

PUBLIC DISCLOSURE

August 19, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Savings Bank
Certificate Number: 90291

357 Main Street
Wakefield, Massachusetts 01880

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Savings Bank's satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 18, 2016, to the current evaluation dated August 19, 2019. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate The Savings Bank's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors.

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to receive an overall Satisfactory rating.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the bank's business strategy and larger loan volume when compared to small business lending during the evaluation period. Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Small farm loans and consumer loans do not represent major product lines; therefore, examiners did not analyze these loan types.

Examiners considered all home mortgage loans reported on the bank's 2016, 2017, and 2018 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 300 loans totaling \$94.0 million in 2016, 259 loans totaling \$93.8 million in 2017, and 203 loans totaling \$84.3 million in 2018. Examiners compared 2016 and 2017 bank lending to 2016 and 2017 HMDA aggregate data, but 2018 HMDA aggregate data was not available as of the evaluation date.

The CRA does not require ISIs to collect or report small business lending data; however, the bank collected relevant CRA small business lending information during the evaluation period.

Therefore, examiners considered all small business loans originated in 2016, 2017 and 2018. The bank originated 21 loans totaling \$4.2 million in 2016, 44 loans totaling \$7.3 million in 2017, and 39 loans totaling \$9.3 million in 2018. The evaluation compared bank small business lending to demographic information.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans better indicates the number of individuals and businesses served. Examiners did not identify differences between 2016, 2017, and 2018 lending that materially affect conclusions; therefore, Lending Test performance tables generally include just 2017 and 2018 data. The Lending Test does not include any lending activity performed by affiliates.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated July 18, 2016.

The evaluation references demographic and economic information from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, the U.S. Bureau of Labor Statistics (BLS), and Moody's Analytics Inc. (Moody's). Bank financial data reflects the June 30, 2019 Consolidated Reports of Condition and Income (Call Report).

DESCRIPTION OF INSTITUTION

Background

The Savings Bank, headquartered in Wakefield, Massachusetts (MA), operates in the northeastern parts of MA in Middlesex and Essex Counties. The Savings Bank is a subsidiary of Wakefield Bancorp, MHC, a one-bank holding company, and it has three subsidiaries, none of which engage in retail lending or deposit activities. The institution received a Satisfactory rating from the Federal Deposit Insurance Corporation and the Division of Banks during its prior joint evaluation based on ISI Procedures.

Operations

In addition to its main office located at 375 Main Street in Wakefield, the bank operates eight full-service branches and one limited-service branch. The Savings Bank offers loan products including home mortgage, commercial, and consumer loans, primarily focusing on home mortgage lending. It provides a variety of deposit services including checking, savings, money market, individual retirement accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, telephone banking, and automated teller machines. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of June 30, 2019, the bank had total assets of \$619.4 million including total loans of \$499.2 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 6/30/2019		
Loan Category	\$(000s)	%
Construction and Land Development	11,997	2.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	348,513	69.8
Secured by Multifamily (5 or more) Residential Properties	54,568	10.9
Secured by Nonfarm Nonresidential Properties	74,386	14.9
Total Real Estate Loans	489,464	98.1
Commercial and Industrial Loans	8,907	1.8
Agricultural Loans	0	0.0
Consumer Loans	93	0.0
Other Loans	0	0.0
Less: Unearned Income	0	0.0
Total Loans	499,152	100.0

Source: Reports of Condition and Income. Due to rounding, totals may not equal 100.0 percent.

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The Savings Bank designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) (#15764), which is part of the larger Boston-Cambridge-Newton, MA – New Hampshire Metropolitan Statistical Area (MSA) (#14460). The following sections discuss demographic and economic information.

Economic and Demographic Data

The assessment area includes 69 census tracts that make up the cities and towns of Andover, Lawrence, Lynnfield, Methuen, Middleton, and Saugus in Essex County; and Melrose, North Reading, Reading, Stoneham, Wakefield, and Wilmington in Middlesex County.

These census tracts reflect the following income designations according to 2015 ACS data.

- 18 low-income census tracts,
- 6 moderate-income census tracts,
- 27 middle-income census tracts,
- 18 upper-income census tracts.

The low- and moderate-income census tracts are primarily located in Lawrence and Methuen. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas in the bank's assessment area. However, there are several opportunity zones, which are designated by the state and approved by the U.S. Department of Treasury as areas of economic need. The bank's assessment area has seven census tracts designated as opportunity zones across Lawrence, Methuen, and Saugus.

The 2015 ACS reflects a change in census tract income designations from the 2010 U.S. Census, including 1 additional low-income census tract, 2 fewer middle-income census tracts, and 1 additional upper-income census tract. Examiners evaluated the bank's lending performance given the demographic data applicable in each year.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	69	26.1	8.7	39.1	26.1	0.0
Population by Geography	350,837	21.5	8.6	39.8	30.0	0.0
Housing Units by Geography	132,157	20.0	9.3	41.5	29.2	0.0
Owner-Occupied Units by Geography	82,892	7.4	8.2	47.7	36.7	0.0
Occupied Rental Units by Geography	42,934	43.6	11.6	30.2	14.6	0.0
Vacant Units by Geography	6,331	25.6	8.3	36.5	29.6	0.0
Businesses by Geography	24,115	14.2	6.4	44.0	35.5	0.0
Farms by Geography	426	4.2	6.3	48.6	40.8	0.0
Family Distribution by Income Level	89,362	26.0	16.7	20.2	37.1	0.0
Household Distribution by Income Level	125,826	28.2	14.6	16.6	40.5	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Housing Value			\$365,274
			Median Gross Rent			\$1,090
			Families Below Poverty Level			8.1%
<i>Source: 2015 ACS and 2018 D&B Data. Due to rounding, totals may not equal 100.0 percent. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Opportunities exist for home mortgage lending in the assessment area since 62.7 percent of housing units are owner-occupied, 32.5 percent are occupied rental units, and 4.8 percent are vacant.

Data obtained from the U.S. BLS indicates that the annual average unemployment rate was 3.0 percent statewide as of May 2019. The unemployment rate in Middlesex and Essex Counties slightly declined throughout the evaluation period.

Examiners used 2017 and 2018 Federal Financial Institutions Examination Council (FFIEC) updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2017 (\$104,800)	<\$52,400	\$52,400 to <\$83,840	\$83,840 to <\$125,760	≥\$125,760
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
<i>Source: FFIEC</i>				

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2018 D&B data, there were 24,114 non-farm businesses in the assessment area. The GARs for those businesses are below.

- 84.5 percent have \$1 million or less.
- 6.5 percent have more than \$1 million.
- 9.0 percent have unknown revenues.

Further, 79.8 percent of assessment area businesses have GARs of less than \$500,000, 68.3 percent have four or less employees, and 89.6 percent operate from a single location. These factors indicate that the majority of businesses are very small. Service industries represent the largest portion of businesses at 44.9 percent; followed by retail trade at 12.9 percent; non-classifiable establishments at 10.4 percent; and construction at 9.3 percent. According to Moody's as of May 2019, major employers in the Cambridge-Newton-Framingham, MA MD include Harvard University, Massachusetts Institute of Technology, and the TJX Company, Inc.

Competition

The assessment area is highly competitive in the market for financial services. According to 2018 FDIC data, 36 financial institutions operated 123 full-service branches within the bank's assessment area. Ranked by deposits, The Savings Bank was 7th with a 4.4 percent deposit market share, ranking higher than similarly situated institutions.

The assessment area has a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2016, 384 lenders reported 14,846 originated or purchased residential mortgage loans. The Savings Bank ranked 27th, originating 159 loans for a market share of 1.1 percent. In 2017, 363 lenders reported 11,387 originated or purchased residential mortgage loans. The Savings Bank ranked 23rd by originating 135 loans for a market share of 1.2 percent. In both years, The Savings Bank was the highest ranked community bank when compared to other similarly situated institutions.

The analysis of small business loans under the Lending Test does not include comparisons to aggregate data, as the bank does not report this type of data. Aggregate data, however, reflects the level of demand for small business loans. The 2017 aggregate CRA data shows that 158 institutions reported 56,355 small business loans in Essex and Middlesex Counties, indicating a high degree of competition for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a representative of a community development corporation in the bank's assessment area. The contact indicated that affordable housing is a significant need due to the rising cost of housing and demand for housing exceeding the supply. The contact mentioned

wages in the area have remained stagnant, resulting in a strain on both buyers and renters to find affordable housing.

In addition, the contact also discussed the need for financing and technical assistance to very small or start-up businesses. In addition, the contact noted the need for financial literacy, credit counseling, and product offerings allowing individuals to build and repair their credit history.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and small business financing represent primary community development needs in the assessment area. The shortage of affordable housing units and limited affordability supports this need. Additionally, there is a need for small business financing and technical assistance. Financial literacy and credit counseling for low- and moderate-income individuals is also a need in the area. Last, the Lawrence consists primarily of low-income tracts, creating a need for community services and revitalization and stabilization in this community.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Savings Bank demonstrated reasonable performance under the Lending Test. Reasonable or better performance under each criterion supports this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 98.6 percent over the past 12 calendar quarters from September 30, 2016 to June 30, 2019. The ratio ranged from a low of 95.3 percent as of March 31, 2017, to a high of 101.5 percent as of December 31, 2018. The Savings Bank maintained a ratio similar to or above those of comparable institutions, as shown in the following table.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2019 (\$000s)	Average Net LTD Ratio (%)
Winchester Co-operative Bank	664,217	86.7
The Savings Bank	619,411	98.4
Reading Co-operative Bank	579,672	103.4
Winchester Savings Bank	561,967	86.3
<i>Source: Reports of Condition and Income 9/30/16 through 6/30/19</i>		

Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar, within the assessment area. Home mortgage lending declined over the evaluation period, primarily due to declining inventory in the area. In addition, small business lending declined by dollar amount within the assessment area due to more opportunity for larger loans outside the assessment area. See the following table for further information.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	159	53.0	141	47.0	300	48,753	51.9	45,258	48.1	94,011
2017	135	52.1	124	47.9	259	50,304	53.6	43,488	46.4	93,792
2018	128	63.1	75	36.9	203	52,993	62.9	31,278	37.1	84,271
Subtotal	422	55.4	340	44.6	762	152,050	55.9	120,024	44.1	272,074
Small Business										
2016	10	47.6	11	52.4	21	1,349	32.0	2,872	68.0	4,221
2017	24	54.5	20	45.5	44	3,446	47.2	3,853	52.8	7,299
2018	21	53.8	18	46.2	39	1,856	19.9	7,470	80.1	9,326
Subtotal	55	52.9	49	47.1	104	6,651	31.9	14,195	68.1	20,846
Total	477	55.1	389	44.9	866	158,701	54.2	134,219	45.8	292,920

Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. In 2017, the bank's lending in low-income census tracts was 2.3 percentage points less than the aggregate; however, lending exceeded demographics by 3.0 percentage points, indicating reasonable performance. In 2018, despite a slight decline in overall home mortgage lending, lending in low-income tracts increased from the previous year, substantially exceeding demographics.

In 2017, the bank's lending in moderate-income census tracts was significantly less than the aggregate and demographics. In 2018, bank lending slightly increased from the previous year; however, lending remained below the percentage of owner-occupied units. Significant competition among lenders vying for loans in these tracts mitigates the bank's performance. The bank's increasing 2018 trends in both low- and moderate-income tracts, by both number and dollar volume, also support reasonable performance despite unfavorable aggregate comparisons in moderate-income tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	7.4	12.7	14	10.4	6,482	12.9
2018	7.4	--	16	12.5	10,061	19.0
Moderate						
2017	8.2	9.4	2	1.5	430	0.9
2018	8.2	--	3	2.3	2,238	4.2
Middle						
2017	47.7	44.4	73	54.1	24,111	47.9
2018	47.7	--	69	53.9	24,657	46.5
Upper						
2017	36.7	33.5	46	34.1	19,281	38.3
2018	36.7	--	40	31.3	16,037	30.3
Totals						
2017	100.0	100.0	135	100.0	50,304	100.0
2018	100.0	--	128	100.0	52,993	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. Examiners compared bank lending to the percentage of area businesses by census tract income level. In 2017, the bank's lending in low-income census tracts exceeded demographics by 2.4 percentage points. In 2018, small business lending decreased below the demographic comparator.

In 2017, the bank did not make any loans in moderate-income census tracts; however, in 2018, bank lending increased, exceeding the percentage of businesses by 3.1 percentage points. The high level of competition for small business loans in low- and moderate-income census tracts also contributes to the bank's reasonable lending performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	14.3	4	16.7	1,492	43.3
2018	14.2	2	9.5	20	1.1
Moderate					
2017	6.3	0	0.0	0	0.0
2018	6.4	2	9.5	515	27.7
Middle					
2017	44.2	12	50.0	1,223	35.5
2018	44.0	12	57.1	581	31.3
Upper					
2017	35.3	8	33.3	731	21.2
2018	35.5	5	23.8	740	39.9
Totals					
2017	100.0	24	100.0	3,446	100.0
2018	100.0	21	100.0	1,856	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data; Due to rounding, totals may not equal 100.0 percent.</i>					

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is reasonable. In 2017, home mortgage lending to low-income borrowers slightly trailed aggregate lending. Although the bank's performance was less than the 26.0 percent of families in the low-income category, demand and opportunity for lending to low-income families was relatively limited. A low-income family in the assessment area, earning less than \$52,400, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$365,274. Despite a decline in overall lending in 2018, lending to low-income individuals remained consistent, further supporting the bank's reasonable lending performance.

In 2017, bank lending to moderate-income borrowers trailed aggregate performance and slightly trailed demographics. Again, despite a decline in overall lending in 2018, lending to moderate-income individuals remained consistent, further supporting reasonable lending performance.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	26.0	7.2	8	5.9	2,054	4.1
2018	26.0	--	8	6.3	1,345	2.5
Moderate						
2017	16.7	20.5	19	14.1	4,167	8.3
2018	16.7	--	19	14.8	5,814	11.0
Middle						
2017	20.2	23.2	39	28.9	13,199	26.2
2018	20.2	--	23	18.0	6,956	13.1
Upper						
2017	37.1	35.0	60	44.4	25,699	51.1
2018	37.1	--	61	47.7	25,570	48.3
Not Available						
2017	0.0	14.0	9	6.7	5,185	10.3
2018	0.0	--	17	13.3	13,309	25.1
Totals						
2017	100.0	100.0	135	100.0	50,304	100.0
2018	100.0	--	128	100.0	52,993	100.0
<i>Source: 2015 ACS Census ; 1/1/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, a majority of small business loans were to those businesses. In addition, the bank's lending performance to businesses with GARs increased in 2018. While lending activity in both years was below demographics, the bank's performance is reasonable considering commercial lending is the bank's secondary product.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	84.6	12	50.0	1,790	51.9
2018	84.5	14	66.7	1,413	76.1
>1,000,000					
2017	6.6	10	41.7	1,650	47.9
2018	6.5	7	33.3	443	23.9
Revenue Not Available					
2017	8.8	2	8.3	6	0.2
2018	9.0	0	0.0	0	0.0
Totals					
2017	100.0	24	100.0	3,446	100.0
2018	100.0	21	100.0	1,856	100.0

Source: 2017 & 2018 D&B Data; 1/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0 percent.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Savings Bank demonstrated adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities.

Community Development Loans

The Savings Bank originated six community development loans totaling \$3.8 million during the evaluation period, which represents 0.7 percent of average total assets and 0.8 percent of average total loans since the prior CRA evaluation. The bank's community development lending increased by number and dollar volume since the last evaluation. The bank's performance is consistent with similarly situated institutions.

The following table illustrates the bank's community development lending by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
07/18/2016-12/31/2016	0	0	0	0	1	250	0	0	1	250
2017	1	1,280	0	0	0	0	0	0	1	1,280
2018	2	1,305	0	0	2	1,002	0	0	4	2,307
YTD 2019	0	0	0	0	0	0	0	0	0	0
Total	3	2,585	0	0	3	1,252	0	0	6	3,837
<i>Source: Bank Records</i>										

Below are notable examples of the bank’s community development loans:

- In 2016, the bank participated \$250,000 in a \$2.5 million revolving line of credit to a local community development organization. The Savings Bank is one of ten banks participating in this line of credit, which promotes economic development in Lawrence. Since the bank participated in the loan, the organization created 14 loans totaling \$917,000 to businesses who would not have been able to obtain traditional financing.
- In 2017, the bank made a \$1.2 million loan for the purchase of 2 buildings containing 25 housing units located in a low-income census tract. Six units receive housing assistance, and the remaining 19 units have rents below fair market thresholds established by the U.S. Department of Housing and Urban Development (HUD).
- In 2018, the bank made a \$620,000 loan for the purchase of a multifamily building in a low-income census tract in Lawrence. The building consists of 11 residential units and 2 retail units. The 11 residential units have rents below HUD fair market rates.

Qualified Investments

During the evaluation period, the bank made 199 qualified investments totaling \$769,000. This total includes \$508,000 in a prior equity investment and \$261,000 in qualified grants and donations. The dollar amount of equity investments equates to 0.1 percent of average total assets and 0.8 percent of average securities since the last evaluation. The table below reflects donations made directly through the bank and through the bank’s TSB Charitable Foundation and Donald E. Garrant Foundation. The bank’s performance is consistent with similarly situated institutions. The following table illustrates the bank’s qualified investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Prior Period	1	508	0	0	0	0	0	0	1	508
07/18/2016-12/31/2016	2	5	9	20	3	9	0	0	14	34
2017	12	18	58	61	3	3	0	0	73	82
2018	15	14	56	67	2	5	1	1	74	87
YTD 2019	4	5	31	47	2	6	0	0	37	58
Total	34	550	154	195	10	23	1	1	199	769

Source: Bank Records

Below are notable examples of the bank’s qualified investment activities.

Equity Investments

The bank did not make any new qualified equity investments since the previous evaluation; however, it maintains one made in a prior period. The bank invested \$500,000 in a CRA qualified investment fund through Community Capital Management. The fund was created for the purpose of creating affordable rental housing, home mortgages, down payment assistance, economic development, job creation, and affordable healthcare. The bank’s shares in the fund have a book value of \$507,744 as of July 31, 2019.

Charitable Contributions

The following list describes notable qualified donations.

- ***Emmaus, Inc.*** – A community-based non-profit organization, Emmaus obtains funds to purchase and develop local buildings for emergency shelters and affordable housing. Additionally, the organization runs a food bank and provides many other services for underserved individuals and families to aid them in becoming self-sufficient. This organization primarily serves low- and moderate-income individuals.
- ***Mission of Deeds*** – Mission of Deeds is a non-profit organization providing beds, used furniture and household items to those in need. The group serves men, women, and children throughout Middlesex and Essex Counties living at or below the federal poverty level, including veterans, transitioning homeless, survivors of domestic abuse, refugees, the elderly, and those with disabilities.
- ***Si, Se Puede, Inc.*** – Si, Se Puede’s mission is to enhance educational opportunities and create community for low-income urban youth and families in Lawrence. The location of the multi-service neighborhood program is in a Housing Project in the lower Tower Hill area. The group provides educational, social and economic support for low-income youth and families.
- ***Wakefield Food Pantry*** - The Wakefield Food Pantry serves low- and moderate-income people with programs including meals to free/reduced lunch student recipients when

school is not in session; groceries to families in need through the Boy & Girls Clubs; mobile pantries to local subsidized senior and public housing; food and toiletries to local veterans; and holiday dinner baskets.

Community Development Services

During the evaluation period, bank employees provided 70 instances of financial expertise or technical assistance to 31 different community development-related organizations in the assessment area. The bank’s level of community development services is comparable to similarly situated institutions. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
07/18/2016-12/31/2016	1	6	5	0	12
2017	7	18	6	0	31
2018	1	18	8	0	27
YTD 2019	0	0	0	0	0
Total	9	42	19	0	70
<i>Source: Bank Records</i>					

Bank employees are involved in local community development organizations in multiple capacities. The employees provide services through membership and participation, providing financial expertise to the organizations they serve. The following are some of the organizations that benefited from bank community development service activities.

- ***Emmaus, Inc.*** – A senior vice president (SVP) serves on the Board of Directors of Emmaus, Inc. Refer to the Charitable Contributions section for a description of Emmaus.
- ***The Haven Project*** – A bank director sits on the Advisory Committee for The Haven Project. The Haven Project fills a gap in services for homeless young adults in Lynn and surrounding areas. The Haven Project helps with basic needs, online learning, educational support, job training and acquisition, stable living options, and opportunities to build community and life skills. This organization primarily benefits low- and moderate-income individuals.
- ***Lawrence Partnership, Inc.*** – A SVP serves on the Loan Committee for Lawrence Partnership, Inc., which works to break down barriers that constrain business growth and employment opportunities for residents of Lawrence. The partnership works with large organizations in various capacities to create lasting employment opportunities and upward mobility for their citizens. This organization primarily benefits low- and moderate-income individuals.

- ***Community Service Network of Stoneham (CSN)*** – A vice president serves on the Board of Directors and as treasurer of CSN. The mission of CSN is to help low- and moderate-income clients access the knowledge, skills, and services that promote independence and self-sufficiency. CSN offers pre-purchase homebuyer education, advocacy and case management, family self-sufficiency counseling, and housing counseling.

Other Services

- The Savings Bank participates in the Basic Banking for Massachusetts program. This program expands access to bank products and services and encourages those with modest incomes to establish banking relationships. Banks participating in the program voluntarily provide low-cost checking and savings accounts that meet specific guidelines. The bank participated in the program for the entire evaluation period.
- The bank maintains a community room at two separate locations, which is available to local non-profit organizations free of charge. Several community development related organizations utilize the space.
- The Savings Bank maintains one branch located in a moderate-income census tract, which borders two low-income and two-moderate income census tracts. The branch is a full-service location that has a 24-hour ATM.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDIX – DIVISION OF BANKS

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2017 and 2018 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the Bank's assessment area contained a total population of 323,156 individuals of which 32.1 percent are minorities. The minority population represented is 1.9 percent Black/African American, 4.8 percent Asian, 0.1 percent American Indian, 24.1 percent Hispanic or Latino, and 1.2 percent other.

The bank's level of lending in 2017 was compared with that of the 2017 aggregate's lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2017 HMDA		2017 Aggregate Data	Bank 2018 HMDA	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.3	0	0.0
Asian	2	1.4	4.9	8	5.3
Black/ African American	0	0.0	3.0	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.4	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	2	1.4	1.4	0	0.0
Total Racial Minority	4	2.8	10.1	8	5.3
White	131	91.6	66.9	126	82.9
Race Not Available	8	5.6	23.0	18	11.8
Total	143	100.0	100.0	152	100.0
ETHNICITY					
Hispanic or Latino	9	6.3	14.2	4	2.6
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.7	1.1	3	2.0
Total Ethnic Minority	10	7.0	15.3	7	4.6
Not Hispanic or Latino	124	86.7	62.9	127	83.6
Ethnicity Not Available	9	6.3	21.8	18	11.8
Total	143	100.0	100.0	152	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2017, HMDA LAR Data 2017 and 2018

In 2017, the bank received 143 HMDA reportable loan applications from within its assessment area. Of these applications, 4 or 2.8 percent were received from minority applicants, 100.0 percent of which resulted in originations. The aggregate received 10.1 percent of its applications from minority applicants, of which 58.5 percent of which were originated. For the same time period, the bank received 10 or 7.0 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 90.0 percent were originated, compared to an aggregate ethnic minority application rate of 15.3 percent with a 57.0 percent origination rate.

In 2018, the bank received 152 HMDA reportable loan applications within its assessment area. Of these applications, 8 or 5.3 percent were received from minority applicants, of which 6 or 75.0 percent resulted in originations. The bank also received 7 or 4.6 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 6 or 85.7 percent were originated.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2017, the bank's minority application flow is adequate.

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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 Areas (CBSAs): 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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: 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.