

PUBLIC DISCLOSURE

November 10, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

East Cambridge Saving Bank
RSSD # 738303

292 Cambridge Street
Cambridge, MA 02141

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

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

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

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

	<u>East Cambridge Savings Bank</u>		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major components supporting the ratings in the above-referenced table include:

Lending Test

- Good responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the bank’s assessment area.
- An adequate percentage of its loans are made in the bank’s assessment area.
- A good geographic distribution of loans in the bank’s assessment area.
- A good distribution, particularly in the bank’s assessment area, of loans among individuals of different income levels and businesses (including farms) 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.
- A good record of serving the credit needs of highly economically disadvantaged areas in the bank’s assessment area, low-income individuals, or businesses (including farms), with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- The bank has made an adequate level of community development loans.

Investment Test

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

- Good responsiveness to credit and community development needs.

Service Test

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

DESCRIPTION OF INSTITUTION

ECSB is a state-chartered mutual bank, headquartered at 292 Cambridge Street, Cambridge, Massachusetts. Established in 1854, ESCB is wholly owned by bank holding company (BHC), 1854 Bancorp. The bank has two wholly owned subsidiaries, Lee-Way Realty Corporation and East Cambridge Savings Security Corporation. In addition to ECSB, the BHC is parent to 1854 Securities LLC.

In addition to the headquarters, the bank maintains 11 full-service branches, one of which is a student educational training facility housed at the Cambridge Rindge and Latin School in Cambridge, Massachusetts. The educational training facility is not open to the public and offers limited hours during the school year. Nine of the other ten branches are in Middlesex County, which is part of the Cambridge-Newton-Framingham, MA Metropolitan Division (MD), and are in Arlington, Belmont, Cambridge, Malden, Medford (2), Somerville, Waltham, and Woburn. The other branch is in Chelsea, which is in Suffolk County in the Boston, MA MD. The bank maintains an interactive teller machine in Somerville, which enables customers to make deposits, speak with a customer service representative, transfer between accounts, and make loan payments.

The bank offers personal and business products and services such as checking accounts, savings accounts, residential mortgage loans, energy efficiency loans, business loans and lines of credit, commercial real estate loans, and construction financing. The bank also offers personal and business online and mobile banking services such as mobile check deposit, bill pay, money transfers, balance alerts, mobile debit card controls, and Zelle.

As of June 30, 2025, assets totaled \$1.6 billion, loans totaled \$1.3 billion, and deposits totaled \$1.3 billion. Since the last evaluation, assets increased by 0.3 percent, while total loans decreased by 4.7 percent. The decline in loans is primarily attributed to a modest decrease in commercial and residential loans, while the consumer loan portfolio increased. Total deposits decreased gradually from March 31, 2023, through June 30, 2025, from \$1.4 billion to \$1.3 billion.

Table 1 shows the bank’s loan portfolio composition, by dollar amount, as of June 30, 2025.

Table 1 Loan Distribution as of June 30, 2025		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	734,345	56.9
Commercial*	500,783	38.8
Consumer	54,795	4.3
Total Loans	1,289,923	100.0

Call Report as of June 30, 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.

Residential real estate loans, which are comprised of revolving, open-end loans secured by 1-4 family residential properties and closed end first and junior liens secured by 1-4 family residential properties account for the majority of the bank’s loans by dollar amount, at 56.9 percent. Commercial loans, which include 1-4 family residential construction, other construction, multifamily residential properties, owner-occupied non-residential properties, other nonfarm nonresidential properties, and commercial and industrial loans, account for 38.8 percent of the bank’s loans by dollar amount. Consumer loans account for 4.3 percent of the bank’s loans by dollar amount.

The bank operates in a highly competitive geographic area for deposits amongst numerous national, regional, and community banks. According to June 30, 2025, Federal Deposit Insurance Corporation Deposit Market Share Report, the bank ranked 16th of 40 depository institutions for deposit market within the assessment area, at 1.8 percent. Bank of America, N.A., ranked 1st in deposit market share, at 19.8 percent, and Citizens Bank, N.A., ranked 2nd, at 10.5 percent. Community banks with higher deposit market share compared to ECSB include Cambridge Savings Bank, at 7.3 percent, Eastern Bank, at 8.4 percent, and Watertown Savings Bank, at 1.8 percent.

Given the volume of depository institution branches within the assessment area, including community banks and national banks, and the breadth of national mortgage companies operating in the assessment area, the bank operates in a highly competitive geographic area for residential loans. From 2023 to 2024, in each year, there were at least 437 originators and/or purchasers of residential mortgage loans in the assessment area. Citizens Bank, N.A., Guaranteed Rate, Inc., and Leader Bank, N.A., were in the top three home mortgage lenders in the assessment area during the evaluation period. Other notable lenders consistently in the top 10 were Bank of America, N.A., Eastern Bank, and Rocket Mortgage, LLC. In each year of the evaluation period, the bank ranked in the top 60 for mortgage originations and purchases in the assessment area.

Regarding small business lending, American Express, N.B, and JPMorgan Chase Bank N.A., were the top small business lenders in the assessment area. In 2023 and 2024, other top small business lenders in the assessment area included Bank of America, N.A., Citibank, N.A, and Capital One, N.A. In 2023 and 2024, the bank was also in the top 60 for originations of small business loans in the assessment area. Notably, the largest lenders were large national banks and significant credit card lenders.

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

Table 2 illustrates the composition of ECSB’s assessment area.

Table 2 Assessment Area			
MSA	MD	Counties	Cities/Towns
Boston-Cambridge-Newton, MA-NH MSA	Cambridge-Newton-Framingham, MA MD	<i>Middlesex</i>	Arlington, Bedford*, Belmont, Billerica*, Burlington*, Cambridge, Carlisle*, Concord*, Everett, Lexington, Lincoln*, Malden, Medford, Melrose*, Natick*, Newton, North Reading*, Reading*, Somerville, Stoneham*, Sudbury*, Wakefield*, Waltham, Watertown, Wayland*, Weston*, Wilmington*, Winchester, and Woburn.
		<i>Essex</i>	Lynn, Lynnfield*, Nahant*, and Saugus.
	Boston, MA MD	<i>Norfolk</i>	Needham* and Wellesley*.
		<i>Suffolk</i>	Charlestown*, Chelsea, Revere, and Winthrop*.

Bank-provided data.

**Added to the assessment area in July 2025*

In July 2025 the bank expanded its assessment with the addition of 22 towns and cities via a ring of towns methodology to maintain a consistent radius around each office location, using the Charles River as a natural southern boundary. The assessment area now consists of 39 whole, contiguous cities and towns located in portions of Middlesex-, Suffolk-, Essex-, and Norfolk Counties.

Tables 3 and 4 detail pertinent demographic data related to the bank’s assessment area. Table 3 contains the demographic data applicable to the bank’s assessment area demographics in 2023, and Table 4 contains the demographic data applicable to the bank’s assessment area in 2024.

Table 3 2023 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	6.0	17,093	5.2	3,425	20.0	68,169	20.7
Moderate	65	20.4	60,271	18.3	5,666	9.4	51,464	15.6
Middle	97	30.4	101,772	30.9	4,354	4.3	62,006	18.8
Upper	129	40.4	147,529	44.8	3,910	2.7	147,494	44.8
Unknown	9	2.8	2,468	0.7	243	9.8	0	0.0
Total AA	319	100.0	329,133	100.0	17,598	5.3	329,133	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	29,202	7,147	2.3	24.5	20,678	70.8	1,377	4.7
Moderate	106,813	43,781	14.3	41.0	56,926	53.3	6,106	5.7
Middle	182,328	97,758	32.0	53.6	75,092	41.2	9,478	5.2
Upper	229,845	155,247	50.8	67.5	64,085	27.9	10,513	4.6
Unknown	4,729	1,577	0.5	33.3	2,895	61.2	257	5.4
Total AA	552,917	305,510	100.0	55.3	219,676	39.7	27,731	5.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	2,444	3.4	2,220	3.4	212	3.3	12	2.7
Moderate	10,522	14.7	9,417	14.6	1,043	16.1	62	13.9
Middle	23,978	33.5	21,053	32.6	2,794	43.1	131	29.4
Upper	34,200	47.9	31,536	48.9	2,425	37.4	239	53.6
Unknown	328	0.5	313	0.5	13	0.2	2	0.4
Total AA	71,472	100.0	64,539	100.0	6,487	100.0	446	100.0
Percentage of Total Businesses:				90.3		9.1		0.6
<p>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</p>								

Table 4 2024 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	6.0	17,093	5.2	3,425	20.0	68,169	20.7
Moderate	65	20.4	60,271	18.3	5,666	9.4	51,464	15.6
Middle	97	30.4	101,772	30.9	4,354	4.3	62,006	18.8
Upper	129	40.4	147,529	44.8	3,910	2.7	147,494	44.8
Unknown	9	2.8	2,468	0.7	243	9.8	0	0.0
Total AA	319	100.0	329,133	100.0	17,598	5.3	329,133	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	29,202	7,147	2.3	24.5	20,678	70.8	1,377	4.7
Moderate	106,813	43,781	14.3	41.0	56,926	53.3	6,106	5.7
Middle	182,328	97,758	32.0	53.6	75,092	41.2	9,478	5.2
Upper	229,845	155,247	50.8	67.5	64,085	27.9	10,513	4.6
Unknown	4,729	1,577	0.5	33.3	2,895	61.2	257	5.4
Total AA	552,917	305,510	100.0	55.3	219,676	39.7	27,731	5.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2,535	3.7	2,300	3.7	224	3.7	11	2.6
Moderate	9,916	14.5	8,921	14.4	940	15.4	55	13.1
Middle	22,746	33.2	20,029	32.3	2,588	42.4	129	30.8
Upper	32,981	48.2	30,426	49.1	2,333	38.3	222	53.0
Unknown	293	0.4	279	0.5	12	0.2	2	0.5
Total AA	68,471	100.0	61,955	100.0	6,097	100.0	419	100.0
Percentage of Total Businesses:				90.5		8.9		0.6
<i>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.</i>								

Based on the 2020 U.S. Census (Census), there were 319 tracts in the assessment area, of which

19 tracts, or 6.0 percent, were low-income, 65 tracts, or 20.4 percent, were moderate-income, 97 tracts, or 30.4 percent, were middle-income, 129 tracts, or 40.4 percent, were upper-income, and 9 tracts, or 2.8 percent, were unknown-income.

Housing

Based on the Census, the assessment area includes 552,917 housing units, of which 5.3 percent were in low-income tracts, 19.3 percent were in moderate-income tracts, 33.0 percent were in middle-income tracts, 41.6 percent were in upper-income tracts, and 0.9 percent were in unknown-income tracts. The larger share of housing units in moderate-income tracts compared to the low-income tracts suggests greater opportunity to originate home mortgage loans in the moderate-income tracts compared to low-income tracts.

Of all the housing units in the assessment area, 55.3 percent are owner-occupied, 39.7 percent are rental units, and 5.0 percent are vacant. Based on the Census, the median housing value in the assessment area was \$619,594.

Table 5 illustrates more recent data on the median sales price of single-family homes and condos for each county in the assessment area.

Table 5			
Median Sales Price			
County	2023	2024	2025
Middlesex	\$ 735,000	\$ 770,000	\$ 810,000
Essex	\$ 600,000	\$ 650,000	\$ 675,000
Norfolk	\$ 675,500	\$ 715,000	\$ 740,000
Suffolk	\$ 749,950	\$ 775,000	\$ 780,000
Massachusetts	\$ 550,000	\$ 595,000	\$ 615,117

Source: The Warren Group, Boston, MA

The average median sales price of single-family homes and condos for counties comprising the assessment area increased by 8.9 percent from 2023 to 2025. In addition to the notable increases in median sales prices for homes in the assessment area, housing sales volume has also decreased annually from 2023 to 2025. Per the Warren Group, Boston, MA, the number of sales in Middlesex County fell from 17,841 in 2023, to 16,551 in 2025. The high median sales prices coupled with low housing inventory make it challenging to originate home mortgage loans to low-income borrowers in the assessment area.

Business Characteristics

According to 2024 Dun & Bradstreet (D&B), Short Hills, NJ, data there were 68,471 businesses within the assessment area, of which 3.7 percent were in low-income tracts, 14.5 percent were in moderate-income tracts, 33.2 percent were in middle-income tracts, 48.2 percent were in upper-income tracts, and 0.4 percent were in unknown-income tracts. From 2023 to 2024, the percentage of businesses in low-income tracts increased by 0.3 percent, the percentage of businesses in moderate-income tracts decreased by 0.2 percent, the percentage of businesses in middle-income tracts decreased by 0.3 percent, and the percentage of businesses in upper-income

tracts increased by 0.3 percent. From 2023 to 2024, the percentage of businesses with gross annual revenue (GARs) of \$1 million or less increased slightly from 90.3 percent to 90.5 percent.

Population

Based on the Census, the assessment area has a total population of 1,425,001 individuals, of which 5.7 percent reside in low-income tracts, 20.0 percent reside in moderate-income tracts, 31.3 percent reside in middle-income tracts, 42.0 percent reside in upper-income tracts, and 1.0 percent reside in unknown-income tracts.

Of the 329,133 families in the assessment area, 5.2 percent reside in low-income tracts, 18.3 percent reside in moderate-income tracts, 30.9 percent reside in middle-income tracts, 44.8 percent reside in upper-income tracts, and 0.8 percent reside in unknown-income tracts. Of the families in the assessment area, 14.4 percent are low-income, 31.1 percent are moderate-income, 29.6 percent are middle-income, and 23.4 percent are upper-income.

Income

The Federal Financial Institutions Examination Council (FFIEC) adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above.

Table 6 displays the MFI incomes for each MSA comprising a portion of the assessment area and the state non-MSA/MD family incomes for Massachusetts.

Table 6		
Median Family Income		
MSA/MD	2023	2024
Cambridge-Newton-Framingham, MA	\$146,200	\$146,600
Boston, MA	\$136,900	\$136,200
Massachusetts*	\$130,000	\$106,700
<i>FFIEC median family income estimates</i>		
<i>*Represents non-MSA portions of the state</i>		

From 2023 to 2024, the MFI for the Cambridge-Newton-Framingham, MA MD increased by 0.3 percent, while the Boston, MA MD decreased by 0.5 percent, and the Massachusetts non-MSA decreased by 18.0 percent. As can be seen above, while the MFIs for these areas did not fluctuate substantially from 2023 to 2024, except for Massachusetts as a whole, the median sale price of homes in the cities and towns comprising the assessment area increased at a substantially higher rate during the same period, which suggests decreased home affordability.

Employment Statistics

Table 7 illustrates the Bureau of Labor Statistics unemployment rates for each county in the assessment area during the evaluation period.

Table 7		
Unemployment Rates		
County	2023	2024
Middlesex	3.0%	3.6%
Essex	3.5%	4.1%
Norfolk	3.1%	3.7%
Suffolk	3.4%	3.9%
Massachusetts	3.5%	4.0%

Source: U.S. Bureau of Labor Statistics

The unemployment rates increased over the evaluation period. According to the U.S. Bureau of Labor Statistics, the Massachusetts unemployment was 3.5 percent in 2023 and 4.0 percent in 2024. By county, Middlesex County’s unemployment was 3.0 percent in 2023 and 3.6 percent in 2024; Essex County’s unemployment was 3.5 percent in 2023 and 4.1 percent in 2024; Norfolk County’s unemployment was 3.1 percent in 2023 and 3.7 percent in 2024; and Suffolk County’s unemployment was 3.4 percent in 2023 and 3.9 percent in 2024. Unemployment rates increased in each county and statewide from 2023 to 2024, though below pandemic-era unemployment rates.

SCOPE OF EXAMINATION

While eligible to be evaluated as an Intermediate Small Institution based on asset size, ECSB elected to be evaluated under the FFIEC Examination Procedures for Large Institutions¹. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank’s lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower’s profile, responsiveness to credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank’s performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank’s performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

The data used for the evaluation and the applicable timeframes are discussed below.

The Lending Test evaluated the bank’s residential mortgage and small business loans originated from January 1, 2023, through December 31, 2024. Based on the number of loans originated during the evaluation period, residential mortgage loans were weighted more than small business loans. 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. Assessment area concentration totals and percentages include loans originated from

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

January 1, 2023, through December 31, 2024. Community development loans originated from September 12, 2023, through November 10, 2025, were also considered.

Home mortgage lending data reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). Residential loans with a purpose of “other” and/or “not applicable” were excluded from the analysis. 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 (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. “Other” and “not applicable” loans have also been excluded from the aggregate data.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. Although the bank is not required to collect and report small business loan data, the bank reported its small business loans. 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 September 12, 2023, through November 10, 2025. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank.

Community Contacts

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

Examiners met with a representative from a community services organization that serves the assessment area. This community contact stated the greatest challenge for residents of the area is to obtain affordable housing. The contact mentioned an increase in the construction of new housing in the area but was unsure what percentage of those units would be affordable for low- and moderate-income individuals. Many of the requirements around lending, such as substantial down payments and private mortgage insurance, can also increase the expense and therefore the difficulty for residents to qualify for a mortgage. The contact felt it was impactful when organizations offered programs like MassHousing. Additionally, the contact mentioned institutions with bilingual employees can offer valuable services by communicating with non-English speakers.

A second community contact was conducted with the executive director of an organization that offers homebuyer and financial classes and supports housing development initiatives. The contact noted English as a second language classes, financial education, and investment in clean energy to aid in combating climate change as needs in the assessment area. This contact also mentioned a need for business advice for small business owners in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

East Cambridge Saving Bank's performance under the Lending Test is rated High Satisfactory. Lending levels reflect good responsiveness to the credit needs in the assessment area. There was an adequate percentage of the bank's loans made within the assessment area. There was a good distribution of loans in the bank's assessment area and a good distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes. The bank had 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 GARs of \$1 million or less, which was supported by the use of innovative or flexible lending practices in a safe and sound manner. The bank has made an adequate level of community development loans.

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

Lending Activity

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

During the evaluation period, the bank originated a total of 312 residential and small business loans, of which 198 were in the assessment area. Of the loans in the assessment area, 170 were residential loans and 28 were small business loans. The bank's origination of residential loans within the assessment area during the evaluation declined from 97 residential loans in 2023 to 73 residential loans in 2024. In 2023, the bank originated 15 small business loans and in 2024 the bank originated 13 small business loans in the assessment area.

The bank was consistently in the top 15.0 percent of originators of residential loans in the assessment area during the evaluation period. In 2023, the bank ranked 42nd of 437 lenders, in 2024 the bank ranked 58th of 444 lenders. For small business loans, the bank ranked 60th of 143 lenders for small business loans in the assessment area in 2023. In 2024, the bank ranked 58th of 141 lenders for small business loans.

Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 8 demonstrates an adequate percentage of its loans are made in its assessment area. The following table presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Loan Types	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Improvement	2	100	\$320	100	0	0	\$0	0	2	\$320
Home Purchase - Conventional	150	60.5	\$138,559	71.8	98	39.5	\$54,538	28.2	248	\$193,097
Multi-Family Housing	1	50	\$900	32.4	1	50	\$1,875	67.6	2	2,775
Refinancing	17	81	\$13,081	90.9	4	19	\$1,302	9.1	21	14,383
Residential Total	170	62.3	\$152,860	72.6	103	37.7	\$57,715	27.4	273	\$210,575
Small Business Total	28	71.8	\$4,757	49.5	11	28.2	\$4,857	50.5	39	\$9,614
Total	198	63.5	\$157,617	71.6	114	36.5	\$62,572	28.4	312	\$220,189

*HMDA and small business data for 2023-2024
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

Residential Lending

During the evaluation period, the bank originated 273 home mortgage loans, of which 170 loans, or 62.3 percent, were inside the assessment area. Home purchase loans represented the largest share of loans, by number, originated inside the assessment area with 150 originations, followed by refinance loans with 17 originations. In 2023, the bank originated 97 home mortgage loans inside the assessment area, or 62.2 percent. In 2024, the bank originated 73 home mortgage loans, or 62.4 percent, inside the assessment area.

Small Business Lending

During the evaluation period, the bank originated 39 small business loans, of which 28 loans, or 71.8 percent, were inside the assessment area. In 2023, the bank originated 15 loans, or 75.0 percent, inside the assessment area. In 2024, the bank originated 13 loans, or 68.4 percent inside the assessment area.

Geographic Distribution of Loans

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

Residential Lending

Table 9 provides a comparison of the bank’s lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank’s geographic distribution of home mortgage loans is good.

Table 9 Distribution of 2023 and 2024 Home Mortgage Lending By Income Level of Geography East Cambridge Assessment Area													
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	1.1	3.1	336	0.5	2.1	4	6.3	3.4	2,644	3.7	2.3	2.3
Moderate	16	18.4	15.8	9,131	13.5	11.0	12	19.0	17.1	9,225	13.0	12.6	14.3
Middle	29	33.3	30.0	19,026	28.1	23.3	22	34.9	32.6	14,711	20.7	27.2	32.0
Upper	41	47.1	50.2	39,135	57.9	63.1	25	39.7	46.2	44,351	62.5	57.4	50.8
Unknown	0	0.0	0.9	0	0.0	0.6	0	0.0	0.7	0	0.0	0.6	0.5
Total	87	100.0	100.0	67,628	100.0	100.0	63	100.0	100.0	70,931	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	1.9	0	0.0	1.3	1	12.5	3.0	170	3.2	2.9	2.3
Moderate	3	33.3	12.3	1,290	16.5	7.7	1	12.5	13.7	245	4.6	10.6	14.3
Middle	4	44.4	26.7	5,185	66.5	18.4	4	50.0	31.7	2,970	56.2	25.1	32.0
Upper	2	22.2	58.7	1,321	16.9	72.4	2	25.0	51.2	1,900	36.0	61.1	50.8
Unknown	0	0.0	0.4	0	0.0	0.3	0	0.0	0.3	0	0.0	0.3	0.5
Total	9	100.0	100.0	7,796	100.0	100.0	8	100.0	100.0	5,285	100.0	100.0	100.0
Home Improvement Loans													
Low	1	100.0	2.6	250	100.0	2.5	0	0.0	2.8	0	0.0	3.0	2.3
Moderate	0	0.0	11.4	0	0.0	6.2	1	100.0	14.5	70	100.0	10.8	14.3
Middle	0	0.0	30.6	0	0.0	21.1	0	0.0	34.4	0	0.0	26.0	32.0
Upper	0	0.0	55.0	0	0.0	69.7	0	0.0	47.9	0	0.0	60.0	50.8
Unknown	0	0.0	0.4	0	0.0	0.5	0	0.0	0.4	0	0.0	0.3	0.5
Total	1	100.0	100.0	250	100.0	100.0	1	100.0	100.0	70	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	19.9	0	0.0	21.6	0	0.0	21.9	0	0.0	7.5	7.8
Moderate	0	0.0	32.3	0	0.0	16.0	0	0.0	36.4	0	0.0	41.6	22.5
Middle	0	0.0	25.5	0	0.0	34.9	0	0.0	31.8	0	0.0	41.4	37.4
Upper	0	0.0	20.5	0	0.0	26.8	0	0.0	7.9	0	0.0	8.5	31.1
Unknown	0	0.0	1.9	0	0.0	0.6	1	100.0	2.0	900	100.0	1.1	1.2
Total	0	0.0	100.0	0	0.0	100.0	1	100.0	100.0	900	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	2	2.1	2.7	586	0.8	3.0	5	6.8	3.3	2,814	3.6	2.8	2.3
Moderate	19	19.6	13.9	10,421	13.8	10.0	14	19.2	15.9	9,540	12.4	13.8	14.3
Middle	33	34.0	28.8	24,211	32.0	22.3	26	35.6	32.8	17,681	22.9	27.6	32.0
Upper	43	44.3	53.9	40,456	53.5	64.2	27	37.0	47.5	46,251	59.9	55.3	50.8
Unknown	0	0.0	0.7	0	0.0	0.5	1	1.4	0.5	900	1.2	0.5	0.5
Total	97	100.0	100.0	75,674	100.0	100.0	73	100.0	100.0	77,186	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 2 home mortgage loans, or 2.1 percent, in low-income tracts and 19 loans, or 19.6 percent in moderate-income tracts. At 2.1 percent, the bank's lending percentage in low-income tracts was 0.6 percentage points lower than the aggregate; however, at 19.6 percent in moderate-income tracts, the bank's lending percentage exceeded the aggregate by 5.7

percentage points. In 2024, the bank originated 5 home mortgage loans, or 6.8 percent, in low-income tracts and 14 loans, or 19.2 percent, in moderate-income tracts. The bank’s lending percentage in low-income tracts was 3.5 percentage points higher than the aggregate and the bank’s percentage in moderate-income tracts was 3.3 percentage points higher than the aggregate. Except for the bank’s lending percentage in low-income tracts in 2023, the bank’s percentage of lending in low- and moderate-income tracts exceeded the percentage of owner-occupied units in the assessment area. Notably, the bank increased the share and market rank of residential mortgage loans originated in low-income tracts from 2023 to 2024.

For both 2023 and 2024, the bank consistently outperformed many other home mortgage lenders in originating loans in moderate-income tracts within the assessment area. In 2023, the bank ranked 31st of 262 lenders, and in 2024, the bank ranked 39th of 286 lenders.

Small Business Lending

Table 10 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loans is excellent.

Table 10 Distribution of 2023 and 2024 Small Business Lending By Income Level of Geography East Cambridge Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Low	0	0.0	3.8	0	0.0	3.5	1	7.7	3.9	30	0.9	3.5	3.7
Moderate	6	40.0	17.4	944	63.2	16.5	5	38.5	17.7	1,197	36.7	16.9	14.5
Middle	4	26.7	33.2	250	16.7	36.9	2	15.4	32.9	1,050	32.2	36.0	33.2
Upper	5	33.3	45.0	300	20.1	42.8	5	38.5	44.9	986	30.2	43.0	48.2
Unknown	0	0.0	0.6	0	0.0	0.4	0	0.0	0.7	0	0.0	0.7	0.4
Total	15	100.0	100.0	1,494	100.0	100.0	13	100.0	100.0	3,263	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, while the bank did not originate any small business loans in low-income tracts and trailed aggregate performance at 3.8 percent, even one loan would have resulted in the bank exceeding aggregate performance and the percentage of total businesses in low-income tracts. For the same year, the bank originated 6 small business loans, or 40.0 percent, to businesses in moderate-income tracts, which significantly exceeded the aggregate by 22.6 percentage points and exceeded the percentage of total businesses in moderate-income tracts.

In 2024, the bank originated 1 small business loan, or 7.7 percent, in low-income tracts. The bank’s percentage of loans in low-income tracts exceeded the aggregate by 3.8 percentage points. For the same year, the bank originated 5 small business loans, or 38.5 percent, in

moderate-income tracts. The bank's percentage of loans in moderate-income tracts significantly exceeded the aggregate by 20.8 percentage points. The bank exceeded the percentage of total businesses in both low and moderate-income tracts in 2024.

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.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates a good distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 11 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 11 Distribution of 2023 and 2024 Home Mortgage Lending By Borrower Income Level East Cambridge Assessment Area													
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	7	8.0	2.4	1,819	2.7	0.7	1	1.6	2.4	202	0.3	0.8	20.7
Moderate	10	11.5	10.1	4,154	6.1	5.0	5	7.9	9.9	1,673	2.4	5.0	15.6
Middle	13	14.9	17.6	7,571	11.2	12.0	12	19.0	19.3	5,698	8.0	13.8	18.8
Upper	49	56.3	44.7	43,219	63.9	51.3	23	36.5	49.3	21,698	30.6	58.8	44.8
Unknown	8	9.2	25.3	10,865	16.1	31.0	22	34.9	19.1	41,660	58.7	21.6	0.0
Total	87	100.0	100.0	67,628	100.0	100.0	63	100.0	100.0	70,931	100.0	100.0	100.0
Refinance Loans													
Low	1	11.1	6.8	290	3.7	2.7	4	50.0	5.4	869	16.4	2.1	20.7
Moderate	1	11.1	11.6	300	3.8	5.2	0	0.0	13.8	0	0.0	7.1	15.6
Middle	2	22.2	15.9	942	12.1	9.1	1	12.5	18.4	500	9.5	12.7	18.8
Upper	4	44.4	33.6	3,345	42.9	31.0	2	25.0	47.6	1,975	37.4	54.9	44.8
Unknown	1	11.1	32.0	2,919	37.4	51.9	1	12.5	14.8	1,941	36.7	23.2	0.0
Total	9	100.0	100.0	7,796	100.0	100.0	8	100.0	100.0	5,285	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	6.2	0	0.0	2.5	0	0.0	5.2	0	0.0	2.3	20.7
Moderate	0	0.0	14.9	0	0.0	6.6	0	0.0	14.9	0	0.0	7.0	15.6
Middle	0	0.0	21.2	0	0.0	11.8	0	0.0	22.2	0	0.0	13.3	18.8
Upper	1	100.0	48.2	250	100.0	47.7	1	100.0	51.7	70	100.0	54.5	44.8
Unknown	0	0.0	9.5	0	0.0	31.4	0	0.0	5.9	0	0.0	22.9	0.0
Total	1	100.0	100.0	250	100.0	100.0	1	100.0	100.0	70	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	8	8.2	3.9	2,109	2.8	1.2	5	6.9	3.7	1,071	1.4	1.2	20.7
Moderate	11	11.3	11.1	4,454	5.9	5.0	5	6.9	11.9	1,673	2.2	5.6	15.6
Middle	15	15.5	17.4	8,513	11.2	11.1	13	18.1	19.6	6,198	8.1	13.6	18.8
Upper	54	55.7	41.6	46,814	61.9	46.0	26	36.1	49.4	23,743	31.1	58.0	44.8
Unknown	9	9.3	26.0	13,784	18.2	36.6	23	31.9	15.4	43,601	57.2	21.6	0.0
Total	97	100.0	100.0	75,674	100.0	100.0	72	100.0	100.0	76,286	100.0	100.0	100.0
<p>Source: 2024 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.</p>													

In 2023, the bank originated 8 loans, or 8.2 percent, to low-income borrowers, which exceeded the aggregate by 4.3 percentage points, and 11 loans, or 11.3 percent, to moderate-income borrowers, which exceeded the aggregate by 0.2 percentage points.

In 2024, the bank originated 5 home mortgage loans, or 6.9 percent, to low-income borrowers which exceeded the aggregate by 3.2 percentage points. For the same year, the bank originated

same number and percentage of home mortgage loans to moderate-income borrowers, which trailed the aggregate by 5.0 percentage points.

The bank made use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals, and offered programs targeted to middle-income borrowers due to the high housing costs within the assessment area. Below is a sample of the innovative and flexible lending programs offered.

- *Massachusetts Housing Partnership (MHP) ONE and ONE+ Mortgage Programs* – ECSB is a participating lender in these first-time homebuyer programs, which feature a low-down payment, a low fixed-rate interest rate, no private mortgage insurance, and financial assistance for eligible buyers. During the evaluation period, the bank originated 11 loans, totaling a little over \$3 million. This is twice the number of loans compared to the previous evaluation period.
- *Federal Home Loan Bank of Boston (FHLBB) Equity Builder Program (EBP)* – The EBP is a grant program designed to support residential lending to low- and moderate-income homebuyers earning up to 80 percent of the area median income through grants up to \$25,000 for costs including downpayments, closing costs, and rehabilitation costs associated with home purchase. During the evaluation period, the bank originated several loans under this program.
- *Freddie Mac Home Possible* – This program is targeted to low-income homebuyers with low downpayment requirements. It also offers flexibility in downpayment sources, higher loan-to-value ratios, reduced mortgage insurance coverage requirements, and credit fee caps. During the evaluation period, the bank originated two loans, totaling \$788,000.

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 12 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 12 Distribution of 2023 and 2024 Small Business Lending By Revenue Size of Businesses East Cambridge Assessment Area													
	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	11	73.3	52.4	599	40.1	32.6	4	30.8	52.5	751	23.0	32.0	90.5
Over \$1 Million	4	26.7		895	59.9		9	69.2		2,512	77.0		8.9
Revenue Unknown	0	0.0		0	0.0		0	0.0		0	0.0		0.6
Total	15	100.0		1,494	100.0		13	100.0		3,263	100.0		100.0
By Loan Size													
\$100,000 or Less	13	86.7	96.0	744	49.8	51.7	4	30.8	96.0	256	7.8	53.4	
\$100,001 - \$250,000	1	6.7	2.4	250	16.7	14.8	5	38.5	2.5	825	25.3	15.9	
\$250,001 - \$1 Million	1	6.7	1.7	500	33.5	33.6	4	30.8	1.5	2,182	66.9	30.6	
Total	15	100.0	100.0	1,494	100.0	100.0	13	100.0	100.0	3,263	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	11	100.0		599	100.0		1	25.0		50	6.7		
\$100,001 - \$250,000	0	0.0		0	0.0		2	50.0		270	36.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		1	25.0		431	57.4		
Total	11	100.0		599	100.0		4	100.0		751	100.0		
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i> <i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

In 2023, the bank originated 11 small business loans, or 73.3 percent, to businesses with GARs of \$1 million or less, which notably exceeded the aggregate lending percentage by 20.9 percentage points. The bank originated 13 small business loans, or 86.7 percent, in loan amounts of \$100,000 or less, and 1 loan, or 6.7 percent, in loan amounts of \$100,001 to \$250,000.

In 2024, the bank originated 4 small business loans, or 30.8 percent, to businesses with GARs of \$1 million or less, which trailed the aggregate lending percentage by 21.7 percentage points. The bank originated 4 small business loans, or 30.8 percent, in loan amounts of \$100,000 or less, and 5 loans, or 38.5 percent, in loan amounts of \$100,001 to \$250,000.

The bank made use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of small businesses within the assessment area. Below is a summary of loans originated through such programs within the assessment area:

- SBA 504 Loans - SBA 504 loans support CRA performance by enabling banks to finance owner-occupied commercial real estate and major equipment for small

businesses, often in low- and moderate-income areas, through long-term, fixed-rate loans that promote local economic development and job creation. During the evaluation period, the bank originated three SBA 504 loans, totaling \$2.9 million.

- SBA 7(a) Loans - SBA 7(a) loans enhance CRA performance by allowing banks to provide flexible, government-guaranteed financing to small businesses, including those in low- and moderate-income areas, for working capital, acquisitions, and expansion that drive community growth and employment. During the evaluation period, the bank originated two loans, totaling \$1.6 million.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with GARs of \$1 million or less, consistent with safe and sound operations. Below is a summary of loans originated within the assessment area that demonstrate good responsiveness:

- *First Time Homebuyer (FTHB) Program* – ECSB offers a FTHB program that provides a discounted interest rate for all first time homebuyers that attend their FTHB seminar and purchase a property within their assessment area. Additionally, participants may be eligible for a \$1,000 closing cost credit. During the evaluation period, the bank originated 24 loans totaling \$15.5 million and of the total, 11 loans received a closing cost credit. These loans were incorporated into the Lending Test analysis as home mortgage loans.
- *MassSave HEAT Loans* – ECSB is a participating lender of the MassSave HEAT Loan Program. This program offers zero interest financing opportunities up to \$25,000 for energy-efficient home upgrades. The goal of the program is to empower homeowners to make significant improvements that significantly reduce the cost associated with heating and cooling. During the evaluation period, the bank originated 231 loans, totaling over \$4.0 million, to borrowers within the assessment area. These loans were not included in the Lending Test analysis as they are consumer loans.
- *East Cambridge Credit Builder* – The bank introduced this loan product in March 2022, in response to the share of unbanked and underbanked in the assessment area who largely depend on check cashing. The intent of this program is to bring people into the financial system and help them establish credit by placing a \$500 loan into a certificate of deposit (CD) and make regularly scheduled payments. At maturity, the borrower is provided with the amount in the CD plus interest earned, with their payments reported to the three major credit bureaus. One community contact stated that credit builder loans are one of the products that are most beneficial to low- and moderate-income individuals.

Community Development Lending Activities

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

The bank demonstrates it has made an adequate level of community development loans. The bank originated 16 qualified community development loans, totaling \$11.1 million. A sample of the bank's community development lending activity during the evaluation period is provided below:

- In 2024, the bank originated a \$1.5 million loan to finance the construction of five condominiums, all of which will be affordable housing.
- In 2025, the bank extended a \$12.3 million loan to develop a 55-unit apartment building where 20 percent of the units will be affordable. The bank received pro-rata consideration of \$2.4 million for the affordable units.
- In 2025, the bank extended two SBA 7a loans, totaling \$1.6 million, for a small business expansion that will facilitate economic development through permanent job creation for low- and moderate-income people in the Boston area.

At \$11.1 million in qualified community development loans, the bank's dollar volume of community development loans has significantly increased by 484.2 percent compared to the last examination. Most notably, several of the community development loans facilitated affordable housing and economic development within the assessment area, which are particularly responsive to the area needs and opportunities. During the prior evaluation period, the bank had originated 11 loans, totaling \$1.9 million. However, the qualified community development loans during the previous evaluation were primarily lines of credit to nonprofit organizations for working capital rather than being targeted for projects or programs responsive to opportunities and needs within the assessment area, such as affordable housing, which was identified as a prominent need in the assessment area by community contacts.

INVESTMENT TEST

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

The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. Overall, the bank made \$11.6 million in qualified investments during the evaluation period, which represents a 26.5 percent increase since the last examination. Of the total, \$11.1 million was comprised of mortgage-backed securities (MBS) and CDs in a minority-owned financial institution, with the remaining \$527,512 in the form of donations.

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

Equity Investments

Prior to the evaluation period, the bank purchased eight MBS pools with a recent book value of \$6.5 million. The loans comprising these pools were for mortgages within the assessment area either to low- or moderate-income borrowers and/or located within low- or moderate-income tracts. The bank purchased two new pools during the evaluation period for \$3.5 million.

During the evaluation period, the bank renewed a 15-month CD twice for a total of \$1.1 million in a minority-owned financial institution based in Massachusetts.

Grants and Donations

The bank and its charitable foundation provided 186 donations, totaling \$527,512. Of the total, the greatest by number and dollar volume were qualified as supporting community development services for organizations serving the assessment area.

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

- *Somerville Homeless Coalition (SHC)* – SHC strives to fight homelessness, eviction, and food insecurity through four core programs: Food Assistance, Street Outreach, Homelessness Prevention, and Supportive Housing. The bank made five qualified donations, totaling \$12,750, during the evaluation period.
- *HarborCOV* – HarborCOV provides emergency and support services, safe transitional and permanent low-income housing, advocates on behalf of victims and survivors of domestic violence and works to educate the public about its causes and consequences. The bank made two qualified donations, totaling \$10,000, during the evaluation period.
- *Scholarships* – The bank provides scholarships through its charitable foundation to graduating seniors of high schools in each town within the assessment area. During 2024, the bank provided 18 scholarships totaling \$27,500, to students attending schools where the majority of students are eligible to receive free and/or reduced lunch.

The bank also utilized the Commonwealth of Massachusetts Community Investment Tax Credit (CITC) program with five of their donations. CITCs enable residents and stakeholders to work with and through community development corporations (CDCs) to partner with nonprofit, public, and private entities to improve economic opportunities for low- and moderate-income households and other residents in urban, rural, and suburban communities across the state. Under this program the bank provided donations to: *Housing Corporation of Arlington, The Neighborhood Developers, WATCH Community Development Corporations, Somerville Community Corporation, and Homeowners Rehab, Inc.*

The bank demonstrates occasional use of innovative or complex qualified investments. Of the qualified investments, 85.6 percent were in the form of MBS, of which 65.1 percent were purchased prior to the evaluation period. A total of \$1.1 million in qualified investments were for two renewals of a CD in a minority-owned financial institution that was originally put on deposit in 2019. Additionally, the bank provides donations directly and through its charitable foundation, which is funded by the bank.

The bank demonstrates good responsiveness to credit and community development needs. As mentioned, the bank provides donations directly to the community as well as through its charitable foundation, which is funded by the bank and targets the cities and towns within the assessment area. The focus of the charitable foundation is to support community organization programs focused on addressing affordable housing, education, family and youth services, and senior citizens. Additionally, the bank frequently conducts outreach with community organizations to better understand the community development needs and opportunities of the assessment area.

SERVICE TEST

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

Retail Banking Services

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

Table 14 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 14				
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	6.0	5.7	0	0.0
Moderate	20.4	20.0	3	27.3
Middle	30.4	31.3	5	45.4
Upper	40.4	42.0	3	27.3
Unknown	2.8	1.0	0	0.0
Total	100.0	100.0	11	100.0

Source: 2020 U.S. Census

The bank's service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area. Based on the 2020 Census, the branches in Chelsea, Arlington, and Medford were in moderate-income tracts, while branches in Cambridge, Malden, Belmont, Waltham, and Woburn comprised the five branches located in middle-income tracts. The three upper-income branches were in Cambridge, Somerville, and Medford.

While the bank has not opened or closed any branches since the previous evaluation, the 2020 Census reclassified several census tract income levels from the 2015 ACS. This change in census data and tract demographics resulted in the bank no longer having branches located in low-income tracts. The bank currently has three branches, or 27.3 percent, in moderate-income tracts, which exceeds both the composition of tracts in the assessment area and the share of the population residing in those tracts. The bank has five branches, or 45.4 percent, in middle-income tracts, which also exceeds both the share of middle-income tracts, at 27.6 percent, and the share of the population residing in middle-income tracts, at 31.3 percent. The remaining three branches, or 27.3 percent, are in upper-income tracts, which is slightly less than the percentage of upper-income tracts, at 40.4 percent, and the share of the population residing in those tracts, at 42.0 percent. The bank also maintains one educational training facility housed at Cambridge Rindge and Latin School in Cambridge, which is not included in the analysis above as it is not open to the public during its limited hours.

The bank demonstrates its 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. As of the examination date, all full-service branches, are open at least eight hours Monday – Friday. The Chelsea branch is open 9.5 hours on Friday, and the rest of the branches are open 8 hours on Friday. All full-service branches are open for 4 hours on Saturday, except for the Malden branch, which is open for 4.5 hours. The bank's services do not vary by branch.

The bank also provides alternative delivery systems. The bank maintains a website at www.ecsb.com, and offers products and services to all customers whether in person or through electronic banking accessibility including online account opening, online and mobile banking, debit card services, credit cards, ATM accessibility, remote deposit capture, IOLTA services, campaign finance accounts, among other services. The bank has two products available to assist the unbanked and underbanked of our communities. The products are the East Cambridge Access Checking and East Cambridge Credit Builder. The East Cambridge Access Checking is a no fee checkless checking account that has no monthly maintenance charge, no per check charge, no insufficient funds charges, no foreign ATM charges, and provides other services at a low cost. The East Cambridge Credit Builder is a low interest loan with a max limit of \$500 and a term loan of 1 or 2 years.

To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Since the previous performance evaluation, the bank has not opened or closed a branch.

Community Development Services

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

The bank demonstrates it provides a relatively high level of community development services through its employee involvement with community development organizations as well as through the breadth of financial literacy programming throughout its assessment area.

Employee Services

During the evaluation period, 15 bank employees were either on the board or on an advisory committee for 23 organizations, which either had the primary purpose of community development or engaged in activities that supported community development services. The employees performed a total of 1,067 hours of qualified community development services. The following details are just a few examples of the bank's community development service activity by bank employees.

- *Cambridge Neighborhood Apartment Housing Services (CNAHS)* – CNAHS aims to improve the quality of housing for low- and moderate-income residents and to ensure such housing remains affordable in perpetuity. The president and chief executive officer (CEO) served on the board and as treasurer of CNAHS during the evaluation period. As discussed with a community contact, affordable housing remains a top need within the assessment area and particularly within Cambridge.
- *Somerville-Cambridge Elder Services (SCES)* – A vice president is on the board of SCES and serves as Chair of the Development Committee. SCES promotes the right of all individuals to live with dignity, in the setting of their choice by offering older people, younger people with disabilities, and caregivers the information, services and support needed to make choices which enhance health, well-being, and independence.
- *Bay Cove Human Services (Bay Cove)* – An executive vice president is active with CASPAR (Cambridge and Somerville Programs for Addiction Recovery), which is a part of Bay Cove Human Services, a community-based non-profit organization founded in 1970 in response to growing community need for substance use treatment. Bay Cove provides effective, compassionate care to individuals and families with developmental disabilities, mental illness, homelessness, drug and alcohol addiction, and aging.

Educational Programs and Seminars

During the evaluation period, there were approximately 13 first time homebuyer seminars. These seminars are designed to provide informative discussions on mortgage topics, including the financing process, special programs and loans, and how to obtain loan approvals. Sessions are held in person with a Zoom option for those who are unable to attend and are presented in English and Spanish. Additionally, the bank engages in a variety of financial literacy and education programs for children and the elderly. The following is a summary of the types of financial education programs and seminars provided on behalf of the bank:

- The bank sponsors the WATCH First Time Homebuyer class, which is a Citizen’s Housing and Planning Association (CHAPA) certified class that allows attendees to qualify for a housing certificate and gives the attendees many housing options including affordable housing lotteries, down payment assistance, and a variety of programs through Mass Housing and Mass Housing Partnership.
- The bank provides seminars for seniors, elderly facilities, and features fraud awareness videos on their website, www.ecsb.com. The bank created a social media campaign “Become a Scam Buster” comprised of 15 different scam/fraud detection suggestions.
- During the evaluation period, the bank conducted dozens of financial education sessions with children ranging in ages from pre-school through high school throughout the assessment area. The total number of participants over this period exceeded 2,000.

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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