small business for 2018, 2019, 2020, & 2021.</i>										
<i>Small business data is bank provided.</i>										

Residential Lending

The bank made a majority of HMDA-reportable loans inside the assessment areas during the review period. As shown in Table 6, the bank made a total of 1,037 residential loans from January 1, 2018 to December 31, 2021. Of these loans, 80.1 percent by number and 69.3 percent by dollar volume were inside the assessment areas, with refinancing loans (83.6 percent) comprising the largest percentages by number. By year, the bank had high levels of lending by number with 92.6 percent HMDA-reportable loans in the assessment areas in 2018, and 87.8 percent in 2019. Regarding the two years after the merger, the bank originated 75.3 percent of HMDA-reportable loans in the assessment area in 2020, and 80.5 percent in 2021. By loan type, the refinance and the home improvement loans are the largest category by percentage originated

inside the assessment areas, while home purchases are the second largest category by number.

Small Business Lending

CHB originated a majority of its small business loans in its assessment area. During the evaluation period, the bank originated 146 small business loans. As shown in the table above, 133 small business loans, or 91.1 percent, were originated in its assessment area during the evaluation period. The bank's small business lending in its assessment area increased from 83.3 percent in 2020, to 90.3 percent in 2021. Small business loans are concentrated in the assessment area, demonstrating the bank's willingness to reinvest in its community.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment area.

Residential Lending

Table 7 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the South Shore 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 reasonable.

Table 7 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level South Shore Assessment Area															
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %		
	2020						2021								
	Bank		Agg		Bank		Agg		Bank		Agg				
	#	%	#	%	\$(000)	%	\$(000)	%	#	%	#	%		\$(000)	%
Home Purchase Loans															
Low	2	3.8	5.4	306	1.4	2.6	3	5.4	5.4	796	2.5	2.8	21.3		
Moderate	11	20.8	24.4	2,862	13.0	16.7	11	19.6	23.6	3,265	10.2	18.0	17.1		
Middle	7	13.2	25.2	2,537	11.5	21.2	9	16.1	23.9	4,088	12.7	22.5	20.7		
Upper	28	52.8	33.8	13,404	60.7	40.1	23	41.1	31.2	15,498	48.3	40.8	41.0		
Unknown	5	9.4	11.2	2,969	13.4	19.4	10	17.9	15.9	8,423	26.3	15.8	0.0		
Total	53	100.0	100.0	22,078	100.0	100.0	56	100.0	100.0	32,070	100.0	100.0	100.0		
Refinance Loans															
Low	11	5.3	4.3	1,445	1.9	2.3	7	3.8	6.0	1,269	1.7	3.4	21.3		
Moderate	27	12.9	17.9	6,254	8.1	13.4	35	19.1	20.8	9,319	12.8	15.8	17.1		
Middle	45	21.5	25.8	12,441	16.1	23.5	44	24.0	24.3	13,177	18.2	22.3	20.7		
Upper	115	55.0	38.8	51,327	66.4	46.6	91	49.7	32.3	45,272	62.4	41.2	41.0		
Unknown	11	5.3	13.3	5,847	7.6	14.2	6	3.3	16.5	3,500	4.8	17.4	0.0		
Total	209	100.0	100.0	77,314	100.0	100.0	183	100.0	100.0	72,537	100.0	100.0	100.0		
Home Improvement Loans															
Low	0	0.0	6.0	0	0.0	3.8	0	0.0	6.0	0	0.0	4.8	21.3		
Moderate	0	0.0	16.3	0	0.0	13.5	1	33.3	16.7	153	19.6	12.4	17.1		
Middle	0	0.0	25.8	0	0.0	23.8	0	0.0	24.7	0	0.0	20.1	20.7		
Upper	4	66.7	48.5	839	29.5	51.7	0	0.0	50.2	0	0.0	56.6	41.0		
Unknown	2	33.3	3.5	2,008	70.5	7.2	2	66.7	2.4	627	80.4	6.0	0.0		
Total	6	100.0	100.0	2,847	100.0	100.0	3	100.0	100.0	780	100.0	100.0	100.0		
Total Home Mortgage Loans															
Low	13	4.9	4.6	1,751	1.7	2.4	10	4.1	5.8	2,065	2.0	3.2	21.3		
Moderate	38	14.2	19.3	9,116	8.9	14.4	47	19.4	21.1	12,737	12.1	16.4	17.1		
Middle	52	19.4	25.4	14,978	14.6	22.5	53	21.9	24.1	17,265	16.4	22.2	20.7		
Upper	147	54.9	37.7	65,570	64.1	44.3	114	47.1	33.5	60,770	57.7	41.6	41.0		
Unknown	18	6.7	13.0	10,824	10.6	16.4	18	7.4	15.4	12,550	11.9	16.6	0.0		
Total	268	100.0	100.0	102,239	100.0	100.0	242	100.0	100.0	105,387	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.															

As shown in Table 7, in 2020, the bank originated 13 home mortgage loans, or 4.9 percent, to low-income borrowers, which slightly exceeded the aggregate. In 2021, the bank originated 10 home mortgage loans, or 4.1 percent, to low-income borrowers, which trailed the aggregate by 1.7 percentage points. The bank’s lending to moderate-income borrowers lagged the aggregate in both years. However, performance by number percentage did improve from 2020 to 2021. In 2020, the bank originated 38 home mortgage loans, or 14.2 percent, to moderate-income borrowers, which was 6.0 percentage points below the aggregate. In 2021, the bank originated 47 home mortgage loans, or 19.4 percent, to moderate-income borrowers, which was only 1.7 percentage points below the aggregate.

The bank underperformed the demographic indicator for low- and moderate-income families in both 2020 and 2021. However, this may not be an appropriate comparison because families with low-income levels may not qualify for a home mortgage loan. Furthermore, limited housing stock, along with rising housing costs and rental occupancy rates, indicate that many low- and moderate-income residents face significant challenges to home ownership. These challenges were also noted by the community contacts, who identified rising costs of home mortgage prices and rents, as well as the availability of suitable housing stock, as barriers to home ownership. CHB offers assistance to low-and moderate-income individuals through a variety of loan

offerings detailed in the Description of Institution section. The bank’s performance was generally consistent over the review period.

Small Business Lending

The bank’s small business loans originated within the South Shore assessment area were analyzed to determine the distribution among businesses of various sizes. Table 8 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 reasonable.

Table 8									
Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses									
South Shore Assessment Area									
	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
By Revenue									
\$1 Million or Less	30	88.2	6,348	84.9	16	59.3	3,888	46.5	91.9
Over \$1 Million	4	11.8	1,125	15.1	11	40.7	4,482	53.5	7.5
Revenue Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.6
Total	34	100.0	7,473	100.0	27	100.0	8,370	100.0	100.0
By Loan Size									
\$100,000 or Less	12	35.3	588	7.9	5	18.5	289	3.5	
\$100,001 - \$250,000	10	29.4	1,840	24.6	8	29.6	1,256	15.0	
\$250,001 - \$1 Million	12	35.3	5,045	67.5	14	51.9	6,826	81.6	
Total	34	100.0	7,473	100.0	27	100.0	8,370	100.0	
By Loan Size and Revenue \$1 Million or Less									
\$100,000 or Less	12	40.0	588	9.3	4	25.0	241	6.2	
\$100,001 - \$250,000	8	26.7	1,390	21.9	5	31.3	778	20.0	
\$250,001 - \$1 Million	10	33.3	4,370	68.8	7	43.8	2,869	73.8	
Total	30	100.0	6,348	100.0	16	100.0	3,888	100.0	
<i>Source: 2021 FFIEC Census Data</i>									
<i>2021 Dun & Bradstreet Data</i>									
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>									
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>									

In 2020, the bank originated 30 small business loans, or 88.2 percent, to businesses with gross annual revenues of \$1 million or less. The bank’s lending decreased to this same grouping in 2021, with 16 small business loans, or 59.3 percent, compared to the percent of total businesses with gross annual revenues of \$1 million or less at 91.9 percent. Although not included in the tables, prior to the merger, lending to small businesses increased from 51.5 percent in 2018 to 77.1 percent in 2019. CHB provides additional financing options to its small business customers by participating in the Small Business Administration’s (SBA) 7(a) and 504 programs. The 7(a) program offers financing for small businesses to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. The 504 program provides financing for major fixed assets such as equipment and real estate.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates a reasonable geographic distribution of loans given the bank's assessment area.

Residential Lending

Table 9 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the South Shore assessment area. The bank's geographic distribution of loans to individuals of different income levels, including low- and moderate-income borrowers, is poor.

Table 9													
Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography													
South Shore Assessment Area													
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	1.3	0	0.0	2.1	0	0.0	2.0	1.1
Moderate	1	1.9	15.5	479	2.2	11.9	4	7.1	16.7	3,148	9.8	14.3	14.4
Middle	20	37.7	53.9	7,065	32.0	52.5	29	51.8	54.7	10,117	31.5	48.8	55.9
Upper	32	60.4	28.9	14,534	65.8	34.3	23	41.1	26.4	18,805	58.6	34.9	28.5
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	53	100.0	100.0	22,078	100.0	100.0	56	100.0	100.0	32,070	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.9	0	0.0	0.8	0	0.0	1.3	0	0.0	1.1	1.1
Moderate	8	3.8	11.2	5,243	6.8	9.3	4	2.2	13.1	1,493	2.1	10.8	14.4
Middle	91	43.5	52.3	26,119	33.8	46.8	77	42.1	53.2	23,919	33.0	47.1	55.9
Upper	110	52.6	35.6	45,952	59.4	43.2	102	55.7	32.3	47,125	65.0	40.9	28.5
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	209	100.0	100.0	77,314	100.0	100.0	183	100.0	100.0	72,537	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.5	0	0.0	0.5	0	0.0	0.5	0	0.0	0.5	1.1
Moderate	0	0.0	8.2	0	0.0	7.4	0	0.0	9.1	0	0.0	7.7	14.4
Middle	3	50.0	51.6	853	30.0	47.4	3	100.0	49.1	780	100.0	43.2	55.9
Upper	3	50.0	39.7	1,994	70.0	44.7	0	0.0	41.2	0	0.0	48.5	28.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.1	0.0
Total	6	100.0	100.0	2,847	100.0	100.0	3	100.0	100.0	780	100.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	13.2	0	0.0	5.1	0	0.0	8.9	0	0.0	4.5	5.0
Moderate	2	40.0	20.9	5,047	61.2	23.6	1	50.0	20.2	575	15.6	17.1	30.4
Middle	2	40.0	58.2	833	10.1	67.6	1	50.0	63.7	3,100	84.4	55.7	49.7
Upper	1	20.0	7.7	2,361	28.6	3.7	0	0.0	7.3	0	0.0	22.8	14.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	5	100.0	100.0	8,241	100.0	100.0	2	100.0	100.0	3,675	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	1.1	0	0.0	1.0	0	0.0	1.5	0	0.0	1.5	1.1
Moderate	11	4.0	12.3	10,769	9.7	10.4	9	3.7	13.8	5,216	4.8	12.1	14.4
Middle	116	42.5	52.7	34,870	31.6	48.9	110	45.1	53.3	37,916	34.8	47.7	55.9
Upper	146	53.5	33.9	64,841	58.7	39.6	125	51.2	31.4	65,930	60.5	38.7	28.5
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	273	100.0	100.0	110,480	100.0	100.0	244	100.0	100.0	109,062	100.0	100.0	100.0
2011-2015 U.S. Census Bureau: American Community Survey													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

CHB originated no loans in low-income census tracts over 2020 and 2021. The bank trailed the aggregate and demographics for both years. The bank originated a total of 20 home mortgage loans in moderate-income census tracts over 2020 and 2021. In 2020, the bank made 11 home mortgage loans, or 4.0 percent, in moderate-income census tracts, lagging the aggregate by 8.3

percent. In 2021, performance decreased, with the bank making 9 home mortgage loans, or 3.7 percent, and lagging the aggregate by 10.1 percent.

Except for 2018, when the bank originated its highest percentages of loans in low- and moderate-income tracts, the bank's lending performance prior to the merger was generally in line with the years described above. The bank originated one loan for 1.4 percent in a low-income tract in 2018, and none in 2019. The bank's performance in moderate-income tracts was 12.5 percent in 2018 and 2.9 percent in 2019.

A factor that potentially limited the bank's opportunity for home mortgage lending in the assessment area's low- and moderate-income census tracts is that 65.3 percent and 43.2 percent of all units in those tracts, respectively, are rental units. The percentages of owner-occupied units in low- and moderate-income census tracts are 1.1 percent and 14.4 percent, respectively. These percentages reflect limited opportunity for home mortgage lending in these tracts given the bank's loan product offerings. Additionally, rising housing costs in comparison to median family incomes, indicate that many low- and moderate- income residents face significant challenges to home ownership. Further, although the bank's geographic distribution of home mortgage lending is rated poor, it is noteworthy that the bank did serve low- and moderate-income communities in its assessment areas through excellent community development lending activity as described in the Community Development Test section.

The examination did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the assessment area. As previously noted, a significant concentration of the low- and moderate-income census tracts in the assessment area are located in Brockton. According to market share analysis reports, in 2021, the bank ranked 59th out of 256 lenders that originated or purchased a home mortgage loan in Brockton; in 2020, the bank ranked 50th out of 243 lenders. CHB does not maintain a branch presence in Brockton, which is a heavily banked and competitive geography. Other lenders competing for loans in Brockton include larger national banks and mortgage companies, notably Freedom Mortgage Corporation; Residential Mortgage Services; HarborOne Mortgage, LLC; and Pennymac Loan Services, LLC, which were consistently ranked within the top ten home mortgage lenders in the city, during 2020 and 2021.

Small Business Lending

Table 10 represents the distribution of small business loans by census tract income level in the South Shore assessment area. The bank's geographic distribution of small business loan is reasonable.

Table 10									
Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography									
South Shore Assessment Area									
Geographic Income Level	Bank Loans By Year								Total Businesses %
	2020				2021				
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0	0.0	0	0.0	2.2
Moderate	6	17.6	883	11.8	2	7.4	560	6.7	15.6
Middle	16	47.1	3,720	49.8	9	33.3	3,053	36.5	54.0
Upper	12	35.3	2,870	38.4	16	59.3	4,757	56.8	28.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0	0.1
Total	34	100.0	7,473	100.0	27	100.0	8,370	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.

The bank did not originate a small business loan in a low-income census tract during the evaluation period. However, the total number of businesses in low-income tracts in the assessment area is low, at 2.2 percent. In 2020, CHB’s small business lending in moderate-income tracts exceeded the percentage of total businesses in these tracts. In 2020, the bank generated 6 loans, or 17.6 percent of small business loans, in moderate-income tracts, which was above the total businesses in these tracts, at 15.6 percent. The bank performance decreased in 2021, when the bank generated 2 small business loans, or 7.4 percent, in moderate-income tracts. This was below the total businesses in these tracts, at 15.6 percent. Although this demonstrates a decrease in lending performance over the two-year period, based on the bank’s origination volume, even a small number of loans can make a notable impact on these percentages. The decrease in 2021 is also partly attributed to business and financial conditions shaped by the COVID-19 pandemic.

An analysis of the bank’s geographic lending was conducted to determine if there were any conspicuous gaps. The geographic distribution reflects adequate penetration throughout the assessment area and there are no conspicuous gaps in lending unexplained by performance context.

Response to Complaints

There have been no complaints regarding the bank’s CRA performance since the previous CRA examination.

CONCLUSIONS: LENDING TEST

CHB’s performance in meeting the credit needs in the assessment area is demonstrated by a more than reasonable LTD ratio; majority of loans inside the assessment area; reasonable performance in lending to borrowers of different incomes; and reasonable performance in dispersion of home mortgage loans throughout the assessment area. Overall, the Lending Test is rated Satisfactory.

COMMUNITY DEVELOPMENT TEST

CHB's performance under the Community Development Test is rated Outstanding.

Community Development Loans

CHB originated 73 community development loans, totaling \$58.8 million, during the review period. Of that total, 61 community development loans, totaling \$43.5 million, were originated within the bank's two assessment areas. The majority of the community development loans were originated within the South Shore assessment area (53 community development loans, totaling \$39 million). Community development loans were considered responsive to the needs of the assessment areas and broader statewide area. The following are examples of the bank's qualified community development loan activity during the review period:

- During the evaluation period, the bank originated 22 business loans in the assessment areas through the Massachusetts Capital Access Program (MassCap), totaling \$958,500. The majority of these loans were specifically originated in the South Shore assessment area (20 loans for \$888,500). MassCap is designed to help small businesses obtain loans from participating banks and enables those banks to make loans they might otherwise be unable to grant. A community contact highlighted this program as particularly responsive to the community's credit and service needs.
- In 2020, the bank originated a \$3,897,000 loan to refinance a 24-unit project in a moderate-income census tract in the bank's South Shore assessment area. All units had rents below HUD Fair Market Rent standards, providing low- or moderate-income individuals with affordable housing.
- In 2019, the bank originated a \$733,700 loan to Neighborhood Housing Services of the South Shore, a nonprofit organization, to completely renovate the subject property to mixed-use development, with 8 residential apartments and 2 commercial units. The project is known as the Marshfield Veterans Home, which provides housing for homeless veterans.
- In 2019, the bank financed a \$265,500 loan through the Federal Home Loan Bank Jobs for New England Program that provides discounted advances to members in support of small business loans in New England that create and/or retain jobs or otherwise support economic development. The borrower used the loan to purchase a building to house a newly acquired automotive business located in a moderate-income census tract in Brockton. All units had rents below HUD Fair Market Rent standards, providing low- or moderate-income individuals with affordable housing.
- In 2019, the bank originated a \$540,000 loan to refinance a six-family property located in a low-income census tract in Brockton.

In response to the COVID-19 pandemic, CHB originated loans under the SBA Payroll Protection Program (PPP). PPP loans are designed to help businesses retain workers and staff during the economic crisis due to the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. PPP loans were originated within the bank's assessment area, as well as the broader statewide region. Of the 566 PPP loans the bank originated, 510 were located within the assessment areas, totaling \$53.8 million. The majority were specifically located in the South Shore assessment area (487 loans totaling \$53.3 million). The bank also originated 56 PPP loans outside the assessment area totaling approximately \$9.1

million. The bank originated several PPP loans to businesses in the assessment area located in low- or moderate-income census tracts in Brockton, Lynn, Quincy, and Weymouth. PPP loans were particularly responsive to community needs, as they provided funding to businesses to retain jobs in low- and moderate-income areas and helped to revitalize and stabilize low- and moderate-income geographies. CHB's participation in the PPP is notable given the bank's size and capacity.

Qualified Investments

CHB's qualified community development investments consist of equity investments and donations to organizations that provide affordable housing, promote economic development, revitalize or stabilize, and offer community services that benefit low- and moderate-income individuals in the assessment areas.

During the review period, the bank made six qualified investments in mortgage-backed security pools, totaling \$8.5 million. The securities are collateralized by 35 mortgages to low- and moderate-income borrowers primarily located within low- or moderate-income census tracts in the bank's South Shore assessment area.

In addition to equity investments, donations were extended by the bank to address community development needs of low- and moderate-income individuals in the assessment areas. During the review period, the bank made 81 qualified donations in its assessment areas, totaling \$129,000. The majority of these donations specifically occurred within the South Shore assessment area. The primary community development purpose for the significant majority of qualified donations was community services, and are particularly impactful to low- and moderate-income individuals within the bank's South Shore assessment area. The bank also made donations with a primary community development purpose of affordable housing.

The following are examples of the organizations in the South Shore assessment area that benefited from the bank's contributions during the review period:

- NeighborWorks Housing Solutions – This nonprofit organization is an MA certified Community Development Corporation (CDC) and a charter member of the national NeighborWorks America network. The organization focuses on providing safe and affordable housing as well as growing financial skills and resources for low- and moderate-income individuals throughout southern Massachusetts. Programs include first time homebuyer education, rental assistance, shelter and homelessness prevention, and affordable housing.
- My Brother's Table (MBT) – The largest soup kitchen on the North Shore that has provided over six million hot, free meals and outreach to men, women, and children in need. MBT provides meals and a wide range of other services including hosting a free weekly medical clinic and providing a family dinner program and meals for at-risk seniors.
- South Shore Health – South Shore Health is a non-profit, charitable health system offering primary and specialty care, hospital care, home health and community care, emergency, and urgent care, and preventative and wellness services. They are the largest

independent health system in Southeastern Massachusetts. The bank's donation was specifically allocated to funding programs for low-moderate income individuals especially patients with no source of payment for medical treatment.

- Old Colony YMCA – This nonprofit community service organization provides wellness and social service programs for the community, including many programs aimed toward low- and moderate-income individuals and at-risk youth.

Community Development Services

Bank employees engaged in community development services through participation on boards of community organizations, conducting first time homebuyer seminars, and other community development services benefiting low-and moderate-income individuals. The following list provides a sample of the bank's involvement during the review period:

- Massasoit Community College Foundation (MCCF) – The mission of this Brockton-based non-profit organization is to foster and promote the growth, progress, and general welfare of the college and its students. Its objective is to raise funds and promote scholarships to assist students in accessing a high-quality, affordable education for self-improvement, financial well-being, and intellectual growth. CHB's president and CEO serves as the director of the MCCF and is additionally active in developing connections and partnerships between the college and local employers to create job opportunities for students.
- NeighborWorks Housing Solutions – As mentioned previously, this organization focuses on providing safe and affordable housing as well as growing financial skills and resources for low- and moderate-income individuals throughout southern Massachusetts. CHB's SVP of residential and consumer lending served as director in 2020. A bank VP also provided first time homebuyer seminars in conjunction with this organization.
- Weymouth Chamber of Commerce – This chamber of commerce supports the local small business community through the provision of counseling in connection with the Massachusetts Small Business Development Network (MSBDN) and SCORE SE Massachusetts (SCORE). Both the MSBDN and SCORE are committed to assisting and bettering small businesses in the area. The bank's VP commercial operations served as a board member in 2020.

Bank employees also participated in financial literacy events to support community development services, affordable housing, and economic development in the South Shore assessment area.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services that help support low- and moderate-income individuals and small businesses. The bank was responsive to the needs of the assessment area in response to the COVID-19 pandemic and resulting economic hardship. Overall, the Community Development Test is rated Outstanding.

LIMITED-SCOPE REVIEW NORTH SHORE ASSESSMENT AREA

The North Shore assessment area is comprised of eight contiguous cities and towns that account for a portion of Essex County, which is located in the Cambridge-Newton-Framingham, MA MD. The eight cities and towns in the North Shore assessment area are Lynn, Lynnfield, Marblehead, Nahant, Peabody, Salem, Saugus, and Swampscott. It is not contiguous with the South Shore assessment area. As of November 8, 2021, the bank eliminated the North Shore assessment area. Based on the 2021 HMDA data, only 22 home mortgage loans, or 9.0 percent of the bank's HMDA-reportable lending for the year, were originated within the North Shore assessment area, which contributes to why the North Shore assessment area was evaluated on only a limited-scope basis.

Table 4 North Shore Assessment Area Demographics				
Income Categories	Tract Distribution		Families by Family Income	Owner-Occupied Units
	#	%	%	%
Low-income	14	25.5	30.4	8.9
Moderate-income	16	29.1	18.9	26.2
Middle-income	19	34.5	21.2	48.0
Upper-income	6	10.9	29.5	16.9
Unknown-income	0	0.0	0.0	0.0
Total AA	55	100.0	100.0	55.9
<p><i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i></p> <p><i>Note: Percentages may not total 100.0 percent due to rounding.</i></p>				

The North Shore assessment area includes 55 census tracts (14 low-income, 16 moderate-income, 19 middle-income, and 6 upper-income). The low-income tracts are concentrated within Lynn (12). There are also low-income tracts located in Peabody (1) and Salem (1). The moderate-income tracts are located in Lynn (7), Peabody (4), Salem (4), and Saugus (1). Within the North Shore assessment area, 29.5 percent of families are upper-income, 21.2 percent middle-income, 18.9 percent moderate-income, and 30.4 percent low-income. Within the North Shore assessment area, low-income census tracts contain only 8.9 percent of housing units. Moderate-income census tracts contain 26.2 percent of the assessment area's housing units.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Through the use of available facts and data, including performance and demographic information, the bank's performance in the North Shore assessment area was evaluated and compared to its performance in the South Shore assessment area, which received a full-scope review.

The bank's lending performance in the North Shore assessment area is consistent with the South Shore assessment area for the borrower profile and geographic distribution of loans criteria, and considered satisfactory.

Similarly, the bank's community development performance in the North Shore assessment area is generally consistent the community development performance in the South Shore assessment area and demonstrates adequate responsiveness, considering the bank's capacity and the need and availability of community development opportunities in this assessment area.

The bank originated several qualified community development loans in the North Shore assessment area and made community development investments in the form of mortgage-backed security pools benefitting low- and moderate-income individuals and census tracts. It also made donations primarily benefiting organizations providing community services to low- and moderate-income individuals and families.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and 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