

# **PUBLIC DISCLOSURE**

January 21, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Eastern Bank  
Certificate Number: 32773

125 High Street  
Boston, Massachusetts 02110

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 **Outstanding**.

An institution in this group has an outstanding 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                 | X               | X            |
| High Satisfactory  |                   |                 |              |
| Satisfactory**   |                   |                 |              |
| Needs to Improve   |                   |                 |              |
| Substantial Noncompliance  |                   |                 |              |
| <p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>**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. For institutions with rated areas outside of Massachusetts, this jointly issued public evaluation uses the terms "high satisfactory" and "low satisfactory" for the Lending, Investment, and Service Test ratings.</i></p> |                   |                 |              |

**The Lending Test is rated Outstanding.**

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- A substantial majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different sizes.
- The institution makes extensive use of innovative and/or flexible lending practices in order to meet assessment area needs.

- The institution is a leader in making community development loans.

**The Investment Test is rated Outstanding.**

- The institution has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution makes significant use of 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 record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly the low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

## DESCRIPTION OF INSTITUTION

Eastern Bank is a state-chartered institution headquartered in Boston, Massachusetts (MA). The bank is wholly owned by the publicly traded single-bank holding company, Eastern Bankshares, Inc. In addition, Eastern Bank has six subsidiaries, including Real Property Services, Inc., High Street Securities Corporation (formed in 2024), Broadway Securities Corporation, Shared Value Investments LLC, Millennium Corporation, and Cambridge Trust Company of New Hampshire Inc. (formed in 2024). Real Property Services acquires and sells real property on the bank's behalf. The two securities subsidiaries hold and acquire securities. Shared Value Investments LLC aims to meet CRA-related needs by holding tax credit investments such as low- and moderate-income housing, renewable and alternative energy, and historic preservation and rehabilitation. Millennium Corporation is a wholly owned subsidiary engaged in holding Industrial Revenue Bonds. Cambridge Trust Company of New Hampshire Inc., is engaged in providing specialized wealth management and trust services in New Hampshire (NH).

The institution received an "Outstanding" rating from the Division of Banks and the FDIC during its prior joint Performance Evaluation dated March 22, 2021, using Interagency Large Institution Examination Procedures.

### **Operations**

Eastern Bank operates 107 full-service branches and two limited-service branches throughout eastern MA and southern and coastal NH.

In May 2021, Eastern Bancshares merged with Century Bancorp, Inc., the holding company for Century Bank and Trust Company (CBTC). In July 2024, Eastern Bancshares merged with Cambridge Bancorp, Inc., the bank holding company for Cambridge Trust (CT). Concurrently, the bank sold Eastern Insurance Group, LLC, which completely divested the bank from its insurance operations.

The bank offers residential, commercial, and consumer loans with a primary focus on real estate loans. For consumers, the bank offers home mortgage loans, construction loans, lines of credit, automobile loans, student loans, and personal loans. Commercial lending products include commercial real estate, commercial lines of credit, and Small Business Administration (SBA) financing programs. Consumer and commercial deposit services include checking, savings, credit cards, money market, certificates of deposit, and individual retirement accounts. The bank also offers wealth management and trust services. Alternative banking services include internet and mobile banking, person-to-person payments, ATMs, and a 24/7 telephone banking service.

## **Ability and Capacity**

Assets totaled approximately \$25.6 billion as of December 31, 2024, and included loans of \$17.8 billion and securities of \$4.4 billion. Deposits totaled \$21.5 billion. The following table illustrates the 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      | 410,151           | 2.3          |
| Secured by Farmland                                       | 86                | 0.0          |
| Secured by 1-4 Family Residential Properties              | 5,521,106         | 31.0         |
| Secured by Multifamily (5 or more) Residential Properties | 2,640,957         | 14.8         |
| Secured by Nonfarm Nonresidential Properties              | 4,694,981         | 26.4         |
| <b>Total Real Estate Loans</b>                            | <b>13,267,281</b> | <b>74.6</b>  |
| Commercial and Industrial Loans                           | 2,090,145         | 11.8         |
| Agricultural Production and Other Loans to Farmers        | 0                 | 0.0          |
| Consumer Loans  | 224,017           | 1.3          |
| Obligations of State and Political Subdivisions in the US | 1,699,217         | 9.6          |
| Other Loans   | 498,093           | 2.8          |
| Lease Financing Receivable (net of unearned income)       | 0                 | 0.0          |
| Less: Unearned Income                                     | 0                 | 0.0          |
| <b>Total Loans</b>  | <b>17,778,753</b> | <b>100.0</b> |
| <i>Source: Reports of Condition and Income</i>            |                   |              |

## **DESCRIPTION OF ASSESSMENT AREAS**

Eastern Bank designated five separate, yet contiguous assessment areas consisting of 1,464 census tracts throughout portions of MA and NH. The five assessment areas are as follows: Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (Multistate MSA); Barnstable Town, MA MSA (Barnstable MSA); Providence-Warwick, Rhode Island (RI)-MA, MSA (Providence-Warwick MSA); Manchester-Nashua, NH MSA (Manchester-Nashua MSA); and the Non-MSA, NH.

Since the prior evaluation, the bank expanded the assessment areas to include the following full counties. The following table presents the counties making up each assessment area.

| <b>Combined Assessment Area</b> |   |                           |
|---------------------------------|---|---------------------------|
| <b>Assessment Area</b>          | <b>Counties</b>   | <b># of Census Tracts</b> |
| Multistate MSA                  | Essex, Middlesex, Suffolk, Norfolk, Plymouth (MA Counties) and Rockingham and Strafford (NH Counties) | 1,134                     |
| Providence-Warwick MSA          | Bristol (MA)  | 131                       |
| Barnstable MSA                  | Barnstable (MA)   | 57                        |
| Manchester-Nashua MSA           | Hillsborough (NH)   | 103                       |
| Non-MSA, NH                     | Merrimack (NH)  | 39                        |
| <b>Total</b>                    |   | <b>1,464</b>              |

Please refer to the individual assessment areas for information on economic and demographic data, competition, and community credit needs and opportunities.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated March 22, 2021, to the current evaluation dated January 21, 2025. Examiners used the Interagency Large Institution Examination Procedures to evaluate the bank's performance.

The bank's performance in the Multistate MSA received significant weight in determining the overall rating. A substantial majority of the bank's loan originations, branches, and deposits are in the Multistate MSA. Examiners performed a full-scope review of the bank's performance in the Multistate MSA, Providence-Warwick MSA, and the Manchester-Nashua MSA assessment areas. Examiners performed a limited-scope review of the Barnstable MSA as it has only one low-income census tract, five moderate-income census tracts, five branches, and a low volume of lending. The previous evaluation was also limited scope, and the one prior was full scope. Similarly, the Non-MSA, NH assessment area has limited lending activity, one branch, no low-income census tracts, and two moderate-income census tracts. Given the limited lending activity, examiners conducted a limited-scope review. The previous evaluation was also limited scope, and the one prior was full scope.

The following table illustrates the distribution of the bank's loans, deposits, and branches by assessment area.

| Breakdown of Loans, Deposits, and Branches                      |                  |              |                   |             |            |              |
|---|------------------|--------------|-------------------|-------------|------------|--------------|
| Assessment Area   | Loans            |              | Deposits          |             | Branches   |              |
|   | \$ (000s)        | %            | \$ (000s)         | %           | #          | %            |
| <b>Multistate MSA</b>   | <b>2,899,051</b> | <b>87.5</b>  | <b>20,790,024</b> | <b>95.7</b> | <b>99</b>  | <b>90.8</b>  |
| Providence-Warwick MSA  | 80,245           | 2.4          | 94,069            | 0.4         | 1          | 0.9          |
| Barnstable MSA  | 215,729          | 6.5          | 511,902           | 2.4         | 5          | 4.6          |
| <b>MA Subtotal</b>  | <b>295,974</b>   | <b>8.9</b>   | <b>605,971</b>    | <b>2.8</b>  | <b>6</b>   | <b>5.5</b>   |
| Manchester-Nashua MSA   | 94,818           | 2.9          | 286,130           | 1.3         | 3          | 2.8          |
| Non-MSA, NH   | 21,964           | 0.7          | 45,035            | 0.2         | 1          | 0.9          |
| <b>NH Subtotal</b>  | <b>116,782</b>   | <b>3.6</b>   | <b>331,165</b>    | <b>1.5</b>  | <b>4</b>   | <b>3.7</b>   |
| <b>Total</b>  | <b>3,311,807</b> | <b>100.0</b> | <b>21,727,160</b> | <b>100</b>  | <b>109</b> | <b>100.0</b> |
| <i>Source: Bank Data; FDIC Summary of Deposits (06/30/2024)</i> |                  |              |                   |             |            |              |

The majority of the bank's branches and lending and deposit activity occurs within the Multistate MSA; therefore, the bank's performance in the Multistate MSA carried the greatest weight when arriving at conclusions and assigning overall ratings, followed by the state of MA and then the State of NH.

### Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. 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. No other loan types, such as farm or consumer loans, represent a major product line and therefore are not presented.

Examiners considered all home mortgage loans reported on the bank's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). Home mortgage loans include purchase money mortgage, refinance, home improvement loans, and home equity lines of credit. The bank reported 5,389 home mortgage loans totaling approximately \$1.8 billion in 2021, 5,678 loans totaling approximately \$2.5 billion in 2022, and 2,985 loans totaling approximately \$1.1 billion in 2023. Although the Assessment Area Concentration performance table includes HMDA activity from all three years, Geographic Distribution and Borrower Profile tables only reference 2022 and 2023 HMDA lending, as these years represent bank performance under these criteria for the full evaluation period.

Examiners also considered all small business loans reported on the bank's 2021, 2022, and 2023 Community Reinvestment Act Loan Registers. The bank reported 7,420 small business loans totaling approximately \$581 million in 2021, 1,166 loans totaling approximately \$199 million in 2022, and 1,272 loans totaling approximately \$165 million in 2023. Similar to HMDA activity, examiners presented 2021, 2022, and 2023 bank small business lending in the Assessment Area Concentration table and only 2022 and 2023 in the Geographic Distribution and Borrower Profile performance tables within the Lending Test.

Examiners compared bank home mortgage lending to demographic data from the 2020 American Community Survey (ACS) and the corresponding year of HMDA aggregate lending data. Examiners compared the bank's small business lending to the corresponding year of CRA aggregate lending and D&B business demographic data. 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 more reliably indicates the number of individuals and businesses served.

Furthermore, examiners reviewed retail products and services targeted toward 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, investments, and services, as well as innovative and/or flexible lending practices since the prior CRA evaluation dated March 22, 2021 through January 21, 2025. Although the evaluation covered the period from January 1, 2025 through January 21, 2025, the bank did not provide data or present activities for this time.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Lending Test is rated Outstanding.

This rating is consistent with the conclusion for the Multistate MSA-rated area, which received the greatest weight in arriving at overall conclusions. Bank performance in the MA- and NH-rated areas was below overall Lending Test performance. The following sections discuss the bank's performance under each criterion.

#### Lending Activity

The bank's lending levels reflect excellent responsiveness to assessment area credit needs. Excellent responsiveness in the Multistate MSA primarily supports this conclusion, as lending activity performances in the MA- and NH-rated areas were below overall performance. The following comments summarize bank lending activity in all assessment areas combined.

In 2021, 2022, and 2023, Eastern Bank originated and purchased 14,052 home mortgages totaling approximately \$5.4 billion and 9,858 small business loans totaling approximately \$945 million. Of this total, 12,619 home mortgage loans for approximately \$4.5 billion and 9,505 small business loans for approximately \$883 million were inside the combined assessment area.

Eastern Bank ranked 10<sup>th</sup> among home mortgage lenders in 2023, with a market share of 2.2 percent. Leading institutions consisted primarily of large national banks and lending companies. Eastern Bank was the top state-chartered mortgage lender. The bank's small business lending performance was similarly strong. The bank ranked 17<sup>th</sup> of 226 lenders. The leading small business lenders were national banks and credit card companies. In 2023, Eastern Bank was one of the top two state-chartered small business lenders.

#### Assessment Area Concentration

The bank made a substantial majority of home mortgage and small business loans, by number and dollar amount, within the combined assessment area. The high interest rate environment in 2023 helps to explain the decline in the number of home mortgage originations from 2022 to 2023. Additionally, the end of the SBA Paycheck Protection Program (PPP) in May 2021 contributed to the decline in the number of small business originations from 2021 to 2022. The following table demonstrates loan distribution inside and outside the combined assessment area by year and product type.

| Lending Inside and Outside of the Combined Assessment Area |                 |      |         |      |            |                        |      |            |      |           |
|--|-----------------|------|---------|------|------------|------------------------|------|------------|------|-----------|
| Loan Category  | Number of Loans |      |         |      | Total<br># | Dollar Amount of Loans |      |            |      | Total     |
|  | Inside          |      | Outside |      |            | Inside                 |      | Outside    |      |           |
|  | #               | %    | #       | %    |            | \$ (000's)             | %    | \$ (000's) | %    |           |
| Home Mortgage  |                 |      |         |      |            |                        |      |            |      |           |
| 2021   | 5,068           | 94.0 | 321     | 6.0  | 5,389      | 1,701,631              | 92.8 | 132,578    | 7.2  | 1,834,209 |
| 2022   | 4,817           | 84.8 | 861     | 15.2 | 5,678      | 1,883,589              | 76.7 | 572,202    | 23.3 | 2,455,791 |
| 2023   | 2,734           | 91.6 | 251     | 8.4  | 2,985      | 926,432                | 81.6 | 208,280    | 18.4 | 1,134,712 |
| Subtotal   | 12,619          | 89.8 | 1,433   | 10.2 | 14,052     | 4,511,652              | 83.2 | 913,060    | 16.8 | 5,424,712 |
| Small Business   |                 |      |         |      |            |                        |      |            |      |           |
| 2021   | 7,196           | 97.0 | 224     | 3.0  | 7,420      | 557,987                | 96.1 | 22,710     | 3.9  | 580,697   |
| 2022   | 1,099           | 94.3 | 67      | 5.7  | 1,166      | 177,323                | 89.3 | 21,343     | 10.7 | 198,666   |
| 2023   | 1,210           | 95.1 | 62      | 4.9  | 1,272      | 147,345                | 89.1 | 18,045     | 10.9 | 165,390   |
| Subtotal   | 9,505           | 96.4 | 353     | 3.6  | 9,858      | 882,655                | 93.4 | 62,098     | 6.6  | 944,753   |
| Total  | 22,124          | 92.5 | 1,786   | 7.5  | 23,910     | 5,394,307              | 84.7 | 975,158    | 15.3 | 6,369,465 |
| Source: Bank Data  |                 |      |         |      |            |                        |      |            |      |           |

### **Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflects excellent penetration throughout the combined assessment area. Consistent performance in the Multistate MSA-rated area primarily supports this conclusion, as examiners placed the greatest weight on the Multistate MSA. Performances in the MA- and NH-rated areas were below overall performance. The MA- and NH-rated sections include detailed analysis and comparisons to aggregate and demographic data.

### **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, excellent distribution among retail customers of different income levels and business customers of different sizes throughout the combined assessment area. This is primarily supported by excellent performance in the Multistate MSA, where examiners placed the greatest emphasis for evaluation. Performances in the MA- and NH-rated areas were below overall performance. The MA- and NH-rated sections include detailed analysis and comparisons to aggregate and demographic data.

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

The bank makes extensive use of innovative and flexible lending practices to serve assessment area credit needs. The bank originated 21,198 innovative and flexible loans totaling approximately \$1.3 billion to individuals and businesses during the evaluation period. Although the bank extended \$1.6 billion in innovative and flexible loan products during the prior evaluation, the bank provided

approximately 2,748 or 14.9 percent more loans to individuals and businesses during this evaluation.

Of these innovative and flexible loans, the bank extended \$776 million through small business lending programs, \$242 million through residential lending programs, and \$249 million through consumer lending programs. Except for the MA-state specific loan programs, all programs are available throughout the bank's assessment areas. The following table details the innovative and flexible lending programs with originations from April 1, 2021, through December 31, 2024.

| Innovative or Flexible Lending Programs         |              |                |              |                |              |                |              |                |               |                  |
|---|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|---------------|------------------|
| Program   | 2021         |                | 2022         |                | 2023         |                | 2024         |                | Total         |                  |
|   | #            | \$(000s)       | #            | \$(000s)       | #            | \$(000s)       | #            | \$(000s)       | #             | \$(000s)         |
| SBA 7a  | 87           | 27,713         | 108          | 30,542         | 90           | 26,103         | 91           | 26,431         | 376           | 110,789          |
| SBA 504   | 50           | 44,462         | 40           | 32,356         | 27           | 25,012         | 24           | 14,844         | 141           | 104,593          |
| Equity Alliance for Business                    | 0            | 0              | 0            | 0              | 8            | 440            | 15           | 1,043          | 23            | 1,483            |
| SBA Express                                     | 116          | 4,678          | 148          | 7,064          | 132          | 6,564          | 179          | 10,130         | 575           | 28,436           |
| PPP Loans                                       | 6,242        | 357,379        | 0            | 0              | 0            | 0              | 0            | 0              | 6,242         | 357,379          |
| Mass Save Heat                                  | 90           | 1,596          | 79           | 1,370          | 132          | 2,735          | 94           | 1,839          | 395           | 7,540            |
| COVID-19 Business Impact Loans                  | 2            | 35,000         | 0            | 0              | 0            | 0              | 0            | 0              | 2             | 35,000           |
| COVID-19 Business Deferments                    | 108          | 118,960        | 2            | 69             | 0            | 0              | 0            | 0              | 110           | 119,029          |
| <b>Subtotal Commercial Loans</b>                | <b>6,695</b> | <b>589,788</b> | <b>377</b>   | <b>71,401</b>  | <b>389</b>   | <b>60,854</b>  | <b>403</b>   | <b>54,287</b>  | <b>7,864</b>  | <b>776,330</b>   |
| Residential Loan Modifications                  | 6            | 880            | 54           | 4,230          | 76           | 15,476         | 53           | 9,683          | 189           | 30,269           |
| Mass Housing Partnership (MHP) One Program      | 97           | 34,271         | 76           | 26,252         | 69           | 22,268         | 44           | 17,466         | 286           | 100,257          |
| Rural Housing Service (RHS)                     | 0            | 0              | 1            | 253            | 0            | 0              | 0            | 0              | 1             | 253              |
| Federal Housing Administration                  | 46           | 21,523         | 25           | 10,992         | 24           | 11,626         | 20           | 10,539         | 115           | 54,680           |
| Mass Housing Finance Agency                     | 45           | 10,610         | 39           | 8,212          | 67           | 13,035         | 72           | 17,324         | 223           | 49,181           |
| Fannie Mae Home Ready/Freddie Mac Home Possible | 10           | 2,721          | 1            | 261            | 0            | 0              | 1            | 519            | 12            | 15,383           |
| Veteran's Administration (VA)                   | 5            | 1,998          | 2            | 1,248          | 1            | 536            | 1            | 302            | 9             | 4,084            |
| <b>Subtotal Residential Loans</b>               | <b>209</b>   | <b>72,003</b>  | <b>198</b>   | <b>51,448</b>  | <b>237</b>   | <b>62,941</b>  | <b>191</b>   | <b>55,833</b>  | <b>835</b>    | <b>242,225</b>   |
| Starter Loans Program                           | 45           | 58             | 36           | 47             | 64           | 79             | 38           | 52             | 183           | 236              |
| Mass Save HEAT Loan Program                     | 2,500        | 38,194         | 2,793        | 46,433         | 4,435        | 94,183         | 2,419        | 53,792         | 12,147        | 232,602          |
| COVID-19 Consumer Impact Loans                  | 3            | 11             | 0            | 0              | 0            | 0              | 0            | 0              | 3             | 11               |
| COVID-19 Consumer Deferments                    | 58           | 14,960         | 0            | 0              | 0            | 0              | 0            | 0              | 58            | 14,960           |
| COVID-19 Mortgage Deferments                    | 108          | 1,262          | 0            | 0              | 0            | 0              | 0            | 0              | 108           | 1,262            |
| <b>Subtotal Consumer Loans</b>                  | <b>2,714</b> | <b>54,485</b>  | <b>2,829</b> | <b>46,480</b>  | <b>4,499</b> | <b>94,262</b>  | <b>2,457</b> | <b>53,844</b>  | <b>12,499</b> | <b>249,071</b>   |
| <b>Total</b>                                    | <b>9,618</b> | <b>716,276</b> | <b>3,404</b> | <b>169,329</b> | <b>5,125</b> | <b>218,057</b> | <b>3,051</b> | <b>163,964</b> | <b>21,198</b> | <b>1,267,626</b> |
| Source: Bank Data                               |              |                |              |                |              |                |              |                |               |                  |

The following are examples of some innovative and flexible loan programs offered throughout the combined assessment area.

### Residential Lending Programs

**VA Loans** – These loans feature financing up to 103.6 percent of the property value and no monthly mortgage insurance.

### Small Business Lending Programs

**Equity Alliance for Business** – This loan program supports small businesses whose owners represent minority communities and may not qualify for loans using traditional underwriting standards. The program's focus is towards businesses with more than 51.0 percent of their ownership held by women or people of color. This involves building consultant relationships with business owners and loan officers, offering specialized credit programs, and providing access to entrepreneurial tools and resources. The program offers loans in two tiers: up to \$100,000 and between \$100,000 and \$250,000.

**SBA Express Business Loan** – The SBA Express Option provide credit decisions within 24-48 hours for small businesses seeking funds for working capital, equipment and inventory, or business expansion. The program offers loans of up to \$500,000.

### Consumer Lending Programs

**Eastern Bank Starter Loans Program** – This program is designed to provide unsecured loans to individuals with little or no credit. The program includes cash reserves between \$500 and \$1,000 or personal loans between \$500 and \$2,000 with terms between 12 and 36 months. In addition to limited or no credit, borrowers must have at least one year of employment history to qualify.

### Community Development Loans

Eastern Bank is a leader in making community development loans. The bank's consistent performance in the Multistate MSA-rated area primarily supports this performance. Bank performance in the MA-rated area was consistent with overall performance and performance in the NH-rated area was less than overall performance.

The bank originated and purchased 241 community development loans for approximately \$1.7 billion, representing approximately 10.6 percent of average loans and 6.5 percent of average assets. The bank was the lead lender in several large community development projects. The bank's community development performance exceeds that of other large banks in MA.

The majority of community development loans supported affordable housing, followed by community services for low- or moderate-income individuals or geographies and economic development. The bank's community development loans supported the needs mentioned by community contacts, reflecting excellent responsiveness to area needs and opportunities.

The following tables illustrate the bank's community development lending activity during the evaluation period by year and purpose.

| Community Development Lending by Rated Area |                    |                  |                    |                |                      |                |                         |               |            |                  |
|---|--------------------|------------------|--------------------|----------------|----------------------|----------------|-------------------------|---------------|------------|------------------|
| Rated Area                                  | Affordable Housing |                  | Community Services |                | Economic Development |                | Revitalize or Stabilize |               | Totals     |                  |
|   | #                  | \$(000s)         | #                  | \$(000s)       | #                    | \$(000s)       | #                       | \$(000s)      | #          | \$(000s)         |
| <b>Multistate MSA</b>                       | <b>103</b>         | <b>1,023,074</b> | <b>41</b>          | <b>233,483</b> | <b>49</b>            | <b>167,070</b> | <b>5</b>                | <b>20,279</b> | <b>198</b> | <b>1,443,906</b> |
| <b>MA</b>                                   | <b>8</b>           | <b>33,405</b>    | <b>1</b>           | <b>1,353</b>   | <b>7</b>             | <b>45,937</b>  | <b>0</b>                | <b>0</b>      | <b>16</b>  | <b>80,695</b>    |
| <b>NH</b>                                   | <b>3</b>           | <b>18,780</b>    | <b>2</b>           | <b>6,474</b>   | <b>0</b>             | <b>0</b>       | <b>0</b>                | <b>0</b>      | <b>5</b>   | <b>25,254</b>    |
| Statewide/Regional Activities               | 16                 | 109,313          | 1                  | 5,200          | 4                    | 8,205          | 1                       | 38,000        | 22         | 160,718          |
| <b>Total</b>                                | <b>130</b>         | <b>1,184,572</b> | <b>45</b>          | <b>246,510</b> | <b>60</b>            | <b>221,212</b> | <b>6</b>                | <b>58,279</b> | <b>241</b> | <b>1,710,573</b> |
| <i>Source: Bank Data</i>                    |                    |                  |                    |                |                      |                |                         |               |            |                  |

| Community Development Lending |                    |                  |                    |                |                      |                |                         |               |            |                  |
|-------------------------------|--------------------|------------------|--------------------|----------------|----------------------|----------------|-------------------------|---------------|------------|------------------|
| Activity Year                 | Affordable Housing |                  | Community Services |                | Economic Development |                | Revitalize or Stabilize |               | Totals     |                  |
|                               | #                  | \$(000s)         | #                  | \$(000s)       | #                    | \$(000s)       | #                       | \$(000s)      | #          | \$(000s)         |
| 2021                          | 33                 | 273,694          | 13                 | 67,362         | 19                   | 59,195         | 5                       | 44,279        | <b>70</b>  | <b>444,530</b>   |
| 2022                          | 43                 | 415,074          | 12                 | 46,785         | 21                   | 97,201         | 1                       | 14,000        | <b>77</b>  | <b>573,060</b>   |
| 2023                          | 36                 | 259,484          | 11                 | 105,609        | 8                    | 21,939         | 0                       | 0             | <b>55</b>  | <b>387,032</b>   |
| 2024                          | 18                 | 236,320          | 9                  | 26,753         | 12                   | 42,878         | 0                       | 0             | <b>39</b>  | <b>305,951</b>   |
| <b>Total</b>                  | <b>130</b>         | <b>1,184,572</b> | <b>45</b>          | <b>246,510</b> | <b>60</b>            | <b>221,212</b> | <b>6</b>                | <b>58,279</b> | <b>241</b> | <b>1,710,573</b> |
| <i>Source: Bank Data</i>      |                    |                  |                    |                |                      |                |                         |               |            |                  |

The following is an example of a loan that had a statewide impact.

In 2021, the bank originated a \$38 million loan. Proceeds were used to redevelop a vacant mall located in a moderate-income tract in Worcester, MA. The mall is also in a designated opportunity zone. Redeveloping the mall into a distribution center created employment opportunities. This loan qualifies for community development by stabilizing and revitalizing a moderate-income area.

## INVESTMENT TEST

The Investment Test is rated Outstanding.

Consistent performance with the conclusions for the Multistate MSA-rated area primarily supports this conclusion. Bank performance in the MA- and NH-rated areas was lower than overall performance. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Eastern Bank and the Charitable Foundation (Foundation) made 3,083 qualified investments and charitable grants totaling approximately \$936 million. This level of qualified investments exceeds that of similarly situated institutions and is a significant increase from \$382 million at the prior evaluation. In total, the bank's investments represent 4.4 percent of average total assets and 16.0

percent of average total securities. The following two tables illustrate the bank's community development investments by year, purpose, and rated area.

| Qualified Investments by Rated Area |                    |                |                    |               |                      |              |                         |               |              |                |
|-------------------------------------|--------------------|----------------|--------------------|---------------|----------------------|--------------|-------------------------|---------------|--------------|----------------|
| Rated Area                          | Affordable Housing |                | Community Services |               | Economic Development |              | Revitalize or Stabilize |               | Totals       |                |
|                                     | #                  | \$(000s)       | #                  | \$(000s)      | #                    | \$(000s)     | #                       | \$(000s)      | #            | \$(000s)       |
| <b>Multistate MSA</b>               | <b>325</b>         | <b>625,588</b> | <b>2,032</b>       | <b>80,766</b> | <b>115</b>           | <b>5,050</b> | <b>77</b>               | <b>17,704</b> | <b>2,549</b> | <b>729,108</b> |
| <b>MA</b>                           | <b>42</b>          | <b>28,110</b>  | <b>135</b>         | <b>2,530</b>  | <b>7</b>             | <b>75</b>    | <b>2</b>                | <b>51</b>     | <b>186</b>   | <b>30,766</b>  |
| <b>NH</b>                           | <b>35</b>          | <b>18,564</b>  | <b>157</b>         | <b>1,031</b>  | <b>1</b>             | <b>1</b>     | <b>2</b>                | <b>2</b>      | <b>195</b>   | <b>19,598</b>  |
| Statewide/Regional Activities       | 34                 | 143,982        | 95                 | 7,400         | 20                   | 3,177        | 4                       | 1,479         | 153          | 156,038        |
| <b>Total</b>                        | <b>436</b>         | <b>816,244</b> | <b>2,419</b>       | <b>91,727</b> | <b>143</b>           | <b>8,303</b> | <b>85</b>               | <b>19,236</b> | <b>3,083</b> | <b>935,510</b> |
| <i>Source: Bank Data</i>            |                    |                |                    |               |                      |              |                         |               |              |                |

| Qualified Investments        |                    |                |                    |               |                      |              |                         |               |              |                |
|------------------------------|--------------------|----------------|--------------------|---------------|----------------------|--------------|-------------------------|---------------|--------------|----------------|
| Activity Year                | Affordable Housing |                | Community Services |               | Economic Development |              | Revitalize or Stabilize |               | Totals       |                |
|                              | #                  | \$(000s)       | #                  | \$(000s)      | #                    | \$(000s)     | #                       | \$(000s)      | #            | \$(000s)       |
| Prior Period                 | 72                 | 244,237        | 14                 | 38,604        | 1                    | 71           | 2                       | 14,011        | 89           | 296,923        |
| 2021                         | 11                 | 91,907         | 0                  | 0             | 0                    | 0            | 0                       | 0             | 11           | 91,907         |
| 2022                         | 14                 | 133,790        | 4                  | 14,251        | 0                    | 0            | 0                       | 0             | 18           | 148,041        |
| 2023                         | 23                 | 219,445        | 2                  | 6,900         | 0                    | 0            | 0                       | 0             | 25           | 226,345        |
| 2024                         | 14                 | 121,577        | 0                  | 0             | 0                    | 0            | 1                       | 2,800         | 15           | 124,377        |
| <b>Subtotal</b>              | <b>134</b>         | <b>810,956</b> | <b>20</b>          | <b>59,755</b> | <b>1</b>             | <b>71</b>    | <b>3</b>                | <b>16,811</b> | <b>158</b>   | <b>887,593</b> |
| Qualified Grants & Donations | 302                | 5,288          | 2,399              | 31,972        | 142                  | 8,232        | 82                      | 2,425         | 2,925        | 47,917         |
| <b>Total</b>                 | <b>436</b>         | <b>816,244</b> | <b>2,419</b>       | <b>91,727</b> | <b>143</b>           | <b>8,303</b> | <b>85</b>               | <b>19,236</b> | <b>3,083</b> | <b>935,510</b> |
| <i>Source: Bank Data</i>     |                    |                |                    |               |                      |              |                         |               |              |                |

### Equity Investments

The bank has 158 qualified equity investments totaling approximately \$888 million. Of these, 69 totaling approximately \$591 million are new since the prior evaluation. The bank also maintains 89 prior period investments totaling approximately \$297 million. Of the total equity investments by dollar amount, 91.4 percent promote affordable housing, demonstrating the bank's commitment to affordable housing activities, a community development need identified by community contacts throughout all assessment areas. The following are examples of prior period and current investments that benefited the regional area, including the bank's combined assessment area.

### *Prior Period Investments*

- The bank maintains eight Low Income Housing Tax Credit (LIHTC) investments with a current book value of \$8.7 million. These investments promote the development of affordable housing in the broader regional area, including the combined assessment area.
- The bank maintains nine mortgage-backed securities with a current book value of approximately \$25.9 million. The bank obtained these securities through the CBTC. The investment benefits a broader statewide area that includes the combined assessment area.

### *Current Period Investments*

- The bank invested in three LIHTCs totaling \$34.0 million. These investments benefit the broader statewide area that includes the combined assessment area. LIHTCs are responsive to the assessment areas' affordable housing needs, a need identified by community contacts.

### Grants and Donations

The bank's Foundation provided 2,925 grants and donations totaling approximately \$47.9 million. The following are examples of donations that benefited a broader regional area that includes the combined assessment area.

- ***Breaktime*** – This organization's mission is to break the cycle of young adult homelessness throughout MA. Breaktime's programs provide access to employment experience, financial stability, and through partnerships with local nonprofits and small businesses, young adults can receive training and obtain jobs to achieve housing security. The organization used the grant to purchase a space for a shelter, health and mental health services, all focused on individuals with low- or moderate-income.
- ***Father Bill's & MainSpring*** – This organization's mission is to end and prevent homelessness in Southern MA. Through several programs, this organization provides emergency and permanent housing including shelters that serve three meals a day and offer healthcare services. Other programs include helping families access affordable childcare and workforce training.

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

The bank exhibits excellent responsiveness to credit and community development needs. A majority of investments supported affordable housing for low- and moderate-income individuals. Affordable housing was identified as a primary community development need in all areas. The bank's investments also supported community services benefitting low- and moderate-income individuals, another critical need in all areas throughout the evaluation period. Additionally, the bank's investments provided significant support for economic development, another key community development need in all assessment areas.

### **Community Development Initiatives**



The bank makes significant use of innovative and complex investments to support community development initiatives. The bank's CRA investment portfolio consists of Mass Development Finance Agency (MDFA) Multifamily Housing Revenue Bonds, MDFA Tax-Exempt Bonds, and LIHTCs, all of which required collaboration among multiple funding partners and sources, required technical expertise, and are competitive to obtain. The bank used the MDFA Multifamily Housing Revenue Bonds to assist in addressing the lack of affordable housing within the combined assessment area.

The bank made significant use of LIHTCs to increase access to affordable housing. LIHTCs are complex due to the special due diligence and technical expertise required by the investor to maintain proper portfolios. Investors oversee the project to ensure that it meets underwriting guidelines, monitor cash flow including the expenses and debt service, and ensure that rents fall within the LIHTC guidelines.

In 2024, the bank partnered with MHP and provided funding for the ONE+ mortgage program in Lawrence, Lowell, and Lynn, in MA for low- to moderate-income households. The ONE+ mortgage program is for first time homebuyers and offers down payment and closing cost assistance, interest rate discounts. In addition, the bank is working with MHP to raise awareness of the program through outreach and advertising.

## **SERVICE TEST**

The Service Test is rated Outstanding.

Consistent performance with the conclusions for the Multistate MSA-rated area primarily supports this conclusion area. Bank performance in the MA- and NH-rated areas was lower than 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 combined assessment area. Although alternative delivery systems are consistent among all assessment areas, branch distribution in the Multistate MSA-rated area primarily supports this conclusion. The bank maintains 107 full-service branches, 2 limited-service branches (upper-income census tracts), and 147 automatic teller machines (ATMs) within the combined assessment area. ATMs at several branches are interactive teller machines, which provide live video capabilities operated by virtual experts who work inside the bank's customer service center. Of the 107 full-service branches, 103 are located in MA and 4 are in NH. The following table demonstrates the distribution of the full-service branches and ATMs by tract income level.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 140                  | 9.6          | 542,042           | 8.6          | 7               | 6.5          | 12          | 8.2          |
| Moderate   | 275                  | 18.8         | 1,204,064         | 19.0         | 19              | 17.7         | 30          | 20.4         |
| Middle   | 549                  | 37.5         | 2,456,019         | 38.8         | 36              | 33.6         | 48          | 32.6         |
| Upper  | 450                  | 30.7         | 2,067,993         | 32.7         | 45              | 42.9         | 56          | 38.1         |
| NA   | 50                   | 3.4          | 56,455            | 0.9          | 0               | 0.0          | 1           | 0.7          |
| <b>Total</b>   | <b>1,464</b>         | <b>100.0</b> | <b>6,326,573</b>  | <b>100.0</b> | <b>107</b>      | <b>100.0</b> | <b>147</b>  | <b>100.0</b> |
| <i>Source: 2020 US Census Data; Bank Data</i>                |                      |              |                   |              |                 |              |             |              |

In addition to the branch and ATM network, Eastern Bank offers alternative delivery systems to expand access to retail banking services to all individuals. The bank offers telephone banking and online and mobile banking platforms to connect consumers and businesses to their accounts 24 hours a day to perform various transactions. There is no additional cost for online or mobile banking. In addition, Eastern Bank allows customers to open consumer checking and savings accounts online. Alternative delivery systems allow all individuals, including low- and moderate-income individuals or those living in low- or moderate-income census tracts to open accounts without physically traveling to a branch.

Eastern Bank employees speak more than 50 languages and dialects. Several low- and moderate-income census tracts in the combined assessment area contain significant minority populations. Having employees who speak various languages assists in enhancing accessibility to banking services for the non-English speakers in those geographies.

### **Changes in Branch Locations**

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

The bank has 107 full service and 2 limited-service branches. The limited-service branches are in the Multistate MSA. Of the 107 full-service branches, 97 (90.7 percent) are in the Multistate MSA. The bank's other full-service branches are in Barnstable MSA - 5 branches; Providence-Warwick MSA - 1 branch; Manchester-Nashua, MSA - 3 branches; and Non-MSA, NH - 1 branch. Since the previous evaluation, the bank closed 20 branches. At the time of the closure, no branches were in low-income census tracts. Two, however, were in moderate-income census tracts. One of the moderate-income census tracts has since been reclassified as a middle-income census tract.

All branches closed were full-service branches in the Multistate MSA. See the Multistate MSA section for specifics.

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

The bank's retail services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and individuals. Except for certain MA-state specific products and services, all branches offer the same products and services. Most branches, including those serving low- and moderate-income individuals and areas are open Monday through Saturday.

The bank offers free checking accounts with no monthly fees, no minimum balance, and low opening deposit requirements. The free checking account also includes access to thousands of SUM ATMs, a free Eastern Bank Debit MasterCard, access to mobile and online banking, and Zelle (person-to-person payments) to transfer money between family and friends. These services increase accessibility to all bank customers.

For MA customers, the bank offers lower cost checking and savings accounts through the Massachusetts Community and Banking Council's Basic Banking program. These accounts are particularly beneficial for low- and moderate-income individuals as they feature lower monthly fees and transaction costs. Further, these accounts provide affordable, traditional banking services and allow low- and moderate-income consumers to work toward financial security.

### **Community Development Services**

The bank is a leader in providing community development services. Eastern Bank employees provided 14,736 community service hours, representing an 11.5 percent increase from the prior evaluation. Employees devoted time to community development organizations supporting affordable housing, community services, economic and workforce development, neighborhood revitalization and stabilization initiatives, and financial literacy. All assessment areas have needs and opportunities for these community development categories, reflecting excellent responsiveness. These activities respond to the needs identified by the community contacts.

The following two tables summarize the community development service hours by year, purpose, and area.

| Community Development Services by Rated Area |                    |                    |                      |                         |               |
|--|--------------------|--------------------|----------------------|-------------------------|---------------|
| Rated Area                                   | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals        |
|  | #                  | #                  | #                    | #                       | #             |
| <b>Multistate MSA</b>                        | <b>1,839</b>       | <b>7,782</b>       | <b>2,201</b>         | <b>1,471</b>            | <b>13,293</b> |
| <b>MA</b>                                    | <b>7</b>           | <b>247</b>         | <b>417</b>           | <b>34</b>               | <b>705</b>    |
| <b>NH</b>                                    | <b>110</b>         | <b>448</b>         | <b>92</b>            | <b>38</b>               | <b>688</b>    |
| Statewide/Regional Activities                | 0                  | 36                 | 13                   | 1                       | 50            |
| <b>Total</b>                                 | <b>1,956</b>       | <b>8,513</b>       | <b>2,723</b>         | <b>1,544</b>            | <b>14,736</b> |
| Source: Bank Data                            |                    |                    |                      |                         |               |

| Community Development Services<br>Assessment Area: Combined |                    |                    |                      |                         |               |
|---|--------------------|--------------------|----------------------|-------------------------|---------------|
| Activity Year   | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals        |
|   | #                  | #                  | #                    | #                       | #             |
| 2021  | 141                | 1,085              | 425                  | 212                     | <b>1,863</b>  |
| 2022  | 249                | 2,269              | 297                  | 518                     | <b>3,333</b>  |
| 2023  | 654                | 2,061              | 956                  | 374                     | <b>4,045</b>  |
| 2024  | 912                | 3,098              | 1,045                | 440                     | <b>5,495</b>  |
| <b>Totals</b>   | <b>1,956</b>       | <b>8,513</b>       | <b>2,723</b>         | <b>1,544</b>            | <b>14,736</b> |
| Source: Bank Data   |                    |                    |                      |                         |               |

The following are a sample of the community development services and programs that benefitted a broader statewide or regional area that includes the bank's combined assessment area.

#### Employee Involvement

- ***The Friends Program*** – This organization increases access to affordable housing and operates a permanent year-round shelter for homeless families with children, among other services for at-risk populations in eight NH counties. An assistant branch manager serves on the Board.
- ***New Commonwealth Fund (NCF)*** – NCF provides grants throughout MA to various small businesses and nonprofits. The bank president serves on the NCF Board.
- ***Massachusetts Housing Investment Corporation (MHIC)*** – MHIC's mission is to provide innovative financing for affordable housing and essential community development services in New England, primarily serving low- to moderate-income individuals and families. For example, MHIC provides financing for the preservation and rehabilitation of affordable properties, and they manage a Neighborhood Stabilization Loan Fund. A senior vice president serves on the organization's board.

### Financial Literacy Education and Seminars

- ***Money Smart Program*** – The bank is a member of the FDIC Money Smart Alliance, which helps all people, including low- and moderate-income individuals and unbanked individuals enhance their financial skills and create positive banking relationships. The bank held these classes with various community development organizations such as Baystate Community Services and Loop Lab Inc., as well as other organizations that serve low- and moderate-income individuals. Approximately 50 bank employees are trained in all 10 Money Smart modules, and the bank presented in English or Spanish.
- ***First Time Homebuyer Classes*** – The bank provides first-time homebuyers classes that target low- and moderate-income individuals.

### **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 discriminatory or other illegal credit practices.

## MULTISTATE METROPOLITAN STATISTICAL AREA

### CRA RATING FOR BOSTON MULTISTATE MSA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOSTON MULTISTATE MSA

The bank operates 97 or 90.7 percent of its 107 full-service branches, including its main office in the Multistate MSA assessment area. The Multistate MSA represents 77.5 percent of the total number of census tracts and holds 87.5 percent of the bank's loans and 95.7 percent of the bank's deposits. The bank offers the same products and services in the Multistate MSA as discussed in the combined assessment areas section. The Multistate MSA assessment area includes all of Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in MA and Rockingham and Strafford counties in NH.

Essex and Middlesex Counties are in the Cambridge-Newton-Framingham, MA Metropolitan District (MD). Norfolk, Plymouth, and Suffolk Counties are in the Boston, MA MD. Rockingham and Strafford Counties are in the Rockingham County-Strafford County, NH MD. All three MDs are part of the greater Multistate MSA.

#### Economic and Demographic Data

The Multistate MSA assessment area contains 1,134 census tracts with the following income designations according to the 2020 U.S. Census:

- 111 low-income tracts,
- 208 moderate-income tracts,
- 411 middle-income tracts,
- 358 upper-income tracts, and
- 46 census tracts with no income designation

The census tracts with no income designation include green spaces in Boston (Franklin Park Zoo, the Arnold Arboretum, and Boston Common), public facilities (Old Colony Correctional Facility and Bridgewater State University), and transportation hubs (Conley Terminal and Manchester-Boston Regional Airport).

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. There are 34 cities and towns throughout the Multistate MSA that contain

designated opportunity zones. The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas.

| Demographic Information of the Multistate MSA Assessment Area             |           |               |                              |                  |                 |               |
|---|-----------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #         | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 1,134     | 9.8           | 18.3                         | 36.2             | 31.6            | 4.1           |
| Population by Geography   | 4,941,632 | 9.1           | 19.0                         | 38.0             | 32.7            | 1.1           |
| Housing Units by Geography  | 1,972,346 | 8.6           | 19.2                         | 39.0             | 32.2            | 1.0           |
| Owner-Occupied Units by Geography   | 1,143,559 | 3.3           | 15.0                         | 42.8             | 38.4            | 0.5           |
| Occupied Rental Units by Geography  | 709,196   | 16.9          | 26.1                         | 32.8             | 22.5            | 1.7           |
| Vacant Units by Geography   | 119,591   | 9.4           | 19.2                         | 39.4             | 30.2            | 1.8           |
| Businesses by Geography   | 608,225   | 6.2           | 15.4                         | 35.8             | 41.2            | 1.4           |
| Farms by Geography  | 11,413    | 3.2           | 14.3                         | 43.7             | 38.2            | 0.5           |
| Family Distribution by Income Level                                       | 1,172,623 | 22.5          | 16.6                         | 20.2             | 40.7            | 0.0           |
| Household Distribution by Income Level                                    | 1,852,755 | 26.2          | 14.6                         | 17.1             | 42.1            | 0.0           |
| Median Family Income MSA - 14454 Boston, MA                               |           | \$112,607     | Median Housing Value         |                  |                 | \$511,620     |
| Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA          |           | \$121,481     | Median Gross Rent            |                  |                 | \$1,582       |
| Median Family Income MSA - 40484 Rockingham County-Strafford County, NH   |           | \$107,377     | Families Below Poverty Level |                  |                 | 5.8%          |
| Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income |           |               |                              |                  |                 |               |

| <b>Median Family Income Ranges</b>     |                        |                                    |                                   |                        |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>           | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Boston, MA</b>                      |                        |                                    |                                   |                        |
| 2022 (\$129,500)                       | <\$64,750              | \$64,750 to <\$103,600             | \$103,600 to <\$155,400           | ≥\$155,400             |
| 2023 (\$136,900)                       | <\$68,450              | \$68,450 to <\$109,520             | \$109,520 to <\$164,280           | ≥\$164,280             |
| <b>Cambridge-Newton-Framingham, MA</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             |

### **Competition**

The Multistate MSA assessment area is highly competitive for financial services. The 2023 Branch and Deposit data shows that 206 institutions operated 1,696 branches in the Multistate MSA assessment area. Among institutions that reported deposits, Eastern Bank ranked 6<sup>th</sup> with a 3.3 percent market share and was the second-ranked state-chartered bank. The top three institutions accounted for 60.1 percent of the market share by dollar amount.

The bank faces a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2023, 626 lenders reported 95,789 residential mortgage loans originated or purchased. Eastern Bank ranked 9<sup>th</sup> by number with a market share of 2.5 percent and was the highest ranked state-chartered community bank. The financial institutions that ranked ahead of Eastern Bank were large national banks or mortgage companies.

There is also significant competition for small business loans from national banks and other state-chartered community banks. In 2023, 221 lenders originated 134,156 small business loans within the Multistate MSA. Eastern Bank originated 1,043 small business loans and ranked 15<sup>th</sup> with 0.8 percent of the market share. The top five institutions are mainly national credit card lenders.

### **Community Contacts**

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 two recent community contacts with organizations operating in the assessment area.

Examiners reviewed a contact from a local community development financial institution (CDFI) that promotes affordable housing, economic development, and community services. Although the CDFI serves several states throughout the U.S., it is based in Boston and maintains longstanding roots in the assessment area. The contact described a continuous need for affordable housing in the assessment area, particularly for low-income individuals and for more economic development projects that create jobs and opportunities for low-income individuals and areas. The contact also stressed the homelessness crisis in the assessment area. The contact stated that local financial institutions have been involved with the community and suggested local financial institutions



become more involved with community development initiatives, especially affordable housing. For example, the contact noted that providing low-cost, risk-tolerant capital to CDFIs would be helpful. The contact further encouraged banks to participate in MassHousing and MHP affordable housing programs such as the ONE Mortgage and ONE+ Boston program, as these programs have effectively helped low- and moderate-income individuals achieve homeownership. The contact further stated that banks should create innovative and flexible loan products targeted to low- and moderate-income homebuyers, as these prospective homebuyers typically do not qualify for traditional loan products. Lastly, the contact noted that grants and donations to CDFIs and other community development organizations can have a powerful impact.

A second contact, focused on economic development of small businesses in the Greater Lawrence area identified access to credit and awareness of small business resources as the greatest need. As small businesses are diverse and range from manufacturing to microbusinesses, capital needs vary widely as well. Many small businesses that qualify for assistance are unaware of the opportunities. The contact mentioned that institutions are involved in the community and provide grants and donations to economic development organizations and participate in venture loan funds and other initiatives for small businesses. The contact mentioned that financial institutions can continue to develop financial literacy opportunities for small businesses and couple such education with financing.

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

Considering information from demographic and economic data, management, and community contacts, examiners determined that home mortgage and small business loans represent primary credit needs. Affordable housing, community services for low- and moderate-income individuals, and technical assistance represent primary community needs. The significant number of businesses with GARs of less than \$1.0 million, the high poverty level, and housing costs support this conclusion. Opportunities exist for banks to meet these credit and community development needs.

## **SCOPE OF EVALUATION**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers activity within the Multistate MSA portion of the combined assessment area. The bank designated a single assessment area within a portion of the Multistate MSA. The majority of branches, deposits, and lending activities were in this assessment area. Therefore, examiners gave more weight to the bank's performance in the Multistate MSA assessment area than the bank's performance by state (MA and NH) in arriving at the overall rating. Please refer to the overall discussion for more information on products reviewed, timeframe, and product weighting.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MULTISTATE MSA**

### **LENDING TEST**

The Lending Test is rated Outstanding.

The following sections discuss the bank's performance under each criterion.

### **Lending Activity**

Lending levels reflect excellent responsiveness to assessment area credit needs. In 2022 and 2023, Eastern Bank reported 6,599 home mortgage loans for approximately \$2.5 billion within the Multistate MSA assessment area. For small businesses, the bank provided 1,980 loans for approximately \$275 million in this same area.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent penetration throughout the Multistate MSA assessment area. Excellent performance in both home mortgage and small business lending 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 excellent penetration throughout the Multistate MSA assessment area. As shown in the following table, in 2022 and 2023, Eastern Bank's performance in low-income census tracts exceeded demographics, whereas it was less than the aggregate. Conversely, lending to individuals in moderate-income census tracts exceeded demographics and the aggregate in both years, most notably by more than five percentage points in 2023.

In 2023, the bank ranked 7<sup>th</sup> and 4<sup>th</sup> in lending in the low- and moderate-income census tracts, respectively, which are better than its overall ranking in the assessment area.

| Geographic Distribution of Home Mortgage Loans               |                                   |                              |              |              |                  |              |
|--|-----------------------------------|------------------------------|--------------|--------------|------------------|--------------|
| Tract Income Level   | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #            | %            | \$(000s)         | %            |
| Low  |                                   |                              |              |              |                  |              |
| 2022   | 3.3                               | 4.4                          | 156          | 3.7          | 69,570           | 4.2          |
| 2023   | 3.3                               | 4.7                          | 110          | 4.6          | 28,156           | 3.4          |
| Moderate   |                                   |                              |              |              |                  |              |
| 2022   | 15.0                              | 15.6                         | 734          | 17.3         | 257,433          | 15.7         |
| 2023   | 15.0                              | 15.1                         | 490          | 20.7         | 105,636          | 12.8         |
| Middle   |                                   |                              |              |              |                  |              |
| 2022   | 42.8                              | 41.7                         | 1,742        | 41.2         | 673,055          | 40.9         |
| 2023   | 42.8                              | 39.5                         | 972          | 41.1         | 412,249          | 49.8         |
| Upper  |                                   |                              |              |              |                  |              |
| 2022   | 38.4                              | 37.6                         | 1,574        | 37.2         | 623,799          | 37.9         |
| 2023   | 38.4                              | 39.8                         | 778          | 32.9         | 256,797          | 31.0         |
| Not Available  |                                   |                              |              |              |                  |              |
| 2022   | 0.5                               | 0.6                          | 26           | 0.6          | 20,209           | 1.2          |
| 2023   | 0.5                               | 0.9                          | 17           | 0.7          | 24,993           | 3.0          |
| <b>Total</b>   |                                   |                              |              |              |                  |              |
| <b>2022</b>  | <b>100.0</b>                      | <b>100.0</b>                 | <b>4,232</b> | <b>100.0</b> | <b>1,644,066</b> | <b>100.0</b> |
| <b>2023</b>  | <b>100.0</b>                      | <b>100.0</b>                 | <b>2,367</b> | <b>100.0</b> | <b>827,831</b>   | <b>100.0</b> |
| Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data |                                   |                              |              |              |                  |              |

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

The geographic distribution of small business loans reflects excellent penetration throughout the Multistate MSA assessment area. As shown in the following table, in both years, the bank's lending performance in the low- and moderate-income census tracts exceeded aggregate performance and demographics.

| Geographic Distribution of Small Business Loans                         |                 |                              |       |       |          |       |
|---|-----------------|------------------------------|-------|-------|----------|-------|
| Tract Income Level  | % of Businesses | Aggregate Performance % of # | #     | %     | \$(000s) | %     |
| Low   |                 |                              |       |       |          |       |
| 2022  | 6.2             | 6.0                          | 76    | 8.1   | 11,832   | 7.9   |
| 2023  | 6.2             | 5.9                          | 93    | 8.9   | 9,773    | 7.8   |
| Moderate  |                 |                              |       |       |          |       |
| 2022  | 15.3            | 16.4                         | 164   | 17.5  | 28,679   | 19.1  |
| 2023  | 15.4            | 16.4                         | 216   | 20.7  | 28,361   | 22.6  |
| Middle  |                 |                              |       |       |          |       |
| 2022  | 36.0            | 38.3                         | 392   | 41.8  | 60,796   | 40.6  |
| 2023  | 35.8            | 38.2                         | 428   | 41.0  | 51,373   | 41.0  |
| Upper   |                 |                              |       |       |          |       |
| 2022  | 41.1            | 38.1                         | 293   | 31.3  | 46,849   | 31.3  |
| 2023  | 41.2            | 38.3                         | 290   | 27.8  | 34,375   | 27.4  |
| Not Available   |                 |                              |       |       |          |       |
| 2022  | 1.4             | 1.2                          | 12    | 1.3   | 1,651    | 1.1   |
| 2023  | 1.4             | 1.2                          | 16    | 1.5   | 1,560    | 1.2   |
| Total   |                 |                              |       |       |          |       |
| 2022  | 100.0           | 100.0                        | 937   | 100.0 | 149,807  | 100.0 |
| 2023  | 100.0           | 100.0                        | 1,043 | 100.0 | 125,442  | 100.0 |
| Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data |                 |                              |       |       |          |       |

## **Borrower Profile**

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different sizes in the Multistate MSA assessment area. Excellent performance in home mortgage lending and good performance in small business lending support this conclusion. Examiners focused on home mortgage loans to low- and moderate-income borrowers and the percentage by number of small business loans to businesses with GARs of \$1 million or less.

### ***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, in both 2022 and 2023 lending to low-income borrowers exceeded the aggregate, but fell below demographics. As demographics illustrate that a low-income family in the Multistate MSA assessment area earns approximately \$73,100 annually, low-income families may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$511,620. Additionally, 5.8 percent of families in this assessment area are below

the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

In lending to moderate-income borrowers, in 2022, the bank's lending was less than aggregate and in line with demographics. Conversely, in 2023, the bank's performance was greater than aggregate and demographics.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</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   |                      |                                     |              |              |                  |              |
| 2022  | 22.5                 | 7.4                                 | 342          | 8.1          | 44,882           | 2.7          |
| 2023  | 22.5                 | 5.8                                 | 225          | 9.5          | 27,630           | 3.3          |
| Moderate  |                      |                                     |              |              |                  |              |
| 2022  | 16.6                 | 19.0                                | 702          | 16.6         | 126,407          | 7.7          |
| 2023  | 16.6                 | 15.6                                | 492          | 20.8         | 88,420           | 10.7         |
| Middle  |                      |                                     |              |              |                  |              |
| 2022  | 20.2                 | 22.6                                | 962          | 22.7         | 201,488          | 12.3         |
| 2023  | 20.2                 | 21.3                                | 605          | 25.6         | 133,511          | 16.1         |
| Upper   |                      |                                     |              |              |                  |              |
| 2022  | 40.7                 | 38.4                                | 2,033        | 48.0         | 645,126          | 39.2         |
| 2023  | 40.7                 | 35.5                                | 995          | 42.0         | 333,385          | 40.3         |
| Not Available   |                      |                                     |              |              |                  |              |
| 2022  | 0.0                  | 12.6                                | 193          | 4.6          | 626,163          | 38.1         |
| 2023  | 0.0                  | 21.8                                | 50           | 2.1          | 244,884          | 29.6         |
| <b>Total</b>  |                      |                                     |              |              |                  |              |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>4,232</b> | <b>100.0</b> | <b>1,644,066</b> | <b>100.0</b> |
| <b>2023</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>2,367</b> | <b>100.0</b> | <b>827,830</b>   | <b>100.0</b> |

*Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data.*

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

The distribution of small business loans reflects good penetration of loans to businesses with GARs of \$1.0 million or less. As shown in the following table, in 2022, the bank's lending was less than the aggregate and demographics and in 2023, in line with aggregate. In addition, Eastern Bank ranked 2<sup>nd</sup> in 2022 and 2023 among state-chartered banks operating in the assessment area.

| Distribution of Small Business Loans by Gross Annual Revenue Category                             |                 |                              |              |              |                |              |
|---|-----------------|------------------------------|--------------|--------------|----------------|--------------|
| Business Revenue Level  | % of Businesses | Aggregate Performance % of # | #            | %            | \$(000s)       | %            |
| <=\$1,000,000   |                 |                              |              |              |                |              |
| 2022  | 88.5            | 48.2                         | 394          | 42.0         | 37,971         | 25.3         |
| 2023  | 89.6            | 52.0                         | 552          | 52.9         | 33,270         | 26.5         |
| >\$1,000,000  |                 |                              |              |              |                |              |
| 2022  | 4.3             | --                           | 264          | 28.2         | 84,874         | 56.7         |
| 2023  | 3.8             | --                           | 236          | 22.6         | 69,182         | 55.2         |
| Revenue Not Available   |                 |                              |              |              |                |              |
| 2022  | 7.3             | --                           | 279          | 29.8         | 26,962         | 18.0         |
| 2023  | 6.6             | --                           | 255          | 24.4         | 22,990         | 18.3         |
| <b>Total</b>  |                 |                              |              |              |                |              |
| <b>2022</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>937</b>   | <b>100.0</b> | <b>149,807</b> | <b>100.0</b> |
| <b>2023</b>   | <b>100.0</b>    | <b>100.0</b>                 | <b>1,043</b> | <b>100.0</b> | <b>125,442</b> | <b>100.0</b> |
| Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data, "--" data not available. |                 |                              |              |              |                |              |

### **Community Development Loans**

The bank is a leader in community development lending. The bank originated or purchased 198 community development loans totaling approximately \$1.4 billion in the Multistate MSA assessment area. This is a significant increase by dollar amount from the prior evaluation, when the bank originated 204 loans totaling \$831.9 million. The majority of community development loans, by number and dollar amount, supported affordable housing, specifically addressing the assessment area's primary need identified by the community contact. The following table illustrates the community development loans by year and purpose.

| Community Development Lending |                    |                  |                    |                |                      |                |                         |               |            |                  |
|-------------------------------|--------------------|------------------|--------------------|----------------|----------------------|----------------|-------------------------|---------------|------------|------------------|
| Activity Year                 | Affordable Housing |                  | Community Services |                | Economic Development |                | Revitalize or Stabilize |               | Totals     |                  |
|                               | #                  | \$(000s)         | #                  | \$(000s)       | #                    | \$(000s)       | #                       | \$(000s)      | #          | \$(000s)         |
| 2021                          | 28                 | 257,243          | 10                 | 55,689         | 19                   | 59,195         | 4                       | 6,279         | 61         | 378,406          |
| 2022                          | 35                 | 374,465          | 12                 | 46,785         | 13                   | 54,209         | 1                       | 14,000        | 61         | 489,459          |
| 2023                          | 23                 | 164,646          | 11                 | 105,609        | 5                    | 10,788         | 0                       | 0             | 39         | 281,043          |
| 2024                          | 17                 | 226,720          | 8                  | 25,400         | 12                   | 42,878         | 0                       | 0             | 37         | 294,998          |
| <b>Total</b>                  | <b>103</b>         | <b>1,023,074</b> | <b>41</b>          | <b>233,483</b> | <b>49</b>            | <b>167,070</b> | <b>5</b>                | <b>20,279</b> | <b>198</b> | <b>1,443,906</b> |
| Source: Bank Data             |                    |                  |                    |                |                      |                |                         |               |            |                  |

The following are examples of community development loans that benefited the Multistate MSA assessment area.

- In 2021, the bank originated a \$6.4 million loan to a nonprofit to purchase its headquarters in the Greater Brockton area. The borrower provides day habilitation, medical services, social services, professional development and job placement, transitional services, and transportation to individuals with developmental disabilities, a majority of which are supported by the Department of Developmental Services and Medicaid. This loan qualifies for community development by supporting a community service that primarily benefits low- and moderate-income individuals.
- In 2022, the bank originated a \$13.4 million loan to construct a 43-unit affordable rental housing project located in Roxbury, MA. The development will include space for both healthcare and social programming for low-income senior residents. This loan qualifies for community development by supporting affordable housing for low- and moderate-income residents.
- In 2023, the bank originated a \$8.5 million loan to construct a nonprofit, multi-purpose community center, located within a low-income census tract in Boston, MA. The construction will allow the organization to increase program capacity and offer a wider range of community service programs to low- and moderate-income individuals. This loan qualifies for community development by supporting a community service for low- and moderate-income individuals.

## INVESTMENT TEST

The Investment Test is rated Outstanding.

The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has an excellent level of qualified community development investments and grants in the Multistate MSA assessment area. The bank made 2,549 investments totaling approximately \$729 million, or 77.9 percent of the bank's total community development investments in this area. The following table illustrates the community development investments by year and purpose.

| Qualified Investments        |                    |                |                    |               |                      |              |                         |               |              |                |
|------------------------------|--------------------|----------------|--------------------|---------------|----------------------|--------------|-------------------------|---------------|--------------|----------------|
| Activity Year                | Affordable Housing |                | Community Services |               | Economic Development |              | Revitalize or Stabilize |               | Totals       |                |
|                              | #                  | \$(000s)       | #                  | \$(000s)      | #                    | \$(000s)     | #                       | \$(000s)      | #            | \$(000s)       |
| Prior Period                 | 47                 | 165,177        | 10                 | 34,450        | 1                    | 71           | 2                       | 14,011        | 60           | 213,709        |
| 2021                         | 11                 | 91,907         | 0                  | 0             | 0                    | 0            | 0                       | 0             | 11           | 91,907         |
| 2022                         | 10                 | 91,991         | 4                  | 14,251        | 0                    | 0            | 0                       | 0             | 14           | 106,242        |
| 2023                         | 17                 | 159,405        | 2                  | 6,900         | 0                    | 0            | 0                       | 0             | 19           | 166,305        |
| 2024                         | 13                 | 112,776        | 0                  | 0             | 0                    | 0            | 1                       | 2,800         | 14           | 115,576        |
| <b>Subtotal</b>              | <b>98</b>          | <b>621,256</b> | <b>16</b>          | <b>55,601</b> | <b>1</b>             | <b>71</b>    | <b>3</b>                | <b>16,811</b> | <b>118</b>   | <b>693,739</b> |
| Qualified Grants & Donations | 227                | 4,332          | 2,016              | 25,165        | 114                  | 4,979        | 74                      | 893           | 2,431        | 35,369         |
| <b>Total</b>                 | <b>325</b>         | <b>625,588</b> | <b>2,032</b>       | <b>80,766</b> | <b>115</b>           | <b>5,050</b> | <b>77</b>               | <b>17,704</b> | <b>2,549</b> | <b>729,108</b> |

Source: Bank Data

The following are some examples of investments that benefited the Multistate MSA assessment area.

### Equity Investments

The bank made 118 qualified equity investments totaling approximately \$694 million within the Multistate MSA assessment area. Of these, 58 equity investments totaling approximately \$480 million are new. The bank maintained 60 prior period investments totaling approximately \$214 million.

### *Prior Period Investment*

- The bank maintains a prior period investment in two MDFA Multifamily Housing Revenue bonds with a combined book value of \$12.1 million. The bond financed the preservation of 112 affordable housing units in a moderate-income census tract in Cambridge, MA. All units are under a Section 8 Housing Assistance contract with HUD.



### *Current Period Investments*

- In 2022, the bank invested \$21.4 million in two MA Development bonds to redevelop existing, underutilized parcels into a 65-unit affordable housing development in a low-income census tract in Roxbury, MA. Of the 65 units, 22 are restricted to households earning up to 30.0 percent of the area median income (AMI), including eight that are under federal Section 8 Housing Assistance and eight that are under the MA Rental Voucher Program.
- In 2023, the bank invested in two MDFA Tax Exempt bonds totaling \$6.9 million to fund a social service organization that provides services for low-income individuals and families in the Greater Lynn area, focusing on early childhood education, home energy assistance, and community services focused on food and housing. The organization operates from and provides services in a low-income census tract in Lynn, MA. Services provided include early childhood education for low-income families, emergency and supplemental food distribution for low-income senior citizens, and funding for individuals and families transitioning from homelessness.
- In 2024, the bank invested in two MDFA Tax Exempt bonds totaling \$17.0 million to build 52 units of affordable housing in a low-income census tract in Lowell, MA. Of the 52 units, 41 will be for those households earning up to 60.0 percent of the AMI, 11 will be for households earning up to 30.0 percent of AMI, and 3 of those 11 are set aside for former homeless families.

### *Grants and Donations*

The Foundation provided 2,431 grants and donations, which totaled approximately \$35 million. The following are examples of donations that benefited the Multistate MSA assessment area.

- ***MA Housing and Shelter Alliance, Inc. (MHSA)*** – MHSA’s mission is to end homelessness through housing, collaboration, education, and advocacy. MHSA primarily serves unaccompanied homeless adults, providing permanent supportive housing for those individuals who have experienced years of homelessness and who have multiple complex, disabling conditions.
- ***Asian Community Development Corporation*** - The Asian Community Development Corporation works in underserved and immigrant Asian American communities in the Greater Boston region to create and preserve affordable, sustainable, and healthy neighborhoods, primarily supporting low- and moderate-income individuals and families.
- ***Urban Edge*** – Urban Edge builds affordable housing and provides down payment assistance and several classes and programs, including first time homebuyer, financial and credit counseling, home improvement and repair, foreclosure prevention counseling, all geared towards low- and moderate-income individuals and families.

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

The bank exhibits excellent responsiveness to the credit and community development needs of the Multistate MSA assessment area. The bank's equity investments primarily targeted affordable housing, which is a primary community development need identified by the community contact. The bank's investments in affordable housing initiatives resulted in hundreds of new affordable housing units across the rated area. The area's median housing value of \$511,620 is unaffordable for low- and moderate-income borrowers, and therefore, affordable housing demand remains very high. Additionally, the bank's donations responded to the community service needs of low- and moderate-income individuals, another need identified by the community contact.

### **Community Development Initiatives**

The bank makes significant use of innovative and complex investments to support community development initiatives. The bank invested in LIHTC and MDFA Multifamily Revenue bond projects that promoted affordable housing. Please refer to the overall Investment Test discussion of this factor for a detailed analysis supporting this conclusion. The bank made innovative and complex investments within the Multistate MSA that are similar to those discussed in the overall Investment Test.

## **SERVICE TEST**

The Service Test is rated Outstanding.

The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

The bank's delivery systems are readily accessible to all portions of the assessment area. This conclusion is consistent with, and primarily supports, the overall conclusion. Eastern Bank operates 97, or 90.7 percent, of its branches throughout the Multistate MSA assessment area. With seven branches in low-income geographies and 18 in moderate-income geographies, the distribution of branches in these areas is similar to demographics. Further, several branches maintain interactive teller machines, which provide live video capabilities operated by virtual experts who work inside the bank's customer service center.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 111                  | 9.8          | 449,689           | 9.1          | 7               | 7.1          | 12          | 8.9          |
| Moderate   | 208                  | 18.3         | 938,910           | 19.1         | 18              | 18.2         | 28          | 20.7         |
| Middle   | 411                  | 36.2         | 1,877,820         | 38.0         | 30              | 30.3         | 41          | 30.4         |
| Upper  | 358                  | 31.6         | 1,615,914         | 32.7         | 43              | 43.4         | 53          | 39.3         |
| NA   | 46                   | 4.1          | 54,358            | 1.1          | 1               | 1.0          | 1           | 0.7          |
| <b>Total</b>   | <b>1,134</b>         | <b>100.0</b> | <b>4,941,632</b>  | <b>100.0</b> | <b>99</b>       | <b>100.0</b> | <b>135</b>  | <b>100.0</b> |
| <i>Source: 2020 ACS Data; Bank Data</i>                      |                      |              |                   |              |                 |              |             |              |

### **Changes in Branch Locations**

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the prior evaluation, the bank acquired 41 new branches and closed 20 full-service branches, all in the Multistate MSA. Of those closed, none were in low-income census tracts and two in moderate-income census tracts. Of the two closed branches located in moderate-income census tracts at the time of closure, one tract has since reclassified and is now a middle-income census tract. For the second location, it was consolidated with another branch located three miles away. In MA, the closed branches were in Andover, Beverly, Boston (3), Brookline, Burlington, Cambridge (3), Lexington, Malden, Medford (2), Newton (2), Salem, and Wareham (consolidated two into one). In NH, the closed branches were in Dover and Portsmouth.

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

Services and 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. This conclusion is consistent with the overall conclusion. Four branches offer both lobby and drive-up hours on Sundays; these are in Danvers, Lynn, Salem, and Saugus. Of these four locations, the Lynn and Salem branches are in moderate-income census tracts. Please refer to the overall Service Test section for more information.

### **Community Development Services**

The bank is a leader in providing community development services. Employees contributed 13,293 community service hours that benefited the Multistate MSA assessment area, an increase of approximately 18.8 percent since the previous evaluation. The majority of all service activity occurred in the Multistate MSA, which is in line with the significant percentage of branches as well as lending and deposit activity in this assessment area. Eastern Bank employees provide technical support and financial expertise by serving on the boards and other committees of various community organizations, as well as by providing FDIC Money Smart classes and first-time homebuyer seminars to low- and moderate-income individuals. This involvement demonstrates the

bank's leadership and responsiveness to community needs. The following table summarizes the community development service hours by year and purpose.

| Community Development Services |                    |                    |                      |                         |               |
|--------------------------------|--------------------|--------------------|----------------------|-------------------------|---------------|
| Activity Year                  | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals        |
|                                | #                  | #                  | #                    | #                       | #             |
| 2021                           | 98                 | 1,005              | 325                  | 212                     | <b>1,640</b>  |
| 2022                           | 244                | 2,074              | 261                  | 518                     | <b>3,097</b>  |
| 2023                           | 635                | 1,868              | 768                  | 369                     | <b>3,640</b>  |
| 2024                           | 862                | 2,835              | 847                  | 372                     | <b>4,916</b>  |
| <b>Totals</b>                  | <b>1,839</b>       | <b>7,782</b>       | <b>2,201</b>         | <b>1,471</b>            | <b>13,293</b> |
| <i>Source: Bank Data</i>       |                    |                    |                      |                         |               |

The following are some examples of services that benefited the Multistate MSA assessment area.

- ***Preservation of Affordable Housing*** - This organization uses various strategies, such as acquiring and renovating properties, to preserve and maintain or build affordable homes for low- and moderate-income individuals and families. A senior vice president serves on the Board.
- ***Acre Family Childcare Inc.*** - The organization promotes economic development by financing small businesses, specifically to enable women to achieve economic independence by running licensed family childcare businesses in their own homes. A vice president serves as a director.
- ***Bay Cove Human Services*** – This organization provides community services for people facing the challenges associated with developmental disabilities, mental illness, homelessness, aging-related needs, and drug and alcohol addiction. The organization provides services to those without the ability to pay. The majority of individuals served are low- or moderate-income. An executive vice president serves on the Board.
- ***Dorchester Bay Economic Development Corporation*** - This organization's mission includes creating economic development opportunities for small businesses and the provision of affordable housing primarily supporting low- and moderate-income individuals and families. A senior vice president serves on the Board.

## MASSACHUSETTS

**CRA RATING FOR MASSACHUSETTS: Satisfactory by the FDIC.**  
**High Satisfactory by the Division.**

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

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS**

Eastern Bank operates 6 or 5.6 percent of its 107 branches, in the MA-rated area. The MA-rated area represents 12.8 percent of the total number of census tracts and holds 8.9 percent of the bank's loans and 5.5 percent of the bank's deposits. The bank offers the same products and services in the MA-rated area as discussed in the combined assessment area section. The MA-rated area includes municipalities in Barnstable and Bristol Counties. Please refer to the following full- and limited-scope assessment area evaluations for more details, including economic and demographic data.

### **SCOPE OF EVALUATION – MASSACHUSETTS**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers activity within the MA-rated area, excluding the Multistate MSA. Specifically, this section considers the bank's performance in the Providence-Warwick MSA and the Barnstable MSA assessment areas. Please refer to the overall scope for more information on products reviewed, timeframe, and product weighting.

Only a small portion of the combined assessment area falls within the MA-rated area outside of the Multistate MSA. Therefore, the MA-rated area performance carried less weight than performance within the Multistate MSA when arriving at overall ratings and conclusions.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MASSACHUSETTS**

### **LENDING TEST**

The Lending Test is rated High Satisfactory.

Consistent performance in the Providence-Warwick MSA and Barnstable MSA assessment areas support this conclusion. The following sections discuss the bank's performance under each criterion

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2022 and 2023, Eastern Bank reported 761 home mortgage loans totaling approximately \$195.8 million and 235 small business loans totaling approximately \$30.9 million in the MA-rated area.

The Description of Assessment Area section for each individual assessment area discusses the bank's market share rankings for home mortgage and small business loans. In the MA-rated area in 2023, Eastern Bank ranked 15<sup>th</sup> out of 439 mortgage lenders and 7<sup>th</sup> among state-chartered financial institutions. The bank ranked 21<sup>st</sup> out of 110 small business lenders and ranked 4<sup>th</sup> among state-chartered financial institutions. The top three institutions, consisting of large credit card lenders, originated 45.9 percent of all small business loans in the area.

### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the MA-rated area. Good performance in the Providence-Warwick MSA primarily supports this conclusion.

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among individuals of different income levels and business customers of different size throughout the MA-rated area. Adequate performance in the Providence-Warwick MSA supports this conclusion.

### **Community Development Loans**

The bank was a leader in community development lending within the MA-rated area. As shown in the following table, the bank originated 16 loans totaling approximately \$80.7 million that benefited the Providence-Warwick MSA and Barnstable MSA assessment areas. This is a significant increase from the prior evaluation, when the bank originated eight loans totaling approximately \$39.7 million.

| <b>Community Development Lending by Assessment Area</b> |                           |               |                           |              |                             |               |                                |          |               |               |
|---|---------------------------|---------------|---------------------------|--------------|-----------------------------|---------------|--------------------------------|----------|---------------|---------------|
| <b>Assessment Area</b>                                  | <b>Affordable Housing</b> |               | <b>Community Services</b> |              | <b>Economic Development</b> |               | <b>Revitalize or Stabilize</b> |          | <b>Totals</b> |               |
|   | #                         | \$(000s)      | #                         | \$(000s)     | #                           | \$(000s)      | #                              | \$(000s) | #             | \$(000s)      |
| Providence-Warwick MSA                                  | 5                         | 19,430        | 1                         | 1,353        | 2                           | 10,125        | 0                              | 0        | 8             | 30,908        |
| Barnstable MSA  | 3                         | 13,975        | 0                         | 0            | 5                           | 35,812        | 0                              | 0        | 8             | 49,787        |
| <b>Total</b>  | <b>8</b>                  | <b>33,405</b> | <b>1</b>                  | <b>1,353</b> | <b>7</b>                    | <b>45,937</b> | <b>0</b>                       | <b>0</b> | <b>16</b>     | <b>80,695</b> |

*Source: Bank Data*

### **INVESTMENT TEST**

The Investment Test is rated High Satisfactory.

Consistent performance in the Providence-Warwick MSA and Barnstable MSA supports this conclusion. The following sections discuss the bank's performance under each criterion.

### **Investment and Grant Activity**

The bank has a significant level of qualified community development investments and grants in MA. As shown in the following table, qualified investments that directly benefited the Providence-Warwick MSA and Barnstable MSA assessment areas totaled approximately \$30.8 million or 3.3 percent of the bank's total qualified community development investments. This represents a significant increase since the prior evaluation during which the bank had \$12.3 million in qualified community development investments and grants in these areas.

| Qualified Investments by Assessment Area |                    |               |                    |              |                      |           |                         |           |            |               |
|--|--------------------|---------------|--------------------|--------------|----------------------|-----------|-------------------------|-----------|------------|---------------|
| Assessment Area                          | Affordable Housing |               | Community Services |              | Economic Development |           | Revitalize or Stabilize |           | Totals     | Totals        |
|  | #                  | \$(000s)      | #                  | \$(000s)     | #                    | \$(000s)  | #                       | \$(000s)  | #          | \$(000s)      |
| Providence-Warwick MSA                   | 8                  | 13,073        | 61                 | 651          | 1                    | 2         | 2                       | 51        | 72         | 13,777        |
| Barnstable MSA                           | 34                 | 15,037        | 74                 | 1,879        | 6                    | 73        | 0                       | 0         | 114        | 16,989        |
| <b>Total</b>                             | <b>42</b>          | <b>28,110</b> | <b>135</b>         | <b>2,530</b> | <b>7</b>             | <b>75</b> | <b>2</b>                | <b>51</b> | <b>186</b> | <b>30,766</b> |
| <i>Source: Bank Data</i>                 |                    |               |                    |              |                      |           |                         |           |            |               |

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

The bank exhibits good responsiveness to credit and community economic development needs in this area. A majority of investments, by dollar volume, promoted affordable housing and community services to low- and moderate individuals. Community contacts identified affordable housing and community services as community development needs.

### **Community Development Initiatives**

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank invested in a LIHTC and prior period investments included a LIHTC and bonds.

### **SERVICE TEST**

The Service Test performance is High Satisfactory.

Consistent performance in the Barnstable MSA supports this conclusion, as performance in the Providence-Warwick MSA assessment area was below statewide performance. The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

The bank's delivery systems are accessible to essentially all portions of the assessment areas. This is inconsistent with the overall conclusion; however, there are only six branches in this area. The bank operates 5.5 percent of all branches in the Barnstable MSA and Providence-Warwick MSA assessment areas. Of the six branches, five are within the Barnstable MSA and one is in the Providence-Warwick MSA. The Hyannis branch and ATM are in a moderate-income census tract in the Barnstable MSA assessment area, exceeding the percent of moderate-income census tracts and the population residing in those geographies. Please refer to the following table for further information on the branch distribution.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 2                    | 2.7          | 7,646             | 2.2          | 0               | 0            | 0           | 0            |
| Moderate   | 8                    | 10.7         | 28,591            | 8.1          | 1               | 16.7         | 1           | 16.7         |
| Middle   | 35                   | 46.6         | 154,522           | 44.0         | 3               | 50.0         | 3           | 50.0         |
| Upper  | 30                   | 40.0         | 160,598           | 45.7         | 2               | 33.3         | 2           | 33.3         |
| NA   | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>75</b>            | <b>100.0</b> | <b>351,357</b>    | <b>100.0</b> | <b>6</b>        | <b>100.0</b> | <b>6</b>    | <b>100.0</b> |
| Source: 2020 ACS Data; Bank Data                             |                      |              |                   |              |                 |              |             |              |

### **Changes in Branch Locations**

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- and moderate-income geographies and/or to low- and moderate-income individuals. Since the prior evaluation, the bank has not opened, closed, or relocated any branches in the Barnstable MSA or the Providence-Warwick MSA assessment areas.

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

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. This is consistent with overall conclusions. The bank also offers various alternative systems that effectively deliver retail banking services throughout the assessment area. For details, please refer to the Reasonableness of Business Hours and Services under the overall Service Test section.

### **Community Development Services**

The bank provided a high level of community development services. Employees provided 705 hours to the MA assessment areas, a significant increase since the prior evaluation when employees provided 284 hours.

## **PROVIDENCE-WARWICK MSA– Full-Scope Review**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN PROVIDENCE-WARWICK MSA**

Eastern Bank operates 1 or 0.9 percent of its 107 full-service branches in the Providence-Warwick MSA assessment area. The Providence-Warwick MSA assessment area represents 8.9 percent of the total number of census tracts and holds 2.4 percent of the bank's loans and 0.4 percent of the bank's deposits. This assessment area consists of all municipalities within Bristol County, MA.



## **Economic and Demographic Data**

The Providence-Warwick MSA assessment area contains 131 census tracts with the following income designations according to the 2020 ACS U.S. Census:

- 19 low-income tracts,
- 32 moderate-income tracts,
- 38 middle-income tracts,
- 41 upper-income tracts, and
- 1 tract with no income designation

The following table illustrates select demographic characteristics of the Providence-Warwick MSA assessment area.

| Demographic Information of the Providence-Warwick MSA Assessment Area  |         |               |                              |                  |                 |               |
|--|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #       | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)  | 131     | 14.5          | 24.4                         | 29.0             | 31.3            | 0.8           |
| Population by Geography  | 579,200 | 10.3          | 21.4                         | 30.9             | 37.4            | 0.0           |
| Housing Units by Geography   | 236,043 | 11.8          | 22.9                         | 30.9             | 34.4            | 0.0           |
| Owner-Occupied Units by Geography  | 138,424 | 3.8           | 14.5                         | 35.7             | 46.0            | 0.0           |
| Occupied Rental Units by Geography   | 81,941  | 24.3          | 36.0                         | 23.1             | 16.5            | 0.0           |
| Vacant Units by Geography  | 15,678  | 16.6          | 28.6                         | 28.4             | 26.4            | 0.0           |
| Businesses by Geography  | 50,393  | 11.7          | 16.6                         | 28.8             | 43.0            | 0.0           |
| Farms by Geography   | 1,419   | 5.2           | 10.2                         | 23.7             | 60.9            | 0.0           |
| Family Distribution by Income Level  | 144,944 | 23.3          | 15.9                         | 19.8             | 41.1            | 0.0           |
| Household Distribution by Income Level   | 220,365 | 26.8          | 14.3                         | 16.3             | 42.7            | 0.0           |
| Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA   |         | \$89,555      | Median Housing Value         |                  |                 | \$308,107     |
|  |         |               | Median Gross Rent            |                  |                 | \$968         |
|  |         |               | Families Below Poverty Level |                  |                 | 8.2%          |
| Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income;<br>(* ) 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. Housing costs are moderately expensive in the assessment area as demonstrated by a median housing cost of \$308,107. This cost is lower than the average in MA (\$449,342).

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, 50,393 non-farm businesses operate in the Providence-Warwick MSA assessment area. GARs for these businesses follow.

- 88.5 percent have GARs of \$1 million or less,
- 3.7 percent have GARs of over \$1 million,
- 7.8 percent have unknown revenues

Service industries represent the largest portion of businesses at 34.7 percent; followed by non-classifiable establishments (18.3 percent); retail trade (12.5 percent); finance, insurance and real estate (11.0 percent); and construction (9.4 percent). In addition, 65.8 percent of the area businesses have four or fewer employees, and 91.7 percent operate from a single location.

Examiners use the 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, which are based on the 2022 and 2023 FFIEC-updated median family income categories.

| <b>Median Family Income Ranges</b>                  |                        |                                    |                                   |                        |
|---|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>                        | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Providence-Warwick MSA</b>                       |                        |                                    |                                   |                        |
| 2022 (\$99,600)                                     | <\$49,800              | \$49,800 to <\$79,680              | \$79,680 to <\$119,520            | ≥\$119,520             |
| 2023 (\$108,300)                                    | <\$54,150              | \$54,150 to <\$86,640              | \$86,640 to <\$129,960            | ≥\$129,960             |
| <i>Source: FFIEC Estimated Median Family Income</i> |                        |                                    |                                   |                        |

## **Competition**

The Providence-Warwick MSA assessment area is competitive for financial services. Based on available 2023 Deposit Market Share data, 37 institutions operated 187 branches in the Providence-Warwick MSA assessment area. Eastern Bank ranked 23<sup>rd</sup> with 0.4 percent market share of the reported deposit base. The top three institutions, Bank of America, N.A.; Bristol County Savings Bank; and Baycoast Bank, accounted for 35.7 percent of the market share.

There is significant competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2023, 364 lenders reported 11,044 residential mortgage loans originated or purchased. Eastern Bank ranked 33<sup>rd</sup> by number with a market share of 0.8 percent. The financial institutions that ranked ahead of Eastern Bank were large national banks, mortgage companies, and other state-chartered community banks.

Eastern Bank faces a high level of competition for small business loans from national banks and other state-chartered community banks. In 2023, 97 lenders originated 12,810 small business loans within the Providence-Warwick MSA. Eastern Bank ranked 41<sup>st</sup> with 0.3 percent of the market share. The top three institutions, American Express, N.A.; JPMorgan Chase Bank, N.A.; and Bank of America, N.A., originated 43.9 percent of all small business loans.

## **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 MA and RI. 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. 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 small business financing is generally available; however, many small businesses do not meet the 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 demographic and economic data, management, and community contacts, examiners determined that home mortgage and small business loans represent primary credit needs. Affordable housing, community services for low- and moderate-income individuals, and economic development for small business represent primary community needs. The significant number of businesses with GARs of less than \$1.0 million, the high poverty level, and housing costs support this conclusion. Opportunities exist for banks to meet these credit and community development needs.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN PROVIDENCE-WARWICK MSA**

## **LENDING TEST**

The bank demonstrated good responsiveness to assessment area credit within the Providence-Warwick MSA assessment area. The following sections discuss the bank's performance under each criterion.

### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2022 and 2023, Eastern Bank reported 257 home mortgage loans totaling approximately \$85.7 million and 68 small business loans totaling approximately \$11.8. The Competition section previously discussed the bank's market share rankings for home mortgage and small business lending.

## **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the Providence-Warwick MSA assessment area. The bank's good performance in both home mortgage and small business lending 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 good penetration throughout the Providence-Warwick MSA assessment area. In 2022, lending in the low-income census tracts exceeded the aggregate and demographics. In 2023, lending in the low-income census tracts fell, but remained above the aggregate and demographic data.

The bank's 2022 lending in moderate-income census tracts was below the aggregate and demographic data. The lending performance, by percentage, improved in the moderate-income census tracts in 2023, and was above the aggregate and demographics.

| <b>Geographic Distribution of Home Mortgage Loans</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>     |
| Low  |  |                                     |            |              |                 |              |
| 2022   | 3.8                                      | 5.2                                 | 16         | 9.6          | 10,286          | 18.1         |
| 2023   | 3.8                                      | 5.4                                 | 6          | 6.6          | 1,594           | 5.5          |
| Moderate   |  |                                     |            |              |                 |              |
| 2022   | 14.5                                     | 17.1                                | 18         | 10.8         | 7,913           | 13.9         |
| 2023   | 14.5                                     | 16.2                                | 16         | 17.6         | 14,386          | 49.8         |
| Middle   |  |                                     |            |              |                 |              |
| 2022   | 35.7                                     | 34.3                                | 42         | 25.3         | 14,122          | 24.8         |
| 2023   | 35.7                                     | 35.8                                | 34         | 37.4         | 5,696           | 19.7         |
| Upper  |  |                                     |            |              |                 |              |
| 2022   | 46.0                                     | 43.4                                | 90         | 54.2         | 24,528          | 43.1         |
| 2023   | 46.0                                     | 42.7                                | 35         | 38.5         | 7,225           | 25.0         |
| <b>Total</b>   |  |                                     |            |              |                 |              |
| <b>2022</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>166</b> | <b>100.0</b> | <b>56,848</b>   | <b>100.0</b> |
| <b>2023</b>  | <b>100.0</b>                             | <b>100.0</b>                        | <b>91</b>  | <b>100.0</b> | <b>28,901</b>   | <b>100.0</b> |
| <i>Source: 2020 ACS; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data,</i> |  |                                     |            |              |                 |              |

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

The geographic distribution of small business loans reflects good penetration throughout the Providence-Warwick MSA assessment area. The bank's lending in low-income census tracts exceeded aggregate performance and demographics in 2022. Performance in 2023 fell below aggregate and demographic.

The bank's lending exceeded the aggregate and demographics in moderate-income census tracts in 2022. In 2023, the bank's performance in moderate-income census tracts fell and was than that of aggregate lenders and demographics.

| <b>Geographic Distribution of Small Business Loans</b> |                        |   |           |              |                 |              |
|--|------------------------|---|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>                              | <b>% of Businesses</b> | <b>Aggregate Performance<br/>% of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  |                        |   |           |              |                 |              |
| 2022   | 11.6                   | 11.1                                    | 5         | 14.7         | 166             | 2.4          |
| 2023   | 11.7                   | 10.5                                    | 1         | 2.9          | 21              | 0.4          |
| Moderate   |                        |   |           |              |                 |              |
| 2022   | 16.5                   | 16.0                                    | 7         | 20.6         | 2,399           | 34.2         |
| 2023   | 16.6                   | 16.0                                    | 3         | 8.8          | 142             | 3.0          |
| Middle   |                        |   |           |              |                 |              |
| 2022   | 28.9                   | 29.1                                    | 10        | 29.4         | 1,480           | 21.1         |
| 2023   | 28.8                   | 29.0                                    | 7         | 20.6         | 1,177           | 24.5         |
| Upper  |                        |   |           |              |                 |              |
| 2022   | 43.1                   | 43.9                                    | 12        | 35.3         | 2,964           | 42.3         |
| 2023   | 43.0                   | 44.6                                    | 23        | 67.6         | 3,471           | 72.1         |
| <b>Total</b>   |                        |   |           |              |                 |              |
| <b>2022</b>  | <b>100.0</b>           | <b>100.0</b>                            | <b>34</b> | <b>100.0</b> | <b>7,009</b>    | <b>100.0</b> |
| <b>2023</b>  | <b>100.0</b>           | <b>100.0</b>                            | <b>34</b> | <b>100.0</b> | <b>4,811</b>    | <b>100.0</b> |

*Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data, "--" data not available.*

## **Borrower Profile**

The distribution of borrowers reflects adequate penetration among business customers of different sizes and retail customers of different income levels in the Providence-Warwick MSA assessment area. Good performance in home mortgage lending and adequate performance in 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 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. Lending performance to low-income borrowers in 2022 was below that of aggregate lenders and demographics. Performance in 2023 was greater than the aggregate and less than demographics. Considering the median housing value of \$308,107, a low-income family in the Providence-Warwick MSA assessment area earning less than \$54,150 may have difficulty qualifying for a mortgage under conventional underwriting

standards. Additionally, 8.2 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families and demographics.

Lending to moderate-income borrowers was less than aggregate and demographics in 2022. Performance improved in 2023 by number and percentage, and the bank's lending performance to moderate-income borrowers exceeded the aggregate and demographics.

| <b>Distribution of Home Mortgage Loans by Borrower Income Level</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   |                      |                                     |            |              |                 |              |
| 2022  | 23.3                 | 5.1                                 | 5          | 3.0          | 363             | 0.6          |
| 2023  | 23.3                 | 5.2                                 | 6          | 6.6          | 683             | 2.4          |
| Moderate  |                      |                                     |            |              |                 |              |
| 2022  | 15.9                 | 18.7                                | 16         | 9.6          | 2,321           | 4.1          |
| 2023  | 15.9                 | 17.5                                | 22         | 24.2         | 3,246           | 11.2         |
| Middle  |                      |                                     |            |              |                 |              |
| 2022  | 19.8                 | 28.0                                | 32         | 19.3         | 5,879           | 10.3         |
| 2023  | 19.8                 | 27.8                                | 23         | 25.3         | 5,061           | 17.5         |
| Upper   |                      |                                     |            |              |                 |              |
| 2022  | 41.1                 | 35.1                                | 81         | 48.8         | 19,348          | 34.0         |
| 2023  | 41.1                 | 36.4                                | 36         | 39.6         | 7,229           | 25.0         |
| Not Available   |                      |                                     |            |              |                 |              |
| 2022  | 0.0                  | 13.1                                | 32         | 19.3         | 28,936          | 50.9         |
| 2023  | 0.0                  | 13.0                                | 4          | 4.4          | 12,683          | 43.9         |
| <b>Total</b>  |                      |                                     |            |              |                 |              |
| <b>2022</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>166</b> | <b>100.0</b> | <b>56,848</b>   | <b>100.0</b> |
| <b>2023</b>   | <b>100.0</b>         | <b>100.0</b>                        | <b>91</b>  | <b>100.0</b> | <b>28,901</b>   | <b>100.0</b> |

Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available.

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

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1.0 million or less. In 2022, the bank's lending performance to businesses with GARs of \$1.0 or less was slightly greater than aggregate and less than demographics. In 2023, the bank's performance decreased and was less than aggregate and demographics.

| Distribution of Small Business Loans by Gross Annual Revenue Category  |                 |                              |           |              |              |              |
|--|-----------------|------------------------------|-----------|--------------|--------------|--------------|
| Business Revenue Level   | % of Businesses | Aggregate Performance % of # | #         | %            | \$(000s)     | %            |
| <=\$1,000,000  |                 |                              |           |              |              |              |
| 2022   | 87.5            | 51.3                         | 18        | 52.9         | 3,532        | 50.4         |
| 2023   | 88.5            | 54.3                         | 14        | 41.2         | 1,344        | 27.9         |
| >\$1,000,000   |                 |                              |           |              |              |              |
| 2022   | 4.1             | --                           | 4         | 11.8         | 1,194        | 17.0         |
| 2023   | 3.7             | --                           | 10        | 29.4         | 2,162        | 44.9         |
| Revenue Not Available  |                 |                              |           |              |              |              |
| 2022   | 8.4             | --                           | 12        | 35.3         | 2,283        | 32.6         |
| 2023   | 7.8             | --                           | 10        | 29.4         | 1,305        | 27.1         |
| <b>Total</b>   |                 |                              |           |              |              |              |
| <b>2022</b>  | <b>100.0</b>    | <b>100.0</b>                 | <b>34</b> | <b>100.0</b> | <b>7,009</b> | <b>100.0</b> |
| <b>2023</b>  | <b>100.0</b>    | <b>100.0</b>                 | <b>34</b> | <b>100.0</b> | <b>4,811</b> | <b>100.0</b> |
| <i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data, 2022 &amp; 2023 CRA Aggregate Data, "--" data not available.</i> |                 |                              |           |              |              |              |

### **Community Development Loans**

The bank was a leader in community development lending in the Providence-Warwick MSA assessment area. The bank originated eight community development loans totaling approximately \$30.9 million during the evaluation period. This is a significant increase from the prior evaluation period when the bank originated three loans totaling \$5.1 million. Of the eight loans, five loans totaling approximately \$19.4 million supported affordable housing, one loan for approximately \$1.4 million supported community services for low- or moderate-income individuals, and two loans for approximately \$10.1 million supported economic development by financing small businesses.

The following are examples of qualified community development loans that benefited the Providence-Warwick MSA assessment area.

- In 2023, the bank originated a \$5.6 million SBA 504 loan to finance the acquisition and construction of a car dealership located in Easton, MA. The loan created employment opportunities for low- and moderate-income individuals. This loan qualifies for community development by supporting economic development through the financing of a small business.
- In 2023, the bank funded a \$12.5 million construction loan to refurbish the historic Moby Dick Chandler building, located in New Bedford, MA. The refurbishment will create new ground-floor retail space, as well as a 45-unit, mixed-income affordable housing community. Of the 45 units, 32 will provide affordable housing opportunities for low-income individuals making 30-60 percent of the AMI. This loan qualifies for community development by supporting affordable housing for low- and moderate-income individuals.

## INVESTMENT TEST

The bank demonstrated good performance under the Investment Test within the Providence-Warwick MSA assessment area. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has a significant level of qualified community development investments and grants in Providence-Warwick, MSA. As shown in the following table, qualified investments and grants in the Providence-Warwick MSA total approximately \$13.8 million. Qualified investments and grants consist of one prior period investment totaling approximately \$2.6 million, a new investment totaling approximately \$10.5 million, and 70 qualified grants totaling approximately \$723,000. This represents a substantial increase since the prior evaluation where qualified investments and grants totaled \$3.5 million.

| Qualified Investments        |                    |               |                    |            |                      |          |                         |           |           |               |
|------------------------------|--------------------|---------------|--------------------|------------|----------------------|----------|-------------------------|-----------|-----------|---------------|
| Activity Year                | Affordable Housing |               | Community Services |            | Economic Development |          | Revitalize or Stabilize |           | Totals    |               |
|                              | #                  | \$(000s)      | #                  | \$(000s)   | #                    | \$(000s) | #                       | \$(000s)  | #         | \$(000s)      |
| Prior Period                 | 1                  | 2,587         | 0                  | 0          | 0                    | 0        | 0                       | 0         | 1         | 2,587         |
| 2021                         | 0                  | 0             | 0                  | 0          | 0                    | 0        | 0                       | 0         | 0         | 0             |
| 2022                         | 0                  | 0             | 0                  | 0          | 0                    | 0        | 0                       | 0         | 0         | 0             |
| 2023                         | 1                  | 10,467        | 0                  | 0          | 0                    | 0        | 0                       | 0         | 1         | 10,467        |
| 2024                         | 0                  | 0             | 0                  | 0          | 0                    | 0        | 0                       | 0         | 0         | 0             |
| <b>Subtotal</b>              | <b>2</b>           | <b>13,054</b> | <b>0</b>           | <b>0</b>   | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b>  | <b>2</b>  | <b>13,054</b> |
| Qualified Grants & Donations | 6                  | 19            | 61                 | 651        | 1                    | 2        | 2                       | 51        | 70        | 723           |
| <b>Total</b>                 | <b>8</b>           | <b>13,073</b> | <b>61</b>          | <b>651</b> | <b>1</b>             | <b>2</b> | <b>2</b>                | <b>51</b> | <b>72</b> | <b>13,777</b> |
| Source: Bank Data            |                    |               |                    |            |                      |          |                         |           |           |               |

The following are examples of current equity investments and donations that benefited the Providence-Warwick MSA assessment area.

### Equity Investments

- In partnership with the MA Housing Investment Corporation, the bank invested \$10.5 million in a fund that will provide affordable housing in New Bedford, MA. The project will transform a vacant site into 45 units, of which 32 or 71.0 percent will be affordable.

### Grants and Donations

- **Waterfront Historic Area League's Neighborhood Stabilization Program** – Based in New Bedford, this Community Development Corporation creates affordable housing in areas with abandoned and blighted properties.



- ***Our Daily Bread*** – Based in Taunton, MA, this nonprofit organization operates a food, nutrition, and resource center that provides community services to homeless and economically disenfranchised individuals.

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

The bank exhibits good responsiveness to credit and community economic development needs. Investments primarily supported affordable housing and community services.

### **Community Development Initiatives**

The bank occasionally uses innovative and/or complex investments to support community development initiatives that benefit the Providence-Warwick MSA assessment area. Current period investments consisted of one new investment using the LIHTC program and partnering with MA to create an affordable housing fund.

### **SERVICE TEST**

The bank demonstrated adequate performance under the Service Test within the Providence-Warwick MSA assessment area. The following sections discuss the bank's performance under each criterion

### **Accessibility of Delivery Systems**

The bank's delivery systems are reasonably accessible to essentially all portions of this assessment area. This is inconsistent with the overall conclusion; however, the bank only has one branch in this assessment area. The branch is in a middle-income census tract in Taunton, MA which is contiguous to one low- and one moderate-income census tract in the city center. The branch is approximately 1.0 mile from the nearest moderate-income census tract and 1.5 miles from the low-income census tract. All low- and moderate-income census tracts are in Taunton, MA.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 19                   | 14.5         | 59,657            | 10.3         | 0               | 0.0          | 0           | 0.0          |
| Moderate   | 32                   | 24.4         | 123,949           | 21.4         | 0               | 0.0          | 0           | 0.0          |
| Middle   | 38                   | 29.0         | 178,973           | 30.9         | 1               | 100.0        | 1           | 100.0        |
| Upper  | 41                   | 31.3         | 216,621           | 37.4         | 0               | 0.0          | 0           | 0.0          |
| NA   | 1                    | .8           | 0                 | 0            | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>131</b>           | <b>100.0</b> | <b>579,200</b>    | <b>100.0</b> | <b>1</b>        | <b>100.0</b> | <b>1</b>    | <b>100.0</b> |
| <i>Source: 2020 ACS Data; Bank Data</i>                      |                      |              |                   |              |                 |              |             |              |

### **Changes in Branch Locations**

The extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches in this 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. This is consistent with the overall conclusion. The branch provides all products and services offered by other branches. Various alternative systems that effectively deliver retail banking services throughout the assessment area are also available. For details, please refer to the Reasonableness of Business Hours and Services under the overall Service Test section.

### **Community Development Services**

The bank provides an adequate level of community development services. Community development service hours totaled 152 hours, with a majority of hours dedicated to community services. This represents an increase since the prior evaluation where community development service hours were 113. The following table summarizes the community development service hours 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>      |
| 2021                                  | 0                         | 5                         | 17                          | 0                              | <b>22</b>     |
| 2022                                  | 0                         | 30                        | 18                          | 0                              | <b>48</b>     |
| 2023                                  | 2                         | 0                         | 0                           | 0                              | <b>2</b>      |
| 2024                                  | 0                         | 42                        | 31                          | 7                              | <b>80</b>     |
| <b>Total</b>                          | <b>2</b>                  | <b>77</b>                 | <b>66</b>                   | <b>7</b>                       | <b>152</b>    |
| <i>Source: Bank Data</i>              |                           |                           |                             |                                |               |

The following are examples of services that benefited the Providence-Warwick MSA assessment area.

- ***South Eastern Economic Development Corporation (SEED)*** – SEED creates jobs by financing small businesses in MA and RI and promoting economic development. SEED makes microloans and SBA 504 loans and administers a small business technical assistance program. A senior vice president served on the Board.
- ***Matthew Mission Food Pantry*** – The mission is to end hunger, and they offer their food pantry, free of charge, focusing on low- and moderate-income individuals and families in Taunton, MA and contiguous municipalities. A branch manager serves on a committee and as an advisor.

## BARNSTABLE MSA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN BARNSTABLE MSA

Eastern Bank operates 5 or 4.6 percent of its 107 full-service branches in the Barnstable MSA assessment area. The Barnstable MSA assessment area represents 3.9 percent of the total number of census tracts and holds 6.5 percent of the bank’s loans and 2.4 percent of the bank’s deposits. This assessment area consists of all municipalities within Barnstable County, MA.

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

The Barnstable MSA assessment area contains 57 census tracts with the following income designations according to the 2020 ACS U.S. Census:

- 1 low-income tract,
- 11 moderate-income tracts,
- 35 middle-income tracts,
- 9 upper-income tracts, and
- 1 tract with no income designation

The following table illustrates select demographic characteristics of the Barnstable MSA assessment area.

| Demographic Information of the Barnstable MSA Assessment Area   |         |               |                              |                  |                 |               |
|---|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #       | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 57      | 1.8           | 19.3                         | 61.4             | 15.8            | 1.8           |
| Population by Geography   | 228,996 | 0.3           | 19.3                         | 63.0             | 17.4            | 0.0           |
| Housing Units by Geography  | 164,064 | 0.2           | 20.7                         | 64.3             | 14.8            | 0.0           |
| Owner-Occupied Units by Geography   | 76,319  | 0.0           | 15.9                         | 65.9             | 18.2            | 0.0           |
| Occupied Rental Units by Geography  | 19,540  | 1.5           | 28.9                         | 59.7             | 9.9             | 0.0           |
| Vacant Units by Geography   | 68,205  | 0.1           | 23.6                         | 63.8             | 12.4            | 0.0           |
| Businesses by Geography   | 32,522  | 0.2           | 21.4                         | 62.8             | 15.6            | 0.0           |
| Farms by Geography  | 1,236   | 0.0           | 19.3                         | 65.5             | 15.2            | 0.0           |
| Family Distribution by Income Level   | 59,596  | 19.3          | 19.3                         | 20.7             | 40.7            | 0.0           |
| Household Distribution by Income Level  | 95,859  | 23.6          | 16.1                         | 18.2             | 42.1            | 0.0           |
| Median Family Income MSA - 12700<br>Barnstable Town, MA MSA   |         | \$99,410      | Median Housing Value         |                  |                 | \$454,477     |
|   |         |               | Median Gross Rent            |                  |                 | \$1,313       |
|   |         |               | Families Below Poverty Level |                  |                 | 4.3%          |
| Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income;<br>(*) 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. Housing costs are moderately expensive in the assessment area as demonstrated by a median housing cost of \$454,477. This cost is higher than the average in MA (\$449,342).

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, 32,522 non-farm businesses operate in the Barnstable MSA assessment area. GARs for these businesses follow.

- 90.3 percent have GARs of \$1 million or less,
- 2.9 percent have GARs of over \$1 million,
- 6.8 percent have unknown revenues

Service industries represent the largest portion of businesses at 35.3 percent; followed by non-classifiable establishments (20.2 percent); retail trade (12.2 percent); construction (10.9 percent); and finance, insurance and real estate (11.0 percent). In addition, 65.2 percent of the area businesses have four or fewer employees, and 92.8 percent operate from a single location.

Examiners use the 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, which are based on the 2022 and 2023 FFIEC-updated median family income categories.

| <b>Median Family Income Ranges</b> |                        |                                    |                                   |                        |
|------------------------------------|------------------------|------------------------------------|-----------------------------------|------------------------|
| <b>Median Family Incomes</b>       | <b>Low<br/>&lt;50%</b> | <b>Moderate<br/>50% to &lt;80%</b> | <b>Middle<br/>80% to &lt;120%</b> | <b>Upper<br/>≥120%</b> |
| <b>Barnstable MSA</b>              |                        |                                    |                                   |                        |
| 2022 (\$115,600)                   | <\$57,800              | \$57,800 to <\$92,480              | \$92,480 to <\$138,720            | ≥\$138,720             |
| 2023 (\$124,300)                   | <\$62,150              | \$62,150 to <\$99,440              | \$99,440 to <\$149,160            | ≥\$149,160             |
| <i>Source: FFIEC</i>               |                        |                                    |                                   |                        |

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN BARNSTABLE MSA**

### **LENDING TEST**

The bank's Lending Test performance in the Barnstable MSA assessment area is consistent with the bank's lending performance in the Providence-Warwick MSA that examiners reviewed using full-scope examination procedures. In 2022 and 2023, Eastern Bank reported 504 home mortgage loans totaling approximately \$110.0 million, and 167 small business loans totaling approximately \$19.1 million. The following sections discuss the bank's performance under each criterion within the assessment area.

## **Geographic Distribution**

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

The bank's activity in moderate-income census tracts was comparable to demographics in 2022 and 2023, was less than aggregate for both years.

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

The bank made no loans in low-income census tracts in 2022 or 2023. In 2022, the bank's lending performance in moderate-income census tracts exceeded aggregate and demographics. In 2023, performance improved by number and percentage and remained above aggregate and demographics.

## **Borrower Profile**

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

The bank's lending to low-income borrowers was comparable to aggregate performance for 2022 and 2023, but was less than demographics for both years. The bank's performance to moderate-income borrowers exceeded that of aggregate lenders and was comparable to demographics in 2022. The bank's 2023 performance decreased by number relative to 2022, but remained above the aggregate lender performance and comparable to demographics.

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

The bank's lending to business with GARs of \$1 million or less was below the aggregate and demographics for 2022 and 2023. The bank had a relatively higher rate of loans to businesses with unknown revenues.

## **Community Development Loans**

The bank originated eight community development loans totaling approximately \$49.8 million. This is an increase from the prior evaluation period when the bank originated five loans totaling \$34.6 million. Of the eight loans, three loans totaling \$14.0 million supported affordable housing and five loans for \$35.8 million supported economic development by financing small businesses.

## **INVESTMENT TEST**

The bank's Investment Test performance in the Barnstable MSA assessment area is consistent with the bank's investment performance in the Providence-Warwick, MSA that examiners reviewed using full-scope examination procedures.

Qualified investments and grants in the Barnstable MSA total approximately \$17.0 million, consisting of three prior (\$5,402,000) and one new equity investment (\$10,648,000) totaling approximately \$16.0 million and 110 grants totaling approximately \$939,000. A majority of the investments and grants are to organizations providing community development services to low- and moderate-income individuals.

## **SERVICE TEST**

The bank's Service Test performance in the Barnstable MSA assessment area exceeds the bank's performance in the Providence-Warwick MSA assessment area that examiners reviewed using full-scope examination procedures. However, it does not change the overall performance rating for MA. The bank operates five branches within the Barnstable MSA assessment area. One branch is in a moderate-income census tract in Hyannis. Of the remaining four branches, two each are in middle- and upper-income census tracts. Products, services, and business hours are similar to those offered within the full-scope assessment area. The bank did not open or close any branches in the Barnstable MSA assessment area during the evaluation period. Bank employees provided 553 hours of community development services that benefited the assessment area.

## **NEW HAMPSHIRE**

### **CRA RATING FOR NEW HAMPSHIRE: SATISFACTORY**

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

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

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

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE**

Eastern Bank operates 4 or 3.7 percent of its 107 full-service branches, in the NH-rated area, excluding the Multistate MSA. The NH-rated area represents 9.7 percent of the total number of census tracts and holds 3.6 percent of the bank's loans and 1.5 percent of the bank's deposits. Except for the NH-state specific programs, the bank offers the same products and services in the NH-rated area as discussed in the combined assessment area section. The NH-rated area includes Hillsborough and Merrimack Counties. Please refer to the full- and limited-scope assessment area evaluations for more details, including economic and demographic data.

## **SCOPE OF EVALUATION – NEW HAMPSHIRE**

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers activity within the NH-rated area, excluding the Multistate MSA. Specifically, this section considers the bank's performance in the Manchester-Nashua MSA and the Non-MSA, NH assessment areas. The bank's performance in the Manchester-Nashua MSA assessment area carried the most weight in arriving at overall ratings and conclusions for the NH state rating since it contains the majority of branches, deposits, and loans of the two NH assessment areas. Please refer to the overall discussion for more information on products reviewed, timeframe, and product weighting.

This area accounts for the smallest portion of lending (by number of loans), deposits, and branches compared to the Multistate MSA and the MA-rated areas; therefore, performance in this area carried less weight in arriving at overall ratings and conclusions.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE**

### **LENDING TEST**

The Lending Test is rated High Satisfactory.

Performance in the Manchester-Nashua MSA assessment area is consistent with the state level, whereas performance in the Non-MSA, NH assessment area is lower. Performance in the Manchester-Nashua MSA assessment area contributed more weight to the overall rating. The following sections discuss the bank's performance under each criterion.

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2022 and 2023, Eastern Bank reported 191 home mortgage loans totaling approximately \$142.3 million and 94 small business loans totaling approximately \$18.5 million in the NH rated area.

The Description of Assessment Area section for each individual assessment area discusses the bank's market share rankings for home mortgage and small business loans. In the NH-rated area in 2023, Eastern Bank ranked 34<sup>th</sup> out of 353 mortgage lenders and 3<sup>rd</sup> among state-chartered financial institutions. Top rated institutions were large national banks, mortgage companies, and credit unions. The bank ranked 26<sup>th</sup> out of 103 small business lenders and ranked 2<sup>nd</sup> among state-chartered financial institutions. The top three institutions, consisting of large credit card lenders, originated 50.0 percent of all small business loans in the area.

#### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the NH-rated area. Consistent performance in the Manchester-Nashua MSA and Non-MSA assessment areas supports this conclusion.

#### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among individuals of different income levels and business customers of different size throughout the NH-rated area. Consistent performance in the Manchester-Nashua MSA assessment area supports this rating, as performance was inconsistent in the Non-MSA, NH assessment areas.

#### **Community Development Loans**

The bank made an adequate level of community development loans within the NH-rated area. As shown in the following table, the bank originated 5 loans totaling approximately \$25.3 million that benefited the Manchester-Nashua MSA and Non-MSA, NH assessment areas. This is comparable, by dollar amount, to the prior evaluation, when the bank originated 13 loans totaling approximately \$28.6 million.

| Community Development Lending by Assessment Area |                    |               |                    |              |                      |          |                         |          |          |               |
|--|--------------------|---------------|--------------------|--------------|----------------------|----------|-------------------------|----------|----------|---------------|
| Assessment Area                                  | Affordable Housing |               | Community Services |              | Economic Development |          | Revitalize or Stabilize |          | Totals   |               |
|  | #                  | \$(000s)      | #                  | \$(000s)     | #                    | \$(000s) | #                       | \$(000s) | #        | \$(000s)      |
| Manchester-Nashua MSA                            | 2                  | 8,280         | 2                  | 6,474        | 0                    | 0        | 0                       | 0        | 4        | 14,754        |
| Non-MSA, NH                                      | 1                  | 10,500        | 0                  | 0            | 0                    | 0        | 0                       | 0        | 1        | 10,500        |
| <b>Total</b>                                     | <b>3</b>           | <b>18,780</b> | <b>2</b>           | <b>6,474</b> | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b> | <b>5</b> | <b>25,254</b> |
| <i>Source: Bank Data</i>                         |                    |               |                    |              |                      |          |                         |          |          |               |

## INVESTMENT TEST

The Investment Test is rated Low Satisfactory.

Consistent performance in the Manchester-Nashua MSA and Non-MSA, NH assessment areas supports this rating. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has an adequate level of qualified community development investments and grants in the NH-rated area. As shown in the following table, the bank made 195 qualified investments totaling approximately \$19.6 million that directly benefited the Manchester-Nashua MSA and Non-MSA, NH assessment areas. The current activity level is greater than that at the prior evaluation where the investment level totaled \$7.8 million.

| Qualified Investments by Assessment Area |                    |               |                    |              |                      |          |                         |          |            |               |
|--|--------------------|---------------|--------------------|--------------|----------------------|----------|-------------------------|----------|------------|---------------|
| Assessment Area                          | Affordable Housing |               | Community Services |              | Economic Development |          | Revitalize or Stabilize |          | Totals     |               |
|  | #                  | \$(000s)      | #                  | \$(000s)     | #                    | \$(000s) | #                       | \$(000s) | #          | \$(000s)      |
| Manchester-Nashua MSA                    | 23                 | 1,000         | 116                | 904          | 0                    | 0        | 0                       | 0        | 139        | 1,904         |
| Non-MSA, NH                              | 12                 | 17,564        | 41                 | 127          | 1                    | 1        | 2                       | 2        | 56         | 17,694        |
| <b>Total</b>                             | <b>35</b>          | <b>18,564</b> | <b>157</b>         | <b>1,031</b> | <b>1</b>             | <b>1</b> | <b>2</b>                | <b>2</b> | <b>195</b> | <b>19,598</b> |
| <i>Source: Bank Data</i>                 |                    |               |                    |              |                      |          |                         |          |            |               |

### Responsiveness to Credit and Community Development Needs

The bank exhibits adequate responsiveness to credit and community economic development needs. The bank's investments primarily supported affordable housing and community services. A community contact in Hillsborough County noted that the area has significant affordable housing needs. The bank's investments promoting affordable housing reflect positively on its responsiveness, as these investments supported projects that increased the availability of affordable housing primarily serving low- and moderate-income individuals and families.



## **Community Development Initiatives**

The bank occasionally uses innovative and/or complex investments to support community development initiatives in this area. One of the new LIHTC investments in the Non-MSA, NH assessment area supports the most pressing need in the community by providing affordable housing units in an area where government subsidized units are fully occupied. This particular investment is being built with 48 units and 36 or 75.0 percent will be available to low- and moderate-income individuals and families.

## **SERVICE TEST**

The Service Test is rated High Satisfactory.

Consistent performance in the Manchester-Nashua, MSA assessment area supports this conclusion. The following sections discuss the bank's performance under each criterion.

## **Accessibility of Delivery Systems**

The bank's delivery systems are reasonable accessible to essentially all portions of the assessment areas. This is inconsistent with the overall conclusion; however, there are only four branches in this area. The bank operates 3.7 percent of all branches in the Manchester-Nashua MSA and Non-MSA, NH assessment areas. Of the four branches, three are within the Manchester-Nashua MSA and one is in the Non-MSA, NH assessment area. No branches or ATMs are in low- or moderate-income census tracts for the NH-rated area; however, some branches are in close proximity to low- and moderate-income census tracts. See the individual assessment area discussions for details.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 9                    | 7.1          | 30,029            | 5.8          | 0               | 0.0          | 0           | 0.0          |
| Moderate   | 23                   | 18.0         | 91,884            | 17.7         | 0               | 0.0          | 0           | 0.0          |
| Middle   | 56                   | 44.1         | 212,927           | 41.1         | 3               | 75.0         | 2           | 66.7         |
| Upper  | 38                   | 30.0         | 183,564           | 35.4         | 1               | 25.0         | 1           | 33.3         |
| NA   | 1                    | .8           | 0                 | 0            | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>127</b>           | <b>100.0</b> | <b>518,404</b>    | <b>100.0</b> | <b>4</b>        | <b>100.0</b> | <b>3</b>    | <b>100.0</b> |
| <i>Source: 2020 ACS Data; Bank Data</i>                      |                      |              |                   |              |                 |              |             |              |

## **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, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches in this 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. The bank also offers various alternative systems that effectively deliver retail-banking services throughout the assessment area. Please refer to the overall Service Test section for more information.

### **Community Development Services**

The bank provides a high level of community development services. Bank employees provided 688 hours of services in the NH-rated area. This is less than the 867 hours provided during the prior evaluation.

## **MANCHESTER-NASHUA MSA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN MANCHESTER-NASHUA MSA**

Eastern Bank operates 3 or 2.8 percent of its 107 branches in the Manchester-Nashua MSA assessment area. The Manchester-Nashua MSA assessment area represents 7.0 percent of the total number of census tracts and holds 2.9 percent of the bank’s loans and 1.3 percent of the bank’s deposits. This assessment area consists of all municipalities within Hillsborough County, NH.

### **Economic and Demographic Data**

The Manchester-Nashua MSA assessment area contains 103 census tracts with the following income designations according to the 2020 ACS U.S. Census:

- 9 low-income tracts,
- 21 moderate-income tracts,
- 45 middle-income tracts,
- 27 upper-income tracts, and
- 1 tract with no income designation

The following table illustrates select demographic characteristics of the Manchester-Nashua MSA assessment area.

| Demographic Information of the Manchester-Nashua MSA Assessment Area  |         |               |                              |                  |                 |               |
|---|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #       | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 103     | 8.7           | 20.4                         | 43.7             | 26.2            | 1.0           |
| Population by Geography   | 422,937 | 7.1           | 20.1                         | 41.0             | 31.8            | 0.0           |
| Housing Units by Geography  | 172,201 | 7.7           | 21.6                         | 41.9             | 28.8            | 0.0           |
| Owner-Occupied Units by Geography   | 107,043 | 1.9           | 13.7                         | 46.1             | 38.3            | 0.0           |
| Occupied Rental Units by Geography  | 55,800  | 18.4          | 35.7                         | 33.0             | 12.9            | 0.0           |
| Vacant Units by Geography   | 9,358   | 10.3          | 27.8                         | 47.2             | 14.7            | 0.0           |
| Businesses by Geography   | 52,104  | 8.4           | 16.8                         | 40.5             | 33.9            | 0.4           |
| Farms by Geography  | 1,438   | 3.3           | 10.8                         | 47.3             | 38.6            | 0.1           |
| Family Distribution by Income Level   | 105,324 | 19.7          | 18.8                         | 22.8             | 38.7            | 0.0           |
| Household Distribution by Income Level  | 162,843 | 23.6          | 16.3                         | 18.4             | 41.7            | 0.0           |
| Median Family Income MSA - 31700<br>Manchester-Nashua, NH MSA   |         | \$103,238     | Median Housing Value         |                  |                 | \$276,606     |
|   |         |               | Median Gross Rent            |                  |                 | \$1,219       |
|   |         |               | Families Below Poverty Level |                  |                 | 5.0%          |
| Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income.<br>(*) 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. Housing costs are moderately expensive in the assessment area as demonstrated by a median housing cost of \$276,606. This cost is higher than the average in NH (\$271,757).

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, 52,104 non-farm businesses operate in the Manchester-Nashua MSA assessment area. GARs for these businesses follow.

- 90.0 percent have GARs of \$1 million or less,
- 3.4 percent have GARs of over \$1 million,
- 6.6 percent have unknown revenues

Service industries represent the largest portion of businesses at 35.4 percent; followed by non-classifiable establishments (20.9 percent); finance, insurance and real estate (12.0 percent); and retail trade (9.9 percent). In addition, 65.3 percent of the area businesses have four or fewer employees, and 92.8 percent operate from a single location.

Examiners use the 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, which are based on the 2022 and 2023 FFIEC-updated median family income categories.

| Median Family Income Ranges |             |                         |                        |                |
|-----------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes       | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| Manchester-Nashua, MSA      |             |                         |                        |                |
| 2022 (\$114,500)            | <\$57,250   | \$57,250 to <\$91,600   | \$91,600 to <\$137,400 | ≥\$137,400     |
| 2023 (\$121,800)            | <\$60,900   | \$60,900 to <\$97,440   | \$97,440 to <\$146,160 | ≥\$146,160     |
| <i>Source: FFIEC</i>        |             |                         |                        |                |

## **Competition**

The Manchester-Nashua MSA assessment area is competitive for financial services. Based on available 2023 Deposit Market Share data, 34 institutions operated 136 branches in the Manchester-Nashua MSA assessment area. Eastern Bank ranked 15<sup>th</sup> with 1.2 percent market share of the reported deposit base. The top three institutions, Citizens Bank, NA; Bank of America, NA; TD Bank, NA accounted for 67.8 percent of the market share.

There is significant competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2023, 325 lenders reported 8,825 residential mortgage loans originated or purchased in the Manchester-Nashua MSA assessment area. Eastern Bank ranked 33<sup>rd</sup> by number with a market share of 0.7 percent. The financial institutions that ranked ahead of Eastern Bank were large national banks, mortgage companies, and other state-chartered community banks.

Eastern Bank faces a high level of competition for small business loans from national banks and other state-chartered community banks. In 2023, 96 lenders originated 9,835 small business loans within the Manchester-Nashua MSA. Eastern Bank ranked 27<sup>th</sup> with 0.4 percent of the market share. The top three institutions, American Express, N.A.; JPMorgan Chase Bank, N.A.; and Citibank, N.A. originated 51.1 percent of all small business loans.

## **Community Contact**

Examiners referenced a recent community contact with an organization that provides community services to low- and moderate-income individuals in Hillsborough County. The contact identified affordable housing, health services, transportation, childcare, basic shelter and clothing, and substance abuse services as community needs for low- and moderate-income individuals. However, the contact emphasized that affordable housing is the most pressing community need, as low-income individuals cannot afford market rents, and the number of affordable units cannot meet the high demand.

## **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 is the area's primary community development need. Additionally, needs and opportunities exist to provide community services to low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN MANCHESTER-NASHUA MSA**

### **LENDING TEST**

The bank demonstrated good responsiveness to assessment area credit needs within the Manchester-Nashua MSA assessment area. The following sections discuss the bank's performance under each criterion.

#### **Lending Activity**

The bank's lending levels reflect good responsiveness to assessment area credit needs. In 2022 and 2023, Eastern Bank reported 148 home mortgage loans totaling approximately \$122.9 million and 71 small business loans totaling approximately \$14.9 million. The Competition section previously discussed the bank's market share rankings for home mortgage and small business lending.

#### **Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the Manchester-Nashua MSA assessment area. The bank's good performance in both home mortgage and small business lending 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 good penetration throughout the Manchester-Nashua MSA assessment area. As the following table depicts, lending in the low-income census tracts exceeded the aggregate and demographics in 2022. In 2023, lending increased by percentage and remained above the aggregate and demographics.

The bank's 2022 lending in moderate-income census tracts was below the aggregate and demographic data. In 2023, lending improved and was greater than the aggregate and demographics.

| Geographic Distribution of Home Mortgage Loans |                                   |                              |    |       |          |       |
|--|-----------------------------------|------------------------------|----|-------|----------|-------|
| Tract Income Level                             | % of Owner-Occupied Housing Units | Aggregate Performance % of # | #  | %     | \$(000s) | %     |
| Low  |                                   |                              |    |       |          |       |
| 2022   | 1.9                               | 3.0                          | 5  | 5.7   | 8,825    | 8.3   |
| 2023   | 1.9                               | 2.7                          | 6  | 9.8   | 4,280    | 25.0  |
| Moderate                                       |                                   |                              |    |       |          |       |
| 2022   | 13.7                              | 16.4                         | 8  | 9.2   | 49,568   | 46.9  |
| 2023   | 13.7                              | 17.3                         | 11 | 18.0  | 2,902    | 16.9  |
| Middle   |                                   |                              |    |       |          |       |
| 2022   | 46.1                              | 43.4                         | 30 | 34.5  | 21,180   | 20.0  |
| 2023   | 46.1                              | 43.7                         | 24 | 39.3  | 4,719    | 27.6  |
| Upper  |                                   |                              |    |       |          |       |
| 2022   | 38.3                              | 37.2                         | 44 | 50.6  | 26,178   | 24.8  |
| 2023   | 38.3                              | 36.3                         | 20 | 32.8  | 5,219    | 30.5  |
| Not Available                                  |                                   |                              |    |       |          |       |
| 2022   | 0.0                               | 0.0                          | 0  | 0.0   | 0        | 0.0   |
| 2023   | 0.0                               | 0.0                          | 0  | 0.0   | 0        | 0.0   |
| Total  |                                   |                              |    |       |          |       |
| 2022   | 100.0                             | 100.0                        | 87 | 100.0 | 105,751  | 100.0 |
| 2023   | 100.0                             | 100.0                        | 61 | 100.0 | 17,120   | 100.0 |

Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available.

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

The geographic distribution of small business loans reflects good penetration throughout the Manchester-Nashua MSA assessment area. As illustrated in the following table, lending in the low-income census tracts significantly exceeded the aggregate and demographics in 2022. In 2023, lending declined, but remained above the aggregate and demographics.

The bank's 2022 lending in moderate-income census tracts was below the aggregate and demographics. In 2023, lending improved, but remained slightly below the aggregate and demographics.

| Geographic Distribution of Small Business Loans |                 |                                 |    |       |          |       |
|---|-----------------|---------------------------------|----|-------|----------|-------|
| Tract Income Level                              | % of Businesses | Aggregate Performance<br>% of # | #  | %     | \$(000s) | %     |
| Low   |                 |                                 |    |       |          |       |
| 2022  | 8.4             | 6.6                             | 8  | 21.6  | 2,453    | 27.0  |
| 2023  | 8.4             | 6.1                             | 4  | 11.8  | 1,315    | 22.7  |
| Moderate  |                 |                                 |    |       |          |       |
| 2022  | 16.7            | 15.1                            | 5  | 13.5  | 1,238    | 13.6  |
| 2023  | 16.8            | 15.0                            | 5  | 14.7  | 963      | 16.6  |
| Middle  |                 |                                 |    |       |          |       |
| 2022  | 40.5            | 40.8                            | 9  | 24.3  | 1,588    | 17.5  |
| 2023  | 40.5            | 39.7                            | 14 | 41.2  | 1,867    | 32.2  |
| Upper   |                 |                                 |    |       |          |       |
| 2022  | 34.1            | 37.0                            | 15 | 40.5  | 3,802    | 41.9  |
| 2023  | 33.9            | 39.0                            | 11 | 32.4  | 1,659    | 28.6  |
| Not Available                                   |                 |                                 |    |       |          |       |
| 2022  | 0.3             | 0.6                             | 0  | 0.0   | 0        | 0.0   |
| 2023  | 0.4             | 0.3                             | 0  | 0.0   | 0        | 0.0   |
| Total   |                 |                                 |    |       |          |       |
| 2022  | 100.0           | 100.0                           | 37 | 100.0 | 9,081    | 100.0 |
| 2023  | 100.0           | 100.0                           | 34 | 100.0 | 5,804    | 100.0 |

Source: 2022 & 2023 D&B Data; Bank Data, 2022 & 2023 CRA Aggregate Data, "--" data not available.

### **Borrower Profile**

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes in the Manchester-Nashua MSA assessment area. The bank's adequate performance in both home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans to low- and moderate-income borrowers and small businesses with GARs of \$1 million or less.

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

The distribution of home mortgage loans reflects adequate penetration among retail customers of different income levels. As shown in the following table, the bank's lending to low- and moderate-income borrowers was below aggregate performance and demographics for both 2022 and 2023. In this assessment area, a low-income family earning less than \$60,900 may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$276,606. These factors help explain the disparity between lending to low-income families and the percentage of low-income families.

| Distribution of Home Mortgage Loans by Borrower Income Level                           |               |                              |    |       |          |       |
|--|---------------|------------------------------|----|-------|----------|-------|
| Borrower Income Level  | % of Families | Aggregate Performance % of # | #  | %     | \$(000s) | %     |
| Low  |               |                              |    |       |          |       |
| 2022   | 19.7          | 7.9                          | 2  | 2.3   | 82       | 0.1   |
| 2023   | 19.7          | 6.3                          | 2  | 3.3   | 238      | 1.4   |
| Moderate   |               |                              |    |       |          |       |
| 2022   | 18.8          | 22.6                         | 12 | 13.8  | 1,429    | 1.4   |
| 2023   | 18.8          | 21.2                         | 6  | 9.8   | 347      | 2.0   |
| Middle   |               |                              |    |       |          |       |
| 2022   | 22.8          | 27.1                         | 14 | 16.1  | 2,036    | 1.9   |
| 2023   | 22.8          | 28.1                         | 13 | 21.3  | 2,148    | 12.5  |
| Upper  |               |                              |    |       |          |       |
| 2022   | 38.7          | 32.6                         | 44 | 50.6  | 10,372   | 9.8   |
| 2023   | 38.7          | 34.6                         | 32 | 52.5  | 8,421    | 49.2  |
| Not Available  |               |                              |    |       |          |       |
| 2022   | 0.0           | 9.9                          | 15 | 17.2  | 91,833   | 86.8  |
| 2023   | 0.0           | 9.9                          | 8  | 13.1  | 5,967    | 34.9  |
| Total  |               |                              |    |       |          |       |
| 2022   | 100.0         | 100.0                        | 87 | 100.0 | 105,751  | 100.0 |
| 2023   | 100.0         | 100.0                        | 61 | 100.0 | 17,120   | 100.0 |
| Source: 2020 ACS; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. |               |                              |    |       |          |       |

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

The distribution of small business loans among businesses of different sizes reflects adequate penetration. As shown in the following table, the bank's 2022 performance was below the aggregate performance and demographics. In 2023, lending to small businesses with GARs of \$1 million or less improved. The bank's performance was comparable to the aggregate lenders, but was less than demographics.



| <b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>   |                        |                                     |           |              |                 |              |
|--|------------------------|-------------------------------------|-----------|--------------|-----------------|--------------|
| <b>Business Revenue Level</b>  | <b>% of Businesses</b> | <b>Aggregate Performance % of #</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <b>&lt;=\$1,000,000</b>  |                        |                                     |           |              |                 |              |
| 2022   | 88.4                   | 49.3                                | 11        | 29.7         | 2,276           | 25.1         |
| 2023   | 89.9                   | 53.8                                | 17        | 50.0         | 1,354           | 23.3         |
| <b>&gt;\$1,000,000</b>   |                        |                                     |           |              |                 |              |
| 2022   | 4.0                    | --                                  | 19        | 51.4         | 5,749           | 63.3         |
| 2023   | 3.4                    | --                                  | 10        | 29.4         | 3,077           | 53.0         |
| <b>Revenue Not Available</b>   |                        |                                     |           |              |                 |              |
| 2022   | 7.6                    | --                                  | 7         | 18.9         | 1,056           | 11.6         |
| 2023   | 6.7                    | --                                  | 7         | 20.6         | 1,373           | 23.7         |
| <b>Total</b>   |                        |                                     |           |              |                 |              |
| <b>2022</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>37</b> | <b>100.0</b> | <b>9,081</b>    | <b>100.0</b> |
| <b>2023</b>  | <b>100.0</b>           | <b>100.0</b>                        | <b>34</b> | <b>100.0</b> | <b>5,804</b>    | <b>100.0</b> |
| <i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data, 2022 &amp; 2023 CRA Aggregate Data, "--" data not available.<br/> Due to rounding, totals may not equal 100.0 percent.</i> |                        |                                     |           |              |                 |              |

### **Community Development Loans**

The bank made an adequate level of community development loans in the Manchester-Nashua MSA assessment area. The bank originated four community development loans totaling approximately \$14.8 million during the evaluation period. This is comparable, by dollar amount, to the prior evaluation period when the bank originated 9 loans totaling \$14.0 million. Of the 4 loans, two loans totaling \$8.3 million supported affordable housing and two loans totaling \$6.5 million supported community services for low- or moderate-income individuals.

The following are examples of qualified community development loans that benefited the Manchester-Nashua MSA assessment area.

- In 2022, the bank originated a \$3.6 million loan for a new 47-unit housing complex in Hudson, NH. Of the 47 units, 35 are restricted to individuals with income levels at or below 60.0 percent of the AMI. This loan qualifies for community development by supporting affordable housing for low- and moderate-income families.
- In 2021, the bank originated a \$1.7 million loan to refinance several existing properties in Nashua NH. The refinanced properties provide transitional housing for individuals recovering from substance abuse addiction. Loan proceeds will maintain and help grow the borrower's addiction treatment and recovery programs. This loan qualifies for community development by supporting a community service for low- and moderate-income individuals.

## INVESTMENT TEST

The bank demonstrated adequate performance under the Investment Test within the Manchester-Nashua MSA assessment area. The following sections discuss the bank's performance under each criterion.

### Investment and Grant Activity

The bank has an adequate level of community development investments and grants in the Manchester-Nashua MSA assessment area. As shown in the following table, qualified investments totaled approximately \$1.9 million which included one prior period investment with a current book value of \$725,000 and 138 qualified grants totaled approximately \$1.2 million. The current investment level is less than the \$2.2 million level at the prior evaluation.

| Qualified Investments        |                    |              |                    |            |                      |           |                         |           |            |              |
|------------------------------|--------------------|--------------|--------------------|------------|----------------------|-----------|-------------------------|-----------|------------|--------------|
| Activity Year                | Affordable Housing |              | Community Services |            | Economic Development |           | Revitalize or Stabilize |           | Totals     |              |
|                              | #                  | \$ (000s)    | #                  | \$ (000s)  | #                    | \$ (000s) | #                       | \$ (000s) | #          | \$ (000s)    |
| Prior Period                 | 1                  | 725          | 0                  | 0          | 0                    | 0         | 0                       | 0         | 1          | 725          |
| 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            |
| 2024                         | 0                  | 0            | 0                  | 0          | 0                    | 0         | 0                       | 0         | 0          | 0            |
| <b>Subtotal</b>              | <b>1</b>           | <b>725</b>   | <b>0</b>           | <b>0</b>   | <b>0</b>             | <b>0</b>  | <b>0</b>                | <b>0</b>  | <b>1</b>   | <b>725</b>   |
| Qualified Grants & Donations | 22                 | 275          | 116                | 904        | 0                    | 0         | 0                       | 0         | 138        | 1,179        |
| <b>Total</b>                 | <b>23</b>          | <b>1,000</b> | <b>116</b>         | <b>904</b> | <b>0</b>             | <b>0</b>  | <b>0</b>                | <b>0</b>  | <b>139</b> | <b>1,904</b> |
| Source: Bank Data            |                    |              |                    |            |                      |           |                         |           |            |              |

The following are examples of current qualified investments that benefited the Manchester-Nashua MSA.

### Equity Investments

- The bank continues to hold an equity investment in a Manchester Housing and Redevelopment Authority bond that promotes affordable housing in Manchester, NH and primarily serves low- and moderate-income individuals and families. The investment's current book value is \$725,000.

### Grants and Donations

- **Catholic Charities NH (CCNH)** – CCNH is an organization that provides support to individuals of all backgrounds and beliefs, including providing shelter and food to those in need, including homeless and low- and moderate-income individuals.

- ***The Front Door Agency (TFDA)*** – TFDA’s mission is to end homelessness in Greater Nashua/Southern NH and their housing programs, including transitional and permanent affordable housing, support this mission. The programs are geared towards low- and moderate-income individuals and families.

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

The bank exhibits adequate responsiveness to credit and community economic development needs. The prior period equity investment promotes affordable housing, while a majority of donations provides community services. The community contact identified both areas as community development needs.

### **Community Development Initiatives**

The bank occasionally uses innovative and/or complex investments to support community development initiatives that benefit the Manchester-Nashua MSA assessment area. Activity consisted of purchasing a bond in a prior period and providing grants and donations.

### **SERVICE TEST**

The bank demonstrated good performance under the Service Test within the Manchester-Nashua MSA assessment area. The following sections discuss the bank’s performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the assessment area. This is inconsistent with the overall conclusion; however, the bank operates only three branches in this assessment area, and they are in close proximity to the low- and moderate-income census tracts. Specifically, the bank operates two branches within middle-income census tracts, one in Manchester and one in Nashua, NH and one within an upper-income census tract in Bedford, NH. The Nashua branch is within 2.5 miles of the low- and moderate-income census tracts in downtown Nashua. The Manchester branch is located just outside a concentration of low- and moderate-income census tracts in the northern end of downtown Manchester. The branch is within walking distance (less than 0.2 miles) from the closest moderate-income census tract and less than or equal to 1 mile from two other moderate-income census tracts and the two low-income census tracts in downtown Manchester. The Bedford branch, although on the other side of the Merrimack River, is also close to several moderate-income census tracts in the southeast portion of Manchester.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract<br/>Income<br/>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  | 9                    | 8.7          | 30,029            | 7.1          | 0               | 0.0          | 0           | 0.0          |
| Moderate   | 21                   | 20.4         | 85,010            | 20.1         | 0               | 0.0          | 0           | 0.0          |
| Middle   | 45                   | 43.7         | 173,404           | 41.0         | 2               | 66.7         | 1           | 50.0         |
| Upper  | 27                   | 26.2         | 134,494           | 31.8         | 1               | 33.3         | 1           | 50.0         |
| NA   | 1                    | 1.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>103</b>           | <b>100.0</b> | <b>422,937</b>    | <b>100.0</b> | <b>3</b>        | <b>100.0</b> | <b>2</b>    | <b>100.0</b> |
| <i>Source: 2020 ACS Data; Bank Data</i>                      |                      |              |                   |              |                 |              |             |              |

### **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, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches in this 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. The bank also offers various alternative systems that effectively deliver retail banking services throughout the assessment area. The hours and services offered in this area are consistent with the rated area. For details, please refer to the Reasonableness of Business Hours and Services under the overall Service Test section.

### **Community Development Services**

The bank provides a high level of community development services in this area. Community development services totaled 501 hours. The current level represents an increase of approximately 15.5 percent from the prior evaluation where the bank provided 432 hours. A majority of the current activity provided community services to low- and moderate-income individuals. The following table shows the hours by year and community development category.

| Community Development Services |                    |                    |                      |                         |            |
|--------------------------------|--------------------|--------------------|----------------------|-------------------------|------------|
| Activity Year                  | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals     |
|                                | #                  | #                  | #                    | #                       | #          |
| 2021                           | 17                 | 35                 | 0                    | 0                       | 52         |
| 2022                           | 5                  | 91                 | 0                    | 0                       | 96         |
| 2023                           | 8                  | 131                | 3                    | 0                       | 142        |
| 2024                           | 38                 | 164                | 7                    | 2                       | 211        |
| <b>Total</b>                   | <b>68</b>          | <b>421</b>         | <b>10</b>            | <b>2</b>                | <b>501</b> |
| <i>Source: Bank Data</i>       |                    |                    |                      |                         |            |

The following are some notable examples of services that benefited the Manchester-Nashua MSA assessment area.

- ***Manchester Neighborhood Housing Services*** – This organization increases access to affordable home ownership and rental opportunities to low- and moderate-income families in southern NH. A vice president serves on the Asset Management Committee.
- ***Marguerite's Place*** – This organization provides various services to low- and moderate-income families including affordable childcare and group programs while their main focus is providing transitional housing for those facing homelessness. A branch manager serves as an FDIC Money Smart financial education program instructor.
- ***Nashua Center*** – This organization provide educational, health, and social services to low- and moderate-income individuals. A significant portion of the organization's funding is from Medicaid, which covers costs for individuals with limited income. A branch manager is a Board and committee member.

## NON-METROPOLITAN STATEWIDE AREA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN STATEWIDE AREA

Eastern Bank operates 1 or 0.9 percent of its 107 full-service branches in the Non-MSA, NH assessment area. The Non-MSA, NH assessment area represents 2.7 percent of the total number of census tracts and holds 0.7 percent of the bank's loans and 0.2 percent of the bank's deposits. This assessment area consists of Merrimack County, NH. The Non-MSA, NH assessment area contains 39 census tracts with the following income designations according to the 2020 U.S. Census:

- 3 moderate-income census tracts,
- 21 middle-income census tracts, and
- 15 upper-income census tracts.

The following table illustrates select demographic characteristics of the Non-MSA assessment area.

| Demographic Information of the Non-MSA, NH Assessment Area                 |         |               |                              |                  |                 |               |
|--|---------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #       | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)  | 39      | 0.0           | 7.7                          | 53.8             | 38.5            | 0.0           |
| Population by Geography  | 153,808 | 0.0           | 7.0                          | 54.3             | 38.7            | 0.0           |
| Housing Units by Geography   | 65,284  | 0.0           | 8.3                          | 54.7             | 36.9            | 0.0           |
| Owner-Occupied Units by Geography  | 42,947  | 0.0           | 4.3                          | 54.1             | 41.6            | 0.0           |
| Occupied Rental Units by Geography   | 16,262  | 0.0           | 20.6                         | 59.1             | 20.3            | 0.0           |
| Vacant Units by Geography  | 6,075   | 0.0           | 3.4                          | 47.8             | 48.8            | 0.0           |
| Businesses by Geography  | 19,418  | 0.0           | 11.2                         | 49.8             | 39.0            | 0.0           |
| Farms by Geography   | 802     | 0.0           | 4.5                          | 50.4             | 45.1            | 0.0           |
| Family Distribution by Income Level  | 39,851  | 14.7          | 17.0                         | 23.1             | 45.3            | 0.0           |
| Household Distribution by Income Level                                     | 59,209  | 20.4          | 13.9                         | 17.9             | 47.7            | 0.0           |
| Median Family Income Non-MSAs – NH   |         | \$85,473      | Median Housing Value         |                  |                 | \$246,465     |
|  |         |               | Median Gross Rent            |                  |                 | \$1,070       |
|  |         |               | Families Below Poverty Level |                  |                 | 3.7%          |
| Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income; |         |               |                              |                  |                 |               |

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the assessment area as demonstrated by a median housing cost of \$246,465. This cost is lower than the average in NH (\$271,757).

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, 19,418 non-farm businesses operate in the Non-MSA NH AA assessment area. GARs for these businesses follow.

- 87.9 percent have GARs of \$1 million or less,
- 3.6 percent have GARs of over \$1 million,
- 8.5 percent have unknown revenues

Service industries represent the largest portion of businesses at 36.1 percent; followed by non-classifiable establishments (19.1 percent); finance, insurance and real estate (10.5 percent); and retail trade (9.4 percent). In addition, 65.5 percent of the area businesses have four or fewer employees, and 91.8 percent operate from a single location.

Examiners use the 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, which are based on the 2022 and 2023 FFIEC-updated median family income categories.

| Median Family Income Ranges |             |                         |                        |                |
|-----------------------------|-------------|-------------------------|------------------------|----------------|
| Median Family Incomes       | Low<br><50% | Moderate<br>50% to <80% | Middle<br>80% to <120% | Upper<br>≥120% |
| Non-MSA, NH                 |             |                         |                        |                |
| 2022 (\$94,500)             | <\$47,250   | \$47,250 to <\$75,600   | \$75,600 to <\$113,400 | ≥\$113,400     |
| 2023 (\$106,500)            | <\$53,250   | \$53,250 to <\$85,200   | \$85,200 to <\$127,800 | ≥\$127,800     |
| Source: FFIEC               |             |                         |                        |                |

## CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-METROPOLITAN STATEWIDE AREA

### **LENDING TEST**

The bank's Lending Test performance in the Non-MSA, NH assessment area is below the bank's lending performance in the Manchester-Nashua MSA assessment area that examiners reviewed using full-scope examination procedures. However, it does not change the overall performance rating for NH.

In 2022 and 2023, Eastern Bank reported 43 home mortgage loans totaling approximately \$19.5 million and 23 small business loans totaling approximately \$3.6 million. The following sections discuss the bank's performance under each criterion within the assessment area.

### **Geographic Distribution**

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

In 2022, the bank's activity in moderate-income census tracts was comparable to demographics and the aggregate. In 2023, lending improved and was above aggregate and demographics.

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

The bank made no loans in the moderate-income census tracts in 2022. In 2023, performance improved and exceeded the aggregate and demographics.

### **Borrower Profile**

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

The bank originated one loan to a low-income borrower in 2022. Performance was comparable to aggregate performance, but less than demographics. In 2023, the bank made no loans to low-income borrowers. The bank's performance to moderate-income borrowers was below that of aggregate lenders and the demographic of moderate-income families in 2022. In 2023, the bank's lending declined, but was greater than demographics and comparable to the aggregate performance.

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

In 2022 and 2023, lending to business with GARs of \$1 million or less was less than the aggregate and demographics. The bank had a relatively higher rate of loans to businesses with unknown revenues.

### **Community Development Loans**

The bank originated one community development loan for \$10.5 million in the Non-MSA, NH assessment area. The loan supports the construction of a 48-unit housing project in Concord, NH, with 36 affordable units. This loan qualifies for community development by supporting affordable housing for low- or moderate-income individuals. The bank's performance was comparable to the previous evaluation period, when the bank originated 3 loans totaling \$12.4 million.

### **INVESTMENT TEST**

The bank's Investment Test performance in the Non-MSA, NH assessment area exceeds the bank's investment performance in the Manchester-Nashua MSA assessment area that examiners reviewed using full-scope examination procedures. However, it does not change the overall performance rating for NH. The bank made one new equity investment (approximately \$8.8 million) and holds three prior investments (approximately \$8.7 million), totaling approximately \$17.5 million, a substantial increase since the previous evaluation. Of the four investments, three are through the LIHTC program and one is to a loan fund, all of which support and provide affordable housing. The bank provided 52 qualified grants totaling approximately \$192,000 during the evaluation period. The majority of grants supported community organizations serving low- and moderate-income individuals and families.

### **SERVICE TEST**

The bank's Service Test performance in the Non-MSA, NH assessment area is less than its performance in the Manchester-Nashua MSA assessment area that examiners reviewed using full-scope examination procedures. However, it does not change the overall performance rating for NH. Eastern Bank operates one branch in a middle-income tract in Concord, NH. Products, services, and business hours are similar to those offered within the full-scope assessment area. The bank did not open or close any branches in this area. Bank employees provided 187 hours of community development services to the area.



## **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 illustrated that the bank received no complaints pertaining to the institution's CRA performance since the prior evaluation. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures. Based on these procedures, examiners did not note any evidence of disparate treatment. The bank has a good record relative to fair lending policies and procedures.

#### **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 combined assessment area reflected the combined assessment areas' demographics.

According to the 2020 ACS U.S. Census Data, the bank's combined assessment area contained a population of 6.3 million individuals, of which 30.3 percent are minorities. The minority population represented is 8.2 percent Asian, 6.8 percent Black/African American, 0.2 percent American Indian, 10.8 percent Hispanic or Latino, and 6.7 percent other.

Examiners compared the bank's application activity to 2022 and 2023 aggregate. This data 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 for the aggregate lenders in the bank's combined assessment area.

| MINORITY APPLICATION FLOW   |                |              |                           |                |              |                           |
|---|----------------|--------------|---------------------------|----------------|--------------|---------------------------|
| RACE  | Bank 2022 HMDA |              | 2022<br>Aggregate<br>Data | Bank 2023 HMDA |              | 2023<br>Aggregate<br>Data |
|   | #              | %            | %                         | #              | %            | %                         |
| American Indian/ Alaska Native  | 33             | 0.5          | 0.3                       | 23             | 0.5          | 0.4                       |
| Asian   | 484            | 6.7          | 6.6                       | 255            | 6.0          | 1.0                       |
| Black/ African American   | 488            | 6.8          | 5.0                       | 416            | 9.8          | 2.0                       |
| Hawaiian/Pacific Islander   | 21             | 0.3          | 0.1                       | 11             | 0.3          | 0.1                       |
| 2 or more Minority  | 12             | 0.2          | 0.1                       | 13             | 0.3          | 0.1                       |
| Joint Race (White/Minority)   | 148            | 2.0          | 1.7                       | 109            | 2.6          | 1.3                       |
| <b>Total Racial Minority</b>  | <b>1,186</b>   | <b>16.5</b>  | <b>13.8</b>               | <b>827</b>     | <b>19.5</b>  | <b>4.9</b>                |
| White   | 5,317          | 73.7         | 62.4                      | 3,058          | 71.9         | 70.7                      |
| Race Not Available  | 713            | 9.8          | 23.8                      | 366            | 8.6          | 24.4                      |
| <b>Total</b>  | <b>7,216</b>   | <b>100.0</b> | <b>100.0</b>              | <b>4,251</b>   | <b>100.0</b> | <b>100.0</b>              |
| ETHNICITY   |                |              |                           |                |              |                           |
| Hispanic or Latino  | 600            | 8.3          | 6.1                       | 488            | 11.5         | 4.5                       |
| Joint (Hisp/Lat /Not Hisp/Lat)  | 119            | 1.7          | 1.4                       | 72             | 1.7          | 1.1                       |
| <b>Total Ethnic Minority</b>  | <b>719</b>     | <b>10.0</b>  | <b>7.5</b>                | <b>560</b>     | <b>13.2</b>  | <b>5.6</b>                |
| Not Hispanic or Latino  | 5,804          | 80.4         | 69.1                      | 3,341          | 78.6         | 69.2                      |
| Ethnicity Not Available   | 693            | 9.6          | 23.4                      | 350            | 8.2          | 25.2                      |
| <b>Total</b>  | <b>7,216</b>   | <b>100.0</b> | <b>100.0</b>              | <b>4,251</b>   | <b>100.0</b> | <b>100.0</b>              |
| Source: 2020 US Census Data, HMDA Aggregate Data 2022 and 2023, HMDA LAR Data 2022 and 2023 |                |              |                           |                |              |                           |

In 2022, the bank received 7,216 HMDA reportable loan applications within its combined assessment area. Of these, the bank received 1,186 applications, or 16.5 percent, from minority applicants, which ranked above the 2022 aggregate data of 13.8 percent. The bank received 719 or 10.0 percent of all applications from ethnic groups of Hispanic origin within its combined assessment area in 2022, compared to the aggregate of 7.5 percent.

In 2023, the bank received 4,251 HMDA reportable loan applications within its combined assessment area. Of these applications received, 827 or 19.5 percent were from minority applicants, compared to 4.9 percent of the 2023 aggregate data. Additionally, the bank received 560 or 13.2 percent of all applications from ethnic groups of Hispanic origin within its combined assessment area, compared to the aggregate of 5.6 percent.

Considering the combined assessment area's demographic composition and comparisons to 2022 and 2023 aggregate data, the bank's minority application flow is more than reasonable. Eastern Bank's marketing, branch structure and brand awareness allow the bank to reach its entire assessment area. The bank also conducts first-time homebuyer and financial literacy courses throughout its footprint, including a focus on majority-minority areas. Financial literacy and first-time home buyer programs are provided in both English and Spanish. The bank's outreach efforts appropriately correlate with their resources and capabilities.

#### **DIVISION OF BANKS' LOSS OF AFFORDABLE HOUSING**

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution includes a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units. No systemic patterns were identified.

Additionally, the bank's leadership in community development lending for affordable housing projects and developing and participating in flexible lending programs support excellent performance for this criterion. The bank's investment initiatives also reflect a commitment to helping individuals stay in their homes.

## **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

| Eastern Bank  |                      |
|---|----------------------|
| <b>Scope of Examination:</b><br>Full-scope reviews were performed on the following assessment areas within the noted rated areas:<br>Multistate MSA Assessment Area:<br>State of MA:<br>Providence-Warwick MSA Assessment Area<br>State of NH:<br>Manchester-Nashua MSA Assessment Area |                      |
| <b>Time Period Reviewed:</b>  | 03/22/21 to 01/21/25 |
| <b>Products Reviewed:</b><br>Home Mortgage Loans: (01/01/21 -12/31/23)<br>Small Business Loans:<br>(01/01/21<br>– 12/31/23)   |                      |

| LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION |                     |                  |                   |
|---|---------------------|------------------|-------------------|
| ASSESSMENT AREA                                 | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Combined Assessment Area                        | Full-scope          | Main Office      | None              |
| Multistate MSA                                  | Full-scope          | Main Office      | None              |
| Barnstable MSA                                  | Limited-scope       | None             | None              |
| Providence-Warwick MSA                          | Full-scope          | None             | None              |
| Manchester-Nashua MSA                           | Full-scope          | None             | None              |
| Non-MSA, NH                                     | Limited-scope       | None             | None              |

## SUMMARY OF RATINGS FOR RATED AREAS

| Rated Area     | Lending Test      | Investment Test   | Service Test      | Rating       |
|----------------|-------------------|-------------------|-------------------|--------------|
| Overall        | Outstanding       | Outstanding       | Outstanding       | Outstanding  |
| Multistate MSA | Outstanding       | Outstanding       | Outstanding       | Outstanding  |
| MA             | High Satisfactory | High Satisfactory | High Satisfactory | Satisfactory |
| NH             | High Satisfactory | Low Satisfactory  | High 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.