

NMSB Receives \$5 Million in State Deposits to Increase Lending to Small Businesses

North Middlesex Savings Bank recently received \$5 million in deposits from the Massachusetts State Treasury as part of an initiative to shift a portion of state deposits to community banks in an effort to boost local lending. The funds allow NMSB to increase lending to small businesses. A small business loan is generally defined as one that is under \$500,000.

“The great news is, we have even more money to lend, specifically targeted to small businesses,” said Walter Dwyer, Executive Vice President of NMSB. “Through this partnership, the state is bringing money back into the local communities. It’s a big boost.”

Massachusetts State Treasurer Steven Grossman opened the Small Banking Business Partnership on Thursday, May 5. “This innovative program is a victory for both the Commonwealth and for the small businesses that support our economy,” said Treasurer Grossman. “It directs additional deposits into Massachusetts banks, encouraging them to lend to Massachusetts small businesses. The Partnership puts the reserve resources of the Treasury to their optimal use, creating jobs, opportunity, and prosperity throughout the Commonwealth.”

As part of its initial phase, the Small Business Banking Partnership sets aside \$100 million of Treasury cash reserve funds typically held by large national and international financial institutions and deposits them in amounts of up to \$5 million in Massachusetts-based banks. In exchange for the infusion of new deposits, the banks sign a Memorandum of Understanding (MOU) signaling their intent to enhance their loan portfolios to small Massachusetts businesses. Treasurer Grossman indicated that the initial \$100 million in funds for the Partnership is only a first step, and that additional deposits will likely be directed to the program in the future.

In return for the state deposits, banks that participate must pay the state an interest rate at least as high as what it currently earns on a commonly used index. As part of its agreement with the state, NMSB will file regular reports with the state on how the funds were used, including details on where loans were made.

“We’re pleased to be one of the first ten banks in Massachusetts to partner with the State Treasurer’s office on this program,” said William P. Marshall, President and CEO of NMSB. “It’s a positive move to stimulate the local economy.”

For more information about the Small Business Banking Partnership, call NMSB at 978-772-3306 or visit nmsb.com