

PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Needham Bank
RSSD # 339773

1063 Great Plain Avenue
Needham, MA 02492

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

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

TABLE OF CONTENTS

I.	Institution Rating	
a.	Overall Community Reinvestment Act (CRA) Rating	2
b.	Performance Test Ratings Table	2
c.	Summary of Major Factors Supporting Rating	2
II.	Institution	
a.	Description of Institution	4
b.	Scope of Examination	10
c.	Conclusions with Respect to Performance Tests	12
III.	Appendices	
a.	Appendix A – Glossary of Terms	

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The following table indicates the performance level of Needham Bank (Needham or the bank) with respect to the Lending, Investment, and Service Tests.

	<u>NEEDHAM BANK</u>		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

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

Lending Test

- Good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area.
- An adequate percentage of its loans are made in the bank's assessment area.
- An adequate geographic distribution of loans in the bank's assessment area.
- An adequate distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- An adequate record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses, with gross annual revenues "(GAR)" of \$1 million or less, consistent with safe and sound operations.
- Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank is a leader in making of community development loans.

Investment Test

- An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position.
- Extensive use of innovative or complex qualified investments.
- Good responsiveness to credit and community development needs.

Service Test

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

DESCRIPTION OF INSTITUTION

Needham is a state-chartered bank headquartered at 1063 Great Plain Avenue, Needham, MA. The bank converted from a mutual bank to a publicly traded stock bank in 2023. The bank is fully owned and controlled by NB Bancorp, Inc. Needham has three wholly-owned subsidiaries, which engage in the buying, selling and holding of investment securities. The bank also established a charitable foundation to provide financial support through sponsorships and grants. In addition to its main branch, the bank operates ten full-service branches in Ashland, Boston, Dedham, Dover, Medfield, Medford, Millis, Natick, Wellesley, and Westwood, MA. All branches are located within the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The Medford branch was previously a limited-service location which operated as a Specialized Banking Center (SBC) serving cannabis-related and money service business customers. The SBC was relocated in December 2022 and re-opened as both a retail branch and separate SBC. Additionally, the bank has two standalone automated teller machine (ATM) locations in Needham and Westwood.

The bank provides a variety of loan and deposit services including commercial and residential loan products, savings and checking accounts, money market accounts, and certificates of deposit. These products and services are provided through the bank's branch network and other alternative delivery systems, such as the bank's website, ATM network, mobile banking, internet banking, remote deposit capture, and telephone banking. The bank's website, www.needhambank.com, provides information about personal, business, commercial, and investment products and services. The website also provides information related to branch and ATM location information, financial calculators, and news about the bank's involvement in the community.

As of December 31, 2024, the bank's assets total \$5.0 billion. This reflects significant growth, of 47.8 percent, from the previous CRA evaluation when assets totaled approximately \$3.3 billion. Consistent with the bank's strategic focus, growth has been primarily in the commercial portfolio, whereby commercial lending has become the primary product line. At the previous CRA examination the bank was primarily a residential lender. Refer to Table 1 for a breakout of the bank's loan portfolio.

Table 1 Loan Distribution as of December 31, 2024		
Loan Type	Dollar Amount (\$)	Percent of Total Loans (%)
Commercial	1,916,679	44.2
1-4 Family Residential RE	1,124,339	25.9
Construction	582,678	13.4
Multifamily	333,047	7.7
Consumer	243,394	5.6
Home Equity Lines of Credit	124,041	2.9
Other	7,675	0.2
Agricultural	1,354	0
Total Loans	4,333,207	100.0

Total percentages shown may vary by 0tomated rounding differences.

Given the volume of depository institutions within the assessment area, including community and national banks, and the range of national mortgage companies operating in the assessment area, the bank operates in a highly competitive geographic area for residential loans. In 2022, there were 528 HMDA reporters that originated or purchased a home mortgage loan in the bank's assessment area. The bank was ranked 21st. The top-ranking lenders were Citizens Bank, N.A., First Republic Bank and Leader Bank, N.A. In 2023, there were 469 reporters that originated or purchased a home mortgage loan in the bank's assessment area. The bank again ranked 21st in HMDA lending. There were 161 reporting institutions that originated a small business loan in the assessment area in 2022. The bank was ranked 43rd in that year. The bank top ranking small businesses lenders in the assessment area in 2022 were American Express NB, Bank of America, N.A., and JP Morgan Chase Bank, N.A. In 2023, the bank ranked 45th among 157 reporters, with the same three institutions representing the top three lenders.

The previous CRA evaluation was conducted concurrently by the Federal Reserve Bank of Boston and the Massachusetts Division of Banks on November 7, 2022, and resulted in

“Satisfactory” ratings by both agencies. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its assessment area.

Needham has defined one assessment area for CRA purposes. The assessment area consists of 34 whole, contiguous cities and towns located in Norfolk County, Middlesex County, and Suffolk County, comprising a portion of the Boston-Cambridge-Newton, MA-NH MSA, and a portion of Worcester County in the Worcester, MA-CT MSA. Details regarding the bank’s assessment area are provided in Table 2 below.

Table 2		
Assessment Area		
MSA	County	Cities/Towns
Boston-Cambridge-Newton, MA-NH MSA	<i>Norfolk</i>	Brookline, Dedham, Dover, Franklin, Medfield, Medway, Millis, Needham, Norfolk, Norwood, Walpole, Wellesley, and Westwood
	<i>Middlesex</i>	Arlington, Ashland, Belmont, Cambridge, Everett, Framingham, Holliston, Hopkinton, Malden, Medford, Natick, Newton, Sherborn, Somerville, Waltham, Watertown, Wayland, and Weston
	<i>Suffolk</i>	Boston and Chelsea
Worcester, MA-CT MSA	<i>Worcester</i>	Milford

Source: Bank Provided

Refer to Table 3 below for additional information on the bank’s assessment area.

Table 3 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	56	11.5	44,902	11.0	10,213	22.7	97,101	23.8
Moderate-income	85	17.5	74,514	18.3	8,802	11.8	59,946	14.7
Middle-income	122	25.2	103,264	25.3	5,966	5.8	72,528	17.8
Upper-income	190	39.2	180,196	44.2	4,796	2.7	178,389	43.7
Unknown-income	32	6.6	5,088	1.2	768	15.1	0	0.0
Total Assessment Area	485	100.0	407,964	100.0	30,545	7.5	407,964	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	85,887	17,078	4.8	19.9	62,114	72.3	6,695	7.8
Moderate-income	144,757	47,801	13.5	33.0	87,636	60.5	9,320	6.4
Middle-income	205,696	94,245	26.5	45.8	100,223	48.7	11,228	5.5
Upper-income	323,599	192,456	54.2	59.5	109,750	33.9	21,393	6.6
Unknown-income	14,840	3,659	1.0	24.7	9,800	66.0	1,381	9.3
Total Assessment Area	774,779	355,239	100.0	45.9	369,523	47.7	50,017	6.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	6,011	6.3	5,466	6.4	510	5.4	35	5.0
Moderate-income	12,386	13.0	11,268	13.2	1,040	11.1	78	11.1
Middle-income	24,084	25.2	21,368	25.1	2,595	27.6	121	17.2
Upper-income	50,376	52.8	45,024	52.8	4,901	52.1	451	64.1
Unknown-income	2,553	2.7	2,173	2.5	361	3.8	19	2.7
Total Assessment Area	95,410	100.0	85,299	100.0	9,407	100.0	704	100.0
	Percentage of Total Businesses:			89.4		9.9		0.7

Source: 2021 FFIEC Census Data

2021 Dun & Bradstreet Data

2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

As displayed in the table above, the bank's assessment area consists of 485 census tracts. Of these census tracts, 56, or 11.5 percent, are low-income, 85, or 17.5 percent are moderate-income, 122, or 25.2 percent, are middle-income, 190, or 39.2 percent, are upper-income, and 32, or 6.6 percent, are unknown. The majority of the low-income census tracts in the bank's assessment area are located in the City of Boston. Boston accounts for 208 of the total census tracts in the assessment area and 44, or 78.6 percent, of the low-income census tracts. The City of Boston also contains 40, or 47.1 percent, of the moderate-income census tracts. The bank operates one branch office in the City of Boston; in total there were 25 institutions that operate branch offices within the city, creating strong competition. The cities of Everett, Chelsea, and

Malden also contain higher concentrations of low- and moderate-income- geographies; these geographies were added to the assessment area as the result of the bank’s acquisition of an SBC in Medford in April of 2022. Following the previous examination, the bank relocated to a nearby location at 270 Mystic Avenue in Medford, reopening as both a full-service branch and SBC. This branch, located in a moderate-income geography, is the bank’s closest location to the geographies noted above. The presence of more established banks within these geographies creates further competitive challenges for the bank. Waltham and Framingham also contain concentrations of low- and moderate-income geographies, and both of these geographies are located on the western border of the assessment area.

Housing

The assessment area contains a total of 774,779 housing units, less than half 355,239, or 45.9 percent, of which are owner-occupied. The remainder of the units are rental, at 47.7 percent, or vacant, at 6.5 percent. Owner-occupied units are even more scarce in the assessment area’s low- and moderate-income geographies. In low-income census tracts, just 4.8 percent of the units are owner-occupied; 72.3 percent are rental, and 7.8 percent are vacant. In moderate-income geographies, 13.5 percent of the units are owner-occupied.

According to U.S. Census data, the median home value in the assessment area was \$605,728. Since the census, housing values in the assessment area have significantly increased over the evaluation period, as indicated by more recent data from The Warren Group, Peabody, MA. Table 4 illustrates more recent data on the median sales price of single-family homes by county in the assessment area.

Table 4 Median Sales Price		
County	2023	2022
Suffolk	\$709,125	\$720,000
Norfolk	\$701,750	\$680,500
Middlesex	\$650,000	\$650,000
Worcester	\$385,000	\$375,000

Source: The Warren Group

As shown, Suffolk County has the highest sales prices while also containing the most significant concentrations of low- and moderate-income populations, making affordability challenging in that area.

Population

The population of the assessment area is 1,886,163 of which 11.5 percent, are low-income, 18.8 percent, are moderate-income, 26.1 percent, are middle-income, 41.5 percent, are upper-income and 2.1 percent, are unknown. Of the population, 407,964 are families. A wide disparity exists within the assessment area, whereby a large portion of families, 42.4 percent, are upper income followed by low-income at 25.6 percent. Of the remaining families, 15.5 percent of families are moderate-income, 16.5 percent are middle-income. Of the families in the assessment area, 7.5 percent have incomes below the poverty level.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 5 displays the MFI used to classify borrowers within the MSA/MD portions of the assessment area and the non-MSA portions of the state for 2022 and 2023.

Table 5		
Median Family Income		
MSA/MD	2022	2023
Cambridge-Newton-Framingham, MA MD	\$138,700	\$146,200
Boston, MA MD	\$129,500	\$136,900
Worcester, MA-CT MSA	\$107,900	\$115,600
Massachusetts	\$119,400	\$130,000

Source: FFIEC median family income estimates

**Represents non-MSA portions of the state*

As displayed above within the non-MSA portions of the State and MSA/MDs, the Cambridge-Newton-Framingham, MA MD had the highest MFI within the assessment area followed by the Boston, MA MD. The Worcester, MA-CT MSA MFI had the lowest MFI; however, this would have a minimal overall impact as only the town of Milford is included in the bank's assessment area. While the MFIs within the MDs comprising the assessment area are relatively high compared to the state, it is important to note the high housing prices create affordability challenges discussed previously.

Business Characteristics

According to Dun & Bradstreet, Short Hills, NJ (D&B), there are 95,410 businesses in the assessment area. Of the total businesses 6,011 or 6.3 percent, are located in low-income census tracts, 12,386, or 13.0 percent, are located in moderate-income census tracts, 24,084 or 25.2 percent, are located in middle-income census tracts, 50,376, or 52.8 percent, area located in upper-income census tracts and 2,553 or 2.7 percent, are located in census tracts where the income is unknown. According to D&B data, the majority of assessment area businesses, 89.4 percent, have revenues of less than \$1 million, 9.9 percent are over \$1 million, and 0.7 percent do not report revenue data.

Employment Statistics

According to the U.S. Census data, 5.1 percent of the assessment area's population is unemployed. This is comparable to the state's unemployment rate, at 5.1 percent. Updated unemployment statistics from Bureau of Labor Statistics indicate a decrease in unemployment whereby the State unemployment rate was 3.5 percent as of January 2023. As of the same date, the unemployment rate was 3.4 percent in the Cambridge-Newton-Framingham, MA MD, 3.5 percent in the Boston, MA MD, and 4.2 percent in the Worcester, MA-CT MSA.

SCOPE OF EXAMINATION

Needham's CRA performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Large Institutions¹. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The Lending Test considered the bank's residential mortgage, small business, and community development lending. The evaluation included small HMDA and small business reportable loans originated by the bank from January 1, 2022, through December 31, 2023. While commercial lending accounts for a higher percentage of the bank's loan portfolio; residential loans accounted for the majority of lending activity that occurred during the evaluation period. Therefore, equal emphasis was placed on residential mortgage and small business loans for each performance criterion. While both the number and dollar volume of the bank's residential mortgage and small business loans were reviewed, the number of originations were weighted more heavily as the number of loans is more indicative of loan demand.

Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment areas. The bank's residential loan performance was compared to applicable aggregate data that was obtained from the Consumer Finance Protection Bureau (CFPB).

Small business loans included commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and also to demographic information obtained from D&B.

The review period for community development lending, the Investment Test and the Service Test was November 7, 2022, to March 3, 2025. Community development activities are evaluated as a component of each, in the context of community development needs of the assessment area and the bank's capacity to meet those needs.

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment areas. Relevant information obtained from this practice assists examiners in determining whether local financial institutions are responsive to the credit needs of the community and whether additional opportunities are available.

¹ "Large institutions" are banks or savings associations with assets of at least \$1.609 billion as of December 31 of both of the prior two calendar years.

Community Contacts

A community contact was conducted with a community development corporation. The contact noted English as a second language classes, financial education and investment in clean energy to aid in combating climate change as needs in the assessment area. The challenges of extreme heat and poor air quality, particularly in low-income communities were also highlighted. While some financial institutions were considered to be responsive to community needs, as a result of merger activity there are fewer financial institutions in the area with whom the organization can partner. Needham Bank was identified as a financial institution which has been in discussions regarding partnering with the organization. A second community contact was conducted with a nonprofit community development financing organization. The organization provides a wide range of financing focusing on fulfilling unmet needs in low-income communities which the community contact has identified as: quality jobs, health- and childcare, housing and community facilities; and investments that support innovation to combat climate change.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

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

Lending Activity

The bank demonstrates good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

The bank extended 831 HMDA and small business loans in the assessment area in 2022 and 533 loans in 2023. In 2022, Needham was ranked 21st in extending home mortgage loans in the assessment area of 528 lenders who originated or purchased a home mortgage loan in the assessment area. The bank was also ranked 21st in HMDA lending in 2023 of 469 reporters. While the bank experienced a decline in lending between 2022 and 2023, the entire assessment area as well as the state experienced similar declines in home mortgage lending as evidenced by FFIEC Home Mortgage Disclosure Act Loan/Application Records. In terms of small business lending, Needham was ranked 43rd of 161 reporters in 2022 and 45th of 157 reporters in 2023.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 6 demonstrates an adequate percentage of its loans are made in its assessment area. The following table presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 6 Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
CV - Home Purchase - Conventional	238	56.0	181,709	59.3	187	44.0	124,546	40.7
HI - Home Improvement	3	75.0	1,130	84.0	1	25.0	215	16.0
MF - Multi-Family Housing	21	50.0	138,167	25.8	21	50.0	397,473	74.2
RF - Refinancing	233	74.2	148,558	71.0	81	25.8	60,631	29.0
Total HMDA related	495	63.1	469,564	44.6	290	36.9	582,865	55.4
SB - Small Business	113	59.2	22,205	54.3	78	40.8	18,665	45.7
Total Small Bus. related	113	59.2	22,205	54.3	78	40.8	18,665	45.7
TOTAL LOANS	608	62.3	491,769	45.0	368	37.7	601,530	55.0

HMDA and small business for 2022 & 2023.

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

Residential Lending

The bank made the majority of its loans inside the assessment in both years. The bank extended a

slightly higher percentage of loans inside the assessment area in 2022, when 68.9 percent were made inside the assessment area. The bank made a majority of loans inside the assessment area across loan types. While a lower percentage of loans by dollar volume were inside the assessment area, the number is weighted more heavily as it more directly reflects borrowers served.

Small Business Lending

The bank made a majority, 59.2 percent, of its small business loans within the assessment area. The bank made 113 loans inside the assessment area. The bank made a slightly higher number of small business originations in the assessment area in 2022, when the bank extended 62 small business loans, or 63.9 percent, within its assessment area. In 2023, the bank made 51 small business loans in the assessment area. As with HMDA lending, the number is weighted more heavily as it more directly reflects the number of businesses that received loans.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an adequate geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

Residential Lending

Table 7 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is adequate.

Table 7 Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography Assessment Area: Needham AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	10	8.2	6.8	6,475	6.7	5.8	3	2.6	7.0	1,627	1.9	5.4	4.8
Moderate	10	8.2	14.1	6,316	6.5	11.1	14	12.1	13.2	7,073	8.3	10.1	13.5
Middle	41	33.6	26.3	35,591	36.9	21.4	23	19.8	24.5	12,753	15.0	18.6	26.5
Upper	60	49.2	51.3	47,727	49.4	60.3	74	63.8	53.2	62,853	73.8	64.0	54.2
Unknown	1	0.8	1.5	455	0.5	1.5	2	1.7	2.2	839	1.0	1.9	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	122	100.0	100.0	96,564	100.0	100.0	116	100.0	100.0	85,145	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	6.2	0	0.0	5.7	0	0.0	8.3	0	0.0	6.9	4.8
Moderate	7	4.3	14.7	4,975	4.7	11.7	1	1.4	13.3	420	1.0	9.0	13.5
Middle	26	16.1	24.7	18,045	17.2	20.0	13	18.1	20.5	6,340	14.6	14.7	26.5
Upper	128	79.5	53.2	82,021	78.1	61.5	58	80.6	56.5	36,757	84.5	68.1	54.2
Unknown	0	0.0	1.1	0	0.0	1.1	0	0.0	1.4	0	0.0	1.3	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	161	100.0	100.0	105,041	100.0	100.0	72	100.0	100.0	43,517	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	3.5	0	0.0	3.0	0	0.0	4.9	0	0.0	4.3	4.8
Moderate	0	0.0	10.2	0	0.0	7.9	0	0.0	10.7	0	0.0	7.4	13.5
Middle	0	0.0	24.9	0	0.0	19.9	0	0.0	25.4	0	0.0	18.4	26.5
Upper	2	100.0	60.6	980	100.0	68.3	1	100.0	58.2	150	100.0	69.0	54.2
Unknown	0	0.0	0.8	0	0.0	0.9	0	0.0	0.8	0	0.0	0.9	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	2	100.0	100.0	980	100.0	100.0	1	100.0	100.0	150	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	5	33.3	12.4	14,753	24.9	12.0	1	16.7	16.8	3,800	4.8	13.0	
Moderate	4	26.7	29.0	17,559	29.6	27.1	2	33.3	26.6	3,660	4.6	13.0	19.2
Middle	4	26.7	25.8	21,778	36.7	26.0	1	16.7	27.7	3,400	4.3	34.0	27.0
Upper	1	6.7	27.0	3,845	6.5	26.2	2	33.3	25.2	68,022	86.2	34.2	36.8
Unknown	1	6.7	5.9	1,350	2.3	8.7	0	0.0	3.6	0	0.0	5.8	3.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	15	100.0	100.0	59,285	100.0	100.0	6	100.0	100.0	78,882	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	15	3.0	6.1	21,228	6.8	6.5	4	1.3	6.8	5,427	2.3	5.9	
Moderate	29	5.7	13.7	30,111	9.6	13.4	19	6.1	12.4	11,478	4.8	9.5	13.5
Middle	104	20.6	25.5	80,120	25.7	21.4	56	18.1	23.2	24,895	10.4	18.1	26.5
Upper	356	70.4	53.4	178,776	57.3	56.2	228	73.8	55.6	197,487	82.2	64.5	54.2
Unknown	2	0.4	1.3	1,805	0.6	2.5	2	0.6	1.9	839	0.3	2.0	1.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	506	100.0	100.0	312,040	100.0	100.0	309	100.0	100.0	240,126	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank made 15 loans, or 3.0 percent, in low-income geographies. The bank's percentage lagged the aggregate's, at 6.1 percent. The low percentage of owner-occupied units in those census tracts, 4.8 percent, indicate limited opportunity to lend. Also contributing to the lag in penetration of the low-income geographies is the bank's presence in Boston, which as discussed, contains a significant concentration of the area's low-income geographies. Given the high levels of competition this can be a difficult market to penetrate. The bank made 10 home purchase loans in low-income geographies in that year which exceeded the aggregate's, at 8.2 percent. The bank did not extend any refinance loans in low-income geographies. It is noted that the bank expanded its assessment area in 2017 to include the city of Boston; therefore, the bank may lack seasoned loans within the market, limiting the opportunity for refinance loans. The bank was able to extend, 33.3 percent, of its multi-family loans in low-income geographies, which is not unexpected given the higher volume of multi-family loans in those tracts.

The bank extended 29 loans, or 5.7 percent, in moderate-income geographies in 2022. Within the moderate-income census tracts, the higher percentage of owner-occupied units, at 13.5 percent, and the aggregate's percentage of lending, at 13.7 percent, suggests there may be more opportunity to lend. However, in addition to challenges the bank faces in Boston, as previously discussed, the Medford branch is less established which may hinder the bank's ability to compete within that and in the surrounding geographies where there are concentrations of moderate-income geographies. By product type, lending within in moderate-income geographies was similar to that in low-income geographies, however the bank was able to extend seven refinance loans in moderate-income census tracts.

In 2023, the bank made four loans in low-income census tracts, lagging both aggregate and demographic indicators. In addition to the factors noted above, the overall decline in lending contributed to the bank's lower penetration. Of note, three of the four loans were for home purchase. Within the assessment area's moderate-income geographies the bank extended 19 loans, or 6.1 percent, of total loans. While the percentage represents an increase from the previous year, the overall number of loans declined including those in moderate-income geographies. The bank was able to extend a higher number of home purchase loans, 14 or 12.1 percent, in moderate-income geographies.

Small Business Lending

Table 8 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is adequate.

Table 8													
Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography													
Assessment Area: Needham AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	5	8.1	6.8	1,605	12.9	5.2	3	5.9	6.5	1,535	15.7	5.5	6.3
Moderate	3	4.8	15.2	600	4.8	13.4	1	2.0	15.4	643	6.6	13.5	13.0
Middle	22	35.5	25.4	3,741	30.2	25.7	13	25.5	25.6	3,057	31.2	25.2	25.2
Upper	31	50.0	49.8	6,427	51.8	52.5	30	58.8	50.0	4,002	40.8	52.4	52.8
Unknown	1	1.6	2.8	25	0.2	3.3	4	7.8	2.6	570	5.8	3.4	2.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	62	100.0	100.0	12,398	100.0	100.0	51	100.0	100.0	9,807	100.0	100.0	100.0
Source: 2023 FFIEC Census Data													
2023 Dun & Bradstreet Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

The bank extended five loans, accounting for 8.1 percent, of total small business loans made within the assessment area in 2022, within low-income census tracts. The bank's percentage exceeded both the percentage achieved by the aggregate, at 6.8 percent, and the percentage of businesses in those tracts, at 6.3 percent. The bank's ability to exceed the aggregate given the competitive environment is noteworthy. The bank made a lower number and percentage of loans in moderate-income census tracts. In 2023, the overall volume of small business lending declined as did the bank's lending in low- and moderate-income census tracts.

An analysis of the bank's HMDA and small business lending by geography was conducted to determine if there were any conspicuous lending gaps. While not all census tracts were penetrated, there were no patterns or groupings of census tracts with no penetration that were considered unreasonable.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates an adequate distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 9 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is adequate.

Table 9 Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: Needham AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	7	5.7	2.9	1,615	1.7	1.1	4	3.4	2.2	731	0.9	0.7	23.8
Moderate	14	11.5	11.3	4,685	4.9	6.0	16	13.8	8.4	5,258	6.2	3.8	14.7
Middle	15	12.3	18.7	6,434	6.7	13.5	20	17.2	15.9	9,834	11.5	10.5	17.8
Upper	55	45.1	51.6	49,781	51.6	60.8	68	58.6	43.6	64,282	75.5	47.9	43.7
Unknown	31	25.4	15.5	34,049	35.3	18.6	8	6.9	29.9	5,040	5.9	37.1	0.0
Total	122	100.0	100.0	96,564	100.0	100.0	116	100.0	100.0	85,145	100.0	100.0	100.0
Refinance Loans													
Low	3	1.9	7.6	395	0.4	3.7	0	0.0	5.0	0	0.0	1.8	23.8
Moderate	11	6.8	16.2	2,460	2.3	9.8	3	4.2	8.7	455	1.0	3.6	14.7
Middle	14	8.7	19.1	5,238	5.0	14.0	10	13.9	12.8	1,940	4.5	6.6	17.8
Upper	115	71.4	44.0	80,824	76.9	54.6	52	72.2	27.6	34,335	78.9	24.1	43.7
Unknown	18	11.2	13.1	16,124	15.4	17.9	7	9.7	45.9	6,787	15.6	63.9	0.0
Total	161	100.0	100.0	105,041	100.0	100.0	72	100.0	100.0	43,517	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.8	0	0.0	3.3	0	0.0	5.7	0	0.0	2.2	23.8
Moderate	0	0.0	13.7	0	0.0	8.4	0	0.0	14.1	0	0.0	5.8	14.7
Middle	0	0.0	22.5	0	0.0	16.1	0	0.0	20.5	0	0.0	11.0	17.8
Upper	2	100.0	54.7	980	100.0	61.4	1	100.0	46.9	150	100.0	44.3	43.7
Unknown	0	0.0	3.3	0	0.0	10.8	0	0.0	12.7	0	0.0	36.7	0.0
Total	2	100.0	100.0	980	100.0	100.0	1	100.0	100.0	150	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	15	3.1	4.7	2,360	0.9	1.9	4	1.3	3.2	731	0.5	1.0	23.8
Moderate	39	7.9	13.2	8,725	3.5	7.1	29	9.6	8.9	7,003	4.3	3.7	14.7
Middle	62	12.6	19.3	16,615	6.6	13.6	44	14.5	15.2	13,680	8.5	9.2	17.8
Upper	326	66.4	50.0	174,882	69.2	59.5	211	69.6	38.9	128,003	79.4	41.0	43.7
Unknown	49	10.0	12.8	50,173	19.9	17.8	15	5.0	33.8	11,827	7.3	45.1	0.0
Total	491	100.0	100.0	252,755	100.0	100.0	303	100.0	100.0	161,244	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.													

As displayed above, the bank extended 15 loans or 3.1 percent to low-income borrowers in 2022, which was slightly below the 4.7 percent extended by the aggregate. While the bank and aggregate were below the percentage of low-income families, at 23.8 percent, it is not expected that the bank would match the percentage of low-income families due to the interest rate environment and relatively high housing values. The bank extended 39 loans, or 7.9 percent, to moderate-income borrowers in 2022, which was also below the demographic and aggregate indicators. In 2023, the bank made 4 loans accounting for 1.3 percent of loans to low-income borrowers, which was below the aggregate's 3.2 percent. Lending to moderate income borrowers decreased by number but increased by percentage in 2023, whereby the bank extended 9.6 percent of its loans to moderate-income borrowers exceeding the aggregate's 8.9 percent. By product type, the bank was able to outperform the aggregate in home purchase lending to

both low- and moderate-income borrowers in both years under review. As displayed above, the bank extended 7 home purchase loans, or 5.7 percent, to low-income borrowers in 2022. The bank's percentage was above the percentage of home purchase loans extended by the aggregate, at 2.9 percent. The bank also exceeded the aggregate in home purchase lending to moderate income borrowers in that year, with 14 loans, or 11.5 percent, made to moderate-income borrowers, compared to the aggregate's, at 11.3 percent. In 2023, the bank made 4 home purchase loans, 3.4 percent, to low-income borrowers, exceeding the aggregate, at 2.2 percent. The bank also exceeded the aggregate in home purchase lending to moderate-income borrowers whereby the bank 16 home purchase loans, or 13.8 percent, to moderate-income borrowers, compared to the aggregate's 8.4 percent. The bank's success in reaching low- and moderate-income home buyers may be attributable, in part, to programs offered. The bank partnered with Massachusetts Housing Partnership (MHP) and MassHousing, in addition to offering its own loan products through the bank's Community Loan Program (CLP). The bank has made four loans through the MHP loan programs where benefits can include interest rate subsidies and lower down payments for low- and moderate-income first-time home buyers. The bank extended 218 loans through the CLP, which offers benefits such as lower down payments for home purchases and closing cost assistance. The program offers CLP program also offers benefits for first time home buyers such as no money down and closing cost assistance.

The bank lagged the aggregate in refinance lending to low- and moderate-income borrowers but given some of the beneficial products that were offered to low- and moderate-income homebuyers and the rising interest rate environment refinancing unattractive to most borrowers. There is not a sufficient amount of home improvement loans to draw meaningful conclusions. Overall, the bank's performance is considered adequate.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 10 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of \$1 million or less is good.

Table 10													
Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Needham AA													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	%	%	#	#%	#%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	34	54.8	47.3	1,242	10.0	31.0	30	58.8	51.1	755	7.7	30.9	89.4
Over \$1 Million	13	21.0		2,340	18.9		7	13.7		1,230	12.5		9.9
Revenue Unknown	15	24.2		8,816	71.1		14	27.5		7,822	79.8		0.7
Total	62	100.0		12,398	100.0		51	100.0		9,807	100.0		100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

As displayed above, the bank extended 34 loans, or 54.8 percent, to business with gross annual revenues under \$1 million in 2022. While the bank's percentage of loans to businesses in this size category was below demographic indicators, aggregate data is more indicative of loan demand and the bank was able to outperform the aggregate. The bank extended an additional 30 loans, or 58.8 percent, of loans to businesses with GAR under \$1 million in 2023, exceeding the aggregate's 51.1 percent.

The bank also made use of innovative and flexible programs to assist small businesses in obtaining more affordable financing. The bank offers loans through the SBA 504 Loan Program which provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. The bank extended two SBA 504 loans. The bank also offers SBA Express loans which can be used for a range of business purposes, including working capital or the purchase of equipment, real estate, or an existing business. The bank made four SBA Express loans. The bank further offers Massachusetts Capital Access Program (MassCap) loans. The MassCap program is designed to help small businesses (with 200 or fewer in employees) throughout Massachusetts obtain loans from participating banks. Using cash collateral guarantees from a loan loss reserve fund, this program enables banks to make loans they might otherwise be unable to grant. The bank made three MassCap loans.

Community Development Lending Activities

The bank's community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution's assessment area(s); 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

The bank demonstrates it is a leader in making community development loans. Overall, the bank originated 14 qualified community development loans, totaling approximately \$111.2 million. Of the total, 10 loans were within the assessment area and totaled \$25.7 million while 4 loans were outside the assessment area and totaled \$85.4 million. Table 11 summarizes the bank's community development lending within the assessment area.

Table 11								
Qualified Community Development Loans in the Assessment Area								
Community Development Category	2022 (as of November 8 – December 31)		2023		2024		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Affordable Housing	1	4,060	5	18,577	3	2,006	9	24,643
Community Services	0	0	0	0	0	0	0	0
Economic Development	0	0	1	1,089	0	0	1	1,089
Revitalization/ Stabilization	0	0	0	0	0	0	0	0
Total	1	4,060	6	19,666	3	2,006	10	25,732

Source: Bank data

A sampling of the bank's community development lending activity during the time period is

provided below.

- Needham originated 9 loans totaling \$24.6 million in support of affordable housing within its assessment area. These loans were in connection with mixed-income housing developments and contributed to the creation of 175 affordable housing units in the assessment area. One loan originated by the bank, located in a low- and moderate-income census tract, supported a development project that created 288 rental units, including 132 designated as affordable housing for low- and moderate-income individuals.
- The bank extended 2 SBA 504 loans in 2023, each for amounts greater than \$1 million, for a grand total of approximately \$5.4 million. Loans to businesses, in an amount greater than \$1 million, when made as part of the SBA's 504 program, are qualified community development loans as they provide financing to small businesses that promote business growth and job creation.

INVESTMENT TEST

Needham's performance under the Investment Test is rated Outstanding.

The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments² that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area was considered. The institution's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

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

The bank's overall investments totaled \$29.0 million, including \$27.8 million in equity investments and \$1.3 million in donations and grants. The bank also had \$43,820 in Interest on Lawyers' Trust Accounts (IOLTA). In comparison to the previous evaluation, the bank increased the total dollar volume of investments by 89.1 percent, the total dollar volume of donations and grants by 18.7 percent, and total qualified investments by 84.2 percent.

Equity Investments

The bank extended an excellent level of qualified community development investments. Qualified investments totaled \$27.8 million, of which seven are current period investments totaling \$22.6 million, which benefited the assessment area and the broader statewide or regional area.

² A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

New Equity Investments

The bank made a total of seven new equity investments during the evaluation period, several of which were considered more innovative. The following are examples of these investments:

- In 2024, the bank made two investments in the clean energy space totaling \$11.1 million. The bank made an \$8.1 million tax equity investment in Agilitas Energy, a renewable and energy storage company with a mission to accelerate the transition to clean energy. The end users include four locations from the Massachusetts Housing Authority. The bank also made an investment of \$3.0 million in Sunwealth Solar, which invests in diverse commercial solar projects delivering clean energy and energy savings to low- and moderate-income communities and nonprofit organizations. Both community contacts noted a need for investment in clean energy to aid in combating climate change.
- In 2023, the bank invested \$1.4 million in two venture capital companies that primarily target underrepresented founders and are seeking to solve some of the largest disparities among marginalized communities. This includes an investment of \$750,000 in Cross Impact Capital, an investment firm with the mandate of investing in underserved founders and redefining businesses that seek to address disparities among underserved communities. The fund focuses on tech-driven solutions in financial services and healthcare, supporting economic development by financing businesses that deliver social, financial or health services to underserved and low-to-moderate income individuals and communities.

Prior Period Equity Investments

CRA investment credit is provided for those investments that were made prior to the current evaluation, but that are still outstanding. The bank holds \$5.1 million in prior period investments. The following are examples of these investments:

- The bank maintains investments in Reinventure Capital, a Boston based venture capital fund, with a book value of \$1.8 million. Reinventure Capital targets companies led and controlled by BIPOC (Black, Indigenous, and people of color) and/or female founders, who are overlooked by mainstream investors, to help break the cycle of economic inequity.
- In 2016, the bank made a \$1.0 million investment in a 10-year revolving loan fund operated by a certified Community Development Financial Institution, which provides financing for affordable housing, education, healthcare, and economic and environmental vitality.
- The bank also maintains an investment in a Massachusetts Housing Equity Fund through the Massachusetts Housing Investment Corporation (MHIC), with a book value of \$337,461. MHIC is a private non-profit entity that provides financing for affordable housing and community development in New England through housing tax credits.

- Included in this total are four pools of mortgage-backed securities purchased in prior periods with book values totaling approximately \$2.0 million. These were in support of affordable housing.

Grants and Donations

Table 12 displays the bank and charitable foundation's qualified grants and donations by year and community development purpose.

Table 12 Qualified Donations by Purpose								
Community Development Category	2022 (as of November 8 – December 31)		2023		2024		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	10	56,500	17	81,500	14	79,000	41	217,000
Community Services	22	89,250	115	459,900	96	432,312	233	981,462
Economic Development	3	17,000	8	38,500	6	35,000	17	90,500
Revitalization/Stabilization	0	0	0	0	0	0	0	0
Total	35	162,750	140	579,900	117	546,312	291	1,288,962

Bank provided qualified investment data.

Needham made a total of 291 donations, totaling \$1.3 million, during the review period, an increase of 18.7 percent from the last exam. In 2023, the bank established the Needham Bank Charitable Foundation. The foundation focuses on four core areas, affordable housing, health and human services, arts and education and community development. Within those areas the foundation takes special interest in organizations that focus on improving social justice and helping underserved populations within the assessment area. The following is a sample of the organizations that benefited from the bank and foundation contributions:

- **Food Pantries** – During the review period, the bank donated to numerous food pantries that serve low-income residents including Haley House Inc., Rose's Bounty, Needham Community Council, Newton Food Pantry, Dedham Food Pantry, Mystic Community Market, and Family Food Connections: A Boston Children's Hospital Food Pantry.
- **Friends of Boston's Homeless** – Friends of Boston's Homeless supports innovative, solutions-oriented programs with proven track records that help people move from the streets and shelters into safe, dignified housing to live peaceful, hopeful, fulfilling lives in the community. The focus is on removing the final barriers of transition that often city and state programs, and the people they help, don't have the means to cover. The final transition steps out of homelessness are often the most crucial.
- **Breaktime United, Inc.** – Breaktime's mission is to break the cycle of homelessness by equipping young adults with the job and financial security they need to establish housing security. Breaktime's core program is a three-part supported transitional employment program that utilizes partnerships to empower young adults at risk/experiencing housing

insecurity. This includes 3 weeks of work readiness training and financial education, 3 months of paid job placement at a local nonprofit or business, and 3 years of continued wraparound career, academic, housing, and financial support services.

- **The 3 Point Foundation** – The 3 Point Foundation aims to close the opportunity and achievement gap caused by socioeconomic inequity for underserved, low-income Boston middle school youth by providing free programs during the school year and summer that develop the skills that lead to success in education, employment, and life.
- **The Dimock Center** – The Dimock Center, located in a low-income census tract, offers whole-person health care, behavioral health and addiction services, early education, and wraparound support for individuals and families in Roxbury, MA.
- **Corey C. Griffin Foundation** – The foundation partners with Boston’s most innovative non-profits focused on underprivileged youth as well as those with medical challenges.
- **Community Investment Tax Credit (CITC)** – The bank made \$85,500 in CITC donations to various organizations that provide economic development and affordable housing initiatives throughout the assessment area.

SERVICE TEST

Needham’s performance under the Service Test is rated High Satisfactory.

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

Retail Banking Services

Retail banking services evaluates the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Table 13 displays the distribution of the bank’s current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 13 Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	11.5	11.5	1	9.1
Moderate	17.5	18.8	1	9.1
Middle	25.2	26.1	2	18.2
Upper	39.2	41.5	7	63.6
Unknown	6.6	2.1	0	0.0
Total	100.0	100.0	11	100.0

Source: 2020 US Census data

The bank demonstrates its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area. The bank provides deposit-related services through 11 full-service retail branches. Since the last evaluation, there have been changes in census tract designations resulting from updated demographic data. The bank now has seven branches located in upper-income census tracts, compared to nine last evaluation, two branches are now located in middle-income census tracts, whereas at the last evaluation there were none. One branch remains in a moderate-income census tract, and one remains in a low-income census tract. The branch in the moderate-income tract is in Medford, while the branch in the low-income tract is located in Mission Hill (Boston).

To the extent changes have been made, the bank's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. During the review period, the bank relocated its limited-service branch in Medford on December 1, 2022. While the branch remained in Medford in a moderate-income census tract, it is now a full-service branch with an attached SBC. As previously mentioned, the SBC serves cannabis-related and money service business customers on the first floor, with office space on the second floor.

The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. While the bank's branch hours vary slightly by location, all branches are open Monday through Friday. Additionally, each branch is open on Saturdays for at least three hours with the exception of the branch located in Dover, which is located in an upper-income census tract.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness and responsiveness of community development services.

The bank demonstrates it provides a relatively high level of community development services within the assessment area to agencies that provide affordable housing, community services

targeted to low- and moderate-income individuals, economic development and activities that revitalize or stabilize low or moderate-income areas.

Employee Services

Management and staff are actively involved with several community organizations. During the evaluation period the bank logged 1,255 hours of services provided to 43 organizations which include serving on the board or a committee, providing technical assistance on financial matters, and sponsoring financial literacy programs. The following provides examples of the bank's community development service activity:

- **Needham Community Council** – The senior vice president of human resources is a board member of this non-profit that supports people in Needham who have under-met health, educational or social needs and promotes volunteerism, community and a sense of shared responsibility.
- **Massachusetts Business Coalition for Early Childhood Education** - The coalition's goal is to make early childhood education more accessible, affordable, and stable for Massachusetts workers, more rewarding for early childhood professionals, and a point of differentiation in attracting and retaining a strong workforce across the Commonwealth. The bank's president and CEO is a board/committee member.
- **Boston Alliance for Economic Inclusion (AEI)** - The mission of the Boston AEI is to enhance the economic well-being of the unbanked and underbanked in metropolitan Boston by improving their access to the mainstream banking system, promoting financial education, and addressing technical or regulatory issues surrounding these developments. The bank's CRA officer is a committee member.
- **Crossroads for Kids, Inc.** - Crossroads ensures that accessibility is never an issue for any child, regardless of financial circumstances. While participants face many obstacles, Crossroads seeks to shatter the narrative that our young people are defined by their social and economic circumstances. A 10-year continuum of year-round, experiential learning programs that provide endless opportunities for exploration, growth, and mentorship. The bank's CRA officer is a board member.
- **Caritas Communities** - This organization prevents homelessness by providing very low-income individuals with permanent housing, support, a sense of community, and expanded opportunities. An executive vice president and senior commercial lender serves on the board of this organization.

Educational Programs and Seminars

During the review period, the bank provided technical expertise by collaborating with community development groups, schools, and human service agencies to share their financial expertise including first time homebuyer workshops, small business seminars, and financial literacy courses for students and members of the community. Financial education was a need highlighted by a community contact. There were 50 instances of employees providing financial expertise during small business training sessions, 27 instances of employees providing financial

expertise to individuals, and 19 first-time home buyer seminars. The following is a sample of some of the organizations bank employees have participated in financial literacy workshops or events with:

- **Asian American Civic Association (AACA)** – AACA's mission is to empower low-income individuals and families by providing education, guidance, resources, and support. With the goal to help them achieve economic stability and mobility, enabling them to build wealth and secure a strong future. Bank staff presented a small business workshop during the review period.
- **Boston Housing Authority** – This organization fosters sustainable communities by providing quality affordable housing, bringing stability, opportunity, and peace of mind to thousands of low- and moderate-income families and individuals across Boston, and to the city as a whole. A bank employee conducted a First Time Home Buyer class.
- **Junior Achievement of Northern New England (JA)** - JA's purpose is to inspire and prepare young people to succeed in a global economy. JA's proven lessons in financial literacy, work and career readiness, and entrepreneurship are shown to positively impact the lives of young people. Bank staff participated in the various events through the program during the review period.
- **Partnership for Financial Equity** - This is a partnership of financial industry professionals, community leaders and government officials dedicated to closing racial wealth gaps and improving the financial futures of low- and moderate-income households. A bank employee is a co-chair of this organization.
- **Veterans Benefits Clearinghouse Development Corporation (VBCDC)** - VBCDC is a non-profit corporation. The organization's mission is to develop affordable housing, provide services to veterans and their family members, and to assist low-income families. Bank staff participate in first time home buyer seminars.
- **First Time Home Buyer (FTHB) Seminars** - During the evaluation period, three employees from the bank conducted approximately 19 first-time homebuyer seminars. The seminars provided an overview of the mortgage process, such as verifying income, ability to repay, appraisal process, credit issues, closing costs, mortgage insurance, and taxes. In addition to the Boston Housing Authority and VBCDC noted above, seminars were conducted in collaboration with the following organizations: Boston Alliance for Economic Inclusion, Boston Police Patrolmen's Association, City of Boston Home Center, Codman Square Neighborhood Development Corp., FDIC, Our Village Initiative, South Middlesex Opportunity Council Inc., Thumbprint Realty, and Watch Inc.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet credit needs was identified.

APPENDIX

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a

dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the

context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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

Upper-income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more, in the case of a geography.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12