

PUBLIC DISCLOSURE

January 29, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Winchester Savings Bank
Certificate Number: 90308

661 Main Street
Winchester, Massachusetts 01890

Division of Banks
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Boston, Massachusetts 02118

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

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

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

The Community Development Test is rated Satisfactory.

- The institution demonstrated adequate responsiveness to community development needs in its assessment area through its community development loans, community development investments and donations, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

Winchester Savings Bank (WSB) is a mutually owned financial institution headquartered in Winchester, Massachusetts (MA). The bank operates in Middlesex County and Essex County in Massachusetts. WSB received a Satisfactory rating from the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division) during its prior evaluation dated November 2, 2020. Examiners evaluated the bank's performance using Federal Financial Institutions Examination Council's (FFIEC) Intermediate Small Institution Examination Procedures.

Operations

The bank operates five full-service branches in Middlesex County (4) and Essex County (1), Massachusetts. The bank's main office is located in a middle-income census tract at 661 Main Street in Winchester, MA. During the evaluation period, the bank opened one new location located in a moderate-income census tract in Danvers, MA. The bank's 375 Main Street, Woburn MA location is located in a moderate-income census tract. The bank's Horn Pond Plaza, Woburn, and Arlington locations are located in upper-income census tracts.

WSB is a full-service financial institution that offers a wide range of products and services to both retail and business customers. The bank's deposit products include checking, savings, time deposit, and retirement accounts. The bank's lending products include home mortgage, home equity loans and lines of credit, construction loans, consumer loans, commercial real estate, business term loans and business lines of credit. The bank offers other commercial banking products and services, which includes cash management services. The bank also offers alternative banking services for its consumer and business customers, which includes online banking and bill pay, mobile banking, mobile deposit, person-to-person payments, ATM, and debit card services.

Ability and Capacity

WSB's assets totaled approximately \$769.3 million as of September 30, 2023, and included total loans of \$627.4 million and securities of \$73.7 million. Total deposits were \$585.9 million. Total assets increased 22.5 percent since the previous evaluation. WSB's loan portfolio reflects its residential lending focus and remains consistent with the previous evaluation. The following table illustrates the loan portfolio for WSB.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	71,935	11.4
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	359,271	57.0
Secured by Multifamily (5 or more) Residential Properties	114,312	18.1
Secured by Nonfarm Nonresidential Properties	78,798	12.5
Total Real Estate Loans	624,316	99.0
Commercial and Industrial Loans	5,325	0.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	459	0.1
Other Loans	210	0.0
Total Loans	630,310	100.0
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0%</i>		

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 AREAS

The CRA requires each financial institution to define one or more assessment areas in which examiners will evaluate the institution's CRA performance. WSB designated a single assessment area in the Cambridge-Newton-Framingham, MA Metropolitan Division (15764). The following sections discuss demographic and economic information relevant to the assessment area.

Economic Demographic Data

The current assessment area includes 141 census tracts throughout Middlesex and Essex Counties and consists of the following towns: Arlington, Lexington, Malden, Medford, Melrose, Reading, Stoneham, Wakefield, Winchester, Woburn, Beverly, Danvers, Lynn, Peabody, Salem, and Saugus.

The low-income census tracts are located in Malden, Beverly, Lynn, Peabody, and Salem. The moderate-income census tracts are located in Arlington, Malden, Medford, Melrose, Woburn, Beverly, Danvers, Lynn, Peabody, Salem, and Saugus. The census tract information reflects the following income designations according to the 2020 U.S. Census data:

- 14 low-income census tracts,
- 39 moderate-income census tracts,
- 51 middle-income census tracts,
- 35 upper-income census tracts, and
- 2 tracts with no income designation.

The number of census tracts in the assessment area increased since the prior evaluation due to the updated 2020 U.S. Census data and the addition of the municipalities of Malden, Wakefield,

Beverly, Danvers, Lynn, Peabody, Salem, and Saugus. According to the 2015 American Community Survey (ACS) Data, the prior assessment area has 125 census tracts with the following income designations:

- 16 low-income tracts,
- 31 moderate-income tracts,
- 55 middle-income tracts,
- 23 upper-income tracts, and
- 0 tracts with no income designation.

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)	141	9.9	27.7	36.2	24.8	1.4
Population by Geography	675,781	8.4	27.2	37.9	25.7	0.8
Housing Units by Geography	265,711	8.4	26.7	39.1	24.9	1.0
Owner-Occupied Units by Geography	154,383	3.8	22.5	41.9	31.2	0.6
Occupied Rental Units by Geography	100,773	15.5	32.7	34.4	15.9	1.5
Vacant Units by Geography	10,555	8.8	30.4	41.9	17.6	1.4
Businesses by Geography	69,286	8.0	27.6	37.2	26.6	0.6
Farms by Geography	1,092	8.8	30.6	36.6	23.7	0.3
Family Distribution by Income Level	162,493	24.5	17.8	20.4	37.2	0.0
Household Distribution by Income Level	255,156	28.7	15.2	17.7	38.4	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$121,481	Median Housing Value			\$512,150
			Median Gross Rent			\$1,523
			Families Below Poverty Level			6.3%
<i>Source: 2020 ACS, 2022 D&B Data, and FFIEC Estimated Median Family Income;</i> <i>(*) 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. In 2022, of the 265,711 total housing units, 58.1 percent, or 154,383 were owner occupied. Of the 154,383 owner-occupied units, 3.8 percent were located in low-income geographies, and 22.5 percent were located in moderate-income geographies. Therefore, home mortgage lending opportunities in low-income geographies in the bank’s assessment area is limited. Additionally, the median housing cost of \$512,150 is well above the U.S. median housing cost of \$348,079.

Examiners also used the FFIEC updated median family income to analyze the bank’s performance in home mortgage lending under the Borrower Profile criterion. The following table reflects the low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA Median Family Income (15764)				
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
2021 (\$120,200)	<\$60,100	\$60,100 to <\$96,160	\$96,160 to <\$144,240	≥\$144,240
2022 (\$138,700)	<\$69,350	\$69,350 to <\$110,960	\$110,960 to <\$166,440	≥\$166,440
2023 (\$146,200)	<\$73,100	\$73,100 to <\$116,960	\$116,960 to <\$175,440	≥\$175,440
<i>Source: FFIEC</i>				

According to 2022 D&B data, 69,286 non-farm businesses operate in the bank’s assessment area. The following reflects the gross annual revenues (GARs) for these businesses:

- 90.3 percent have revenues \$1.0 million or less,
- 3.6 percent have revenues more than \$1.0 million, and
- 6.1 percent have unknown revenues.

Service industries represent the largest portion of businesses (37.9 percent); followed by non-classifiable establishments (21.8 percent); finance, insurance, and real estate (11.0 percent); retail trade (9.7 percent); and construction (8.7 percent). The remaining 10.9 percent consists of multiple industries. In addition, 93.1 percent of area businesses operate from a single location and 63.5 percent of area businesses have four or fewer employees.

Data obtained from the Massachusetts Department of Economic Research indicates in December 2023, the unemployment rate was 3.5 percent statewide, 3.0 percent in Middlesex County, and 3.6 percent in Essex County.

Competition

Financial services are highly competitive within the assessment area. According to the FDIC June 30, 2022, Deposit Market Share Report, 32 financial institutions operate 200 full-service branches in the assessment area. Of these institutions, WSB ranks 14th with a 1.8 percent deposit market share. The top three institutions based on deposit market share are Bank of America, N.A. (15.2 percent), Eastern Bank (11.3 percent), and Salem Five Bank (10.9 percent).

According to 2022 aggregate home mortgage data, there is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2022, 457 lenders originated or purchased 27,520 home mortgage loans. WSB ranked 80th with 0.2 percent market share.

The analysis of small business loans in this evaluation does not include comparisons to aggregate data, as the bank is not required to report small business loans. However, examiners referenced the

data to determine the level of demand and competition in the area for small business lending. In 2022, 183 lenders reported 67,827 small business loans, indicating a high level of competition for small business lending. The top three small business lenders were American Express National Bank (29.3 percent), Bank of America, N.A. (12.4 percent), and JPMorgan Chase Bank N.A. (11.9 percent).

Community Contact

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

Examiners contacted a representative from a local community development organization that provides affordable housing in the assessment area. During the interview, the contact discussed several challenges in providing affordable housing in their service area. The contact discussed the difficulty in accessibility and ability to develop housing. The contact discussed difficulties in zoning regulations, the availability of financing, and difficulties in construction which causes projects to be delayed. The contact also discussed the need for first time home buyer classes as potential borrowers lack the knowledge of available programs and grants. The contact also noted the need for institutions to provide these grants and programs, as a lack of availability of these products has made it difficult to fully serve potential borrowers.

Community Development and Credit Needs

Examiners considered economic and demographic data, information gathered from the community contact, and discussions with bank management to determine the assessment area's primary credit and community development needs. Examiners determined that access to affordable housing is the primary community development need. Examiners also identified financial literacy opportunities to assist consumers in understanding the home buying process and how to pursue affordable housing programs and grants. Innovative and flexible home loan products represent the primary credit need of the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation date of November 2, 2020, to the current evaluation date of January 29, 2024. The Division and FDIC used the FFIEC Interagency Intermediate-Small Institution Examination Procedures to evaluate the institution's performance. These procedures include two tests, the Lending Test and Community Development Test.

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

- LTD ratio
- Assessment Area Concentration
- Geographic Distribution
- Borrower Profile
- Response to CRA related complaints

The Community Development Test considers the following factors:

- The number and dollar amount of community development loans, qualified investments and donations, 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. This evaluation does not include any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgages and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank does not originate small farm loans; therefore, they were not included in the analysis of the bank's CRA Performance.

Examiners considered all home mortgage loans reported on the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LAR). The bank reported 225 loans totaling \$139.7 million in 2020; 218 home mortgage loans totaling \$130.9 million in 2021; and 104 home mortgage loans totaling \$89.4 million in 2022. Examiners compared the bank's performance in 2020, 2021, and 2022 to aggregate home mortgage data. Examiners also compared the bank's performance in 2020 and 2021 to 2015 ACS demographic data and 2022 performance to the 2020 U.S. Census Data.

Although WSB is not required to collect small business loan data, the bank did collect small business loan data for 2021 and 2022. Therefore, examiners evaluated the full universe of small business loans originated in 2021 and 2022. In 2021, the bank originated 9 small business loans totaling \$1.9 million and in 2022, the bank originated 6 small business loans totaling \$1.1 million. Examiners compared the bank's performance to 2021 and 2022 D&B demographic data.

The bank's home mortgage loan originations received more weight when determining overall conclusions due to the bank's business strategy and the larger loan volume as compared to small business loan originations. Bank records indicated that the product mix and lending focus has remained consistent throughout the evaluation period.

For the Lending Test, examiners analyzed the number and dollar volume of loans. The evaluation presents the number and the dollar volume of loans, but examiners emphasized performance by number of loans as it is a better indicator of the number of individuals and business served.

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 November 2, 2020 through January 29, 2024.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

WSB demonstrated reasonable performance under the Lending Test. The Assessment Area Concentration and Borrower Profile performance primarily support 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 91.1 percent over the past 12 calendar quarters from December 31, 2020, to September 30, 2023. The ratio ranged from a low of 82.8 percent on March 31, 2022, to a high of 107.1 percent on September 30, 2023. The following table represents the average LTD ratio for WSB compared to similarly situated institutions. Examiners selected similarly situated institutions based on asset size, geographic location, and lending focus. WSB's LTD ratio was higher than those comparable institutions.

LTD Ratio Comparison		
Bank	Total Assets as of 9/30/2023 (\$000s)	Average Net LTD Ratio (%)
Winchester Savings Bank	769,285	91.1
The Savings Bank	768,661	77.2
Winchester Co-Operative Bank	769,525	75.4

Source: Reports of Condition and Income 12/31/2020 – 9/30/2023

Assessment Area Concentration

WSB originated a majority of its home mortgage and small business loans by number within its assessment area. During the evaluation period, the bank originated 50.0 percent of its home mortgage loans and small business loans inside the assessment area. In 2022, rising interest rates and housing prices were contributing facts to the overall decrease in home mortgage loans. Please refer to the following table for totals by year and loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	111	49.3	114	50.7	225	53,936	38.6	85,714	61.4	139,650
2021	114	52.3	104	47.7	218	49,949	38.2	80,945	61.8	130,894
2022	42	40.4	62	59.6	104	23,551	26.4	65,822	73.6	89,373
Subtotal	267	48.8	280	51.2	547	127,436	35.4	232,481	64.6	359,917
Small Business										
2021	9	100.0	0	0.0	9	1,910	100.0	0	0.0	1,910
2022	5	83.3	1	16.7	6	880	81.5	200	18.5	1,080
Subtotal	14	93.3	1	6.7	15	2,790	93.3	200	6.7	2,990
Total	281	50.0	281	50.0	562	130,226	35.9	232,681	64.1	362,907
<i>Source: HMDA Reported Data; CRA Reported Data</i>										

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank's poor performance of home mortgage lending supports this conclusion. Although more emphasis is placed on the number of loans, the dollar volume of loans made in low- and moderate-income census tracts is low. Examiners also noted that the bank changed its assessment area in 2023. The bank's assessment area for 2020 and 2021 consisted of zero low-income census tracts and four moderate-income census tracts. In 2022, the bank's assessment area still contained zero low-income census tracts and nine moderate-income census tracts. Nonetheless, examiners compared the bank's lending to the current assessment area and reviewed the bank's activities using the assessment area from the bank's prior evaluation. Examiner's review of the previous assessment area was necessary as lending activity took place before the bank's assessment area change.

Home Mortgage

The geographic dispersion of home mortgage loans reflects poor dispersion throughout the assessment area. In 2020, the bank's performance in low- and moderate-income census tracts was below the aggregate performance and the percentage of owner-occupied housing units. In 2021, the bank did not originate a loan in low-income census tracts. Although the bank increased its performance in moderate-income census tracts, its performance remained below the aggregate performance and percentage of owner-occupied housing units. In 2022, the bank's performance in low-income census tracts was again below the aggregate and demographic data. In moderate-income census tracts, the bank increased its percentage of loans in moderate-income census tracts, but was still below the aggregate and demographic data. The following table illustrates the bank's dispersion of home mortgage loans by census tract income level within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.4	4.4	2	1.8	669	1.2
2021	4.4	4.9	0	0.0	0	0.0
2022	3.8	5.2	0	0.0	0	0.0
Moderate						
2020	19.7	19.2	4	3.6	1,188	2.2
2021	19.7	19.6	5	4.4	1,019	2.0
2022	22.5	24.8	6	14.3	2,969	12.6
Middle						
2020	52.2	53.5	44	39.6	14,270	26.5
2021	52.2	51.6	43	37.7	13,613	27.3
2022	41.9	39.6	12	28.6	6,173	26.2
Upper						
2020	23.7	22.9	61	55.0	37,810	70.1
2021	23.7	23.8	66	57.9	35,317	70.7
2022	31.2	29.6	24	57.1	14,409	61.2
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.6	0.8	0	0.0	0	0.0
Total						
2020	100.0	100.0	111	100.0	53,936	100.0
2021	100.0	100.0	114	100.0	49,949	100.0
2022	100.0	100.0	42	100.0	23,551	100.0
<i>Source: 2015 & 2020 ACS; Bank Data, 2020, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. In moderate-income census tracts in 2021, the bank originated 22.2 percent of its small business loans in moderate-income census tracts, which was above the percentage of small businesses in those areas. The bank's performance slightly decreased in 2022 and fell below that of the percentage of small businesses in moderate-income census tracts in the assessment area, but its

performance remained reasonable. The following table illustrates the bank’s dispersion of home mortgage loans by census tract income level within the assessment area.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	9.1	--	--	--	--
2022	8	--	--	--	--
Moderate					
2021	20.7	2	22.2	280	14.7
2022	27.6	1	16.7	30	2.8
Middle					
2021	49.3	2	22.2	260	13.6
2022	37.2	2	33.3	410	38
Upper					
2021	20.9	5	55.6	1,370	71.7
2022	26.6	3	50	640	59.2
Not Available					
2021	--	--	--	--	--
2022	0.6	--	--	--	--
Total					
2021	100	9	100	1,910	100
2022	100	6	100	1,080	100
<i>Source: 2021 & 2022 D&B Data; 2021& 2022 CRA Aggregate Data, "--" data not available.</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Home Mortgage

The borrower profile of home mortgage loans reflects reasonable penetration to borrowers of different income levels. In 2020, the bank made 9.0 percent of its home mortgage loans to low-income borrowers. In 2021, the bank’s performance decreased to 5.3 percent which was slightly below the aggregate amount of 5.8 percent to low-income borrowers. In 2022, the bank increased its performance to 7.1 percent of loans to low-income borrowers, which is comparable to the aggregate at 7.8 percent.

In lending to moderate-income borrowers, the bank was below the aggregate in 2020, but increased its performance in 2021. In 2021, the bank increased to 21.2 percent of its loans to moderate-income borrowers, which was above the aggregate at 19.2 percent. In 2022, the bank’s performance

decreased to 16.7 percent, which was below the aggregate at 19.6 percent. The following table illustrates the bank's lending to borrowers of different income levels in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.8	5.1	10	9.0	1,714	3.2
2021	24.8	5.8	6	5.3	874	1.8
2022	24.5	7.8	3	7.1	692	2.9
Moderate						
2020	17.5	20.0	10	9.0	2,985	5.5
2021	17.5	19.2	24	21.1	5,492	11.0
2022	17.8	19.6	7	16.7	2,044	8.7
Middle						
2020	21.2	24.3	24	21.6	7,779	14.4
2021	21.2	23.4	28	24.6	10,904	21.8
2022	20.4	23.4	9	21.4	4,486	19.0
Upper						
2020	36.5	39.1	65	58.6	41,054	76.1
2021	36.5	37.7	55	48.2	32,508	65.1
2022	37.2	35.7	21	50.0	14,847	63.0
Not Available						
2020	0.0	11.5	2	1.8	405	0.8
2021	0.0	13.8	1	0.9	170	0.3
2022	0.0	13.5	2	4.8	1,482	6.3
Total						
2020	100.0	100.0	111	100.0	53,936	100.0
2021	100.0	100.0	114	100.0	49,949	100.0
2022	100.0	100.0	42	100.0	23,551	100.0
<i>Source: 2015 & 2020 ACS; Bank Data, 2020, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The distribution of small business loans reflects reasonable penetration to businesses with GARs of \$1.0 million or less. The following table shows that the bank originated 55.5 percent of its small business loans to businesses with GARs of \$1.0 million or less in 2021. The bank's performance decreased in 2022 to 33.3 percent of its small business loans to those businesses. The bank's

performance in lending to businesses with GARs less than \$1.0 million is below the percentage of small businesses with similar revenues; however, the bank faces significant competition from many larger institutions in the assessment area. Considering the high level of competition for business lending in the assessment area, the bank’s performance is considered reasonable. The following table illustrates the bank’s penetration of small business lending by GAR level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Business Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	88.3	5	55.5	840	44
2022	89.3	2	33.3	260	24.1
>\$1,000,000					
2021	4.6	4	44.5	1,070	56
2022	4	4	66.7	820	75.9
Revenue Not Available					
2021	7.1	--	--	--	--
2022	6.7	--	--	--	--
Total					
2021	100	9	100	1,910	100
2022	100	6	100	1,080	100
<i>Source: 2021 & 2022 D&B Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

WSB demonstrated adequate responsiveness to the community development needs of 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.

Community Development Loans

The bank originated five community development loans totaling approximately \$8.0 million during the evaluation period. This level of activity represents 1.2 percent of average total assets and 1.6 percent of average total loans during the evaluation period. This level of lending represents an increase in the number and dollar volume of community development lending since the previous

evaluation when the bank originated four loans totaling \$3.6 million, representing 0.7 percent of average total assets and 0.6 percent of average total loans.

The bank’s community development lending by dollar amount compared favorably to one similarly situated institution, but fell below another similarly situated institution. Nonetheless, the bank’s higher level of community development lending compared to the prior evaluation demonstrates increased responsiveness to community development lending opportunities in the assessment area.

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

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
11/3/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	2	2,000	0	0	0	0	0	0	2	2,000
2022	1	513	0	0	0	0	0	0	1	513
2023	2	5,452	0	0	0	0	0	0	2	5,452
YTD 2024	0	0	0	0	0	0	0	0	0	0
Total	5	7,965	0	0	0	0	0	0	5	7,965

Source: Bank Data

The following are notable examples of WSB’s qualified community development lending activities:

- ***Affordable Housing Construction Loan*** - In 2023, the bank originated a \$4.9 million loan to fund the construction of a 26-unit mixed-use property (2 commercial units and 24 residential units) in a low-income census tract in Lynn, MA. Once completed, all 24 residential units will be leased to low-income individuals and will help meet the need for affordable housing in the bank’s assessment area.
- ***Affordable Housing Refinance*** – In 2021, the bank refinanced a \$1.5 million loan secured by a 6-unit residential apartment building located in a moderate-income census tract in Chelsea, MA. All 6 units are rented to low-income individuals who qualify for housing choice vouchers under Section 8 of the Housing Act of 1937.

Qualified Investments

WSB made 102 qualified investments totaling approximately \$20.7 million. This total includes 18 equity investments totaling \$20.6 million and 84 donations totaling approximately \$107,669. Of these investments, 18 equity investments and 1 donation benefitted the statewide or regional area. Examiners determined the bank met the needs of the assessment area; therefore, examiners considered those investment activities outside the assessment area. The bank’s investments represent 3.1 percent of average total assets and 31.0 percent of average total securities. Investment activity increased by dollar amount since the prior evaluation where the bank made 111 qualified

investments for approximately \$3.0 million. WSB’s investment activity exceeds that of similarly situated institutions.

The following table classifies by purpose qualified investments and donations in the combined assessment area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	764	0	0	0	0	2	2,367	4	3,131
11/3/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	1	500	0	0	0	0	8	7,500	9	8,000
2022	0	0	0	0	0	0	3	5,500	3	5,500
2023	0	0	0	0	0	0	2	4,000	2	4,000
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	3	1,264	0	0	0	0	15	19,367	18	20,631
Qualified Grants & Donations	3	9	81	99	0	0	0	0	84	108
Total	6	1,273	81	99	0	0	15	19,367	102	20,739
<i>Source: Bank Data</i>										

Equity Investments

The following are notable examples of a qualified equity investments that benefitted the bank’s assessment area or the greater statewide area.

- **Federal Farm Credit Bank (FFCB)** – During the evaluation period, WSB purchased 13 bonds totaling \$17.0 million benefitting the FFCB. The FFCB provides credit to farmers and ranchers nationwide, and makes loans to finance rural communication, energy, and water infrastructure improvements. The bank also retained one prior period FFCB bond investment with a book value of \$2.0 million.
- **Massachusetts Economic Development and Finance Agency (MassDevelopment)** – During the evaluation period, WSB retained two prior period MassDevelopment bond investments. Investment proceeds finance the purchase, construction, and rehabilitation of affordable housing throughout Massachusetts. The current book value of the two bond investments as of December 31, 2023 are \$382,066 and \$764,064.

Qualified Donations

The following are notable examples of qualified donations that benefit the bank’s assessment area.

- **Council of Social Concern (CSC)** – WSB made several donations totaling \$12,697 to CSC during the evaluation period. CSC provides low cost daycare, parenting education classes, and operates a food pantry serving Woburn, Winchester, and other communities within and adjacent to the bank’s assessment area.

- **Housing Corporation of Arlington (HCA)** – During the evaluation period, WSB made several donations totaling \$9,000 to this organization. HCA currently maintains 150 affordable housing units in Arlington, MA, and is developing additional units. HCA also administers a Homelessness Prevention Grant Program to help maintain housing for individuals that are temporarily unemployed or experiencing short-term financial difficulty.

Community Development Services

During the evaluation period, bank staff provided 79 hours of qualified community development services to 7 organizations serving the assessment area and the broader statewide area. WSB’s level of community development service activity is similar to the previous evaluation period when bank employees provided 47 instances of service to 11 organizations. WSB’s performance is comparable to similarly situated financial institutions operating in MA. Additionally, two of the bank’s five branches are in moderate-income areas, and deposit-taking ATMs are available at both locations. The following table illustrates the bank’s community development service hours by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
11/3/2020 – 12/31/2020	0	0	0	0	0
2021	0	23	0	0	23
2022	0	30	0	0	30
2023	0	26	0	0	26
YTD 2024	0	0	0	0	0
Total	0	79	0	0	79

Source: Bank Data

The following is a sample of community development services that benefit the assessment area.

- **Community Services Network (CSN)** - During the evaluation period, a mortgage loan officer taught a four-week first-time home buyer education program to CSN clients. CSN provides housing and financial-related counseling and educational services to low- and moderate-income individuals to promote independence and self-sufficiency.
- **Shamrock Elementary School** - During the evaluation period, two employees, a Vice President of branch administration and a relationship banker, taught financial literacy to students attending Shamrock Elementary School in Woburn, MA. The majority of students attending the school are low- and moderate-income and qualify for low- or reduced-price lunch.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. 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

Division of Banks Examiners reviewed the bank’s 2021 and 2022 HMDA LARs to determine if the application flow from different racial groups within the bank’s assessment area reflects the assessment area demographics.

According to the 2020 U.S. Census data, the bank’s assessment area contained a total population of 675,781 individuals, of which 34.2 percent are from minority groups. The assessment area’s minority and ethnic population is 6.3 percent Black/African American, 11.3 percent Asian, 0.1 percent American Indian, 12.8 percent Hispanic or Latino, and 1.5 percent from other minority groups.

The following table exhibits the bank’s minority application flow compared to aggregate lenders in the assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2021		2021 Aggregate Data	Bank 2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.3
Asian	2	1.3	9.5	5	7.8	10.1
Black/ African American	2	1.3	3.0	2	3.1	3.7
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	2	1.3	1.8	1	1.6	2.1
Total Racial Minority	6	3.9	14.7	8	12.5	16.5
White	99	64.3	59.1	33	51.6	57.9
Race Not Available	49	31.8	26.2	23	35.9	25.6
Total	154	100.0	100.0	64	100.0	100.0
ETHNICITY						
Hispanic or Latino	2	1.3	7.0	2	3.1	8.3
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.3	0	0.0	1.5
Total Ethnic Minority	2	1.3	8.3	2	3.1	9.8
Not Hispanic or Latino	87	56.5	66.3	38	59.4	65.6
Ethnicity Not Available	65	42.2	25.4	24	37.5	24.6
Total	154	100.0	100.0	64	100.0	100.0

Source: ACS Census 2015, 2020 U.S. Census, HMDA Aggregate Data 2021 and 2022, HMDA LAR Data 2021 and 2022

WSB received 154 HMDA reportable loan applications in 2021. Of these, the bank received 6, or 3.9 percent from racial minority applicants within the bank's assessment area, compared to the aggregate performance of 14.7 percent. The bank originated 4, or 66.7 percent of loans from racial minority applicants, compared to the aggregate origination rate of 64.9 percent. The bank received two, or 1.3 percent, from applicants of Hispanic or Latino origin within its assessment area, compared to the aggregate performance of 8.3 percent. The bank originated all applications from applicants of Hispanic or Latino origin, while the aggregate originated 60.1 percent.

In 2022, the bank received 64 HMDA reportable loan applications from within its assessment area. Of these, the bank received 8, or 12.5 percent, from racial minority groups, compared to the aggregate performance of 20.0 percent. Of these applications, the bank originated 6, or 75.0 percent, compared to the aggregate origination rate of 59.5 percent. The bank received two, or 3.1 percent, from applicants of Hispanic or Latino origin, compared to the aggregate performance of 9.8 percent. Neither of these applications were originated by the bank as both were withdrawn by the applicant or incomplete, while the aggregate originated 57.2 percent.

Considering the demographic data and housing composition of the assessment area, the bank's minority application flow is considered adequate.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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