

PUBLIC DISCLOSURE

November 17, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Newtown Savings Bank
Certificate Number: 18199

39 Main Street
Newtown, Connecticut 06470

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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

An institution in this group has an outstanding 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		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 Lending Test is rated Outstanding.

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank made an adequate percentage of its loans in its assessment areas.
- The geographic distribution of loans reflects an adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, good penetration among retail customers of different income levels and business customers of different sizes.
- The bank makes extensive use of innovative or flexible lending practices in order to serve the credit needs of its assessment areas.
- The bank is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

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

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the bank's assessment areas, including low- and moderate-income areas.
- 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 or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the bank's assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Newtown Savings Bank (NSB) is a state-chartered stock savings institution headquartered in Newtown, Connecticut (CT) and is the sole bank in a two-tier holding company structure. The bank is a wholly owned subsidiary of NSB Holdings Inc., a Maryland-chartered mid-tier stock holding company, which is in turn wholly owned by a Connecticut-chartered mutual holding company, NSB Mutual Holding Company. The bank owns Newtown Savings Bank Mortgage Company, which is a passive investment company that holds mortgage loans. In addition, the bank operates the Newtown Savings Bank Foundation, which is a private foundation that provides donations benefitting the local community on behalf of the bank. The bank's other subsidiaries do not engage in CRA related activities.

Newton received an "Outstanding" rating at its previous Federal Deposit Insurance Corporation (FDIC) Community Reinvestment Act (CRA) evaluation dated July 11, 2022, based on the Interagency Large Institution CRA Examination Procedures.

Operations

The bank operates 15 full-service branches, one corporate office, and two limited-service branches. All full-service branches have deposit-taking automated teller machines (ATMs), and 13 branches offer drive-up services. The limited-service branches offer limited hours and deposit services, and do not serve the general public. These branches are located in Newtown High School and the Pomperaug Woods assisted living facility; however, the high school branch has been inactive since the COVID-pandemic. The bank's corporate office does not offer products and services to the general public, and its lone onsite ATM serves only bank staff. NSB also operates a loan production office in Hamden, CT, which is not presently included within the bank's designated assessment areas as it is located within the South Central Connecticut Planning Region. The bank has not opened or closed any branches since the prior evaluation.

NSB offers a range of deposit and lending products to meet the needs of its local communities. Deposit products include personal and commercial checking and savings accounts. Lending products include home mortgage, commercial, and consumer loans. Alternative delivery channels and services include the ATM network, internet banking, and mobile banking.

NSB's strategic focus continues to be primarily on home mortgage lending, and secondarily on business lending, throughout its assessment areas.

Ability and Capacity

As of September 30, 2025, the bank reported total assets of \$1.9 billion. Loans are the primary asset at \$1.5 billion, while securities total \$205.5 million. Deposits total \$1.6 billion.

The following table provides a breakdown of the loan portfolio as of September 30, 2025.

Loan Portfolio Distribution		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land	31,481	2.1
Secured by Farmland	877	<0.1
Secured by 1-4 Family Residential Properties	1,098,278	73.0
Secured by Multifamily (5 or more) Residential Properties	32,690	2.2
Secured by Non-farm Non-Residential Properties	237,719	15.8
Total Real Estate Loans	1,401,045	93.1
Commercial and Industrial Loans	92,561	6.1
Consumer	6,822	0.5
Obligations of States and Political Subdivisions	3,234	0.2
Other Loans	430	<0.1
Total Loans	1,504,092	100.0
<i>Source: Report of Condition and Income 09/30/2025</i>		

There are no financial, legal, or other impediments affecting the bank’s ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AAs) for which examiners will evaluate its CRA performance. NSB identified the following two separate AAs within the state of Connecticut:

- Greater Bridgeport: This AA includes all of the Greater Bridgeport Planning Region and part of the Western Connecticut Planning Region. Both of these areas compose part of the Bridgeport-Stamford-Danbury, CT Metropolitan Statistical Area (MSA) #14860. This AA includes the following fifteen cities and/or towns: Bethel; Bridgeport; Bridgewater; Brookfield; Danbury; Easton; Fairfield; Monroe; New Fairfield; New Milford; Newtown; Redding; Sherman; Stratford; and Trumbull.
- Naugatuck Valley: This AA includes part of the Naugatuck Valley Planning Region and one town (Roxbury) within the Northwest Hills Planning Region. This area primarily includes a portion of the Waterbury-Shelton, CT MSA #47930, as well as Roxbury, CT within the Connecticut Statewide Non-MSA. Roxbury consists of a single census tract, does not contain a bank branch or ATM, and is immediately adjacent to and does not substantially extend beyond the border of the Waterbury-Shelton, CT MSA boundary; as a result, this single town is included as part of the Naugatuck Valley AA. In total, this AA includes the following ten cities and/or towns: Ansonia; Beacon Falls; Derby; Middlebury; Oxford; Seymour; Shelton; Southbury; Roxbury, and Woodbury.

NSB’s AA changed during the evaluation period due to the nationally revised metropolitan area delineations published by the Office of Management and Budget (OMB) in July 2023. There were also significant changes within the state of Connecticut, including county coding changes due to the implementation of new Planning Regions, effective January 1, 2024. As a result, the naming of the bank’s AAs changed, as well as the composition of certain towns and/or cities being included amongst the two AAs; however, these changes did not result in any changes to the census tract numbering, totals, or demographics.

Refer to the separate AA sections of this evaluation for a detailed description of each AAs demographic data and performance context.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate NSB’s performance since the previous evaluation dated July 11, 2022, to the current evaluation date of November 17, 2025. The procedures consist of the Lending, Investment, and Service Tests (see Appendices).

Examiners used full-scope procedures to assess NSB’s performance within its Greater Bridgeport and Naugatuck Valley AAs. Examiners placed substantial weight on the bank’s performance in the Greater Bridgeport AA, as this area accounts for a majority of the bank’s branch office network, deposits, and loans relative to the Naugatuck Valley AA. Also, examiners did not consider any affiliate activities for this evaluation. The following table illustrates the distribution of loans (home mortgage and small business), deposits, and active branches across each AA.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Greater Bridgeport	553,904	79.3	1,071,462	72.0	10	62.5
Naugatuck Valley	144,674	20.7	415,752	28.0	6	37.5
Total	698,578	100.0	1,487,214	100.0	16	100.0

Source: Bank Data; FDIC Summary of Deposits (06/30/2025)

Activities Reviewed

Examiners analyzed NSB’s CRA performance using home mortgage and small business loan data. These products received substantial emphasis upon the overall performance conclusions, as these loan types represent the bank’s major product lines based on a review of bank records, business strategy, loan portfolio composition, and discussions with bank management. The bank did not make any small farm loans since the previous evaluation. In addition, although the bank makes

consumer loans, the evaluation does not present this loan type because the limited volume did not provide material support for the conclusions or ratings.

Examiners reviewed the bank's home mortgage loans for 2022, 2023, and 2024, which included residential loans subject to the Home Mortgage Disclosure Act's (HMDA) data reporting requirements. The HMDA-reportable loans include home purchase and home improvement loans, including refinancings, on 1-4 family and multifamily (five or more unit) properties. During the review period, the bank originated 2,093 home mortgage loans totaling \$668.4 million within its AAs. Examiners compared the bank's home mortgage lending data to the appropriate demographic and aggregate HMDA data for 2022, 2023, and 2024.

Examiners reviewed the bank's small business loans for 2022, 2023, and 2024, using the small business loan registers maintained pursuant to CRA. Small business loans include commercial real estate or commercial and industrial loans and lines of credit in amounts of \$1 million or less. In total, the bank reported 166 small business loans totaling \$30.1 million during the three-year review period within its AAs. Examiners compared the bank's record of small business lending to Dun & Bradstreet (D&B) demographic data and aggregate CRA data for 2022, 2023, and 2024.

Under the Lending Test, examiners placed the most weight on the home mortgage loans throughout all of its AAs based on the number of loans originated and discussions with bank management. The lending review included originations and purchases. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

The CRA evaluation also reviewed the bank's community development loans, investments, and services since the previous CRA evaluation. Qualified investments included new investments and grants, as well as outstanding qualified investments from prior evaluation periods.

Under the Service Test, in addition to the bank's branch network, examiners reviewed its alternative delivery systems, as well as any impact of branch openings or closings since the prior evaluation, as applicable. Examiners also reviewed retail banking products or services targeted towards low- and moderate-income individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "Outstanding." NSB's excellent performance in the Lending Activity, Innovative and/or Flexible Lending Practices, and particularly the Community Development Lending criteria primarily support this rating, while its Borrower Profile performance was good. NSB's performance under the Assessment Area Concentration and Geographic Distribution factors were adequate. The bank's overall performance was consistent with its Greater Bridgeport AA activity, while its performance in the secondary Naugatuck Valley AA was adequate. The Greater Bridgeport AA contributed the most weight in the overall conclusion and in the conclusions under

each performance criteria in the Lending Test, as applicable, given NSB's higher concentration of branches, deposits, and loans in that AA.

This section presents NSB's Lending Test performance at the institution level. Refer to the separate AA sections for details regarding the bank's performance in those specific areas.

Lending Activity

Lending levels reflect excellent responsiveness to the credit needs of NSB's AAs on a combined basis, based primarily upon the bank's market rank among all lenders reporting home mortgage loans, while the bank's small business lending activity was adequate. The bank's lending activity in its Greater Bridgeport AA primarily supports this conclusion given its higher concentration of branches, deposits, and loans during the evaluation period.

The bank's assets are primarily in loans. As of September 30, 2025, loans totaled \$1.5 billion and composed 79.0 percent of total assets. The loan portfolio grew 64.6 percent since the prior evaluation, which demonstrates excellent responsiveness, with a continued focus on home mortgage lending primarily, as well as small business lending secondarily, throughout its AAs.

Regarding home mortgage loans, in 2022, the bank originated and purchased 912 home mortgage loans across all AAs. During 2023, the bank's loan activity within its AAs decreased to 648. In 2024, NSB made 533 home mortgage loans in its AAs, which represented a further decrease. However, despite the decreasing trend, NSB maintained a high market rank for each year of the evaluation period. For example, according to 2024 Peer Mortgage Data, the bank ranked 5th out of 380 lenders, with 4.0 percent market share, and was the highest ranked community bank. Newtown ranked well above other community lenders including Union Savings Bank that ranked 9th with 2.6 percent market share, Ives Bank (formerly Savings Bank of Danbury) at 39th with 0.7 percent market share, and First County Bank at 91st with a 0.2 percent market share. Management attributed the bank's declining trend to several factors that served to limit loan demand, including historically higher home mortgage interest rates relative to recent years, continued material housing appreciation that drives up costs, and locally tight housing stock and limited inventory. Examiners confirmed that the total volume of home mortgage loan originations and/or purchases reported by all lenders decreased 32.1 percent from 2022 to 2024, which is substantive and reflects a drop in loan demand in general. Given these performance context considerations, as well as its strong market rank, NSB remains an active and leading home mortgage lender throughout its AAs.

As for small business loans, in 2022 and 2023 the bank originated 57 and 70 loans across all AAs, respectively. In 2024, NSB made 39 small business loans throughout its AAs. Based on 2024 Peer Small Business Data, the bank ranked 41st out of 154 lenders, with approximately 0.2 percent market share. Newtown ranked in-line with another local community lender, Ives Bank, with a market rank of 51st; while NSB was below another local community lender, Union Savings Bank, which ranked 18th. The bank's lending volume in 2024 declined; however, it was still responsive to business loan demand. Additionally, there is significant competition for small business loans from national lenders and credit card banks.

Assessment Area Concentration

NSB made an adequate percentage of its loans inside its AAs. The evaluation presents conclusions for this performance factor on a combined basis for all the AAs.

As shown in the following table, the bank originated 71.6 percent of its total loans by number and 65.1 percent by dollar volume inside its AAs, which is adequate. As stated previously, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

Lending Inside and Outside of the AAs										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2022	912	73.8	324	26.2	1,236	270,618	66.2	138,041	33.8	408,659
2023	648	68.6	296	31.4	944	200,169	63.1	117,005	36.9	317,174
2024	533	69.8	231	30.2	764	197,650	64.7	107,945	35.3	305,595
Subtotal	2,093	71.1	851	28.9	2,944	668,437	64.8	362,991	35.2	1,031,428
Small Business										
2022	57	79.2	15	20.8	72	12,478	70.8	5,153	29.2	17,631
2023	70	80.5	17	19.5	87	8,617	67.2	4,212	32.8	12,829
2024	39	73.6	14	26.4	53	9,046	82.3	1,941	17.7	10,987
Subtotal	166	78.3	46	21.7	212	30,141	72.7	11,306	27.3	41,447
Total	2,259	71.6	897	28.4	3,156	698,578	65.1	374,297	34.9	1,072,875

Source: 2022, 2023, and 2024 Bank Records

Geographic Distribution

NSB's geographic distribution of loans reflects adequate penetration throughout its AAs on an overall basis, based primarily upon its home mortgage lending activity. The bank's performance was consistent among both of its AAs. NSB offers its Welcome Home and DAP, which are designed to assist first-time homebuyers purchasing homes in low- and moderate-income census tracts. Please refer to the Innovative or Flexible Lending Practices section below for details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels, while its penetration among business customers of different sizes was excellent. NSB's overall performance under this criterion is good, given that home mortgage lending composes a substantial majority of its total lending, as compared to its small business lending activity. The bank's performance was consistent among both of its AAs. NSB offers several programs to assist low- and moderate-income individuals purchases homes, including its CHFA Mortgage Program, Fannie Mae Home Read, Habitat for Humanity

First-Time Homebuyer Program, FHLB Home Roots Program, FHLB Boston Life Up Homeownership and Housing Our Workforce Programs, and FHLB Boston Equity Builder Program. Please refer to the Innovative or Flexible Lending Practices section below for details.

Innovative or Flexible Lending Practices

NSB makes extensive use of innovative and/or flexible lending practices in order to serve the credit needs of its AAs. This evaluation presents the bank's performance under this criterion on a combined AA basis only, as the bank offered each loan program throughout its AAs with the same terms and conditions.

During the evaluation period, the bank originated 607 loans totaling \$162.0 million through its various innovative and/or flexible loan programs that support low- and moderate-income individuals and small businesses. NSB continues to offer a substantial number of flexible and/or innovative lending programs, though its loan production within these programs decreased since the previous evaluation. However, this lower volume of activity is mitigated by some material performance context issues. A primary factor for this decline was a drop in small business lending-related volume, specifically with the Small Business Association's (SBA) Paycheck Protection Program (PPP) in response to the COVID-pandemic at the last evaluation. The SBA terminated this program on May 31, 2021. In addition, NSB saw a material reduction in one of its primary residential mortgage-related programs, Ready to Own, during the evaluation period that was directly attributed to the material decrease in general home mortgage loan demand for all lenders during this timeframe. As previously described under the Lending Activity criteria, multiple factors contributed to the drop in loan demand due to substantially higher loan costs resulting from historically higher interest rates, notable housing price appreciation, and limited housing inventory.

Furthermore, despite these performance context challenges, NSB's total programs offered and production through these programs, far exceeded those of other similarly situated and local community banks that had demonstrated good performance themselves, including Union Savings Bank and First County Bank.

Overall, given these performance context considerations, as well as its performance relative to other local community banks, NSB remains a substantially active and leading lender regarding the offering of flexible and/or innovative lending programs throughout its AAs that demonstrate excellent responsiveness for low- and moderate-income individuals and small businesses.

The following table illustrates the bank's innovative or flexible lending programs during the evaluation period.

NONPUBLIC//FDIC INTERNAL ONLY

Innovative or Flexible Lending Programs										
Type of Program	2022-partial		2023		2024		2025-ytd*		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Connecticut Housing Fund (CHFA) Mortgage Program	1	160	1	190	7	1,613	1	394	10	2,357
CHFA 'Time to Own' Downpayment Grant	0	0	1	25	6	275	1	19	8	319
CHFA Downpayment Assistance Program	0	0	0	0	2	25	0	0	2	25
Federal Housing Administration (FHA) Mortgage Loan	2	733	11	4,269	6	2,359	9	3,459	28	10,820
Fannie Mae HomeReady	12	2,987	49	12,299	40	10,963	35	9,763	136	36,012
NSB Ready to Own	108	37,852	62	23,172	33	15,042	15	5,609	218	81,675
NSB Welcome Home	2	262	8	2,072	18	4,896	5	1,228	33	8,458
NSB Downpayment Assistance Program	0	0	2	26	4	51	1	200	7	277
Habitat for Humanity First-Time Homebuyer Program	8	1,678	0	0	0	0	2	420	10	2,098
Veterans Affairs (VA) Home Loan	0	0	0	0	1	419	3	1,177	4	1,596
Federal Home Loan Bank (FHLB) Home Roots	0	0	0	0	0	0	8	2,202	8	2,202
Flood Relief Loan	0	0	0	0	4	89	0	0	4	89
FHLB Boston Lift Up Homeownership	0	0	0	0	3	150	0	0	3	150
FHLB Boston Equity Builder Program	2	44	1	29	0	0	0	0	3	73
FHLB Boston Housing Our Workforce	1	20	0	0	0	0	0	0	1	20
Credit Builder Loan	2	2	0	0	1	2	0	0	3	4
SBA 504	5	2,490	1	1,749	2	4,061	0	0	8	8,300
SBA 7(a)	2	443	5	697	7	2,658	2	124	16	3,922
Quick Credit	11	358	56	1,761	17	552	21	907	105	3,578
Totals	156	47,029	197	46,289	151	43,155	103	25,502	607	161,975

Source: Bank Records; *year-to-date (ytd).

Residential Loan Programs

The following is a summary of the bank's innovative and/or flexible home mortgage-related loan programs.

- *CHFA Mortgage Program* – CHFA is a state-sponsored, affordable home loan fund designed to help low- and moderate-income borrowers and first-time homebuyers purchase homes in Connecticut. The CHFA Mortgage Program offers below-market interest rates, reduced mortgage insurance requirements, and access to related assistance programs.
- *CHFA 'Time to Own' Downpayment Grant* – CHFA offers a down-payment and closing-cost grant designed to help first-time and income-eligible borrowers bridge the affordability gap associated with upfront home purchase costs.
- *CHFA Downpayment Assistance Program* – CHFA offers a low-interest secondary loan that provides funds for a borrower's down payment and closing costs for borrowers who can afford monthly mortgage payments but lack the upfront cash required to close.
- *FHA Mortgage Loan* – FHA offers a government-insured home loan targeted towards first-time homebuyers that may not qualify for conventional loan options. The FHA program offers flexible underwriting, including lower credit scores, lower down payments, and higher debt-to-income ratios, compared to a conventional mortgage. The down payment can also come from a family member as a gift or grant.
- *Fannie Mae HomeReady* – HomeReady provides low-income borrowers and first-time homebuyers with a flexible mortgage financing option. The program includes low down-payments, reduced mortgage insurance requirements, and use of flexible credit standards and sources of funds for closing costs.
- *NSB Ready to Own* – The bank created an in-house mortgage program for first-time homebuyers that offers discounted interest rates and three percent down payments.
- *NSB Welcome Home* – The bank created a second in-house mortgage program designed for first-time homebuyers purchasing homes in low- and moderate-income census tracts within the bank's assessment areas. The loans offer discounted interest rates, flexible loan-to-value requirements, reduced down payments, and the ability to use a down payment assistance program to offset closing costs. Qualified applicants' home purchase price must not exceed median home values within the low- and moderate-income census tracts.
- *NSB DAP* – The bank established this internal down-payment assistance loan program, which features a low-interest, 30-year fixed rate loan that can be used to cover a borrower's down payment and closing costs. Borrowers can obtain financing up to \$20,000 if they are qualified first-time homebuyers through the Welcome Home program. Borrowers must qualify for both programs to obtain down payment assistance.

- *Habitat for Humanity First-Time Homebuyer Program* – In partnership with Habitat for Humanity, the bank established a unique first-time homebuyer program to support homeownership for homes that Habitat for Humanity rehabilitates. This program helps to finance affordable home mortgages to low- and moderate-income individuals who qualify to receive a habitat home.
- *VA Home Loan* – The VA Home Loan is a federal mortgage benefit program designed to help veterans, active-duty service members, National Guard/Reserve members, and spouses purchase a home. The program eliminates down payment and mortgage insurance requirements and allows higher debt ratios and more flexible credit standards.
- *Flood Relief Loan* – The bank partnered with TEAM Inc., to provide support to Connecticut residents impacted by the severe flooding disaster in August 2024. The program extended unsecured, 5-year personal loans up to \$25,000 with an expedited decision process. The loans went towards covering smaller home repair costs not covered by insurance.
- *FHLB Home Roots Program* – In partnership with FHLB, the bank offers a Home Roots Program that provides below-market interest rates for low-and moderate-income borrowers looking to purchase a home.
- *FHLB Boston Lift Up Homeownership and Housing Our Workforce Programs*– The Lift Up Homeownership and Housing Our Workforce Programs are grant programs that provide down-payment and closing-cost assistance for low-and moderate-income homebuyers.
- *FHLB Boston Equity Builder Program*– The Equity Builder Program builds on the Lift Up Homeownership and Housing Our Workforce Programs and provides homebuyer counseling and rehabilitation assistance in addition to downpayment and closing cost grants for low-and moderate-income borrowers.
- *Credit Builder Loan* – This in-house loan program offers small dollar loans of \$2,000 or \$1,000 to help borrowers build their credit history. The borrower receives half of the proceeds at loan closing, and the other half is put into an NSB Statement Savings Account, which is held as security and released when the loan is paid in full. Deposits can be made to this account to build the savings balance, and the repayment history is reported to the credit bureaus to build the borrower’s credit history.

Small Business Loan Programs

The following is a summary of the bank’s innovative and/or flexible small business loan programs.

- *SBA 504* – The SBA 504 program provides businesses with financing for the purchase of fixed assets, which includes real estate, buildings, and machinery. SBA 504 loans are available through Certified Development Companies (CDCs) who regulate non-profits and promote economic development through business growth and job creation. Funding for a 504 project typically includes a loan from a private sector lender for half the project cost and

a loan from a CDC for 40.0 percent of the project cost. The remaining 10.0 percent of the project cost must be borrower equity.

- *SBA 7(a)* – The SBA 7(a) program offers fixed rate, variable rate, and revolving credit products to qualified small businesses. Loans made under this program help start-up and existing small businesses access more flexible financing with reduced loan fees, less documentation requirements, reduced down payments, and longer loan repayment terms.
- *Quick Credit* – The Quick Credit loan program is an in-house small business program that offers loans up to \$50,000 for short-term working capital, equipment purchases, or vehicle purchases.

Community Development Loans

NSB is a leader in making community development loans. The bank's performance was inconsistent among its AAs, as it had an excellent level of community development loans in the Greater Bridgeport AA, while its performance within the Naugatuck Valley AA was adequate. Nonetheless, examiners placed the most weight on NSB's excellent performance in the Greater Bridgeport area when arriving at the overall conclusion, given the bank's higher concentration of branches, deposits, and loans in that area.

During the evaluation period, the bank originated 24 community development loans totaling approximately \$97.9 million throughout its AAs, as well as the broader regional and statewide area within Connecticut State. The current level of activity represents 5.2 percent of total assets of \$1.9 billion and 6.5 percent of total loans of \$1.5 billion, as of September 30, 2025. NSB's dollar volume of community development lending increased 64.9 percent since the prior evaluation, which far exceeded its prior performance that was rated excellent. In addition, the bank's total dollar volume significantly exceeded the performance of two similarly situated lenders, Union Savings Bank and First County Bank, by 368.4 percent and 206.0 percent, respectively. Examiners noted that Union Savings Bank had an adequate performance at its most recent evaluation, while First County Bank made a relatively high level of community development loans. In addition, NSB was nominally below a third comparable lender, Ives Bank; however, when focused on the community development lending made directly within its AAs, NSB far exceeded Ives Bank by 42.1 percent, which further demonstrated that NSB was a leader in meeting the local community development needs within its AAs. Ives Bank was evaluated under the Intermediate Small Institution procedures, which did not include a specific performance rating for its community development lending.

The bank's community development loans primarily focused on the revitalization or stabilization of low- and moderate-income areas and economic development within the AA. The bank made one community development loan outside of its AAs, but within the broader regional and/or statewide area. Examiners gave NSB credit for this loan since the bank has been responsive to its AAs' community development needs in general.

The following table illustrates the bank's community development activity by AA and purpose.

Community Development Loans										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Greater Bridgeport	5	4,352	3	13,427	6	21,575	7	46,414	21	85,768
Naugatuck Valley	1	390	0	0	1	8,073	0	0	2	8,463
Regional/Statewide	0	0	0	0	0	0	1	3,700	1	3,700
Total	6	4,742	3	13,427	7	29,648	8	50,114	24	97,931
<i>Source: Bank Records.</i>										

NSB made one community development loan within the broader regional and/or statewide area, totaling \$3.7 million in 2025. The loan funded the purchase and renovation of a vacant, mixed-use 46-unit apartment building that includes 15 affordable housing units and six retail units located in Meriden, Connecticut. This loan helped to revitalize and stabilize a low-income geography by attracting new residents and businesses to the previously vacant area. The retail commercial spaces have not yet been occupied as renovation is still in process.

INVESTMENT TEST

The Investment Test is rated “High Satisfactory.” This conclusion is primarily supported by the bank’s good performance in the Greater Bridgeport AA. The bank’s performance in the Naugatuck Valley AA was lower, but this area received less weight when drawing overall conclusions given its much lower proportion of bank branches, deposits, and loans. NSB’s significant level of investments and grants primarily supports this rating.

This section presents NSB’s Investment Test performance at the institution level. Refer to the separate AA sections for details regarding the bank’s performance in those specific areas.

Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank’s qualified investments and grants are concentrated in its primary Greater Bridgeport AA and largely support affordable housing and community services.

During the evaluation period, NSB made 438 qualified community development investments and grants totaling approximately \$14.9 million. This total represents 0.8 percent of total assets (\$1.9 billion) and 7.3 percent of total securities (\$205.5 million), as of September 30, 2025. The total volume of NSB’s qualified community development investments and grants increased 3.3 percent by number and 55.2 percent by dollar since the previous CRA evaluation. Additionally, the investments and grants as a percentage of total assets and securities increased since the prior evaluation, by approximately 33.3 percent and 40.3 percent, respectively.

Compared to similarly situated institutions, the bank’s qualified investments and grants exceeded Union Savings Bank by both number and dollar volume, which had 219 investments and grants totaling \$12.1 million. However, the bank did not perform as well as First County Bank, which had qualified investments and grants totaling \$19.7 million. Examiners noted that both Union Savings Bank and First County Bank had made a significant level of community development investments and grants at their most recent evaluations. As a result, NSB’s performance is within the range of similarly situated institutions.

The following table summarizes the bank’s qualified investments, donations, and grants by AA and purpose.

Community Development Investments and Grants										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Greater Bridgeport	54	3,844	256	2,871	27	60	9	16	346	6,791
Naugatuck Valley	2	5	54	1,321	5	4	0	0	61	1,330
Regional/Statewide	15	2,504	13	4,026	3	252	0	0	31	6,782
Total	71	6,353	323	8,218	35	316	9	16	438	14,903
<i>Source: Bank Records.</i>										

As shown in the table above, NSB made investments within a regional or statewide scope. Although outside the bank’s AAs, the evaluation gave the bank credit for these investments since it has been responsive to the community development needs of its AAs in general. Described below are examples of those investments.

- Newtown maintains three Connecticut Housing Finance Authority (CHFA) Affordable Housing Program Bonds from the prior period and originated one new bond during the evaluation period, bringing the total book value to approximately \$2.5 million. These bonds help to finance affordable housing programs through the CHFA, and target low- and moderate-income persons throughout Connecticut.
- During the evaluation period, the bank made seven contributions to state-wide Community Capital Management (CCM) Community Impact Bond Fund projects totaling approximately \$4.0 million. The fund targets affordable housing, education and childcare, healthcare, neighborhood revitalization, poverty alleviation, and other community service projects that support low- and moderate-income populations throughout Connecticut.
- In 2024 and 2025, the bank donated \$7,000 to a housing organization in New Haven. The contributions went towards developing affordable housing, increasing homeownership opportunities, and providing homebuyer education and financial coaching to low- and moderate-income individuals and families.

Responsiveness to Credit and Community Development Needs

NSB exhibits good responsiveness to credit and community economic needs, based primarily upon its performance and activities within its Greater Bridgeport AA, given the bank's higher concentration of branches and loans for a significant portion of the evaluation period. During the evaluation period, the bank made 27 new investments and maintained four prior period investments, which summated \$13.9 million. In addition, the bank made 407 donations, totaling \$987,685, to community development organizations across the state. The bank's qualified investments and grants have helped to primarily support affordable housing and provide community services, which have been identified as critical community needs in both AAs areas from demographic and community contact information. Refer to the individual AA sections for detailed discussion of the bank's performance.

Community Development Initiatives

NSB makes significant use of innovative and/or complex investments to support development initiatives, based primarily upon its performance and activities within its Greater Bridgeport area. Examiners note that the bank's prior period CHFA Bonds have some innovative and complex characteristics, which serve the broader statewide Connecticut area. Also, the bank invested in the CCM Community Impact Bond Fund that demonstrates some innovativeness and complexities.

In addition, and of particular note, the bank also created three of its own residential mortgage-backed securities (RMBS). The bank reviewed a pool of its own unsold residential mortgages and identified specific low-and moderate-income loans within their AA to securitize, reflecting a level of structuring and customization rarely performed by institutions of its size. The bank subsequently invested in these newly created securities. The creation of its own mortgage-backed security investments demonstrated innovation on the part of the bank that required notable expertise and resources, as such an investment is not routinely provided by financial institutions in general. Refer to the individual AA sections for detailed discussion of the bank's performance.

SERVICE TEST

The Service Test is rated "Outstanding." This conclusion is primarily supported by the bank's excellent performance in the Greater Bridgeport AA. The bank's performance in the Naugatuck Valley AA was adequate, but this area received less weight when drawing overall conclusions given its much lower proportion of bank branches, deposits, and loans. NSB's continued excellent performance in the Community Development Services criteria substantively drives this rating.

This section presents NSB's Service Test performance at the institution level. Refer to the separate AA sections for details regarding the bank's performance in those specific areas.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank's AAs in general. Examiners focused primarily on accessibility within low- and moderate-income census tracts for this performance criterion. Examiners placed more weight upon the Greater Bridgeport AA in light of its larger concentration of branches and deposits during the evaluation period.

This evaluation describes NSB's branch and ATM availability and distribution separately within each AA. At the institution level, the bank operates 15 full-service branches, two limited services branches, a corporate office, and a loan production office, all within the state of Connecticut. Most of the offices are located in middle- and upper-income areas, though there are some offices within low- and moderate-income census tracts; and there are some bank branches in middle- and upper-income tracts that are nearby low- and moderate-income geographies. Refer to the Accessibility of Delivery Systems sections of each AA for details.

In addition to its branches and ATMs, NSB offers alternative delivery systems to expand retail banking service access. This evaluation describes NSB's alternative delivery systems at the institution level only, as the bank offers these systems bank-wide throughout all of its AAs. The bank's alternative delivery systems include free access to banking services through online, mobile, and telephone banking that lessen the need for direct physical access to a branch to carry out banking transactions. In addition, the bank offers debit cards and direct deposit for payroll and government benefits. The bank markets each of these alternative delivery systems to customers via lobby notices, mailers, general advertising, periodic statement inserts and messaging, and its internet website. Examiners note that there is reliable broadband and internet service throughout the bank's AAs, allowing bank customers access to bank services virtually, in addition to in-person. Lastly, the bank offers remote deposit capture that allows qualified commercial customers to scan checks and deposit tickets into their accounts.

Examiners were not able to determine the extent to which NSB's alternative delivery systems specifically benefited small businesses and low- and moderate-income individuals or geographies, as the bank does not maintain such information. However, these additional services allow customers to conduct banking transactions without physically accessing an office, enhancing the accessibility of financial services for all community segments, including low- and moderate-income individuals and small businesses.

Changes in Branch Locations

The bank has not opened or closed any branches during the evaluation period; as a result, this performance criteria is not applicable.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income census tracts or individuals. NSB's service hours and its loan and deposit products are substantially similar throughout its primary Greater Bridgeport AA, as well as its

secondary Naugatuck Valley AA. Refer to the Reasonableness of Business Hours and Services section of the individual areas for a discussion of any notable differences.

NSB offers the following low-cost deposit accounts, which are particularly helpful to low- and moderate-income families and individuals:

- *New Start Checking* – This is a non-interest-bearing account with a \$5 monthly maintenance fee and no minimum balance requirements to open or maintain the account. There are also no ATM, overdraft, or non-sufficient fund fees assessed for this account.
- *Free Checking* – A non-interest-bearing account that requires only \$25 to open, with no monthly maintenance fees or transaction limitations. There are no minimum balance requirements to open or maintain the account.
- *NSB eSavings* – An interest-bearing account that requires only \$25 to open and earn interest, with no monthly fees assessed. There are no minimum balance requirements to open or maintain the account.

Community Development Services

NSB is a leader in providing community development services. During the evaluation period, bank employees provided 366 occurrences of qualified community development services. Since the bank was responsive to the needs of its AAs, six community development services were qualified that supported a broader statewide or regional area.

The bank’s performance slightly decreased compared to the previous examination, where the bank provided 413 instances of community development services. However, NSB significantly outperformed two similarly situated local community banks, providing more than double the volume of community development services compared to First County Bank and Union Savings Bank, which is excellent and demonstrates that NSB is a leader. Examiners noted that both Union Savings Bank and First County Bank had provided a relatively high level of community development services at their most recent evaluations.

The following table shows the number of community development services by AA and purpose:

Community Development Services					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Greater Bridgeport	81	238	15	8	342
Naugatuck Valley	4	5	9	0	18
Regional/Statewide	5	1	0	0	6
Total	90	244	24	8	366
<i>Source: Bank Records.</i>					

Refer to the separate AA sections for more details on those services unique to each AA. The following is a notable example of community development services that benefitted a broader statewide or regional area:

- A bank employee sits on the Affordable Housing Committee for the Connecticut Mortgage Bankers Association. This committee helps create and support new initiatives across the state to address affordable housing.
- A bank employee conducted a financial literacy presentation at an affordable housing organization. The organization builds affordable housing for underserved neighborhoods in New Haven, Connecticut. In addition, the organization purchases and rehabilitates distressed housing and sells the houses below cost.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

GREATER BRIDGEPORT ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GREATER BRIDGEPORT

This AA is situated entirely within the state of Connecticut and includes all of the Greater Bridgeport Planning Region and part of the Western Connecticut Planning Region, all of which comprises part of the Bridgeport-Stamford-Danbury, CT MSA #14860.

NSB maintains 10 of its full-service branch offices in this area, representing 66.7 percent of its total full-service branches and 62.5 percent of total active branches. According to the June 30, 2025, FDIC Summary of Deposits data, 72.0 percent of NSB's total deposits were within this AA. In addition, the bank maintains its corporate office and a limited-service office within this area; however, the sole limited-service office housed within Newtown High School has remained inactive since the COVID-pandemic. Regarding NSB's lending activity, it made 75.3 percent and 75.9 percent of its total home mortgage and small business loans by number, respectively, during the evaluation period within this AA.

Since the Greater Bridgeport AA had the most significant concentration of the bank's branches, deposits, and lending throughout the evaluation period, this area received the most emphasis in the overall conclusions. Refer to the overall Scope of Evaluation section for the institution for additional detail.

Economic and Demographic Data

The AA is composed of 123 census tracts, including 29 low-, 27 moderate-, 38 middle-, and 28 upper-income census tracts, as well as one tract with a no-income designation (NA tracts). The following table notes the demographic information for the AA.

Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	123	23.6	22.0	30.9	22.8	0.8
Population by Geography	533,003	20.0	23.3	33.9	22.6	0.3
Housing Units by Geography	206,331	20.0	23.4	35.1	21.2	0.4
Owner-Occupied Units by Geography	128,685	8.2	21.3	43.5	26.9	0.1
Occupied Rental Units by Geography	60,510	42.9	27.9	17.6	10.7	0.9
Vacant Units by Geography	17,136	26.9	23.7	34.1	14.6	0.6
Businesses by Geography	74,091	17.7	21.2	34.3	26.5	0.3
Farms by Geography	415	6.5	8.2	42.7	42.7	0.0
Family Distribution by Income Level	131,905	28.5	17.9	20.2	33.5	0.0
Household Distribution by Income Level	189,195	30.1	17.4	16.9	35.6	0.0
Median Family Income: MSA 14860 Bridgeport-Stamford-Danbury, CT MSA		\$119,192	Median Housing Value Median Gross Rent Families Below Poverty Level			\$326,744 \$1,332 8.0%

Source: 2020 U.S. Census and 2024 D&B Data; () the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.*

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank’s small business loans by the gross annual revenue (GAR) of the business for each year. According to 2024 D&B data, there were 74,091 business establishments in the AA. Listed below are the GARs for these businesses:

- 92.0 percent have GARs of \$1 million or less;
- 2.2 percent have GARs more than \$1 million; and
- 5.8 percent have unknown revenues.

Economic weaknesses in the area include weak migration trends, income disparities, and high costs, including housing and office rents. House price appreciation remains ahead of that in the nation as a whole and has accelerated, which has provided challenges to home affordability.

The unemployment rate for the Bridgeport-Stamford-Danbury, CT MSA stood at 3.8 percent as of August 2025, which equaled the state level and is below the national level of 4.3 percent, which reflects a stable economy relative to the state, and a stronger economy compared to the nation. However, the AA’s low unemployment rate masks economic weakness, as a shrinking workforce is

pushing the rate lower, with a labor force participation rate of only 61.5 percent. Specifically, older workers are retiring early and there is a low graduate retention rate historically, with college graduates tending to leave the area in search of higher-wage jobs elsewhere. During the evaluation period, payrolls have pulled back due to softness in the consumer, retail, and leisure/hospitality industries, as well as for professional services in general.

Competition

There is a high level of competition for home mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2024, 351 lenders reported 9,860 home mortgage loan originations and purchases. The 10 most prominent lenders accounted for 37.2 percent of total market share. The top lenders are predominantly large multi-billion dollar regional and national depository institutions and national mortgage companies, with the exception of NSB at a market rank of 4th with 4.2 percent market share and one other local community bank, Union Savings Bank, at a market rank of 9th with a 3.0 percent market share.

There is strong competition for small business loans within this AA. In 2024, 135 lenders reported 37,269 total small business loans. The top ten lenders accounted for 87.4 percent of total loans. However, the top lenders are predominantly large national banks that issue credit cards.

The AA is a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2025, 17 financial institutions operated 117 offices within this AA. Of these institutions, NSB ranked seventh with a 5.3 percent deposit market share. The five institutions with the highest deposit market share accounted for 73.3 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA, other than one other local community bank, Union Savings Bank, which maintained a market rank of 4th with 8.7 percent of total area deposits.

Community Contacts

According to recently conducted community contacts, the AA continues to face high living costs, specifically with food and housing, which have particularly strained low- and moderate-income households. The contacts noted the barriers that low- and moderate-income individuals face when accessing financial services and government benefits, including limited digital literacy, lack of personal documentation, and struggles to effectively handle administrative complexities necessary to access financial services and government benefits. Additionally, one of the contacts mentioned that small business growth has slowed due to workforce shortages and increasing operational costs. The contact also emphasized a need for financial education regarding how to access credit for small businesses in the area.

Credit and Community Development Needs and Opportunities

Based on information from community contacts, bank management, and the demographic and economic data, affordable housing remains an urgent and ongoing credit need in the AA. Also, low- and moderate-income families and individuals are in need of financial literacy education and assistance in obtaining access to financial services and government benefits throughout the area. In

addition, there is a need for financial literacy and assistance programs targeted to small businesses within the area, to assist with their ability to access commercial financing products and services.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GREATER BRIDGEPORT

LENDING TEST

NSB demonstrated excellent performance for the Lending Test within this AA. The sections below detail the bank's performance under each criterion.

Lending Activity

Lending levels reflect excellent responsiveness to the AA credit needs, based primarily upon NSB's market rank among all lenders reporting home mortgage loans. According to the 2024 aggregate HMDA data, the bank ranked 4th by number of home mortgage loans out of 351 reporting lenders inside this AA. Secondly, the 2024 aggregate CRA data shows that NSB ranked 36th by number of small business loans out of 135 reporting lenders inside this AA; however, as stated previously, examiners placed substantial emphasis on NSB's home mortgage lending performance in arriving at overall performance conclusions.

During the evaluation period, NSB originated 1,702 home mortgage and small business loans totaling \$553.9 million within this AA. In addition, NSB extended \$85.8 million in community development loans in this area, which supported community services, economic development, and helped to revitalize and stabilize low- and moderate-income geographies.

Geographic Distribution

The geographic distribution of NSB's lending activity reflects adequate penetration throughout this AA. Examiners based this conclusion primarily on the bank's home mortgage lending performance in the moderate-income census tracts, with secondary emphasis on the bank's small business lending in general.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the AA. The following table details the distribution of home mortgage loans by tract income level.

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Geographic Distribution of Home Mortgage Loans							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2022	8.2	8.9	16	2.3	11,268	5.4
	2023	8.2	9.3	9	1.9	1,768	1.2
	2024	8.2	9.4	6	1.5	15,514	9.3
Moderate							
	2022	20.3	20.4	73	10.7	18,019	8.6
	2023	20.3	21.1	42	8.8	9,817	6.4
	2024	21.3	21.9	45	10.9	29,123	17.4
Middle							
	2022	45.5	43.6	388	56.8	111,436	53.4
	2023	45.5	43.1	308	64.2	97,356	63.1
	2024	43.5	41.3	245	59.3	79,694	47.7
Upper							
	2022	25.9	27.1	206	30.2	67,992	32.6
	2023	25.9	26.4	121	25.2	45,327	29.4
	2024	26.9	27.3	117	28.3	42,924	25.7
Not Available							
	2022	0.1	0.1	0	0.0	0	0.0
	2023	0.1	0.2	0	0.0	0	0.0
	2024	0.1	0.2	0	0.0	0	0.0
Totals							
	2022	100.0	100.0	683	100.0	208,715	100.0
	2023	100.0	100.0	480	100.0	154,268	100.0
	2024	100.0	100.0	413	100.0	167,255	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

NSB’s percentage of home mortgage loans within low-income geographies in 2022 was materially less than both the demographics and the aggregate level, which was poor. In both 2023 and 2024, the bank’s lending exhibited a deteriorating performance and a declining trend, which further supports a poor penetration within low-income geographies.

Examiners note that the demographics of the AA adversely impact home mortgage lending opportunities and demand, particularly within the low-income census tracts. A substantial majority of the low- and moderate-income census tracts are located in the City of Bridgeport primarily, and secondarily within the City of Danbury, where home ownership is a challenge based on high poverty rates, high median housing values, and low owner-occupancy rates. Accordingly, per the 2024 Peer Mortgage data, there were a total of 925 home mortgage loans made in low-income tracts by all 164 reporting lenders. Nonetheless, despite the reduced opportunity, loan demand does still

exist, and NSB made only six loans within low-income tracts in 2024 with a market rank of 42nd, which supports a poor performance. For comparison, another similarly situated local community bank, Union Savings Bank, was ranked 21st and made 13 loans.

As shown in the table above, the bank's percentage of home mortgage loans within moderate-income geographies was below both the demographic data and aggregate comparisons each year. However, examiners noted that NSB is the highest ranked community home mortgage lender within the moderate-income census tracts. For example, according to the 2024 Peer Mortgage Data, the bank ranked 15th out of 205 lenders who originated and/or purchased loans in the moderate-income tracts, while Union Savings Bank ranked 20th, Ives Bank ranked 37th, and First County Bank ranked 75th. The leading top 10 lenders are predominantly large national mortgage companies or very large national and/or regional multi-trillion or multi-billion dollar banks, which maintain a significantly higher level of financial resources and capacity relative to NSB. In light of NSB's market rank within the moderate-income census tracts, particularly compared to other local community banks, its performance within the moderate-income geographies was adequate.

Overall, given the materially higher level of demand reflected in the aggregate data within the moderate-income geographies compared to the low-income geographies, examiners placed more emphasis upon NSB's home mortgage lending performance within the moderate-income census tracts in arriving at the overall conclusion.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout this AA, based primarily on its performance in the moderate-income tracts. The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.4	15.3	4	10.0	2,190	23.5
2023	19.5	15.6	11	19.3	980	12.9
2024	17.7	15.6	8	27.6	4,133	61.4
Moderate						
2022	20.9	19.2	6	15.0	1,099	11.8
2023	20.9	20.2	11	19.3	2,148	28.3
2024	21.2	21.0	3	10.3	550	8.2
Middle						
2022	34.9	39.4	22	55.0	4,426	47.4
2023	34.9	38.7	20	35.1	1,467	19.3
2024	34.3	36.2	8	27.6	944	14.0
Upper						
2022	24.5	26.0	8	20.0	1,614	17.3
2023	24.5	25.4	15	26.3	3,009	39.6
2024	26.5	27.1	10	34.5	1,106	16.4
Not Available						
2022	0.3	0.1	0	0.0	0	0.0
2023	0.3	0.1	0	0.0	0	0.0
2024	0.3	0.1	0	0.0	0	0.0
Totals						
2022	100.0	100.0	40	100.0	9,329	100.0
2023	100.0	100.0	57	100.0	7,604	100.0
2024	100.0	100.0	29	100.0	6,733	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

According to the table, the bank’s percentage of small business loans within the low-income census tracts in 2022 was below both the demographic data and the aggregate level. In 2023, NSB’s lending level in low-income census tracts increased notably, exceeding the aggregate data and nearly equaling the demographic comparison. In 2024, the bank’s lending percentage in low-income tracts further increased from the prior year, significantly exceeding both the demographic and aggregate data. As a result, the bank’s overall distribution of small business loans in the low-income tracts is good.

The bank’s percentage of small business loans within moderate-income geographies was below both the demographic data and aggregate comparisons in 2022, but not to a significant degree. In 2023, NSB’s performance increased and nearly equaled both the demographic and aggregate data, which was good. During 2024, the bank’s performance decreased materially and was far exceeded

by both the demographic and aggregate comparisons. Overall, despite the bank's stronger performance during 2022 and 2023, given its drop in the most recent calendar year, its distribution of small business loans among moderate-income census tracts was adequate.

In light of the higher level of demand reflected in the aggregate data within the moderate-income geographies compared to the low-income geographies, examiners placed more emphasis upon NSB's small business lending performance within the moderate-income census tracts in arriving at the overall conclusion.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and excellent penetration among business customers of different sizes. As stated previously, examiners arrived at the overall performance for this factor based primarily on NSB's home mortgage lending activity since it composed 92.6 percent of total bank lending within this AA during the entire evaluation period.

Home Mortgage Loans

The distribution of home mortgage loans represents good penetration among retail customers of different income levels. Examiners based this conclusion primarily on the bank's home mortgage lending performance to moderate-income borrowers. The following table details the distribution of home mortgage loans by borrower income level.

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Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	28.5	11.7	55	8.1	8,024	3.8
2023	28.5	10.6	31	6.5	4,188	2.7
2024	28.5	10.3	26	6.3	3,284	2.0
Moderate						
2022	17.7	23.9	128	18.7	30,093	14.4
2023	17.7	24.1	92	19.2	18,992	12.3
2024	17.9	22.5	82	19.9	17,690	10.6
Middle						
2022	20.1	21.2	181	26.5	51,542	24.7
2023	20.1	20.9	128	26.7	36,818	23.9
2024	20.2	22.1	105	25.4	30,928	18.5
Upper						
2022	33.7	29.5	311	45.5	108,377	51.9
2023	33.7	29.6	222	46.3	89,457	58.0
2024	33.5	30.3	194	47.0	82,540	49.4
Not Available						
2022	0.0	13.8	8	1.2	10,679	5.1
2023	0.0	14.7	7	1.5	4,813	3.1
2024	0.0	14.8	6	1.5	32,813	19.6
Totals						
2022	100.0	100.0	683	100.0	208,715	100.0
2023	100.0	100.0	480	100.0	154,268	100.0
2024	100.0	100.0	413	100.0	167,255	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

NSB’s percentage of home mortgage loans among low-income borrowers in 2022 was less than the demographics and the aggregate level, though not significantly below the aggregate comparison. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank’s performance in 2022 is adequate. In 2023, NSB’s percentage of loans to low-income borrowers decreased, though not to a significant degree, and was in line with a similar drop in the aggregate level and remained adequate. In 2024, the bank’s lending level exhibited a similar performance, while the aggregate level also decreased nominally. The decreasing trend in the aggregate performance throughout the evaluation period indicates a reduction in loan demand, which helps to mitigate the bank’s similar decreasing trend. As a result, the overall distribution of the bank’s home mortgage loans among low-income borrowers was adequate.

As shown in the table above, the bank's percentage of home mortgage loans among moderate-income borrowers in 2022 was above the demographic, but below the aggregate data. In 2023, NSB's percentage of lending to moderate-income borrowers increased marginally and continued to exceed the demographic data but remained below the aggregate comparison. In 2024, the bank's lending level exhibited a further increase and continued to exceed the demographic data and nearly equaled the aggregate level, which was good. Given that the bank's lending levels among moderate-income borrowers exceeded the demographic data throughout the evaluation period and exhibited an increasing trend each year, as well as nearly equaling the aggregate performance level in the most recent calendar year, NSB's overall performance among moderate-income borrowers is good.

In light of the higher level of demand reflected in the aggregate data among moderate-income borrowers compared to low-income individuals, examiners placed more emphasis upon NSB's home mortgage lending performance among the moderate-income borrowers in the overall conclusion.

Small Business Loans

The distribution of borrowers reflects excellent penetration of small business loans among business customers of different sizes. Examiners focused on the percentage of small business loans made to businesses with GARs of \$1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	92.6	54.8	30	75.0	7,557	81.0
2023	93.0	58.3	45	79.0	3,596	47.3
2024	92.0	56.0	19	65.5	3,209	47.7
>\$1,000,000						
2022	2.1	--	10	25.0	1,772	19.0
2023	2.2	--	12	21.1	4,008	52.7
2024	2.2	--	10	34.5	3,524	52.3
Revenue Not Available						
2022	5.3	--	0	0.0	0	0.0
2023	4.9	--	0	0.0	0	0.0
2024	5.8	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	40	100.0	9,329	100.0
2023	100.0	100.0	57	100.0	7,604	100.0
2024	100.0	100.0	29	100.0	6,733	100.0

Source: 2022, 2023, and 2024 D&B Data; 2022, 2023, and 2024 Bank and CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the table above, the bank’s percentage of small business loans to businesses with GARs of \$1 million was less than the demographics but significantly above the aggregate level each year. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank’s performance each year, as well as overall for this criterion, is excellent.

Community Development Lending

NSB is a leader in making community development loans in its Greater Bridgeport AA. The bank originated 21 community development loans totaling \$85.8 million in the AA. This represents 87.5 percent by number and 87.6 percent by dollar volume of NSB’s total bank-wide community development lending activity. The bank’s community development lending primarily focused on revitalizing and stabilizing low- and moderate-income neighborhoods and promoting economic development.

The bank’s community development lending decreased slightly by number but increased significantly by dollar volume when compared to the previous evaluation where the bank originated 23 loans totaling approximately \$51.7 million within this AA. The substantial increase was due to the bank making several large loans to finance multimillion-dollar commercial development projects that were initiated during the evaluation period whereas the community development loans made during the prior evaluation were much smaller in size. Specifically, the average loan amount

was \$4.1 million for the current evaluation within this AA, compared to \$2.2 million during the prior evaluation, which demonstrated a further improved responsiveness to the already excellent performance at the prior evaluation.

The following table illustrates the bank’s community development activity by year and purpose.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022	0	0	0	0	0	0	1	7,500	1	7,500
2023	1	950	1	1,384	2	2,955	1	1,200	5	6,489
2024	3	2,452	1	9,493	2	2,880	4	36,244	10	51,069
2025-ytd	1	950	1	2,550	2	15,740	1	1,470	5	20,710
Total	5	4,352	3	13,427	6	21,575	7	46,414	21	85,768

Source: Bank Records

The following are examples of NSB’s community development loans in this AA:

- In 2024, the bank participated in a \$111.0 million syndicated construction loan to build a mixed-use 420-unit apartment property that includes 160 affordable housing units and some retail commercial space located in Bridgeport, CT. The bank’s share stood at \$10.0 million. This loan helped to revitalize and stabilize a low-income geography by creating 26 full-time and four part-time low- and moderate-income jobs to operate the residential housing complex, as well as attracting a significant number of new residents that helped to contribute to improving the economic vitality of the low-income area that had been previously vacant. The retail commercial spaces have not yet been occupied as construction is still in progress.
- In 2024, NSB provided a \$1.3 million line of credit for working capital in conjunction with the SBA 504 loan program for a hotel located in Fairfield, CT. This line of credit promoted economic development by helping to keep the hotel operational, maintain existing jobs, and create additional jobs. The hotel met the size standards for the SBA’s Small Business Investment Company Program.
- In 2024, the bank made a \$9.5 million loan to purchase and renovate a non-profit substance abuse treatment and transitional living center located in Bridgeport, CT to keep it operational. The organization derives a majority of its revenue from Medicaid and state grants. This loan supported the community service needs of residents within this low-income tract and the surrounding area.
- In 2024, NSB originated a \$13.3 million loan to convert a seven-story vacant office building located in Bridgeport, CT into a 77-unit, mixed-income apartment building that includes ten affordable housing units, as well as retail commercial space to house an event and exhibition center, a restaurant, and a brewery. This loan helps to revitalize and stabilize a low-income tract by attracting new residents, businesses, and jobs to the area that helps to support ongoing economic activity and vitality.

INVESTMENT TEST

NSB demonstrated good performance under the Investment Test within this AA. The bank’s performance in the Investment and Grant Activity criteria primarily supports this conclusion.

Investment and Grant Activity

NSB has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

During the evaluation period, NSB made 346 qualified community development investments and grants totaling \$6.8 million that directly benefitted the AA, which included 14 new investments totaling approximately \$6.0 million and 332 grants totaling \$839,000. This represents 79.0 percent of the bank’s total qualified community development investments and grants by number and 45.6 percent by dollar amount. The bank’s performance by both number and dollar volume remained relatively consistent compared to the prior evaluation, with investments and grants increasing 5.8 percent by number and decreasing 2.4 percent by dollar volume. Examiners note that several qualified investments and grants made within the broader regional and statewide area of Connecticut did provide some benefit to the Greater Bridgeport AA (refer to the Investment Test section for the overall institution for details), which helps to support an overall good performance level. The following table illustrates the bank’s qualified investments.

Qualified Investments, Donations, and Grants										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022 (Partial)	0	0	1	52	0	0	0	0	1	52
2023	0	0	8	1,886	0	0	0	0	8	1,886
2024	2	2,474	1	172	0	0	0	0	3	2,646
2025-ytd	1	1,194	1	172	0	0	0	0	2	1,366
Subtotal	3	3,668	11	2,283	0	0	0	0	14	5,951
Qualified Grants	51	176	245	588	27	60	9	16	332	839
Total	54	3,844	256	2,871	27	60	9	16	346	6,791

Source: Bank Records

The following are examples of the bank’s qualified investments.

- NSB made seven investments in CCM Community Impact Bond Fund within the AA, totaling \$1.7 million. The bank also reinvested their monthly dividends, totaling approximately \$541,000, over the course of the evaluation period. The bond fund finances investments in the area that support community service-oriented organizations and projects aimed at low- to moderate-income individuals, including homelessness initiatives, at-risk youth programs, affordable health and rehabilitation care, low-income housing, and education programs.

- During the evaluation period, the bank created and invested in three RMBS. The bank selected 14 bank originated residential mortgages with borrower incomes less than 80 percent of the area medium income in the AA, and then securitized them, effectively creating their own mortgage-backed security. In addition to all the collateralizing loans being made to low- and moderate-income borrowers, a substantial majority were also made within low- and moderate-income geographies throughout the AA. The three investments totaled about \$3.7 million and support affordable housing for low- and moderate-income individuals in the AA.

The following are examples of the bank's grants and donations within its AA.

- During the evaluation period, the bank donated \$69,000 to a housing-focused non-profit. The donations contributed to a variety of affordable housing and financial counseling programs directed at addressing income inequality and homelessness among low- and moderate-income populations.
- Since the prior evaluation, the bank contributed \$46,650 to an organization that provides community services in Western Connecticut. The donation went towards a variety of programs and services for low- and moderate-income individuals in the area, and addressed childcare, food access, affordable housing, health care, crisis services, and employment training.
- In 2022, 2024, and 2025, the bank donated \$16,000 to a business development council that supports women entrepreneurs. The organization assists small business owners with financing, provides technical assistance, and supports job creation and client expansion. The bank's donation furthered the economic development of female-led small businesses in the assessment area.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. The bank's qualified investment and grants primarily provided affordable housing, community services, and economic development, which demographic data and community contacts have indicated as critical community needs.

Community Development Initiatives

NSB makes significant use of innovative and/or complex investments to support development initiatives. During the evaluation period, the bank made several investments in the CCM Community Impact Bond Fund that impacted this AA, which is a moderately complex investment vehicle that requires notable bank expertise and resources. Of particular emphasis, examiners also noted the bank's creation of three of their own RMBS, which required significant efforts and resources regarding the structuring and coordination with a market broker, risk management, and market expertise to complete these transactions. This approach reflected an innovative strategy that helped to support affordable housing within this AA.

SERVICE TEST

NSB demonstrated excellent performance within this AA. The bank's performance in the Community Development Services criteria primarily supports this rating.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of its AA. Examiners focused on accessibility within the low- and moderate-income census tracts for this performance criterion.

The following table illustrates the distribution of the bank's branches and ATMs by geography income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	29	23.6	106,488	20.0	1	10.0	1	8.3
Moderate	27	22.0	123,914	23.3	2	20.0	2	16.7
Middle	38	30.9	180,464	33.9	2	20.0	2	16.7
Upper	28	22.8	120,453	22.6	5	50.0	7	58.3
NA	1	0.8	1,684	0.3	0	0.0	0	0.0
Total	123	100.0	533,003	100.0	10	100.0	12	100.00
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

The bank's branching and ATM distribution is lower than the demographics of the AA by percentage among low- and moderate-income geographies. However, within this area, there are high concentrations of low- and moderate-income census tracts in and around the Cities of Bridgeport and Danbury in particular. In addition, these cities are designated Opportunity Zones at the state level and approved by the U.S. Department of Treasury as areas of economic need, as many have the lowest median family incomes throughout the state of Connecticut.

Given these performance context considerations, NSB has established branches in Bridgeport, Danbury, and Bethel, which are accessible to customers from these census tracts and Opportunity Zones. Furthermore, the bank's Danbury branch is located within an Opportunity Zone and a low-income census tract within the city of Danbury. As a result, these branch locations demonstrate accessibility of banking services available to low- and moderate-income individuals and small businesses. Also, the bank branches and ATMs are accessible via low-cost public bus transportation and ridesharing services throughout the AA, which is generally convenient and helps improve the accessibility to services for all residents and businesses in the AA, including those who are low and moderate- income.

In addition to physical access to the bank's branches and ATMs, the bank offers other alternative delivery systems that improve accessibility. As described previously at the institution level, these alternative delivery systems include online, mobile, and telephone banking, as well as debit cards,

direct deposit for payroll and government benefits, and remote deposit capture for commercial customers.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or to low- and moderate-income individuals. NSB’s full-service branches offer regular business hours during the week, with most of the branches maintaining extended hours on Thursday and Friday, as well as being open on Saturday. As mentioned above, all of the offices offer ATMs available 24 hours a day. All branches offer similar deposit and loan products. Also, all branches provide drive-up services, with the exception of the Bridgeport and Trumbull offices due to spacing and their urban location. In addition, the bank offers internet, mobile, and telephone banking, as well as direct deposit and debit card access as free alternative options for customers to conduct banking transactions after regular business hours.

In addition, NSB offers several low-cost deposit accounts in this AA, which are particularly helpful to low- and moderate-income families and/or small businesses. Refer to the institution level comments under this performance factor for the previously discussed details on these low-cost accounts.

Community Development Services

NSB is a leader in providing community development services in the Greater Bridgeport AA.

During the evaluation period, bank employees provided 342 instances of community development services to community development organizations in this AA. This is a slight decrease from the last evaluation, where the bank provided 385 instances of community development services, but still represents an excellent performance level and far exceeds other similarly situated community banks in the area. The majority of the bank’s community development services during the review period supported community services and affordable housing efforts, which were responsive to the community needs. The following table illustrates the bank’s community development services by year and purpose.

The following table highlights the number of community development services by type and year during the evaluation period.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	10	45	3	3	61
2023	23	70	4	4	101
2024	21	68	4	0	93
2025-ytd	27	55	4	1	87
Total	81	238	15	8	342
<i>Source: Bank Records</i>					

The following are examples of the bank's community development services:

- Five bank employees conducted 14 services for an organization that is committed to ending housing insecurity, income inequality, and homelessness by creating safe, affordable housing for low- and moderate-income families. Several bank employees conducted financial literacy seminars, while marketing employees provided feedback on the organization's website and use of marketing materials, and bank employees contributed to the organization's Strategic Plan.
- A bank executive and employee served on the Board of Directors and several committees for a local organization that addresses mental health and wellness challenges for individuals in Bridgeport, CT. The organization offers support groups for those dealing with mental health issues and addiction, therapy, school programs to help students cope with challenging experiences and improve their mental well-being, and a community mural club. A majority of the census tracts in Bridgeport are low- and moderate-income.
- Eight bank employees provided 47 services to local affordable housing organizations. These services included serving on the Board of Directors for the organizations, serving on several committees, conducting first time homebuyer seminars, and reviewing potential buyers and grant applications. Habitat for Humanity is dedicated to providing access to safe, affordable housing and offers Affordable Homeownership programs and Financial Literacy initiatives.

NAUGATUCK VALLEY ASSESSMENT AREA – Full-Scope Review DESCRIPTION OF INSTITUTION'S OPERATIONS IN NAUGATUCK VALLEY

This AA is situated entirely within the state of Connecticut and includes part of the Naugatuck Valley Planning Region, which composes part of the Waterbury-Shelton, CT MSA #47930, as well as a single census tract within the Northwest Hills Planning Region that is immediately adjacent to, and does not extend substantially beyond, the Waterbury-Shelton, CT MSA border.

NSB maintains five of its full-service branch offices in this area, representing 37.5 percent of total branches and 33.3 percent of its total full-service branches. According to the June 30, 2025, FDIC Summary of Deposits data, 28.0 percent of NSB's total deposits were within this AA. In addition, the bank maintains a limited-service office within this area that is housed within and exclusively serves an assisted living facility. Regarding NSB's lending activity, it made 24.7 percent of its total home mortgage and small business loans by number within this AA during the evaluation period.

Since the Naugatuck Valley AA had a much lower concentration of the bank's branches, deposits, and lending throughout the evaluation period, this area received less emphasis in arriving at the overall performance conclusions. Refer to the overall Scope of Evaluation section for the institution for additional detail.

Economic and Demographic Data

The AA is composed of 32 census tracts, including no low-, 3 moderate-, 12 middle-, and 17 upper-income census tracts, as well as no tracts with a no-income designation (NA tracts). The following table notes the demographic information for the AA.

Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	0.0	9.4	37.5	53.1	0.0
Population by Geography	147,002	0.0	9.9	38.9	51.2	0.0
Housing Units by Geography	66,006	0.0	11.2	41.2	47.6	0.0
Owner-Occupied Units by Geography	46,990	0.0	6.5	38.8	54.7	0.0
Occupied Rental Units by Geography	13,813	0.0	23.1	51.2	25.8	0.0
Vacant Units by Geography	5,203	0.0	21.9	36.9	41.3	0.0
Businesses by Geography	17,797	0.0	8.5	36.8	54.8	0.0
Farms by Geography	197	0.0	1.5	20.3	78.2	0.0
Family Distribution by Income Level	39,467	15.4	14.0	20.6	50.0	0.0
Household Distribution by Income Level	60,803	21.5	12.9	15.3	50.4	0.0
Median Family Income: MSA 47930 Waterbury-Shelton, CT MSA		\$93,167	Median Housing Value Median Gross Rent Families Below Poverty Level			\$298,873 \$1,213 4.2%
Connecticut Statewide Non-MSA		\$94,529				

Source: 2020 U.S. Census and 2024 D&B Data; () the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.*

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank’s small business loans by the GAR of the business for each year. According to 2024 D&B data, there were 17,797 business establishments in the AA. Listed below are the GARs for these businesses:

- 90.3 percent have GARs of \$1 million or less;
- 3.0 percent have GARs more than \$1 million; and
- 6.7 percent have unknown revenues.

In addition, of the total number of businesses operating in this AA, a majority maintain four or fewer employees, at 68.6 percent, with only a small percentage being women or minority-owned at 3.4 percent. The largest industries are non-classifiable establishments, professional and technical services, construction, other services, and health care and social assistance.

The metro area maintains high business costs relative to many other metro areas, which presents ongoing challenges for area businesses. Housing appreciation has also outpaced the national level

in recent years that has adversely impacted affordable housing locally, which particularly impacts low- and moderate-income families and individuals.

The unemployment rate for the Waterbury-Shelton, CT MSA stood at 3.6 percent as of August 2025, which is below both the state and national level of 4.3 percent, reflecting a slightly stronger economy than both. However, the AA's low unemployment rate masks economic weakness, as a shrinking workforce is pushing the rate lower, with a labor force participation rate of only 63.4 percent. Specifically, retirees compose a larger share of the area residents, and the working-age population has declined faster than the national pace, which has exacerbated an already stagnant labor force. As a result, weak population demographics impede the metro area's economic growth.

Competition

There is a high level of competition for home mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2024, 242 lenders reported 3,404 home mortgage loan originations and purchases. The ten most prominent lenders accounted for 40.7 percent of total market share. The top lenders are predominantly large multi-billion dollar regional and national depository institutions and national mortgage companies, as well as NSB at a market rank of 4th with 3.5 percent market share and no other local community banks ranked in the top twenty institutions.

There is strong competition for small business loans within this AA. In 2024, 103 lenders reported 14,946 total small business loans. The top ten lenders accounted for 81.0 percent of total loans. However, the top lenders are predominantly large national banks that issue credit cards.

The AA is a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2025, 13 financial institutions operated 42 offices within this AA. Of these institutions, NSB ranked seventh with an 8.1 percent deposit market share. The five institutions with the highest deposit market share accounted for 66.7 percent of total market share. These entities are mainly large, multi-billion dollar depository institutions that serve a much larger multi-regional or multi-state area in addition to this AA.

Credit and Community Development Needs and Opportunities

Based on information from bank management, as well as the demographic and economic data, the most urgent and ongoing credit need in the AA is affordable housing. The high demand and low availability of housing have increased existing home prices and rents, which adversely affects affordability.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NAUGATUCK VALLEY

LENDING TEST

The bank demonstrated adequate performance under the Lending Test in the AA. The sections below detail the bank's performance under each criterion.

Lending Activity

Lending levels reflect excellent responsiveness to the AA credit needs, based primarily upon NSB's market rank among all lenders reporting home mortgage loans. According to the 2024 aggregate HMDA data, the bank ranked 4th by number of home mortgage loans out of 232 reporting lenders inside this AA. Secondarily, as for small business lending, the 2024 aggregate CRA data shows that NSB ranked 41st by number of loans out of 103 reporting lenders inside this AA; however, as stated previously, examiners placed substantial emphasis on NSB's home mortgage lending performance in arriving at overall performance conclusions.

During the evaluation period, NSB originated 557 home mortgage and small business loans totaling \$144.7 million within this AA. In addition, NSB extended \$8.5 million in community development loans in this area, which supported economic development.

Geographic Distribution

The geographic distribution of NSB's lending activity reflects adequate penetration throughout this AA. Examiners based this conclusion primarily on the bank's home mortgage lending performance in the moderate-income census tracts, with secondary emphasis upon the bank's home mortgage lending.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the AA. The following table details the distribution of home mortgage loans by tract income level.

NONPUBLIC//FDIC INTERNAL ONLY

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Moderate						
2022	7.3	8.6	8	3.5	2,175	3.5
2023	7.3	7.7	3	1.8	719	1.6
2024	6.5	8.7	4	3.3	963	3.2
Middle						
2022	56.0	55.0	83	36.2	20,828	33.7
2023	56.0	55.2	68	40.5	18,526	40.4
2024	38.8	38.5	37	30.8	7,467	24.6
Upper						
2022	36.7	36.3	138	60.3	38,900	62.8
2023	36.7	37.1	97	57.7	26,656	58.1
2024	54.7	52.8	79	65.8	21,965	72.3
Not Available						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	229	100.0	61,903	100.0
2023	100.0	100.0	168	100.0	45,901	100.0
2024	100.0	100.0	120	100.0	30,395	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the table above, the bank’s percentage of home mortgage loans within moderate-income geographies was below both the demographic data and aggregate comparisons each year. However, examiners noted that NSB was the highest ranked community home mortgage lender within the moderate-income census tracts. For example, according to the 2024 Peer Mortgage Data, the bank ranked 19th out of 102 lenders who originated and/or purchased 296 loans in the moderate-income tracts, while Ives Bank and First County Bank were ranked 46th and Union Savings Bank did not make any loans within moderate-income geographies. Furthermore, NSB remains the highest rated community bank for home mortgage loans made for principal residences and an owner-occupied basis; neither Ives Bank nor Union Savings Bank made any home mortgage loans for owner-occupied properties within the moderate-income census tracts.

Given the AA includes only three moderate-income census tracts, which limits loan demand and opportunities within moderate-income geographies in general, as well NSB’s market rank within the moderate-income census tracts, particularly compared to other local community banks, its performance is adequate.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout this AA, based primarily on its performance in the moderate-income tracts. The following table details the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	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
Moderate						
2022	10.2	10.8	0	0.0	0	0.0
2023	10.6	10.6	0	0.0	0	0.0
2024	8.5	7.4	0	0.0	0	0.0
Middle						
2022	57.1	55.2	10	58.8	2,361	75.0
2023	57.3	55.4	9	69.2	826	81.5
2024	36.8	35.9	4	40.0	395	17.1
Upper						
2022	32.7	34.0	7	41.2	788	25.0
2023	32.2	34.0	4	30.8	187	18.5
2024	54.8	56.7	6	60.0	1,918	82.9
Not Available						
2022	0.0	--	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
2024	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	17	100.0	3,149	100.0
2023	100.0	100.0	13	100.0	1,013	100.0
2024	100.0	100.0	10	100.0	2,313	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

According to the table, NSB made no small business loans within the moderate-income census tracts, whereas the aggregate data indicates that loan demand exists and is in line with the percentage of small businesses located in the moderate-income geographies. As a result, the bank's overall distribution of small business loans in the moderate-income tracts is poor.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and excellent penetration among business customers of different sizes. Given NSB's home mortgage lending performance is its most significant loan product, as it composed 92.8 percent of total bank lending within this AA during the entire evaluation period, examiners placed significant weight upon the home mortgage lending activity in arriving at the overall performance conclusion.

Home Mortgage Loans

The distribution of home mortgage loans represents good penetration among retail customers of different income levels. Examiners based this conclusion primarily on the bank's home mortgage lending performance to low- and moderate-income borrowers. The following table details the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	17.1	8.0	8	3.5	899	1.5
2023	17.1	8.7	15	8.9	1,802	3.9
2024	15.4	4.5	4	3.3	413	1.4
Moderate						
2022	15.5	22.7	43	18.8	7,259	11.7
2023	15.5	23.2	31	18.5	7,815	17.0
2024	14.0	17.6	16	13.3	2,581	8.5
Middle						
2022	21.9	25.4	63	27.5	14,983	24.2
2023	21.9	24.9	40	23.8	8,973	19.6
2024	20.6	25.0	29	24.2	6,504	21.4
Upper						
2022	45.5	31.7	110	48.0	37,174	60.1
2023	45.5	31.4	81	48.2	26,921	58.7
2024	50.0	40.2	71	59.2	20,897	68.8
Not Available						
2022	0.0	12.2	5	2.2	1,588	2.6
2023	0.0	11.5	0	0.0	0	0.0
2024	0.0	12.6	0	0.0	0	0.0
Totals						
2022	100.0	100.0	229	100.0	61,903	100.0
2023	100.0	100.0	168	100.0	45,901	100.0
2024	100.0	100.0	120	100.0	30,395	100.0

Source: 2020 U.S. Census; 2022, 2023, and 2024 Bank and HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

NSB’s percentage of home mortgage loans among low-income borrowers in 2022 was less than both the demographics and the aggregate level, though not significantly below the aggregate comparison. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison. In 2023, NSB’s percentage of loans to low-income borrowers significantly increased and exceeded the aggregate data, which had also increased; as a result, the bank’s 2023 performance was good. In 2024, the bank’s lending level exhibited a decline, however it remained nearly equal to the aggregate level that had also decreased and reflected a notable reduction in loan demand among low-income borrowers. Overall, the distribution of the bank’s home mortgage loans among low-income borrowers was good given its lending performance being above or nearly equal to the aggregate lending levels for the two most recent calendar years.

As shown in the table above, the bank’s percentage of home mortgage loans among moderate-income borrowers in 2022 was above the demographic, but below the aggregate data, though not to a significant degree and was good. In 2023, NSB’s lending exhibited a similar performance. In 2024, the bank’s lending level decreased; however, the aggregate data reported a similar drop that reflected a reduction in loan demand among moderate-income borrowers. As a result, the bank’s performance was good. Given that the bank’s lending levels among moderate-income borrowers exceeded or was nearly equal to the demographic data throughout the evaluation period, as well as its performance not being materially exceeded by the aggregate levels each year, NSB’s overall performance among moderate-income borrowers was good.

Small Business Loans

The distribution of borrowers reflects excellent penetration of small business loans among business customers of different sizes. Examiners focused on the percentage of small business loans made to businesses with GARs of \$1 million or less by the number of loans, as detailed in the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.0	55.2	13	76.5	2,505	79.6
2023	91.4	57.8	11	84.6	918	90.6
2024	90.3	56.4	9	90.0	2,013	87.0
>\$1,000,000						
2022	2.9	--	3	17.7	624	19.8
2023	3.0	--	2	15.4	95	9.4
2024	3.0	--	1	10.0	300	13.0
Revenue Not Available						
2022	6.1	--	1	5.9	20	0.6
2023	5.6	--	0	0.0	0	0.0
2024	6.7	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	17	100.0	3,149	100.0
2023	100.0	100.0	13	100.0	1,013	100.0
2024	100.0	100.0	10	100.0	2,313	100.0

Source: 2022, 2023, and 2024 D&B Data; 2022, 2023, and 2024 Bank and CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the table above, the bank’s percentage of small business loans to businesses with GARs of \$1 million was less than the demographics but substantively above the aggregate level each year during the evaluation period. Since the aggregate data is generally a better indicator of demand, the evaluation gave more weight to this comparison; as a result, the bank’s performance is

excellent each year. In addition, the bank demonstrated an increasing trend of loans made to small businesses throughout the evaluation period, which further supports the excellent performance.

Community Development Loans

The bank made a low level of community development loans in this AA. NSB originated two community development loans totaling approximately \$8.5 million during the evaluation period. The bank's community development lending decreased by number but increased by dollar volume when compared to the previous evaluation where the bank originated four loans totaling approximately \$7.1 million.

The two community development loans in this AA include the following:

- In 2023, the bank made a \$390,000 loan to purchase a five-unit apartment property located in Derby, CT, which supported affordable housing in this AA. All units in the complex have rents below the U.S. Department Housing and Urban Development's fair market rent levels and are designated for low- and moderate-income individuals or families.
- In 2024, the bank made an \$8.1 million loan to construct a hotel located in Shelton, CT. The loan promoted economic development through the financing of a new start-up small business that resulted in the creation of primarily low- to moderate-income jobs within the AA.

INVESTMENT TEST

NSB demonstrated adequate performance under the Investment Test in the Naugatuck Valley AA. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

NSB has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

During the evaluation period, NSB made 61 qualified community development investments and grants totaling \$1.3 million in the Naugatuck Valley AA. This represents 13.9 percent of the bank's total qualified community development investments and grants by number and 8.9 percent by dollar amount. The bank's performance in this area decreased 11.6 percent by number but significantly increased by dollar volume compared to the prior evaluation. The bank made over 15 times the investments by dollar volume in this AA during this evaluation period. Additionally, examiners note that several qualified investments and grants made within the broader regional and statewide area of Connecticut also provided some benefit to the Naugatuck Valley AA, which helps to support an overall adequate performance level (refer to the Investment Test section for the overall institution for details).

The following table illustrates the bank’s qualified investments.

Qualified Investments, Donations, and Grants										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	4	775	0	0	0	0	4	775
2024	0	0	1	433	0	0	0	0	1	433
2025-ytd	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	5	1,208	0	0	0	0	5	1,208
Qualified Grants	2	5	49	113	5	4	0	0	56	122
Total	2	5	54	1,321	5	4	0	0	61	1,330

Source: Bank Records

The following are examples of the bank’s qualified investments.

- NSB made five investments totaling approximately \$1.2 million in the CCM Community Impact Bond Fund. The investments went towards projects in the AA aimed at low- to moderate-income people, including homelessness initiatives, at-risk youth programs, affordable health and rehabilitation care, low-income housing, and education programs.

The following are examples of the bank’s grants and donations within its AA.

- During the evaluation period, the bank donated \$59,340 to a community service organization. The organization focuses on supporting low-and moderate-income individuals through programs and initiatives that include affordable housing, energy assistance, financial counseling, and employment training.
- In 2024 and 2025, the bank donated \$5,000 to a non-profit organization in Shelton that supports low-income housing programs in the area.
- During the evaluation period, the bank donated \$2,250 to a non-profit economic development organization. The donations went towards restoring a historic museum in the community, which has since employed moderate-income individuals, promoted public education, and fostered economic development in the area.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community development needs. The bank’s qualified investment and grants are responsive to existing AA credit needs by primarily providing community services and affordable housing in low- and moderate-income areas. Demographic data and community contacts indicated contributions towards community services and affordable housing initiatives were responsive to the needs of low- and moderate-income individuals and geographies.

Community Development Initiatives

NSB occasionally uses innovative or complex investments to support community development initiatives in this AA. The bank's investments in this area were centered in the CCM Community Impact Bond Fund, which is a moderately complex investment vehicle that requires notable bank expertise and resources.

SERVICE TEST

NSB demonstrated adequate performance within this AA. The bank's performance in the Community Development Services criterion primarily supports this rating.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of its AA. Examiners focused on accessibility within the low- and moderate-income census tracts for this performance criterion.

The following table illustrates the distribution of the bank's branches and ATMs by geography income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	9.4	14,551	9.9	0	0.0	0	0.0
Middle	12	37.5	57,139	38.9	4	66.7	3	60.0
Upper	17	53.1	75,312	51.2	2	33.3	2	40.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	32	100.0	147,002	100.0	6	100.0	5	100.00

Source: 2020 U.S. Census Data; Bank Data

The bank's branching and ATM distribution is lower than the demographics of the AA by percentage, as NSB does not maintain any branches within low-or moderate-income geographies. However, examiners note that this AA lacks any low-income geographies and there are only three moderate-income census tracts located within the area, all within the city of Ansonia. Furthermore, the bank operates a branch in Shelton, CT, which is located about 2.5 – 3.0 miles from Ansonia. Based on this distance, the Shelton branch can reasonably serve these moderate-income census tracts.

In addition to physical access to the bank's branches and ATMs, the bank offers other alternative delivery systems that improve accessibility. As described previously at the institution level, these

alternative delivery systems include online, mobile, and telephone banking, as well as debit cards, direct deposit for payroll and government benefits, and remote deposit capture for commercial customers.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and/or to low- and moderate-income individuals. NSB’s full-service branches offer regular business hours during the week, with most of the branches maintaining extended hours on Thursday and Friday, as well as being open on Saturday. As mentioned above, all offices offer ATMs, available 24 hours a day, as well as drive-up service, and all offer the same deposit and loan products. The lone limited-service branch, Pomperaug Woods, operates under limited hours and does not serve the public; rather, it serves members of this specific assisted living community.

In addition, the bank offers internet, mobile, and telephone banking, as well as direct deposit and debit card access as free alternative options for customers to conduct banking transactions after regular business hours.

NSB also offers several low-cost deposit accounts in this AA, which are particularly helpful to low- and moderate-income families and/or small businesses. Refer to the institution level comments under this performance factor for the previously discussed details on these low-cost accounts.

Community Development Services

NSB provides an adequate volume of community development services in the Naugatuck Valley AA.

During the evaluation period, bank employees provided 18 instances of community development services. This is a slight decrease from the last examination, where the bank provided 25 instances of community development services. The majority of the bank’s community development services supported community services, which were responsive to community needs.

The following table highlights the number of community development services by type and year during the evaluation period.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022	0	0	2	0	2
2023	0	2	2	0	4
2024	0	2	1	0	3
2025-ytd	4	1	4	0	9
Total	4	5	9	0	18
<i>Source: Bank Records</i>					

The following are examples of the bank's community development services:

- A bank employee served on the Board of an affordable housing organization. The organization administers a low-income senior housing program in Southbury. The organization develops quality affordable residential units to meet the demand for additional elderly housing.
- A bank employee served on the Board of Directors of an organization that provides emergency medical services to a town which is primarily comprised of low- and moderate-income census tracts. The services provided by the organization primarily benefit low- and moderate-income individuals.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's 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 (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Newtown Savings Bank	
Scope of Examination: Full-scope reviews were performed on the following assessment areas within the noted rated area: Greater Bridgeport Assessment Area – part of the Bridgeport-Stamford-Danbury, CT MSA; and Naugatuck Valley Assessment Area – part of the Waterbury-Shelton, CT MSA and one town within the Connecticut Statewide Non-MSA.	
Time Period Reviewed:	07/11/2022-11/17/2025
Products Reviewed: Home Mortgage: 2022, 2023, and 2024 Small Business: 2022, 2023, and 2024 Community Development Loans, Investments, and Services: 07/11/2022-11/17/2025	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Greater Bridgeport	Outstanding	High Satisfactory	Outstanding	Outstanding
Naugatuck Valley	Low Satisfactory	Low Satisfactory	Low Satisfactory	Low Satisfactory

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. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank'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 bank's assessment area(s) or a broader statewide or regional area including the bank'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 bank'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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.