

# **PUBLIC DISCLOSURE**

February 24, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Avidia Bank  
Certificate Number: 90215

42 Main Street  
Hudson, Massachusetts 01749

Division of Banks  
One Federal Street, Suite 710  
Boston, Massachusetts 02110

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
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**.

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			
High Satisfactory			
Satisfactory**	X	X	X
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, as the Division does not have a “low satisfactory” rating.</p>			

**The Lending Test is rated Satisfactory.**

- Lending levels reflect adequate responsiveness to assessment area credit needs.
- The bank made an adequate percentage of home mortgage and small business loans in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among retail customers of different income levels and business customers of different sizes.

- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank made a relatively high level of community development loans.

**The Investment Test is rated Satisfactory.**

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

**The Service Test is rated Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's combined assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies and/or individuals.
- Services (including, where appropriate, 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.
- The institution provides a limited level of community development services.

## DESCRIPTION OF INSTITUTION

### **Background**

Avidia Bank is a mutual community bank headquartered in Hudson, Massachusetts (MA) and a subsidiary of Assabet Valley Bancorp. The bank received a “Satisfactory” rating from the FDIC and the Massachusetts Division of Banks during its prior joint CRA evaluation, dated July 18, 2022 based on Interagency Large Institution Examination Procedures.

### **Operations**

The bank offers products and services through its main office in Hudson and eight full-service branches throughout Middlesex and Worcester Counties. The Clinton, Leominster, Northborough, Shrewsbury, and Westborough branches are in Worcester County. The Framingham, Hudson, and Marlborough branches are in Middlesex County. There has been no merger or acquisition activity since the prior evaluation.

Avidia Bank offers home mortgage, commercial, and consumer loans with a continued primary focus on residential and commercial lending. Residential lending products include home mortgage loans, construction loans, and home equity loans and lines of credit. For commercial customers, the bank offers commercial mortgage loans, business lines of credit, dental practice loans, and condominium association loans. Consumer and commercial deposit services include checking, savings, money market, certificate of deposit accounts, and merchant services for business customers. Additionally, the bank offers health savings accounts and investment services. Alternative banking services include internet, mobile, and telephone banking; person-to-person payment features; safe deposit boxes; and automated teller machines (ATMs).

### **Ability and Capacity**

As of December 31, 2024, the bank had total assets of \$2.6 billion and total deposits of \$2 billion. Assets included total loans of \$2.2 billion and total securities of \$279.3 million. Assets increased by approximately \$200 million, or 9.4 percent since March 31, 2022 (the last quarter utilized at the prior evaluation). Asset growth was slow given a high interest rate environment and approaching the end of the Paycheck Protection Program (PPP). Total loans increased by approximately \$600 million, or 23.0 percent and securities decreased by approximately \$74.2 million, or 26.5 percent over the evaluation period. The following table illustrates the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of 12/31/2024</b>		
<b>Loan Category</b>	<b>\$ (000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	96,234	4.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	622,413	28.3
Secured by Nonfarm Nonresidential Properties	521,586	23.7
<b>Total Real Estate Loans</b>	<b>1,303,484</b>	<b>59.3</b>
Commercial and Industrial Loans	864,660	39.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	5,071	.2
Obligations of State and Political Subdivisions in the U.S.	13,083	.6
Other Loans	14,450	.7
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>2,200,748</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

The bank provides for its communities' credit needs in a manner consistent with its size, financial condition, resources, and local economic conditions. Although examiners did not identify any financial or legal impediments that affected the bank's ability to meet the area's credit needs, the high interest rate environment impacted lending opportunities.

## **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. Avidia Bank designated two contiguous assessment areas in the Worcester, MA-Connecticut (CT) Metropolitan Statistical Area (MSA) and Cambridge-Newton-Framingham, MA Metropolitan Division (MD). The two assessment areas are part of the larger Boston-Worcester-Providence, MA-Rhode Island (RI)-New Hampshire (NH)-CT Combined Statistical Area (CSA); therefore, separate assessment area analyses are not required for this evaluation. The combined assessment area covers portions of Worcester and Middlesex Counties.

The following table details the cities and towns in the bank's combined assessment area.

<b>Combined Assessment Area Cities and Towns</b>			
<i>Middlesex County</i>			
Acton	Framingham	Marlborough	Sudbury
Ashland	Holliston	Maynard	Wayland
Ayer	Hopkinton	Natick	Weston
Bedford	Hudson	Sherborn	
Boxborough	Lincoln	Shirley	
Concord	Littleton	Stow	
<i>Worcester County</i>			
Auburn	Grafton	Milford	Sterling
Berlin	Harvard	Millbury	Sutton
Bolton	Holden	Northbridge	Upton
Boylston	Hopedale	Northborough	West Boylston
Clinton	Lancaster	Princeton	Westborough
Fitchburg	Leominster	Shrewsbury	Westminster
Gardner	Lunenburg	Southborough	Worcester

The following sections discuss demographic and economic information relevant to the combined assessment area.

### **Economic and Demographic Data**

Avidia Bank's combined assessment area consists of 216 census tracts with the following income designations according to 2020 United States (U.S.) Census data:

- 22 low-income tracts,
- 32 moderate-income tracts,
- 71 middle-income tracts,
- 85 upper-income tracts, and
- 6 census tracts with no income designations

Due the release of the 2020 U.S. Census data, which resulted in changes to census tract boundaries, the bank's combined assessment area changed since the prior evaluation. At the prior evaluation, census tract designations were based on the 2015 American Community Survey (ACS), and the assessment area consisted of 195 census tracts, which included 19 low-income, 34 moderate-income, 57 middle-income, 81 upper-income, and 4 undesignated income tracts.

Based on the 2020 U.S. Census data, the low-income census tracts are in Fitchburg (3), Framingham (3), Gardner (1), Leominster (1), and Worcester (14). The moderate-income census tracts are in Fitchburg (6), Framingham (3), Gardner (3), Leominster (2), Marlborough (2), Milford (1), Millbury (1), and Worcester (14). The census tracts with no income designation include several colleges and universities, a U.S. military laboratory facility, and a wildlife refuge. The combined assessment area contains 18 census tracts designated as Qualified Opportunity Zones (QOZ). QOZs are economically distressed communities approved by the U.S. Department of Treasury, with the intent of spurring economic development and job creation. Specifically, the QOZs are in Clinton (2), Fitchburg (2), Framingham (2), Gardner (2), Leominster (2), Marlborough (2), and Worcester

(6). The following table illustrates select demographic characteristics of the combined assessment area.

Demographic Information of the Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	216	10.2	14.8	32.9	39.4	2.8
Population by Geography	1,010,091	9.2	13.7	32.8	43.5	0.7
Housing Units by Geography	389,634	9.2	14.4	34.0	42.0	0.4
Owner-Occupied Units by Geography	242,370	2.3	9.7	34.9	53.0	0.1
Occupied Rental Units by Geography	126,358	21.1	22.4	32.8	22.6	1.1
Vacant Units by Geography	20,906	16.5	20.3	31.0	31.5	0.6
Businesses by Geography	113,575	7.8	11.4	33.5	46.8	0.6
Farms by Geography	2,738	3.3	8.7	32.9	54.9	0.2
Family Distribution by Income Level	244,320	20.4	15.2	19.1	45.3	0.0
Household Distribution by Income Level	368,728	24.3	14.6	15.8	45.3	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$393,986
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$96,860	Median Gross Rent			\$1,247
			Families Below Poverty Level			5.8%
Source: 2020 U.S. Census Data, 2023 D&B Data, and FFIEC Estimated Median Family Income (*) 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. As shown in the Demographic Information of the Combined Assessment Area table, 62.2 percent of the 389,634 housing units are owner-occupied, providing an opportunity for home mortgage lending within the combined assessment area. However, only 2.3 and 9.7 percent of the owner-occupied units are in low- and moderate-income census tracts, respectively, limiting the bank's home mortgage lending opportunities in those tracts.

Examiners used the 2022 and 2023 Federal Financial Institutions Examination Council (FFIEC)-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the combined 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>Cambridge-Newton-Framingham, MA Median Family Income</b>				
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
<b>Worcester, MA-CT MSA Median Family Income</b>				
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
<i>Source: FFIEC</i>				

The Borrower Profile criterion compares the distribution of home mortgage loans by borrower income level to the percentage of low- and moderate-income families. Although 24.3 percent of assessment area families are low-income, approximately 5.8 percent of these families have incomes below the poverty line. The data suggests low-income borrowers may face challenges qualifying for a mortgage loan with the area's median home price of \$393,986. In addition, increasing interest rates affecting the residential mortgage industry nationwide in 2022 and 2023 made homeownership difficult for low-income families to obtain.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to businesses by gross annual revenue (GAR) category to D&B data. According to 2023 D&B data, 113,575 non-farm businesses operate in the combined assessment area. Service industries represent the largest portion of businesses at 37.7 percent; followed by non-classifiable establishments at 20.3 percent; finance, insurance and real estate at 10.6 percent; retail trade at 9.6 percent; construction at 9.2 percent; transportation and communication at 3.9 percent; manufacturing at 2.9 percent; wholesale trade at 2.5 percent; agriculture, forestry, and fishing at 2.4 percent; public administration at 0.9 percent; and mining at almost 0.0 percent. The majority of non-farm businesses in the combined assessment area are small, with a significant majority of businesses (92.4 percent) having nine or fewer employees and 91.9 percent also operating from a single location.

The following reflects GARs for businesses in the combined assessment area.

- 89.0 percent have revenues of \$1.0 million or less,
- 3.8 percent have revenues greater than \$1.0 million, and
- 7.2 percent have unknown revenues.

The following table reflects unemployment rates in the combined assessment area compared to the state and national unemployment rates throughout the evaluation period.

Unemployment Rates		
Area	2022	2023
	%	%
Middlesex County	2.6	2.8
Worcester County	3.4	3.3
Massachusetts	3.7	3.2
National Average	3.6	3.6
<i>Source: Bureau of Labor Statistics</i>		

## **Competition**

Avidia Bank operates in a competitive market for financial services. According to 2024 Branch and Deposit Market Share data, 61 financial institutions operated 337 branches in the bank's combined assessment area. Of these institutions, Avidia ranked 9<sup>th</sup> with a deposit market share of 3.6 percent. The top three financial institutions, Digital Federal Credit Union; Bank of America; National Association (N.A.); and TD Bank, N.A., collectively held approximately 38.2 percent market share.

The bank faces a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the combined assessment area. In 2023, aggregate home mortgage lending data showed 486 lenders originated or purchased 30,638 home mortgage loans in the combined assessment area. Avidia Bank ranked 25<sup>th</sup> with a 1.0 percent market share. The lenders that ranked higher than Avidia were primarily large national banks, and mortgage companies, such as Citizens Bank, N.A.; Digital Federal Credit Union; Bank of America, N.A.; JP Morgan Chase Bank, N.A.; and Guaranteed Rate, Inc., which held a combined 23.0 percent of the market.

The bank also faces a high level of competition for small business loans among large national banks and regional banks. In 2023, aggregate small business lending data showed 163 lenders originated or purchased 64,482 small business loans in the combined assessment area. Avidia Bank ranked 22<sup>nd</sup> with a 0.4 percent market share. The top five lenders, American Express National Bank; JP Morgan Chase Bank, N.A.; Bank of America, N.A.; Citi Bank, N.A.; and Capital One Bank (USA), N.A., collectively held 72.1 percent market share. Avidia Bank was the third-highest ranked state-chartered community bank, with Enterprise Bank and Trust Company (18<sup>th</sup>) and Eastern Bank (19<sup>th</sup>) ranked above.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the area's credit and community development needs. This information helps to determine whether local financial institutions respond to those needs. The information also shows what credit and community development opportunities are available. Examiners reviewed a recent community contact with a local community development organization that develops and manages affordable housing for low-income families. The contact described a continuous need for affordable housing, noting that many units that are designated as 'affordable' by state and federal guidelines are unattainable for low-income families. The contact stated that local financial

institutions can do more to help meet the credit and community development needs and many have not been involved with the community. The contact mentioned that grants and donations to organizations like theirs and other community development organizations have a powerful impact and could be used to help meet the housing needs of low- and moderate-income families in the combined assessment area.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary needs of the assessment area are affordable housing and community development services. High housing costs and lower median family incomes support this conclusion. Banks can help by creating and offering innovative and flexible loan programs and making donations. Opportunities exist for banks to be more involved with charitable contributions and outreach.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated July 18, 2022, to the current evaluation dated February 24, 2025. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's CRA performance. The Large Bank procedures include a Lending Test, Investment Test, and the Service Test (see Appendices for a complete description).

### **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. The bank does not offer agricultural loans.

Examiners considered all home mortgage loans reported on the bank's 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 451 home mortgage loans totaling \$224.2 million in 2022, and 437 home mortgage loans totaling \$161.5 million in 2023. Aggregate data and 2020 U.S. Census data provided a standard of comparison for home mortgage loans in 2022 and 2023. Examiners compared the bank's 2022 and 2023 performance to demographic data and aggregate data.

Examiners considered all small business loans reported on the bank's 2022 and 2023 CRA Loan Registers. The bank reported 421 small business loans totaling \$77.0 million in 2022, and 330 loans totaling \$49.9 million in 2023. Aggregate data and D&B demographic data provided a standard of comparison for small business loans in 2022 and 2023.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Examiners weighed the number of originations more heavily than the dollar volume. Based on the bank's business focus, origination activity, and the loan portfolio

distribution, examiners assigned equal weight to the bank's home mortgage and small business lending performance when arriving at overall conclusions and ratings.

Examiners also 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 evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in this evaluation from the 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. Financial data is based on the December 31, 2024 Report of Income and Condition (Call Report).

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test performance is rated Satisfactory. The bank's adequate performance in the Lending Activity, Geographic Distribution, Borrower Profile, Innovative or Flexible Lending Practices, and Community Development Lending criteria primarily support this rating.

#### **Lending Activity**

Avidia Bank's lending activity reflects adequate responsiveness to the combined assessment area's credit needs.

#### ***Home Mortgage Lending***

The bank originated 267 home mortgage loans totaling \$114.6 million in the assessment area in 2022, and 234 home mortgage loans totaling \$66 million in the assessment area in 2023. Among HMDA-reporting financial institutions, the bank ranked 38<sup>th</sup> out of 533 lenders with 0.7 percent market share in 2022 and 25<sup>th</sup> out of 486 lenders with 1.0 percent market share in 2023, by number of loans.

#### ***Small Business Lending***

Avidia Bank originated 252 small business loans totaling \$38 million in the combined assessment area in 2022 and 218 small business loans totaling \$26.1 million in 2023. The bank experienced a significant decline in the number of small business loans originated in 2023 when compared to lending in 2022. The decline is primarily due to market conditions and high interest rates. Among CRA-reporting financial institutions, the bank ranked 22<sup>nd</sup> out of 179 lenders with 0.5 percent market share in 2022 and 22<sup>nd</sup> out of 163 lenders with 0.4 percent market share in 2023, by number of loans.

## **Assessment Area Concentration**

Avidia Bank made an adequate percentage of its loans inside the combined assessment area. As the following table shows, the bank originated 59.2 percent of its home mortgage and small business loans by number and 48.0 percent by dollar amount inside the combined assessment area.

Additionally, the bank originated 56.4 percent of its home mortgage loans by number and 47.0 percent by dollar amount, and 62.6 percent of its small business loans by number and 50.9 percent by dollar amount inside the combined assessment area. Due to higher home prices outside the combined assessment area, resulting in significantly higher average loan amounts, this demographic affected the dollar volume of lending in the combined assessment area. Although the bank originated large loans (\$1 million plus inside the combined assessment area), the volume and average size of loans outside dominated the dollar distribution.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		#	%	#	%	
Home Mortgage										
2022	267	59.2	184	40.8	451	114,603,591	51.1	109,673,790	48.9	224,277,381
2023	234	53.5	203	46.5	437	66,810,606	41.4	94,716,430	58.6	161,527,036
Subtotal	501	56.4	387	43.6	888	181,414,197	47.0	204,390,220	53.0	385,804,417
Small Business										
2022	252	59.9	169	40.1	421	38,492,000	50.0	38,558,000	50.0	77,050,000
2023	218	66.1	112	33.9	330	26,192,000	52.5	23,728,000	47.5	49,920,000
Subtotal	470	62.6	281	37.4	751	64,684,000	50.9	62,286,000	49.1	126,970,000
Total	971	59.2	668	40.8	1,639	246,098,197	48.0	266,676,220	52.0	512,774,417
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

## **Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflects adequate penetration throughout the combined assessment area. The bank's adequate home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage of loans in low- and moderate-income census tracts by number.

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

The geographic distribution of home mortgage loans reflects adequate penetration throughout the combined assessment area. Although the following table shows the bank's lending is less than aggregate data and below demographics in moderate-income census tracts in 2022 and 2023, the bank's performance in low-income census tracts in 2022 and 2023 was slightly less than aggregate performance and above demographics.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.3	4.0	9	3.4	7,390	6.4
2023	2.3	3.7	8	3.4	2,438	3.6
Moderate						
2022	9.7	11.3	18	6.7	5,412	4.7
2023	9.7	11.3	14	6.0	1,791	2.7
Middle						
2022	34.9	33.6	106	39.7	34,577	30.2
2023	34.9	33.3	117	50.0	29,609	44.3
Upper						
2022	53.0	50.8	134	50.2	67,224	58.7
2023	53.0	51.5	95	40.6	32,973	49.4
Not Available						
2022	0.1	0.2	0	0.0	0	0.0
2023	0.1	0.2	0	0.0	0	0.0
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>267</b>	<b>100.0</b>	<b>114,604</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>234</b>	<b>100.0</b>	<b>66,811</b>	<b>100.0</b>
Source: 2020 U.S. Census Data; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. The bank's performance was slightly less than that of both demographics and aggregate in low- and moderate-income census tracts in 2022 and 2023.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	7.8	6.4	14	5.6	2,878	7.5
2023	7.8	6.1	12	5.5	2,805	10.7
Moderate						
2022	11.3	11.4	26	10.3	6,404	16.6
2023	11.4	11.1	23	10.6	3,856	14.7
Middle						
2022	33.3	34.2	118	46.8	17,364	45.1
2023	33.5	34.7	121	55.5	11,179	42.7
Upper						
2022	47.0	47.5	93	36.9	11,766	30.6
2023	46.8	47.6	62	28.4	8,352	31.9
Not Available						
2022	0.6	0.5	1	0.4	80	0.2
2023	0.5	0.5	0	0.0	0	0.0
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>252</b>	<b>100.0</b>	<b>38,492</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>218</b>	<b>100.0</b>	<b>26,192</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and businesses of different sizes. The bank's good performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

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

The distribution of home mortgage loans reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's lending performance to low-income borrowers in 2022 and 2023 was above the aggregate performance. Additionally, the bank's performance to moderate-income borrowers was slightly less than the aggregate and above demographics in 2022 and above both aggregate and demographics in 2023.

Although the bank's performance was below low-income borrower demographics in both 2022 and 2023, low-income families in the combined assessment area face significant challenges for qualifying for a mortgage under conventional underwriting standards. This is due to high home costs (\$393,986 median housing value), and the high interest rate environment during the evaluation period. The high interest rate environment created added financial strain on families trying to qualify for a mortgage while earning less than \$73,100 in the Cambridge-Newton-Framingham MD portion of the combined assessment area and less than \$57,800 in the Worcester, MA-CT MSA portion of the combined assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	20.4	5.9	17	6.4	2,104	1.8
2023	20.4	4.9	15	6.4	1,129	1.7
Moderate						
2022	15.2	18.6	48	18.0	11,475	10.0
2023	15.2	15.8	48	20.5	5,902	8.8
Middle						
2022	19.1	23.3	59	22.1	19,128	16.7
2023	19.1	23.0	48	20.5	10,428	15.6
Upper						
2022	45.3	40.4	128	47.9	69,502	60.6
2023	45.3	40.9	113	48.3	43,129	64.6
Not Available						
2022	0.0	11.8	15	5.6	12,394	10.8
2023	0.0	15.3	10	4.3	6,222	9.3
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>267</b>	<b>100.0</b>	<b>114,604</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>234</b>	<b>100.0</b>	<b>66,811</b>	<b>100.0</b>
Source: 2020 U.S. Census Data; Bank Data, 2022 & 2023 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, given the product lines offered by the institution, good penetration of loans to small businesses with GARs of \$1.0 million or less. The bank's lending performance to small businesses with GARs of \$1.0 million or less was above the aggregate performance in both 2022 and 2023.



Distribution of Small Business Loans by Gross Annual Revenue Category						
Business Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	87.8	49.9	148	58.7	17,440	45.3
2023	88.8	53.7	124	56.9	11,481	43.8
>\$1,000,000						
2022	4.2	--	104	41.3	21,052	54.7
2023	3.8	--	94	43.1	14,711	56.2
Revenue Not Available						
2022	8.0	--	0	0.0	0	0.0
2023	7.4	--	0	0.0	0	0.0
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>252</b>	<b>100.0</b>	<b>38,492</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>218</b>	<b>100.0</b>	<b>26,192</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

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

The bank uses innovative and flexible lending practices in order to serve assessment area credit needs. During the evaluation period, the bank originated 93 flexible loans totaling approximately \$68 million that supported low- and moderate-income individuals and small businesses. Of these loans, the bank extended approximately \$4.2 million and approximately \$64.1 million through residential and small business lending programs, respectively. This evaluation period shows an increase when compared to the 54 innovative and flexible loans extended during the prior evaluation. Additionally, during the prior evaluation, the bank received credit for 394 PPP loans.

By number and dollar amount, the bank's flexible lending activity was comparable with two similarly situated institutions. Additionally, the varied product offerings were comparable to similarly situated institutions for home mortgage and small business lending. The following table summarizes the bank's flexible lending programs.

Innovative or Flexible Lending Programs										
Type of Program	2022		2023		2024		YTD 2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Federal Home Loan Bank (FHLB) Equity Builder Program	1	22	0	0	0	0	0	0	1	22
Federal National Mortgage Association (FNMA) HomeReady	0	0	4	895	4	1,209	0	0	8	2,104
FHLB How	1	5	1	25	0	0	0	0	2	30
JPMorgan FNMA	0	0	0	0	1	418	0	0	1	418
Massachusetts Housing Partnership (MHP)	2	475	2	459	0	0	0	0	4	934
MassDREAMS	0	0	1	13	0	0	0	0	1	13
MassHousing Septic	0	0	7	198	6	171	0	0	13	369
MassHousing Home Improvement	0	0	2	43	0	0	0	0	2	43
MassHousing Workforce Advantage	2	186	0	0	1	28	0	0	3	214
MHP Subsidy	2	14	0	0	0	0	0	0	2	14
<b>Subtotal Residential Loans</b>	<b>8</b>	<b>702</b>	<b>17</b>	<b>1,633</b>	<b>12</b>	<b>1,826</b>	<b>0</b>	<b>0.0</b>	<b>37</b>	<b>4,161</b>
SBA Line of Credit	2	250	4	875	4	850	2	550	12	2,525
SBA 504	0	0	0	0	2	3,435	0	0	2	3,435
SBA Term	1	229	8	6,890	4	1,546	1	415	14	9,080
Massachusetts Capital Access Program (CAP)	5	250	7	269	5	169	0	0	17	688
Solar Business Letter	1	15	0	0	6	1,413	0	0	7	1,428
Solar Business Term	1	10,500	3	36,402	0	0	0	0	4	46,902
<b>Subtotal Commercial Loans</b>	<b>10</b>	<b>11,244</b>	<b>22</b>	<b>44,436</b>	<b>21</b>	<b>7,413</b>	<b>3</b>	<b>965</b>	<b>56</b>	<b>64,058</b>
<b>Totals</b>	<b>18</b>	<b>11,946</b>	<b>39</b>	<b>46,069</b>	<b>33</b>	<b>9,239</b>	<b>3</b>	<b>965</b>	<b>93</b>	<b>68,219</b>
<i>Source: Bank Data</i>										

The following summarizes several of the bank's innovative and/or flexible lending programs.

#### Residential Lending Programs

- **MassHousing** – The MassHousing programs provide affordable loans to low- and moderate-income borrowers. Programs feature down payment assistance, low fixed-interest

rates, and mortgage insurance. The programs also provide for second home mortgage loans, with various programs designed for home refinancing as well as remodeling, paint, and septic-specific loans. These programs have caps on borrower income to continue to serve target populations. The bank originated 18 loans through the MassHousing programs totaling approximately \$626,000.

- **FNMA Home Ready** – The Home Ready program provides underwriting flexibilities for loans specifically geared towards low- and moderate-income borrowers. The loans offer low down payments, reduced mortgage insurance rates and durations. During the evaluation period, the bank originated 8 loans totaling approximately \$2.1 million.

#### Small Business Lending Programs

- **SBA 504** – The SBA 504 Program is an economic development program offering small business financing focused on creating jobs and promoting job growth. Through this program, approved small businesses receive long-term, fixed-rate financing for major fixed assets while contributing 10.0 percent of their own funds. The bank originated two SBA 504 loans totaling approximately \$3.4 million since the prior evaluation.
- **CAP** – This program is designed to help small businesses (with 200 or fewer employees) start up, expand, or receive permanent working capital. The program has a maximum loan amount of \$500,000. The bank originated 17 loans totaling \$687,500 during the evaluation period.

#### Community Development Loans

Avidia Bank made a relatively high level of community development loans. In total, the bank originated 38 community development loans totaling \$75.3 million during the evaluation period. These totals include 20 loans totaling \$32.9 million inside the assessment area and 18 loans totaling approximately \$42.4 million in the statewide area that includes the combined assessment area. This level of community development lending equates to 2.9 percent of average total assets and 3.7 percent of average total loans since the prior evaluation. At the prior evaluation, Avidia Bank reported 115 community development loans totaling \$146 million, representing 9.8 percent of average total assets and 7.1 percent of average total loans. Although Avidia Bank's community development lending declined since the prior evaluation, it is important to note that the prior evaluation period considered PPP loan activity of 62 loans totaling \$60.6 million.

Although this level of community development activity is lower than that during the previous evaluation, lending levels by number and dollar amount were comparable to two similarly situated institutions that demonstrated a high satisfactory community development lending performance.

Avidia Bank's community development lending was responsive to community development lending opportunities. A majority of the community development loans supported affordable housing and economic development. Based on information received from a community contact and economic

and demographic reports, affordable housing represents a primary need within the combined assessment area. Community development lending also assisted with addressing small business needs.

The following table illustrates Avidia Bank's qualified community development loans by year and purpose.

<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>
2022	5	2,447,250	0	0	7	28,018,500	0	0	12	30,465,750
2023	8	6,682,000	0	0	6	13,062,350	0	0	14	19,744,350
2024	3	3,588,600	0	0	6	17,915,000	0	0	9	21,503,600
YTD 2025	1	1,010,000	0	0	2	2,600,000	0	0	3	3,610,000
<b>Total</b>	<b>17</b>	<b>13,727,850</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>61,595,850</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>75,323,700</b>

*Source: Bank Data*

The following represents examples of community development loans made within the combined assessment area.

- In 2024, the bank financed a \$1.6 million commercial real estate loan to expand a business in a low-income area in Framingham. The loan provides job creation for low- and moderate-income individuals and supports economic development.
- In 2024, the bank financed a \$1 million loan to purchase a multi-family property consisting of 11 units in a moderate-income area in Gardner. The loan is responsive to affordable housing as all rents are below HUD fair market rents.
- In 2025, the bank refinanced a \$1 million loan to purchase a multi-family property consisting of 6 units in Hudson. The loan is responsive to affordable housing as all rents are below the HUD fair market rents.

## **INVESTMENT TEST**

The Investment Test performance is rated Satisfactory. The bank's adequate performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this rating.

### **Investment and Grant Activity**

The institution has an adequate level of qualified community development investments and grants. The bank made 94 qualified investments totaling approximately \$13.3 million. This total includes qualified equity investments of approximately \$13.1 million and donations of approximately

\$237,000. In total, the bank’s investments represent 0.5 percent of average total assets and 4.4 percent of average total securities. This activity level was below that of similar-situated institutions who maintained a similar performance and rating. The following table illustrates the number and dollar volume of investments and donations by year and purpose.

Investment and Grant Activity										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Prior Period	5	10,545	0	0	4	2,514	0	0	9	13,059
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	5	10,545	0	0	4	2,514	0	0	9	13,059
Qualified Grants & Donations	2	2	80	230	3	5	0	0	85	237
<b>Total</b>	7	10,547	80	\$230	7	2,519	0	0	94	13,296

*Source: Bank Data*

### Equity Investments

The bank has nine prior period qualified equity investments totaling nearly \$13.1 million. The institution made no new equity investments since the prior evaluation. The following are examples of the bank’s prior period equity investments.

#### *Prior Period Investments*

- **Carter House** - In 2018, the bank invested in a low-income housing project in Leominster. This project, established with a local community development corporation, focused on developing 39 units of affordable housing in North Central MA. The current book value is approximately \$1.1 million.
- **SBA Securities** – Between 2018 and 2021, the institution invested \$2 million into three different SBA securities, specifically Small Business Investment Companies and Small Business Access Partners. These investments are used to fund capital for small business growth nationwide and within the combined assessment area. The current combined book value of the securities is \$2.5 million.
- **Marlborough Economic Development Corporation (MEDC) Gap Financing** – In 2018, the institution invested \$40,000 into the Marlborough Area Community Loan Fund. The program is exclusively to develop or expand Marlborough small businesses and serves to

provide businesses with “gap financing and promote job creation.” The current book value of the security is \$40,000.

### Donations

During the evaluation period, the bank made approximately \$237,000 in qualified donations. This represents a sizable decline from the \$431,780 in qualified donations at the prior evaluation. The majority of CRA qualified donations supported community service organizations that primarily serve low- and moderate-income individuals. The following are notable examples of qualified donations.

- **Horizons for Homeless Children** – Horizons for Homeless Children’s mission is to improve the lives of MA young homeless children and provide high-quality early education, opportunities for play, and comprehensive family support services.
- **Habitat for Humanity** – Habitat for Humanity uses volunteer labor and donated materials to renovate old houses or build new, affordable housing for low- and moderate-income families. The organization also provides low-income families with homeowner education and financial management.
- **Cradles to Crayons** – Cradles to Crayons is a charity that provides free clothing and other essential items such as shoes, diapers, and school supplies to children living in poverty or from low- and moderate-income families.

### Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs in the combined assessment area. The bank demonstrated adequate responsiveness to opportunities as it provided approximately \$10.5 million in investments and donations for affordable housing initiatives which examiners identified as a significant need given high housing costs and lack of available affordable housing in the combined assessment area. The bank also made 85 donations to organizations which primarily served or were focused on low- and moderate-income families and census tracts. The community contact indicated a continued need for affordable housing and donations in the combined assessment area that benefit low-and moderate-income individuals.

### Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives. The bank did not fund any new equity investments during the current evaluation period and its donations were not innovative or complex.

## SERVICE TEST

The Service Test performance is rated Satisfactory. The bank's adequate performance in the Accessibility of Delivery Systems and Reasonableness of Business Hours and Services criteria supports this rating.

### Accessibility of Delivery Systems

Avidia Bank's delivery systems are reasonably accessible to essentially all portions of the bank's combined assessment area. The bank has locations in Middlesex and Worcester counties - eight branches and one stand-alone ATM. The Washington Street branch in Hudson offers a 24-hour walk-up and drive-up ATM. The following table illustrates the branch and ATM distribution by tract income level.

<b>Branch and ATM 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>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	22	10.2	95,229	9.4	0	0.0	0	0.0
Moderate	32	14.8	145,907	14.4	1	12.5	1	10.0
Middle	71	32.9	336,334	33.3	6	75.0	8	80.0
Upper	85	39.3	425,122	42.1	1	12.5	1	10.0
NA	6	2.8	7,449	0.7	0	0.0	0	0.0
<b>Total</b>	<b>216</b>	<b>100</b>	<b>1,010,091</b>	<b>100</b>	<b>8</b>	<b>0</b>	<b>10</b>	<b>100</b>
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

The bank does not have any branches in low-income census tracts. However, the bank maintains a branch in the moderate-income census tracts. As the table reflects, branch distribution in the moderate-income census tracts is slightly less than the total percentage of moderate-income census tracts in the combined assessment area and the total population residing in these tracts.

In addition to its physical locations, the bank offers alternative services that improve service availability. The bank offers 24-hour telephone, online, and mobile banking for both consumers and business customers. Customers can open several accounts digitally, including checking, savings, money market, and certificate of deposit accounts.

### Changes in Branch Locations

There have been no changes in branch locations since the prior evaluation.

### Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Services are consistent across branch locations. All branches offer the same loan and deposit products, services, and maintain the same hours of operation. Branches are open Monday – Wednesday and Friday: 8:30 a.m. – 4:00 p.m., Thursday: 8:30 a.m. – 6:00 p.m., and Saturday: 8:00

a.m. – 12:00 p.m. Additionally, the bank offers 24-hour services, such as internet and mobile banking, and ATMs.

### **Community Development Services**

The institution provides a limited level of community development services. Community development services consisted of employees and directors serving on boards of various community organizations in the combined assessment area, although some directors provided seminars or presentations that utilized relevant financial expertise and experience. Personnel provided 128 hours of community development-related services and 18 hours related to economic development, responding to identified needs. The bank’s activity level remains below that of similarly situated institutions. The following table illustrates the bank’s community service hours.

<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>
2022	0	3	18	0	<b>21</b>
2023	0	51	0	0	<b>51</b>
2024	0	74	0	0	<b>74</b>
YTD 2025	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>128</b>	<b>18</b>	<b>0</b>	<b>146</b>
<i>Source: Bank Data</i>					

### **Employee Involvement**

- **Big Brothers Big Sisters of Central Mass & Metrowest** – The organization works with local schools and youth development programs to provide individualized mentoring programs to children most at need. An employee serves on the organization’s board and finance committee.
- **Northborough Senior Center** – In addition to services typically provided by a senior center, the organization offers presentations to low- and moderate-income seniors on Elder Financial Exploitation & Scams Against Elders. An assistant branch manager and the marketing manager presented on Elder Financial Exploitation & Scams in collaboration with the Northborough Police Department.
- **Open Table, Inc** – This organization serves low- and moderate-income individuals and families, as well as families in need by fighting hunger in the community through providing healthy food that respects peoples’ dignity and cultural diversity. An employee serves on the organization’s financial committee.



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

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

## 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. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment.

### MINORITY APPLICATION FLOW

Division of Banks examiners reviewed the bank's 2022 and 2023 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to 2020 U.S. Census Data, the bank's assessment area contained a total population of 1,010,091. The minority and ethnic population represented is 9.2 percent Asian, 12.3 percent Hispanic, 5.9 percent Black or African American, 8.1 percent other race, 0.1 percent American Indian or Alaska Native, and 0.02 percent Native Hawaiian or other Pacific Islander. Examiners compared the bank's application activity with that of the 2022 and 2023 aggregate performance. This comparison 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 aggregate lenders in the bank's combined assessment area.

MINORITY APPLICATION FLOW						
RACE	Avidia Bank 2022		Aggregate Data 2022	Avidia Bank 2023		Aggregate Data 2023
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.4
Asian	88	29.5	9.4	49	15.6	9.7
Black/ African American	1	0.3	4.7	1	0.3	5.0
Hawaiian/Pacific Islander	1	0.3	0.1	0	0	0.1
2 or more Minority	0	0.0	0.2	0	0	0.1
Joint Race (White/Minority)	0	0.0	1.8	4	1.3	1.8
<b>Total Racial Minority</b>	<b>90</b>	<b>30.1</b>	<b>16.5</b>	<b>54</b>	<b>17.2</b>	<b>17.1</b>
White	148	49.5	59.4	187	59.6	57.4
Race Not Available	61	20.4	24.1	73	23.2	25.5
<b>Total</b>	<b>299</b>	<b>100.0</b>	<b>100.0</b>	<b>314</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	3	1.0	8.7	10	3.2	9.0
Joint (Hisp/Lat /Not Hisp/Lat)	4	1.3	1.7	6	1.9	1.7
<b>Total Ethnic Minority</b>	<b>7</b>	<b>2.3</b>	<b>10.4</b>	<b>16</b>	<b>5.1</b>	<b>10.7</b>
Not Hispanic or Latino	221	73.9	66.6	212	67.5	64.9
Ethnicity Not Available	71	23.8	23.0	86	27.4	24.4
<b>Total</b>	<b>299</b>	<b>100.0</b>	<b>100.0</b>	<b>314</b>	<b>100.0</b>	<b>100.0</b>

In 2022, the bank received 299 home mortgage loan applications from within its combined assessment area. Of these applications, the bank received 90 or 30.1 percent from racial minority applicants. The aggregate received 16.5 percent of its application from minority applicants. For the same period, the bank also received 7 or 2.3 percent from ethnic groups of Hispanic origin within its combined assessment area and the aggregate received 10.4 percent.

In 2023, the overall application volume increased to 314. Of these applications, the bank received 54 or 17.2 percent from racial minority applicants. The aggregate received 17.1 percent of its applications from minority applicants. For the same period, the bank also received 16 applications or 5.1 percent from ethnic groups of Hispanic origin within its combined assessment area and the aggregate received 10.7 percent.

The bank's minority application flow improved since the previous evaluation. The application rate received from Asian applicants was higher than the aggregate. The bank's advertising has improved access to credit. The bank will continue to analyze differences between aggregate lending trends to locate additional opportunities for improvement. Considering the combined assessment area demographics, market competition and conditions, and comparisons to the 2022 and 2023 aggregate data, the bank's minority application flow is reasonable.

## **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 FDIC 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

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SCOPE OF EVALUATION	
TIME PERIOD REVIEWED	July 18, 2022 – February 24, 2025
FINANCIAL INSTITUTION	Avidia Bank
PRODUCTS REVIEWED	2022 and 2023 home mortgage and small business loans (HMDA and CRA-reportable loans)

## 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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders 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 (e.g., 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.