

# **PUBLIC DISCLOSURE**

January 29, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

BayCoast Bank  
Certificate Number: 90196

330 Swansea Mall Drive  
Swansea, Massachusetts 02777

Division of Banks  
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
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New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

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

This institution is rated **Satisfactory** by the Federal Deposit Insurance Corporation (FDIC) and **High Satisfactory** by the Commonwealth of Massachusetts Division of Banks (Division). The agencies agree on the bank's overall performance, but Part 345 of FDIC Regulations does not provide for a High Satisfactory overall rating. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Satisfactory**			
Needs to Improve			
Substantial Noncompliance			
<p>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</p> <p>**FDIC rules and regulations stipulate use of a "high satisfactory" and "low satisfactory" rating for the three tests. This jointly issued public evaluation uses the term "satisfactory" in lieu of "low satisfactory" for the Lending, Investment, and Service Test ratings and for rated areas in Massachusetts as the Division does not have a "low satisfactory" rating.</p>			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The institution originated an adequate percentage of loans within its assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size.
- The institution makes extensive use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution made a relatively high level of community development loans.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated Outstanding.**

- Delivery systems are readily accessible to all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has increased the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.



## DESCRIPTION OF INSTITUTION

### **Background**

BayCoast Bank is a state-chartered community bank headquartered in Swansea, Massachusetts (MA) and it primarily operates in southeastern MA and Rhode Island (RI). Narraganset Financial Corporation, a mutual holding company, wholly owns BayCoast Bank. The bank owns 11 subsidiaries, including two that offer credit-related products: BayCoast Mortgage Company (BCMC) and Priority Funding, LLC (Priority Funding). BCMC originates and sells home mortgage loans, and Priority Funding originates and sells manufactured housing loans.

In August 2022, BCMC acquired Martha's Vineyard Mortgage Company, which now operates as a division of BCMC. Additionally, in June 2021, Priority Funding acquired Teamwork Mortgage Company Inc., a manufactured home loan broker licensed in Arizona. There have been no other mergers or acquisitions since the prior evaluation.

BayCoast Bank received a High Satisfactory rating from the Division and a Satisfactory rating from the FDIC at the prior joint CRA Performance Evaluation dated December 14, 2020, using Interagency Large Institution Examination Procedures.

### **Operations**

The bank operates 25 full-service branches, including the main office, in southeastern Massachusetts (19) and Rhode Island (6). In 2021, BayCoast Bank opened a branch in Bristol, RI (moderate-income census tract) and a branch in Providence, RI (middle-income census tract). In 2022, the bank opened a branch in Fall River, MA (moderate-income census tract) and a branch in Portsmouth, RI (upper-income census tract). BayCoast Bank did not close any branches since the prior evaluation.

In addition to branches, BayCoast Bank continues to operate loan production offices (LPOs). BayCoast Bank operates two commercial LPOs in New Shoreham, RI (middle-income census tract) and in Providence, RI (middle-income census tract). The bank closed the Attleboro, MA (middle-income census tract) commercial LPO in November 2022.

BayCoast Bank's subsidiaries, BCMC and Priority Funding, also operate throughout Massachusetts and Rhode Island. BCMC operates five residential LPOs in Massachusetts, located in Fall River (moderate-income census tract), Vineyard Haven (moderate-income census tract), Plymouth (middle-income census tract), Auburn (upper-income census tract), and Dedham (upper-income census tract), and it operates one residential LPO in New Shoreham, RI (upper-income census tract). In 2022, BCMC opened the Fall River and Dedham LPOs and acquired the Vineyard Haven LPO from Martha's Vineyard Mortgage Company. Priority Funding also operates an office in Westborough, MA (upper-income census tract).

BayCoast Bank and its subsidiaries offer a wide range of lending products, including commercial loans, residential loans, and consumer loans, with a primary focus on residential and commercial real estate loans. Commercial lending products include commercial real estate loans, lines of credit,

term financing, letters of credit, and Small Business Administration (SBA) financing programs. BayCoast Bank's consumer lending products include home equity loans and lines of credit, personal loans, auto loans, boat loans, Mass Save HEAT loans, and overdraft lines of credit. Consumer and business deposit services include checking, savings, and money market deposit accounts; certificates of deposit; and individual retirement accounts.

### **Ability and Capacity**

Assets totaled \$2.9 billion as of September 30, 2023, which included total loans of \$2.4 billion and securities of \$241.5 million. Deposits totaled \$2.4 billion as of the same date. The following table illustrates the loan portfolio.

<b>Loan Portfolio Distribution as of 09/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	255,088	10.7
Secured by Farmland	1,467	0.1
Secured by 1-4 Family Residential Properties	770,638	32.2
Secured by Multifamily (5 or more) Residential Properties	251,170	10.5
Secured by Nonfarm Nonresidential Properties	777,779	32.5
<b>Total Real Estate Loans</b>	<b>2,056,142</b>	<b>86.0</b>
Commercial and Industrial Loans	163,124	6.8
Agricultural Production and Other Loans to Farmers	44,302	1.9
Consumer Loans	123,523	5.2
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	2,739	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>2,389,830</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. BayCoast Bank operates in the following two assessment areas<sup>1</sup>:

- Providence-Warwick, RI-MA Multistate Metropolitan Statistical Area (MSA) (referred to as the RI-MA Multistate MSA assessment area), composed of:
  - Bristol County, MA

<sup>1</sup> Collectively, the bank's two assessment areas are referred to as the combined assessment area.

- Bristol County, RI
- Kent County, RI
- Newport County, RI
- Providence County, RI
- Boston, MA Metropolitan Division (MD) (referred to as the Boston MD assessment area), composed of:
  - Norfolk County, MA
  - Plymouth County, MA

Since the prior evaluation, the bank expanded both assessment areas. The bank expanded the RI-MA Multistate MSA assessment area to include all of Bristol County in MA and all of Bristol, Kent, Newport, and Providence Counties in RI. At the prior evaluation, the bank's assessment area consisted of only portions of Bristol County, MA and portions of Newport and Providence Counties, RI. The bank also expanded the Boston MD assessment area to include all of Norfolk and Plymouth Counties. At the prior evaluation, the assessment area included only the town of Foxborough in Norfolk County.

The bank's two assessment areas each represent a rated area: the RI-MA Multistate MSA rated area, comprising the RI-MA Multistate MSA assessment area, and the Massachusetts rated area, comprising the Boston MD assessment area. Refer to each of the rated area sections for additional information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated December 14, 2020, to the current evaluation dated January 29, 2024. It considers activities from both BayCoast Bank and BCMC. Examiners used Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test (see Appendices for complete description).

The Interstate Banking and Branching Efficiency Act requires separate discussions and ratings of CRA performance in each state in which the bank maintains a branch, as well as in multistate MSAs in which the bank has branches in two or more states. Examiners used full-scope procedures to evaluate and rate the bank's performance in the RI-MA Multistate MSA rated area and the Massachusetts rated area.

In addition, examiners assigned an overall rating. The bank is headquartered in the RI-MA Multistate MSA, and its performance in this rated area carried substantially more weight when assigning the overall rating compared to the Massachusetts rated area. A substantial majority of the bank's loan originations, branches, and deposits are in the RI-MA Multistate MSA rated area; the bank made much fewer loans and has significantly fewer branches and deposits in the

Massachusetts rated area. The following table details home mortgage and small business loan originations, deposits, and branches by rated area.

<b>Rated Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Rated Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
RI-MA Multistate MSA	2,048,438	83.1	2,362,929	97.7	24	96.0
Massachusetts	416,952	16.9	55,207	2.3	1	4.0
<b>Total</b>	<b>2,465,390</b>	<b>100.0</b>	<b>2,418,136</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>
<i>Source: Bank Data; FDIC Summary of Deposits (6/30/2023)</i>						

### **Activities Reviewed**

Examiners determined that the bank’s major product lines are home mortgage and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of originations during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line.

The bank’s record of originating home mortgage loans received the most weight when determining overall Lending Test conclusions due to the higher number of originations during the evaluation period compared to small business loans. Additionally, residential loans, including 1-4 family and multifamily loans, account for the largest category of the bank’s loan portfolio by dollar amount at 42.7 percent.

Examiners analyzed originated and purchased loans reported on BayCoast Bank’s 2020, 2021, and 2022 HMDA LARs. The bank originated and purchased 3,523 home mortgage loans totaling \$1.1 billion in 2020, 3,559 loans totaling \$1.2 billion in 2021, and 3,078 loans totaling \$933.7 million in 2022. In addition, examiners analyzed originated residential loans reported on BCMC’s 2020, 2021, and 2022 HMDA LARs<sup>2</sup>. BCMC originated 176 home mortgage loans totaling \$62.0 million in 2020, 38 loans totaling \$12.0 million in 2021, and 63 loans totaling \$24.2 million in 2022.

BayCoast Bank originates home equity products and small business loans. BCMC originates residential mortgages and sells them on the secondary market. Unless otherwise specified, this evaluation will refer to lending activities by the bank and BCMC collectively as “BayCoast Bank” or “the bank.” Priority Funding takes applications for manufactured home loans and mobile home loans. Priority Funding does not make credit decisions on any originated loans; rather, it sends applications to investors who make a credit decision and report the application on their respective Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). Priority Funding does not report HMDA data. This evaluation considers Priority Funding applications for which BayCoast Bank made a credit decision, as these loans are reported on the bank’s HMDA LAR.

<sup>2</sup> In accordance with CRA examination procedures, examiners analyzed and presented BCMC loans for all Lending Test performance factors, except Assessment Area Concentration.

The Lending Test also considered all small business loans reported on BayCoast Bank's 2020, 2021, and 2022 CRA loan registers. BCMC does not originate small business loans. BayCoast Bank reported 1,286 small business loans totaling \$149.4 million in 2020, 894 loans totaling \$114.7 million in 2021, and 163 loans totaling \$55.9 million in 2022. The bank's small business loans increased in 2020 and 2021 primarily due to its participation in the Small Business Administration (SBA) Paycheck Protection Program (PPP). In March 2020, the federal government declared COVID-19 as a national emergency. In response, BayCoast Bank offered PPP loans, which supported businesses basic operating needs, including paying rent, utilities, and payroll, during the COVID-19 pandemic.

Although the Assessment Area Concentration table includes home mortgage and small business loan activity from all three years, the Geographic Distribution and Borrower Profile tables only reference 2021 and 2022 lending activity, as these years are representative of bank performance under both criteria for the full evaluation period.

BayCoast Bank also reported small farm loans during the evaluation period. The bank reported 4 loans totaling \$899,000 in 2020 and reported 1 loan for \$500,000 in 2022. This minimal volume of small farm loans would not yield meaningful analysis. Therefore, examiners presented small farm loans in the Assessment Area Concentration table but did not analyze this loan type further, as it provided no material support for conclusions or ratings.

Examiners compared the bank's 2020 and 2021 home mortgage lending to the 2015 American Community Survey (ACS) and the corresponding year of HMDA aggregate data. Examiners compared the bank's 2022 home mortgage lending to demographic data from the 2020 United States (U.S.) Census data and 2022 aggregate data. Examiners compared the bank's small business lending to D&B business demographic data and CRA aggregate data for each corresponding year. As of the evaluation date, CRA aggregate data for 2022 was not yet available. Examiners focused on comparisons to aggregate lending data because aggregate data better represents the level of loan demand in each assessment area.

Examiners reviewed both the number and dollar volume of home mortgage and small business loans. The analysis weighed the number of originations more heavily than the dollar volume, as the number of loans is a better indicator of the number of individuals and businesses served.

Furthermore, examiners reviewed retail products and services that benefit low- and moderate-income individuals or small businesses; delivery systems for providing retail-banking services, including branches and alternative delivery systems; and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services as well as innovative and/or flexible lending practices from the prior CRA evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in the evaluation from the 2020 U.S. Census, 2015 ACS, D&B, Moody's Analytics, the U.S. Bureau of Labor Statistics, and FDIC data. Examiners also obtained information from the September 30, 2023 Report of Income and Condition.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The bank's overall Lending Test performance is rated "High Satisfactory." The bank's performance in the RI-MA Multistate MSA rated area is consistent with the overall performance, while performance in the Massachusetts rated area is below the overall Lending Test performance. The following sections discuss the bank's overall performance under each criterion.

#### **Lending Activity**

Lending levels reflect excellent responsiveness to assessment area credit needs. The volume of lending varied by rated area; however, lending levels reflected excellent responsiveness in the RI-MA Multistate MSA rated area. Bank performance was lower in the Massachusetts rated area for this criterion but did not influence the overall conclusion. Refer to the rated area sections for detailed performance discussions, including relevant context, trends, and market share information.

#### **Assessment Area Concentration**

The bank made an adequate percentage of loans in the combined assessment area. Although the bank made a significant portion of its small business and small farm loans inside the combined assessment area, the bank made an adequate percentage of home mortgage loans inside the combined assessment area. Please see the following table for more information.

Lending Inside and Outside of the Combined Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2020	2,304	65.4	1,219	34.6	3,523	732,335	67.0	360,239	33.0	1,092,574
2021	2,301	64.7	1,258	35.3	3,559	761,801	65.2	407,436	34.8	1,169,237
2022	1,985	64.5	1,093	35.5	3,078	629,479	67.4	304,212	32.6	933,691
<b>Subtotal</b>	<b>6,590</b>	<b>64.9</b>	<b>3,570</b>	<b>35.1</b>	<b>10,160</b>	<b>2,123,615</b>	<b>66.5</b>	<b>1,071,887</b>	<b>33.5</b>	<b>3,195,502</b>
Small Business										
2020	1,213	94.3	73	5.7	1,286	140,069	93.7	9,350	6.3	149,419
2021	831	93.0	63	7.0	894	104,945	91.5	9,773	8.5	114,718
2022	147	90.2	16	9.8	163	48,963	87.5	6,984	12.5	55,947
<b>Subtotal</b>	<b>2,191</b>	<b>93.5</b>	<b>152</b>	<b>6.5</b>	<b>2,343</b>	<b>293,977</b>	<b>91.8</b>	<b>26,107</b>	<b>8.2</b>	<b>320,084</b>
Small Farm										
2020	4	100.0	0	0.0	4	899	100.0	0	0.0	899
2021	0	0.0	0	0.0	0	0	0.0	0	0.0	0
2022	1	100.0	0	0.0	1	500	100.0	0	0.0	500
<b>Subtotal</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>5</b>	<b>1,399</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>1,399</b>
<b>Total</b>	<b>8,786</b>	<b>70.2</b>	<b>3,722</b>	<b>29.8</b>	<b>12,508</b>	<b>2,418,991</b>	<b>68.8</b>	<b>1,097,994</b>	<b>31.2</b>	<b>3,516,985</b>
Source: Bank Data Due to rounding, totals may not equal 100.0%										

### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the combined assessment area. Adequate performance in both rated areas supports the overall conclusion. Please see the rated area sections for details.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. Performance in the RI-MA Multistate MSA rated area is consistent with overall performance, and performance in the Massachusetts rated area exceeded overall performance. Please see the rated area sections for details.

### **Innovative or Flexible Lending Practices**

The bank makes extensive use of innovative and/or flexible lending programs to serve combined assessment area credit needs. BayCoast Bank participates in federal and state programs as well as internally created loan programs. In total, BayCoast Bank made 2,764 loans totaling \$262.2 million through innovative and/or flexible loan programs benefitting consumers and small businesses. Of

these innovative and/or flexible loans, BayCoast Bank originated 1,974 loans totaling \$171.9 million through residential lending programs and 790 loans totaling \$90.4 million through small business lending programs. This volume of innovative and/or flexible lending is higher than the prior evaluation period, during which the bank originated 2,067 loans totaling \$247.4 million to individuals and small businesses.

### Residential Lending Programs

- **First-Time Homebuyer (FTHB) Program and Affordable Mortgage Program –** BayCoast Bank established the FTHB loan program to create affordable home ownership opportunities for first-time homebuyers, including those with low and moderate incomes. The bank also created the Affordable Mortgage Program for low- and moderate-income homebuyers, regardless of whether the applicants are first-time homebuyers or not. Both programs offer flexible underwriting criteria, reduced down payment requirements, and no required mortgage insurance. The bank aggregates the data on both loan products for tracking. During the evaluation period, the bank originated 168 loans totaling \$61.2 million in the combined assessment area through these programs.
- **BayCoast Mortgage Company Down Payment Assistance (DPA) Program –** BCMC launched the DPA program in the third quarter of 2022. This program provides matching down payment assistance of up to \$10,000 for first-time homebuyers who are low- or moderate-income individuals or who are purchasing a home in low- or moderate-income census tracts within the combined assessment area. BCMC provided down payment assistance of \$613,776 through the origination of 51 loans totaling \$14.5 million under the DPA Program.
- **Federal National Mortgage Association Home Ready Program –** The Home Ready Program assists approved lenders in providing mortgages to qualifying low-income and first-time homebuyers. The program offers low down payment options, flexible down payment funding, and flexible pricing and underwriting criteria. During the evaluation period, BayCoast Bank originated 64 Home Ready loans totaling \$10.8 million within the combined assessment area.
- **Federal Home Loan Mortgage Corporation Home Possible Program –** The Home Possible Program offers fixed-rate mortgage financing with low down payment options to eligible low-income borrowers. The program also offers flexible underwriting and pricing standards. During the evaluation period, BayCoast Bank originated five loans totaling \$1.2 million through this program within the combined assessment area.
- **Federal Housing Administration (FHA) Loans –** The FHA offers loans with low down payment options, low closing costs, and flexible underwriting criteria for first-time homebuyers. During the evaluation period, BayCoast Bank originated 107 FHA loans totaling \$38.6 million within the combined assessment area.
- **Veterans Affairs (VA) Loans –** The VA offers flexible financing to eligible active military service personnel and U.S. veterans. The program offers a fixed-rate mortgage with no



down payment, no income limits, expanded qualifying criteria, and no required mortgage insurance. During the evaluation period, BayCoast Bank originated 35 VA loans totaling \$19.7 million within the combined assessment area.

- **MassHousing Loans** – MassHousing is a quasi-public authority designed to increase affordable homeownership opportunities for low- and moderate-income individuals, veterans, and first-time homebuyers. MassHousing offers a down payment assistance program and a closing cost assistance program to first-time homebuyers. During the evaluation period, BayCoast Bank originated 18 MassHousing loans totaling \$2.8 million within the combined assessment area.
- **Mass Save HEAT Loans & Rhode Island 0% Financing Program** – BayCoast Bank offers loans through the Mass Save HEAT loan program for Massachusetts residents and through the Rhode Island 0% Financing Program for Rhode Island residents. The loan offers interest-free financing for energy-efficient home upgrades. During the evaluation period, BayCoast Bank originated 1,526 HEAT loans totaling \$23.1 million within the combined assessment area.

#### Small Business Lending Programs

- **SBA 7a Loan Program** – The SBA 7a Loan Program provides term loans up to \$5.0 million, with the SBA guaranteeing 85.0 percent for loans of \$150,000 or less and 75.0 percent for loans greater than \$150,000. The SBA's guaranty allows institutions to offer credit at more flexible terms than through conventional commercial financing. Small businesses that meet the SBA's size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties. BayCoast Bank originated 22 SBA 7a loans totaling \$3.3 million during the evaluation period within the combined assessment area.
- **SBA 504 Certified Development Company Program** – This economic development program offers small business financing focused on creating jobs and promoting job growth. Through this program, approved small businesses receive fixed-rate financing for major fixed assets while only needing to contribute 10.0 percent of their own funds. The bank offers these loans in partnership with Certified Development Companies. BayCoast Bank originated seven loans totaling \$4.4 million through this program during the evaluation period within the combined assessment area.
- **SBA Paycheck Protection Program (PPP)** – BayCoast Bank participated in the temporary SBA PPP in 2020 and 2021. The PPP was created to help small businesses keep their workforce employed during the COVID-19 pandemic. The bank originated 760 loans totaling \$82.6 million through the PPP in 2021 within the combined assessment area.
- **MA Treasurer's Small Business Banking Partnership** – BayCoast Bank continues to partner with the MA Treasurer's Office to offer loans under \$500,000 to small businesses. This program encourages job creation, promotes urban revitalization, and stimulates economic development. Approved lenders are provided state cash deposits under the

Treasurer's control to promote local small business lending. During the evaluation period, the bank originated one loan for \$42,300 through this program within the combined assessment area.

### **Community Development Loans**

BayCoast Bank has made a relatively high level of community development loans. The bank originated 34 community development loans for approximately \$55.4 million during the evaluation period. Of this total, 31 loans for \$53.1 million directly benefitted the combined assessment area. BayCoast Bank was responsive to assessment area credit needs; therefore, examiners considered community development loans originated outside of the combined assessment area that benefitted the broader statewide area. The bank originated three loans for \$2.3 million that benefitted a broader statewide area. A relatively high level of community development lending in the RI-MA Multistate MSA rated area supports the overall conclusion. Community development lending in the Massachusetts rated area was below overall performance.

The bank's community development lending activity represents 2.8 percent of average total loans and 2.2 percent of average total assets since the prior evaluation. These percentages are comparable to those of two similarly situated institutions. The bank's volume of community development lending is similar to the prior evaluation period by number of loans, while the dollar volume is almost double. During the prior evaluation period, BayCoast Bank originated 30 community development loans totaling \$28.3 million. The following tables illustrate the bank's community development lending by year and purpose for the combined assessment area and by rated area.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	2	948	4	4,327	11	15,118	3	5,878	20	26,271
2022	3	1,203	1	6,732	0	0	1	2,080	5	10,015
2023	1	300	3	1,324	3	4,666	1	12,622	8	18,912
YTD 2024	1	187	0	0	0	0	0	0	1	187
<b>Total</b>	<b>7</b>	<b>2,638</b>	<b>8</b>	<b>12,383</b>	<b>14</b>	<b>19,784</b>	<b>5</b>	<b>20,580</b>	<b>34</b>	<b>55,385</b>
<i>Source: Bank Data</i>										

<b>Community Development Lending by Rated Area</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
RI-MA Multistate MSA	6	1,940	6	5,247	11	14,108	5	20,580	28	41,875
Massachusetts	0	0	1	6,732	2	4,491	0	0	3	11,223
Statewide Activities	1	698	1	404	1	1,185	0	0	3	2,287
<b>Total</b>	<b>7</b>	<b>2,638</b>	<b>8</b>	<b>12,383</b>	<b>14</b>	<b>19,784</b>	<b>5</b>	<b>20,580</b>	<b>34</b>	<b>55,385</b>
<i>Source: Bank Data</i>										

The following is an example of a community development loan that benefitted a broader statewide area, including the combined assessment area:

- In 2023, the bank originated a \$404,000 loan to a non-profit law firm dedicated to providing free legal services to low-income individuals in southeastern Massachusetts. The loan funds helped the organization secure additional office space and supported community service initiatives benefitting low-income individuals.

## INVESTMENT TEST

BayCoast Bank’s overall Investment Test performance is rated “High Satisfactory.” The bank’s performance in the RI-MA Multistate MSA rated area is consistent with overall performance. Performance in the Massachusetts rated area is below overall performance.

### Investment and Grant Activity

BayCoast Bank has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank made 501 qualified investments and donations totaling approximately \$27.6 million during the evaluation period. This level of activity represents 1.1 percent of average total assets and 10.9 percent of average total securities. These percentages were comparable to two similarly situated institutions. The bank’s investments increased 7.8 percent from the prior evaluation period, when the bank had 302 qualified investments totaling \$25.6 million. The following tables illustrate the bank’s qualified investments and donations by year, purpose, and rated area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,320	13	15,114	0	0	0	0	14	16,434
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	11	4,770	11	4,770
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	1	2,000	0	0	0	0	1	2,000
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>1,320</b>	<b>14</b>	<b>17,114</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>4,770</b>	<b>26</b>	<b>23,204</b>
Qualified Grants & Donations	17	244	436	3,387	14	661	8	119	475	4,411
<b>Total</b>	<b>18</b>	<b>1,564</b>	<b>450</b>	<b>20,501</b>	<b>14</b>	<b>661</b>	<b>19</b>	<b>4,889</b>	<b>501</b>	<b>27,615</b>
<i>Source: Bank Data</i>										

Qualified Investments										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
RI-MA Multistate MSA	18	1,564	430	16,925	13	646	19	4,889	480	24,024
Massachusetts	0	0	10	1,542	0	0	0	0	10	1,542
Statewide Activities	0	0	10	2,034	1	15	0	0	11	2,049
<b>Total</b>	<b>18</b>	<b>1,564</b>	<b>450</b>	<b>20,501</b>	<b>14</b>	<b>661</b>	<b>19</b>	<b>4,889</b>	<b>501</b>	<b>27,615</b>
<i>Source: Bank Data</i>										

### Equity Investments

The bank maintains 26 investments totaling \$23.2 million, of which 12 totaling \$6.8 million are new and 14 totaling \$16.4 million are prior period investments. The following is a description of an investment that benefitted the broader statewide area that includes the combined assessment area.

#### *Current Period Investments*

- In 2022, the bank purchased a \$2.0 million bond that assisted the State of Massachusetts in recovery from the COVID-19 pandemic. The bond funded an unemployment program whose recipients were low-to moderate-income. This investment provided community services for low- and moderate-income individuals.

### Qualified Grants and Donations

During the evaluation period, BayCoast Bank made 475 qualified grants and donations totaling approximately \$4.4 million. This is an increase by both number and dollar amount from the prior evaluation period, during which the bank made 287 qualified donations totaling \$2.8 million. The majority of the donations supported community service organizations that primarily benefitted low- and moderate-income individuals and families. The following are examples of grants and donations that benefitted a broader statewide area.

- ***OneGoal*** – OneGoal is a non-profit organization that provides support to students in low-income communities through enrollment and graduation from postsecondary programs, including college and trade schools. The organization helps to expand access to community services for low- and moderate-income individuals
- ***Greater Boston Food Bank*** – The Greater Boston Food Bank works to end hunger across Eastern Massachusetts by providing healthy food and resources to those in need. The activities of the organization help to meet community service needs for low- and moderate-income individuals.
- ***Community Connections, Inc.*** – Community Connections, Inc. provides employment services, life skills, and daycare services that promote community inclusion and increases access to community services for low- and moderate-income individuals.

## **Responsiveness to Credit and Community Development Needs**

The bank exhibits good responsiveness to credit and community development needs. Investments and donations were primarily responsive to opportunities in the RI-MA Multistate MSA. Furthermore, the bank continued its responsiveness in addressing needs caused by the COVID-19 pandemic with the purchase of a bond designed to assist in recovery efforts in Massachusetts.

## **Community Development Initiatives**

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank purchases bonds from community development organizations and municipalities. The bond purchases are often in conjunction with loans originated to the organization. The bank has also used tax credits to promote the building of affordable housing within the combined assessment area.

## **SERVICE TEST**

BayCoast Bank's overall Service Test performance is rated "Outstanding." The bank's performance in the RI-MA Multistate MSA rated area is consistent with the overall performance, while performance in the Massachusetts rated area is below the overall performance. The following sections discuss the bank's performance under each criterion.

## **Accessibility of Delivery Systems**

Delivery systems are readily accessible to all portions of the bank's combined assessment area. The bank has 25 full-service branches, four stand-alone ATMs, and four residential LPOs within the combined assessment area. The bank operates four branches in low-income census tracts and three branches in moderate-income census tracts. All branches have at least one deposit-taking ATM and at least one Interactive Teller Machine (ITM). ITMs accept deposits, dispense cash, and provide a real time conversation with a teller using video chat. Please see the rated area sections for details.

The following table illustrates the branch and ATM/ITM distribution by tract income level.

<b>Branch and ATM/ITM Distribution by Geography Income Level</b>										
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	56	9.1	215,067	7.7	4	16.0	4	13.8	10	24.4
Moderate	106	17.2	472,626	16.9	3	12.0	3	10.3	4	9.8
Middle	254	41.3	1,177,434	42.0	7	28.0	8	27.6	12	29.3
Upper	189	30.7	924,960	33.0	11	44.0	14	48.3	15	36.6
NA	10	1.6	13,453	0.5	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>615</b>	<b>100.0</b>	<b>2,803,540</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>29</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; Bank Data Due to rounding, totals may not equal 100.0%</i>										

BayCoast Bank also offers alternative delivery systems to deliver retail and commercial banking services to individual and business customers. The bank offers personal and business online banking, mobile banking with mobile deposit, and CardValet, which is a mobile application that helps customers manage their debit and credit cards. Based on the 2023 FDIC National Survey of Unbanked and Underbanked Households, the use of mobile banking is more common among underbanked households compared to fully banked households. The bank also offers ATM card access through the SUM network. Cardholders of financial institutions who have joined the SUM program can withdraw funds from designated ATMs belonging to other SUM program members without paying a surcharge.

### **Changes in Branch Locations**

To the extent changes have been made, the bank's opening and closing of branches has increased the accessibility of its delivery systems. This conclusion is primarily supported by the bank's changes in branch locations in the RI-MA Multistate MSA. Please see the rated area sections for details.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the combined assessment area, particularly low- and moderate-income geographies and/or individuals. All retail locations offer the same loan and deposit products and services. Full-service branches generally maintain hours from 9 AM to 4 PM Monday through Wednesday, 9 AM to 5 PM on Thursday and Friday, and 9 AM to 1 PM on Saturday.

The bank also offers specific products and services that meet the needs of low- and moderate-income and underbanked populations in the combined assessment area. Based on the 2023 FDIC National Survey of Unbanked and Underbanked Households, minority individuals in the northeast region have much higher populations of individuals underserved by retail banking. BayCoast Bank employs 39 individuals who speak at least one language in addition to English. Languages spoken include Portuguese, Spanish, Italian, French, and Russian. BayCoast Bank's language services enhance accessibility to bank products and services, and promote economic inclusion among the non-English speaking population and other consumers who may otherwise have limited financial resources, many of whom are low- or moderate-income individuals and families. These language services help make banking more accessible to all who live and work in the combined assessment area, including low- and moderate-income individuals.

The bank's Active Checking and BayCoast Wave accounts benefit low- and moderate-income and unbanked customers. Specifically, according to the 2023 FDIC National Survey of Unbanked and Underbanked Households, approximately 42.3 percent of unbanked households cited minimum balance requirements, and 30.7 percent cited high fees, as the main reasons for not opening a bank account. These checking accounts have no minimum balance requirements or monthly maintenance fees and include a debit card as well as access to online and mobile banking. The BayCoast Wave account is officially certified by the national Cities for Financial Empowerment Fund as meeting the Bank On National Account Standards (2023-2024). This means the account is certified to have low monthly service fees, no overdraft or nonsufficient funds fees, the ability to pay bills and make

purchases, and federal deposit insurance. The account also offers no ATM service charges for transactions at non-BayCoast Bank ATMs and discounted fees for stop payments and money orders. Both products are responsive to community needs for low-cost deposit products.

### **Community Development Services**

BayCoast Bank is a leader in providing community development services. The bank offers financial literacy services to low- and moderate-income individuals and provides financial and technical assistance to a significant number of community development organizations. The bank provided 279 instances of financial expertise or technical assistance to community development organizations during the evaluation period. This is a significant increase since the prior evaluation period, during which the bank provided 165 instances of financial expertise or technical assistance. Additionally, 241 instances qualified under community services, which was responsive to community needs.

The following table illustrates instances of community development services provided by bank employees by year and purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (partial)	0	0	0	0	<b>0</b>
2021	2	31	7	2	<b>42</b>
2022	5	67	8	2	<b>82</b>
2023	2	143	8	2	<b>155</b>
YTD 2024	0	0	0	0	<b>0</b>
<b>Total</b>	<b>9</b>	<b>241</b>	<b>23</b>	<b>6</b>	<b>279</b>
<i>Source: Bank Data</i>					

The following table illustrates instances of community development services provided by bank employees by rated area and purpose.

<b>Community Development Services</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
RI-MA Multistate MSA	9	209	23	6	<b>247</b>
Massachusetts	0	23	0	0	<b>23</b>
Statewide Activities	0	9	0	0	<b>9</b>
<b>Total</b>	<b>9</b>	<b>241</b>	<b>23</b>	<b>6</b>	<b>279</b>
<i>Source: Bank Data</i>					

The following are examples of notable community development services that benefitted the combined assessment area or the broader statewide area:

- ***Springfield Rescue Mission*** – The Springfield Rescue Mission serves homeless individuals and helps to expand access to community services for low- and moderate-income individuals. A mortgage loan officer for the bank serves on the Springfield Rescue Mission’s Board of Directors.
- ***Massachusetts Business Alliance for Education*** – The Massachusetts Business Alliance for Education is a non-profit that provides funding and educational services, including early college education programs and computer science programs, to Massachusetts schools. According to the organization’s annual reports, at least 50.0 percent of those served by the organization are from low-income households; therefore, the organization helps to expand access to community services for low- and moderate-income individuals. The Senior VP of Sales and Marketing for the mortgage company serves on the Board of Directors.

### Education Services and Seminars

*First-Time Homebuyer Seminars* – During the evaluation period, bank employees provided first-time homebuyer seminars in conjunction with several community development organizations that primarily serve low- and moderate-income individuals. The bank held 56 workshops across the combined assessment area during the evaluation period, many of which were offered in Spanish and Portuguese to increase access to financial education for non-English speaking individuals. This represents a significant increase in seminars from the prior evaluation period, during which the bank held 21 workshops. See the rated area sections for details on the seminars provided in each area.

*Financial Education and Literacy* – During the evaluation period, bank employees provided financial education to local schools and community groups that primarily serve low- and moderate-income individuals. The bank held 88 qualifying seminars, several of which were offered in Spanish. See the rated area sections for details on the seminars provided in partnership with qualifying community development organizations in each area. The following summarizes the financial education and literacy seminars provided during the evaluation period:

- **Money Smart** – This FDIC financial education program helps individuals enhance their financial skills and create positive banking relationships. Bank employees taught this program’s curriculum, which includes a variety of financial topics, such as savings and checking, credit scores and reporting, income and expenses, home ownership, credit cards, and building financial futures.
- **Credit for Life Fair** – This organization provides financial education programming offered in schools and communities. Bank employees participated in Credit for Life Fairs using online budgeting tools and learning modules to teach students about budgeting and money management skills.
- **Industry Tours** – This programming is held at local schools or non-profit organizations and is designed to give students awareness of different career opportunities, industries, and their roles in the economy. Bank employees attended events at schools and community organizations, allowing attendees to participate in career conversations with a variety of staff, observe demonstrations of their work, and engage in other career exploration activities.



### Other Services

*Interest on Lawyers' Trust Accounts (IOLTA)* – The bank participates in the Massachusetts and Rhode Island IOLTA Programs. Interest earned on the accounts is used for civil legal aid and other programs that support access to justice for low-income people.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **RI-MA MULTISTATE MSA**

**CRA RATING FOR RI-MA MULTISTATE MSA: SATISFACTORY**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Outstanding**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN RI-MA MULTISTATE MSA**

Within the RI-MA Multistate MSA rated area, BayCoast Bank has one assessment area consisting of the following full counties: Bristol, MA; Bristol, RI; Kent, RI; Newport, RI; and Providence, RI. A majority of the bank's branches, loans, and deposits are in this assessment area. As noted previously, the bank expanded the assessment area to include all of Bristol County, MA, and all of Bristol, Kent, Newport, and Providence Counties, RI since the prior evaluation.

#### **Economic and Demographic Data**

Due to the release of 2020 U.S. Census data and the expanded assessment area, census tract income designations and the number of census tracts within the assessment area changed. According to 2015 ACS data, the RI-MA Multistate MSA assessment area had 340 census tracts with the following income designations:

- 53 low-income census tracts,
- 68 moderate-income census tracts,
- 121 middle-income census tracts,
- 94 upper-income census tracts, and
- 4 census tracts with no income designation.

According to the 2020 U.S. Census, the assessment area includes 350 census tracts that reflect the following income designations:

- 47 low-income census tracts,
- 69 moderate-income census tracts,
- 139 middle-income census tracts,
- 91 upper-income census tracts, and
- 4 census tracts with no income designation.

As a result of the changes discussed above, compared to the prior evaluation the RI-MA Multistate MSA assessment area includes an additional 11 low-income census tracts, 23 moderate-income census tracts, 91 middle-income census tracts, 57 upper-income census tracts, and 3 census tracts with no income designation.

Providence, RI; Fall River, MA; and New Bedford, MA contain the largest number of low- and moderate-income census tracts among the assessment area cities and towns. According to 2020 U.S. Census data, a substantial portion of the area's low-income census tracts are in Providence (10), Fall River (9), and New Bedford (9). Providence similarly has a significant number of moderate-income tracts (15), followed by Fall River (12), and New Bedford (12). Additionally, Fall River and New Bedford are designated as Gateway Cities by the Commonwealth of Massachusetts. Gateway Cities are municipalities with median household incomes below the state average and a rate of education attainment of a bachelor's degree or above that is below the state average. Gateway Cities have greater needs for community development initiatives and projects.

The four census tracts with no income designation include a hospital in Providence, RI; an airport in Warwick, RI; harbor islands in Newport, RI; and harbor islands in Bristol County, MA. The following table illustrates select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: RI-MA Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	350	13.4	19.7	39.7	26.0	1.1
Population by Geography	1,546,740	11.4	19.1	40.4	28.8	0.2
Housing Units by Geography	640,971	11.3	19.7	41.2	27.6	0.2
Owner-Occupied Units by Geography	356,178	4.5	13.5	45.4	36.6	0.0
Occupied Rental Units by Geography	228,697	21.2	28.4	35.8	14.2	0.4
Vacant Units by Geography	56,096	13.8	24.2	37.3	24.6	0.2
Businesses by Geography	139,564	9.8	15.5	42.1	32.3	0.3
Farms by Geography	3,409	4.6	10.1	39.2	46.0	0.1
Family Distribution by Income Level	369,047	23.7	16.4	20.5	39.4	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA	\$89,555	Median Housing Value				\$291,571
		Median Gross Rent				\$1,020
		Families Below Poverty Level				8.3%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Based on 2020 U.S. Census data, of the assessment area's total housing units, 55.6 percent are owner-occupied, 35.7 percent are occupied rental units, and 8.7 percent are vacant units. Providence, New Bedford, and Fall River support a large rental population, accounting for 40.1 percent of the assessment area's occupied rental units. The high percentage of rental units limits opportunities for institutions to originate 1-4 family residential loans in these areas.

Furthermore, Providence, New Bedford, and Fall River also contain the majority of the assessment area's low- and moderate-income population. More specifically, the population of low- and

moderate-income families in Providence, New Bedford, and Fall River is 59.1 percent, 56.2 percent, and 61.1 percent, respectively. The significant level of low- and moderate-income population, including the percent of families below the poverty level, compared to the median housing value suggests that home affordability is a challenge for low- and moderate-income families in these municipalities.

Examiners used Federal Financial Institutions Examination Council (FFIEC)-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income ranges in the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
2021 (\$87,500)	<\$43,750	\$43,750 to <\$70,000	\$70,000 to <\$105,000	≥\$105,000
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
<i>Source: FFIEC</i>				

According to 2022 D&B data, 139,564 non-farm businesses operate in the assessment area. The following reflects the distribution of these businesses by gross annual revenue (GAR) category:

- 88.2 percent have GARs of \$1.0 million or less,
- 4.2 percent have GARs more than \$1.0 million, and
- 7.6 percent have unknown revenues.

Service industries represent the largest portion of businesses at 35.7 percent; followed by non-classifiable establishments (19.4 percent); retail trade (12.0 percent); finance, insurance, and real estate (11.3 percent); and construction (8.6 percent). In addition, 63.9 percent of the area's businesses have four or fewer employees, and 91.8 percent operate from a single location. Significant employers in the assessment area include Lifespan, Care New England, CVS Health Corp., and Citizens Financial Group Inc.

The following table indicates county, state, and national unemployment rates during the evaluation period. The COVID-19 pandemic contributed to high unemployment rates in 2020, but unemployment rates in all areas steadily decreased throughout the rest of the evaluation period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Bristol County, MA	10.8	6.3	4.6
Bristol County, RI	7.4	4.7	2.6
Kent County, RI	8.5	5.1	2.9
Newport County, RI	8.0	4.9	2.8
Providence County, RI	9.9	5.9	3.5
MA Statewide	9.4	5.5	3.8
RI Statewide	9.2	5.5	3.2
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

There is a high level of competition for financial services in the assessment area. According to FDIC Deposit Market Share data as of June 30, 2022, 249 financial institutions operated 331 offices in the assessment area. Citizens Bank, National Association (N.A.) ranked 1<sup>st</sup> with a 29.0 percent market share; followed by Bank of America, N.A. with a 20.6 percent market share; and Santander Bank with an 8.8 percent market share. BayCoast Bank ranked 5<sup>th</sup> with a market share of 4.5 percent.

There is a high level of competition for home mortgage loans in the assessment area. In 2022, 488 lenders originated or purchased 48,675 home mortgage loans in the RI-MA Multistate MSA assessment area. The top three institutions included Citizens Bank, N.A, Navigant Credit Union, and Coastal1 Credit Union. Collectively, these three institutions captured 19.4 percent of the market share. BayCoast Bank ranked 4<sup>th</sup> with a market share of 3.5 percent. BCMC ranked 14<sup>th</sup> with a market share of 1.7 percent. BayCoast Bank was the top-ranked community bank in the RI-MA Multistate MSA assessment area.

There is also a high level of competition for small business loans from national banks and other community banks in the assessment area. In 2021, 155 lenders originated or purchased 42,724 small business loans in the assessment area. BayCoast Bank ranked 15<sup>th</sup> with 1.8 percent of the market share. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$49,000 and originated 38.0 percent of all small business loans in the area. BayCoast Bank was the third-ranked community bank in the RI-MA Multistate MSA assessment area.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners reviewed a recent community contact with a local economic development corporation that serves southern Massachusetts and Rhode Island. The organization works to improve the region's economy by assisting businesses with financing and technical assistance. The contact noted that the area contains a large population of low- and moderate-income individuals who would benefit from community services. Further, the contact noted that there is a need to increase access to low-cost checking accounts for low-income individuals. Specifically, the contact cited a need for deposit accounts with no minimum balance and no credit score requirement. The contact also cited a need for affordable housing in the assessment area and affordable rental housing. For small businesses, the contact noted that financing is generally available; however, many small businesses do not meet typical commercial underwriting standards. The contact noted that there is an opportunity for institutions to offer small business loans with more flexible underwriting standards. There is also a need for small business technical assistance to help prepare small businesses to apply for a loan. Overall, the contact noted that local institutions were responsive to community needs.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services represent the primary community development needs, and loans to develop affordable housing and community services are primary credit needs. Additionally, examiners identified needs for lending to and educating small businesses. There is also a need for low-cost deposit products for low-income individuals.

Furthermore, community development opportunities exist within the cities of Fall River and New Bedford. Both municipalities are designated as Gateway Cities. Gateway Cities are considered high need areas for community development activities that support community services initiatives and projects. BayCoast Bank has responded to opportunities for lending, investments, and service opportunities in these cities and across the assessment area.

## **SCOPE OF EVALUATION – RI-MA MULTISTATE MSA**

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the RI-MA Multistate MSA assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN RI-MA MULTISTATE MSA**

### **LENDING TEST**

The Lending Test is rated “High Satisfactory.” The following sections discuss the bank's performance in the RI-MA Multistate MSA assessment area under each criterion.

## **Lending Activity**

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. BayCoast Bank reported the following home mortgage lending totals in the RI-MA Multistate MSA assessment area:

- 1,975 loans totaling \$612.5 million in 2020,
- 1,958 loans totaling \$632.8 million in 2021, and
- 1,718 loans totaling \$535.4 million in 2022.

This volume represents a significant increase in number of loans originated or purchased during the prior evaluation period. Among HMDA-reporting lenders, BayCoast Bank ranked 8<sup>th</sup> in 2020 with a 2.3 percent market share and 10<sup>th</sup> in 2021 with a 2.2 percent market share. Performance improved in 2022, with BayCoast Bank ranking 4<sup>th</sup> with a 3.5 percent market share. In each year, BayCoast Bank was the top-ranked community bank in home mortgage lending in the RI-MA Multistate MSA assessment area. In 2020, BCMC ranked 9<sup>th</sup> with a 2.2 percent market share, and in 2021, ranked 11<sup>th</sup> with a 2.1 percent market share. In 2022, BCMC ranked 14<sup>th</sup> with a market share of 1.7 percent. These totals and market ranks reflect excellent responsiveness to area credit needs.

BayCoast Bank reported the following small business lending totals in the RI-MA Multistate MSA assessment area:

- 1,131 loans totaling \$124.7 million in 2020,
- 768 loans totaling \$96.0 million in 2021, and
- 141 loans totaling \$47.1 million in 2022.

PPP lending drove high origination totals in 2020 and 2021. CRA aggregate data shows that the entire market had significantly less lending in 2021 compared to 2020. Additionally, the SBA discontinued its PPP on May 31, 2021. The bank's small business lending in 2022 was more comparable to lending volumes during the prior evaluation period. Considering these factors, the decline in small business loan volume over the evaluation period did not negatively affect bank performance under this criterion. Among financial institutions reporting small business loans, the bank ranked 13<sup>th</sup> with a 2.7 percent market share in 2020 and 15<sup>th</sup> with a 1.8 percent market share in 2021 by number of loans. This represents an increase in market share since the prior evaluation period and it is notable considering the high level of competition in the assessment area.

## **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank's adequate home mortgage lending performance and good small business lending performance support this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration. As shown in the following table, the bank's lending in low-income census tracts slightly trailed aggregate performance and demographic data in 2021, but it increased from 2021 to 2022, slightly exceeding the demographic

data and falling just below aggregate performance. Bank lending in moderate-income census tracts slightly exceeded both aggregate performance and demographic data in 2021. In 2022, the bank's lending trailed aggregate data and fell slightly below demographic data. The bank's positive trend in low-income census tracts, as well as its reasonable comparisons to aggregate and demographic data in moderate-income census tracts, support the adequate conclusion.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: RI- MA Multistate MSA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	4.7	5.5	71	3.6	33,641	5.3
2022	4.5	5.7	93	5.4	23,303	4.4
<b>Moderate</b>						
2021	12.1	12.8	270	13.8	62,183	9.8
2022	13.5	15.6	226	13.2	48,761	9.1
<b>Middle</b>						
2021	42.3	40.5	801	40.9	225,914	35.7
2022	45.4	44.9	627	36.5	187,903	35.1
<b>Upper</b>						
2021	40.7	41.0	814	41.6	310,328	49.0
2022	36.6	33.7	772	44.9	275,392	51.4
<b>Not Available</b>						
2021	0.2	0.2	2	0.1	712	0.1
2022	0.0	0.1	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>1,958</b>	<b>100.0</b>	<b>632,777</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>1,718</b>	<b>100.0</b>	<b>535,358</b>	<b>100.0</b>
<i>Source: 2015 ACS and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects good penetration. As shown in the following table, the bank's lending exceeded aggregate performance and demographics in low-income census tracts in 2021. In 2022, bank lending continued to exceed demographics in low-income census tracts. Bank lending in moderate-income census tracts was below aggregate performance and demographics in 2021, but it increased and exceeded demographics in 2022. The bank's favorable comparisons to aggregate and demographic data in low-income census tracts, as well as its positive trend in moderate-income tracts in 2022, support the good conclusion.



Geographic Distribution of Small Business Loans						
Assessment Area: RI-MA Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	11.2	10.8	119	15.5	13,089	13.6
2022	9.8	--	19	13.5	5,146	10.9
Moderate						
2021	16.6	16.7	103	13.4	17,540	18.3
2022	15.5	--	26	18.4	8,973	19.0
Middle						
2021	35.0	35.3	277	36.1	33,096	34.5
2022	42.1	--	53	37.6	19,830	42.1
Upper						
2021	36.6	36.8	268	34.9	31,962	33.3
2022	32.3	--	43	30.5	13,176	28.0
Not Available						
2021	0.5	0.4	1	0.1	301	0.3
2022	0.3	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>768</b>	<b>100.0</b>	<b>95,988</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>141</b>	<b>100.0</b>	<b>47,125</b>	<b>100.0</b>
<i>Source: D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available.</i>						

## **Borrower Profile**

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the RI-MA Multistate MSA assessment area. The bank's good home mortgage lending and small business lending performance support this conclusion.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's lending to low-income borrowers increased from 2021 to 2022. Performance was slightly below aggregate performance and fell well below the percentage of low-income families in 2021 and 2022. However, a low-income family in the RI-MA Multistate MSA assessment area, earning less than \$43,750 in 2021 and less than \$49,800 in 2022, may have difficulty qualifying for a mortgage under conventional underwriting standards considering the median housing value of \$291,571. Additionally, 8.3 percent of assessment area families have incomes below the federal poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

The bank's lending to moderate-income borrowers was below aggregate performance and slightly below the percentage of moderate-income families in 2021 and 2022. However, BayCoast Bank

was the top ranked state-chartered community bank in lending to low- and moderate-income borrowers in the RI-MA Multistate MSA assessment area in 2021 and 2022. Notably, BayCoast Bank ranked 5<sup>th</sup> in lending to low-income borrowers and 9<sup>th</sup> in lending to moderate-income borrowers in 2022, outperforming national lenders such as Bank of America and JP Morgan Chase Bank. These comparisons and increasing trends in lending to low-income borrowers reflect good penetration.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: RI-MA Multistate MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2021	24.4	4.8	69	3.5	8,376	1.3
2022	23.7	6.4	95	5.5	11,317	2.1
Moderate						
2021	16.6	19.0	308	15.7	65,261	10.3
2022	16.4	21.4	274	15.9	43,437	8.1
Middle						
2021	19.1	25.2	531	27.1	139,111	22.0
2022	20.5	26.8	423	24.6	95,567	17.9
Upper						
2021	39.9	35.1	929	47.4	346,157	54.7
2022	39.4	33.1	815	47.4	296,946	55.5
Income Not Available						
2021	0.0	16.0	121	6.2	73,873	11.7
2022	0.0	12.3	111	6.5	88,092	16.5
<b>Total</b>						
2021	<b>100.0</b>	<b>100.0</b>	<b>1,958</b>	<b>100.0</b>	<b>632,777</b>	<b>100.0</b>
2022	<b>100.0</b>	<b>100.0</b>	<b>1,718</b>	<b>100.0</b>	<b>535,358</b>	<b>100.0</b>
<i>Source: 2015 ACS Data and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data</i>						

### ***Small Business Loans***

The distribution of small business loans reflects good penetration among businesses of different sizes. As shown in the following table, BayCoast Bank’s lending to small businesses was significantly below aggregate performance and the percentage of businesses with GARs of \$1.0 million or less in 2021. However, as noted previously, the bank originated a large volume of PPP loans, for which revenue data was not required to be reported, in 2021. Only 16.3 percent of the bank’s small business loans in 2021 include GAR information. Of the 125 small business loans reported in 2021 with known revenue data, BayCoast Bank originated 62.4 percent to businesses with GARs of \$1.0 million or less, which is consistent with the bank’s 2022 performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: RI-MA Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2021	87.0	43.3	78	10.2	27,757	28.9
2022	88.2	--	89	63.1	28,016	59.5
> \$1,000,000						
2021	4.8	--	47	6.1	16,042	16.7
2022	4.1	--	52	36.9	19,109	40.6
Revenue Not Available						
2021	8.2	--	643	83.7	52,189	54.4
2022	7.6	--	0	0.0	0	0.0
<b>Total</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>768</b>	<b>100.0</b>	<b>95,988</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>141</b>	<b>100.0</b>	<b>47,125</b>	<b>100.0</b>
<i>Source: D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available</i>						

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. As shown in the following table, the substantial majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 92.2 percent of PPP loans had loan sizes below \$250,000. The high percentage of lower loan amounts supports the conclusion that the bank was serving the needs of small businesses in the assessment area during 2021. Refer to the following table for details.

Distribution of PPP Loans By Loan Size (2021)				
Assessment Area: RI-MA Multistate MSA				
Loan Size	#	%	\$(000s)	%
< \$100,000	505	78.5	14,502	27.8
\$100,000 - \$249,999	88	13.7	14,037	26.9
\$250,000 - \$1,000,000	50	7.8	23,650	45.3
<b>Total</b>	<b>643</b>	<b>100.0</b>	<b>52,189</b>	<b>100.0</b>
<i>Source: 1/1/2021 – 12/31/2021 Bank Data</i>				
<i>Due to rounding, totals may not equal 100.0</i>				

### **Community Development Loans**

BayCoast Bank made a relatively high level of community development loans in the RI-MA Multistate MSA assessment area. The bank originated a majority of its qualified community development loans in this assessment area. During the evaluation period, the bank originated 28 loans for \$41.9 million in the RI-MA Multistate MSA assessment area. The bank's community development lending performance is similar to the prior evaluation period by number, but almost double by dollar volume.

The following table illustrates the bank’s community development loans in the RI-MA Multistate MSA assessment area by community development purpose and year.

Community Development Lending Assessment Area: RI-MA Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	1	250	4	4,327	10	13,933	3	5,878	18	24,388
2022	3	1,203	0	0	0	0	1	2,080	4	3,283
2023	1	300	2	920	1	175	1	12,622	5	14,017
YTD 2024	1	187	0	0	0	0	0	0	1	187
<b>Total</b>	<b>6</b>	<b>1,940</b>	<b>6</b>	<b>5,247</b>	<b>11</b>	<b>14,108</b>	<b>5</b>	<b>20,580</b>	<b>28</b>	<b>41,875</b>
<i>Source: Bank Records</i>										

The majority of community development loans supported economic development and community services. The bank also originated loans supporting the area’s significant affordable housing needs and supporting revitalization and stabilization efforts of the assessment area’s low- and moderate-income areas. The bank’s community development lending was responsive to the needs of small businesses and supported organizations that provide critical services to the area’s low- and moderate-income population. The following are examples of community development loans the bank originated during the evaluation period.

- In 2021, BayCoast Bank participated \$3.2 million in a \$9.8 million loan to an elementary school in Fall River, MA. The loan funds supported the development of a gym, 10 additional classrooms, and a new heating and cooling system. This loan supported revitalization and stabilization of a moderate-income census tract targeted for redevelopment in a Gateway City. Further, the majority of students benefitting from the improvements are designated as low- and moderate-income by the Massachusetts Department of Education.
- In 2022, BayCoast Bank originated a \$2.1 million loan to renovate a charter school in Providence, RI. The renovation of the school helped revitalize and stabilize a moderate-income census tract. Further, the majority of students that attend the school are low- or moderate- income and receive free or reduced lunch.
- In 2023, the bank originated a \$12.6 million loan for the construction of a mixed-use building in a low-income tract in New Bedford, MA. The development includes 28 residential units, with 5 units restricted as affordable units and 2 retail units. The property is in New Bedford’s Housing Development zone created by the Massachusetts Housing Development Incentive Program. This program provides Gateway Cities with tools to develop market rate housing and promote neighborhood stabilization. The loan proceeds helped revitalize and stabilize a low-income area targeted for development by the state.

## INVESTMENT TEST

The Investment Test is rated “High Satisfactory.” The following sections discuss the bank’s performance in the RI-MA Multistate MSA assessment area under each criterion.

### Investment and Grant Activity

BayCoast Bank has a significant level of qualified community development investment and grants within the assessment area. The bank made 480 qualified investments and grants totaling \$24.0 million. The following table illustrates this activity by community development purpose and year.

Qualified Investments Assessment Area: RI-MA Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	1,320	11	13,739	0	0	0	0	12	15,059
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	11	4,770	11	4,770
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>1,320</b>	<b>11</b>	<b>13,739</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>4,770</b>	<b>23</b>	<b>19,829</b>
Qualified Grants & Donations	17	244	419	3,186	13	646	8	119	457	4,195
<b>Total</b>	<b>18</b>	<b>1,564</b>	<b>430</b>	<b>16,925</b>	<b>13</b>	<b>646</b>	<b>19</b>	<b>4,889</b>	<b>480</b>	<b>24,024</b>
<i>Source: Bank Data</i>										

### Equity Investments

The bank has 23 equity investments totaling \$19.8 million inside the RI-MA Multistate MSA assessment area. The bank made 11 new investments totaling \$4.8 million and maintained 12 prior period investments with book values totaling \$15.1 million. The following are examples of these investments.

#### *Prior Period Investments*

- The bank invested in bonds, with a combined current book value of \$2.0 million, for an organization that provides community services to low- and moderate-income individuals and families living with developmental disabilities within Fall River, New Bedford, and Taunton.
- The bank invested in two bonds with a combined current book value of \$5.1 million, for an organization that provides services to low- and moderate-income individuals and families throughout the South Coast region of Massachusetts, particularly within the Gateway Cities of New Bedford and Fall River.

### *Current Period Investments*

- In 2021, the bank purchased 11 municipal bonds totaling \$4.8 million to support school repairs and infrastructure improvements in the Town of Fairhaven. The bank's investment will help revitalize and stabilize the moderate-income census tracts located in Fairhaven.

### Qualified Grants and Donations

During the evaluation period, BayCoast Bank made 457 qualified grants and donations totaling \$4.2 million. The majority of these grants and donations supported community service organizations that primarily benefit low- and moderate-income individuals and families.

- ***Northern Bristol County Assistance Collaborative Inc.*** – The bank's donation was directed to the production and furnishing of a housing facility for chronically homeless individuals. This donation supported community services for low- and moderate-income individuals.
- ***People Incorporated*** – This organization offers employment training and job development, community and family support services, and early childhood education and care for low- and moderate-income families. The bank's donations to this organization helped provide community services for low- and moderate-income individuals.
- ***My Brother's Keeper*** – My Brother's Keeper is an organization with locations in Easton, MA and Dartmouth, MA that delivers furniture and food to families in need. The bank's donation helps to meet community service needs for low- and moderate-income individuals.

### Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. Investments and donations primarily benefitted the Gateway Cities of Fall River and New Bedford, which are considered high need areas for community development activities.

### Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank supported community development initiatives through common investment vehicles, such as bonds, grants, and donations; however, some investments were relatively complex, as they were paired with other community development activities, which required coordination among multiple areas within the bank and mortgage company. Specifically, the bank purchases bonds from community development organizations and municipalities, occasionally in conjunction with loans originated to the organization. Additionally, the bank made several large dollar donations, occasionally supplemented with community development services, such as Board involvement or financial literacy.

## SERVICE TEST

The Service Test is rated “Outstanding.” The following sections discuss the bank’s performance in the RI-MA Multistate MSA assessment area under each criterion.

### Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the RI-MA Multistate MSA assessment area. Of the 24 branches and 29 ATMs in this assessment area, four branches and four ATMs are in low-income tracts. Three branches and three ATMs are in the moderate-income tracts of the assessment area. Additionally, the bank operates 10 ITMs in low-income tracts and 4 ITMs in moderate-income tracts. BayCoast Bank’s alternative delivery systems are consistent with the alternative delivery systems described in the overall section.

The following table illustrates the branch and ATM/ITM distribution by tract income level.

<b>Branch and ATM/ITM Distribution by Geography Income Level</b>										
<b>Assessment Area: RI-MA Multistate MSA</b>										
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>ITMs</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	47	13.4	176,744	11.4	4	16.6	4	14.3	10	25.6
Moderate	69	19.7	295,717	19.1	3	12.5	3	10.7	4	10.3
Middle	139	39.7	625,570	40.4	6	25.0	7	25.0	10	25.6
Upper	91	26.0	445,995	28.8	11	45.8	14	50.0	15	38.5
NA	4	1.1	2,714	0.2	0	0	0	0.0	0	0.0
<b>Total</b>	<b>350</b>	<b>100.0</b>	<b>1,546,740</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>28</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>
<i>Source: 2020 U.S Census; Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

The percentages of branches, ATMs, and ITMs located in low-income census tracts exceeded the percentages of low-income census tracts and low-income population within the assessment area. This is an improvement from the prior evaluation period, during which the percentages of branches and ATMs fell below the percentage of low-income tracts and low-income population.

Additionally, three of the four branches located in low-income census tracts offer both drive-up and walk-up ITMs. The River’s Edge Branch and the Troy Street Branch, both located in low-income census tracts in Fall River, offer two drive-up ITMs, a walk-up ITM, and an ATM. According to the 2023 FDIC National Survey of Unbanked and Underbanked Households, the use of ATMs was more common among underbanked households than among fully banked households.

The percentages of branches, ATMs, and ITMs located in moderate-income tracts were below the percentages of moderate-income tracts and moderate-income population in the assessment area; however, these percentages increased since the prior evaluation period. As of the prior evaluation, the bank operated 1, or 4.8 percent, of its branches in moderate-income census tracts, and it did not operate any ITMs in moderate-income census tracts. BCMC also operates one of its residential LPOs in a moderate-income census tract.

In addition to the branches located directly in low- or moderate-income census tracts, the bank operates six branches located in middle- or upper-income census tracts that are accessible to adjacent low- and moderate-income census tracts, primarily in Fall River and New Bedford. Specifically, the Fall River Airport Express Branch, located in an upper-income tract, is accessible to two adjacent low-income census tracts in Fall River. The Somerset Branch, located in a middle-income tract, is accessible to two low-income census tracts and one moderate-income census tract in Fall River. The Seekonk Branch, located in a middle-income tract, is accessible to four low-income census tracts in Fall River. The Dartmouth Street Branch, located in an upper-income census tract, is accessible to four low-income tracts and five moderate-income tracts in New Bedford. The Ashley Boulevard Branch, located in a middle-income census tract, is accessible to four low-income tracts and three moderate-income tracts in New Bedford. The Providence Branch, located in a middle-income census tract, is accessible to 8 low-income tracts and 13 moderate-income tracts.

### **Changes in Branch Locations**

To the extent changes have been made, the bank's opening and closing of branches has increased the accessibility of its delivery systems. During the evaluation period, BayCoast Bank opened four branches in the assessment area, including one located in a low-income census tract in Fall River, MA, one located in a moderate-income census tract in Bristol, RI, one located in a middle-income census tract in Providence, RI, and one located in an upper-income census tract in Portsmouth, RI. Although the Providence, RI branch is in a middle-income census tract, it is accessible to eight nearby low-income census tracts and 13 nearby moderate-income census tracts. The bank did not close any branches during the evaluation period.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Services in this assessment area are consistent with those described in the overall section.

### **Community Development Services**

BayCoast Bank is a leader in providing community development services within the assessment area. The bank offers financial literacy services to low- and moderate-income individuals and provides financial and technical assistance to a significant number of community development organizations. The bank provided 247 instances of financial expertise or technical assistance to community development organizations during the evaluation period. This represents a significant increase of 48.5 percent from the prior evaluation period, during which the bank provided 165 instances of community development services. Most of the community development services qualified as community services for low- and moderate-income individuals, which is responsive to identified community needs.

The following table illustrates instances of community development services provided by bank employees by year and purpose.



Community Development Services Assessment Area: RI-MA Multistate MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	0	0	0	0
2021	2	27	7	2	38
2022	5	62	8	2	77
2023	2	120	8	2	132
YTD 2024	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>209</b>	<b>23</b>	<b>6</b>	<b>247</b>
<i>Source: Bank Data</i>					

The following are examples of notable community development services that benefitted the assessment area:

- ***My Brothers Keeper*** – My Brothers Keeper is an organization with locations in Easton, MA and Dartmouth, MA that delivers furniture and food to low- and moderate-income families in need. During the evaluation period, the bank’s SVP Chief Community Banking Officer served as a Board member.
- ***Fall River Mayor’s Task Force to End Homelessness*** – This task force was formed to develop a strategic plan to end the cycle of homelessness in Fall River. The bank’s Associate General Counsel serves on the task force, supporting the provision of community services to low- and moderate-income individuals during the evaluation period.
- ***Rise Up for Homes*** – This program is part of the Homeless Service Providers Network (HSPN) located in New Bedford, MA. The goal of the program is to eliminate homelessness in New Bedford by raising funds and providing community services to individuals and families experiencing homelessness. During the evaluation period, a Vice President Information Systems Director served as a Board member of this organization, supporting the provision of community services to low- and moderate-income individuals.
- ***Greater Fall River Development Corporation*** – This non-profit organization is dedicated to business and job development in Fall River. It offers programs to support land development and improvement for small businesses. The programs include grants to create new jobs in Fall River and support local schools. During the evaluation period, the bank’s Executive Vice President Chief Operating Officer served as a Board member of this organization, supporting the provision of economic development.

#### Educational Services and Seminars

***First-Time Homebuyer Seminars*** – During the evaluation period, bank employees provided 53 first-time homebuyer seminars in conjunction with several community development organizations. These organizations primarily serve low- and moderate-income individuals. The bank held

workshops with organizations such as Neighborworks Housing Solutions, Fall River Housing Authority, Catholic Social Services, ONE Neighborhood Builders, New Bedford HUD, and HomeSmart.

*Financial Education and Literacy* – During the evaluation period, bank employees provided 86 financial education workshops to local schools with majority low- and moderate-income populations, as well as community organizations that primarily serve low- and moderate-income individuals. These community development services were responsive to identified community needs. Some of the workshops included:

- Credit for Life Fairs held at Argosy Charter School, Atlantis Charter School, B.M.C Durfee High School, YouthBuild Providence, Fairhaven High School, Stevens Transitional Living Program, and Diman Regional Vocational Technical High School;
- Industry Tours held at the Boys & Girls Club of Fall River, Argosy Charter School, and Fairhaven High School; and
- Money Smart Programs held at Community Economic Development Center of Southeastern MA, Central Falls Housing Authority, Immigration Assistance Center of New Bedford, Fall River Seventh-Day Adventist, Catholic Social Services, SER-Jobs for Progress, Citizens for Citizens, Pawtucket Central Falls Housing Development, YouthBuild New Bedford (PACE), YouthBuild Providence, Child and Family RI, and New Bedford Housing Authority.

## MASSACHUSETTS

### CRA RATING FOR MASSACHUSETTS: SATISFACTORY

The Lending Test is rated: Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: Satisfactory

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

Within the Massachusetts rated area, BayCoast Bank has one assessment area, the Boston MD assessment area, consisting of Norfolk and Plymouth Counties. The bank operates only one branch in this assessment area. Further, a relatively small portion of loans and deposits are in this assessment area. As noted previously, the bank expanded the assessment area to include all of Norfolk and Plymouth Counties since the prior evaluation.

#### Economic and Demographic Data

Due to the release of 2020 U.S. Census data and the expanded assessment area, census tract income designations and the number of census tracts within the assessment area changed. According to 2015 ACS data, the Boston MD assessment area had 231 census tracts with the following income designations:

- 6 low-income census tracts,
- 28 moderate-income census tracts,
- 101 middle-income census tracts,
- 93 upper-income census tracts, and
- 3 census tracts with no income designation.

According to the 2020 U.S. Census, the assessment area includes 265 census tracts that reflect the following income designations:

- 9 low-income census tracts,
- 37 moderate-income census tracts,
- 115 middle-income census tracts,
- 98 upper-income census tracts, and
- 6 census tracts with no income designation.

As a result of both the updated census data and the expansion of the assessment area, compared to the prior evaluation the Boston MD assessment area includes an additional 9 low-income census tracts, 37 moderate-income census tracts, 114 middle-income census tracts, 96 upper-income census tracts, and 6 census tracts with no income designation.

According to 2020 U.S. Census data, all the area's low-income census tracts are in Brockton (7) and Quincy (2). Brockton also has a significant number of moderate-income tracts (9), followed by Quincy (7). Brockton is designated as a Gateway City by the Commonwealth of Massachusetts.

The six census tracts with no income designation include a correctional center and a college in Bridgewater, a primarily commercial census tract in Weymouth, Blue Hills Reservation in Braintree, a bog in Quincy, and the harbor in Plymouth County. The following table illustrates select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Boston MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	265	3.4	14.0	43.4	37.0	2.3
Population by Geography	1,256,800	3.0	14.1	43.9	38.1	0.9
Housing Units by Geography	488,236	2.7	15.4	45.4	36.0	0.5
Owner-Occupied Units by Geography	331,403	1.1	12.0	46.0	40.5	0.4
Occupied Rental Units by Geography	126,919	6.7	23.0	43.8	25.7	0.8
Vacant Units by Geography	29,914	3.5	21.4	45.6	29.1	0.4
Businesses by Geography	132,846	2.5	12.1	40.9	44.2	0.2
Farms by Geography	2,860	0.7	13.1	46.3	39.7	0.2
Family Distribution by Income Level	312,269	18.3	15.5	20.9	45.3	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$499,898
			Median Gross Rent			\$1,557
			Families Below Poverty Level			4.1%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

Based on 2020 U.S. Census data, of the area's housing units, 67.9 percent are owner-occupied, 26.0 percent are occupied rental units, and 6.1 percent are vacant units. The low- and moderate-income census tracts support a relatively high rental population, accounting for 29.7 percent of the assessment area's occupied rental units. This limits the opportunities for institutions to originate 1-4 family residential mortgage loans in these areas.

The majority of the assessment area's low- and moderate-income population is in Brockton and Quincy, where the median family incomes are \$74,977 and \$95,711, respectively. Given the median housing values in the assessment area (\$272,851 in Brockton and \$450,124 in Quincy), home affordability may be a challenge for low- and moderate-income families in these cities.

Examiners used FFIEC-updated median family incomes to analyze home mortgage lending under the Borrower Profile criterion. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
Source: FFIEC				

According to 2022 D&B data, 132,846 non-farm businesses operate in the assessment area. The following reflects the distribution of these businesses by GAR category:

- 88.8 percent have GARs of \$1.0 million or less,
- 4.0 percent have GARs of more than \$1.0 million, and
- 7.2 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.0 percent followed by non-classifiable establishments (22.2 percent); finance, insurance, and real estate (11.1 percent); retail trade (10.0 percent); and construction (8.3 percent). In addition, 62.6 percent of the area's businesses have four or fewer employees, and 92.1 percent operate from a single location. Significant employers in the assessment area include Mass General Brigham, Boston University, Amazon Air Hub & Distribution, and University of Massachusetts.

The following table indicates county, state, and national unemployment rates during the evaluation period. The COVID-19 pandemic contributed to high unemployment rates in 2020, but unemployment rates in all areas steadily decreased throughout the rest of the evaluation period.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Norfolk County, MA	8.8	5.0	3.3
Plymouth County, MA	9.9	5.9	4.0
MA Statewide	9.4	5.5	3.8
National Average	8.1	5.3	3.6
Source: Bureau of Labor Statistics			

## **Competition**

There is a high level of competition for financial services within the assessment area. According to FDIC Deposit Market Share data as of June 30, 2022, 42 financial institutions operated 363 offices in the assessment area. Bank of America, N.A. ranked 1<sup>st</sup> with an 18.1 percent market share; followed by Rockland Trust Company with a 13.0 percent market share; and Citizens Bank, N.A. with an 11.9 percent market share. BayCoast Bank ranked 39<sup>th</sup> with a market share of 0.1 percent.

There is also a high level of competition for home mortgage loans in the assessment area. In 2022, 511 lenders originated or purchased 40,597 home mortgage loans in the Boston MD assessment

area. The top three institutions included Citizens Bank, N.A., Rockland Trust Company, and Eastern Bank. Collectively, these three institutions captured 17.2 percent of the market share. BayCoast Bank ranked 34<sup>th</sup> with a market share of 0.7 percent. BCMC ranked 65<sup>th</sup> with a market share of 0.4 percent. Several state-chartered community banks outperformed BayCoast Bank.

There is also a high level of competition for small business loans in the assessment area. In 2021, 181 lenders reported 42,271 small business loans in the assessment area. BayCoast Bank ranked 53<sup>rd</sup> with 0.2 percent of the market share. The top three institutions were large national banks that issue business credit cards; these lenders had average loan sizes below \$35,000 and originated a total of 40.4 percent of all small business loans. Several state-chartered community banks outperformed BayCoast Bank.

### **Community Contact**

Examiners reviewed a recent community contact with a local non-profit community service organization that serves Norfolk and Plymouth Counties. The organization offers a number of programs to the area to reduce poverty including financial education, credit counseling, workforce development, and job search support. The contact noted that housing in the area is a major challenge due to high cost and low availability. The contact also noted that wages are not rising at the same pace as the cost of living. In terms of credit needs, the contact cited a need for loan products that help individuals establish credit and small dollar loans. The contact also noted that there is an opportunity for financial institutions to provide tax preparation assistance and accounting classes to low- and moderate-income individuals. There is also a need for institutions to employ multilingual employees to provide translation assistance to non-English speaking residents. Overall, the contact noted that local institutions were responsive to community needs.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services represent primary community development needs, and loans to develop affordable housing are primary credit needs. Additionally, there is a credit need for loan products to help low- and moderate-income individuals establish credit and a community development need for multilingual translation assistance. Community development opportunities for community services to low- and moderate-income individuals exist in Brockton, a Gateway City.

## SCOPE OF EVALUATION – MASSACHUSETTS

The scope is similar to that discussed in the overall section, except that this portion of the evaluation only considers activity in the Boston MD assessment area. Please refer to the overall discussion for more information on products reviewed, timeframe, and weighting of products.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS

### LENDING TEST

The Lending Test is rated “Satisfactory.” The following sections discuss the bank’s performance in the assessment area under each criterion.

#### Lending Activity

The bank’s lending levels reflect adequate responsiveness to assessment area credit needs. BayCoast Bank reported the following home mortgage lending totals in the Boston MD assessment area:

- 451 loans totaling \$157.8 million in 2020,
- 370 loans totaling \$137.9 million in 2021, and
- 269 loans totaling \$95.1 million in 2022.

Among HMDA-reporting lenders, BayCoast Bank ranked 45<sup>th</sup> in 2020 with a 0.5 percent market share and 52<sup>nd</sup> in 2021 with a 0.4 percent market share. Performance improved in 2022, with BayCoast Bank ranking 34<sup>th</sup> with a 0.7 percent market share. In 2022, BayCoast Bank outperformed similarly situated institutions. In 2020, BCMC ranked 49<sup>th</sup> with a 0.5 percent market, and in 2021, ranked 56<sup>th</sup> with a 0.4 percent market share. In 2022, BCMC ranked 65<sup>th</sup> with a market share of 0.4 percent. These totals and market shares reflect adequate responsiveness to area credit needs.

BayCoast Bank reported the following small business lending totals in the Boston MD assessment area:

- 82 loans totaling \$15.4 million in 2020,
- 63 loans totaling \$9.0 million in 2021, and
- 6 loans totaling \$1.8 million in 2022.

Among financial institutions that reported small business loans, the bank ranked 52<sup>nd</sup> with a 0.2 percent market share in 2020 and 53<sup>rd</sup> with a 0.2 percent market share in 2021 by number of loans. PPP lending drove high origination totals in 2020 and 2021 compared to 2022. The SBA discontinued the PPP on May 31, 2021. CRA aggregate data shows that the entire market had significantly less lending in 2021 compared to 2020.

## **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment area. The bank's adequate home mortgage and small business lending performance support this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects adequate penetration. As shown in the following table, the bank did not originate any loans in low-income census tracts in 2021.

However, the low aggregate performance and the limited percentage of owner-occupied housing units in low-income census tracts reflects limited demand and opportunity to originate loans in the low-income census tracts. In 2022, the bank increased lending in low-income census tracts and originated two loans in these geographies, slightly trailing aggregate performance and falling just below demographic data. Bank lending in moderate-income census tracts was comparable to both aggregate performance and demographic data in 2021. In 2022, the bank's lending in moderate-income census tracts increased, exceeding aggregate performance and demographic data. All the low- and moderate-income census tracts were added to the bank's assessment area in early 2024.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Boston MD</b>						
<b>Tract Income Level</b>	<b>% of Owner- Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	0.7	0.9	0	0.0	0	0.0
2022	1.1	1.4	2	0.7	529	0.6
<b>Moderate</b>						
2021	9.8	9.5	35	9.5	9,007	6.5
2022	12.0	12.3	44	16.4	12,047	12.7
<b>Middle</b>						
2021	44.5	42.6	214	57.8	75,902	55.1
2022	46.0	45.4	159	59.1	47,278	49.7
<b>Upper</b>						
2021	45.0	46.9	121	32.7	52,947	38.4
2022	40.5	40.5	64	23.8	35,263	37.1
<b>Not Available</b>						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.4	0.4	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>370</b>	<b>100.0</b>	<b>137,856</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>	<b>95,117</b>	<b>100.0</b>
<i>Source: 2015 ACS and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						



### ***Small Business Loans***

The geographic distribution of small business loans reflects adequate penetration. As shown in the following table, the bank's lending exceeded aggregate performance and demographics in low-income census tracts in 2021; however, the bank did not originate any loans in low-income census tracts in 2022. In moderate-income census tracts, the bank exceeded aggregate performance and demographics in each year. As noted above, all the low- and moderate-income census tracts are new to the bank's assessment area as of early 2024, and the bank's overall volume of small business lending in 2022 was low. These factors support the bank's adequate performance in small business lending in low- and moderate-income census tracts.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Boston MD</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2021	1.4	1.4	3	4.8	39	0.4
2022	2.5	--	0	0.0	0	0
Moderate						
2021	10.2	10.9	14	22.2	1,523	17.0
2022	12.1	--	1	16.7	42	2.3
Middle						
2021	40.0	42.2	28	44.4	3,988	44.5
2022	40.9	--	5	83.3	1,796	97.7
Upper						
2021	48.4	45.4	18	28.6	3,407	38.0
2022	44.2	--	0	0.0	0	0.0
Not Available						
2021	0.1	0.0	0	0.0	0	0.0
2022	0.2	--	0	0.0	0	0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>8,957</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>6</b>	<b>100.0</b>	<b>1,838</b>	<b>100.0</b>
<i>Source: D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different size in the Boston MD assessment area. The bank's excellent home mortgage lending performance and adequate small business lending performance support this conclusion.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels, including low- and moderate-income borrowers. As shown in the following table, the bank's lending to low-income borrowers exceeded aggregate performance in 2021 and 2022. Although the bank's performance trailed the percentage of low-income families in both years, a low-income family in the Boston MD assessment area, earning less than \$56,850 in 2021 and less than \$64,750 in 2022, may have difficulty qualifying for a mortgage under conventional underwriting standards considering the median housing value of \$499,898. Additionally, 4.1 percent of assessment area families have incomes below the federal poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

The bank's lending to moderate-income borrowers exceeded both aggregate performance and the percentage of moderate-income families in 2021 and 2022.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Boston MD</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2021	17.8	5.1	27	7.3	3,115	2.3
2022	18.3	7.0	31	11.5	3,569	3.8
Moderate						
2021	15.0	18.1	73	19.7	17,875	13.0
2022	15.5	19.5	58	21.6	13,590	14.3
Middle						
2021	19.9	22.5	97	26.2	31,372	22.8
2022	20.9	22.7	55	20.4	19,098	20.1
Upper						
2021	47.3	40.0	162	43.8	72,668	52.7
2022	45.3	39.0	119	44.2	57,517	60.5
Income Not Available						
2021	0.0	14.4	11	3.0	12,826	9.3
2022	0.0	11.8	6	2.2	1,343	1.4
<b>Total</b>						
2021	<b>100.0</b>	<b>100.0</b>	<b>370</b>	<b>100.0</b>	<b>137,856</b>	<b>100.0</b>
2022	<b>100.0</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>	<b>95,117</b>	<b>100.0</b>
Source: 2015 ACS Data and 2020 U.S. Census Data; HMDA Reported Data; HMDA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The distribution of small business loans reflects adequate penetration among businesses of different sizes. As shown in the following table, BayCoast Bank's lending to small businesses was significantly below aggregate performance and the percentage of businesses with GARs of \$1.0

million or less in 2021. However, as noted previously, the bank originated a large volume of PPP loans, for which revenue data was not required to be reported, in 2021. Only 17.4 percent of bank small business loans in 2021 include GAR information. Of the 11 small business loans reported in 2021 with known revenue data, BayCoast Bank originated 54.5 percent to businesses with GARs of \$1.0 million or less. In 2022, BayCoast Bank's small business lending decreased overall, and lending to businesses with GARs of \$1.0 million or less significantly trailed demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Boston MD</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>						
2021	87.8	43.9	6	9.5	2,193	24.5
2022	88.8	--	2	33.3	562	30.6
<b>&gt; \$1,000,000</b>						
2021	4.5	--	5	7.9	1,530	17.1
2022	4.0	--	4	66.7	1,276	69.4
<b>Revenue Not Available</b>						
2021	7.7	--	52	82.5	5,234	58.4
2022	7.2	--	0	0.0	0	0.0
<b>Total</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>63</b>	<b>100.0</b>	<b>8,957</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>--</b>	<b>6</b>	<b>100.0</b>	<b>1,838</b>	<b>100.0</b>
<i>Source: D&amp;B Data; CRA Reported Data; CRA Aggregate Data; "--" data not available Due to rounding, totals may not equal 100.0%</i>						

As borrower revenue data is unavailable for PPP loans, examiners evaluated PPP loans using loan size as a proxy. As shown in the following table, the majority of PPP loans originated in 2021 had loan sizes less than \$100,000. Furthermore, 90.4 percent of PPP loans had loan sizes below \$250,000. The high percentage of lower loan amounts supports the conclusion that the bank was serving the needs of small businesses in the assessment area during 2021. Refer to the following table for details.

<b>Distribution of PPP Loans By Loan Size (2021)</b>				
<b>Assessment Area: Boston MD</b>				
<b>Loan Size</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
< \$100,000	36	69.2	925	17.7
\$100,000 - \$249,999	11	21.2	1,838	35.1
\$250,000 - \$1,000,000	5	9.6	2,471	47.2
<b>Total</b>	<b>52</b>	<b>100.0</b>	<b>5,234</b>	<b>100.0</b>
<i>Source: 1/1/2021 – 12/31/2021 Bank Data Due to rounding, totals may not equal 100.0</i>				

## **Community Development Loans**

BayCoast Bank made an adequate level of community development loans in the Boston MD assessment area. The bank originated three community development loans for \$11.2 million during the evaluation period. In 2022, the bank originated a \$6.7 million loan to a public school in Brockton, where the majority of students at the school are designated as low-income by the Massachusetts Department of Education. As such, this loan supports community services to low-income families in Brockton. In 2023, the bank originated two loans for \$3.0 million and \$1.5 million to purchase and renovate a 60-room hotel in Plainville. These loans promote economic development by financing a small business and creating jobs for low- and moderate-income individuals in the assessment area.

## **INVESTMENT TEST**

The Investment Test is rated “Satisfactory.” The following sections discuss the bank’s performance in the assessment area under each criterion.

### **Investment and Grant Activity**

BayCoast Bank has an adequate level of qualified community development investments and grants within the assessment area. The bank made 10 qualified investments and grants totaling \$1.5 million, all of which supported community services. The following table illustrates this activity.

<b>Qualified Investments</b>										
<b>Assessment Area: Boston MD</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	2	1,375	0	0	0	0	2	1,375
2020 (partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,375</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,375</b>
Qualified Grants & Donations	0	0	8	167	0	0	0	0	8	167
<b>Total</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,542</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,542</b>
<i>Source: Bank Data</i>										

### **Equity Investments**

The bank has two investments totaling \$1.4 million inside the Boston MD assessment area. Both investments are from the prior evaluation period. The following are examples of the bank’s investments.

### *Prior Period Investments*

- The bank continues to hold two bonds that support a social service organization serving disabled low- to moderate-income individuals by providing employment and housing assistance. The investments' current book value is \$1.4 million. The investments provide community services for low- and moderate-income individuals within the assessment area.

### Qualified Grants and Donations

During the evaluation period, BayCoast Bank made eight qualified grants and donations totaling \$166,500. All eight donations supported community service organizations that primarily benefit low- and moderate-income individuals and families. The following are examples of these grants and donations.

- ***Rockland Hanson Rotary Foundation*** – The bank's donations to this organization were targeted towards food pantries in Hanson and Rockland and help provide community services to low- and moderate-income individuals within the assessment area.
- ***New Heights Charter School*** – New Heights Charter school is located in Brockton. The majority of students are designated as low-income by the Massachusetts Department of Education. Donations to the school help provide community services for low-income individuals within the assessment area.

### Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community development needs in this assessment area. The bank focused its investments and donations on the Gateway City of Brockton, responding to the area's need for community services to low- and moderate-income individuals.

### Community Development Initiatives

The bank does not use innovative and/or complex investments to support community development initiatives.

### **SERVICE TEST**

The Service Test is rated "Satisfactory." The following sections discuss the bank's performance in the assessment area under each criterion.

### Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the assessment area. BayCoast Bank has a single branch with an ATM, a drive-up ITM, and a walk-up ITM within the assessment area. The branch is in a middle-income census tract in the town of Foxborough, MA. Although this branch is not located in close proximity to the low-and moderate-income census tracts

in the assessment area, the alternative delivery systems described in the overall section provide additional access to retail banking services.

### **Changes in Branch Locations**

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems. BayCoast Bank did not open or close any branches in the Boston MD assessment area during the evaluation period.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. BayCoast Bank's business hours and services are consistent with those described in the overall section. As previously noted, the bank employs multilingual employees to assist non-English speaking customers with financial services. This is responsive to an identified community development need.

### **Community Development Services**

BayCoast Bank provided an adequate level of community development services within the assessment area. The bank provided 23 instances of financial expertise or technical assistance to the area's community development organizations during the evaluation period. All the services provided qualified as community services for low- and moderate-income individuals, which was responsive to an identified community development need.

The following table illustrates the instances of community development services provided by bank employees by year and purpose.

<b>Community Development Services Assessment Area: Boston MD</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (partial)	0	0	0	0	<b>0</b>
2021	0	2	0	0	<b>2</b>
2022	0	2	0	0	<b>2</b>
2023	0	19	0	0	<b>19</b>
YTD 2024	0	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>23</b>
<i>Source: Bank Data</i>					

The following are examples of notable community development services that benefitted the assessment area.

- ***New Heights Charter School*** – New Heights Charter school is located in Brockton. The majority of students are designated as low-income by the Massachusetts Department of

Education. In 2023, 17 BayCoast Bank employees participated in a Credit for Life Fair at the school. In addition, the Senior Vice President Sales and Marketing for BCMC serves on the school's Board of Directors. These activities help to provide community services for low-income individuals within the assessment area.

- ***Rockland Hanson Rotary*** – The Rockland Hanson Rotary supports food pantries within the assessment area and provides scholarships for students in need. The bank's Vice President of Wealth Management serves as treasurer for the organization. This activity helps to provide community services to low- and moderate-income individuals within the assessment area.

#### Educational Services and Seminars

*First Time Homebuyer Seminars* – During the evaluation period, bank employees provided first time homebuyer seminars in conjunction with community development organizations that primarily serve low- and moderate-income individuals. The bank held a number of these seminars in Spanish and Portuguese, which is responsive to community development needs. The bank held three workshops with Plymouth Redevelopment Authority.

*Financial Education and Literacy* – Employees provided financial education to local schools and community organizations that primarily serve low- and moderate-income populations. These included a partnership with EVERFI, a third-party financial education provider, to provide financial literacy modules to students at schools that have majority low- and moderate-income populations and a Credit for Life Fair at the New Heights Charter School in Brockton.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not identify any evidence of disparate treatment.

#### **MINORITY APPLICATION FLOW**

The Division of Banks examiners reviewed BayCoast Bank and BCMC HMDA LARs for 2021 and 2022 to determine if the application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 U.S. Census data, the combined assessment area contained a total population of approximately 2.8 million individuals, of which 28.5 percent are minorities. The combined assessment area's minority and ethnic population is 10.4 percent Hispanic or Latino, 6.5 percent Black/African American, 5.1 percent Asian, 0.4 percent American Indian or Alaskan Native, 0.1 percent Native Hawaiian or Other Pacific Islander, and 6.0 percent other.

The bank and mortgage company level of applications was compared with that of the 2021 and 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as the aggregate lenders in the bank's combined assessment area.



MINORITY APPLICATION FLOW						
RACE	2021		2021 Aggregate Data	2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	9	0.3	0.3	3	0.1	0.3
Asian	33	1.2	4.0	48	1.9	4.4
Black/African American	38	1.3	6.2	91	3.6	7.5
Hawaiian/Pacific Islander	3	0.1	0.2	7	0.3	0.2
2 or more Minority	1	0.1	0.1	3	0.1	0.2
Joint Race (White/Minority)	32	1.1	1.3	30	1.2	1.5
<b>Total Racial Minority</b>	<b>116</b>	<b>4.1</b>	<b>12.1</b>	<b>182</b>	<b>7.2</b>	<b>14.1</b>
White	2,127	74.9	63.4	1,913	75.7	63.5
Race Not Available	597	21.0	24.5	433	17.1	22.4
<b>Total</b>	<b>2,840</b>	<b>100.0</b>	<b>100.0</b>	<b>2,528</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	90	3.2	5.7	92	3.7	7.2
Joint (Hisp/Lat / Not Hisp/Lat)	30	1.0	1.1	29	1.1	1.4
<b>Total Ethnic Minority</b>	<b>120</b>	<b>4.2</b>	<b>6.8</b>	<b>121</b>	<b>4.8</b>	<b>8.6</b>
Not Hispanic or Latino	2,118	74.6	69.4	1,949	77.1	69.7
Ethnicity Not Available	602	21.2	23.8	458	18.1	21.7
<b>Total</b>	<b>2,840</b>	<b>100.0</b>	<b>100.0</b>	<b>2,528</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: ACS Census 2020, HMDA Aggregate Data 2021 and 2022, HMDA LAR Data 2021 and 2022</i>						

In 2021, the bank and BCMC received 2,840 home mortgage loan applications from within its combined assessment area. Of these applications, 116 or 4.1 percent were received from racial minority applicants, of which 71 or 61.0 percent resulted in originations or purchases. The aggregate received 12.1 percent of its applications from minority consumers, with a 60.0 percent origination rate. For the same period, the bank and BCMC also received 120 applications, or 4.2 percent, from ethnic groups of Hispanic origin within its combined assessment area. Of these applications, 86 or 71.6 percent were originated or purchased, compared with an aggregate application rate of 6.8 percent with a 59.0 percent origination rate.

In 2022, the bank and BCMC received 2,528 home mortgage loan applications from within its combined assessment area. Of these applications, 182 or 7.2 percent were received from racial minority applicants, of which 124 or 68.1 percent resulted in originations or purchases. The aggregate received 14.1 percent of its applications from minority consumers, with a 54.0 percent origination rate. For the same period, the bank also received 121 applications or 4.8 percent from ethnic groups of Hispanic origin within its combined assessment area. Of these applications, 92 or 76 percent were originated or purchased, compared with an aggregate application rate of 8.6 percent with a 53.0 percent origination rate.

Considering the demographic composition of the combined assessment area, market competition, and comparisons to aggregate data in 2021 and 2022, the bank and BCMC's minority application flow is adequate. The bank should remain cognizant of its community outreach strategies to reach all groups within the combined assessment area.

## **LARGE BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the agencies will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

### **Investment Test**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## **Service Test**

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's 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 (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) 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.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

BayCoast Bank	
<b>Scope of Examination:</b>  Full scope reviews were performed on the following assessment areas within the noted rated areas: RI-MA Multistate MSA: RI-MA Multistate MSA Assessment Area State of Massachusetts: Boston MD Assessment Area	
<b>Time Period Reviewed:</b>	December 15, 2020 - January 29, 2024
<b>Products Reviewed:</b> Home Mortgage: 2020, 2021, 2022 Small Business: 2020, 2021, 2022	

List of Affiliates and Products Reviewed		
Affiliate	Affiliate Relationship	Products Reviewed
BayCoast Mortgage Company (BCMC)	Wholly Owned Subsidiary	Home Mortgage

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
RI-MA Multistate MSA: RI-MA Multistate MSA Assessment Area	Full scope	None	None
Massachusetts: Boston MD Assessment Area	Full scope	None	None

## SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
RI-MA Multistate MSA	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Massachusetts	Satisfactory	Satisfactory	Satisfactory	Satisfactory

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

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

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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



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

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

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

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

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

**Upper-Income:** Individual income that is 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.

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

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