

# **PUBLIC DISCLOSURE**

September 2, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Main Street Bank  
Certificate Number: 90235

81 Granger Boulevard  
Marlborough, Massachusetts 01752

Division of Banks  
One Federal Street, Suite 710  
Boston, Massachusetts 02110

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

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## INSTITUTION RATING

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

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

Main Street Bank's Satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. The following points summarize the bank's Lending Test and Community Development Test performance.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's size, capacity, and need and availability of such opportunities for community development in the assessment areas.

## DESCRIPTION OF INSTITUTION

### **Background**

Main Street Bank (Main Street) is a state-chartered mutual savings bank headquartered in Marlborough, Massachusetts (MA). Main Street is wholly owned by Main Street Group Bancshares Inc. (MSGB), a mid-tier holding company that is wholly owned by Main Street Group Bancshares Mutual Holding Company (MHC). Main Street has four wholly owned subsidiaries. MSB

Securities Corporation, 1885 Security Corporation, and Rail Town Securities Corporation invest in securities, and Marbro-Hudson Inc., holds real estate.

Main Street received a “Satisfactory” rating at its previous joint Massachusetts Division of Banks and FDIC CRA Performance Evaluation, dated June 6, 2022. Examiners evaluated the bank’s performance based on Interagency Intermediate Small Institution (ISI) Examination Procedures.

## **Operations**

Main Street is headquartered at 81 Granger Boulevard in Marlborough, MA. In addition to the main office, the bank operates five full-service branches throughout Middlesex and Worcester Counties. The branches are located in Ayer, Hudson, Pepperell, Southborough, Northborough. The main office is located in a moderate-income census tract. The Ayer, Hudson, and Pepperell branches are located in middle-income census tracts and the Northborough and Southborough branches are located in upper-income census tracts. Branches are open from 8:00 am to 4:00 pm Monday through Thursday, 8:00 am to 6:00 pm on Friday, 8:00 am to 12:00 pm on Saturday, and are closed on Sunday. All branches have 24-hour drive-up and/or walk-up automated teller machines (ATMs).

Since the prior evaluation, in October 2024, the bank closed four branches in Lunenburg, Sudbury, Littleton, and Marlborough (Boston Post Road). The Lunenburg and Littleton branches were in a middle-income census tract, and the Sudbury branch was in an upper-income census tract. The Marlborough branch was in a moderate-income census tract; however, the closure of the branch did not significantly impact customers in the tract, as the main office (also in a moderate-income census tract) continues to operate in the city, approximately 1.2 miles away from the closed branch location. The bank did not open any new branches and there have been no mergers or acquisitions since the prior evaluation.

Main Street offers residential, commercial, and consumer loans, with a primary focus on residential lending, and secondary focus on commercial lending. Residential lending products include home mortgage loans, construction loans, home equity loans, and home equity lines of credit. Commercial lending products include commercial real estate, commercial construction and land development, commercial automobile loans, term loans, business lines of credit, and Small Business Administration (SBA) guaranteed loans. Consumer lending products include personal installment loans, credit builder loans, automobile loans, and overdraft lines of credit. Personal and commercial deposit services include checking, savings, money market, and certificate of deposit accounts, retirement accounts for individuals, and merchant services for business customers. Alternative banking services include ATMs, online, mobile, and telephone banking, electronic bill pay, and person-to-person payments. The bank’s participation in the surcharge-free SUM ATM Network expands ATM availability for customers.

## **Ability and Capacity**

Main Street’s assets totaled approximately \$1.7 billion as of June 30, 2025, including total loans of approximately \$1.3 billion (78.4 percent of total assets) and total securities of approximately \$242.8 million (14.3 percent of total assets). Deposits totaled approximately \$1.4 billion. Total assets

increased by approximately \$102.2 million, or 6.4 percent since the previous evaluation primarily due to growth in total loans. Total loans increased by approximately \$322.3 million (32.2 percent) and total securities decreased by approximately \$8.8 million (3.5 percent) since the prior evaluation. Total deposits increased by approximately \$233.5 million (16.4 percent).

The following table illustrates the loan portfolio. Consistent with the prior evaluation, loans secured by 1-4 family residential properties represent the largest portion of the loan portfolio, followed by loans secured by nonfarm nonresidential properties.

<b>Loan Portfolio Distribution as of 06/30/2025</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	86,672	6.6
Secured by Farmland	1,378	0.1
Secured by 1-4 Family Residential Properties	755,689	57.1
Secured by Multifamily (5 or more) Residential Properties	58,074	4.4
Secured by Nonfarm Nonresidential Properties	348,674	26.4
<b>Total Real Estate Loans</b>	<b>1,250,487</b>	<b>94.6</b>
Commercial and Industrial Loans	61,951	4.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	10,571	0.8
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	22	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,323,031</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100%.</i>		

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

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution's CRA performance. Main Street designated contiguous assessment areas within the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) and Worcester, MA Metropolitan Statistical Area (MSA), which cover portions of Middlesex and Worcester Counties in MA. The Cambridge-Newton-Framingham, MA MD and the Worcester, MA MSA are both part of the Boston-Worcester-Providence, MA-RI-NH Combined Statistical Area (CSA). The bank's performance was consistent across both areas; therefore, examiners presented demographic information and conclusions for the combined assessment areas under the CSA. The bank has not changed its assessment areas since the prior evaluation. The following table details the cities and towns within the bank's assessment areas.

<b>Assessment Area Municipalities</b>			
<b>Cambridge-Newton-Framingham, MA MD</b>			
<i>Middlesex County</i>			
Acton	Ashby	Ashland	Ayer
Boxborough	Concord	Dunstable	Framingham
Groton	Hopkinton	Hudson	Littleton
Marlborough	Maynard	Pepperell	Shirley
Stow	Sudbury	Townsend	Tyngsboro
Wayland	Westford		
<b>Worcester, MA MSA</b>			
<i>Worcester County</i>			
Berlin	Bolton	Boylston	Fitchburg
Harvard	Lancaster	Leominster	Lunenburg
Northborough	Shrewsbury	Southborough	Westborough

### **Economic and Demographic Data**

Main Street’s assessment areas consist of 124 census tracts with the following income designations according to 2020 ACS data:

- 7 low-income tracts;
- 14 moderate-income tracts;
- 44 middle-income tracts;
- 57 upper-income tracts; and
- 2 census tracts with no income designation.

The low-income census tracts are in Fitchburg (3), Framingham (3), and Leominster (1); while the moderate-income census tracts are in Fitchburg (7), Framingham (3), Leominster (2), and Marlborough (2). The two census tracts with no income designations include a National Wildlife Refuge and the Hanscom Airforce Base Visitor Control Center. There are six census tracts designated as Qualified Opportunity Zones (QOZs) within the bank’s assessment areas. QOZs are economically distressed communities approved by the U.S. Department of Treasury, with the goal of spurring economic development and job creation. Five of the QOZ’s are located in low- and moderate-income census tracts in Framingham, Fitchburg, Marlborough, and Leominster. There is one middle-income census tract in Leominster that is also designated as a QOZ. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas in the bank’s assessment areas. The following table illustrates select demographic characteristics of the assessment areas.

Demographic Information of the Assessment Areas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	124	5.6	11.3	35.5	46.0	1.6
Population by Geography	584,880	4.5	10.1	37.0	48.4	0.0
Housing Units by Geography	224,505	4.7	10.9	38.3	46.1	0.0
Owner-Occupied Units by Geography	153,523	1.6	7.8	37.0	53.6	0.0
Occupied Rental Units by Geography	60,442	12.1	18.4	41.5	28.0	0.0
Vacant Units by Geography	10,540	8.4	13.2	39.0	39.4	0.0
Businesses by Geography	67,619	4.0	8.3	37.8	49.9	0.0
Farms by Geography	1,859	2.7	7.7	38.6	50.9	0.0
Family Distribution by Income Level	150,663	17.7	14.9	19.5	48.0	0.0
Household Distribution by Income Level	213,965	21.0	14.4	15.8	48.9	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$440,571
Median Family Income MSA - 49340 Worcester, MA MSA		\$99,320	Median Gross Rent			\$1,334
			Families Below Poverty Level			4.0%

*Source: 2020 U.S. Census; 2024 D&B Data, and FFIEC Estimated Median Family Income*

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. In 2024, of the 224,505 total housing units, 68.4 percent, or 153,523, were owner-occupied. Of the 153,523 owner-occupied units, 1.6 percent were located in low-income geographies and 7.8 percent were located in moderate-income geographies, suggesting that home mortgage lending opportunities in low-income and moderate-income geographies in the bank's assessment area may be limited.

Examiners used the 2023 and 2024 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the income categories within the assessment areas.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Cambridge-Newton-Framingham, MA MD Median Family Income (15764)</b>				
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
2024 (\$146,600)	<\$73,300	\$73,300 to <\$117,280	\$117,280 to <\$175,920	≥\$175,920
<b>Worcester, MA MSA Median Family Income (49340)</b>				
2023 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
2024 (\$114,100)	<\$57,050	\$57,050 to <\$91,280	\$91,280 to <\$136,920	≥\$136,920

*Source: FFIEC*

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2024 D&B data, 67,619 non-farm businesses operate in the assessment areas. GAR levels for these businesses are as follows:

- 89.0 percent have GARs of \$1.0 million or less,
- 3.7 percent have GARs of more than \$1.0 million, and
- 7.3 percent have unknown revenues.

Service industries represent the largest portion of businesses at 36.6 percent, followed by non-classifiable establishments at 22.4 percent, and finance, insurance, and real estate at 10.4 percent. The majority of businesses in the assessment area are small, with 86.7 percent of businesses that have GARs of less than \$0.5 million. Additionally, 92.5 percent of businesses operate with nine or fewer employees, and 92.2 percent operate from a single location.

According to the U.S. Bureau of Labor Statistics, the 2024 year-end unemployment rate was 3.6 percent in Middlesex County and 4.1 percent in Worcester County, compared to 4.0 percent statewide and nationwide. The unemployment rates can affect the overall demand for a home mortgage loan.

### **Competition**

The bank operates in a highly competitive market for financial services. According to 2024 FDIC Deposit Market Share data, 61 financial institutions operate within the bank's assessment areas. The top five financial institutions, Bank of America N.A., Citizens Bank N.A., TD Bank, N.A., Cambridge Savings Bank and Santander Bank, N.A. collectively held 45.0 percent of the deposit market share. Main Street ranked 20<sup>th</sup> with 1.2 percent of the deposit market share.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment areas. In 2023, aggregate home mortgage lending data shows 401 lenders originated or purchased 12,253 home mortgage loans in the assessment areas. Main Street ranked 10<sup>th</sup> with a 2.3 percent market share. Main Street was the second highest ranked community bank, after Middlesex Savings Bank, which had a 2.5 percent market share. In 2024, aggregate home mortgage lending data shows that 409 lenders originated or purchased 13,016 home mortgage loans in the assessment areas. Main Street's ranking fell to 24<sup>th</sup> with a 1.2 percent market share, but the bank maintained its position as the second highest ranked community bank, after Middlesex Savings Bank.

Main Street is not required to collect or report its small business lending data; therefore, analysis of these loans under the Lending Test does not include comparisons to aggregate data. However, examiners considered aggregate data for performance context, as it reflects the competition level for small business loans in the assessment areas. In 2023, aggregate small business lending data shows 162 lenders originated or purchased 64,311 small business loans in Middlesex and Worcester Counties, indicating a high level of competition. The top three lenders consisted of large national banks including American Express N.A., JPMorgan Chase Bank, N.A., and Bank of America N.A., which collectively held 57.8 percent market share. Additionally, 93.8 percent of lenders held less than 1.0 percent market share.

## **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the credit and community development needs of the area. The information obtained helps to determine whether local financial institutions are responsive to those needs. The information also shows what credit and community development opportunities are available.

Examiners met with an economic development organization that serves the Marlborough area. During the interview, the community contact discussed challenges for individuals entering the job market, particularly those that do not speak English. The contact discussed the need for job creation, which is being addressed through career fairs, specifically catering to post-high school individuals entering the job market. The contact noted several financial institutions in the area are greatly involved within the community and often organize financial education through seminars and podcasts. The contact also mentioned an increase in new housing being built in the area; however, the contact was unsure what percentage of those units would be affordable for low- and moderate-income individuals and noted a need for affordable housing in the area. The contact indicated that financial institutions are supportive of SBA programs that cater to small business development needs and mentioned a revolving fund for small businesses supported by local financial institutions.

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

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that access to affordable housing is the primary community development need. Furthermore, affordable and first-time home buyer mortgages represent community credit needs. Additionally, economic development opportunities in the form of loans to small businesses could help support job retention of low- and moderate-income individuals and within low- and moderate-income census tracts.

# **SCOPE OF EVALUATION**

## **General Information**

This evaluation, conducted jointly by the Division and FDIC, covers the period from the prior evaluation dated June 6, 2022, to the current evaluation dated September 2, 2025. Examiners evaluated the bank's CRA performance using ISI Examination Procedures. The procedures include the Lending Test and the Community Development Test (please see the Appendices for a complete description).

## **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, and the number and dollar volume of loans originated during the evaluation period. Examiners did not consider the bank's small farm or consumer loans as the bank did not originate any small farm loans during the evaluation period and consumer loans represent a nominal portion of the loan portfolio.

Examiners analyzed all home mortgage loans reported on the bank's 2022, 2023 and 2024 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). Main Street originated 634 home mortgage loans totaling \$237.3 million in 2022, 575 home mortgage loans totaling \$319.2 million in 2023 and 244 home mortgage loans totaling \$62.3 million in 2024. The bank's home mortgage loan volume declined over the evaluation period due to lack of inventory, a high-interest rate environment, and a high level of competition in the assessment areas. Examiners compared the bank's 2023 and 2024 home mortgage lending performance to aggregate data for 2023 and 2024. Examiners also compared the 2023 and 2024 home mortgage lending performance to 2020 U.S. Census demographic data.

As an Intermediate Small Institution, Main Street was not required to collect or report small business loan data; however, the bank voluntarily collected relevant CRA data, which allowed examiners to analyze the bank's full universe of small business loans for 2022, 2023 and 2024. In 2022, the bank originated 51 loans totaling \$10 million. In 2023, the bank originated 60 small business loans totaling \$14.7 million and 55 small business loans totaling \$14.0 million in 2024. Examiners compared the bank's small business lending performance to D&B business demographic data. Examiners did not compare the bank's small business lending performance to aggregate data because the bank does report CRA data.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans. Examiners weighed the number of originations more heavily than the dollar volume. When arriving at overall conclusions and ratings, examiners placed greater weight on the bank's home mortgage lending performance due to the bank's business strategy and origination activity during the evaluation period. Examiners analyzed all three years of home mortgage lending and small business lending data and presented these years in the Assessment Area Concentration table. For the Geographic Distribution and Borrower Profile criteria, examiners only presented 2023 and 2024 home mortgage and small business lending data, as these years are reflective of the bank's performance during the entire evaluation period.

For the Community Development Test, examiners considered the bank's community development loans, qualified investments, and community development services since the prior evaluation dated June 6, 2022, to the current evaluation date of September 2, 2025. Examiners reviewed the number and dollar amount of loans and investments, the number of instances of qualified services, and the bank's responsiveness to community needs through those activities.

Examiners obtained demographic and economic information referenced in this evaluation from the 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. Financial data is based on the June 30, 2025, Report of Income and Condition (Call Report).

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Lending Test is rated Satisfactory. Performance under the LTD Ratio, Assessment Area Concentration, Borrower Profile, and Geographic Distribution criteria support this conclusion. The following sections address the bank's performance under each Lending Test criterion.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 93.5 percent over the last 14 calendar quarters from March 31, 2022, through June 30, 2025. The ratio ranged from a low of 81.7 percent as of March 31, 2022, to a high of 103.4 percent as of September 30, 2024. The following table presents the average net LTD ratio for Main Street compared to similarly situated banks. Examiners selected similarly situated banks based on asset size, geographic location, and lending focus.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2025 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Main Street Bank</b>	<b>1,688,610</b>	<b>93.5</b>
Fidelity Co-operative Bank	1,579,645	83.1
BankHometown	1,578,648	93.5
Cornerstone Bank	1,727,590	100.3

*Source: Reports of Condition and Income 03/31/2022 – 06/30/2025*

#### Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans by number within the assessment area.

The bank originated a majority of home mortgage loans outside the assessment areas in 2022 and 2023. However, the bank increased the percentage of lending inside its assessment areas in 2024 to 62.3 percent, and demonstrated an increasing trend of lending inside its assessment areas throughout the evaluation period, both by number and dollar amount. Although there were some fluctuations in small business lending in the assessment area during the evaluation period, the bank consistently made a majority of small business loans inside its assessment areas each year. The following table illustrates the bank's lending inside and outside the assessment area by number and dollar amount of loans.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$ (000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$ (000s)	%	\$ (000s)	%	
Home Mortgage										
2022	274	43.2	360	56.8	634	75,697	31.9	161,605	68.1	237,301
2023	284	49.4	291	50.6	575	142,604	44.7	176,616	55.3	319,220
2024	152	62.3	92	37.7	244	34,017	54.6	28,295	45.4	62,312
<b>Subtotal</b>	<b>710</b>	<b>48.9</b>	<b>743</b>	<b>51.1</b>	<b>1,453</b>	<b>252,318</b>	<b>40.8</b>	<b>366,516</b>	<b>59.2</b>	<b>618,833</b>
Small Business										
2022	39	76.4	12	23.6	51	5,729	57.3	4,273	42.7	10,002
2023	35	58.3	25	41.7	60	7,555	51.2	7,219	49	14,744
2024	43	78.2	12	21.8	55	8,687	61.9	5,347	38.1	14,034
<b>Subtotal</b>	<b>117</b>	<b>70.5</b>	<b>49</b>	<b>29.5</b>	<b>166</b>	<b>21,971</b>	<b>56.7</b>	<b>16,839</b>	<b>43.4</b>	<b>38,780</b>
<b>Total</b>	<b>827</b>	<b>51.1</b>	<b>792</b>	<b>48.9</b>	<b>1,619</b>	<b>274,289</b>	<b>41.7</b>	<b>383,355</b>	<b>58.3</b>	<b>657,613</b>

Source: Bank Data, 2022, 2023 & 2024 HMDA Aggregate Data

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's performance to low-income borrowers in 2023 and 2024 is above aggregate performance and below the percentage of families. Demographic data from 2020 U.S. Census data reflects that low-income families in Middlesex County earn annual income of \$73,300 or less, and low-income families in Worcester County earn \$57,050 or less. Low-income families may experience challenges qualifying for home mortgages in the assessment areas, especially given the median housing value of approximately \$440,571.

The bank's performance in lending to moderate-income borrowers in 2023 was below both the aggregate performance and percentage of families; however, the bank's distribution of home mortgage loans was comparable with the aggregate performance and demographic data in 2024. Market share data supports the reasonable conclusion. While the majority of the top lenders to moderate-income applicants were large national banks or mortgage companies, Main Street ranked

18<sup>th</sup> out of 409 lenders with a market share of 1.2 percent for home mortgage loans to moderate-income borrowers in 2024.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2023	17.4	5.6	20	7.0	2,104	1.5
2024	17.7	4.3	12	7.9	644	1.9
<b>Moderate</b>						
2023	14.8	14.8	30	10.6	5,455	3.8
2024	14.9	14.2	22	14.5	3,070	9.0
<b>Middle</b>						
2023	19.4	22.8	35	12.3	7,429	5.2
2024	19.5	22.0	39	25.7	7,507	22.1
<b>Upper</b>						
2023	48.4	43.0	113	39.8	53,486	37.5
2024	48.0	45.0	75	49.3	20,315	59.7
<b>Not Available</b>						
2023	0.0	13.8	86	30.3	74,130	52.0
2024	0.0	14.6	4	2.6	2,481	7.3
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>284</b>	<b>100.0</b>	<b>142,604</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>34,017</b>	<b>100.0</b>

*Source: 2020 U.S. Census; Bank Data, 2023 & 2024 HMDA Aggregate Data,*

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

The distribution of small business loans reflects reasonable penetration of loans among businesses of different sizes. As shown in the following table, the bank originated a majority of small business loans to businesses with GARs of \$1.0 million or less in 2023 and performance improved in 2024. Although the bank’s performance in lending to businesses with GARs of \$1.0 million or less was below the percentage of those businesses in the assessment area, performance in reasonable given the high level of competition in the assessment areas.

The bank helps meet the credit needs of small businesses with loan programs that include loans guaranteed by the SBA, which provide flexible financing options for customers. Additionally, Main Street is part of the Small Business Banking Partnership, run by the State Treasurer’s Office, and organized to provide funding opportunities for businesses. These programs are responsive to small business needs for this type of funding in the assessment area.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000					
2023	89.2	18	51.4	4,930	65.3
2024	88.8	28	65.1	5,331	61.4
> \$1,000,000					
2023	3.9	16	45.7	2,589	34.3
2024	4.0	15	34.9	3,356	38.6
Revenue Not Available					
2023	6.9	1	2.9	36	0.5
2024	7.2	0	0.0	0	0.0
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>7,555</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>8,687</b>	<b>100.0</b>
<i>Source: 2023 &amp; 2024 D&amp;B Data; Bank Data</i>					

### **Geographic Distribution**

The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment areas. The bank’s reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage and small business loans in low- and moderate-income census tracts.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment areas. In 2023, the bank’s performance in low-income census tracts was below aggregate performance, but slightly above the percentage of owner-occupied housing units. In 2024, originations in low-income census tracts decreased and the bank’s performance was below both the aggregate performance and demographics. In moderate-income census tracts, the bank’s performance was below both aggregate performance and percentage of owner-occupied housing units in 2023 and 2024.

Challenges exist in the assessment areas’ low- and moderate-income census tracts. The low owner occupancy levels in these tracts limit the bank’s home mortgage lending opportunities. Market share data supports the reasonable performance and the high level of competition. In 2023, Main Street ranked 10<sup>th</sup> out of 401 lenders originating loans in low-income census tracts and 17<sup>th</sup> out of 401 lenders originating loans moderate-income census tracts. In 2024, Main Street’s ranking dropped to 15<sup>th</sup> out of 409 lenders originating loans in low-income census tracts and the ranking in moderate-income tracts dropped to 22<sup>nd</sup> out of 409 lenders. Despite the high level of competition and drop in ranking, Main Street maintained a presence as a top community bank in 2023 and 2024 competing for home mortgage loan originations in low- and moderate-income tracts in the assessment areas among national banks and mortgage companies.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2023	1.6	2.5	5	1.8	2,014	1.4
2024	1.6	2.8	1	0.7	1,193	3.5
<b>Moderate</b>						
2023	7.1	7.8	12	4.2	15,263	10.7
2024	7.8	9.2	7	4.6	1,128	3.3
<b>Middle</b>						
2023	37.7	36.6	124	43.7	43,729	30.7
2024	37.0	37.0	74	48.7	14,004	41.2
<b>Upper</b>						
2023	53.6	53.1	143	50.4	81,598	57.2
2024	53.6	50.9	70	46.1	17,692	52.0
<b>Not Available</b>						
2023	0.0	0.0	0	0.0	0	0.0
2024	0.0	0.0	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>284</b>	<b>100.0</b>	<b>142,604</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>100.0</b>	<b>152</b>	<b>100.0</b>	<b>34,017</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, 2023 &amp; 2024 HMDA Aggregate Data</i>						

***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment areas. The bank’s performance was below the percentage of businesses in the assessment areas in 2023, but was comparable to the percentage of businesses in 2024. In 2023 and 2024, the bank’s performance in moderate-income census tracts was below the percentage of businesses. This performance is reasonable given the small percentage of businesses that operate in the low- and moderate-income census tracts and high competition for small business loans in the assessment areas.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2023	4.0	1	2.9	525	6.9
2024	4.0	2	4.7	525	6.0
<b>Moderate</b>					
2023	7.7	2	5.7	526	7.0
2024	8.3	2	4.7	60	0.7
<b>Middle</b>					
2023	38.1	18	51.4	4,381	58.0
2024	37.8	19	44.2	3,141	36.2
<b>Upper</b>					
2023	50.2	14	40.0	2,123	28.1
2024	49.9	20	46.5	4,961	57.1
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>	<b>7,555</b>	<b>100.0</b>
<b>2024</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>8,687</b>	<b>100.0</b>
<i>Source: D&amp;B Data; Bank Data</i>					

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

### **COMMUNITY DEVELOPMENT TEST**

The Community Development Test is rated Satisfactory. Main Street demonstrated adequate responsiveness to the assessment area’s community development needs through qualified community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment areas. Community development activities were considered during the period of June 6, 2022, through September 2, 2025.

### **Community Development Loans**

The bank originated 18 community development loans totaling \$26.4 million during the evaluation period. The bank’s level of community development activity equates to 1.7 percent of average total assets and 2.1 percent of average total loans since the prior evaluation. This level of community development activity represents a decrease from the prior evaluation period, during which a large volume of SBA Paycheck Protection Program (PPP) loans were considered as community development loans. The PPP ended on May 31, 2021; therefore, PPP loans were not available

during this evaluation period. The bank’s community development lending compares reasonably with similarly situated institutions that also received Satisfactory ratings.

Since the bank was responsive to assessment area credit needs, examiners considered Community Development Loans outside of the assessment areas. The bank originated an equal distribution of loans that benefited affordable housing, community services, and economic development. The following table illustrates the qualified community development loans by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (partial)	2	592	0	0	0	0	0	0	2	592
2023	3	5,172	4	5,898	0	0	0	0	7	10,598
2024	0	0	1	704	6	12,571	0	0	7	13,275
YTD 2025	1	900	1	1,000	0	0	0	0	2	1,900
<b>Total</b>	<b>6</b>	<b>6,664</b>	<b>6</b>	<b>7,602</b>	<b>6</b>	<b>12,571</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>26,365</b>
<i>Source: Bank Data</i>										

The following are examples of the bank’s qualified community development loans.

- In 2023, the bank originated a \$5.3 million loan to a non-profit organization serving students with disabilities in the area around Leominster. Funds were used to purchase a property to create classroom space and increase the capacity of students. The organization relies on revenue from the school districts it serves. The financing supports a community development service to low- and moderate-income individuals within the assessment areas. All of the school districts served have been determined by the Massachusetts’ Department of Elementary and Secondary Education to have 50.0 percent or more of the student enrollment eligible for free or reduced priced meals.
- In 2023, the bank originated a \$4.5 million loan for the purchase of 35 residential condominium units within Marlborough. The loan supports an affordable housing purpose as all units are below fair market rents, which benefits low- and moderate-income borrowers.
- In 2024, the bank originated a \$2.9 million loan to a start-up business located in a moderate-income census tract and opportunity zone in Marlborough, MA. Additional funding sources came from the SBA. The SBA works with lenders to provide loans to small businesses with flexible underwriting criteria, lower down payment requirements, longer terms, and promotes business growth and job creation. The loan supports economic development in the bank’s assessment areas.

**Qualified Investments**

Main Street made 126 qualified investments totaling \$7.8 million, which includes 6 prior period equity investments totaling almost \$7.0 million, as well as 126 donations totaling \$844,000. The dollar amount of qualified investments equates to 0.7 percent of average total assets and 3.6 percent of average total securities since the prior evaluation. Compared to the prior evaluation period, the number and book value of the bank’s qualified equity investments decreased, but the bank made more donations by number and dollar amount. Specifically, during the prior evaluation, the bank made 77 qualified investments totaling 8.4 million, which included 7 equity investments totaling \$8.2 million, and 70 donations totaling \$209,000. Based on the dollar amount of qualified investments, the bank outperformed one similarly situated institution and trailed another. The majority of investments promoted affordable housing, which demonstrates responsiveness to the affordable housing needs of the assessment areas. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Service		Economic Development		Revitalize or Stabilize		Total #	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)s
Prior Period	6	6,988	0	0	0	0	0	0	6	6,988
2022 (partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
YTD 2025	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>6</b>	<b>6,988</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6,988</b>
Qualified Grants & Donations	14	273	85	428	14	64	7	79	120	844
<b>Total</b>	<b>20</b>	<b>7,261</b>	<b>85</b>	<b>428</b>	<b>14</b>	<b>64</b>	<b>7</b>	<b>79</b>	<b>126</b>	<b>7,832</b>

*Source: Bank Data*

**Equity Investments**

The bank maintained the following prior period equity investments, which have supported long-term investments in affordable housing, since the prior evaluation period.

*Prior Period*

- **Mortgage-Backed Securities** – In 2020 and 2022, the bank purchased five mortgage-backed securities totaling \$7.7 million. The current book value is approximately \$6.5 million. Mortgages to 34 low- and moderate-income borrowers within the bank’s assessment areas collateralize the securities, seven of which are also located in low-or-moderate-income census tracts.
- **CCM Community Impact Bond Fund** – The CCM Community Impact Bond Fund, formerly known as the CRA Qualified Investment Fund, purchases CRA qualifying investments that are primarily securities issued or guaranteed by the United States and State

Government Agencies. Specifically, the CCM Community Impact Bond Fund primarily invests in single-family, multi-family, and economic development loan-backed securities. Main Street earmarks each investment in the fund for investments within the assessment areas. These bonds help to create affordable housing within the bank's assessment areas. The current book value is approximately \$500,000.

### Donations

Below are notable examples of the bank's qualified donations benefiting the assessment areas.

- **Habitat for Humanity of North Central Massachusetts (HFHNCM)** – This non-profit organization helps low- and moderate-income families obtain affordable, safe housing, and complete critical home repairs. Income-qualified families purchase homes with mortgages at zero percent interest rates. Furthermore, monthly mortgage payments are recycled into a revolving fund used to construct additional affordable housing units. The bank's annual donations to HFHNCM's Critical Home Repair Program were particularly supportive of affordable housing needs within the assessment areas. Additionally in 2023 the bank donated the land of 12 Newton Street, Ayer, MA 01432, with an appraised value of \$195,000.00, providing the opportunity for the organization to construct an affordable housing duplex on the property.
- **NewVue Communities (NewVue)** – NewVue provides small business technical assistance, first-time homebuyer education, financial counseling, eviction and foreclosure prevention counseling, housing development, and community organizing. The bank's 2022 donations supported the organization's creation of 68 affordable apartments at the site of the former BF Brown School, High School Annex, and Fitchburg City Stables. The bank's other annual donations supported the organizations' housing stability and housing equity work, which includes eviction prevention counseling, financial counseling, first-time homebuyer education classes, and the Childhood Lead Poisoning Prevention Program. NewVue provides counseling services in both English and Spanish.
- **North Star Family Services, Inc. (North Star)** – North Star has supported hundreds of homeless families with children in North Central Massachusetts since 2003, helping them achieve stability and self-sufficiency. The organization provides stable housing and comprehensive services at Bonnie's Place, focusing on crisis management, basic needs, family stabilization, financial literacy, employment support, housing assistance, and health and well-being. This support helps families overcome trauma and barriers to housing security. North Star is an independent, community-based agency not affiliated with the state's Emergency Assistance program, allowing them to serve families turned away by the state system and keep local families together. The bank's donations supported North Star's shelter operations and helped support housing stability for low- and moderate-income individuals within the bank's assessment areas.
- **Ginny's Helping Hands (Ginny's)** – Ginny's Helping Hands is a nonprofit organization in Leominster that provides essential resources and support to individuals and families in need within North Central Massachusetts. Founded in 1978, the organization operates a food pantry and a thrift store to offer a hand up to community members. Ginny's food pantry

provides fresh, frozen, and shelf-stable groceries to address food insecurity, while the thrift store offers affordable clothing and goods. The bank’s 2023 donations supported operations as well as assisted in the purchase of an air filtration system needed for the food pantry’s continued function, supporting community services for low- and moderate-income individuals in the assessment areas.

**Community Development Services**

During the evaluation period, Main Street employees, officers, and directors provided 244 instances of financial expertise or technical assistance to 25 community development organizations in the bank’s assessment areas that primarily benefited low- and moderate-income individuals. The bank’s activity level and number of organizations served increased compared to the prior evaluation period, during which the bank provided 71 instances of service to 20 community development organizations. The bank outperformed one similarly situated institution and trailed another. The following table illustrates community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Economic Development	Community Service	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (partial)	28	7	1	0	36
2023	50	3	5	0	58
2024	6	10	56	0	72
YTD 2025	7	24	47	0	78
<b>Total</b>	<b>91</b>	<b>44</b>	<b>109</b>	<b>0</b>	<b>244</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank’s community development services.

*Employee Involvement*

- **Habitat for Humanity of North Central Massachusetts (HFHNCM)** – HFHNCM helps low- and moderate-income families obtain affordable and safe housing and complete critical home repairs. A senior vice president (SVP) served on the Board in 2022 and 2023, and the Finance Committee in 2022 and 2023. Another SVP served on the Board as well as the Marketing Committee in 2025. A vice president (VP) served as a committee member in 2024. The employees’ technical expertise supported affordable housing in the assessment areas.
- **Marlborough Economic Development Corporation (MEDC)** – This organization works with municipal and private investors to foster economic development, job growth, and community revitalization in Marlborough, which includes moderate-income census tracts. The MEDC also offers a variety of financial assistance programs to small businesses, including rental assistance, storefront beautification, and gap financing. The bank’s Chief Executive Officer has served on the Board since 2021. An executive vice president served on the Board and the Toolbox Subcommittee, and the Revolving Loan Fund Committee in

2022. The bank's involvement with MEDC helps foster economic development and assist small businesses within the bank's assessment area.

- **North Central Massachusetts Development Corporation (NCMDC)** – This non-profit organization focuses on economic development, workforce development, and lending to small businesses in order to create jobs and to improve the economy in North Central Massachusetts. The organization also provides resources to business owners and collaborates with the SCORE Program and Clark University's Small Business Development Center, which provide free counseling to small business owners. The organization serves the entire regional area, including low- and moderate-income census tracts within the bank's assessment areas, such as those in Fitchburg and Leominster. An SVP served as Chair of the Board and Loan Committee from 2024 to 2025 supporting economic development in the bank's assessment areas.
- **PACH Outreach** – This non-profit organization provides various resources, such as food, personal care items, and referrals to assistance programs to the residents of Pepperell and Dunstable. The organization serves a variety of individuals, such as the elderly, homeless, and any others in need. The organization operates the only food pantry between the two towns and distributes food on behalf of the United States Department of Agriculture (USDA) Food and Nutrition Programs, MA Emergency Food Assistance Program, and the Greater Boston Food Bank. PACH Outreach also helps connect residents to food stamps via the Supplementary Nutritional Assistance Program (SNAP) and fuel assistance via the Low Income Home Energy Assistance Program (LIHEAP). A branch manager served as a Board member in 2025. Other employees of the bank served as volunteers assisting the organization with food pantry operations. Employee involvement supported community services to low-and moderate-income individuals facing food insecurity within the assessment areas.

#### *Other Services*

- **Federal Home Loan Bank (FHLB) of Boston's Job for New England Recovery Grant Program** – In 2022 and 2023, the bank participated in this program, which offers below market-rate financing to members so they can provide low interest-rate small business loans. Financial institutions that received grants dispersed the funds to small businesses and non-profit organizations that experienced significant losses from the pandemic. In 2022, the bank used the funds to provide one small business with a total of \$140,000 in grant funds, and in 2023, five businesses received \$221,960 in grant funds.
- **Town of Ayer's Economic Development Loan Fund and Marlborough Economic Development Corporation (MEDC)** – The bank partners with The Town of Ayer's Economic Development Loan Fund and the MEDC to provide loan servicing, which helps facilitate small business lending. Main Street provides monthly billing and other services free of charge for these loans. The bank currently provides servicing for two loans from the Town of Ayer's Economic Development Loan Fund.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **APPENDICES**

### **DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. Examiners' review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the prior evaluation. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council Interagency Fair Lending Examination Procedures.

#### ***MINORITY APPLICATION FLOW***

Examiners reviewed the bank's 2023 and 2024 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment areas reflected the assessment areas' demographics.

According to the 2020 ACS Census Data, the bank's assessment areas contained a total population of 584,880 individuals, of which 29.3 percent were minorities. The minority and ethnic population represented 10.1 percent Hispanic, 10.1 percent Asian, 3.3 percent Black, 5.6 percent multi race, 0.1 percent American Indian or Alaskan Native, and 0.1 percent Native Hawaiian or other Pacific Islander. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the following table for information on the bank's minority application flow as well as aggregate lenders in the bank's assessment areas.

MINORITY APPLICATION FLOW						
RACE	Main Street Bank 2023		Aggregate Data 2023	Main Street Bank 2024		Aggregate Data 2024
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0	0.3
Asian	44	11.4	11.6	2	1.0	12.2
Black/ African American	1	0.2	3.5	2	1.0	3.6
Hawaiian/Pacific Islander	0	0.0	0.1	1	0.5	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.2
Joint Race (White/Minority)	1	0.2	1.9	2	1.0	2.1
<b>Total Racial Minority</b>	<b>46</b>	<b>11.8</b>	<b>17.5</b>	<b>7</b>	<b>3.5</b>	<b>18.5</b>
White	184	47.3	58.1	146	74.1	58.0
Race Not Available	159	40.9	24.4	44	22.4	23.5
<b>Total</b>	<b>389</b>	<b>100.0</b>	<b>100.0</b>	<b>197</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	10	2.5	8.0	9	4.6	8.6
Joint (Hisp/Lat /Not Hisp/Lat)	5	1.3	1.8	0	0.0	1.9
<b>Total Ethnic Minority</b>	<b>15</b>	<b>3.8</b>	<b>9.8</b>	<b>9</b>	<b>4.6</b>	<b>10.5</b>
Not Hispanic or Latino	202	51.9	66.5	133	67.5	67.3
Ethnicity Not Available	172	44.3	23.7	55	27.9	22.2
<b>Total</b>	<b>389</b>	<b>100.0</b>	<b>100.0</b>	<b>197</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: U.S. Census 2020, HMDA Aggregate Data 2023 and 2024, HMDA LAR Data 2023 and 2024</i>						

In 2023, the bank received 389 home mortgage loan applications from within its assessment areas. Of these applications, the bank received 46 applications or 11.8 percent from racial minority applicants. The aggregate received 17.5 percent of its applications from minority applicants. For the same period the bank also received 15 or 3.8 percent, from ethnic groups of Hispanic origin within its assessment areas and the aggregate received 9.8 percent.

In 2024, the overall application volume decreased to 197 applications, primarily due to market conditions. Of these applications, the bank received 7 or 3.5 percent from racial minority applicants. The bank also received 9 or 4.6 percent, from ethnic groups of Hispanic origin.

Considering the demographics of the assessment areas, market conditions, and comparison to the aggregate data and performance in 2023, the bank's application rate from racial and ethnic minorities is adequate. Main Street continues to engage in outreach activities to ensure applicants from all demographics have access to credit.

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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