

PUBLIC DISCLOSURE

December 21, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Webster Five Cents Savings Bank
Certificate Number: 90297

136 Thompson Road
Webster, Massachusetts 01570

Division of Banks
1000 Washington Street, 10th Floor
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 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**.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory		X	
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

*** FDIC rules and regulations stipulate use of a high satisfactory and low satisfactory for the three tests. For purposes of this jointly issued public evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the Lending, Investment and Service Test ratings.*

The Lending Test is rated Satisfactory.

- The lending activity reflects adequate responsiveness to assessment area credit needs.
- An adequate percentage of loans are made in the institution’s assessment area.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product line offered by the bank, adequate penetration among borrowers of different income levels and businesses of different sizes.
- The bank makes limited use of innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The bank has made an adequate level of community development loans.

The Investment Test is rated High Satisfactory.

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

The Service Test is rated Outstanding.

- Delivery Systems are readily accessible to all portions of the institution's assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly to low- and moderate-income geographies or individuals.
- The institution is a leader in providing community development services.

SCOPE OF EVALUATION

General Information

Large Bank CRA examination procedures were used to evaluate Webster Five Cents Savings Bank's (Webster Five) CRA performance. These procedures evaluate the bank's CRA performance pursuant to three tests: Lending, Investments, and Services. The CRA evaluation considered activity from August 28, 2012, through December 21, 2015.

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment area through home mortgage, small business, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area(s); (3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area; (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the volume of community development lending; and (6) the use of innovative or flexible lending practices.

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. The Investment Test is evaluated pursuant to the (1) dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; (3) the responsiveness of qualified investments to credit and community development needs; and (4) the degree to which the qualified investments are not routinely provided by private investors.

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area through community development and retail services. The Service Test is evaluated pursuant to (1) the institution's record of helping to meet the needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services; and (2) the extent and innovativeness of its community development services.

The bank does not have any affiliates that make retail loans; therefore, this evaluation does not include lending activity performed by affiliates.

Loan Products Reviewed

The lending analysis includes residential mortgages and small business loans originated between January 1, 2013, and September 30, 2015 (YTD 2015) within the assessment area. As reflected by the September 30, 2015 Call Report, residential mortgage loans made up 54.7 percent of total loans, while commercial real estate and commercial and industrial loans made up 34.8 percent of total loans. Since residential mortgage lending represents the bank's primary product line, more weight is assigned to this loan type when arriving at Lending Test conclusions and ratings. Residential mortgage loan data was derived from the bank's Loan Application Registers (LARs) maintained in accordance with the Home Mortgage Disclosure Act (HMDA). The bank reported

193 loans totaling \$34.8 million in 2013, 269 loans totaling \$96.6 million in 2014, and 163 loans totaling \$53.8 million in YTD 2015. The evaluation focused on 2014 performance, the most recent year for which aggregate data is available. Aggregate data includes lending activity in the assessment area from all HMDA-reporting institutions.

Information concerning small business loans was derived from the bank's CRA Loan Registers. The bank reported 50 loans totaling \$7.2 million in 2013, 39 loans totaling \$8.6 million in 2014, and 81 loans totaling \$16.1 million in YTD 2015. Similar to residential lending, the evaluation focused on 2014 performance and comparisons to aggregate data.

Consumer lending was not evaluated since the bank did not collect and report this data. The product line only represents 5.3 percent of the portfolio. In addition, the bank did not originate any small farm loans.

The evaluation also compared residential mortgage and small business lending to demographic data primarily obtained from the 2010 United States (U.S.) Census. Business demographic information was obtained from D&B. Economic information was obtained from Moody's Analytics and U.S. Bureau of Labor Statistics.

The Lending Test also considered community development loans and innovative and flexible lending from August 28, 2012 through December 21, 2015. The Investment and Service Tests considered qualified investments and community development services from the same time period.

DESCRIPTION OF INSTITUTION

Background

Webster Five is a state-chartered, stock savings bank headquartered in Webster, Massachusetts. The bank is a wholly-owned subsidiary of WEBFIVE, a bank holding company. The bank operates four subsidiaries: Webster One, Inc.; Webster Two, Inc.; the Webster Five Cents Savings Foundation (WFCSF); and OREO Bay, LLC. Webster One, Inc. and Webster Two, Inc. are securities corporations that hold the bank's securities portfolio for tax purposes. WFCSF makes grants to a variety of public charities, and OREO Bay, LLC holds real estate obtained by the bank through foreclosure. None of the bank's subsidiaries offer loans or other financial products and services to the public.

Operations

The bank's main office is located at 136 Thompson Road, Webster, Massachusetts. Additionally, the bank operates six full-service branches in its assessment area. These branches are in the following towns and cities; Worcester (2), Auburn, Dudley, Oxford, and Shrewsbury. The bank also maintains an operations center located at 10 A Street, Auburn, Massachusetts. This facility does not offer retail services and is not open to the public.

The main office and all full service-branches have a 24-hour automated teller machine (ATM). The bank also has one remote ATM located in Webster.

Since the last exam, the bank closed its Grafton Street branch in Worcester in 2013. However, this branch was in close proximity to the other two branches in Worcester, MA. Therefore, the closure of the Grafton Street Branch did not affect service availability in the area. In 2015, the bank relocated one of its Worcester branches from 200 Commercial Street, Worcester to 100 Front Street, Worcester.

The institution offers a variety of personal and business deposit and lending products. Deposit products include checking, savings, money market accounts, and certificates of deposit. The institution offers loan products including home mortgages, personal loans, home equity loans, and commercial loans. Webster Five primarily focuses on residential lending. The bank provides alternative delivery systems such as online and mobile banking, electronic bill pay, and mobile check deposits.

Ability and Capacity

As of September 30, 2015, the bank had total assets of \$696.5 million and total deposits of \$505.0 million. Total loans were \$532.2 million and represented 76.4 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 104.2 percent. Since the last CRA evaluation, the bank's assets have increased 23.8 percent, net loans have increased 53.8 percent, and deposits have increased 9.7 percent. Bank management attributed the large increase in net loans to the purchasing of residential and consumer loans and increased commercial loan activity.

The bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the following table, approximately 50.7 percent of the loans are secured by residential one-to-four family properties, followed by commercial real estate loans at 27.3 percent and commercial and industrial loans at 7.5 percent. The following table illustrates the current distribution of the bank's loan portfolio.

Loan Portfolio Distribution as of 09/30/2015		
Loan Category	\$(000s)	%
Construction and Land Development	27,823	5.2
Secured by Farmland	153	0.0
1-4 Family Residential	269,390	50.7
Multi-family (5 or more) Residential	21,283	4.0
Commercial Real Estate	145,417	27.3
Total Real Estate Loans	464,066	87.2
Commercial and Industrial	39,648	7.5
Consumer	28,078	5.3
Other	383	0.0
Total Loans	532,175	100.0
<i>Source: Reports of Income and Condition</i>		

As of August 27, 2012, the Division and the FDIC rated the bank's previous CRA performance "Outstanding" using Large Bank CRA Examination Procedures. There are no significant financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area.

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. Webster Five designated a single assessment area in the Worcester, MA-CT Metropolitan Statistical Area (MSA). The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

The bank's assessment area includes the following 15 cities and towns from the Worcester, MA-CT MSA: Worcester, Auburn, Charlton, Oxford, Dudley, Webster, Douglas, Shrewsbury, Boylston, Grafton, Northborough, Westborough, and Leicester, Massachusetts. It also includes Putnam and Thompson, Connecticut. The assessment area has not changed since the last exam.

The bank's assessment area consists of 83 tracts that reflect the following income designations, according to the 2010 U.S. Census:

- 12 low-income tracts
- 18 moderate-income tracts
- 31 middle-income tracts
- 20 upper-income tracts
- 2 tracts with no income designation

The following table provides additional demographic and economic information pertaining to the bank's assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	83	14.5	21.7	37.3	24.1	2.4
Population by Geography	380,718	13.4	18.4	36.9	30.4	0.9
Housing Units by Geography	158,737	14.2	20.7	37.8	27.3	0.0
Owner-Occupied Units by Geography	89,321	4.1	13.8	45.7	36.4	0.0
Occupied Rental Units by Geography	55,859	27.0	29.8	27.8	15.4	0.0
Vacant Units by Geography	13,557	28.7	28.5	27.0	15.8	0.0
Businesses by Geography	26,316	15.4	16.1	34.6	33.8	0.1
Family Distribution by Income Level	93,110	23.3	16.9	21.1	38.7	0.0
FFIEC Median Family Income (MFI): Worcester, MA-CT MSA MFI for 2014 Worcester, MA-CT MSA MFI for 2015		\$77,900 \$81,500	Median Housing Value Median Gross Rent Families Below Poverty Level			\$298,539 \$861 8.6%
<i>Source: 2010 U.S. Census, 2014 and 2015 D&B Data, and FFIEC Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2014 D&B data, there are 26,316 businesses within the assessment area. Gross annual revenues (GARs) for these businesses are below:

- 70.0 percent have \$1 million or less
- 6.1 percent have more than \$1 million
- 23.9 percent have unknown revenues

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 44.3 percent; followed by retail trade (13.2 percent); non-classifiable establishments (11.5 percent); and finance, insurance and real estate (8.4 percent). In addition, 63.0 percent of area businesses have four or fewer employees, and 89.2 percent operate from a single location.

The 2014 and 2015 FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories are presented in the following table. These categories are based on the FFIEC-updated median family income of \$77,900 in 2014 and \$81,500 in 2015 for the Worcester, MA-CT MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester MSA Median Family Income				
2014 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
<i>Source: FFIEC Median Family Incomes</i>				

According to the 2010 U.S. Census Data, the unemployment rate for the assessment area was 7.8 percent. Data obtained from the U.S. Bureau of Labor and Statistics as of December 31, 2014, indicates that the unemployment rate was 4.9 percent for Massachusetts and 5.3 percent for the Worcester, MA-CT MSA.

Moody’s Analytics describes the region as in recovery, with foreclosures and high business costs representing weaknesses. Healthcare-related organizations employ roughly 22 percent of the area’s population, with University of Massachusetts Memorial Health Care, Fallon Clinic, and Saint Vincent’s Hospital employing nearly 18,000 people. Other leading employers include federal, state, and local governments; University of Massachusetts Medical School; and BJ’s Wholesale Club. Moody’s also indicates that unemployment over the last six months has remained relatively stable.

Competition

The bank faces strong competition from other financial institutions that originate loans within the assessment area. The institutions range in size from small credit unions and mortgage companies to the largest banks in New England. Among the more prominent lenders competing with Webster Five are Hometown Bank, Commerce Bank, Southbridge Savings Bank, Savers

Cooperative Bank, Bay State Savings Bank, as well as national banks such as Wells Fargo, JPMorgan Chase, and Bank of America.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to gain an understanding of the credit and community development needs. This information allows examiners to determine whether local financial institutions are responsive to identified needs and opportunities. The contact may also help identify what credit and community development opportunities are available. Examiners contacted two representatives from organizations located in Worcester County.

The first organization provides affordable housing and community services to residents in the City of Worcester. It offers affordable housing and youth programs, neighborhood business planning, and acquires vacant land to construct affordable rental units. The organization stated there is significant need for affordable housing in Worcester.

The second community contact provides affordable and financial literacy services to residents in the greater Worcester area. The contact noted a significant need for financial literacy programs, as many clients lack knowledge of homeownership, home financing, and flexible financing programs provided to low- and moderate-income residents. The organization also emphasized the need to rehabilitate foreclosed properties in Worcester.

Both community contacts specified that local financial institutions have been highly responsive to local community development needs.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic data, Examiners determined that financial literacy and affordable housing represent primary needs for the assessment area, especially in Worcester's low-income census tracts. Furthermore, Worcester's old housing stock and the poor condition of some neighborhoods reflect needs for revitalization and stabilization activities.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank is rated “Satisfactory” in the Lending Test. The following sections address the bank’s performance under the Lending Test component throughout the assessment area.

Lending Activity

The bank’s lending activity reflects adequate responsiveness to assessment area credit needs. The following discusses the bank’s lending activity by loan type.

Home Mortgage Loans

In 2014, the bank originated 102 home mortgage loans totaling \$18.6 million in the assessment area. Home purchase and refinance loans represented the primary focus, comprising 48.0 percent and 36.2 percent, respectively, of the total number of loans. In YTD 2015, refinances became a larger part the bank’s home mortgage lending at 50.0 percent, while home purchases fell to 31.6 percent.

Market share data for 2014 provides additional insight into the bank’s volume of home mortgage lending. The bank ranked 20th with a 1.1 percent market share among the 324 lenders that originated or purchased home mortgage loans in the bank’s assessment area. The top three lenders were Wells Fargo Bank with a 7.1 percent market share, JPMorgan Chase Bank with a 4.0 percent share, and Quicken Loans at 3.9 percent.

Small Business Loans

In 2014, the bank originated 32 small business loans totaling \$6.1 million in the assessment area. Small business loans funded a variety of business purposes, such as working capital, business expansion, equipment purchases, and the purchase or refinance of commercial real estate. Market share data for 2014 shows that the bank ranked 33rd with a 0.3 percent market share among 89 reporting lenders.

In YTD 2015, the number of small business loans increased in both number and dollar amount compared to the prior year. The bank originated 59 small business loans totaling \$9.7 million in the assessment area.

Assessment Area Concentration

Webster Five made a majority of its total home mortgage and small business loans inside the assessment area. The following table illustrates the percentage of loans originated or purchased inside and outside of the assessment area.

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										
2013	122	63.2	71	36.8	193	16,149	46.3	18,723	53.7	34,872
2014	102	37.9	167	62.1	269	18,562	19.2	78,011	80.8	96,573
YTD 2015	76	46.6	87	53.4	163	14,236	26.5	39,580	73.5	53,816
Subtotal	300	48.0	325	52.0	625	48,947	26.4	136,314	73.6	185,261
Small Business										
2013	42	84.0	8	16.0	50	5,560	76.7	1,688	23.3	7,248
2014	32	82.1	7	17.9	39	6,114	71.2	2,469	28.8	8,583
YTD 2015	59	72.8	22	27.2	81	9,740	60.3	6,405	39.7	16,145
Subtotal	133	78.2	37	21.8	170	21,414	64.1	10,562	35.9	31,976
Total	433	54.5	362	45.5	795	70,361	32.4	146,876	67.6	217,237

Source: 2013, 2014, and 2 quarters of 2015 HMDA and CRA Reported Data

Assessment area concentration has declined since the previous evaluation, with 2014 reflecting the lowest percentage. The bank’s significant volume of home mortgage loans outside the area drove this trend. Despite the concentration of loans outside the assessment area, the bank ranked 20th with a 1.1 percent market share in the assessment area among all HMDA-reporting institutions. Other community banks, such as Hometown Bank, Savers Co-operative Bank, and Southbridge Savings Bank had similar market shares.

Several factors contributed to Webster Five’s large percentage of loans outside the assessment area. In May 2013, the bank began using mortgage brokers in the greater Boston area. While these brokers perform most origination activities, the bank underwrites the loans and reports them on its HMDA LAR. The bank originated approximately 40 loans from brokers during the evaluation period. Furthermore, the bank purchased jumbo mortgage loans outside the assessment area, including 51 loans totaling \$28.7 million in 2014 and 25 loans totaling \$12.7 million in 2015.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration 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 excellent penetration throughout the assessment area. Examiners focused on the comparison to aggregate and demographic data. In 2014, the bank’s performance in low-income tracts was 6.5 percent higher than aggregate. For moderate-income tracts, the bank’s lending was 10.9 percent higher than aggregate, reflecting excellent dispersion. In YTD 2015, the bank’s lending in low- and moderate-income tracts again exceeded demographics.

Market share data further supported the bank's excellent performance. In 2014, the bank ranked 4th out of 110 lenders in lending in low-income census tracts, with a 2.8 percent market share. The bank ranked 7th out of 154 lenders in lending in moderate-income tracts with a 2.1 percent market share. These ranks exceed the bank's overall rank of 20th in the assessment area in 2014.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	4.1	3.3	8	6.6	1,107	6.9
2014	4.1	4.3	11	10.8	2,163	11.7
YTD 2015	4.1	--	7	9.2	924	6.5
Moderate						
2013	13.8	13.1	28	22.9	3,167	19.6
2014	13.8	12.6	24	23.5	4,276	23.0
YTD 2015	13.8	--	16	21.1	3,745	26.3
Middle						
2013	45.7	44.3	74	60.7	9,411	58.2
2014	45.7	43.0	51	50.0	7,564	40.7
YTD 2015	45.7	--	39	51.3	5,774	40.6
Upper						
2013	36.4	39.3	12	9.8	2,464	15.3
2014	36.4	40.1	16	15.7	4,559	24.6
YTD 2015	36.4	--	14	18.4	3,793	26.6
Totals						
2013	100.0	100.0	122	100.0	16,149	100.0
2014	100.0	100.0	102	100.0	18,562	100.0
YTD 2015	100.0	--	76	100.0	14,236	100.0
<i>Source: 2010 U.S. Census; 2013, 2014 and YTD 2015 HMDA Reported Data; 2013 and 2014 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration. In 2014, the bank's lending to low-income tracts at 28.1 percent is much higher than the aggregate at 6.6 percent. For the same year, the bank's lending in moderate-income tracts at 15.6 percent is similar to the aggregate at 16.3 percent. The bank's lending percentage to low- and moderate-income tracts decreased in YTD 2015.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	14.4	4.6	7	16.7	800	14.4
2014	15.4	6.6	9	28.1	1,235	20.2
YTD 2015	15.8	--	12	20.3	2,177	22.4
Moderate						
2013	16.8	16.2	9	21.4	801	14.4
2014	16.1	16.3	5	15.6	1,497	24.5
YTD 2015	16.4	--	5	8.5	449	4.6
Middle						
2013	39.3	40.2	14	33.3	2,955	53.2
2014	34.6	40.7	10	31.3	2,375	38.8
YTD 2015	34.2	--	24	40.7	5,564	57.1
Upper						
2013	29.5	36.5	12	28.6	1,004	18.1
2014	33.8	34.3	8	25.0	1,007	16.5
YTD 2015	33.5	--	18	30.5	1,550	15.9
NA						
2013	0.0	2.5	0	0.0	0	0.0
2014	0.1	2.1	0	0.0	0	0.0
YTD 2015	0.1	--	0	0.0	0	0.0
Totals						
2013	100.0	100.0	42	100.0	5,560	100.0
2014	100.0	100.0	32	100.0	6,114	100.0
YTD2015	100.0	--	59	100.0	9,740	100.0
<i>Source: 2013, 2014 and 2015 D&B Data; 2013, 2014 and YTD 2015 CRA Reported Data; 2013 and 2014 CRA Aggregate Data; "--" data not available</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes. The bank adequately addressed the credit needs of low- and moderate-income borrowers and businesses with gross annual revenues (GARs) of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects adequate penetration among retail customers of different income levels. Examiners focused on the comparison to aggregate and demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2013	23.3	6.9	9	7.4	584	3.6
2014	23.3	5.8	6	5.9	339	1.8
YTD 2015	23.3	--	5	6.6	599	4.2
Moderate						
2013	16.9	18.5	23	18.9	2,657	16.5
2014	16.9	19.7	24	23.5	2,640	14.2
YTD 2015	16.9	--	10	13.2	1,204	8.5
Middle						
2013	21.1	22.0	27	22.1	3,375	20.9
2014	21.1	21.7	20	19.6	2,876	15.5
YTD 2015	21.1	--	10	13.2	1,833	12.9
Upper						
2013	38.7	39.3	45	36.8	7,104	44.0
2014	38.7	36.3	34	33.3	7,966	42.9
YTD 2015	38.7	--	25	32.9	5,288	37.1
Income Not Available						
2013	0.0	13.3	18	14.8	2,429	15.0
2014	0.0	16.5	18	17.7	4,741	25.6
YTD 2015	0.0	--	26	34.1	5,312	37.3
Total						
2013	100.0	100.0	122	100.0	16,149	100.0
2014	100.0	100.0	102	100.0	18,562	100.0
YTD 2015	100.0	--	76	100.0	14,236	100.0
<i>Source: 2010 U.S. Census; 2013, 2014 and YTD 2015 HMDA Reported Data; 2013 and 2014 HMDA Aggregate Data; "--" data not available</i>						

In 2014, the bank's lending to low-income borrowers was similar to the aggregate and much lower than the percentage of low-income families. A low-income family earned \$38,949 or less and would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$298,539. Therefore, the demand and opportunity for lending to low-income families is relatively limited. This helps explain the difference between bank and aggregate lending to low-income borrowers and the 23.3 percent of families at this income level. The bank's lending to moderate-income borrowers was 3.8 percent higher than the aggregate in 2014.

In YTD 2015, the bank's lending to low-income borrowers remained steady, while lending to moderate-income borrowers decreased by 10.3 percent.

Market share data from 2014 shows that the bank ranked 26th out of 114 lenders in lending to low-income borrowers, with a 1.2 percent market share. The bank ranked 23rd out of 177 lenders in lending to moderate-income borrowers, with a 1.4 percent market share.

Small Business Loans

The distribution of small business loans reflects adequate penetration to businesses with GARs of \$1 million or less. In 2014, the bank originated 46.9 percent of small business loans to businesses with GARs less than or equal to \$1 million. This percentage is higher than the aggregate at 40.7 percent and lower than the percentage of businesses at 70.0 percent. In YTD 2015, the bank's lending to businesses with GARs less than or equal to \$1 million decreased to 23.7 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2013	71.3	50.7	24	57.1	2,323	41.8
2014	70.0	40.7	15	46.9	2,410	39.4
YTD 2015	74.8	--	14	23.7	774	8.0
> \$1,000,000 or Revenue Not Available						
2013	28.7	49.3	18	42.9	3,237	58.2
2014	30.0	59.3	17	53.1	3,704	60.6
YTD 2015	25.2	--	45	76.3	8,966	92.0
Total						
2013	100.0	100.0	42	100.0	5,560	100.0
2014	100.0	100.0	32	100.0	6,114	100.0
YTD 2015	100.0	--	59	100.0	9,740	100.0
<i>Source: 2013, 2014 and 2015 D&B Data; 2013, 2014 and YTD 2015 CRA Reported Data; 2013 and 2014 CRA Aggregate Data; "--" data not available</i>						

Community Development Lending

The bank made an adequate level of community development loans. During the evaluation period, the bank originated 11 community development loans totaling \$6.1 million, increasing from 6 loans totaling \$962,000 at the previous evaluation. Additionally, all community development loans were inside of and responsive to the bank's 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		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2013	1	250,000	0	0	0	0	0	0	0	0	1	250,000
2014	4	1,623,750	1	475,000	0	0	1	1,746,036	0	0	6	3,844,786
2015 **	4	2,037,437	0	0	0	0	0	0	0	0	4	2,037,437
Total	9	3,911,187	1	475,000	0	0	1	1,746,036	0	0	11	6,132,223
<i>Source: Bank Records - *From January 1, 2015 through December 21, 2015</i>												

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

- In July of 2015 the bank originated a \$1,004,000 loan to acquire an 18-unit rental property located in Worcester. All 18 units are 2-bedroom apartments with rents below the HUD fair market rent amount, reflecting affordable housing. In addition, 10 of the 18 units are subsidized by a local nonprofit organization that promotes affordable housing.
- In March of 2013 the bank renewed and modified an existing \$250,000 time note into a revolving line of credit to a nonprofit organization that provides technical assistance and capital to develop affordable housing in Worcester County.
- In March of 2014 the bank participated in a \$13.8 million loan with six other lenders to re-develop the former Telegram and Gazette Building located in a low-income tract in downtown Worcester. This project supports the community plan for revitalization and received support from the Worcester Business Development Corporation and state and local tax credits. The bank has a \$1.7 million interest in this loan.
- In October of 2014 the bank originated a \$475,000 demand working capital line of credit to a social services organization in Worcester that serves low- and moderate-income families. The organization provides developmental disability services, adult family care, elder services, community-based services, clinical and behavioral health services, children and family services, and food pantry services to its underserved clients.

Innovative and Flexible Lending

The bank makes limited use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area. The majority of programs involve government-related subsidies and guarantees. Webster Five has not introduced any new innovative or flexible lending programs since the previous evaluation that target credit needs of low- or moderate-income borrowers or small businesses.

The following highlights the bank's flexible loan programs.

Home Mortgage Loans

Massachusetts Housing Finance Agency (MHFA) Homebuyer Program- This program provides below-market rate mortgages to income-eligible borrowers to purchase or refinance a home. The program also offers low down payment requirements and flexible underwriting guidelines, including mortgage insurance programs. Since the prior evaluation, the bank originated 13 MHFA home loans totaling \$2.2 million.

“Get the Lead Out” Loan Program- Through a program sponsored by the MHFA, the bank provides low-cost financing to qualified owners of one-to-four family properties to remove lead paint from their homes. The program's income limitation ensures the product primarily serves low- and moderate-income borrowers. The MHFA has established income levels that vary by municipality. Over the evaluation period, the bank originated three loans totaling \$33,026 through this program.

Homeowner Septic Repair Loan Program- Through a program sponsored by the MHFA, the bank provides below-market rate loans to income-eligible homeowners that need to repair a failed septic system. The product primarily serves low- and moderate-income borrowers. The MHFA has established income limitations that vary by municipality. Additional interest rate discounts are available for lower-income borrowers, including a zero percent interest rate for borrowers near or below the poverty level. The bank originated one loan totaling \$25,000 over the evaluation period.

Buy Worcester Now- The bank participates with the City of Worcester to offer discounted services and responsible mortgage products to potential homebuyers. To qualify, prospective homebuyers must secure a mortgage from a participating bank, credit union, or mortgage company and occupy the home upon purchase. The bank originated two Buy Worcester Now loans totaling \$276,170 over the evaluation period.

Small Business Loans

Small Business Administration (SBA) Loans- The SBA provides financial assistance in the form of loan guaranties, smaller down payments, and flexible terms. The bank originated nine SBA loans totaling approximately \$2.1 million over the evaluation period.

Consumer Loans

First Step- Although consumer loans are not otherwise addressed in this evaluation, the bank offers the “First Step” – a fixed-rate, unsecured small dollar installment loan product. The loans help individuals establish or improve their credit history. Over the evaluation period, the bank originated 23 First Step loans totaling \$18,200.

INVESTMENT TEST

The Investment Test evaluates an institution’s record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank’s assessment area.

The bank’s Investment Test performance is rated “High Satisfactory.” The following sections address the bank’s Investment Test performance

Investment Activity

Webster Five has a significant level of qualified community development investments and grants; qualified investments reflect good responsiveness to credit and community development needs of the assessment area. The bank’s qualified investments total \$7.5 million, which includes \$7.0 million in 19 equity investments and \$502,353 in 200 grants and donations. This equals 1.1 percent of total assets and 6.0 percent of total investments according to the most recent Call Report.

Equity Investments

Qualified equity investments include the original value of new investments, \$3.14 million, and current book value of prior period investments, \$3.83 million. The following table shows qualified equity investments by year and purpose. After the table are descriptions of qualified equity investments.

Qualified Equity Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	12	3,833	0	0	0	0	0	0	0	0	12	3,833
8/27/2012 to year-end	0	0	0	0	0	0	0	0	0	0	0	0
2013	1	500	0	0	0	0	0	0	0	0	1	500
2014	2	1,952	0	0	0	0	0	0	0	0	2	1,952
YTD 2015	4	684	0	0	0	0	0	0	0	0	4	684
Total	19	6,969	0	0	0	0	0	0	0	0	19	6,969

Source: Bank Records

MassHousing (MHFA) – The Commonwealth of Massachusetts established MassHousing to provide financing for affordable housing. MassHousing sells federally authorized tax-exempt and taxable bonds to individual and corporate investors. During the evaluation period, the bank purchased seven bonds totaling \$3.2 million. Additionally, the bank carries six MHFA bonds purchased prior to the evaluation period with a current book value of \$2.2 million. The funds are used to finance the acquisition and rehabilitation of one-to-four family dwellings for low- and moderate-income individuals or families.

Federal National Mortgage Association (Fannie Mae) – Fannie Mae is a stockholder-owned corporation that purchases and securitizes mortgages to ensure funds are available to lending institutions. The bank currently holds one Fannie Mae security backed by one-to-four family residential mortgages. Based upon the addresses of the residences collateralizing the bond, 14.3 percent were located in the assessment area, and all underlying loans were to low- and moderate-income individuals. The current total book value of these securities is \$204,426.

Government National Mortgage Corporation (Ginnie Mae) – Ginnie Mae is a government-owned corporation that provides guarantees on mortgage-backed securities. The bank continues to carry two Ginnie Mae securities purchased prior to this evaluation period. The current book value of these securities is \$1.4 million. Each of these securities is backed by one-to-four family residential mortgages made to low- and moderate-income borrowers. Based upon the addresses of the residences collateralizing the bond, 50.0 percent were located in the assessment area.

Federal Home Loan Mortgage Corporation (Freddie Mac) – Freddie Mac is a government-sponsored enterprise that buys mortgages on the secondary market, then pools and sells them. The Bank currently holds three Freddie Mac securities, all of which were purchased prior to the previous CRA evaluation. The securities are each backed by mortgages, the majority of which (66.7 percent) were made to low- and moderate-income borrowers within the bank’s assessment area. The total current book value of these securities is \$30,791.

Charitable Contributions

The bank provides charitable contributions through the bank and the WFCSF. A majority of the charitable contributions are made through the WFCSF. During the evaluation period, WFCSF provided 179 qualified donations totaling \$378,120. Comparatively, the bank provided 21 qualified donations totaling \$124,233. This represents an increase from the 135 qualified donations totaling \$294,680 at the previous evaluation. The following table shows all qualified donations by year and purpose.

Qualified Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
8/27/2012 to year-end	4	30,500	11	23,500	0	0	0	0	0	0	15	54,000
2013	6	39,000	49	94,850	2	5,500	0	0	0	0	57	139,350
2014	8	43,900	52	104,145	5	13,000	1	7,500	0	0	66	168,545
YTD 2015	8	45,288	53	94,170	1	1,000	0	0	0	0	62	140,458
Total	26	158,688	165	316,665	8	19,500	1	7,500	0	0	200	502,353

Source: Bank Records

The following examples are notable community development donations and grants provided by WFCSF or the bank during the evaluation period:

Abbey Kelley Foster House – This organization provides shelter and safety to homeless individuals and victims of domestic violence with a safe place to stay in order to rebuild. The organization also assists in providing affordable housing for low-income individuals. The WFCSF has provided three donations totaling \$5,000 to this organization during the evaluation period.

Community Legal Aid, Inc. – This organization provides free civil legal services to low- and moderate-income individuals in the Greater Worcester area. The WFCSF has provided three donations totaling \$15,000 to this organization during the evaluation period.

Dismas House of Massachusetts – This organization provides funding to operate the Brooks House in Worcester. This affordable housing project provides affordable housing to low-income former prisoners. The WFCSF has provided four donations totaling \$7,000 to this program during the evaluation period.

Habitat for Humanity – This organization builds affordable housing units for low- and moderate-income families. The WFCSF has provided five donations totaling \$7,900 to this organization during the evaluation period to construct homes in Worcester and Auburn.

Money Management International – This organization provides free financial education and counseling throughout Massachusetts. A majority of clients are low- to moderate-income. The bank provided two donations totaling \$8,000 during the evaluation period. Additionally, the WFCSF provided two donations totaling \$1,500 during the evaluation period.

Nichols College – This institution provides the Boys and Girls Club of Webster-Dudley with a free educational after-school program to children in low- and moderate-income households. The proceeds of the donation are used to fund work-study students at Nichols College so that they may participate in the mentoring program. The WFCSF has provided three donations totaling \$16,500 to this program during the evaluation period.

Rachel's Table – This organization provides food to local food banks in the Worcester area. The WFCSF has provided four donations totaling \$6,500 to this organization during the evaluation period.

Rainbow Child Development Center – This organization provides childcare and early childhood education for low- and moderate-income households in the Worcester area. The bank has provided three donations totaling \$13,000 to this organization during the evaluation period.

Tri-Valley, Inc. – This organization offers a money management program that assists low-income elderly residents in South Central Massachusetts. This program assists clients by balancing their checkbooks and providing personal money management solutions. The WFCSF has provided three donations totaling \$15,000 to this program during the evaluation period.

Worcester East Side Community Development Corporation – This organization provides affordable housing for low- and moderate-income residents of Worcester, and it provides small

business consultation services. WFCSF has provided three donations totaling \$14,000 during the evaluation period.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. Primary community needs include affordable housing and community services for low- and moderate-income individuals. The bank's qualified investments heavily focus on community service needs to the community. The bank also funds qualified investments and grants for affordable housing, especially in the Worcester area.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives. All of the bank's qualified equity investments are mortgage-backed securities for affordable housing. These are a common equity investment throughout the industry. Additionally, the remaining qualified investments are donations, which many banks also routinely provide.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet credit needs of residents within its assessment area. Under this test, examiners analyze both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's Service Test performance is rated "Outstanding." The following sections address the bank's performance by Service Test component throughout the assessment area.

Accessibility of Delivery Systems

Retail Branch Offices

The bank's retail bank branches are readily accessible to all portions of the institution's assessment area. The bank operates seven full-service branches, including the main office located in Webster. The following table illustrates the distribution of retail bank branches and ATMs.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	12	14.5	51,016	13.4	2	28.6	3	0
Moderate	18	21.7	70,052	18.4	2	28.6	4	0
Middle	31	37.3	140,485	36.9	2	28.6	4	0
Upper	20	24.1	115,738	30.4	1	14.2	2	0
NA	2	2.4	3,427	0.9	0	0	0	0
Total	83	100	380,718	100	7	100	13	100

Source: 2010 U.S. Census & Bank Records

Of the seven retail bank branches, four, or 57.2 percent of branches, operate in low- or moderate-income census tracts. Compared to the percentage of census tracts and the population in the assessment area, the number of branches in low- and moderate-income tracts significantly exceeds the percentage of census tracts and population demographics of those areas.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank closed a retail bank branch located at 349 Grafton Street in Worcester. This branch operated in a moderate-income census tract and was closed on June 29, 2013. This

branch closing did not adversely affect the bank's ability to provide banking services to the area, specifically the census tract, in which the Grafton Street Branch operated. This is because the bank operates two branches in close proximity to the area in which the Grafton Street Branch operated. Additionally, one branch was relocated from 200 Commercial Street in Worcester to 100 Front Street in Worcester. The branch remained in the same low-income census tract, as it moved to a new location within 1,000 feet.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly to low- and moderate-income geographies or individuals. The following table shows the business hours and ATM services by branch location.

All retail branches offer the same products and services. Generally, all branches are open from 9:00am to 4:00pm Monday through Wednesday, 9:00am to 5:00pm Thursday, 9:00am to 6:00pm on Friday, and 9:00am to 1:00pm on Saturday; however, some branches have swapped Thursday and Friday operating hours. Additionally, the 100 Front Street location in Worcester is not open on Saturdays.

Alternate Delivery Systems

On-line banking services are accessible at www.web5.com, where customers can manage their finances from a computer. Other on-line services include opening a deposit account, viewing transaction and statement histories, initiating funds transfers, and bill payment.

The bank also offers mobile banking that allows users to view account balances, initiate funds transfers, and deposit checks via the remote deposit capture feature. The bank provides telephone banking via an automated telephone banking system. Customers can check account balances, review account statements, and transfer money between Webster Five deposit accounts. The bank is a member of the SUM ATM Network, which offers surcharge-free ATM transactions at participating ATM locations for all customers.

The bank employs a number of bilingual employees to serve the community. Second languages spoken include Albanian, Arabic, Greek, Gujarati, Italian, Polish, Portuguese, Russian, Spanish, and Vietnamese. Many of these employees work out of the Chandler Street Branch in Worcester. This branch is located in a low-income census tract.

Community Development Services

The bank is a leader in providing community development services. Since the previous evaluation, the bank's community development services have increased from 15 to 65. In total, 15 employees provided financial expertise or technical assistance to 15 different qualified community development organizations or programs during the evaluation period.

The table below illustrates the bank's community development services by number of individual services provided during the evaluation period:

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
8/27/2012 to year-end	0	14	2	0	0	16
2013	0	13	2	0	0	15
2014	1	15	2	0	0	18
YTD 2015	0	14	2	0	0	16
Total	1	56	8	0	0	65
<i>Source: Bank Records</i>						
<i>The institution provides an adequate level of community development services.</i>						

The following examples are notable community development services performed by bank employees during the evaluation period:

The CASA Project – This organization provides foster care for abused, neglected, or exploited children. Volunteers provide educational services and monitor foster cases to ensure safety and provide support. The Assistant Vice President, Business Analyst and the Vice President, Business Services Officer have each spent one year as a Board Member of the organization.

Tri-Valley, Inc. – This private non-profit organization provides a money management program. This program educates clients on fiscal responsibility, balances their checkbooks, and sets budgets and goals for individuals in the program. Six bank employees, including an Assistant Vice President and Senior Branch Manager, have volunteered to assist 103 participants of this program during the evaluation period. The clients served by the program are primarily low- and moderate-income elderly residents in the Worcester area.

Worcester Alliance for Economic Inclusion – This organization provides low- and moderate-income families innovative and affordable financing products, services, and financial education. The Senior Vice President of Retail Administration is a member of the Products and Services Group.

Worcester Community Housing Resources, Inc. – This non-profit organization creates and preserves affordable housing opportunities for low- and moderate-income households. The organization rehabilitates foreclosed properties and provides flexible lending products to revitalize residential and commercial buildings throughout Worcester County. The bank’s President and Chief Executive Officer is a Board Member, and the Vice President and Director of Retail Lending is a Board and Loan Committee Member.

Educational Services and Seminars

Clark University Massachusetts Small Business Development Corporation – The Massachusetts Small Business Development Center Network Central Regional Office is located in Worcester’s Historic District on the campus of Clark University. The organization provides free and confidential one-to-one management advice and technical assistance to prospective and existing small businesses. The Vice President of Business Banking has hosted an educational seminar for micro-loans and small business lending.

FDIC Money Smart – The bank presented the FDIC Money Smart Curriculum with a focus on maintaining bank accounts and borrowing basics at Fieldstone School, LLC. Fieldstone School, LLC is an organization that provides low- and moderate-income young adults with healthcare training courses in order to focus on pursuing a career in the healthcare industry. In attendance were 20 students from the ages of 18-22.

You, Inc. – The bank also presented three FDIC Money Smart modules, “Check it out,” “Setting Financial Goals,” and “Borrowing Basics,” at You, Inc. You, Inc. is one of the leading child welfare, behavioral health, and education agencies in Massachusetts. The organization focuses on providing these programs to children in low- and moderate-income households. In attendance were young girls between the ages of 15-19.

NeighborWorks – A Mortgage Loan Officer at the bank conducted a First Time Homebuyer Seminar to educate new borrowers on how to obtain a mortgage and how to choose the right lender at Neighborworks Home Ownership Center of Worcester. This program is run by Oak Hill Community Development Corporation in Worcester and primarily targets low- and moderate-income borrowers. It is a prerequisite for obtaining MassHousing financing.

Savings Makes Cents – The bank presented the Savings Makes Sense curriculum, which educates children on the basics of banking. The Commercial Street Branch Manager presented this curriculum at Grafton Street Elementary School, of which 90 percent of students reside in low- and moderate-income households. The bank presented five times in 2012 and four times in 2013.

Other Special Programs

The bank continues to participate in the Massachusetts Community and Banking Council’s Basic Banking in Massachusetts Program. This program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals and must meet specific guidelines. These guidelines include limitations of maintenance fees, minimum balance requirements, and more.

The bank allowed Rainbow Child Development Center in Worcester to use their bank facilities to conduct Board meetings during the winter months four times in 2015. Rainbow Child Development Services provides childcare for low- and moderate-income families in Worcester. Additionally, the bank donated furniture from the Grafton Street branch in Worcester to the organization.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

Fair Lending Policies and Procedures

The bank's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

Minority Application Flow

The bank's HMDA LARs for 2014 and 2015 were reviewed to determine if the application flow from different minority groups was reflective of the assessment area demographics.

The bank's residential lending in 2014 was compared to the 2014 aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the institution received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as a comparison to aggregate lending data within the assessment area.

Minority Application Flow					
RACE	Bank 2014		2014 Aggregate Data	Bank YTD2015	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.3	1	0.8
Asian	3	1.9	7.0	8	6.1
Black/ African American	4	2.6	2.8	2	1.5
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	0	0.0	1.0	1	0.8
Total Minority	7	4.5	11.2	12	9.2
White	108	69.2	66.7	83	63.3
Race Not Available	41	26.3	22.1	36	27.5
Total	156	100.0	100.0	131	100.0
ETHNICITY					
Hispanic or Latino	8	5.1	4.5	6	4.6
Not Hispanic or Latino	104	66.7	73.0	88	67.2
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.6	1.0	2	1.5
Ethnicity Not Available	43	27.6	21.5	35	26.7
Total	156	100.0	100.0	131	100.0

Source: 2010 U.S. Census; 2014 and 3 quarters of 2015 HMDA Reported Data; 2014 HMDA Aggregate Data

According to the 2010 U.S. Census data, the bank's assessment area had a population of 380,718 individuals, of which 25.9 percent are minorities. The assessment area's minority and ethnic

population consists of 0.2 percent American Indian, 6.2 percent Asian/Pacific Islander, 5.5 percent Black, 11.6 percent Hispanic, and 2.4 percent other.

In 2014, the bank received 156 HMDA reportable loan applications within its assessment area. Of these applications, 7 or 4.5 percent were received from racial minority applicants. This is below the aggregate's performance of 11.2 percent of applications received from minorities. In 2014, the bank received 9 applications representing 5.7 percent of applications from the Hispanic or Latino ethnic group. The bank's application flow from minority applicants was slightly above the aggregate's performance of 5.5 percent of applications received from the Hispanic or Latino ethnic group.

In 2015, the bank received 9.2 percent of applications from racial minorities and 6.1 percent of applications from Hispanic or Latino applicants.

The bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, 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;
- (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 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).

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 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.