PUBLIC DISCLOSURE

March 2, 2026

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

bankESB
RSSD # 859002

36 Main Street
Easthampton, Massachusetts 01027

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 OUTSTANDING.

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

	bankESB		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory		X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

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

Lending Test

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in the bank's assessment area.

- A small percentage of the bank's loans are made in its assessment area.

- An adequate geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment area.

- An excellent distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

- Use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.

- The bank is a leader in making of community development loans.

- A good record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses with gross annual revenues (GAR) of $1 million or less, consistent with safe and sound operations.

Investment Test

- A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.

- Significant use of innovative or complex qualified investments.

- Adequate responsiveness to credit and community development needs.

Service Test

- The bank's service delivery systems are reasonably 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 not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals.

- The bank provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

bankESB is a state-chartered member bank (SMB) of the Federal Reserve System headquartered at 36 Main Street in Easthampton, Massachusetts. bankESB is wholly owned by Hometown Financial Group (HFG) under its top tier holding company Hometown Financial Group MHC. HFG holds two additional wholly owned SMB subsidiaries: bankHometown and TruNorth Bank. Residential lending for all three SMBs is centralized through Hometown Mortgage, a division of bankESB.

In addition to its headquarters, the bank operates 10 branches, with 7 in Hampshire County and 3 in Hampden County. The Hampshire County branches are in Amherst, Belchertown, Easthampton, Hadley, Northampton, South Hadley, and Southampton. The Hampden County branches are in Agawam, Holyoke, and Westfield.

The bank offers personal products and services such as checking and savings accounts, online and mobile banking, mortgages and home equity loans. Business products and services include checking and savings accounts, cash management services, and commercial real estate loans. Information about the bank's products and services can be found at www.bankesb.com.

As of December 31, 2025, bank assets totaled $2.0 billion, loans totaled $1.6 billion, and deposits totaled $1.7 billion. Since the last evaluation, bank assets increased by 5.4 percent, which is attributed to a $46.0 million increase in the bank's loan portfolio. The increase in the dollar volume of loans is largely attributed to an $81.8 million increase in closed-end one-to-four family loans. Commercial loans have declined by 4.3 percent by dollar, which is primarily attributed to a $114.7 million decline in multifamily loans.

Table 1 shows the bank's loan portfolio distribution by dollar, as of December 31, 2025. The loan portfolio is primarily comprised of commercial loans, at 62.0 percent, followed by residential real estate, at 36.9 percent. Agriculture, consumer, and other loans account for a nominal share of the bank's loan portfolio by dollar.

Table 1
Loan Distribution as of December 31, 2025

Loan Type	Dollar Amount $(000)	Percent of Total Loans (%)
Residential RE	601,652	36.9
Agriculture	2,240	0.1
Commercial*	1,009,846	62.0
Consumer	1,030	0.1
Other	15,301	0.9
Total Loans	1,630,069	**100.0**

Call Report as of December 31, 2025.
**May include construction, land development, and other land loans reported on the HMDA LAR.*
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The bank faces competition for residential and small business lending from local and regional financial institutions, and nationwide mortgage companies. Top residential lenders in the assessment area included depository institutions such as Citizens Bank, N.A., Westfield Bank, PeoplesBank, and Florence Bank and non-depository lenders such as Rocket Mortgage, LLC. and Fairway Independent Mortgage Company. For small business lending, the largest lenders primarily were credit card lenders and national banks including American Express, N.B., JPMorgan Chase Bank, N.A., Citibank, N.A., Capital One, N.A., and Bank of America, N.A.

According to the FDIC Summary of Deposits report as of June 30, 2025, there were 20 financial institutions offering deposit services through 167 branches in the assessment area. The bank ranked 5th with a deposit market share of 8.6 percent. PeoplesBank had the highest market share at 14.5 percent, followed by TD Bank, N.A., Bank of America, N.A., and Westfield Bank.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in the assessment areas. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of the assessment area in which it operates.

The bank's assessment area did not change since the last examination and is comprised of Hampshire and Hampden counties in Massachusetts. Hampshire and Hampden counties are often included in reference to the Pioneer Valley, which also includes Franklin County in the western portion of the state along the Connecticut River.

During the prior evaluation, both counties were in the Springfield, MA Metropolitan Statistical Area (MSA). In July, 2023, the Office of Management and Budget (OMB) revised the delineations of the nation's MSAs. As a result of the revisions, Hampden County is the sole county in the Springfield MA, MSA (Springfield MSA) and Hampshire County is the sole county in the newly established Amherst Town-Northampton, MA MSA (Amherst MSA). As both the Springfield and Amherst MSAs are in the Springfield-Amherst Town-Northampton, MA Combined Statistical Area, bankESB continues to be evaluated under one assessment area comprised of both the MSAs.

Relevant demographic data for the assessment area is provided in Table 2.

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	16	11.5	10,898	7.2	4,137	38.0	35,775	23.7
Moderate	27	19.4	28,883	19.1	5,054	17.5	24,688	16.3
Middle	56	40.3	63,238	41.9	4,186	6.6	28,213	18.7
Upper	35	25.2	47,796	31.6	1,794	3.8	62,423	41.3
Unknown	5	3.6	284	0.2	39	13.7	0	0.0
Total AA	**139**	**100.0**	**151,099**	**100.0**	**15,210**	**10.1**	**151,099**	**100.0**
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	22,225	3,283	2.2	14.8	16,479	74.1	2,463	11.1
Moderate	52,813	21,683	14.3	41.1	26,949	51.0	4,181	7.9
Middle	110,074	70,006	46.1	63.6	32,930	29.9	7,138	6.5
Upper	71,848	56,715	37.4	78.9	11,380	15.8	3,753	5.2
Unknown	867	25	0.0	2.9	649	74.9	193	22.3
Total AA	**257,827**	**151,712**	**100.0**	**58.8**	**88,387**	**34.3**	**17,728**	**6.9**
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2,166	9.1	1,884	8.7	269	13.8	13	7.2
Moderate	4,311	18.2	3,894	18.0	396	20.4	21	11.6
Middle	9,823	41.4	9,040	41.8	700	36.0	83	45.9
Upper	7,209	30.4	6,592	30.5	554	28.5	63	34.8
Unknown	238	1.0	212	1.0	25	1.3	1	0.6
Total AA	**23,747**	**100.0**	**21,622**	**100.0**	**1,944**	**100.0**	**181**	**100.0**
Percentage of Total Businesses:				**91.1**		**8.2**		**0.8**

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Composition

The assessment area consists of 139 census tracts, of which 16 tracts, or 11.5 percent, are low-income; 27 tracts, or 19.4 percent, are moderate-income; 56 tracts, or 40.3 percent, are middle-income; 35 tracts, or 25.2 percent, are upper-income; and 5 tracts, or 3.6 percent, are unknown-income. Of the 139 census tracts in the assessment area, 104 tracts, or 74.8 percent, are in Hampden County. The low-income tracts in the assessment area are in Ware (1), Holyoke (5), and Springfield (10). The moderate-income tracts are in Chicopee (6), Easthampton (2), Holyoke (2), Northampton (1), Palmer (1), Springfield (13), and West Springfield (2). The low- and moderate-income tracts are primarily located in Hampden County. The five unknown-income tracts account for the campuses of University of Massachusetts (UMASS), Hampshire College, and Westfield State University and a tract containing the MGM Springfield Resort.

According to the Pioneer Valley Planning Commission's (PVPC) 2024 Comprehensive Economic Development Strategy (CEDS), 40.0 percent of the tracts in Hampden County are economically disadvantaged compared to the rest of Massachusetts and the nation. The indicators used to determine whether an area is economically disadvantaged included, but were not limited to health, housing, and workforce development statistics.

Housing

The assessment area contains 257,827 housing units, of which 58.8 percent are owner-occupied, 34.3 percent are rental units, and 6.9 percent are vacant. Of all housing units in the assessment area, the Springfield MSA accounts for 75.1 percent.

Table 3
Median Home Sales Prices

Geography	2023	2024	% Change
Hampshire	$ 365,000	$ 392,750	7.6
Hampden	$ 291,131	$ 314,000	7.9
Massachusetts	$ 550,000	$ 595,000	8.2

Source: The Warren Group

According to The Warren Group, the median home sales price in Hampshire County was $365,000 in 2023 and increased by 7.6 percent to $392,750 in 2024. For Hampden County, the median home sales price was $291,131 in 2023 and increased by 7.9 percent in 2024 to $314,000. For 2023 and 2024, the median home sales price in each county was below the Massachusetts median sales prices of $550,000 and $595,000, respectively, suggesting that home prices in the assessment area are generally more affordable for low- and moderate-income borrowers compared to Massachusetts as a whole. However, as noted by a community contact, housing affordability and availability remains a challenge in the area.

According to a regional housing snapshot[1] from the PVPC, inadequate and aging housing inventory is a notable challenge. Investing in home repairs and updating properties can be cost prohibitive for property owners, which was also a challenge mentioned by a community contact. Additionally, the region has relatively lower home and rental prices compared to the state, which may disincentivize landlords from maintaining and rehabilitating older homes due to minimal value returns. Despite these challenges, home prices have increased based on limited inventory.

Population

Population data for the assessment area is provided in Table 4.

1 https://www.mass.gov/info-details/pioneer-valley-region-housing-snapshot

Table 4 Population Demopgraphic Data by County			
Demopgrahic Data	**Hampshire County**	**Hampden County**	**Total**
Population	162,308	465,825	628,133
Households	59,607	180,492	240,099
Families	35,830	115,269	151,099
Source: 2026-2020 U.S. Census Bureau: American Community Survey			

The assessment area has a population of 628,133 individuals. The population is comprised of 240,099 households, of which 151,099 are families. The highest portion of families, at 41.3 percent, are upper-income. Middle-income families represent 18.7 percent, and moderate- and low-income families represent 16.3 percent and 23.7 percent, respectively. Of the low- and moderate-income families in the assessment area, 78.2 percent and 75.7 percent, respectively, reside in Hampden County.

In the PVPC's 2024 CEDS report, it states the region's population is stagnant and in many areas becoming older. Although the area is home to 13 highly ranked colleges and universities, the region is not "sticky," meaning many graduates leave the region to start their professional careers and families. Additionally, if not for in-migration, primarily from immigrants and refugees, the region's population would be shrinking. An aging population paired with individuals and families leaving the region would suggest a challenging environment to originate home mortgage loans, particularly home purchase loans, within the assessment area.

Business Characteristics

According to Dun & Bradstreet, Inc., Short Hills, NJ (D&B) data, there are 23,747 businesses operating within the assessment area. Of the businesses, 91.1 percent have gross annual revenue (GAR) of $1 million or less. At 41.4 percent, the highest share of businesses is in middle-income census tracts. Overall, the distribution of businesses is reflective of the census tract distribution in the assessment area. Of all the businesses in the assessment area, 16,718 businesses, or 70.4 percent are in the Hampden County, which suggests a greater demand for small business loans compared to Hampshire County.

The PVPC's 2024 CEDS summarizes that the region's primary industries include healthcare/social assistance, educational services, and manufacturing, but it is also seeing an emergence of technology fields, including quantum and quantum-adjacent fields, green and clean energy technologies, financial technology, food science, and applied materials manufacturing.

Income

The FFIEC adjusts median family income (MFI) of metropolitan and non-metropolitan areas annually, based on estimates. MFI is used to classify the income level of a borrower within each area. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above.

Table 5 Median Family Income			
MSA	County	2023	2024
Springfield, MA	Hampden	$ 94,600	$ 89,100
Springfield, MA	Hampshire	$ 94,600	-
Amherst Town-Northampton, MA	Hampshire	-	$ 119,700
FFIEC Census and FFIEC Estimated MSA/MD MFI 2023 & 2024			

In 2023, the MFI for the Springfield MSA, which included Hampshire and Hampden counties, was $94,600. In 2024, the MFI in the Springfield MSA, which only included Hampden County, decreased to $89,100 based on the income composition of the tracts in Hampen County. For the same year, the MFI in the Amherst MSA, which only included Hampshire County, was $119,700. Based on the OMB changes from 2023 and 2024 and the composition of the tracts within the MSA, the MFI in Hampshire County increased 26.5 percent.

According to the PVPC's 2024 CEDS, Hampshire County, whose population is almost one-third the size of Hampen County's, has more than double the percentage of people who obtain graduate and professional degrees. The disparity between the two counties is due to the presence of UMASS and multiple private colleges in Hampshire County. In contrast, the City of Springfield has the highest percentage of persons with less than a 9th grade education and the lowest percentage of persons whose attainment level ends with a high school degree. The level of educational attainment may be one factor in the notable differences in the MFI between the two counties.

Employment Statistics

Employment in the assessment area was stable during the evaluation period. According to the Bureau of Labor Statistics, the annual unemployment rate in Hampshire County was 3.2 percent in 2023, and 3.8 percent in 2024, both of which were lower than the annual statewide average unemployment rate at 3.5 percent and 4.0 percent, respectively. Hampden County's unemployment rate was higher than the statewide average at 4.5 percent in 2023, and 5.1 percent in 2024.

SCOPE OF EXAMINATION

bankESB's CRA performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Large Institutions.[2] These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The bank's rating was based on performance conclusions within the assessment area under the Lending, Investment, and Service tests as well as community development activities outside the assessment area but within the broader statewide or regional area.

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

2 "Large institutions" are banks or savings associations with assets of at least $1.649 billion as of December 31 of both of the prior two calendar years.

following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The Lending Test analyzed residential mortgage loans and small business loans originated from January 1, 2023, to December 31, 2024. Residential mortgage loans were weighted more heavily than small business loans based on the number of originations within the assessment area during the evaluation period. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand.

Analysis of the bank's residential mortgage lending was conducted utilizing loans reported under the Home Mortgage Disclosure Act (HMDA). 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 area. Aggregate data was obtained from the Consumer Financial Protection Bureau and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. The bank's residential mortgage lending performance was also compared to demographics from the 2020 U.S. Census (Census).

As the residential loan function for the HFG SMBs is centralized at Hometown Mortgage, bankESB collects and reports all residential HMDA transactions for the three banks. Due to this structure, bankESB's reported HMDA loans in 2023 and 2024 represent most of the combined residential loan activity of all three banks. As each bank is evaluated concurrently under the Community Reinvestment Act (CRA), utilizing HMDA data as it was reported would not accurately illustrate each bank's lending performance to their customers and within the respective assessment areas. To ensure that residential lending performance was reflective of each bank's customers and communities, this evaluation relied on an allocation of residential loans between the three banks based on an established geographic methodology.

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

The review period for the Investment Test and the Service Test was October 17, 2023 through March 2, 2026. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank. Under the Lending Test, community development loans were also considered from October 17, 2023 through March 2, 2026.

Community Contacts

As part of the examination 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 obtained from this practice assists examiners in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with a representative from an organization that focuses on regional economic development and job growth throughout western Massachusetts. The contact identified several needs and opportunities including small business funding and transportation to support workforce effectiveness. The contact stated there are many strong skill-based trade workers who excel in the industrial and manufacturing sectors, but they cannot afford to live in the areas they work and there is no public transportation to bridge the gap. The contact also noted a need for financial literacy for small business owners, including awareness of how to access financial resources and how to make financial resources sustainable so they do not continuously rely on new funding sources. The contact further emphasized the need for financial institutions to seek solutions to reduce risk in small business funding, including scalability and sustainability in the region's economic growth pattern.

A second community contact was conducted with the president of an organization focused on providing free critical home repairs, modifications, and rehabilitations for low-income individuals and families in Hampden, Hampshire, and Franklin counties. The contact identified several needs and opportunities including affordable housing, transportation, food insecurity, workforce development, and trauma-informed care. The contact indicated that a significant portion of the one-to-four family housing stock is distressed and in disrepair, resulting in a need for flexible home repair assistance programs for low- and moderate-income individuals that do not include long-term commitment and allow for aging in place.

A third community contact was conducted with a representative of a community development corporation (CDC) that focuses on economic development through the expansion of affordable housing and small business opportunities in Hampen, Hampshire, and Franklin counties. The contact identified several needs and opportunities in the area including options to resolve language barriers for a racially diverse population, affordable housing, and funding for small businesses. The contact emphasized the affordability and availability of housing as an important issue that needs to be addressed. The contact also noted that traditional funding for small businesses is extremely challenging with most banks being very cautious in lending to smaller businesses that may not be bankable. The contact further stated that financial institutions are generally responsive to the community needs, however, suggested that the community could benefit from reduced interest rates and competitive funding options for affordable housing development, as well as the availability of flexible small dollar credit loans for smaller businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

bankESB's performance under the Lending Test is rated Outstanding.

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

Lending Activity

The bank demonstrated excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area. As discussed above, bankESB collects and reports all residential HMDA loans for the HFG subsidiary banks and, accordingly, a portion of these loans were allocated to bankESB. For the evaluation period, of the 1,928 residential loans reported on bankESB's HMDA loan application register (LAR), 378 residential loans were allocated to bankESB's assessment area. During the evaluation period, the bank originated a total of 174 small business loans, of which 138 loans, or 79.3 percent, were originated inside the assessment area.

Home Mortgage Lending

Of the total home mortgage loans inside the assessment area, 150 loans were originated in 2023, and 228 loans were originated in 2024. In 2023, the bank was ranked 21st of 358 home mortgage lenders and was in the 94th percentile for loan originations by number. In 2024, the bank was ranked 15th of 336 lenders and was in the 96th percentile for loan originations by number.

Small Business Lending

Of the total small business loans inside the assessment area, 54 loans were originated in 2023, and 84 loans were originated in 2024. In 2023, the bank was ranked 22nd of 102 small business lenders and was in the 79th percentile in loan originations by number. In 2024, the bank was ranked 17th of 99 small business lenders and was in the 84th percentile in loan originations by number.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment areas. Table 6 presents the bank's level of lending inside and outside of the assessment area during the evaluation period. The bank demonstrated that a small percentage of the loans were made in its assessment area.

In applying CRA guidance[3], affiliate lending relationships cannot be considered in calculating bankESB's lending percentage inside the assessment area. Due to HFG's residential loan strategy of originating loans across the affiliated banks through Hometown Mortgage and HMDA data collection and reporting requirements, bankESB's lending percentage inside the assessment area included all loans reported on the HMDA LAR without regard to affiliate bank allocations. As the bank's lending percentage does not accurately reflect bankESB's lending activity within its assessment area, this performance criterion conclusion did not impact the bank's Lending Test rating.

3 Interagency Questions and Answers Regarding Community Reinvestment, 81 Fed. Reg. 48506, 48538 (July 25, 2016) (Q&A §__.22(b)(2) & (3)–3)

Table 6 Lending Inside and Outside of the Assessment Areas										
Loan Type	Inside				Outside				Total	
	#	%	$(000s)	%	#	%	$(000s)	%	#	$(000s)
CV - Home Purchase - Conventional	201	16.7	53,715	9.8	1,000	83.3	492,766	90.2	1,201	546,481
FH - Home Purchase - FHA	7	16.3	2,297	11.5	36	83.7	17,627	88.5	43	19,924
HI - Home Improvement	90	27.4	9,547	23.5	239	72.6	31,140	76.5	329	40,687
MF - Multi-Family Housing	14	73.7	46,472	66.2	5	26.3	23,725	33.8	19	70,197
RF - Refinancing	65	19.6	8,286	10.8	266	80.4	68,574	89.2	331	76,860
VH - Home Purchase - VA	1	20.0	399	15.6	4	80.0	2,157	84.4	5	2,556
Total HMDA	**378**	**19.6**	**120,716**	**16.0**	**1,550**	**80.4**	**635,989**	**84.0**	**1,928**	**756,705**
Total Small Business	**138**	**79.3**	**29,894**	**65.5**	**36**	**20.7**	**15,714**	**34.5**	**174**	**45,608**
TOTAL LOANS	**516**	**24.5**	**150,610**	**18.8**	**1,586**	**75.5**	**651,703**	**81.2**	**2,102**	**802,313**
HMDA and small business data from 2023 and 2024 *Percentages may not total 100.0 percent due to rounding*										

Residential Lending

Of the 1,928 loans reported on bankESB's HMDA LARs for 2023 and 2024, 378 loans, or 19.6 percent, were inside the bank's assessment area.

Small Business Lending

The bank originated 174 small business loans during the evaluation period, of which 138 loans, or 79.3 percent, were inside the assessment area. Of the total small business loans inside the assessment area, 54 loans were originated in 2023, and 84 loans were originated in 2024.

<u>Geographic Distribution</u>

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrated an adequate geographic distribution of loans in its assessment area.

Residential Lending

Table 7 provides a comparison of the bank's home mortgage lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank demonstrated an adequate distribution of loans in its assessment area.

Table 7 Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	1	1.0	5.3	167	0.3	4.7	8	6.7	5.8	9,805	23.8	4.9	2.2
Moderate	15	15.5	23.5	4,141	7.7	20.9	23	19.2	20.8	5,448	13.2	18.4	14.3
Middle	39	40.2	35.3	10,125	18.8	33.3	51	42.5	40.9	14,554	35.3	39.8	46.1
Upper	42	43.3	35.8	39,465	73.2	41.0	38	31.7	32.3	11,432	27.7	36.8	37.4
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	0.0
Total	97	100.0	100.0	53,898	100.0	100.0	120	100.0	100.0	41,239	100.0	100.0	100.0
Refinance Loans													
Low	1	3.3	3.3	1,590	27.8	3.0	0	0.0	2.9	0	0.0	2.7	2.2
Moderate	1	3.3	18.4	280	4.9	16.2	6	16.7	16.1	390	9.4	14.9	14.3
Middle	14	46.7	36.8	1,998	35.0	34.8	22	61.1	45.6	2,793	67.1	43.2	46.1
Upper	14	46.7	41.6	1,845	32.3	46.1	8	22.2	35.4	980	23.5	39.1	37.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	30	100.0	100.0	5,712	100.0	100.0	36	100.0	100.0	4,163	100.0	100.0	100.0
Home Improvement Loans													
Low	2	8.7	2.8	4,772	67.2	3.0	2	2.8	2.2	1,327	15.4	1.8	2.2
Moderate	5	21.7	13.7	576	8.1	11.7	12	16.7	13.5	739	8.6	11.8	14.3
Middle	8	34.8	37.3	1,234	17.4	35.2	39	54.2	44.0	4,460	51.9	41.0	46.1
Upper	8	34.8	46.3	518	7.3	50.2	19	26.4	40.2	2,070	24.1	45.4	37.4
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Total	23	100.0	100.0	7,098	100.0	100.0	72	100.0	100.0	8,595	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	4	2.7	4.5	6,529	9.8	6.1	10	4.4	4.5	11,132	20.6	5.1	2.2
Moderate	21	14.0	20.5	4,997	7.5	20.1	41	18.0	18.3	6,577	12.2	17.6	14.3
Middle	61	40.7	36.0	13,356	20.0	32.7	112	49.1	42.8	21,807	40.4	40.0	46.1
Upper	64	42.7	38.9	41,827	62.7	41.1	65	28.5	34.3	14,482	26.8	36.4	37.4
Unknown	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	0	0.0	0.8	0.0
Total	150	100.0	100.0	66,709	100.0	100.0	228	100.0	100.0	53,998	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2023, the bank originated four loans, or 2.7 percent, in low-income tracts. At 2.7 percent, the bank's lending percentage was above the percentage of owner-occupied housing units at 2.2 percent, but below the aggregate at 4.5 percent. In the same year, the bank originated 21 loans, or 14.0 percent, in moderate-income tracts. At 14.0 percent, the bank's lending percentage was below the percentage of owner-occupied housing units at 14.3 percent, and below the aggregate at 20.5 percent.

In 2024, the bank originated 10 loans, or 4.4 percent, in low-income tracts, which was above the percentage of owner-occupied housing units and below the aggregate at 4.5 percent. For the same year, the bank originated 41 loans, or 18.0 percent, in moderate-income tracts, which was above the percentage of owner-occupied housing units and below the aggregate at 18.3 percent.

From 2023 to 2024, the bank increased the number of loans and its share of home mortgage lending within low- and moderate-income tracts.

Small Business Lending

Table 8 provides a comparison of the bank's small business lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of small business loans is adequate.

Table 8
Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	3	5.6	7.6	1,496	12.7	10.7	2	2.4	7.3	730	4.0	10.2	9.1
Moderate	10	18.5	20.5	2,915	24.7	22.5	10	11.9	18.6	1,634	9.0	19.3	18.2
Middle	25	46.3	30.4	4,343	36.8	26.7	46	54.8	40.4	9,619	53.2	33.2	41.4
Upper	16	29.6	40.3	3,059	25.9	39.8	26	31.0	33.0	6,098	33.7	36.8	30.4
Unknown	0	0.0	0.5	0	0.0	0.2	0	0.0	0.4	0	0.0	0.4	1.0
Tract-Unk	0	0.0	0.6	0	0.0	0.2	0	0.0	0.4	0	0.0	0.2	
Total	54	100.0	100.0	11,813	100.0	100.0	84	100.0	100.0	18,081	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2023, the bank originated three loans, or 5.6 percent, in low-income tracts. At 5.6 percent, the bank's lending percentage was below the share of total businesses in low-income tracts at 9.1 percent and below the aggregate at 7.6 percent. For the same year, the bank originated 10 loans, or 18.5 percent, in moderate-income tracts, which was above the share of total businesses in moderate-income tracts at 18.2 percent, and below the aggregate at 20.5 percent. The ~~3~~three small business loans originated in low-income tracts and 7 of the 10 loans in moderate-income tracts were in Hampden County.

In 2024, the bank originated two loans, or 2.4 percent, in low-income tracts. At 2.4 percent, the bank's lending percentage was below the share of total businesses in low-income tracts and the aggregate at 7.3 percent. For the same year, the bank originated 10 loans, or 11.9 percent, in moderate-income tracts, which was below the share of total businesses in moderate-income tracts and below the aggregate. The two small business loans originated in low-income tracts and 7 of the 10 loans in moderate-income tracts were in Hampden County.

There were no conspicuous gaps in the bank's residential and small business loan penetration in low- and moderate-income tracts during the evaluation period.

Borrower Distribution

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

Residential Lending

Table 9 provides a comparison of the bank's home mortgage lending by income level of the borrower to the income distribution of families in the assessment area. 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 excellent.

Table 9
Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Home Purchase Loans													
Low	8	8.2	4.4	1,237	2.3	2.3	8	6.7	2.9	1,189	2.9	1.4	23.7
Moderate	31	32.0	24.1	7,064	13.1	19.0	31	25.8	18.6	6,737	16.3	13.3	16.3
Middle	26	26.8	25.7	7,540	14.0	24.5	31	25.8	29.2	8,093	19.6	26.6	18.7
Upper	24	24.7	28.5	8,084	15.0	36.5	42	35.0	30.7	14,779	35.8	38.2	41.3
Unknown	8	8.2	17.4	29,974	55.6	17.8	8	6.7	18.7	10,442	25.3	20.5	0.0
Total	97	100.0	100.0	53,898	100.0	100.0	120	100.0	100.0	41,239	100.0	100.0	100.0
Refinance Loans													
Low	2	6.7	11.1	91	1.6	6.8	5	13.9	7.2	300	7.2	3.8	23.7
Moderate	11	36.7	22.8	1,375	24.1	18.5	7	19.4	20.4	510	12.3	14.9	16.3
Middle	9	30.0	26.4	1,364	23.9	25.0	14	38.9	24.0	1,998	48.0	20.6	18.7
Upper	7	23.3	29.2	1,293	22.6	35.8	8	22.2	29.4	1,255	30.1	33.4	41.3
Unknown	1	3.3	10.5	1,590	27.8	13.8	2	5.6	19.0	100	2.4	27.3	0.0
Total	30	100.0	100.0	5,712	100.0	100.0	36	100.0	100.0	4,163	100.0	100.0	100.0
Home Improvement Loans													
Low	2	8.7	9.5	35	0.5	6.6	6	8.3	8.4	272	3.2	5.3	23.7
Moderate	5	21.7	20.3	399	5.6	16.2	21	29.2	22.9	1,320	15.4	16.6	16.3
Middle	2	8.7	30.4	140	2.0	27.3	17	23.6	27.9	1,451	16.9	25.8	18.7
Upper	11	47.8	37.5	1,401	19.7	46.2	24	33.3	38.2	4,166	48.5	47.3	41.3
Unknown	3	13.0	2.4	5,123	72.2	3.8	4	5.6	2.6	1,387	16.1	5.0	0.0
Total	23	100.0	100.0	7,098	100.0	100.0	72	100.0	100.0	8,595	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	12	8.0	6.9	1,363	2.0	3.3	19	8.3	5.0	1,761	3.3	2.2	23.7
Moderate	47	31.3	23.0	8,838	13.2	18.5	59	25.9	19.8	8,567	15.9	13.9	16.3
Middle	37	24.7	26.5	9,043	13.6	24.7	62	27.2	27.6	11,542	21.4	25.2	18.7
Upper	42	28.0	30.7	10,778	16.2	37.4	74	32.5	32.0	20,200	37.4	38.2	41.3
Unknown	12	8.0	12.9	36,687	55.0	16.1	14	6.1	15.5	11,929	22.1	20.5	0.0
Total	150	100.0	100.0	66,709	100.0	100.0	228	100.0	100.0	53,998	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.
Multifamily loans are not included in the borrower distribution analysis.

In 2023, the bank originated 12 home mortgage loans, or 8.0 percent to low-income borrowers. At 8.0 percent, the bank's lending percentage was below the percentage of low-income families in the assessment area at 23.7 percent, and above the aggregate at 6.9 percent. Given the financial challenges for some low-income families to obtain a home mortgage loan, it is not expected that the bank's lending percentage aligns with the percentage of low-income families in the assessment area. For the same year, the bank originated 47 home mortgage loans, or 31.3 percent, to moderate-income borrowers, which was above the percentage of moderate-income families in the assessment area at 16.3 percent, and above the aggregate at 23.0 percent.

In 2024, the bank originated 19 home mortgage loans, or 8.3 percent, to low-income borrowers. At 8.3 percent, the bank's lending percentage was below the percentage of low-income families in the assessment area and above the aggregate at 5.0 percent. For the same year, the bank originated 59 home mortgage loans, or 25.9 percent, to moderate-income borrowers, which was above the percentage of moderate-income families in the assessment area and above the aggregate at 19.8 percent.

Bank management explained their targeted efforts to better reach low- and moderate-income families since the last examination, specifically in Springfield. Efforts included the development of the special purpose grant program, targeted marketing to Springfield-based listing agents with qualifying affordable properties, meetings with Springfield housing advocates and municipal representatives, and direct outreach to city realtors to educate them on bankESB's affordable lending programs.

The bank's excellent distribution of loans to low- and moderate-income borrowers was bolstered by the bank's use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers. The following is a description of innovative and/or flexible residential lending programs offered by the bank.

- *Hometown Mortgage First-time Homebuyer* – The bank offers an in-house loan program to first-time homebuyers featuring a 7/6 adjustable-rate or fixed-rate mortgage and requires as little as 3.0 percent down and reduced interest rate and closing costs. During the review period, the bank originated 49 loans, totaling $11.8 million, under this program.

- *MassHousing* – MassHousing mortgages are designed to help low- and moderate-income borrowers in Massachusetts by providing mortgage loans with lower down payment requirements, grants and down payment assistance, and discounted private mortgage insurance with job loss protection. During the review period, the bank originated six first and second lien loans for $1.1 million. Of the six loans, five loans included a total of $132,000 in down payment assistance.

- *Federal Housing Administration (FHA)* – FHA loans are government-insured and offered by approved lenders. These loans allow lower down payment minimums and lower credit scores than traditional lenders. During the review period, the bank originated seven loans for $2.5 million.

- *Freddie Mac Home Possible* – This mortgage program offers low- and moderate-income borrowers credit options through a low-down payment and flexible funding sources for the purchase of a single-family, manufactured, and energy-efficient properties. During the review period, the bank originated four loans for approximately $1.0 million.

- *Double Down Loan* – This collateral loan secured program is a bank-funded certificate of deposit up to 100.0 percent of its value with the purpose of assisting customers in building or rebuilding credit to get them ready to purchase a home. In 2024, the bank extended six loans, totaling $5,250.

- *Hometown Mortgage Grant Programs* – The bank offers two in-house grant programs to support low- and moderate-income borrowers:

  - *LMI Credit Program* – This program provides a lender credit to either a low- or moderate-income borrower if the property is located in a low- or moderate-income census tract. The credit can be used toward closing costs for the purchase of a one-to-four family primary residence. This program was implemented to better serve low- and moderate-income borrowers in Hampden County. During the review period, the bank provided 84 lender credits, totaling $63,000.

  - *Special Purpose Grant (SPG)* – The SPG is an in-house purchase assistance program for qualified homebuyers purchasing an owner-occupied property in eligible tracts in the cities of Holyoke and Springfield. As mentioned, this program was a part of a targeted effort at better serving the credit needs of low- and moderate-income borrowers in Springfield. During the review period, the bank provided 18 grants, totaling $180,000.

- *Federal Home Loan Bank of Boston (FHLBB)* – The bank offers multiple grants to borrowers through programs offered by the FHLBB.

  - *Equity Builder* – This program provides up to $25,000 in grants to income-eligible, first-time homebuyers for down payments, closing costs, and rehabilitation. It is designed for households below 80.0 percent of the area median income and funds are forgivable after five years of occupancy. As mentioned by a community contact, property rehabilitation is a growing need through Hampshire and Hampden counties. During the review period, the bank provided seven grants, totaling $175,000.

  - *Housing Our Workforce* – This program provides grants up to $25,000 for down payments and closing costs to eligible homebuyers earning between 80.0 percent and 120.0 percent of the area median income. The focus of the program is to reduce transportation barriers to enable workers to reside in the communities in which they work. As mentioned by a community contact, transportation costs and burden are barriers in attracting and retaining employees who work in the assessment area. During the review period, the bank provided 20 grants, totaling $453,668.

  - *Lift Up Homeownership* – This program offers down payment and closing cost assistance to income-eligible first-generation homebuyers. As mentioned in the PVPC CEDS, the assessment area is not "sticky," meaning it struggles to attract and retain college graduates who leave the region to start their careers and families. During the review period, the bank provided eight grants, totaling $400,000.

Small Business Lending

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

Table 10
Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses

	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	19	35.2	56.6	2,954	25.0	31.4	37	44.0	55.5	5,689	31.5	32.4	91.1
Over $1 Million	35	64.8		8,859	75.0		46	54.8		12,356	68.3		8.2
Revenue Unknown	0	0.0		0	0.0		1	1.2		36	0.2		0.8
Total	54	100.0		11,813	100.0		84	100.0		18,081	100.0		100.0
By Loan Size													
$100,000 or Less	27	50.0	95.0	1,587	13.4	42.6	40	47.6	95.2	2,251	12.4	44.6	
$100,001 - $250,000	11	20.4	2.8	1,866	15.8	16.6	23	27.4	2.8	3,950	21.8	16.7	
$250,001 - $1 Million	16	29.6	2.2	8,360	70.8	40.8	21	25.0	2.0	11,880	65.7	38.6	
Total	54	100.0	100.0	11,813	100.0	100.0	84	100.0	100.0	18,081	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	12	63.2		467	15.8		24	64.9		1,207	21.2		
$100,001 - $250,000	2	10.5		318	10.8		8	21.6		1,363	24.0		
$250,001 - $1 Million	5	26.3		2,169	73.4		5	13.5		3,119	54.8		
Total	19	100.0		2,954	100.0		37	100.0		5,689	100.0		

Source: 2024 FFIEC Census Data
2024 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

In 2023, the bank originated 19 loans, or 35.2 percent, to businesses with GAR of $1 million or less, which was below the share of total businesses with GAR of $1 million or less in the assessment area at 91.1 percent, and below the aggregate at 56.6 percent. In 2024, the bank originated 37 loans, or 44.0 percent, to businesses with GAR of $1 million or less, which was below the share of businesses with GAR of $1 million or less in the assessment area and the aggregate at 55.5 percent.

The bank offers Small Business Administration (SBA) 7(a), Express, and 504 loan programs. The 7(a) and Express programs are targeted to small businesses for working capital, equipment, real estate, refinancing, and business acquisitions. The 504 program is designed for fixed asset purchases such as real estate and major equipment for business expansion and job creation. Under this program, the bank partners with a CDC to finance the small business. In 2024, the bank originated 5 SBA loans, totaling $1.1 million.

Community Development Lending

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

The bank was a leader in originating community development loans. The bank originated 51 community development loans for $57.8 million, of which 31 loans, totaling $35.2 million, benefited the bank's assessment area or a statewide area that included the bank's assessment area. The remainder of the community development loans were predominately for affordable housing projects outside the assessment area, including five loans in Connecticut.

Table 11 provides a summary of the bank's community development lending in the assessment area.

Table 11
Community Development Loans by Purpose

Community Development Category	10/17/2023 - 12/31/2023		2024		2025		Total	
	#	$	#	$	#	$	#	$
Affordable Housing	1	2,137,000	5	9,795,000	3	1,648,00	**9**	**11,932,000**
Community Services	0	0	0	0	5	602,219	**5**	**602,219**
Economic Development	1	1,500,000	1	1,800,000	3	5,569,900	**5**	**8,869,900**
Revitalization/Stabilization	1	1,098,130	4	2,975,459	7	8,117,977	**12**	**12,191,566**
Total	**3**	**4,735,130**	**10**	**14,570,459**	**18**	**15,938,096**	**31**	**35,243,685**

Bank provided community development loans

The following is a summary of some of the more responsive and impactful community development loans qualified in the assessment area:

- Two loans, totaling $8.4 million, to support the conversion of a former YWCA building in a low-income tract in Springfield into 29 affordable units for individuals who are transitioning from chronic homelessness and emergency shelters into permanent housing. The project was further supported with tax-exempt bonds through a CDC and low-income housing tax credits.

- A $1.0 million loan to support the full renovation of a mixed-use property in a low-income tract in Holyoke as part of a neighborhood revitalization program. The property is an historic building with eight residential units reserved for low-income individuals and includes retail space. The project is being further supported through federal funds through a CDC and historic tax credits.

- A $2.1 million participation loan to support the construction of 40 affordable units in Springfield. The property is being constructed on a vacant lot of a factory that was destroyed in a fire over 20 years prior. The units will be sold to low- and moderate-income borrowers and first-time home buyers. The project is further supported with public and private funds, including public equity grants from MassHousing. A community contact stated that affordable housing is a pressing need in the assessment area.

- Two loans, totaling $1.6 million, to support the renovation of a mixed-use property in a low-income tract in Holyoke. The property is an historic hotel that is being renovated into eight one-bedroom apartments with affordable rents with commercial space on the ground floor. The project is further supported with community development and historic tax credits.

- A $1.5 million loan to support the rehabilitation of a retail property in a low-income tract in Springfield. The subject property was identified as part of the Build Back Springfield program, which includes grants aimed at preserving older and significant landmark buildings and structures in the city.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas its assessment area, low-income individuals, or businesses with GAR of $1 million or less, consistent with safe and sound operations. The bank's good record is based on its excellent borrower distribution of loans to low-income borrowers, an adequate geographic distribution, and an adequate distribution of small business loans to businesses with GAR of $1 million or less.

INVESTMENT TEST

bankESB'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 investments[4] that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. 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; and 4) the degree to which qualified investments are not routinely provided by private investors.

The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. The bank made a total of $10.5 million in qualified investments, which was comprised of $1.2 million in donations and $9.4 million in equity investments. Compared to the last examination, donations increased by $617,664, or 111.5 percent, and other investments increased by $667,802, or 7.7 percent.

Grants and Donations

Table 12 displays qualified grants and donations by year and community development purpose.

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

Table 12 Qualified Donations by Purpose										
Community Development Category	10/17/2023 - 12/31/2023		2024		2025		1/1/2026 - 3/2/2026		Total	
	#	$	#	$	#	$	#	$		
Affordable Housing	2	2,500	6	18,250	4	11,250	0	0	**12**	**32,000**
Community Services	30	76,950	94	186,150	107	266,760	19	42,335	**250**	**572,195**
Economic Development	0	0	10	48,325	10	34,465	4	16,825	**24**	**99,615**
Revitalization/Stabilization	1	5,000	4	199,983	1	213,800	3	49,133	**9**	**467,916**
Total	**33**	**84,450**	**114**	**452,708**	**122**	**526,275**	**26**	**108,293**	**295**	**1,171,726**
Bank provided qualified donations										

The bank provided 295 donations, totaling $1,171,726, in the assessment area. Of the total, the highest volume by number and dollar volume were qualified as supporting community services.

The following is a sample of the organizations that benefitted from the bank's contributions:

- *Easthampton Public Library* – The bank executed a seven-year lease agreement with the Easthampton Public Library for an expanded location at a former bankESB branch in Easthampton in a moderate-income tract. The library is a non-profit organization that provides access to free resources and important community services for low- and moderate-income individuals. The library is charged $100 per year to lease the building and based on a fair market analysis, the bank has provided an in-kind donation, totaling $445,416, through forgone rent payments.

- *United Way of the Franklin and Hampshire Region (UWFH)* – UWFH is an independent nonprofit organization that works in partnership with local communities to identify and address the region's pressing challenges and providing equitable access to the tools and resources to support basic needs. Areas of focus include youth wellbeing and mental health; food insecurity; children, youth, and families; and economic security. The bank provided four donations, totaling $88,110.

- *Neighbors Helping Neighbors Program* – bankESB coordinates an annual appeal inviting bank customers, employees, and community members to help fight food insecurity. The bank matches donations dollar-for-dollar and divides the total across food pantries in western Massachusetts. Food insecurity was mentioned as a need by a community contact. During the evaluation period, the bank donated $72,000 to 16 food pantries in the assessment area.

- *Valley Community Development Corporation (VCDC)* – VCDC serves Hampden, Hampshire, and Franklin counties by building and preserving affordable homes and apartments throughout the region. In addition to creating affordable housing, VCDC provides homeownership education and counseling and provides small business development services for low- and moderate-income business owners. The bank provided four donations, totaling $22,500.

Qualified Investments

The following are descriptions of the bank's qualified investments:

- *Freddie Mac Loan Pools* – During the review period, the bank purchased a loan pool for $1.3 million, secured by loans made to low- and moderate-income borrowers within the assessment area. In addition to this new loan pool, the bank held loan pools purchased before the evaluation period with a total book value of $6.9 million.

- *Massachusetts State Housing Finance Agency (MassHousing)* – During the evaluation period, the bank purchased a municipal housing revenue bond for $728,354. Bonds issued by MassHousing allow the organization to further its mission of confronting housing challenges in the state. Loans securing this bond are located in Springfield, Holyoke, Westfield, and Chicopee.

- *Access Capital Investment Fund (ACI Fund)* – The ACI Fund seeks to invest in debt securities specifically designed to support economic activities such as affordable housing, education, small business lending, and job creation. The bank's investment in the ACI Fund supports affordable housing as the loans underlying the bank's investment were originated to low- and moderate-income borrowers in Agawam, Chicopee, Westfield, Belchertown, Northampton, and South Hadley. The book value of the bank's investment was $890,422.

The bank demonstrated significant use of innovative or complex qualified investments during the evaluation period. In particular, the bank's in-kind investment for the donated space for the new branch Easthampton Public Library and its new investment in the MassHousing revenue bond exhibits the bank's ability to expand its qualified investment avenues to support community development needs within the assessment area.

The bank demonstrated adequate responsiveness to the credit and community development needs of the assessment area. As mentioned, Hampden County accounts for 74.1 percent of the population; 74.8 percent of low- and moderate-income tracts in the assessment area; 78.2 percent of low-income families; and 75.7 percent of moderate-income families in the assessment area. In reviewing the organizations that received donations from the bank, only 29.1 percent were in Hampden County, where there are a greater opportunity and need for qualified investments compared to Amherst County. Additionally, by dollar, the bank's qualified investments were predominately in the form of prior period investments in loan pools secured by individuals loans to low- or moderate-income borrowers within the assessment area and donations.

SERVICE TEST

bankESB'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 areas by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services

Retail banking services evaluate 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- and moderate-income geographies or primarily serving low- and 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.

The bank demonstrated its service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area. Table 13 displays the distribution of the bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 13
Distribution of Branch Offices by Income Category

Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	11.5	8.5	0	0.0
Moderate	19.4	19.7	3	27.3
Middle	40.3	40.5	6	54.5
Upper	25.2	28.3	2	18.2
Unknown	3.6	3.0	0	0.0
Total	**100.0**	**100.0**	**11**	**100.0**

Bank provided branch data
2024 FFIEC Census Data
Percentages may not total 100.0 percent due to rounding

Of the bank's 11 branches, including its main office, 3 branches, or 27.3 percent, are in moderate-income tracts. The branches in the moderate-income tracts are in Easthampton (2) and Northampton. At 27.3 percent, the bank's share of branches exceeds the percentage of moderate-income tracts in the assessment area at 19.4 percent and exceeds the share of population residing in those tracts at 19.7 percent. The bank does not have a branch in a low-income census tract in the assessment area.

As the bank did not open or close any branches during the evaluation period, to the extent that changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

Services, including 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. Branch hours, including hours at the branches located in moderate-income census tracts, are generally 8:30 a.m. to 4:00 p.m. Monday through Wednesday and 8:30 a.m. to 5:00 p.m. Thursday and Friday. All but one branch offers lobby and drive-thru hours on Saturday. This branch is in a moderate-income tract, but within a mile of another branch that has Saturday hours in the same tract.

Community Development Services

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

The bank demonstrated it provided a relatively high level of community development services. Although the bank's community development services are not particularly innovative, the relatively high level of community development services is reflected through the extent and degree to which they serve low- and moderate-income areas, and their responsiveness to available opportunities through board memberships and financial literacy events.

Employee Services

During the evaluation period, 32 employees provided community development service to 48 organizations which benefited the assessment area. Of the organizations, 23 were based in Hampshire County and 25 were based in Hampen County. Bank employees served on boards of organizations focused on health services for low- and moderate-income families, education for low- and moderate-income students, affordable housing, and economic development for small businesses in low- and moderate-income areas.

The following details examples of involvement in community development activities:

- *WesternMass Economic Development Council (WMEDC)* – WMEDC's mission is attract and retain businesses in the region by stimulating and facilitating the regional economy and encouraging and sustaining capital investment and quality job growth. A bank senior vice president was on the board for three years of the evaluation period.

- *Riverside Industries, Inc. (Riverside)* **–** Riverside is a non-profit organization in a moderate-income tract that provides numerous services, including community-based employment, for individuals with intellectual and developmental disabilities. A bank assistant vice president was on the board for four years of the evaluation period.

- *Valley Community Development Corporation (VCDC)* – VCDC is a non-profit organization serving Hampden, Hampshire, and Franklin counties with a focus on creating and supporting affordable housing, providing a range of free small business support services, and offering homeownership education, including individual counseling. A bank senior vice president was a board member during the evaluation period.

- *West Springfield Boys & Girls Club (WSBGC)* – WSBGC is a non-profit organization in a moderate-income tract offering a multitude of services, including after school and summer childcare, for primarily low- and moderate-income families. A bank senior vice president served on the board for two years of the evaluation period.

Financial Literacy Education

During the evaluation period, 38 employees participated in approximately 129 financial literacy events with 34 organizations in the assessment area. The primary focus of the financial literacy events was aimed at educating low- and moderate-income students, supporting career readiness, senior-related education, and entrepreneurial support.

The following details examples of involvement in community development activities:

- *EforAll Holyoke (EforAll)* – EforAll is an organization that supports entrepreneurs by providing training and services to help launch and grow businesses with the aim of enhancing the region's economic development. During the evaluation period, a branch manager and a vice president of commercial lending attended 14 events and served as a mentor to a program participant.

- *Highland Valley Elder Services (HVES)* – HVES is a non-profit organizations that provides services for older adults, their families, and caregivers in Hampshire and Hampden counties. As part of HVES's money management program a bank senior vice president participated in 12 instances of supporting seniors with various financial tasks, such as balancing a checkbook, managing household finances, and paying bills.

- *Pioneer Valley United Way (PVUW)* – PVUW's Thrive Financial Wellness program aims to support individuals, families, agencies, and workplaces to improve financial wellness by focusing on budgeting, debt management, and long-term goals. Services include one-on-one financial coaching, workshops, and connecting to public benefits and additional resources. During the evaluation period, a bank vice president, mortgage loan originator, and an assistant vice president helped supported eight program events in multiple locations throughout Hampden County.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

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 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 non-relatives 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 (non-MSA): 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