

# **PUBLIC DISCLOSURE**

March 3, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Needham Bank  
Certificate Number: 26483

1063 Great Plain Avenue  
Needham, Massachusetts 02492

Division of Banks  
One Federal, 7<sup>th</sup> Floor, Suite 710  
Boston, Massachusetts 02110

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 concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
SCOPE OF EVALUATION.....	3
DESCRIPTION OF INSTITUTION .....	4
DESCRIPTION OF ASSESSMENT AREAS.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	10
LARGE BANK PERFORMANCE CRITERIA .....	26
GLOSSARY .....	28

## INSTITUTION RATING

This document is an evaluation of the CRA performance of Needham Bank (bank) prepared by the Massachusetts Division of Banks (Division), the institution’s supervisory agency, as of March 3rd, 2025. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

An institution in this group has a highly satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

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

- Lending levels reflect good responsiveness to assessment area credit needs.
- An adequate percentage of loans were made in the institution’s assessment area.
- The geographic distribution of loans reflects adequate dispersion throughout the assessment area.
- The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes.
- The bank makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank is a leader in making community development loans.
- The bank has a good record relative to its fair lending policies and procedures.
- The bank’s lending reflects a good record of preventing the loss of affordable housing.

**The Investment Test is rated Outstanding.**

- 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.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The bank makes extensive use of innovative and/or complex investments to support community development initiatives.

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

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

## SCOPE OF EVALUATION

### **General Information**

This evaluation covers the period from the prior evaluation dated November 8, 2022, to the current evaluation dated March 3, 2025. Examiners used Large Institution Examination Procedures to evaluate the bank's CRA performance. These procedures include three performance tests: The Lending Test, Investment Test, and Service Test.

The assessment area consists primarily of towns in Norfolk, Middlesex, and Suffolk Counties, which are part of the Boston-Cambridge-Newton Metropolitan Statistical Area (MSA). Additionally, one town is located in Worcester County and part of the Worcester MSA. Examiners used the 2020 ACS updated data for metropolitan area boundaries, census tracts and their income levels, and demographic information.

The Lending Test considered the bank's performance according to the following criteria:

- Lending Activity
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Innovative and/or Flexible Lending Practices
- Community Development Loans
- Fair Lending Program
- Loss of Affordable Housing

The Investment Test considered the following criteria:

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

### **Loan Products Reviewed**

Needham Bank's major product lines are home mortgage loans and small business loans, considering the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The bank’s record of originating home mortgage loans contributed more weight to overall conclusions based on origination activity during the evaluation period. This evaluation considered all home mortgage loans reported on the bank’s 2022 and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank originated 734 HMDA-reportable loans totaling \$638.6 million in 2022, and 445 HMDA-reportable loans totaling \$516 million in 2023. Examiners compared bank lending in 2022 and 2023 to aggregate HMDA data for the relevant years. Examiners also compared bank lending to applicable demographic data throughout each year.

Examiners reviewed reported small business loan data on the CRA LARs for 2022 and 2023 to draw conclusions about small business lending performance. Needham Bank originated 97 small business loans totaling \$19.8 million in 2022, and 95 small business loans totaling \$21.5 million in 2023.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While the tables throughout this evaluation include both the number and dollar volume of loans, examiners emphasized bank performance by number of loans, as the number of loans better indicates the number of individuals and businesses served.

For the community development lending activity and the Investment and Service Tests, examiners drew conclusions based on data provided by bank management on community development loans, qualified investments, and retail and community development services since the prior CRA evaluation dated November 7, 2022.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Needham Bank is a state-chartered financial institution operating under the holding company NB Bancorp, Inc. The bank converted from a mutual holding company to a stock holding company on December 27, 2023. The bank is headquartered in Needham, Massachusetts and primarily operates in the Metro-West region of Boston. The bank received a “High Satisfactory” rating during its previous Performance Evaluation dated November 7, 2022, based on FFIEC Large Institution Examination Procedures.

### **Operations**

The bank’s main branch is located at 1063 Great Plain Avenue, Needham, Massachusetts. The bank operates 10 additional full-service branches in its assessment area. All the full-service branches include automated teller machines (ATMs) that take deposits. The bank operates two stand-alone ATMs and one limited-service branch.

The bank offers a variety of personal and business deposit and lending products. Deposit products include checking, savings, money market accounts, individual retirement accounts, and certificates of deposit. The bank offers loan products including home mortgages, personal loans, jumbo loans, home equity lines of credit, business loans, cannabis banking, municipal banking, SBA loans, and commercial loans. Needham Bank primarily focuses on residential lending. The bank provides alternative delivery systems such as online and mobile banking, electronic bill-pay, consumer and business credit cards, and mobile check deposit.

### **Ability and Capacity**

As of December 31, 2024, the bank’s assets totaled \$5.0 billion, and deposits totaled approximately \$4.2 billion. The bank’s loan portfolio consisted of approximately \$4.3 billion in total loans. During the evaluation period, total assets increased by 39.3 percent, deposits increased by 44.7 percent, and total loans increased by 43.6 percent. The bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the following table, approximately 49.9 percent of the loans are secured by residential properties, followed by non-farm nonresidential properties at 31.5 percent.

<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	582,678	13.4
Secured by Farmland	1,354	0.0
Secured by 1-4 Family Residential Properties	1,248,380	28.8
Secured by Multifamily (5 or more) Residential Properties	333,047	7.7
Secured by Nonfarm Nonresidential Properties	1,363,394	31.5
<b>Total Real Estate Loans</b>	<b>3,528,853</b>	<b>81.4</b>
Commercial and Industrial Loans	553,285	12.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	243,394	5.6
Obligations of State and Political Subdivisions in the U.S.	7,620	0.2
Other Loans	55	0.0
<b>Total Loans</b>	<b>4,333,207</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the bank’s CRA performance. Needham Bank has designated a single assessment area that includes 34 municipalities within Norfolk, Middlesex, Suffolk, and Worcester Counties in Massachusetts. The following sections discuss demographic and economic information relevant to the assessment area.

<b>Assessment Area</b>						
<b>Norfolk County</b>						
Brookline	Dedham	Dover	Franklin	Medfield	Medway	Millis
Needham	Norfolk	Norwood	Walpole	Wellesley	Westwood	
<b>Middlesex County</b>						
Arlington	Ashland	Belmont	Cambridge	Everett	Framingham	Holliston
Hopkinton	Malden	Medford	Natick	Newton	Sherborn	Somerville
Waltham	Watertown	Wayland	Weston			
<b>Suffolk County</b>						
Boston	Chelsea					
<b>Worcester County</b>						
Milford						

### **Economic and Demographic Data**

The assessment area includes 485 census tracts. These tracts reflect the following income designations according to the 2020 ACS U.S. Census:

- 56 low-income tracts,
- 85 moderate-income tracts,
- 122 middle-income tracts,
- 190 upper income tracts, and
- 32 tracts with no income designation

The low-income census tracts are primarily located in Boston, and the moderate-income census tracts are primarily located in Boston, Chelsea, Everett, and Waltham.

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

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Needham Bank</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	485	11.5	17.5	25.2	39.2	6.6
Population by Geography	1,886,163	11.5	18.8	26.1	41.5	2.1
Housing Units by Geography	774,779	11.1	18.7	26.5	41.8	1.9
Owner-Occupied Units by Geography	355,239	4.8	13.5	26.5	54.2	1.0
Occupied Rental Units by Geography	369,523	16.8	23.7	27.1	29.7	2.7
Vacant Units by Geography	50,017	13.4	18.6	22.4	42.8	2.8
Businesses by Geography	243,758	6.6	13.9	23.8	52.8	2.8
Farms by Geography	2,999	4.2	14.2	25.9	54.2	1.6
Family Distribution by Income Level	407,964	23.8	14.7	17.8	43.7	0.0
Household Distribution by Income Level	724,762	27.1	13.3	15.8	43.7	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$633,376
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Gross Rent			\$1,759
Median Family Income MSA - 49340 Worcester, MA MSA		\$99,320	Families Below Poverty Level			7.5%
<i>Source: 2020 ACS, 2024 D&amp;B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area is comprised of 774,779 housing units. Of these units, 45.9 percent are owner occupied, 47.7 percent are occupied rental units, and 6.5 percent are vacant. The median housing value of \$633,376 based on 2020 ACS Data indicates an increase in median housing values since the prior evaluation. During the prior examination, the median housing value based on the 2015 ACS Data was \$473,496.

The following table reflects the low-, moderate-, middle-, and upper-income categories for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA Median Family Income (14454)</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 Median Family Income (15764)</b>				
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
<b>Worcester, MA-CT MSA Median Family Income (49340)</b>				
2022 (\$107,900)	<\$53,950	\$53,950 to <\$86,320	\$86,320 to <\$129,480	≥\$129,480
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
<i>Source: FFIEC</i>				

According to 2024 D&B data, there were 246,757 businesses in the assessment area. GARs for these businesses are below.

- 88.8 percent of businesses have GARs less than or equal to \$1.0 million,
- 4.2 percent of businesses have GARs greater than \$1.0 million, and
- 7.0 percent of businesses have unknown revenues.

Service industries represent the largest portion of businesses at 38.2 percent; followed by no classifiable establishments (24.5 percent); finance, insurance, and real estate (13.5 percent); and retail trade (8.7 percent). In addition, 60.2 percent of area businesses have four or fewer employees, and 91.5 percent operate from a single location.

### **Competition**

Needham Bank operates in a highly competitive market for banking services. According to 2024 Deposit Market Share data, there were 109 financial institutions operating 631 branches in the assessment area. Needham Bank ranked 9th with a deposit market share of 1.0 percent. The top institutions were large national retail institutions (State Street Bank, Bank of America, and Citizens Bank NA) with a combined deposit market share of 77.5 percent.

The bank operates in a highly competitive area for mortgage loans. In 2023, 466 lenders reported 33,849 originated or purchased home mortgage loans. Needham Bank ranked 20th with a 0.9 percent market share. The top ranked were large national banks (JPMorgan Chase Bank, NA, Citizens Bank, Leader Bank, NA) and account for 35.6 percent of the total market share.

The bank also operates in a highly competitive area for small business loans. Based on 2023 market share data, 190 lenders reported 106,290 small business loans. Needham Bank ranked 63<sup>rd</sup>, with 0.1 percent market share. The leading financial institutions (American Express Bank, JP Morgan Chase Bank, NA, Bank of America) were large credit card companies and comprised 58.6 percent of the market.

### **Community Contact**

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

Examiners contacted a representative of a community development organization in the bank's assessment area that serves the Greater Boston area. According to the contact, the organization works to ensure Boston families and individuals have access to affordable housing. The contact discussed the difficulty in developing affordable housing, as well as the inability for low- and moderate-income individuals and families to afford housing. The contact explained that those looking to purchase homes are struggling with high costs due to the current market conditions. Lastly, the contact also stated that potential borrowers would benefit from down payment assistance grants and first-time homebuyer education programs that prepare borrowers for home ownership.

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

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and financial education represent the primary community development needs in the assessment area. The relatively large population of underbanked and low- or moderate-income individuals supports this need. Affordable housing is also a major concern in the bank's assessment area with limited land opportunities and rapidly rising property values.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Needham Bank demonstrated a High Satisfactory performance under the Lending Test. The following sections summarize the bank’s overall performance under each criterion.

#### Lending Activity

Lending levels reflect good responsiveness to the assessment area credit needs. In 2022, Needham Bank originated or purchased 506 home mortgage loans totaling \$312 million within its assessment area. This activity represented a market share of 1.2 percent, ranking 22nd out of 528 lenders operating in the assessment area. The bank’s lending activity in 2023 decreased to 315 home mortgage loans totaling \$241.7 million. The Bank originated 62 small business loans totaling \$12.3 million in the assessment area in 2022. In 2023, the number of small business loans decreased to 52 loans totaling \$10.3 million. The bank maintained an average loan to deposit ratio of approximately 108.1 percent since the previous evaluation. This reflects lending activity appropriate for the bank’s level of deposits and supports good performance.

#### Assessment Area Concentration

The bank made an adequate percentage of home mortgage and small business loans within its assessment area. The majority of home mortgage lending, by number, was originated inside the assessment area. Also, a majority of the bank’s small business lending was inside the assessment area, by both loan number and dollar amount. Examiners placed more emphasis on the number of loans originated rather than the dollar amount, as that is a stronger representation of individuals served; therefore, this performance is adequate. The following table illustrates the bank’s lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage										
2022	506	68.9	228	31.1	734	312,026	48.9	326,655	51.1	638,681
2023	315	70.8	130	29.2	445	241,718	46.8	274,373	53.2	516,091
<b>Subtotal</b>	<b>821</b>	<b>69.6</b>	<b>358</b>	<b>30.4</b>	<b>1,179</b>	<b>553,744</b>	<b>48.0</b>	<b>601,028</b>	<b>52.0</b>	<b>1,154,772</b>
Small Business										
2022	62	63.9	35	36.1	97	12,398	62.3	7,498	37.7	19,896
2023	52	54.7	43	45.3	95	10,373	48.2	11,167	51.8	21,540
<b>Subtotal</b>	<b>114</b>	<b>59.4</b>	<b>78</b>	<b>40.6</b>	<b>192</b>	<b>22,771</b>	<b>55.0</b>	<b>18,665</b>	<b>45.0</b>	<b>41,436</b>
<b>Total</b>	<b>935</b>	<b>68.2</b>	<b>436</b>	<b>31.8</b>	<b>1,371</b>	<b>576,515</b>	<b>48.2</b>	<b>619,693</b>	<b>51.8</b>	<b>1,196,208</b>

Source: Bank Data

## **Geographic Distribution**

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

### ***Home Mortgage***

The geographic distribution of loans reflects adequate dispersion throughout the assessment area, particularly in low- and moderate-income geographies in the assessment area. In 2022 and 2023, the bank's lending in low- and moderate-income census tracts was below the demographic data and aggregate performance.

Due to changes in ACS Census Data since the prior examination, the percentage of low-and-moderate-income tracts has decreased from 36.0 percent to 29.1 percent. Additionally, there is approximately 18.3 percent of owner-occupied housing units within the low-and moderate-income tracts, compared to 40.5 percent of occupied-rental units in these same areas. These factors represent limited lending opportunities in those areas.

Additionally, 2023 Market Share Data confirms the bank ranked 38th out of 304 lenders, with a 0.4 percent market share, among lenders that originated or purchased a home mortgage loan in low-and-moderate-income tracts. The top three lenders in the market consisted of large national banks and mortgage lenders which held approximately 35.0 percent of the market share. This suggests a high level of competition in the area.

The bank has identified challenges that the residential mortgage market faces, such as rising interest rates, low housing inventory, inflation, and fewer down payment assistance programs than in prior years. In efforts to combat these challenges, the bank hired a CRA Residential Loan Officer in 2024 who works primarily within the low-and moderate-income census tracts and is known in the community. As a result of these mitigating factors and the bank's efforts to monitor its activity in low-and moderate-income tracts, this performance is considered adequate.

<b>Geographic Distribution of Home Mortgage Loans</b> <b>Assessment Area: Needham Bank</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	4.8	6.1	15	3.0	21,228	6.8
2023	4.8	6.8	4	1.3	5,427	2.2
<b>Moderate</b>						
2022	13.5	13.7	29	5.7	30,111	9.6
2023	13.5	12.4	21	6.7	11,478	4.9
<b>Middle</b>						
2022	26.5	25.6	104	20.6	80,120	25.7
2023	26.5	23.2	60	19.0	24,895	10.8
<b>Upper</b>						
2022	54.2	53.3	356	70.4	178,776	57.3
2023	54.2	55.6	228	72.4	197,487	81.7
<b>Not Available</b>						
2022	1.0	1.4	2	0.4	1,805	0.6
2023	1.0	1.9	2	0.6	839	0.3
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>506</b>	<b>100.0</b>	<b>312,040</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>315</b>	<b>100.0</b>	<b>240,126</b>	<b>100.0</b>
<i>Source: 2020 ACS; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0%</i>						

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

The geographic distribution of small business loans reflects less than adequate penetration throughout the assessment area. In low-income census tracts, the bank's performance in 2022 was above the aggregate performance and the percentage of businesses within those tracts. In 2023, the number of loans in low-income tracts decreased slightly, however the bank's performance was in line with both aggregate and demographic data in those tracts. In 2022 and 2023, the bank's small business performance was below both the aggregate data and demographic data. Please refer to the table below for more details.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Needham Bank 2023</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	6.7	6.8	5	8.1	1,605	12.9
2023	6.6	6.5	3	5.8	1,535	14.8
<b>Moderate</b>						
2022	13.8	15.3	3	4.8	600	4.8
2023	13.8	15.4	1	1.9	643	6.2
<b>Middle</b>						
2022	23.9	25.4	22	35.5	3,741	30.2
2023	23.7	25.6	14	26.9	3,623	34.9
<b>Upper</b>						
2022	52.8	49.8	31	50.0	6,427	51.8
2023	53.0	50.0	30	57.7	4,002	38.6
<b>Not Available</b>						
2022	2.8	2.7	1	1.6	25	0.2
2023	2.9	2.6	4	7.7	570	5.5
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>	<b>12,398</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>10,373</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data, 2022 &amp; 2023 CRA Aggregate Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

## **Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and businesses of different sizes. This is supported by the bank's adequate performance of lending to low- and moderate-income borrowers in home mortgage lending and good performance of small business lending to smaller businesses.

## ***Home Mortgage***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects adequate penetration. The bank's 2022 lending to low-income borrowers was slightly below aggregate data and below the percentage of families. In 2023, the bank's performance decreased to low-income borrowers, which was below the aggregate performance and demographic data.

Similarly, the bank’s lending to moderate-income borrowers in 2022 was below aggregate data and percentage of families in that income level. In 2023, the percentage of home mortgage loans to moderate-income borrowers increased and was above the aggregate performance.

A low-and-moderate-income family in the assessment area earns a median annual income of \$116,960 or less. A family at this income level would experience challenges in qualifying for a home mortgage in the area, given the median housing value for a one to four family house was \$633,376 in 2022 and 2023. Additionally, down payment requirements and a higher interest rate environment may limit what a first-time homebuyer can afford. This data, coupled with 7.5 percent of families in the assessment area falling below the poverty line, suggest a large percentage of low- and moderate-income families would not meet the underwriting standards for a home mortgage.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Needham Bank</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2022	23.8	4.7	15	3.0	2,360	0.8
2023	23.8	3.2	4	1.3	731	0.3
<b>Moderate</b>						
2022	14.7	13.0	39	7.7	8,725	2.8
2023	14.7	8.8	30	9.5	7,003	3.0
<b>Middle</b>						
2022	17.8	19.1	62	12.3	16,615	5.3
2023	17.8	15.0	46	14.6	13,680	5.9
<b>Upper</b>						
2022	43.7	49.2	326	64.4	174,882	56.0
2023	43.7	38.6	214	67.9	128,003	53.3
<b>Not Available</b>						
2022	0.0	14.0	64	12.6	109,458	35.1
2023	0.0	34.3	21	6.7	90,709	37.5
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>506</b>	<b>100.0</b>	<b>312,040</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>315</b>	<b>100.0</b>	<b>240,126</b>	<b>100.0</b>
<i>Source: 2020 ACS; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

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

The distribution of small business loans reflects good penetration for businesses with GARs of \$1.0 million or less. In 2022, small business lending outperformed the aggregate performance and was

below the percentage of businesses in that same revenue category. In 2023, small business lending numbers decreased by number, however, the percentage remained above the aggregate and below the percentage of businesses.

The following table illustrates the bank's penetration of small business lending by GAR level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Needham Bank 2023</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	88.2	47.4	41	66.1	7,303	58.9
2023	89.3	51.1	33	63.5	3,620	34.9
<b>&gt;\$1,000,000</b>						
2022	4.5	--	18	29.0	4,880	39.4
2023	4.0	--	17	32.7	6,010	57.9
<b>Revenue Not Available</b>						
2022	7.4	--	3	4.8	215	1.7
2023	6.7	--	2	3.8	743	7.2
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>62</b>	<b>100.0</b>	<b>12,398</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>10,373</b>	<b>100.0</b>
<i>Source: 2022 &amp; 2023 D&amp;B Data; Bank Data, 2022 &amp; 2023 CRA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

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

Needham Bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank originated 230 innovative and/or flexible loans, totaling approximately \$68.1 million to individuals and businesses during the evaluation period. The vast majority of the innovative or flexible programs were through home mortgage programs, primarily through Needham Bank’s Community Loan Program.

Innovative or Flexible Lending Programs										
Type of Program	2022		2023		2024		2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
MHP One (One, One+, One+ Boston)	0	0	1	272	3	1,164	0	0	4	1,437
NB Community Loan Program	16	5,852	78	26,168	109	28,546	15	2,611	218	63,178
<b>Total Residential</b>	<b>16</b>	<b>5,852</b>	<b>79</b>	<b>26,440</b>	<b>112</b>	<b>29,710</b>	<b>15</b>	<b>2,611</b>	<b>222</b>	<b>64,615</b>
SBA 504	0	0	1	2,954	1	211	0	0	2	3,165
SBA Express	0	0	3	300	1	18	0	0	4	318
MassCap Fixed	0	0	1	50	1	4	0	0	2	54
MassCap Line of Credit	0	0	1	20	0	0	0	0	1	20
<b>Total Commercial</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>3,324</b>	<b>3</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>3,557</b>
<b>Total Innovative/Flexible</b>	<b>15</b>	<b>5,852</b>	<b>85</b>	<b>29,764</b>	<b>116</b>	<b>29,943</b>	<b>15</b>	<b>2,611</b>	<b>231</b>	<b>68,172</b>

Source: Bank Data

The following are examples of the bank’s flexible lending programs.

### ***Home Mortgage Loan Programs***

- ***Needham Bank Community Loan Program Mortgage*** – The bank developed a loan product to support low- and moderate-income borrowers purchasing a home in the assessment area. Features include discounted interest rates, reduced closing costs, and no mortgage insurance premium at a certain down payment level. This loan program is reserved for first-time homebuyers and utilizes income limits for either the borrower or the geographic area.
- ***Massachusetts Housing Partnership (MHP) One Mortgage*** – The MHP One Mortgage program is specifically designed to aid low- and moderate-income borrowers in purchasing homes. The features of this program include a low-down payment and a low interest rate without any mortgage insurance premiums. The program utilizes income limits to ensure those in financial need are being impacted.

### ***Commercial Loan Programs***

- ***Small Business Administration (SBA) 504*** – This program works with lenders to provide loans to small businesses by providing guarantees to reduce risk. SBA 504 loans offer benefits such as flexible underwriting criteria, lower down payment requirements, longer terms, and promote business growth and job creation. The bank offers a number of other SBA programs including Express, Export, and PLP; however, SBA 504 loans were primarily originated at the bank.
- ***SBA Express Loans*** – The SBA Express program allows institutions to originate loans using their own policies and procedures in exchange for a lower SBA guarantee. This allows for institutions to process, close, service and liquidate 7(a) loans without SBA review. This

program also allows the institution to offer more flexible lending without taking collateral for loans up to \$50,000.

- **Massachusetts Capital Access (MassCap) Small Business Loans** – The MassCap program helps small businesses obtain funds to start or expand their business. The program uses cash collateral guarantees from MassCap to increase flexible lending through fixed loans and lines of credit.

### Community Development Loans

Needham Bank is a leader in making community development loans. The bank originated 14 community development loans totaling \$111.8 million that met the needs of affordable housing, economic development, and revitalization and stabilization. The bank primarily supported affordable housing for low- and moderate-income residents. The following table illustrates the bank’s community development lending activity.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/7/22-12/31/22	2	7,723	0	0	0	0	0	0	2	7,723
2023	5	18,577	0	0	2	3,499	1	76,000	8	98,076
2024	4	6,005	0	0	0	0	0	0	4	6,005
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>32,305</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3,499</b>	<b>1</b>	<b>76,000</b>	<b>14</b>	<b>111,804</b>

*Source: Bank Data*

The following are some examples of community development loans the bank originated during the exam period:

- In 2022, the bank originated a \$4.0 million loan to promote affordable housing in the assessment area. This loan created 10 deed restricted affordable housing units located in a middle-income census tract located in the bank’s assessment area.
- In 2023, the bank originated a \$10.0 million loan to promote affordable housing in the bank’s assessment area. This loan, as part of a 40B project, creates 132 affordable housing units that are deed restricted. These units are located in a moderate-income census tract.
- In 2023, the bank originated a \$76.0 million loan to promote revitalization and stabilization in the greater state-wide or regional area. The proceeds from this loan created 290 housing units in a moderate-income census tract as part of a local city revitalization plan to redevelop the city’s downtown area.

## **Fair Lending Policies and Procedures**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, the bank maintains a good record relative to fair lending policies and practices.

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

### ***Minority Application Flow***

The bank's HMDA LARs for 2022 and 2023 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2020 ACS Census Data, the bank's assessment area contained a total population of 1,886,163 individuals, of which 42.7 percent are minorities. The minority population represented is 12.0 percent Black/African American, 13.7 percent Asian/Pacific Islander, 0.1 percent American Indian/Alaskan Native, and 7.8 percent other. Approximately 13.6 percent of the population is Hispanic or Latino.

The bank's level of lending in 2022 and 2023 was compared with that of the 2022 and 2023 aggregate's lending performance. The comparison of this data assists in deriving good expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

In 2022, the bank received 664 HMDA reportable loan applications within its assessment area. Of these, the bank received 82 applications, or 12.4 percent, from racial minority applicants, which ranked below aggregate performance of 20.8 percent. The bank received 39, or 5.9 percent, of all applications from ethnic groups of Hispanic origin within its assessment area, which was below the aggregate ethnic minority application rate of 7.6 percent.

In 2023, the bank received 479 HMDA-reportable loan applications within the assessment area. Of these, 75 applications or 15.7 percent were from racial minority applicants, which ranked below the aggregate application flow of 18.6 percent. The bank received 29, or 6.1 percent, of all applications from ethnic groups of Hispanic origin within its assessment area, which was comparable to the aggregate ethnic minority application rate of 6.6 percent.

MINORITY APPLICATION FLOW						
RACE	Bank 2022 HMDA		2022 Aggregate Data	Bank 2023 HMDA		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	2	0.4	0.3
Asian	54	8.1	11.7	31	6.5	10.5
Black/ African American	12	1.8	5.9	28	5.9	5.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	1	0.2	0.2	2	0.4	0.2
Joint Race (White/Minority)	15	2.3	2.6	12	2.5	2.2
<b>Total Racial Minority</b>	<b>82</b>	<b>12.4</b>	<b>20.8</b>	<b>75</b>	<b>15.7</b>	<b>18.6</b>
White	435	65.5	52.7	293	61.2	42.9
Race Not Available	147	22.1	26.4	111	23.2	38.5
<b>Total</b>	<b>664</b>	<b>100.0</b>	<b>100.0</b>	<b>479</b>	<b>100.0</b>	<b>100.0</b>
ETHNICITY						
Hispanic or Latino	27	4.1	6.0	22	4.6	5.1
Joint (Hisp/Lat /Not Hisp/Lat)	12	1.8	1.6	7	1.5	1.5
<b>Total Ethnic Minority</b>	<b>39</b>	<b>5.9</b>	<b>7.6</b>	<b>29</b>	<b>6.1</b>	<b>6.6</b>
Not Hispanic or Latino	442	66.6	66.8	302	63.0	55.4
Ethnicity Not Available	183	27.5	25.5	148	30.9	37.9
<b>Total</b>	<b>664</b>	<b>100.0</b>	<b>100.0</b>	<b>479</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.*

Through internal tracking and monitoring its risk assessments, the bank has recognized the applications to Black and Asian applicants held a larger gap than other races. In 2023, the bank increased its applications to Black applicants and exceeded the aggregate of this race, however, the bank's performance to Asian applicants remained below the aggregate. The bank has made significant efforts to reach these demographics, including work with community organizations, providing translation services, and advertising. The bank hired a new CRA loan officer that focused on low-and-moderate income areas and borrowers. Considering the demographic composition of the assessment area, comparisons to aggregate data, and the bank's fair lending controls, the bank's minority application flow in 2022 and 2023 reflect good performance.

### **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.

The bank's development of and participation in flexible lending programs and community development lending reflect good performance for this criterion. In addition, the bank's investment initiatives reflect a commitment to helping individuals stay in their homes.

## INVESTMENT TEST

The bank’s performance under the Investment Test is 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, often in a leadership position, particularly those that are not routinely provided by private investors. The bank made 298 qualified investments and donations totaling approximately \$29.0 million. This total includes qualified investments of \$27.7 million and donations of approximately 1.2 million.

A majority of the bank’s investments, by dollar volume, supported community services for low- and moderate-income individuals and families in the assessment area. Examiners compared the bank’s investment activity to that of similarly situated institutions based on asset size, geographic location, and lending focus. Although the bank’s total number of investments decreased from 316 to 298 investments and donations since the last examination, the bank’s dollar volume increased significantly from \$15.7 million to \$28.9 million. The following table illustrates the bank’s 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	5	2,337	0	0	2	2,818	0	0	7	5,155
11/7/2022 – 12/31/2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	1	650	0	0	1	650
2024	3	10,025	2	11,148	1	750	0	0	6	21,923
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>8</b>	<b>12,362</b>	<b>2</b>	<b>11,148</b>	<b>4</b>	<b>4,218</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>27,728</b>
Qualified Grants & Donations	40	206	226	955	18	92	0	0	284	1,253
<b>Total</b>	<b>48</b>	<b>12,568</b>	<b>228</b>	<b>12,103</b>	<b>22</b>	<b>4,310</b>	<b>0</b>	<b>0</b>	<b>298</b>	<b>28,981</b>

Source: Bank Data

### Equity Investments

The bank has 14 investments totaling approximately \$27.7 million. Of this total, 7 investments totaling approximately \$22.6 million are new and 7 for approximately \$5.2 million remain from the prior period investments. The following are examples of the bank’s prior period and new equity investments.

#### *Prior Period Investments*

**Mortgage-Backed Securities** – The bank continues to hold five CRA mortgage-backed securities from the prior period. These are secured by one to four family residential mortgages to low- and

moderate-income borrowers in the bank's assessment area. The current book value is approximately \$2.3 million.

**Blue Hub Fund** – The bank continues to hold its investment in the Blue Hub Fund. This investment finances affordable housing, healthcare, education and economic development opportunities in a greater state-wide or regional area, including the bank's assessment area. The current book value of this investment is \$1.0 million.

### ***Current Period Investments***

**Agilitas Energy, Inc.** – The bank committed a total of \$8.1 million in equity investments to Agilitas Energy, Inc. Agilitas Energy Inc. is a solar power company that will be providing low-cost energy to several housing authorities throughout the bank's assessment area.

**USA Institutional Tax Credit Fund** – During the exam period, the bank committed \$5.0 million to the USA Institutional Tax Credit Fund. This fund will be used for the redevelopment of an 83-unit affordable housing project located in the bank's assessment area.

### **Donations**

During the evaluation period, the bank made approximately \$1.2 million in qualified donations. These donations were through a combination of bank grants as well as donations and grants made through the bank's charitable foundation. The charitable foundation focuses on affordable housing, health and human services, arts and education, and community development. The Bank's \$1.2 million in qualified donations is an increase from the prior evaluation of approximately \$1.1 million in qualified donations. The majority of CRA qualified donations supported community service organizations that primarily serve low- and moderate-income individuals. The following are notable examples of qualified donations.

**Boys and Girls Clubs of Boston** - The Boys and Girls Clubs of Boston enhances development through educational, social and cultural programs that primarily benefit low- and moderate-income at-risk youths. The bank's support for this organization provides much needed community services in the bank's assessment area.

**Bridge Over Troubled Waters** – Bridge Over Troubled Waters provides shelter, meals, education, counseling, career development and community support to at-risk youth in the City of Boston. This organization addresses many community service needs for low- and moderate- income areas and individuals throughout the City of Boston.

**Medford Community Housing** – Medford Community Housing works to make housing in Medford affordable, safe and inclusive for everyone that works and lives in the City of Medford. The bank's donations help this organization promote the development, rehabilitation and maintenance of affordable housing for low- and moderate-income individuals and families.

**Community Investment Tax Credits (CITC)** – The Massachusetts CITC Program is designed to allow local organizations and residents to work through community development corporations to

partner with local non-profit, public and private organizations to improve economic opportunities for low- and moderate-income individuals, families and areas throughout the Commonwealth. The bank purchased several CITCs during the exam period.

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

The bank exhibits good responsiveness to credit and community development needs. The bank provided approximately \$12.6 million in investments and donations for affordable housing initiatives, which examiners identified as a significant need given the assessment area's high housing costs and lack of affordable housing. The bank's new investments created approximately 93 new affordable housing units in the bank's assessment area. The bank also made 228 investments and donations that supported low- and moderate-income individuals and families through a wide range of other community development services in the assessment area.

### **Community Development Initiatives**

The institution makes extensive use of innovative and/or complex investments to support community development initiatives. During the exam period, the bank made innovative investments in underserved markets which include minority and women-owned businesses, as well as provided low-cost energy to several housing authorities through renewable energy. These types of investments are not routinely provided by other investors.

## **SERVICE TEST**

The bank's overall Service Test performance is rated High Satisfactory. The bank's good performance with regard to retail services and community development services supports this conclusion. The following sections discuss the bank's performance under each criterion.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the bank's assessment area. The bank maintains 11 full-service branches. The new full-service branch in Medford shares a location with a limited-service branch that is only accessible to cannabis business customers and ATM vendors. As a result, the limited-service branch is not included in the total number of branches. All full-service branches offer an ATM service, and ten of the branches also include drive-thru services.

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

<b>Branch and ATM Distribution by Geography Income Level</b>												
<b>Assessment Area: Needham Bank</b>												
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>		<b>ATMs</b>		<b>Opened Branches</b>		<b>Closed Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	56	11.5	217,557	11.5	1	9.1	1	5.6	0	0.0	0	0.0
Moderate	85	17.5	354,325	18.8	1	9.1	1	5.6	1	100.0	0	0.0
Middle	122	25.2	491,456	26.1	2	18.2	3	16.7	0	0.0	0	0.0
Upper	190	39.2	783,022	41.5	7	63.6	13	72.2	0	0.0	0	0.0
Not Available	32	6.6	39,803	2.1	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>485</b>	<b>100.0</b>	<b>1,886,163</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>

*Source: 2020 ACS  
Due to rounding, totals may not equal 100.0%*

The bank operates one branch, or 9.1 percent of total branches, in a low-income census tract, which is lower than the percentage of low-income census tracts in the assessment area and below the percentage of the population that resides in those tracts. The bank has one, or 9.1 percent, of its branches in a moderate-income tract, which are below the percentage of moderate-income tracts and below the population residing in moderate-income tracts. The bank has two branches (Dedham and Westwood) in middle-income tracts that are within a one-mile radius to low- and moderate-income census tracts; as well as two branches (Ashland and Natick) in upper-income tracts that are within a three-mile radius to low- and moderate-income census tracts. With the exception of the Dedham branch, all other branches situated in a middle- or upper-income census tract are within a one-mile radius to public transportation; Dedham is located within a three-mile radius. The close proximity to public transportation maximizes the branches accessibility to the public.

In addition to the bank’s branches and ATMS, the bank offers alternative delivery systems which expand retail banking service access to all its customers. The bank offers online and mobile banking to all its customers. Customers can manage their finances 24 hours a day online or on their mobile device. Customers can receive real-time updates, transfer funds, make deposits, and make person-to-person transfers 24 hours a day.

**Changes in Branch Locations**

To the extent changes have been made, the bank’s opening and closing of branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or to low- and moderate-income individuals.

A new full-service branch was opened in Medford, Massachusetts in December 2022, which is situated in a moderate-income census tract. At this same time, the Specialized Banking Center (SBC), the bank’s limited-service branch, was relocated from 400 Mystic Avenue to 270 Mystic Avenue. The SBC maintains access for Money Service Business customers, Marijuana Related

Business customers, and ATM vendors only. This did not negatively impact accessibility as the bank opened a new neighboring full-service branch, increasing its accessibility to the public. The bank has not closed any branches since the previous evaluation.

**Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. All retail branches offer the same loan and deposit products and services.

The bank maintains similar hours at most of its locations. The majority of full-service branches maintain hours from 8:00 am to 4:00 pm Monday through Wednesday, with extended hours on Thursday and Friday until 5:30 pm, and Saturday hours from 8:00 am to 12:00 pm. The two exceptions include: the main office, which opens Monday through Friday at 7:00 am; and the Dover Branch, that is only open Monday through Friday until 4:00 pm.

**Community Development Services**

The bank provides a relatively high level of community development services. During the evaluation period, the bank provided 1,395 hours of community development services to 49 local community development organizations; this represents an increase in hours since the prior examination. Bank employees provide technical support and financial expertise by serving on the Boards and other committees of community development organizations, as well as providing extensive financial literacy and education to low -and moderate -income individuals. This involvement demonstrates the bank's leadership and responsiveness to community needs. The following table reflects the hours of community services provided during the evaluation period 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>
11/8/2022-12/31/2022	2	37	0	2	<b>41</b>
2023	22	398	230	35	<b>685</b>
2024	7	380	281	0	<b>669</b>
<b>Total</b>	<b>31</b>	<b>816</b>	<b>511</b>	<b>37</b>	<b>1,395</b>
<i>Source: Bank Data</i>					

The following are examples of community development services provided.

- ***Crossroads, Inc*** – This organization focuses on community services for low- and moderate-income children and teens across Greater Boston by offering a leadership program. The organization teaches children different strategies through civic engagement and intentional exploration that can be applied toward future career opportunities. The bank’s CRA Officer serves on the Board of this organization.

- ***The Dimock Center*** - This organization, located in a low-income area, promotes community service by offering health care and family services to low-and moderate-income families. The organization temporarily houses families that cannot afford housing and assists in finding them a permanent home. A Board member of the bank serves on the Board of Directors for this organization.
- ***City of Boston Home Center*** – This organization primarily supports affordable housing to low-and moderate-income residents by providing down payment and closing cost financial assistance programs. The organization also offers first-time homebuyer courses, monthly workshops, and foreclosure prevention counseling. Several bank employees serve this organization.
- ***Washington Gateway Main Street*** - This organization, located in a moderate-income census tract, focuses on revitalizing and stabilizing communities in the South End and Lower Roxbury. These portions of the neighborhoods are comprised of low- and moderate-income areas, and the support of small businesses and beautification of the streets reflect community development. A Senior Vice President of the bank served as Treasurer on the Board of this organization.

*Other Community Development Services*

- ***Interest on Lawyers Trust Accounts (IOLTA)*** – The bank participates in the IOLTA initiative. This program uses interest earned from CRA-qualified community organizations and provides legal assistance support to low-and-moderate-income clients. These organizations primarily serve low- and -moderate-income residents of Massachusetts.
- ***Basic Banking for Massachusetts*** – The bank participates in this statewide program set forth by the Massachusetts Community and Banking Council (MCBC), where low-and moderate-income individuals are offered to open low-cost checking and savings accounts.

## **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 DOB 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.

## 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 are located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, requires all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

1. Make its most current CRA performance evaluation available to the public.
2. At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area.
3. Add the following language to the institution's required CRA public notice that is posted in each depository facility:

“You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 1063 Great Plain Avenue Needham, Massachusetts 02492.”

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

4. Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered, or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.