

PUBLIC DISCLOSURE

February 26, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Street Bank and Trust Company
RSSD # 35301

One Congress Street
Boston, Massachusetts 02114

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

INSTITUTION'S CRA RATING: This institution is rated "Outstanding."

State Street Bank and Trust Company (State Street or the bank) has a high level of qualified investments, particularly investments that are not routinely provided by private investors, and community development services. The bank extensively uses innovative or complex qualified investments and community development services. State Street exhibits excellent responsiveness to community economic development needs in its assessment area.

SCOPE OF EXAMINATION

State Street's performance was evaluated using the Community Reinvestment Act (CRA) Examination Procedures for Limited Purpose and Wholesale Institutions, as issued by the Federal Financial Institutions Examination Council (FFIEC). These procedures assess a bank's record of helping to meet the credit needs of its assessment area under the community development test through its community development lending, qualified investments, or community development services.

The examination covered State Street's community development activities for the period from the prior examination, dated September 27, 2021, to the current period ending February 26, 2024. Outstanding balances on prior examination period qualified investments were evaluated as of December 31, 2023.

The bank has identified one assessment area in which its CRA activities are evaluated. In addition, qualified activities made outside of the bank's assessment area were considered as the bank has adequately addressed the community development needs of its assessment area.

Demographic information referenced throughout the evaluation was obtained from the 2020 United States (U.S.) American Community Survey (ACS) data, unless otherwise noted.

DESCRIPTION OF INSTITUTION

State Street is a state member bank with headquarters located at One Congress Street, Boston, MA. The bank relocated to this address from One Lincoln Street, Boston, MA in 2023. The bank is a wholly-owned subsidiary of State Street Corporation, Boston, MA. State Street Corporation is one of the world's largest providers of financial services to institutional investors including investment servicing, investment management, and investment research and trading. With \$41.8 trillion in assets under custody and administration, and \$4.1 trillion in assets under management as of December 31, 2023, State Street Corporation operates globally in more than 100 geographic markets. State Street is one of the country's largest custodial banks, holding assets for institutional clients including pension funds, mutual funds, insurance companies, foundations, endowments, mutual funds, and other collective investment pools.

As a wholesale institution, State Street does not engage in any traditional retail banking activities. The bank does not extend home mortgage, small business, small farm or consumer loans to the public. As of December 31, 2023, the bank's assets totaled \$293.2 billion; loans and leases accounted for \$36.9 billion, representing only 12.6 percent of the bank's asset base. The bank's assets have declined since the previous evaluation when total assets were at \$323.0 billion, as of June 30, 2021. Given its designation as a wholesale institution, State Street meets its CRA responsibilities predominantly through community development investments and services.

The bank's loan portfolio consists primarily of loans to non-depository financial institutions and other loans, accounting for \$30.0 billion, or 81.4 percent of total loans. Since 2017, the bank finances commercial real estate, which include loans secured by multifamily and nonfarm nonresidential properties, to large institutional borrowers. Commercial real estate loans account for 8.3 percent of total loans, representing a small portion of the bank's total asset base. The bank's commercial and industrial loans are acquired primarily through loan syndication arrangements and purchases in the broadly syndicated loan market. The loan portfolio distribution is broken out in Table 1.

Table 1		
Loan Portfolio Distribution as of December 31, 2023		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Secured by multifamily residential properties	1,150,000	3.1
Secured by nonfarm nonresidential properties	1,919,000	5.2
Loans to banks in foreign countries	4,000	0.0
Commercial and industrial loans	3,488,000	9.5
Loans to foreign governments and official institutions	2,000	0.0
Obligations of states and political subdivisions in the U.S	285,000	0.8
Loans to nondepository financial institutions and other loans	30,006,000	81.4
Total Gross Loans	36,854,000	100.0

Consolidated Report of Condition and Income as of 12/31/2023

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

Financial capacity, legal impediments, local economic conditions, demographics, and market competition

are all considered when examining the bank's CRA performance. None of these factors prevented the bank from fulfilling its obligations under the CRA. The bank's previous CRA examination, dated September 27, 2021, resulted in an Outstanding rating.

State Street's CRA assessment area is comprised of the city of Boston and the contiguous city of Quincy, MA. Boston and Quincy are respectively located in Suffolk and Norfolk counties, within the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The assessment area remains unchanged from the previous CRA evaluation. Under the CRA, the assessment area for a wholesale bank must consist generally of one or more MSAs or metropolitan divisions, or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs. State Street operates several domestic and foreign locations, including in Kansas City, MO and Jersey City, NJ. However, these locations do not meet the definition of a branch under the CRA as they are not open to, nor accept deposits from, the general public. The bank does not accept retail deposits from the public and does not operate any deposit-taking ATMs. Therefore, only the headquarters at One Congress Street, Boston, MA must be considered for assessment area delineation purposes. The bank's determination to have its CRA performance rating based on this geographically small area is primarily due to the mission of the State Street Foundation (Foundation), State Street's charitable arm. The Foundation makes grants to non-profit organizations in the communities where State Street operates. The objective of designating this geographically small area is to target the Foundation's resources and direct the bank's efforts to impact community development within Boston and Quincy.

According to the June 30, 2023, Federal Deposit Insurance Corporation (FDIC) Summary of Deposit Market Share report, 38 institutions operate 135 branch offices within the two cities comprising the bank's assessment area. However, given its business model, the bank faces no competition from these financial institutions with respect to retail services. The bank's deposit base is derived from institutional clients as part of their investment activities; the bank does not take deposits from the general public. Nonetheless, the bank ranks first in terms of deposit market share within its defined assessment area (Boston/Quincy), and first within Massachusetts. State Street's domestic deposits totaled \$164.8 billion, as of June 30, 2023. The bank did not have any deposits in locations outside of its assessment area.

Based on 2020 census data, Boston and Quincy have a combined population of 777,269 individuals, representing approximately 11.1 percent of the population in Massachusetts. The assessment area is comprised of 231 census tracts. Of the total census tracts, 46, or 19.9 percent, are low-income; 47, or 20.3 percent, are moderate-income; 52, or 22.5 percent, are middle-income; 56, or 24.2 percent, are upper-income; and 30, or 13.0 percent, are unknown. The majority of the assessment area's population, 86.9 percent, resides in Boston, while 13.1 percent resides in Quincy. Boston contains 208 census tracts, or 90.0 percent of the total census tracts in the assessment area, and 298,708, or 87.3 percent, of the total 342,286 housing units. Of the total housing units, the majority at 58.3 percent are rental, while 33.6 percent are owner-occupied and 8.1 percent are vacant.

Table 2 displays selected housing characteristics of the assessment area based on geographical income categories and certain demographic information to assist in identifying community development needs within the assessment area.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	46	19.9	34,614	22.8	8,205	23.7	50,749	33.5
Moderate-income	47	20.3	39,468	26.0	5,599	14.2	24,190	16.0
Middle-income	52	22.5	40,352	26.6	2,957	7.3	25,856	17.1
Upper-income	56	24.2	33,065	21.8	982	3.0	50,763	33.5
Unknown-income	30	13.0	4,059	2.7	598	14.7	0	0
Total Assessment Area	231	100.0	151,558	100.0	18,341	12.1	151,558	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	69,726	13,188	11.5	18.9	50,645	72.6	5,893	8.5
Moderate-income	83,410	25,903	22.6	31.1	51,379	61.6	6,128	7.3
Middle-income	83,747	34,484	30.0	41.2	44,699	53.4	4,564	5.4
Upper-income	92,298	38,029	33.1	41.2	44,316	48.0	9,953	10.8
Unknown-income	13,105	3,237	2.8	24.7	8,627	65.8	1,241	9.5
Total Assessment Area	342,286	114,841	100.0	33.6	199,666	58.3	27,779	8.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4,682	12.4	4,271	13.0	381	8.5	30	8.5
Moderate-income	5,985	15.9	5,543	16.8	408	9.1	34	9.6
Middle-income	6,944	18.4	6,339	19.3	567	12.7	38	10.8
Upper-income	17,736	47.0	14,755	44.8	2,749	61.6	232	65.7
Unknown-income	2,381	6.3	2,004	6.1	358	8.0	19	5.4
Total Assessment Area	37,728	100.0	32,912	100.0	4,463	100.0	353	100.0
	Percentage of Total Businesses:			87.2		11.8		.9

Source: 2023 FFIEC Census Data and 2023 D&B Information

As displayed in Table 2, of families in the assessment area, 33.5 percent are low-income, 16.0 percent are moderate-income, 17.1 percent are middle-income, and 33.5 percent are upper-income. There is a wide disparity in income levels within the assessment area, as evidenced by this distribution. Further, 12.1 percent of families within the assessment area live below the poverty level. Of the total families with incomes below the poverty level, 75.3 percent reside in the assessment area's low- and moderate-income census tracts. Within the Commonwealth of Massachusetts, 6.6 percent of families have

incomes below the poverty level. Of the 314,507 households in the assessment area, 17.2 percent are below the poverty level, compared to 10.6 percent of households statewide.

The level of families and households with incomes below the poverty level is an indication not only of the need for health and human services, but also the need for education and workforce development, as levels of educational attainment are highly correlated to employment rates and income level. According to 2020 ACS data, 6.7 percent of the assessment area's labor force was unemployed, and this figure grows higher within the assessment area's low-income census tracts, at 11.5 percent.

State Street does not extend residential mortgages, and therefore is not positioned to provide affordable loan products. It is, however, positioned to meet community development needs through investments in affordable housing. The following information provides context regarding the housing challenges that exist in the bank's assessment area for low- and moderate-income residents. According to 2020 ACS data, home values in the assessment area range from a low of \$454,816 to a high of \$689,942 with a median home value of \$554,642. According to more recently obtained data from The Warren Group, Peabody, MA, the median sales price in Massachusetts in January 2024 was \$536,425, while the median sales price in Boston for January 2024 was \$1,407,450, and in Quincy, the median sales price for January 2024 was \$690,000. According to 2020 ACS data, the assessment area median family income is \$89,842; therefore, low- and moderate-income individuals are less likely to be able to afford a home in the bank's assessment area. As indicated in Table 2, the majority of housing units in the assessment area, at 58.3 percent, are rental units and the vast majority of housing units in low- and moderate-income census tracts, at 72.6 percent and 61.6 percent, respectively, are rental units.

Despite rental housing units accounting for a majority of units in the assessment area, there remains a shortage of affordable rental housing, which is in demand due to the high purchase price for homes and the gap between renter incomes and the cost of rental housing. The assessment area's median family income of \$89,842 falls well below the Massachusetts median family income level of \$106,526. Compounding this issue, the median gross rent in the assessment area of \$1,681 is above the state median of \$1,336. More recent data cited by the Boston Foundation, Boston, MA, in its Greater Boston Housing Report Card¹ states that even as population declines in many parts of the region, affordability and housing supply continue to be key issues for both renters and homebuyers, with increasing numbers of households facing cost burdens and higher levels of housing instability in Greater Boston. Between 2019 and 2022 (excluding 2020 due to COVID-19 pandemic data limitations), the share of renters in Greater Boston making between \$35,000 and \$49,999 who were spending more than 30.0 percent of their incomes on housing increased 5.0 percentage points, while the segment of renters spending more than 30.0 percent of their incomes on housing and making between \$50,000 and \$74,999 increased 17.0 percentage points. Higher-income renters were burdened by the steady growth in housing costs as well. Just over one-fifth were spending more than 30.0 percent of their incomes on housing in 2022, an increase of 9.0 percentage points from 2019. As of 2022, about half of renter households in Greater Boston were spending more than 30.0 percent of their incomes on housing costs. Homeowners are not precluded from the housing cost burden, with 25.0 percent of homeowners still have trouble meeting regular household expenses.

Numerous businesses operate throughout the assessment area and are comparatively distributed throughout the census tracts, with the highest concentration, at 47.0 percent, located within upper-

¹ [gbhrc2023-core-metrics.pdf \(tbf.org\)](#)

income census tracts. According to Dun & Bradstreet, Short Hills, NJ, approximately 87.2 percent of the businesses are considered small businesses, having revenues equal to or less than \$1 million in 2023. Therefore, any investments that provide growth capital for these small businesses would contribute to the economic development of the area.

Given its capacity, State Street is positioned to help meet the needs of the assessment area, primarily through the provision of community development investments and community development services.

COMMUNITY CONTACT

As part of the evaluation process, examiners meet with community leaders to learn about the community, its economic base, and local community development initiatives. This assists in assessing the housing, credit, and other 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. Four community contacts were conducted in conjunction with this evaluation.

A community contact was conducted with a representative from a community development corporation (CDC) based in East Boston. The focus of the organization's work is to promote equity, community cohesion, environmental justice, and economic resiliency through increasing access to affordable housing, creating social and economic opportunities, and empowering residents to be leaders of change. The contact noted the challenges of the slow process of and high demand for the provision of rental housing in the Boston metropolitan area. The contact further stated that affordable housing is needed all over Massachusetts and noted the importance of investment in the gateway cities, which are mid-sized urban centers that anchor the regional economies around the state. Quincy is considered a gateway city. The contact noted that CRA is a strong incentive for banks to participate in affordable housing activities.

A second community contact was conducted with a CDC based in Boston that works with partners to build and sustain a thriving, economically diverse community in Hyde Park, Roslindale, and parts of Mattapan. The organization works to prevent displacement, particularly of low- and moderate-income families and elderly residents, create and preserve affordable housing, strengthen the commercial base of the neighborhoods, ensure access to good transit, protect conservation land and waterways, and promote climate resilience. The contact stated that opportunities for banks to make an impact include affordable housing activities through investments and loans. The contact further expressed the need for short- and long-term loans for small businesses to promote economic development.

A third community contact was conducted with a representative of a non-profit organization serving Quincy and its surrounding towns, with the objective of reducing poverty by helping individuals reach their educational and financial goals. The organization offers programs that include housing, money management, adult education, early childhood education and care, and energy assistance programs. The contact noted the need for workforce development, education, and training to help low- and moderate-income individuals gain skills to increase employability, income, and economic independence. High living costs and poor access to childcare are significant factors presenting difficulties for individuals to seek educational or workforce development programs. The contact further expressed the most significant needs for low- and moderate-income families include flexible credit products, financial and accounting

literacy programs, and financial counseling. In addition, the contact acknowledged a need for translation assistance programs to assist in neighborhoods with highly limited English proficiency, such as North Quincy and Wollaston. The contact indicated that local banks have been responsive to community needs.

The fourth community contact was held with an early childhood education and out-of-school program center based in Boston. The majority of families served by the organization are low- or moderate-income. The contact stated that in general, a lot of childcare programs have had difficulties with retaining staff and obtaining enough government funding. The contact noted that participating families have limited access to credit. In addition, a majority of the families served are unstable households that have more immediate needs such as obtaining housing and childcare. The contact stated that opportunities for support exist in the space of rental assistance, job searching, food insecurity, and obtaining clothing. State Street was one of the financial institutions listed as having been active in supporting non-profits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

State Street's CRA evaluation considered the bank's record of helping to meet the needs of its assessment area under the community development test through its qualified investments, community development services, and to a lesser extent its community development lending given its designation as a wholesale institution. The review considered the number and dollar amount of these activities, the responsiveness of these activities to credit and community economic development needs, and the use of innovative or complex community development activities and the extent to which such activities are not routinely provided by private investors.

Overall, State Street has a high level of qualified investments, particularly investments that are not routinely provided by private investors, and community development services within its assessment area. The bank extensively uses innovative or complex investments and services and exhibits excellent responsiveness to the community economic development needs of the assessment area. Total investments that benefitted the assessment area, or the broader statewide area of Massachusetts that includes the bank's assessment area, totaled \$599.7 million. This is an increase from the previous evaluation conducted in 2021, when total investments benefitting the assessment area and broader statewide area totaled \$449.8 million. Total investments include new commitments² as well as prior period investments which are still outstanding.

The bank made investments in the Massachusetts Housing Investment Corporation, Boston, MA (MHIC), MHIC's Massachusetts Housing Equity Funds (MHEFs), and purchased Massachusetts Low Income Housing Tax Credits (LIHTCs) and Historic Tax Credits (HTCs), which were found to be highly responsive to the need for affordable housing cited by the community contacts. Furthermore, activities involving LIHTCs, which includes the MHEFs and the purchases of Massachusetts tax credits, were considered complex and not the types of transactions typically provided by private investors. These activities, including new commitments and prior period investments, totaled \$153.8 million.

²The dollar amount of qualified investments includes the dollar amount of legally binding commitments recorded by the bank according to GAAP.

State Street invested in both CRA-qualified residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) during the examination period. RMBS investments, including new purchases and the book values of those purchased in prior periods, totaled \$239.8 million, and consisted of securities exclusively backed by single family mortgage loans to low- and moderate-income individuals within Massachusetts. CMBS purchases totaled \$175.2 million and consisted of securities backed by multifamily affordable housing loans located within Massachusetts. While this activity is considered less complex than the bank's LIHTC investments, RMBS and CMBS provide liquidity to the market and were considered responsive to the need for affordable housing for low- and moderate-income individuals, as cited by community contacts.

In addition to investments which support affordable housing activities, State Street supported economic development through deposits in minority depository institutions (MDIs), totaling \$20.0 million. State Street's deposits in these institutions help address the credit needs in which the MDIs are chartered and are considered responsive. Though the activities with MDIs occurred outside the assessment area or broader statewide area, examiners apply a broader geographic criterion when evaluating activities undertaken by an institution in cooperation with MDIs. Such activities will be favorably considered in the CRA performance evaluation of the institution even if the MDIs are not located in, or such activities do not benefit, the assessment area or the broader statewide or regional area.

State Street exhibits excellent responsiveness to assessment area needs through its provision of grants and donations, which totaled \$22.9 million within the assessment area. These were largely aimed at addressing education and workforce development in the assessment area, which was identified by the bank and community contacts as a need. An additional \$2.1 million was extended to organizations that benefit Massachusetts as a whole. Many of the bank's donations were provided to organizations with which State Street employees also engaged through community development services.

The bank's community development services were at a high level and exhibited excellent responsiveness. Bank management and staff served on boards of directors of community development organizations located in the assessment area, using their financial and management expertise to help guide the decisions of these organizations. State Street employees also engaged in various volunteering activities, which were related to the provision of financial services, or which utilized the employees' financial or technical expertise. Many of these organizations address the need for affordable housing and workforce development. Through these activities, the bank is meeting the community development needs of its assessment area.

Community development loans were also considered in this evaluation. The bank originated three community development loans with CRA-qualified amounts, totaling \$41.3 million. One loan, with a CRA-qualified amount of \$12.4 million, was located in Cambridge, MA, and the other two loans with CRA-qualified amounts, totaling \$28.9 million, were in areas outside the assessment area or broader statewide area. While CRA-qualified community development loans did increase since the last examination in terms of dollars, State Street has not historically met CRA obligations through lending activities as loans comprised only 12.6 percent of the bank's assets. Loans secured by multifamily residential properties comprised only 3.1 percent of the bank's loan portfolio. The community development lending in which the bank has engaged is considered supplementary to its overall performance. In accordance with the procedures, a wholesale institution need not engage in all three categories of community development activities to perform well under the community development test.

In determining a wholesale institution’s overall CRA performance, examiners may consider qualified activities that benefit a broader statewide or regional area that includes the institution’s assessment area. As the bank is adequately meeting the community development needs of its assessment area, community development activities outside of the assessment area and the broader statewide or regional area were considered and have added support to the bank’s CRA rating.

Table 3 summarizes the bank’s investment and donation activity inside and outside the assessment area. Prior period investments are reflected at their book value, as of December 31, 2023, and new investments are reflected at their original commitment or purchase amount.

Table 3			
Community Development Investment Summary			
Activity Type	New Investments (000's)	Prior Period Book Values (000's)	Total Qualified (000's)
Inside AA			
<i>Activities that benefit the assessment area and broader statewide or regional area that includes the assessment area</i>			
MHIC	\$32,000	\$57,814	\$89,814
MA LIHTC and Historic State Tax Credit Purchases	\$39,477	\$24,499	\$63,976
RMBS	\$39,772	\$200,060	\$239,832
CMBS	\$175,168	-	\$175,168
SBICs	-	\$5,865	\$5,865
Grants and Donations	\$25,024	-	\$25,024
Total Inside	\$311,441	\$288,238	\$599,679
Outside AA			
<i>Activities that benefit areas outside of the assessment area, including Nationwide Investments</i>			
Affordable Housing Preservation Funds	\$15,000	\$36,914	\$51,914
Nationwide LIHTC Funds	\$140,937	\$613,489	\$754,426
CMBS	\$80,000	-	\$80,000
Deposits in MDIs	\$20,000	-	\$20,000
Grants and Donations	\$4,367	-	\$4,367
Total Nationwide	\$260,304	\$650,403	\$910,707
Total Qualified Investments	\$571,745	\$938,641	\$1,510,386

Source: Internal Bank Documents

State Street has a high level of qualified community development investments with the inclusion of nationwide activity. Total qualified investments, including both new and prior period investments, totaled \$1.5 billion. This is an increase from the previous evaluation when total qualified investments totaled \$1.4 billion. The bank’s nationwide investment activity was in the form of preservation funds, LIHTC funds, CMBS, deposits in MDIs, and grants and donations. The LIHTC and preservation fund activity was considered complex and innovative, respectively.

In addition to the LIHTC investing within Massachusetts, State Street invests in LIHTC funds nationwide. The bank committed \$140.9 million in nationwide LIHTC funds during the current evaluation, and outstanding balances on prior period LIHTC investments totaled \$613.5 million. LIHTCs are considered complex, requiring considerable ongoing management attention and expertise due to the technical accounting requirements associated with the administration of the investments over time. Furthermore, LIHTC investments have a multi-year impact; tax credits are earned over a ten-year period, while the investment is outstanding for an additional five-year term, ensuring affordable rental opportunities for approximately fifteen years.

The bank's \$15.0 million investment in nationwide Affordable Housing Preservation Funds was considered innovative, as this type of funding is not routinely provided by private investors. Book values of prior period preservation funds totaled \$36.9 million. In addition, the bank purchased \$80.0 million of a CMBS that addressed affordable housing needs in Florida. For more information regarding the bank's investments in nationwide LIHTC funds, preservation funds, and CMBS, refer to the "Other Community Development Activities" section.

Qualified Investments

The bank exhibits excellent responsiveness to the assessment area's community and economic development needs through its investments in affordable housing, deposits in MDIs, and its significant contributions in the form of grants and donations.

Affordable Housing Investments

The bank exhibits an excellent responsiveness to the assessment area's need for affordable housing through three areas: investments in MHIC funds; purchases of Massachusetts LIHTCs and HTCs; and purchases of RMBS and CMBS. The MHIC and tax credit investments are considered complex and are not routinely provided by private investors. Given the capacity of State Street, the bank is in a position to provide this funding.

MHIC

State Street has taken a leadership role in financing MHIC's affordable housing development projects. Founded in 1990 as a partnership between financial institutions and community organizations, MHIC has worked to fill a critical gap in meeting the credit needs of affordable housing and community development. MHIC predominately finances affordable housing projects throughout Massachusetts and other parts of New England. The organization's purpose and function include serving geographies located within the bank's assessment area. From 1990 to 2022, MHIC has provided a total of \$3.4 billion to finance 682 projects that preserved or created more than 26,500 housing units and 7.3 million square feet of commercial space. According to MHIC's 2022 Annual Report, its investors have collectively committed \$2.2 billion to finance the development of affordable housing and community development, as of December 31, 2022. State Street is one of the largest contributors to this effort³.

³ [2022 Annual Report.pdf \(mhic.com\)](#)

The bank's investments in MHIC, including both current period and prior period investments, totaled \$89.8 million. This is a slight increase from the previous evaluation when total investment in MHIC was \$88.0 million. During the review period, the bank made three new commitments, totaling \$32.0 million, in two MHEFs and one loan fund. Information on the funds is further described below:

- The bank made an investment of \$10.0 million into the MHEF XXVIII. The bank's investment provides capital for six construction or rehabilitation LIHTC projects supporting affordable housing in Massachusetts, and one project in Connecticut. The affordable housing developments are in Amherst, Holyoke, Brookline, Fitchburg, Springfield, Ipswich, and New Haven, CT. The investment will support the rehabilitation or creation of 467 units, of which 434, or 92.9 percent, are affordable.
- The bank invested \$16.0 million in MHEF 29. The bank's investment provides capital for four construction or rehabilitation LIHTC projects in Springfield, Pelham, Webster, and New Bedford. This project supported the creation or rehabilitation of 140 housing units within Massachusetts, of which all are considered affordable.
- The bank invested an additional \$6.0 million in MHIC LLC, a revolving loan fund that provides a variety of credit products to finance affordable housing and community development activities that serve lower income populations, distressed communities, or other community development needs not well served by conventional financing. State Street's total commitment to this loan fund, including commitments prior to the current examination, is \$9.0 million.

As previously stated, when evaluating an institution's qualified investment record, consideration is given to investments that were made prior to the current examination but are still outstanding. Factors relevant to the bank's CRA performance context, such as the effect of outstanding long-term qualified investments, the bank's current and projected tax liability, and the capital contribution schedule on the capacity of the bank to make new investments are also considered. MHIC fund investments are considered complex and have a long-term impact in preserving housing affordability. The bank's capital contributions towards prior period MHEF commitments totaled \$31.8 million during the examination period, which demonstrates the ongoing impact of these prior period investments. Furthermore, the bank carries \$57.8 million from prior period investments to the MHEFs and MHIC LLC on its balance sheet⁴. Refer to Table 4 for additional detail.

⁴ Prior period investments are reflected at their book value as of December 31, 2023 and current period investments are reflected at their original investment amount.

Table 4 MHIC/ MHEF						
Fund	New Commitments (000's)	Outstanding Book Balance as of 12/31/23 (000's)	Advances (000's)	# of Total Units	# LIHTC Units	# LIHTC Units in MA
Massachusetts Housing Equity Fund XXVIII LLC	\$10,000		\$2,465	467	434	339
MHEF 29, Limited Partnership	\$16,000		\$2,070	140	140	140
Total	\$26,000		\$4,535	607	574	479
Prior Period Investments						
Massachusetts Housing Equity Fund XVI LLC		\$322				
Massachusetts Housing Equity Fund XVIII LLC		\$74				
Massachusetts Housing Equity Fund XIX LLC		\$687				
Massachusetts Housing Equity Fund XX LLC		\$686				
Massachusetts Housing Equity Fund XXI LLC		\$1,676				
Massachusetts Housing Equity Fund XXII LLC		\$7,495				
Massachusetts Housing Equity Fund XXIII LLC		\$4,965				
Massachusetts Housing Equity Fund XXIV LLC		\$4,765	\$2,265			
Massachusetts Housing Equity Fund XXV LLC		\$6,465	\$6,325			
Massachusetts Housing Equity Fund XXVI LLC		\$13,558	\$10,933			
Massachusetts Housing Equity Fund XXVII LLC		\$14,120	\$12,281			
MHIC LLC*	\$6,000	\$3,000	\$6,000			
Total	\$32,000	\$57,813	\$42,339			

*The bank committed an additional \$6.0 million to MHIC LLC during the examination period
Source: Internal bank documents

MA LIHTC and HTC Projects

The bank directly purchased \$39.5 million of Massachusetts LIHTCs and HTCs during the review period. This is an increase from the previous CRA examination when the bank purchased \$33.1 million in LIHTCs and HTCs. The investments impacted affordable housing projects across Massachusetts. The book value of prior period Massachusetts LIHTCs and HTCs is \$24.5 million, as of December 31, 2023.

Massachusetts LIHTCs are provided to developers of low-income housing who can later sell the credits to equity investors. The bank's purchase of tax credits provides funding to developers to construct or rehabilitate affordable rental housing, including distressed or failed properties. These investments are not routinely provided by private investors, as the pool of potential investors with adequate Massachusetts tax liability to purchase large tax credit amounts is relatively small. Moreover, the state tax credit purchases have a long-term impact, as the project must be retained as low-income housing for at least 30 years.

These investments showcase excellent responsiveness to the needs of creating and preserving affordable housing as cited by the community contacts. Below is a summary of the bank's current period Massachusetts LIHTC purchases.

- The bank purchased \$3.7 million to support a rehabilitation project in Springfield. The project will redevelop a historic manufacturing building into 55 apartment units for low- and moderate-income families.
- State Street purchased \$10.5 million for a rehabilitation project to convert a historic school building into affordable housing for seniors in Beverly. Of the 91 total units, 85 units are age-restricted and are designated for individuals earning up to 60.0 percent area median income (AMI).
- The bank purchased \$4.2 million to assist in the construction of 39 affordable units in Mashpee. The project is being developed in collaboration with local community development organizations that operate in Cape Cod.
- The bank purchased a total of \$11.6 million for two affordable housing projects located in Wareham. The first development will create 49 units, of which 39 will be allocated to low- and moderate-income families, and 10 will be allocated as workforce housing. The second project will create 44 affordable housing units for low- and moderate-income seniors.
- The bank purchased \$6.6 million to assist in the construction of an affordable housing complex in Agawam. Of the 62 units, 47 are designated for low- and moderate-income individuals, and 10 are designated to households that qualify for MassHousing's Workforce Housing Program.

Massachusetts HTCs are associated with projects to rehabilitate historic structures, including those that provide affordable housing to low- and moderate-income individuals. The bank purchased one Massachusetts HTC, totaling \$2.9 million, to rehabilitate a historic school building into affordable housing in Beverly. State Street also purchased a Massachusetts LIHTC, which is described above, in conjunction with this project.

Residential Mortgage-Backed Securities

CRA-qualified RMBS are those primarily backed by home mortgage loans to low- and moderate-income borrowers. As a "qualified investment," the RMBS should include loans in an institution's assessment area or in a statewide or regional area that includes the assessment area. The bank invested in four RMBS during the examination period, totaling \$39.8 million. The RMBS included home mortgage loans to 126 low- and moderate-income borrowers exclusively within Massachusetts, including those located in Boston and Quincy. State Street continues to hold CRA-qualified RMBS purchased in prior periods on its books, and the total book value of these investments is \$200.1 million. The bank's investments in RMBS are considered particularly responsive due to the securities being backed exclusively by home mortgage loans to Massachusetts low- and moderate-income borrowers.

Commercial Mortgage-Backed Securities

During the current period, State Street purchased nine CMBS, totaling \$175.2 million, backed by loans secured by multifamily affordable housing properties located in Massachusetts. Housing-related bonds or securities must primarily address affordable housing, including multifamily rental housing, needs of low- or moderate-income individuals to qualify. The multifamily properties backing the CMBS include those deemed affordable or broadly affordable by the Department of Housing and Urban Development (HUD), those that participate in LIHTC programs and HUD's Section 8 voucher program, and those with majority of rents affordable to residents whose income is below 80.0 percent AMI. The bank's investments impact the assessment area and the broader statewide area that includes the assessment area. These CMBS investments are considered responsive to addressing affordable rental housing in Massachusetts, a key community development need as per the community contacts. The following are examples of the bank's CMBS investments.

- State Street purchased a portion of a Government National Mortgage Association (Ginnie Mae) security with a CRA-qualified amount totaling \$25.0 million. The bank's portion is backed by loans secured by multifamily affordable housing properties located in Chelsea and Holyoke.
- The bank purchased a portion of a Ginnie Mae security with a CRA-qualified amount totaling \$15.0 million. The bank's portion is backed by loans secured by multifamily affordable housing properties located in Boston, New Bedford, and Worcester.
- State Street purchased a portion of a Federal Home Loan Mortgage Corporation (Freddie Mac) security with a CRA-qualified amount totaling \$60.5 million. The bank's portion is backed by loans secured by multifamily affordable housing properties located in Stoughton, Franklin, and Everett.

Deposits in Minority Depository Institutions

During the evaluation period, State Street announced a new initiative to provide deposit funding for MDIs and Community Development Financial Institutions (CDFIs) to help these institutions meet the credit needs of the individuals, small businesses, and communities they serve. State Street deposited \$20.0 million in the form of below-market rate certificates of deposit in two MDIs located in North Carolina and South Carolina. These deposits serve as a low-cost source of funding for the MDIs' lending activities and are considered responsive. As per the Interagency CRA Questions and Answers, activities in conjunction with MDIs are favorably considered in the CRA performance evaluation of the bank even if the MDIs are not located in, or such activities do not benefit, the assessment area of the bank or the broader statewide or regional area that includes its assessment area.

Small Business Investments

State Street carries \$5.9 million on its books in previously qualified Small Business Investment Company (SBIC) investments. SBICs promote economic development by financing small businesses. The investments were made in funds that have a geographic focus that targets companies primarily located throughout the Northeast and New England, including the bank's assessment area. In addition,

community development outcomes are demonstrated through SBA-required job creation tracking and reporting. During this examination period, State Street did not provide any new investments in SBICs.

Grants and Donations

The bank exhibits excellent responsiveness to community development needs in its assessment area through the provision of community development grants and donations that are responsive and innovative. During the examination period, the bank provided a total of \$29.4 million in donations and grants, demonstrating a high level of activity and an increase from the previous examination. Of this total, \$22.9 million in grants and donations directly benefitted the Boston/Quincy area and its residents. An additional \$2.1 million benefited organizations within the broader statewide area in Massachusetts, and \$4.4 million impacted areas nationwide. The majority of donation activity was provided through the Foundation. The strategic focus of the Foundation continues to be investing in education and workforce development to help low- and moderate-income individuals obtain the skills, knowledge, and professional exposure necessary to secure employment in an evolving economy. This strategic focus is responsive to the assessment area needs as described by the community contacts. The bank has increased dollar amounts of donations to account for the impact of inflation and cost of living on community development organizations operating in the assessment area. With larger grants and multi-year commitments, community development organizations within the Foundation's portfolio can more effectively carry out their missions. The higher dollar amounts are considered more impactful. In addition, the bank has pledged multi-year commitments to certain organizations, which better allow the organizations to design effective strategies for fulfilling their missions.

Early College Initiative (Early College)

During the current examination period, the Foundation focused its donation activity on expanding Early College within Boston and Quincy public schools. Early College involves partnering high schools and higher education partners in a program that targets low-income students, students of color, and first-generation college-goers to earn high school graduation requirements and college credits at the same time. The goal of Early College is to close the education gap and improve college attendance and graduation rates for underrepresented and disadvantaged students. In Massachusetts, the initiative is spearheaded by the Massachusetts Board of Higher Education and Board of Elementary & Secondary Education, which had determined in 2017 that Early College is a promising model that narrows educational opportunity gaps, especially in low-income school districts. Furthermore, the City of Boston and Boston Public Schools leadership has determined that increasing student access to Early College programs is a key education need and has committed to expanding access to Early College. The City of Boston works in collaboration with Boston's higher education institutions, major employers, including State Street, and youth-serving community organizations to expand Early College opportunities. The bank's funding activities to support and expand Early College programs at local public schools are considered highly aligned with the goals of this public initiative, showcasing excellent responsiveness to assessment area needs.

The Foundation's funding helped expand Early College programs at three additional Boston area public schools, Fenway High School, Brighton High School, and Boston Community Leadership Academy. In addition, State Street continues to support Early College programs at Quincy High School and North Quincy High School in Quincy, and New Mission High School and Dearborn STEM Academy in Boston.

The majority of students served by these schools are low-income. The Foundation contributed approximately \$3.9 million during the examination period to support and expand Early College at the participating Boston and Quincy public schools. State Street's support has provided access to this program to over 800 high school students in both Quincy and Boston. In addition to directly supporting Early College programs within the assessment area, the Foundation also provided \$400,000 to the Massachusetts Alliance for Early College (MA4EC). This organization is a cross-sector coalition of corporate, non-profit, and educational partners that supports the growth and creation of Early College programs across the state, including the bank's assessment area.

Other Donations

In addition to supporting Early College, the bank made recurring large dollar donations to several organizations serving the assessment area over the review period. Below is a sample of organizations that have received large recurring donations and an overview of their missions. These organizations include those which address workforce development and education, affordable housing, community services to low- and moderate-income individuals, and economic development.

- **Action for Boston Community Development (ABCD)** provides low-income residents in Greater Boston with the support and resources necessary to attain economic stability and success. Each year, the organization serves more than 100,000 low-income individuals and families through a broad range of innovative initiatives that are tailored to neighborhood needs as well as long-established, proven programs and services, such as housing and homelessness prevention, fuel assistance, basic adult education, and job training, and early education and care. Over the review period, the bank's total grants to this organization amounted to approximately \$290,000.
- **Boston Foundation, Inc.** is an organization focused on four interconnected areas: the quality of and access to health care and early education; access to and support of an education and career path that provides household sustaining income; building stable, enriching and equitable communities across the region through affordable housing preservation and establishing and strengthening pathways to homeownership; and investment in effective leadership and community-led grantmaking for vulnerable residents to gain access to essential needs and secure a safety-net. To build stronger and more equitable systems, the Boston Foundation is focused on the full ecosystem of what builds a healthy childhood, from addressing racial disparities in health care and social supports for mothers and birthing people, to advancing high-quality education, to providing more and earlier mental and behavioral health care. To build equitable pathways to success, the Boston Foundation is focused on strengthening the education-to-career continuum—from convening, coordinating, and strengthening programs and organizations that engage and educate high school and postsecondary students, to investing in projects and partnerships that expand the model of job training, to helping adults re-enter the workforce. Total donations to this organization amounted to \$910,000.
- **Boston Private Industry Council Inc (PIC)** is a nonprofit organization that strengthens Boston communities and its workforce by connecting youth and adults with education and employment opportunities that align with the needs of the area employers. The organization's mission includes lifting people out of poverty and strengthening the local economy. The organization brings together employers, educators, and workforce entities, often by industry sector, to help

guide the agenda for education and workforce preparation. Over the review period, the bank's total grants to the organization amounted to approximately \$287,000.

- **Businesses United in Investing and Lending Development (BUILD)** is a tax-exempt, nonprofit organization founded in 1999 that uses entrepreneurship to excite and propel disengaged, low-income students through high school to college success. Donations to this organization totaled approximately \$282,000.
- **MissionSAFE: A New Beginning, Inc.** works with youth who experienced trauma associated with the chronic stress of living in poverty and violence. MissionSAFE is focused on trauma-resilience strategies, personal growth, education support, and violence prevention strategies for middle- and high-school aged young people living in various low-income Boston neighborhoods. Donations to this organization totaled \$315,000.
- **Thrive Scholars** is an organization with the mission to help high-achieving, underrepresented students from economically disadvantaged communities get into and graduate from top colleges equipped to achieve their full career potential. The bank donated a total of \$177,000 during the review period.
- **uAspire Inc** provides young people with financial information and resources in navigating an affordable path to and through postsecondary education. The organization partners with high schools, community organizations, and colleges to provide college affordability advice to thousands of low-income students and their families annually. Over the review period, the bank's total grants to this organization amounted to approximately \$274,000.
- **Year Up, Inc** is an organization with the mission to close the opportunity divide by providing low- and moderate-income young adults with the skills, experience, and support to reach their potential through professional careers and higher education. The organization uses a "high support, high expectations model" that combines marketable skills, stipends, internships, and college credits to place participants on viable path to economic self-sufficiency. Over the review period, the bank's total grants to the organization amounted to \$465,000.
- **New Commonwealth Racial Equity and Social Justice Fund (NCF)** is a coalition of Black and Brown executives in Massachusetts who have joined to leverage individual and collective power to work with community organizations and coalitions to address and eliminate systemic racism and racial inequity in the Commonwealth. The NCF has four pillar areas: 1) Policing & Criminal Justice Reform; 2) Health Care Equity; 3) Economic Empowerment; and 4) Youth Education, Empowerment & Civic Engagement. In the review period, State Street contributed \$2.0 million to the NCF.

Matching Gifts

In accordance with the bank's charitable mission, State Street operates a matching gift program. This program encourages employees to support non-profits by matching donations at a 1:1 ratio. In addition, employee volunteer time is monetized; for every 16 hours an employee volunteers with a single organization, the organization is eligible to receive a grant of \$500. Over the review period,

the bank matched \$1.4 million in gifts to community development organizations in the assessment area and broader statewide area.

Community Development Services

The bank is a leader in providing community development services. State Street extensively uses innovative and complex services that exhibit excellent responsiveness to community development needs within the assessment area. State Street has taken a leadership role in meeting the most immediate and long-term needs of its community. The bank has led and participated in unique collaborations aimed at addressing social issues. The bank has coupled these programs with long-term monetary support that allows the organizations to have a lasting impact.

Workforce Development and Education

The bank has engaged in unique collaborations with the MA4EC, Root Cause, and Common Impact to address workforce development and education in the assessment area. These activities demonstrate innovativeness by the bank to address key community development needs as highlighted by the community contacts.

Early College

Along with grant support, Foundation staff have played a leadership role to expand Early College through their involvement with the MA4EC. As mentioned prior, this organization supports the growth and creation of Early College programs across the state in an effort to increase access to college completion and career success for low-income students. The prior Foundation president was a founding board member of this organization, and the Foundation senior grants manager currently sits on the board. In addition, Foundation employees participated in various events in Boston and Quincy that related to increasing access to Early College, and which included stakeholders from local and state government and public schools. Examples include such events as Early College Day at the Massachusetts State House and the Quincy High School Early College Symposium.

Root Cause

During the evaluation period, the bank partnered again with Root Cause, a non-profit consulting organization, to provide customized technical assistance to community development organizations. This program began during the COVID-19 pandemic to help community development organizations address challenges brought upon by the COVID-19 pandemic, including capacity-building, program quality, change management and sustainability. Each year-long program consisted of several workshops held in partnership with State Street employees, with activities including best practices discussions, case studies, individualized coaching for the head of each non-profit organization, sessions and panels with guest speakers, and peer-to-peer learning activities. State Street employees volunteered 100 hours as part of this program during the evaluation period.

Common Impact

State Street partnered with Common Impact, a non-profit that connects corporate employees to non-profit organizations for consulting engagements, to provide both short-term and long-term consulting services to community development organizations. Short-term services consist of a flash consulting day where volunteers are partnered with a community organization to tackle various business and operating challenges facing these organizations. The long-term consultation engagements last 8 to 11 weeks on a capacity-building challenge for the non-profit organization. These activities utilize State Street employees' financial and technical expertise; examples include strategic planning, financial analysis and budgeting, internal process improvements, and program scaling and expansion. State Street employees volunteered 1,990 hours as part of this program during the evaluation period.

Technical and Financial Expertise

State Street encourages staff engagement with non-profit community organizations to pursue the goal of establishing and maintaining relationships. The Foundation has put emphasis on increasing community development board service by State Street employees within the assessment area, resulting in more individuals serving on non-profit boards than during the prior examination. In addition, the Foundation holds periodic board training events for State Street staff to increase the effectiveness and impact of their participation on these organizations' boards.

Below are examples of bank management participation on the boards of community development organizations. Several of the organizations' missions align with the bank's goal to improve education and workforce development within the assessment area. Other organizations are focused on providing community services to low- and moderate-income individuals residing the assessment area.

- **Bottom Line** is a non-profit organization focused on increasing college graduation rates of first-generation students from low-income backgrounds. The organization provides one-on-one support through a mentorship program to degree-aspiring high school students. In addition, for students attending one of the organization's target colleges, an advisor continues working with the students one-on-one for up to six years. The organization's vision is to create a far-reaching ripple effect, launched by the transformative power of a college degree and a mobilizing first career, that will uplift individuals, families, and entire communities. A bank senior vice president served on the organization's board during the evaluation period.
- **Greater Boston Legal Services** is an organization that provides legal advice and representation to low-income individuals. In addition, thousands of other low-income families and individuals benefit from the systemic advocacy this organization carries out on behalf of its clients. A bank executive vice president served on the organization's board during the evaluation period.
- **Hyde Square Task Force** is a non-profit Boston organization focused on working with mostly Latinx, immigrant and first-generation college-going youth from the Jamaica Plain neighborhood. The organization was formed in the 1980s by a coalition of neighbors and leaders coming together to address the growing violence and related challenges facing the Hyde/Jackson neighborhood of Jamaica Plain. Currently, the organization seeks to address high levels of poverty, community violence, and low-educational attainment of the youth they serve. During

the evaluation period, a bank senior vice president served on the organization's board.

- **Boston Uncornered** is a non-profit organization dedicated to transforming neighborhoods through education by ending generational cycles of urban poverty, violence, and lack of opportunity. Boston Uncornered engages gang-involved individuals through mentoring to become positive leaders in their community. A State Street senior vice president served on the organization's board during the evaluation period.
- **Project Bread** connects people and communities in Massachusetts, including those residing in the bank's assessment area, to reliable sources of food while advocating for policies that make food more accessible. The organization emphasizes connecting people to federal nutrition programs designed to supply meals and alleviate the economic burden of purchasing food on a tight household budget, and advocate for scalable solutions to end hunger. A bank executive vice president served on the organization's board.
- **Victory Programs** is a Boston-based non-profit organization that helps individuals and families who are homeless and may have substance use disorders, often accompanied by chronic health issues like HIV/AIDS, Hepatitis C, and mental illness. The organization is committed to helping individuals regain their health and obtain immediate access to safe and stable housing. During the evaluation period, a bank senior vice president served on the board of this organization.
- **Greater Boston Food Bank (GBFB)** takes a multi-pronged approach to achieve its mission to end hunger. GBFB is the largest hunger-relief organization in New England and among the largest food banks in the country. GBFB is committed to increasing food distribution to provide three meals a day to every person in need in Eastern Massachusetts while supporting healthy lives and healthy communities. A State Street executive vice president served on this organization's board.

Other Community Services

In addition to State Street's community development board involvement, State Street operates a companywide employee volunteer program that facilitates the service activities of its employees worldwide. State Street provides four paid days off annually for each participating employee and encourages employees to participate in programs that are consistent with the bank's focus on education and workforce development. Furthermore, the organization encourages skill-based volunteerism in which employees utilize their financial and or technical expertise. The following details some of the qualified volunteer service activities in which bank employees participated. These volunteer activities were carried out either on an individual basis or in groups.

- **Dignity Matters** is a non-profit organization that assists single mothers, low-income or homeless women, or women and teens who escaped domestic violence and cannot safely return home with basic sanitary products. The organization also serves thousands of immigrants, refugees and members of the LGBT community. Dignity Matters partners with food pantries, public schools, domestic violence centers, scattered sites, transitional housing units, medical centers for homeless. The organization focuses on developing long-term relationships with community

partners and prioritizes helping organizations with the greatest need. Two State Street volunteers dedicated 35 hours each to help with the organization's annual report.

- **Mass Mentoring Partnership (MMP)** is a non-profit organization focused on mentoring at-risk students from low-income families and neighborhoods. The organization is focused on advocacy and public engagement, equity and inclusion, and learning and innovation. Through partnership with local organizations, MMP provides a link between national evidence-based research and local programs that promote the quality and quantity of mentorship relationships. Three State Street volunteers dedicated more than 100 hours total to help with constituent relationship management review and recommendations.
- **Quincy Asian Resources** is an organization focused on fostering and improving the social, cultural, economic, and civic lives of low- and moderate-income immigrants and their families. Through collaborations and partnership, the organization provides various services including workforce development, adult education programs, food security assistance, affordable housing referrals, and community health services. State Street volunteers dedicated a total of 353 hours to assist this organization, including with branding and marketing development to align with a new strategic plan.
- **Youth Guidance Boston** is a non-profit organization focused on creating and implementing school-based programs that enable children to overcome obstacles, focus on their education and, ultimately, succeed in school and life. Through a careful mutual selection process with Boston Public Schools, the organization's goal is to improve outcomes for young men at-risk for poor academic outcomes and/or involvement in the juvenile justice system. A majority of students that attend Boston Public Schools are low-income. Five State Street volunteers dedicated 175 hours total to help with the organization's marketing and communication strategy.
- **Boston Preparatory Foundation** is an organization focused on preparing students to succeed in four-year colleges and embody, in thought and in action, lifelong ethical growth. The students enrolled in this program represent the diversity found in the neighborhoods of Dorchester, Mattapan, Roxbury, and Hyde Park, with a smaller number of students traveling from various other neighborhoods in Boston. State Street had numerous employees volunteer over 190 hours total to work with kids on a weekly finance club, including how to bank and job application and interview skills.
- **More Than Words** is a non-profit organization providing youth from ages 16 to 24 in foster care, homeless, out of school or in the court system the opportunity to change their lives through job training and workforce development. Three State Street volunteers dedicated ten hours each to help with staff onboarding framework at the organization.
- **Trinity Boston Connects (TBC)** is an organization focused on healing the traumatic impact of systemic racism in Boston, and creating a more equitable Boston in which youth of color can thrive. TBC delivers effective training, coaching, and counseling to leaders and staff that transforms organizations and dismantles structural barriers to success. Among other programs, TBC offers a three- to six-year tuition-free, out-of-school time pipeline program that empowers middle and high school students, mainly from low-income neighborhoods of Boston, to pursue

excellence through academic enrichment and support, cultural and career exploration, and character and leadership development. Three State Street volunteers dedicated 30 hours total to help with project management at the organization.

- **Inquilinos Boricuas en Acción (IBA)** is a community development corporation that started in the South End neighborhood of Boston to address displacement of low-income families due to urban development. IBA offers affordable housing and supportive programming to increase social and economic mobility for the families they serve. One of the most important goals of IBA is to provide safe and sustainable affordable housing. In addition, the organization is delivering evidence-based programs to children, youth, adults, and seniors, to increase their quality of life and to provide them opportunities for social and economic mobility. Four State Street volunteers dedicated 10 hours each to help with marketing analysis and the organization's early education program.
- **Loop Lap** is a non-profit organization founded in 2017 as a project to decrease violence and drug abuse in disadvantaged communities by increasing job opportunities. The organization operates as a social enterprise specializing in digital storytelling and workforce development. The focus is on education, employment, and entrepreneurship. Four State Street volunteers dedicated 40 hours each to help with business development strategy.

Community Development Lending

The bank made a total of three community development loans, all of which were secured by mixed-income multifamily properties with a percentage of total units allocated to be affordable for low- and moderate-income individuals. The bank received credit for the pro rata share of the affordable housing units, which totaled \$41.3 million. One loan, with a CRA-qualified amount of \$12.4 million, was located in Cambridge, MA, and the other two loans with CRA-qualified amounts totaling \$28.9 million were in areas outside the assessment area or broader statewide area. While community development lending activity did not have a measurable impact on the bank's CRA rating, this activity is representative of State Street's support of community development initiatives.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

With respect to State Street, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

Section 1025 of the Dodd-Frank Wall Street Reform and Consumer Protection Act assigns to the Consumer Financial Protection Bureau (CFPB) exclusive examination authority, and primary enforcement authority, to ensure compliance by banks with assets more than \$10 billion. The CFPB has not provided any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the federal consumer financial law.

OTHER COMMUNITY DEVELOPMENT ACTIVITIES

The bank has adequately addressed the needs of its assessment area; therefore, qualified investments in areas nationwide were also considered. The Interagency Questions and Answers regarding CRA recognize that nationwide funds are important sources of investments in low- and moderate-income and underserved communities throughout the country and can be an efficient vehicle for institutions in making qualified investments that help meet community development needs. Nationwide funds are considered suitable investment opportunities, particularly for large financial institutions with nationwide footprints. With a national presence and a global focus, State Street's nationwide community development investment activities outside its defined assessment area serve to support the bank's performance and contributed to the bank's "Outstanding" rating.

Nationwide Affordable Housing Investments

LIHTC Funds

Qualified activity on a nationwide level that contributed to the bank's rating includes the bank's investments in nationwide LIHTC funds, which totaled \$754.4 million. State Street made new commitments, totaling \$140.9 million, to nationwide LIHTC funds during the current examination period. LIHTC funds are considered complex and have a multi-year impact in creating and preserving affordable housing, as housing must be kept affordable for at least a 15-year compliance period. These current period funds created 6,248 units of affordable housing⁵ for low- and moderate-income people nationwide. Consideration is given to investments that were made prior to the current examination but are still outstanding. Factors relevant to the bank's CRA performance context, such as the effect of outstanding long-term qualified investments, the bank's current and projected tax liability, the capital contribution schedule, and the amount of any cash call on the capacity of the bank to make new investments are also considered. State Street has \$613.5 million in outstanding balances from prior period LIHTC funds. Capital contributions associated with prior period LIHTC funds totaled \$256.9 million during the current examination, demonstrating ongoing impact of these prior commitments. Table 5 depicts the new commitments as well as the outstanding balances on prior period commitments and all capital contributions made between September 27, 2021 and February 26, 2024, including capital paid towards investments made in prior CRA examination periods. Within Table 5, prior period investments are reflected at their book value as of December 31, 2023, and current period investments are reflected at their original commitment amounts.

⁵ Unit information based on information provided to the bank by the syndicators on the number of properties and housing units associated with each fund at time of commitment.

Table 5 Nationwide LIHTC Funds					
Fund	New Commitments (000's)	Outstanding Book Balance as of 12/31/23 (000's)	Advances (000's)	# of Total Units	# LIHTC Units
<i>Current Period Investments</i>					
WNC Institutional Tax Credit Fund 52, L.P.	\$30,000		\$15,465	2,148	2,147
Stratford Fund 37 Limited Partnership	\$30,000		\$16,156	1,528	1,519
Alliant Tax Credit Fund 111, LP	\$40,000		\$24,236	1,598	1,574
Raymond James Tax Credit Fund 50 L.L.C.	\$40,937		\$8,676	1,012	1,008
Total	\$140,937		\$64,533	6,286	6,248
<i>Prior Period Investments</i>					
PNC Multifamily Capital Institutional Fund XL Limited Partnership		\$32			
Garnet LIHTC Fund XXVII, LLC		\$537	\$111		
CREA Corporate Tax Credit Fund XXIII, LLC		\$1,661	\$181		
U.S.A. Institutional Tax Credit Fund LXXXVII L.P.		\$1,386			
Boston Financial Institutional Tax Credits XXXVII, A Limited Partnership		\$414			
WNC Institutional Tax Credit Fund 38, L.P.		\$2,608			
CREA Corporate Tax Credit Fund XXXVI, LLC		\$5,323	\$69		
BF Advantaged Institutional Tax Credits I, Limited Partnership		\$1,617			
Ohio Equity Fund for Housing Limited Partnership XX		\$1,296			
WNC Institutional Tax Credit Fund 30, L.P.		\$572			
WNC Institutional Tax Credit Fund 32, L.P.		\$958			
CREA Corporate Tax Credit Fund 39, LLC		\$8,188	\$62		
Alliant Tax Credit Fund 80, LTD.		\$12,778	\$503		
CREA Corporate Tax Credit Fund 41, LLC		\$13,000	\$1,087		
WNC Institutional Tax Credit Fund 40, L.P.		\$9,923	\$1,245		
Raymond James Tax Credit Fund 41 L.L.C.		\$18,127	\$1,451		
RBC Tax Credit Equity National Fund-22, L.P.		\$19,417			
CREA Corporate Tax Credit Fund 45, LLC		\$16,487	\$1,311		
WNC Institutional Tax Credit Fund 41, L.P.		\$14,893	\$804		
Stratford Fund XVII Limited Partnership		\$9,538			
Raymond James Tax Credit Fund 44 L.L.C.		\$15,341	\$1,610		
CREA Corporate Tax Credit Fund 52, LLC		\$22,810	\$2,636		
WNC Institutional Tax Credit Fund 43, L.P.		\$10,903	\$2,349		
Boston Financial Institutional Tax Credits XLVII Limited Partnership		\$30,079	\$1,606		
Stratford Fund 27 Limited Partnership		\$18,037	\$208		
WNC Institutional Tax Credit Fund 45, L.P.		\$22,316	\$2,298		
Stratford Fund 29 Limited Partnership		\$28,311	\$8,942		
WNC Institutional Tax Credit Fund 46, L.P.		\$41,096	\$22,157		
Red Stone Equity-2019 National Fund, L.P.		\$14,733	\$9,211		
Alliant Tax Credit Fund 96, LP		\$22,628	\$21,856		
CREA Corporate Tax Credit Fund 74, LLC		\$26,950	\$16,211		
RAH Corporate Partners Fund 56 LLC		\$17,716	\$14,849		
CREA Corporate Tax Credit Fund 79, LP		\$36,233	\$31,871		
Alliant Tax Credit Fund 104, LP		\$40,045	\$34,754		
Stratford Fund 31 Limited Partnership		\$42,038	\$24,967		
Aegon LIHTC Fund 62, LLC		\$41,382	\$28,503		
WNC Institutional Tax Credit Fund 51, L.P.		\$44,116	\$26,093		
Total	\$140,937	\$613,489	\$321,478		

Source: Internal bank documents

Affordable Housing Preservation Funds

In addition to investing in nationwide LIHTC funds, the bank also invested in preservation funds aimed at preserving affordable rental housing to low- and moderate-income individuals. The bank invested \$15.0 million in an affordable housing preservation fund during the review period, which is summarized below. The bank continues to hold three prior period preservation funds with book values totaling \$36.9 million. These prior period preservation funds have a multi-year impact, with capital contributions made to prior period funds totaling \$20.7 million during the examination period.

- The bank invested \$15.0 million in a fund formed to address the need to preserve affordable rental housing for low- and moderate-income individuals in communities across the United States. These affordable multifamily properties include LIHTC housing that have completed their tax credit compliance period, HUD Section 8 apartments, and properties with majority of units affordable to renters with income below 80.0 percent AMI. Of the 1,405 total housing units impacted by the fund, 1,374 units are affordable to residents whose income is below 80.0 percent AMI.

Commercial Mortgage-Backed Securities

In 2022, the bank purchased \$80.0 million of a CMBS backed by a portfolio of multifamily affordable housing properties in Florida. The portfolio consists of 43 properties that participate or participated in the LIHTC program. Of the 10,965 total housing units, 96.2 percent of units are deemed affordable to renters earning less than 80.0 percent of AMI, and rents are limited on these units to 30.0 percent or less of the renters' monthly income. Though outside the assessment area, this investment is responsive to affordable housing needs in Florida, which has seen a rapid increase in housing prices and rents since the COVID-19 pandemic.

APPENDIX A

GLOSSARY

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

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

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

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

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

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

- (i) Low- or moderate-income geographies.
- (ii) Designated disaster areas; or

(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:

a. Rates of poverty, unemployment, and population loss

or

b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of

an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

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

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

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

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

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

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

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

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

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

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

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

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