

PUBLIC DISCLOSURE

November 7, 2022

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.

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INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY

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

	NEEDHAM BANK		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	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

- NB’s lending levels reflect good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.
- A high percentage of loans are made in the bank’s assessment area.
- The bank demonstrates an adequate geographic distribution of loans in its assessment area.
- The bank has an adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank has an adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- The bank makes extensive 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.

- NB is a leader in making community development loans.

Investment Test

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

Service Test

- The bank's service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- 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- and moderate-income geographies or to low- and moderate-income individuals.
- Its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals; and
- NB provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

NB is a state-chartered mutual cooperative bank headquartered at 1063 Great Plain Avenue, Needham, MA. In addition to its main branch, the bank maintains nine full-service branches in Ashland, Dedham, Dover, Medfield, Millis, Mission Hill, Natick, Wellesley, and Westwood, MA, and one limited-service branch in Medford, MA. Each branch location has a deposit-taking ATM. In addition, the bank operates a deposit-taking ATM at the Beth Israel Deaconess Hospital in Needham, MA, as well as a cash-only ATM in Westwood. As of the September 30, 2022 Consolidated Report of Income and Condition (Call Report), the bank reported total assets of \$3.3 billion. The bank has experienced asset growth since the previous CRA evaluation, dated March 19, 2020, when its assets totaled \$2.3 billion (using the September 30, 2019 Call Report data), primarily as a result of the COVID-19 pandemic. As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), NB participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and began making these loans in the second quarter of 2020. Additionally, the low-rate environment during the pandemic caused an increase in lending and the bank expanded its consumer lending portfolio. The previous evaluation was conducted concurrently by the Federal Reserve Bank of Boston and the Massachusetts Division of Banks and resulted in "Satisfactory" ratings by both agencies.

As the data in Table 1 shows, NB's lending is focused on real estate-secured loans, which comprise 85.8 percent of the loan portfolio. The bank is primarily a residential lender, with 39.5 percent of loans in 1-4 family residential, multi-family (5 or more) residential, and revolving 1-4 family residential loans. Residential real estate lending has decreased since the previous evaluation when 1-4 family closed-end loans stood at \$1.02 billion and represented 50.7 percent of the bank's portfolio. Currently, closed end loans secured by 1-4 family residential properties total \$864.2 million, comprising 31.6 percent of the bank's loan portfolio. Commercial real estate lending, conversely, has increased since the previous evaluation when commercial real estate lending totaled \$361.4 million, and comprised 17.9 percent of the bank's portfolio. As displayed below, commercial real estate lending totals \$751.5 million and comprises 27.5 percent of the portfolio. Refer to Table 1 for the breakout of the bank's loan portfolio.

Table 1		
Loan Distribution as of September 30, 2022		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans (%)
1-4 Family Residential	864,175	31.60%
Commercial Real Estate	751,454	27.50%
Construction and Land Development	511,065	18.70%
Multi-Family (5 or more) Residential	151,451	5.50%
Revolving 1-4 Family Residential	66,734	2.40%
Secured by Farmland	1,378	0.10%
Total Real Estate Loans	2,346,257	85.8%
Commercial and Industrial	212,734	7.80%
Consumer Loans	166,950	6.10%
Obligations of state and political subdivisions in the U.S.	8,032	0.30%
Other Loans	37	0.00%
Total Loans	2,734,010	100.00%

Consolidated Report of Condition and Income as of 09/30/2022

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

In addition to the loan products noted above, the bank provides a variety of deposit services including savings and checking accounts, money market accounts, negotiable order of withdrawal 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. As of September 30, 2022, the bank's deposits totaled \$2.7 billion, an increase of \$1 billion since the previous CRA evaluation. Deposit growth began in the second quarter of 2020 related to the COVID-19 pandemic due to decreased consumer spending at the onset of the pandemic, an influx of stimulus and unemployment checks as part of the CARES Act, and PPP funds.

The bank maintains a website at www.needhambank.com. The website provides information about personal, business, commercial, and investment products and services. The website also provides access to online banking, branch and ATM location information, financial calculators, and news about the bank's involvement in the community.

The bank operates in a highly competitive environment, in which there are numerous depository institutions, including many large banks with a national presence. According to the June 30, 2022, Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report, 58 banks operate 418 branch offices within the bank's defined assessment area. The bank ranked 13th, with 0.7 percent of the market share. The largest market share holders were

larger institutions such as State Street Bank and Trust Company (45.0 percent), Bank of America, NA (21.0 percent), Citizens Bank, NA (9.9 percent), and Santander Bank, NA (4.3 percent).

The bank also faces strong competition in terms of originating home mortgage loans. In 2020, there were 554 Home Mortgage Disclosure Act (HMDA) reporters who originated or purchased a home mortgage loan within the bank's assessment area. Originations in the assessment area totaled 81,970, and purchases totaled 12,921. With 489 originations, the bank was ranked 44th in that year. In 2021, 563 reporters originated or purchased 95,470 loans. The bank was ranked 49th in that year, with 437 originations.

Further competition exists with regard to small business lending. In 2020, there were 224 lenders who reported originating a small business loan within the bank's assessment area; NB was ranked 22nd, with 703 loans. In 2021, there were 216 lenders; NB ranked 20th, with 558 loans. Aside from strong competition, there are no other known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment area.

NB 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 Metropolitan Statistical Area (MSA) and a portion of Worcester County in the Worcester, MA-CT MSA. The Boston, MA (MD) and Cambridge-Newton-Framingham, MA (MD) are both included in the broader Boston-Cambridge-Newton, MA-NH MSA. Norfolk County cities and towns include Brookline, Dedham, Dover, Franklin, Medfield, Medway, Millis, Needham, Norfolk, Norwood, Walpole, Wellesley, and Westwood. Middlesex County cities and towns include Arlington, Ashland, Belmont, Cambridge, Everett, Framingham, Holliston, Hopkinton, Malden, Medford, Natick, Newton, Sherborn, Somerville, Waltham, Watertown, Wayland, and Weston. The bank also includes in its assessment area the cities of Chelsea and Boston in Suffolk County, and the town of Milford in Worcester County.

The bank acquired Eastern Bank's, Boston, MA, marijuana business banking, money service business, and ATM vendor customers, resulting in the acquisition of a new limited-service specialized banking center/branch in Medford on April 1, 2022. As a result, the bank expanded the assessment area to include Arlington, Belmont, Cambridge, Chelsea, Everett, Malden, Medford, and Somerville. Given the new branch and bank's lending volume in these cities and towns, the expanded assessment area reflects an area in which the bank can reasonably expect to serve.

Details regarding the bank’s assessment area are provided in Table 2:

Table 2 Assessment Area		
MSA	Counties	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>	Chelsea and Boston
Worcester, MA-CT MSA	<i>Worcester</i>	Milford

Source: Bank Provided

As displayed in Table 3, the bank’s assessment area consists of 419 census tracts, of which 56, or 13.4 percent are low-income, 95, or 22.7 percent, are moderate-income, 108, or 25.8 percent, are middle-income, 147, or 35.1 percent, are upper-income and 13, or 3.1 percent, are designated as unknown-income. Of the total families in the assessment area, 11.6 percent are low-income, 21.0 percent are moderate-income, 26.3 percent are middle-income, and 40.8 percent are upper-income. Of the total families, 9.5 percent live below the poverty level.

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	56	13.4	45,199	11.6	12,329	27.3	100,407	25.8
Moderate	95	22.7	81,671	21.0	12,321	15.1	58,307	15.0
Middle	108	25.8	102,106	26.3	7,010	6.9	66,573	17.1
Upper	147	35.1	158,598	40.8	4,928	3.1	163,330	42.0
Unknown	13	3.1	1,043	0.3	163	15.6	0	0.0
Total AA	419	100.0	388,617	100.0	36,751	9.5	388,617	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	82,271	15,363	4.5	18.7	60,673	73.7	6,235	7.6
Moderate	167,837	51,449	15.2	30.7	104,414	62.2	11,974	7.1
Middle	207,249	98,383	29.1	47.5	97,582	47.1	11,284	5.4
Upper	274,670	171,412	50.8	62.4	87,580	31.9	15,678	5.7
Unknown	4,063	1,086	0.3	26.7	2,555	62.9	422	10.4
Total AA	736,090	337,693	100.0	45.9	352,804	47.9	45,593	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	8,017	8.1	7,144	8.0	821	8.5	52	7.4
Moderate	15,211	15.3	14,014	15.8	1,114	11.5	83	11.8
Middle	23,569	23.8	21,047	23.7	2,406	24.9	116	16.5
Upper	51,610	52.0	45,948	51.8	5,214	53.9	448	63.6
Unknown	754	0.8	632	0.7	117	1.2	5	0.7
Total AA	99,161	100.0	88,785	100.0	9,672	100.0	704	100.0
Percentage of Total Businesses:				89.5		9.8		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.

Housing Characteristics

The assessment area contains 736,090 housing units, of which 45.9 percent are owner-occupied, 47.9 percent are rental, and 6.2 percent are vacant units. It is noted that under half the units within the assessment area are owner-occupied. A shortage in the supply of owner-occupied units typically increases pricing, making home ownership less attainable for low- and moderate-income individuals. The overall demographic make-up of the bank's assessment area is highly impacted by the City of Boston, which contains 37.8 percent (278,521) of the total housing units in the assessment area. Within Boston, just 31.6 percent of the units are owner-occupied.

As depicted in Table 3, of the total owner-occupied units in the assessment area, 4.5 percent are located within low-income census tracts, 15.2 percent are located in moderate-income census tracts, 29.1 percent are located within middle-income census tracts, 50.8 percent are located in upper-income census tracts, and 0.3 percent are located in census tracts where income is unknown. A very low percentage of owner-occupied units within the low-income geographies would impact a bank's ability to extend home mortgage loans within those census tracts. The majority of units within the assessment area's low-income census tracts, 73.7 percent, are rental; therefore, the majority of demand would be from investors. Within the assessment area's moderate-income census tracts, 30.7 percent of the units are owner-occupied, 62.2 percent are rental, and 7.1 percent are vacant. Within middle- and upper-income geographies within the assessment area, a majority of units are owner-occupied, at 47.5 percent and 62.4 percent, respectively.

Approximately 67.4 percent of the housing units in the assessment area are 1-4 family properties, 32.5 percent are multi-family units, and 0.1 percent are mobile homes. The median age of housing in the assessment area is 61 years, which may indicate a need for home improvement lending. Home values have a significant impact on an institution's ability to lend and on the opportunity for individuals to borrow. The median home value in the assessment area is \$447,100. The median home value within the low-income geographies is slightly more affordable, at \$328,149; moderate-income geographies have a median home value of \$342,908, middle-income census tracts have a median home value of \$393,952; within upper-income census tracts the median home value is \$559,863; and within geographies for which income levels were unknown the median value is \$599,206.

Business Characteristics

According to Dun & Bradstreet, Short Hills, NJ (D&B) data for 2020, 89.5 percent of businesses in the assessment area had revenues under \$1 million, 9.8 percent had revenues over \$1 million and 0.6 percent were unreported. When the data was updated in 2021, 89.5 percent of businesses have revenues under \$1 million, 9.8 percent have revenues over \$1 million, and 0.7 percent were unreported. The distribution of businesses across census tract income levels remained stable across the years. In 2020, 8.1 percent of businesses were located in low-income census tracts,

15.2 percent were located in moderate income census tracts, 23.6 percent were in middle-income tracts, 52.3 percent were located in upper income census tracts, and 0.8 percent were located in tracts with no income designation. Based on the updated 2021 figures, 8.1 percent of business are located in low-income census tracts, 15.3 percent are in moderate-income tracts, 23.8 percent are in middle-income tracts, 52.0 percent are in upper-income census tracts, and 0.8 percent are in census tracts were in areas where there was an unknown designation.

Population Characteristics

The assessment area has a population of 1,795,000 individuals. Based on the 2021 data, the population was distributed by geography as follows: 12.2 percent in low-income tracts, 23.2 percent in moderate-income tracts, 27.2 percent in middle-income tracts, 37.0 percent in upper-income tracts, and 0.5 percent in the unknown tracts. Approximately 25.8 percent of families in the assessment area are classified as low-income, 15.0 percent are moderate-income, 17.1 percent are middle-income, and 42.0 percent are upper-income. There is a wide disparity in income levels within the assessment area, as evidenced by this distribution. Further, the percent of assessment area families with incomes below the poverty level is 9.5 percent. Of the total families with incomes below the poverty level, 67.1 percent reside in the assessment area's low- and moderate-income census tracts. Within the Commonwealth of Massachusetts, 8.7 percent of families have incomes below the poverty level. As stated, Boston comprises a significant portion of the bank's assessment area. Of the total population, 650,281, or 36.2 percent, reside in Boston. Of the 36,751 families residing below the poverty level, 20,785, or 56.6 percent, live in Boston.

Income

The Federal Financial Institutions Examination Council (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 4 provides a break-out of each MSA/Metropolitan Division (MD) median family income (MFI) estimate within the assessment area for 2020 and 2021. The Cambridge-Newton-Framingham, MA (MD) had the highest MFI within the assessment area at \$118,800 for 2020 and \$120,200 for 2021 followed by the Boston, MA (MD) MFI at \$109,800 for 2020 and \$113,700 for 2021. The Worcester, MA-CT (MSA) MFI was \$95,300 for 2020 and \$96,700 for 2021. While the MFI is relatively high, it is important to note the income disparity identified earlier. For example, both the Boston, MA (MD) and Worcester, MA-CT (MSA) have a lower MFI than the assessment area as a whole. However, the Boston, MA (MD) impacts the

assessment area more, as the Worcester, MA-CT (MSA) includes only the town of Milford. Further, the MFI varied within each county comprising the assessment area.

Table 4 2020 & 2021 Median Family Income		
MSA/MD	FFIEC Estimated MFI	
	2020	2021
Boston, MA (MD)	\$109,800	\$113,700
Cambridge-Newton-Framingham, MA (MD)	\$118,800	\$120,200
Worcester, MA- CT (MSA)	\$95,300	\$96,700

FFIEC MFI Estimates

Employment Statistics

National, regional, and local unemployment rates increased over the evaluation period as a result of the COVID-19 pandemic. The national non-seasonally adjusted annual unemployment rates for 2020 and 2021 were 8.1 percent and 5.3 percent, respectively. The Massachusetts non-seasonally adjusted annual unemployment rates for 2020 and 2021 were 9.4 percent and 5.7 percent, respectively. Annual non-seasonally adjusted rates for 2020 and 2021 within the assessment area were generally lower than state and national averages. For example, the non-seasonally adjusted annual unemployment rates for Needham were 6.1 percent in 2020 and 3.8 percent in 2021 and the non-seasonally adjusted annual unemployment rates for Westwood were 6.6 percent in 2020 and 3.8 percent in 2021. Conversely, several of the cities and towns in the assessment area were higher than state and national averages. For instance, the non-seasonally adjusted annual unemployment rates for Boston were 9.8 percent in 2020 and 5.8 percent in 2021. Additionally, the non-seasonally adjusted annual unemployment rates for Chelsea were 12.8 percent in 2020 and 7.0 percent in 2021.

SCOPE OF EXAMINATION

NB's performance review was based on CRA activities conducted using the 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 data used for the evaluation and the applicable timeframes are discussed below.

The evaluation for this CRA performance review included residential loan data under the HMDA and small business loans originated by the bank from January 1, 2020, through December 31, 2021. Small business loan data was obtained from the small business loan registers produced and maintained by the bank, as required for large banks under the CRA. For the purposes of this evaluation, small business loans include nonfarm nonresidential real estate and commercial and industrial loans with original loan amounts of \$1 million or less. Residential mortgage loans included home purchase, home improvement loans, and refinance loans for one-to-four family and multi-family (five or more unit) properties. Residential loans with a purpose of "other" and/or "not applicable" were excluded from the evaluation. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment areas. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment areas. "Other purpose" loans were excluded from the aggregate. The bank's residential mortgage lending performance was also compared to demographics from the 2021 FFIEC Census Data. Aggregate data for small business lending was obtained from data reported to the FFIEC, and to demographic information obtained from D&B. Information for 2020 and 2021 is reported in tables unless otherwise noted.

Based on the bank's Call Report as of September 30, 2022, the bank's loan portfolio was primarily distributed between residential real estate loans (39.5 percent) and commercial loans (35.3 percent). As residential lending represents a larger portion of the bank's portfolio, more emphasis was placed on residential loans compared to small business loans for each performance criterion of the Lending Test based on the number of originations during the review period. While both the number and dollar volume of the bank's loans were reviewed, the number of

¹ "Large institutions" are banks or savings associations with assets of at least \$1.384 billion as of December 31 of both of the prior two calendar years.

originations was weighted more heavily than the dollar volume, as the number of loans originated is more indicative of loan demand.

Community development activities are not evaluated using a separate test, but are included as a component of the Lending, Investment, or Service Test, depending on the nature of the activity. For the community development component of the Lending Test, the Investment Test, and the Service Test, the evaluation period spanned from the prior CRA evaluation on March 19, 2020, to the current evaluation date of November 7, 2022. 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.

Activity in which the bank engaged in response to the COVID-19 pandemic was evaluated as part of this review. This included lending, investment, and customer accommodations the bank provided. In response to the pandemic, in partnership with the SBA, the bank administered PPP loans as part of the CARES Act. These loans were designed to help businesses retain workers and staff during the economic hardships resulting from the COVID-19 pandemic. The bank originated 1,600 PPP loans, totaling \$228.6 million, and both existing customers and new-to-bank customers were welcome to apply. In addition, the bank offered loan modifications on many of its products. Through a hardship program, based on September 30, 2020 Call Report data, the bank had approved 164 applications, totaling \$240.7 million, to modify loans affecting those experiencing financial hardship due to the COVID-19 pandemic.

Community Contact

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 area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

Two community representatives were contacted to understand relevant economic and community credit needs within the assessment area and are referenced in this review. One contact was conducted with the executive director of a community development corporation (CDC) dedicated to serving Boston neighborhoods and the greater Boston area. The contact cited the need for affordable housing within the city in addition to financial literacy classes to help the underbanked learn about and access the banking system. The contact also noted a need for investments in clean energy to aid in combating climate change, particularly the rising sea level in Boston. In the contact's experience, gentrification within the area, the housing shortage, and current high interest rate environment has created more barriers for home ownership and affordable housing within the city and greater Boston area. The contact felt credit needs included more first-time homebuyer income restricted mortgage products, or programs similar to the loan modifications that came out of the CARES Act to allow first-time home buyers

struggling financially to stay in their homes. The second contact was conducted with the executive director of a community council serving a town within the bank's assessment area. The contact cited affordable housing as the largest challenge within the area they serve, in addition to meeting the needs of their area caused by the COVID-19 pandemic, including increased food pantry usage. The contact indicated that within the area served, many traditional first-time home buyer programs, such as down payment assistance, would not make housing more affordable in the area due to the current market and housing prices. Additionally, the contact indicated that land restrictions within the area an added barrier to creating more affordable housing units.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

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

Lending levels reflect good responsiveness to 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 made a high percentage of loans in its assessment area and demonstrates an adequate geographic distribution of loans in its assessment area. The bank demonstrates an adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered. The bank exhibits an adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. The bank makes extensive 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. Finally, the bank demonstrates it is a leader in making community development loans.

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 credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

This criterion evaluates the number and amount of the bank's home mortgage and small business loans in the bank's assessment area. The bank originated 489 home mortgage loans, totaling \$345.0 million, within the assessment area in 2020. As previously mentioned, the bank was ranked 44th of the 554 lenders who originated or purchased a home mortgage within the assessment area. The majority of the bank's loans, 344 or 70.3 percent, were for the purpose of refinancing, primarily as a result of the low interest rate environment driven by the economic conditions during the pandemic. The bank also extended 131 home purchase loans and 7 home improvement loans; 7 of the bank's loans were secured by multi-family properties. In 2021, the bank extended 434 home mortgage loans totaling \$392.9 million in the assessment area and was ranked 49th of 563 reporters. The bank extended 307 refinance loans, 106 home purchase loans, 12 multi-family loans, and 9 home improvement loans. The low interest rate environment continued to drive refinance loan demand.

Small business lending significantly increased over this period, as the bank extended 703 small business loans, totaling \$65.8 million, within the assessment area in 2020, and an additional 558 loans totaling \$52.1 million in 2021. This increased lending was primarily the result of PPP lending to small businesses to help keep their workforce employed during the COVID-19 pandemic.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 5 demonstrates a high percentage of loans are made in the bank’s assessment area. The following table presents the bank’s levels of lending inside and outside the assessment area for the entire evaluation period.

Table 5 Lending Inside and Outside the Assessment Area										
Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase	237	57.2	192,869	65.3	177	42.8	102,671	34.7	414	295,540
Home Improvement	16	80.0	12,947	94.8	4	20.0	710	5.2	20	13,657
Multi-Family Housing	19	67.9	146,301	86.1	9	32.1	23,668	13.9	28	169,969
Refinancing	651	81.7	385,759	84.3	146	18.3	71,918	15.7	797	457,677
Total HMDA related	923	73.3	737,876	78.8	336	26.7	198,967	21.2	1,259	936,843
Total Small Business	1,261	78.1	117,937	71.1	353	21.9	47,865	28.9	1,614	165,802
TOTAL LOANS	2,184	76.0	855,813	77.6	689	24.0	246,832	22.4	2,873	1,102,645

HMDA and small business data for 2020 and 2021

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

The bank made a total of 2,873 HMDA and small business loans during 2020 and 2021. Of these loans, 76.0 percent by number and 77.6 percent by dollar volume were made inside the assessment area.

Residential Lending

The bank made a high percentage of its HMDA loans in its assessment area. During the evaluation period, the bank originated a total of 1,259 loans, of which 73.3 percent by number and 78.8 percent by dollar amount were originated in the assessment area. Within the assessment area, refinance loans (651) comprise the largest portion of loans within the assessment area, at 70.5 percent by number, followed by home purchase loans (237) at 25.7 percent, multi-family (19) at 2.1 percent, and home improvement loans (16) at 1.7 percent.

Small Business Lending

The bank made a high percentage of its small business loans in its assessment area. During the evaluation period, the bank originated a total of 1,614 small business loans. As shown in Table 5, 78.1 percent by number and 71.1 percent by dollar amount were originated in the assessment area in 2020 and 2021. The particularly high number of small business loans was the result of the bank's participation in the PPP loan program. The high percentage of small business loans, including PPP loans, within the assessment area is notable given the credit needs of the area during the COVID-19 pandemic.

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 in its assessment area.

Residential Lending

Table 6 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 HMDA-reportable loans is considered adequate.

Table 6
Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography

Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	6	4.6	5.0	2,751	2.7	4.0	8	7.5	5.9	7,060	7.7	5.1	4.5
Moderate	21	16.0	17.6	13,480	13.3	13.4	16	15.1	19.7	14,645	16.0	16.2	15.2
Middle	30	22.9	28.2	16,059	15.9	24.6	28	26.4	28.1	14,855	16.2	24.7	29.1
Upper	74	56.5	48.7	68,786	68.1	57.4	54	50.9	45.6	55,233	60.2	53.4	50.8
Unknown	0	0.0	0.6	0	0.0	0.6	0	0.0	0.6	0	0.0	0.7	0.3
Total	131	100.0	100.0	101,076	100.0	100.0	106	100.0	100.0	91,793	100.0	100.0	100.0
Refinance Loans													
Low	9	2.6	4.2	7,128	3.8	3.8	11	3.6	4.8	8,603	4.4	4.2	4.5
Moderate	21	6.1	15.1	10,264	5.4	13.1	24	7.8	16.0	11,589	5.9	13.6	15.2
Middle	76	22.1	28.1	31,753	16.8	25.7	53	17.3	27.8	26,192	13.3	24.0	29.1
Upper	237	68.9	52.2	139,505	73.8	57.0	219	71.3	51.1	150,284	76.4	57.8	50.8
Unknown	1	0.3	0.4	441	0.2	0.5	0	0.0	0.4	0	0.0	0.4	0.3
Total	344	100.0	100.0	189,091	100.0	100.0	307	100.0	100.0	196,668	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	4.3	0	0.0	4.5	2	22.2	4.0	2,186	24.8	3.2	4.5
Moderate	1	14.3	13.5	1,225	29.6	12.7	1	11.1	12.6	490	5.6	9.4	15.2
Middle	2	28.6	27.9	330	8.0	24.8	0	0.0	27.1	0	0.0	24.5	29.1
Upper	4	57.1	54.1	2,586	62.4	57.7	6	66.7	56.2	6,130	69.6	62.7	50.8
Unknown	0	0.0	0.2	0	0.0	0.2	0	0.0	0.1	0	0.0	0.2	0.3
Total	7	100.0	100.0	4,141	100.0	100.0	9	100.0	100.0	8,806	100.0	100.0	100.0
Multi-family Loans													Multi-family Units %
Low	2	28.6	18.9	17,605	34.7	14.9	5	41.7	15.2	21,381	22.4	11.7	13.9
Moderate	2	28.6	32.9	19,150	37.8	33.2	6	50.0	32.2	73,125	76.5	28.1	24.6
Middle	2	28.6	24.8	9,440	18.6	27.0	0	0.0	29.5	0	0.0	33.6	27.7
Upper	1	14.3	22.9	4,500	8.9	24.7	1	8.3	22.4	1,100	1.2	26.2	32.6
Unknown	0	0.0	0.5	0	0.0	0.2	0	0.0	0.6	0	0.0	0.4	1.2
Total	7	100.0	100.0	50,695	100.0	100.0	12	100.0	100.0	95,606	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	17	3.5	4.5	27,484	8.0	4.5	26	6.0	5.1	39,230	10.0	4.9	4.5
Moderate	45	9.2	15.7	44,119	12.8	14.4	47	10.8	17.0	99,849	25.4	15.2	15.2
Middle	110	22.5	28.0	57,582	16.7	25.3	81	18.7	27.8	41,047	10.4	24.7	29.1
Upper	316	64.6	51.3	215,377	62.4	55.3	280	64.5	49.7	212,747	54.2	54.7	50.8
Unknown	1	0.2	0.4	441	0.1	0.5	0	0.0	0.4	0	0.0	0.5	0.3
Total	489	100.0	100.0	345,003	100.0	100.0	434	100.0	100.0	392,873	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

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

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

As displayed in Table 6, the bank originated 3.5 percent of its residential mortgage loans within low-income census tracts, which lagged the aggregate, at 4.5 percent, and the percentage of owner-occupied housing units, at 4.5 percent, in 2020. Conversely, the bank's performance in 2021 exceeded the aggregate and demographic indicator. NB originated 6.0 percent of loans in low-income tracts compared to 5.1 percent of the aggregate, and 4.5 percent of owner-occupied units. By product type, the bank's residential mortgage lending in low-income census tracts was below the aggregate for home purchase and refinance loans, while it exceeded the aggregate for multi-family loans in 2020. The bank made no home improvement loans to low-income census tracts in 2020. Conversely, in 2021 the bank's residential mortgage lending in low-income census tracts exceeded in the aggregate for home purchase loans, home improvement loans, and multi-family loans, while it lagged the aggregate for refinance loans. Given the low percentage of owner-occupied units in these tracts, it is noted that demand would be more limited.

Within moderate-income census tracts, NB was below the aggregate and demographic indicators in both years. In 2020, the bank originated 9.2 percent of residential mortgage loans compared to the aggregate, at 15.7 percent. In 2021, the bank originated 10.8 percent of residential mortgage loans compared to the aggregate, at 17.0 percent. The percentage of the owner-occupied units was 15.2 percent. By product type, the bank's residential mortgage lending in moderate-income census tracts was below the aggregate for home purchase, refinance, and multi-family loans, while it exceeded the aggregate for home improvement loans in 2020. In 2021, the bank's residential mortgage lending in moderate-income census tracts was below the aggregate for home purchase, refinance, and home improvement loans, while it exceeded the aggregate for multi-family loans. While NB was below the aggregate and demographic indicators in both years for moderate-income census tracts, the bank increased the number of loan originations in moderate-income census tracts compared to the previous CRA evaluation.

Contributing to the lag in penetration of the moderate-income geographies is the bank's presence in Boston, which continues to be a difficult market to penetrate given the low percentage of owner-occupied units in low-and moderate-income census tracts, and high levels of competition. Notably, of the 51,449 total owner-occupied units in moderate-income census tracts in the assessment area, 22,665, or 44.1 percent, are located within the city of Boston. Additionally, 45 of the 56 low-income census tracts, and 49 of the 95 moderate-income census tracts within the bank's assessment area are located in Boston. Additionally, 9 new low-income census tracts and 36 new moderate-income census tracts were added to the bank's assessment area as part of the expansion that occurred in April 2022, which were not an area of lending focus for the bank in 2020 and 2021. This evaluation further indicated that there were no conspicuous gaps, particularly within loans in low- or moderate-income tracts unexplained by performance context.

The bank's overall lending within middle-income census tracts was below the demographic and aggregate indicators in 2020 and 2021, while lending in upper-income tracts exceeded the demographic and aggregate indicators in 2020 and 2021. This is in part attributable to the bank's

historic assessment area and branch presence, which is concentrated within upper-income geographies.

Small Business Lending

Table 7 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loans is poor.

Table 7 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography															
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %		
	2020						2021								
	Bank		Agg	Bank			Agg	Bank		Agg	Bank			Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%		#	%
Low	15	2.1	8.1	1,519	2.3	7.4	14	2.5	8.6	1,684	3.2	7.2			8.1
Moderate	30	4.3	16.9	4,485	6.8	14.0	25	4.5	18.7	2,829	5.4	15.4			15.3
Middle	114	16.2	24.1	15,197	23.1	23.4	104	18.6	24.5	12,562	24.1	22.9			23.8
Upper	542	77.1	50.2	44,551	67.7	53.9	413	74.0	47.5	35,034	67.2	53.2			52.0
Unknown	2	0.3	0.7	44	0.1	1.3	2	0.4	0.8	32	0.1	1.3			0.8
Total	703	100.0	100.0	65,796	100.0	100.0	558	100.0	100.0	52,141	100.0	100.0			100.0

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.

NB’s lending in all income census tract levels saw a substantial increase from the previous evaluation as a result of the PPP loans the bank facilitated during the COVID-19 pandemic. Specifically, the number of loans within the low- and moderate-income tracts is noteworthy and shows the bank’s responsiveness to provide credit to all geographic income levels. Notably, the bank significantly increased its origination volume compared to the last evaluation in both low- and moderate-income census tracts for both 2020 and 2021

However, in 2020 and 2021, the bank’s small business lending significantly lagged the aggregate’s lending and the demographic indicator for the percentage of total businesses in low-income census tracts. As displayed in Table 7, the bank originated 2.1 percent of small business loans within low-income census tracts in 2020, and 2.5 percent in 2021, while the aggregate originated 8.1 percent and 8.6 percent, respectively. The total percentage of businesses in low-income census tracts was 8.1 percent.

Similarly, the bank’s small business lending significantly lagged the aggregate’s lending and the demographic indicator for the percentage of total businesses in moderate-income census tracts

for both 2020 and 2021. The bank originated 4.3 percent of small business loans within moderate-income census tracts in 2020, and 4.5 percent in 2021, while the aggregate originated 16.9 percent and 18.7 percent, respectively. The total percentage of businesses in moderate-income census tracts was 15.3 percent.

Loans in middle-income census tracts lagged the aggregate and the percentage of businesses for both 2020 and 2021. The majority of small business loans, 77.1 percent in 2020 and 74.0 percent in 2022 (where 52.0 percent of businesses were located), were made within upper-income census tracts, reflecting a poor geographic distribution of loans, particularly to low- or moderate-income geographies in its assessment area. However, given the increase in small business lending compared to the previous evaluation and the overall composition of the loan portfolio and lower loan volume of small business loans, this performance carries lower weight. Overall, the geographic distribution of loans is adequate.

An analysis of the bank's geographic lending 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. As mentioned previously, the bank's assessment area is comprised of 56 low-income census tracts and 95 moderate-income census tracts. A review of full-year residential mortgage and small business data for 2020 and 2021, indicates the bank made loans in 22 of the 56 low-income census tracts, and in 41 of the 95 moderate-income census tracts in its assessment area in 2020. In 2021, the bank originated loans within 27 low-income and 44 moderate-income census tracts.

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, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 8 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 8
Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	1	0.8	2.2	130	0.1	0.8	2	1.9	2.4	337	0.4	1.0	25.8
Moderate	12	9.2	12.3	3,853	3.8	6.6	19	17.9	12.0	5,927	6.5	7.0	15.0
Middle	23	17.6	19.6	9,482	9.4	13.5	15	14.2	19.1	7,075	7.7	14.3	17.1
Upper	82	62.6	55.1	70,747	70.0	58.6	50	47.2	53.1	59,525	64.8	62.0	42.0
Unknown	13	9.9	10.8	16,864	16.7	20.5	20	18.9	13.4	18,929	20.6	15.8	0.0
Total	131	100.0	100.0	101,076	100.0	100.0	106	100.0	100.0	91,793	100.0	100.0	100.0
Refinance Loans													
Low	6	1.7	2.5	930	0.5	1.3	9	2.9	3.8	1,810	0.9	1.9	25.8
Moderate	34	9.9	12.0	8,893	4.7	7.9	24	7.8	13.4	5,879	3.0	8.5	15.0
Middle	62	18.0	22.4	22,509	11.9	18.0	55	17.9	20.8	20,251	10.3	16.4	17.1
Upper	224	65.1	54.3	137,981	73.0	61.9	195	63.5	50.0	148,502	75.5	59.6	42.0
Unknown	18	5.2	8.8	18,778	9.9	10.9	24	7.8	12.1	20,226	10.3	13.5	0.0
Total	344	100.0	100.0	189,091	100.0	100.0	307	100.0	100.0	196,668	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	5.4	0	0.0	3.1	0	0.0	5.1	0	0.0	3.4	25.8
Moderate	1	14.3	11.8	180	4.3	8.4	0	0.0	11.1	0	0.0	7.2	15.0
Middle	1	14.3	21.2	150	3.6	16.6	1	11.1	21.2	110	1.2	15.9	17.1
Upper	4	57.1	57.4	2,586	62.4	61.1	5	55.6	59.7	5,625	63.9	64.5	42.0
Unknown	1	14.3	4.2	1,225	29.6	10.7	3	33.3	2.9	3,071	34.9	9.0	0.0
Total	7	100.0	100.0	4,141	100.0	100.0	9	100.0	100.0	8,806	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	7	1.5	2.6	1,060	0.4	1.1	11	2.6	3.4	2,147	0.7	1.6	25.8
Moderate	47	9.8	11.9	12,926	4.4	7.4	43	10.2	12.8	11,806	4.0	7.8	15.0
Middle	86	17.8	21.4	32,141	10.9	16.3	71	16.8	20.2	27,436	9.2	15.4	17.1
Upper	310	64.3	54.4	211,314	71.8	60.7	250	59.2	51.5	213,652	71.9	60.8	42.0
Unknown	32	6.6	9.7	36,867	12.5	14.5	47	11.1	12.1	42,226	14.2	14.4	0.0
Total	482	100.0	100.0	294,308	100.0	100.0	422	100.0	100.0	297,267	100.0	100.0	100.0

Source: 2021 FFIEC Census Data

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

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

Multi-family loans are not included in the borrower distribution analysis.

As displayed in Table 8, in 2020 and 2021, the percentage of loans the bank extended to low-income borrowers was significantly below the percentage of low-income families within the assessment area, at 25.8 percent. The MFI in the assessment area for 2021 was \$111,700, meaning low-income earners would make \$55,850 and under. With a median home value of \$328,149, home ownership for low-income families in the assessment area, particularly those with incomes on the lower end of this category, would be difficult. Given these considerations, the aggregate can often be a better indicator of loan demand. In 2020, the bank originated 1.5 percent of its total mortgage loans to low-income borrowers, performing relatively consistently with the 2020 aggregate, at 2.6 percent. In 2021, the bank originated 2.6 percent of its total mortgage loans to low-income borrowers, again performing relatively consistently with the 2021 aggregate, at 3.4 percent.

In 2020 and 2021, both the bank and the aggregate lagged demographic indicators in lending to moderate income borrowers, as 15.0 percent of families are considered moderate-income. In 2020, the aggregate made 11.9 percent of its loans to moderate-income borrowers and the bank extended 9.8 percent of its loans to borrowers in this income category. In 2021, the aggregate made 12.8 percent of its loans to moderate-income borrowers and the bank extended 10.2 percent of its loans to borrowers in this income category. The performance level of both the bank and the aggregate with regard to demographics may be indicative of affordability challenges facing moderate-income families in the assessment area, particularly in the Boston market.

NB expanded its assessment area in 2017 to include the city of Boston, based on its increase in asset size and growing lending footprint. The bank has strategically focused on expanding its presence in the Boston market, including opening a full-service branch in Mission Hill on June 17, 2020, which now comprises a substantial portion of the bank's assessment area, and thus has a significant impact on the overall demographics of the bank's assessment area. Of note, 36.2 percent of the assessment area's total population resides in Boston; and 56.6 percent of the families in the assessment area that are living below the poverty level reside in the city.

Over the review period, housing prices presented scarce opportunities for homeownership among low- and moderate-income families, particularly for those of very low-income and persons living below the poverty level. In 2020, NB originated 131 home purchase loans in the assessment area, which was a decrease in originations compared to the previous evaluation. One of those loans (0.8 percent) was made to low-income borrowers and 12 loans (9.2 percent) went to moderate-income borrowers. In 2021, NB originated 106 home purchase loans in the assessment area. Of those loans, 2 (1.9 percent) were made to low-income borrowers and 19 loans (17.9 percent) were made to moderate-income borrowers.

Due to the low-rate environment during the COVID-19 pandemic, the bank experienced an increase in its refinance loans. The bank originated 344 refinance loans in 2020 and 307 refinance loans in 2021. The bank made 6 refinance loans (1.7 percent) in 2020, and 9 refinance loans in 2021 (2.9 percent) to low-income borrowers, which fell below the aggregate, at 2.5

percent for 2020, and 3.8 percent for 2021. To moderate-income borrowers, the bank made 34 refinance loans (9.9 percent) in 2020 and 24 refinance loans (7.8 percent) in 2021, which also fell below the aggregate, at 12.0 percent for 2020, and 13.4 percent for 2021.

As previously mentioned, the median home value in the assessment area in 2021 was \$447,100; and according to the Zillow Home Value Index, in Boston, the December 2021 median home value was approximately \$686,332. That same year, the average low-income borrower was making less than \$56,000 annually. These figures underscore the affordable housing challenges facing low- and moderate-income residents in the assessment area, as salaries do not keep pace with housing costs. Additionally, 21.2 percent of households in Boston live below the poverty level, making it difficult for those families to access mortgage loans. An added challenge associated with operating in the city of Boston includes high competition in a heavily banked market, where NB is a relatively new entrant.

In 2020, originations of loans to middle-income borrowers (17.8 percent) were below aggregate indicators, at 21.4 percent. In 2021, loan originations to middle-income borrowers (16.8 percent) were also below the aggregate indicators, at 20.2 percent. For both years, the bank performed relatively consistently with the demographic indicators, at 17.1 percent. The majority of the bank's loans (54.4 percent in 2020, and 59.2 percent in 2021) were extended to upper-income borrowers. The bank had a relatively high percentage of loans for which the borrower income was N/A.

The bank exhibits an adequate record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

Despite the bank lagging the aggregate and demographics among low- and moderate-income borrowers, NB makes extensive use of innovative and/or flexible lending practices in serving the credit needs of its assessment area. The bank extended 71 first-time homebuyer loans during the review period, totaling \$20.8 million. The bank partnered with Massachusetts Housing Partnership and MassHousing, in addition to offering its own loan products through the bank's Community Loan Program (CLP) to make these 71 first-time homebuyer loans.

In partnership with Massachusetts Housing Partnership, the bank originated 28 One Mortgage loans, totaling \$8.9 million. The One Mortgage program is dedicated to first-time home buyers and features include a low, fixed interest rate, as little as 3 percent down; no private mortgage insurance, and financial assistance for eligible buyers. The bank also partnered with MassHousing to offer first-time home buyer financing, and originated 37 loans, totaling \$9.6 million through the program. The MassHousing program offers down payment assistance for eligible first-time home buyers.

The bank acknowledges that given the market dynamics across its assessment area, low- and

moderate-income earners may not qualify for mortgages under conventional underwriting standards. The bank continued to offer its CLP, which offers a discounted mortgage rate, lower down payment, and no private mortgage insurance to low- and moderate-income borrowers. During the review period, the bank made 6 CLP loans, totaling \$2.3 million. As part of the CLP, for certain borrowers, the bank offers a 40-year mortgage product with a 5/5 ARM to help borrowers reduce their monthly payments to amounts that are more easily affordable. NB also continued offering its First Time Homebuyer Programs and seminars. During the review period, the bank sponsored multiple seminars that ‘graduated’ over 1,000 participants. Furthermore, as previously discussed, NB allowed payment deferments for customers experiencing hardship during the COVID-19 pandemic.

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 9 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 9													
Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses													
Business Revenue and Loan Size	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
By Revenue													
\$1 Million or Less	15	2.1	37.4	927	1.4	22.1	466	83.5	42.8	25,470	48.8	23.8	89.5
Over \$1 Million	6	0.9		1,335	2.0		92	16.5		26,671	51.2		9.8
Revenue Unknown	682	97.0		63,534	96.6		0	0.0		0	0.0		0.7
Total	703	100.0		65,796	100.0		558	100.0		52,141	100.0		100.0
By Loan Size													
\$100,000 or Less	530	75.4	86.6	16,553	25.2	30.6	430	77.1	90.9	12,225	23.4	35.6	
\$100,001 - \$250,000	110	15.6	7.8	18,792	28.6	21.4	68	12.2	5.3	11,071	21.2	19.7	
\$250,001 - \$1 Million	63	9.0	5.6	30,451	46.3	48.1	60	10.8	3.7	28,845	55.3	44.7	
Total	703	100.0	100.0	65,796	100.0	100.0	558	100.0	100.0	52,141	100.0	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

As illustrated in Table 9, the volume of small business loans substantially increased in 2020 and 2021 from its previous levels due to the bank's participation in the SBA's PPP. While it appears that NB fell substantially below the percentage of businesses in the assessment area and the aggregate in 2020, the bank's PPP loans comprised a significant portion of the 2020 small business loans, with 97.0 percent without revenue information. Reported revenue was not available for most PPP loans given the program requirements; therefore, examiners could not conduct a meaningful analysis of lending to businesses of different sizes for 2020. However, the loan size was used as proxy for the revenue not available for PPP loans. The majority of PPP loans, 75.4 percent, had loan sizes of \$100,000 or less, indicating the bank is helping to serve the needs of small businesses in the assessment area.

For 2021 PPP lending, NB began collecting revenue information. The bank exceeded the aggregate in extending small business loans to businesses with GARs under \$1 million. The bank originated 466 loans, or 83.5 percent, to businesses with GARs of \$1 million or less in 2021, which was well above the aggregate, at 42.8 percent, and was in line with the demographic indicator at 89.5 percent. However, as most banks included within the aggregate did not collect revenue information for PPP loans, loan size was again used as a proxy. For 2021, the majority of the bank's small business loans, 77.1 percent, had loan sizes of \$100,000 or less, indicating the bank is serving the needs of small businesses in the assessment area.

The bank's small business lending reflects a good responsiveness to assessment area credit needs.

The bank demonstrates extensive use of innovative and/or flexible loan programs to help meet the credit needs of small businesses. The following is a description of innovative and/or flexible lending programs offered by the bank:

- **PPP** - In response to the COVID-19 pandemic, the bank originated 1,600 PPP loans, totaling \$228.6 million. These loans are administered by the SBA as part of the CARES Act. PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria.
- **SBA 504 Loan Program** - During the timeframe of this review, the bank made 18 SBA 504 loans, totaling \$16.0 million. The 504 Loan Program provides long-term, fixed rate financing of up to \$5 million for major fixed assets that promote business growth and job creation. SBA 504 loans are available through Certified Development Companies, SBA's community-based partners who regulate nonprofits and promote economic development within their communities. Certified Development Companies are certified and regulated by the SBA.
- **SBA Express loans** - During the timeframe of this review, the bank made 73 SBA Express loans, totaling \$12.7 million. SBA Express loans are business loans that fall within the SBA's 7(a) loan program. This type of SBA loan can be used for a range of

business purposes, including working capital or the purchase of equipment, real estate, or an existing business.

- **SBA Export loans** – During the timeframe of this review, the bank made 3 SBA Export loans, totaling \$480,000. SBA Export loans are business loans that fall within the SBA’s 7(a) loan program. This type of SBA loan can be used for small business export development.
- **SBA 7a Loan Program** - During the timeframe of this review, the bank made 25 SBA 7a loans, totaling \$10.1 million. The 7a Loan Program provides small businesses with access to working capital, debt refinancing, and purchase of furniture, fixtures, and supplies, up to \$5 million.
- **Massachusetts Capital Access Program (MassCap) loans** - During the timeframe of this review, the bank made 14 MassCap loans, totaling \$4.6 million. 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.
- **Main Street loans** – During the timeframe of this review, the bank made 13 Main Street loans, totaling \$74.9 million. NB partnered with the Federal Reserve to provide support lending to small and medium-sized for- profit businesses and nonprofit organizations that were in sound financial condition before the onset of the COVID-19 pandemic.
- **Small Business Line of Credit (LOC) / Term loans** - During the timeframe of this review, the bank made 34 small business LOC and Term loans, which are in-house loan products, totaling \$2.6 million. These loan products are designed for Small Businesses who have limited financial condition and sophistication which only requires an abbreviated approval, with a maximum loan amount of \$250,000.
- **FastTrack loans:** During the timeframe of this review, the bank made 6 FastTrack loans, an in-house loan product, totaling \$280,000. This product is designed for customers/prospects in the bank’s assessment area that utilizes the businesses stated income and is expedited, with a maximum loan amount of \$50,000.

Community Development Lending

The institution'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 is a leader in providing community development loans. At the time of the previous CRA evaluation in 2020, NB originated 31 community development loans, totaling \$70.6 million, during the review period. During this review period the bank improved its position, originating 46 qualified community development loans, totaling approximately \$111.2 million inside the assessment area, and 18 loans, totaling \$44.7 million, outside the assessment area. This is a significant increase from the prior evaluation.

The majority of the bank's qualified community development loans are related to the SBA PPP loans. The bank extended 29 PPP loans, totaling \$65.4 million, in the assessment area. The PPP loan program is to help businesses keep their workforce employed during the COVID-19 pandemic.

NB made 11 loans, totaling \$37.2 million, related to affordable housing within its assessment area. The loans were in connection with mixed income housing developments within the bank's assessment area. Both community contacts discussed the need for additional affordable housing.

- During the review period, NB originated 9 loans, totaling \$14.9 million, in new construction or refinances to for-profit developers who created 48 affordable units to benefit low- and moderate-income individuals. The amount represented pro-rata community development credit for the loans.
- An organization that educates and mobilizes to increase affordable homeownership received two loans totaling \$6.4 million as a line of credit to continue to assist low- and moderate-income individuals secure a residence.

The bank originated 3 loans, totaling \$8.6 million, to promote economic development within the Commonwealth of Massachusetts.

- An SBA 504 loan for \$1 million was provided to assist a for-profit borrower for the acquisition of two retail owner-occupied units. The loan provided the organization with funds to locate a restaurant. The SBA 504 Loan program is a powerful economic development loan program that offers small businesses another avenue for business financing, while promoting business growth, and job creation.
- NB originated 2 loans, totaling \$7.5 million, to a commercial solar energy developer and fund manager to finance solar projects in Massachusetts. The loans help reduce energy

costs to low- and moderate-income customers and non-profits organizations.

Table 10 below details the bank’s qualified community development loans within the assessment area by primary community development purposes.

Table 10 Qualified Community Development Loans in the Assessment Area								
Category	2020 (March 20 - December 31)		2021		2022 YTD (thru November 7)		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	3	3,526,521	2	6,405,000	6	11,405,059	11	21,336,580
Community Services	0	0	0	0	2	5,600,000	2	5,600,000
Economic Development	19	51,453,870	8	10,761,902.5	3	6,175,900	30	68,391,672.5
Revitalization/Stabilization	0	0	3	15,874,192	0	0	3	15,874,192
Total	22	54,980,391	13	33,041,094.5	11	23,180,959	46	111,202,444.5

Bank provided data

During the evaluation period, NB also made 18 loans, totaling \$44.7 million, outside the assessment area but within the broader statewide area. Of these 18 loans, 10 were PPP loans, and the remaining 8 community development loans supported affordable housing, creating 69 affordable units, as well as small business loans to create and retain small businesses for economic development.

INVESTMENT TEST

NB’s performance under the Investment Test is rated High Satisfactory.

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 a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. The bank demonstrates extensive use of innovative or complex qualified investments. The bank

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

demonstrates good responsiveness to credit and community development needs.

The bank's overall investments totaled \$16,007,457.68, including \$14,655,044.45 in equity investments, \$1,086,251 in donations and grants, and \$266,162.23 in Interest on Lawyers' Trust Accounts (IOLTA).

Equity Investments

The bank extended a significant level of community development investments. Total qualified investments totaled \$14.7 million, of which two are current period investments.

New Equity Investments

The bank made two new equity investments which were considered more innovative. In 2021, NB made a \$7.5 million investment in Sunwealth Solar fund, which invests in diverse commercial solar projects delivering clean energy and energy savings to low- and moderate-income communities and nonprofit organizations while providing strong financial returns to investors and community partners. A community contact noted a need for investment in clean energy to aid in combating climate change. In 2022, the bank committed to a \$2 million investment in Reinventure Capital, a Boston based venture capital fund targeting 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. The fund's investment objective is to construct a portfolio of innovative businesses with a high level of measurable and positive social and economic impact.

Prior Period Equity Investments

The bank holds \$5.2 million in prior period investments. CRA investment credit is provided for those investments that were made prior to the current evaluation, but that are still outstanding. Included in this total are 9 pools of mortgage-backed securities purchased in prior periods with book values totaling \$3.6 million. These were in support of affordable housing. In 2016, the bank made a \$1 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 \$545,895. MHIC is a private non-profit entity that provides financing for affordable housing and community development in New England through housing tax credits.

Grants and Donations

The bank exhibits good responsiveness to the credit and community needs of the assessment area through charitable contributions to organizations, which have supported community development missions such as affordable housing, community services for low-and-moderate-income individuals, economic development, and revitalization efforts. Current period qualified donations total \$1,086,251; a 60.5 percent increase from the total of \$676,808 at the prior evaluation.

Table 11 details the bank’s qualified contributions by primary community development purposes. While the bank’s donations were concentrated in community services, community development categories can often overlap. Many organizations that provide community services to low- and-moderate-income individuals also promote affordable housing, economic development, and local revitalization efforts. As previously noted, the bank’s donations primarily provided support services to low- and moderate-income individuals; these contributions are particularly impactful in the market in which the bank is operating. With the expansion of the assessment area, it should be noted that economic equity remains a defining challenge, as residents in the bank’s assessment area continue to face socioeconomic barriers such as financial security, employment, affordable housing, and education.

Table 11 Qualified Donations by Purpose								
Community Development Category	2020 (March 20 - December 31)		2021		2022 YTD (thru November 7)		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	15	52,668	19	74,500	7	26,250	41	153,418
Community Services	70	219,333	93	338,400	84	330,600	247	888,333
Economic Development	5	13,500	4	14,000	2	5,500	11	33,000
Revitalization/Stabilization	1	2,500	3	8,250	1	750	5	11,500
Total	91	288,001	119	435,150	94	363,100	304	1,086,251

The following is a sample of the organizations that benefited from the bank’s contributions:

Allston Brighton Community Development Corporation (CDC) – Allston Brighton CDC has led initiatives that create and preserve affordable homes, foster community leadership, and provide first-time homebuyers with the tools and resources to reach their goals. The Allston Brighton CDC partners with Allston Brighton residents to increase their economic wellbeing and stabilize the neighborhood.

Caritas Communities - Caritas Communities serves more than 1,000 citizens of Greater Boston who would otherwise not be able to afford housing. The organization enables those working at minimum wage jobs, veterans experiencing post-service challenges, and low-income elderly and disabled citizens to live in a clean, safe home that they can afford.

Waltham Alliance To Create Housing (WATCH) – This organization promotes affordable housing, provides adult education and leadership development, and empowers underrepresented residents through civic engagement all in the greater Waltham area.

BUILD, Inc – This organization provides youth from under-resourced communities with the financial education they need to become entrepreneurs, while still preparing for college. The program teaches high school students how to build a business plan, grow a business, or start a new one, and how to secure seed capital. BUILD also offers students many opportunities to connect with the Boston business community to develop and refine their new skills and growing confidence.

Codman Square Neighborhood Development Corporation – This organization’s mission is to build a cohesive and resilient community in Codman Square and South Dorchester in Boston, develop affordable housing and commercial spaces that are safe and sustainable, and promote economic stability for low- and moderate-income residents of all ages.

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.

Massachusetts Affordable Housing Alliance (MAHA) - This organization is a HUD approved counseling agency that is designed to help low- to moderate-income homebuyers find a home they can afford and educate them about affordable home lotteries and the home buying process.

SERVICE TEST

NB’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.

The bank’s service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area. 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- and moderate-income geographies and or to low- and 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- and moderate-income geographies or low- and moderate-income individuals. NB provides a relatively high level of 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 12 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 12 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	13.4	12.2	1	9.1
Moderate	22.7	23.2	1	9.1
Middle	25.8	27.2	0	0.0
Upper	35.1	37.0	9	81.8
NA	3.1	0.5	0	0.0
Total	100.0	100.0	11	100.0

2015 ACS

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 retail branches. Nine of the branches are in upper-income census tracts, one is in a moderate-income census tract, and one is in a low-income census tract. The branch in the low-income tract is located in Mission Hill (Boston), while the branch in the moderate-income tract is located in Medford. The bank operates a stand-alone ATM location at Beth Israel Deaconess Hospital in Needham and at Fox Hill Village, a retirement community in Westwood.

The bank provides alternative delivery channels, including ATMs at each branch, debit cards, online banking, mobile banking, mobile account opening, and remote deposit capabilities. Core products include checking, savings, money market accounts, and certificates of deposit. NB offers customers free checking with rebates on any ATM fees.

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- and moderate-income geographies or to low- and moderate-income individuals. During the review period, the bank opened a full-service branch in the Mission Hill neighborhood in Boston on June 17, 2020, which is located in a low-income census tract. A conference room in this branch is available for use by local non-profits, and this branch was awarded Bank of the Community by the Mission Hill Gazette two years in a row. On April 1, 2022, the bank acquired a limited-service branch in Medford, which is located in a moderate-income census tract. By year-end, this branch will be relocated down the street and will become a full-service branch (this branch will remain within the moderate-income census tract after the relocation). The bank's Dedham branch was relocated on February 7, 2022 and remained in an upper-income census tract.

The bank's demonstrates services and business hours do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. While the bank's branch hours vary slightly by location, all branches are open for at least eight hours Monday through Friday. Additionally, each branch is open on Saturdays for at least three hours with the exception of the branch located in Dover.

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 demonstrated it provided 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, and economic development. Services provided include serving on the board or a committee, providing technical assistance on financial matters, and sponsoring financial literacy programs. The following details some of the bank's community service activities during the review period:

Employee Services

Bank employees lent their expertise to organizations serving the assessment area in innovative and responsive ways. A sampling of organizations is included below.

- **Massachusetts Affordable Housing Alliance (MAHA):** MAHA has a mission to educate and mobilize to increase affordable homeownership opportunities, break down barriers facing first-time and first-generation homebuyers, and close the racial wealth and homeownership gaps. A vice president and branch manager serve on the board of this organization.
- **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.
- **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 serve on the board of this organization.
- **Casa Myrna:** This organization is Boston's largest provider of domestic violence awareness efforts and provides shelter and supportive services to survivors. A director of the bank serves on a committee for this organization.
- **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.
- **Family Promise Metrowest:** Family Promise Metrowest is a nonprofit addressing family homelessness, providing homelessness prevention, emergency shelter, workforce development, education, financial capability, health and wellness. The bank's CRA officer is a board member.

Educational Programs and Seminars

During the review period, the bank provided technical expertise by collaborating with community developments groups, schools, elderly, 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. The bank primarily hosted first time homebuyer seminars in connection with MAHA, the Asian Community Development Corporation (ACDC), South Middlesex Opportunity Council (SMOC), WATCH, Allston Brighton CDC, and Veterans Benefits Clearinghouse Development Corporation (VBCDC). The seminars hosted over 1,000 attendees.

A description of the organizations the bank parented with are listed below.

- MAHA educates and mobilizes individuals and communities to increase affordable and sustainable homeownership across Massachusetts.

- ACDC works in underserved and immigrant Asian American communities in the Greater Boston region to create and preserve affordable housing.
- SMOC is an umbrella organization that works in low- and moderate-income communities to provide programs ranging from economic development, financial assistance, housing services, etc.
- WATCH works in the Waltham area to promote affordable housing, provide adult education and leadership development, and empower underrepresented residents through civic engagement.
- Allston Brighton CDC works to create and preserve affordable homes, foster community leadership, and provide first-time homebuyers with the tools and resources to reach their goals.
- VBCDC works to develop affordable housing, provide services to veterans and their family members, and to assist low-income families.

The bank’s seminars included first time home buyer workshops and are included in Table 13.

Table 13			
Seminars and Workshops			
Organization	Presentation Type	Date(s)	No of Attendees
Massachusetts Affordable Housing Alliance (MAHA)	FTHB Workshop	2020: April 4, April 25, April 26, May 3, October 17, December 12	326
		2021: April 6, April 28, June 5, June 30	506
		2022: July 19	231
Asian Community Development Corporation (ACDC)	FTHB Workshop	2020: November 15	23
		2021: April 17, May 23, October 16, December 19	120
		2022: March 20, August 21	39
South Middlesex Opportunity Council (SMOC)	FTHB Workshop	2020: September 24	27
		2021: May 6, July 15, November 4	67
		2022: March 10, June 2, November 3	30
Waltham Alliance To Create Housing (WATCH)	FTHB Workshop	2020: October 13	50
		2021: March 9, October 13	135
		2022: October 12	20
Allston Brighton CDC	FTHB Workshop	2021: August 14, September 14	50
Veterans Benefits Clearinghouse Development Corporation (VBCDC)	FTHB Workshop	2022: September 26	42

Source: Bank Provided

In addition, the bank provided financial literacy education to students from various schools in the bank's assessment area, technical assistance to small businesses, and fraud prevention awareness to the elderly. A community contact outlined the need for financial literacy classes. Further, the bank's staff participated in numerous volunteer activities such as conducting mock interviews to help participants prepare for jobs, distributing food at food pantries to the homeless and needy families, and serving as panelists at small business summits.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet credit needs have been 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 multi-family 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 multi-family (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.

Multi-family: 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