

PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Winchester Savings Bank
Certificate Number: 90308

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Winchester, Massachusetts 01890

Division of Banks
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Boston, Massachusetts 02118

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

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INSTITUTION RATING

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

The Lending Test is rated Satisfactory.

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

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 27, 2014, to the current evaluation dated January 8, 2018. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate Winchester Savings Bank's (WSB) CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

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

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

The Community Development Test considered the following criteria.

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

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

The bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending. In addition, no other loan types, such as small farm loans or consumer loans, represent a major product line. Therefore, as they provide no material support for conclusions or ratings, this evaluation does not present them.

This evaluation presents information for Home Mortgage Disclosure Act (HMDA) and small business loans. This evaluation considered all home mortgage entries on the bank's 2015 and 2016 HMDA Loan Application Registers (LARs). In 2015, the bank reported 195 originated and purchased loans totaling \$84.1 million. In 2016, the bank reported 152 originated loans totaling approximately \$63.1 million. Aggregate data for 2015 and 2016 provided a standard of comparison.

As an ISI, the bank is not required to, and did not, report small business lending. However, the bank collects small business lending data for its own purposes. Examiners validated and analyzed the small business loan data provided for 2015 and 2016. A small business loan has an original loan amount of \$1 million or less and is secured by non-farm non-residential properties or is classified as a commercial and industrial loan. In 2015, the bank originated 20 loans totaling \$4.7 million. In 2016, the bank originated 20 loans totaling \$6.0 million. D&B data for 2015 and 2016 provided a standard of comparison.

For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. Although the evaluation presents number and dollar volume of loans, examiners emphasized performance by number as it better indicates the number of businesses and individuals served.

For the Community Development Test, management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated October 27, 2014.

DESCRIPTION OF INSTITUTION

Background

WSB is a mutually owned financial institution headquartered in Winchester, Massachusetts (MA). The bank primarily serves the eastern part of MA in Middlesex County. The institution received a Satisfactory rating from the FDIC and the Division during its prior joint evaluation using ISI Examination Procedures.

Operations

The bank operates four full-service branches in Middlesex County. In addition to the main office in Winchester, the bank operates two branches in Woburn and a branch in Arlington. The main office is in a middle-income tract. The branches in Woburn are in moderate- and middle-income tracts. The Arlington branch is in an upper-income tract.

WSB offers consumer and business banking products. The bank also provided investment services through WSB Investment Group until December 31, 2016, as the Investment Group dissolved on January 1, 2017. Consumer lending products include conventional fixed-rate mortgages, jumbo mortgages, adjustable-rate mortgages, bridge loans, home equity loans and lines of credit, and personal loans. The bank also offers a first time homebuyer program. Business lending products include commercial real estate and term loans and lines of credit. WSB also offers checking, savings, certificates of deposit, and individual retirement accounts for consumers and businesses. Alternative banking services include online banking and bill pay, mobile banking deposit, person-to-person payments, business online banking and bill pay, business mobile banking and deposits, and automated teller machines (ATMs). ATMs are at each branch. Two additional non-deposit taking ATMs are in Winchester. The bank did not open or close any branches. No merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

As of September 30, 2017, WSB had total assets of \$539.5 million, which included total loans of \$388.7 million and total securities of \$99.7 million. WSB is primarily a residential lender. Residential loans, including multi-family loans, account for the largest portion of the loan portfolio at 79.4 percent. Collectively, loans secured by non-farm non-residential properties and commercial and industrial loans represent 17.2 percent of the loan portfolio. The loan portfolio distribution has remained relatively stable since the last evaluation. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 9/30/17		
Loan Category	\$(000s)	%
Construction and Land Development	11,974	3.1
Secured by Farmland	0	0.0
1-4 Family Residential	285,757	73.5
Multi-family (5 or more) Residential	23,106	5.9
Secured by Non-farm Non-Residential	60,032	15.4
Total Real Estate Loans	380,869	98.0
Commercial and Industrial	7,083	1.8
Agricultural	0	0.0
Consumer	716	0.2
Other	53	0.0
Less: Unearned Income	0	0.0
Total Loans	388,721	100.0
<i>Source: Reports of Condition and Income</i>		

There are no significant financial or legal impediments identified that would limit the bank's ability to help meet the credit or community development needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. WSB designated a single assessment area, which meets the technical requirements of the regulation. Examiners analyzed and conducted a full-scope review of the bank’s performance within the assessment area.

Economic and Demographic Data

The assessment area includes 52 census tracts in the following cities and towns of Middlesex County: Arlington, Lexington, Medford, Melrose, Reading, Stoneham, Winchester, and Woburn. These tracts reflect the following income designations according to the 2010 U.S. Census:

- 7 moderate-income tracts,
- 26 middle-income tracts, and
- 19 upper-income tracts.

The moderate-income tracts are in Medford (4), Melrose (1), and Woburn (2). 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)	52	0.0	13.5	50.0	36.5	0.0
Population by Geography	263,072	0.0	9.9	51.1	39.0	0.0
Housing Units by Geography	110,249	0.0	10.6	52.6	36.8	0.0
Owner-Occupied Units by Geography	72,005	0.0	7.0	49.4	43.5	0.0
Occupied Rental Units by Geography	32,562	0.0	17.9	60.0	22.1	0.0
Vacant Units by Geography	5,682	0.0	14.5	49.6	35.9	0.0
Businesses by Geography	19,856	0.0	8.7	49.9	41.4	0.0
Farms by Geography	321	0.0	5.9	53.9	40.2	0.0
Family Distribution by Income Level	67,826	16.0	14.6	22.1	47.2	0.0
Household Distribution by Income Level	104,567	20.7	13.8	17.5	47.9	0.0
Median Family Income MSA - \$90,625 15764 Cambridge-Newton-Framingham, MA MD			Median Housing Value \$475,374 Median Gross Rent \$1,236 Families Below Poverty Level 3.3%			
<i>Source: 2010 U.S. Census, 2016 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners used the 2015 and 2016 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC Due to rounding, totals may not equal 100.0</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Of the owner-occupied housing units, 7.0 percent are in moderate-income census tracts. The U.S. Bureau of Labor and Statistics indicated that as of September 30, 2017, the MA seasonally adjusted unemployment rate was 3.9 percent. The MA unemployment rate decreased throughout the evaluation period, from a high of 5.4 percent in October 2014.

According to September 2016 data from Moody’s Regional Workstation (Moody’s), the Cambridge-Newton-Framingham, MA MD continues to benefit from high-wage technology jobs. This sector generates above average income, which benefits low- and mid-wage job creation. As a result, house prices and new home construction are increasing. According to Moody’s, the top employers in the Cambridge-Newton-Framingham, MA MD include Harvard University, Massachusetts Institute of Technology, and Novartis Institute of Biomedical Research.

According to 2016 D&B data, there were 19,856 businesses in the assessment area. Gross annual revenues (GARs) for these businesses are as follows:

- 84.9 percent have \$1 million or less.
- 6.9 percent have more than \$1 million.
- 8.2 percent have unknown revenues.

The small business loan analysis under the Borrower Profile criterion compares the distribution of businesses by GAR level. Business demographics indicate that the majority of businesses in the assessment area are small businesses with four or fewer employees. Specifically, 72.9 percent have four or fewer employees, and 90.1 percent operate from a single location. Service industries represent the largest portion of businesses at 53.9 percent; followed by retail trade at 10.3 percent; finance, insurance, and real estate at 8.4 percent; construction at 8.4 percent, and non-classifiable establishments at 6.8 percent.

Competition

The assessment area is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2017, 28 financial institutions operated 104 full-service branches within the assessment area. Of these institutions, WSB ranked 9th with a 3.8 percent deposit market share.

There is a high competition level for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. In 2015, 369 lenders reported 11,176 originated or purchased residential mortgage loans. WSB ranked 24th out of this group of lenders, with approximately a 1.0 percent market share. The competition level within the assessment area remained steady in 2016 with 366 lenders originating or purchasing 12,202 residential mortgage loans. WSB's ranking dropped to 30th with a 0.8 percent market share in 2016. The three most prominent home mortgage lenders accounted for approximately 18.8 percent of the total market share.

The bank is not required to collect or report its small business loan data. Therefore, the small business loan analysis under the Lending Test does not include comparisons against aggregate data. The aggregate data; however, assists in determining demand for small business loans. The 2015 aggregate data shows that 121 institutions reported 34,378 small business loans in Middlesex County. This indicates a high degree of competition for this product. Aggregate data is not yet available for 2016.

Community Contact

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

Examiners contacted a housing organization serving the assessment area. This organization manages low-cost housing including the construction, maintenance, and financing for low- and moderate-income individuals. The contact identified the need for affordable housing, particularly for low-income elderly. The contact also stated that housing stock is very low with limited rental units. Additionally, the contact noted that the area is far from reaching the State's goal of having 10 percent of its housing inventory as affordable.

Examiners also contacted a community service organization serving the bank's assessment area. The contact also noted the need for affordable housing throughout the assessment area. Additionally, the contact identified concerns with a growing substance abuse problem and elder abuse issues. The contact was positive about local financial institutions' involvement in meeting the credit and community development needs within the assessment area.

Credit and Community Development Needs and Opportunities

Considering the information from the community contacts and demographic and economic data, examiners determined that affordable housing is the primary need within the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

WSB demonstrated reasonable performance under the Lending Test. The LTD ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance primarily support this conclusion.

LTD Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 81.7 percent over the past 12 quarters from December 31, 2014, to September 30, 2017. The ratio ranged from a low of 74.6 percent as of December 31, 2014, to a high of 85.0 percent as of June 30, 2016. The ratio generally increased throughout the review period. WSB maintained a ratio similar to those of comparable institutions, falling above one and below three institutions, as shown in the following table. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/17 \$(000s)	Average Net LTD Ratio (%)
Winchester Savings Bank	539,530	81.7
StonehamBank, A Co-operative Bank	595,238	114.7
Reading Co-operative Bank	522,600	107.6
Winchester Co-operative Bank	626,739	76.7
The Savings Bank	571,340	95.5
<i>Source: Reports of Condition and Income 12/31/14 through 9/30/17</i>		

Assessment Area Concentration

The bank made a majority of its home mortgage and small business loans in the assessment area. The bank made a majority of its home mortgage loans, by number and dollar volume, within its assessment area. Although the bank made a majority of its small business loans outside the assessment area in 2015, lending inside the assessment area increased substantially in 2016. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	110	56.4	85	43.6	195	45,455	54.0	38,651	46.0	84,106
2016	94	61.8	58	38.2	152	37,474	59.4	25,598	40.6	63,072
Subtotal	204	58.8	143	41.2	347	82,929	56.3	64,249	43.7	147,178
Small Business										
2015	8	40.0	12	60.0	20	1,447	30.7	3,265	69.3	4,712
2016	13	65.0	7	35.0	20	3,196	53.1	2,825	46.9	6,021
Subtotal	21	52.5	19	47.5	40	4,643	43.3	6,090	56.7	10,733
Total	225	58.1	162	41.9	387	87,572	55.5	70,339	44.5	157,911
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2016 Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of home mortgage lending primarily supports this conclusion. Although the bank demonstrated excellent dispersion in lending to small businesses, examiners placed more emphasis on the home mortgage lending analysis. As the assessment area does not contain any low-income census tracts, examiners focused on the percentage of originations in moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Examiners focused on comparisons to aggregate data. In 2015, lending in moderate-income tracts trailed aggregate by 2.9 percentage points. Similarly, the bank fell behind the percent of owner-occupied housing units in moderate-income tracts by 2.5 percentage points. In 2016, the bank's lending in moderate-income tracts increased by number and overall percentage. WSB's lending in moderate-income tracts exceeded both aggregate and demographics by 1.8 percentage points and 2.6 percentage points, respectively. This comparison reflects reasonable performance.

Market share data further supports the bank's reasonable performance. In 2015, the bank ranked 39th out of 169 lenders in originating home mortgage loans within moderate-income census tracts, with a 0.6 percent of market share. The bank's market share and overall ranking improved in 2016. WSB ranked 27th out of 166 lenders with a market share of approximately 1.0 percent. This ranking is slightly higher than the bank's overall market share ranking of 30th in the assessment area. Lenders exceeding WSB's market share within the assessment area include larger national, regional, and local financial institutions. Many have a larger physical presence within the area. Nevertheless, the much larger national bank, Bank of America, NA., originated

19 loans within these tracts in 2016. The top three lenders include Leader Bank, JPMorgan Chase Bank, N.A.; and Wells Fargo Bank, NA.

Overall, considering the significant improvement in lending within moderate-income tracts in 2016 and the market share rankings, loan distribution reflects reasonable dispersion.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2015	7.0	7.4	5	4.5	1,490	3.3
2016	7.0	7.8	9	9.6	2,906	7.8
Middle						
2015	49.4	51.2	45	40.9	12,912	28.4
2016	49.4	51.5	38	40.4	11,864	31.7
Upper						
2015	43.6	41.3	60	54.5	31,053	68.3
2016	43.6	40.7	47	50.0	22,704	60.6
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2015	100.0	100.0	110	100.0	45,455	100.0
2016	100.0	100.0	94	100.0	37,474	100.0

*Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 & 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table shows that the bank's performance in moderate-income census tracts substantially exceeds demographics in both years. In 2015, the bank originated 25.0 percent of its small business loans in moderate-income tracts, exceeding the demographics by 16.2 percentage points. In 2016, lending in moderate-income tracts increased exceeding demographics by 22.1 percentage points. Overall, considering the bank's performance compared to demographics and the bank's primary business focus, WSB's lending reflects excellent performance.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2015	8.8	2	25.0	660	45.6
2016	8.7	4	30.8	665	20.8
Middle					
2015	49.6	5	62.5	577	39.9
2016	49.9	7	53.8	2,146	67.1
Upper					
2015	41.6	1	12.5	210	14.5
2016	41.4	2	15.4	385	12.0
Not Available					
2015	0.0	0	0.0	0	0.0
2016	0.0	0	0.0	0	0.0
Totals					
2015	100.0	8	100.0	1,447	100.0
2016	100.0	13	100.0	3,196	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank’s reasonable performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number of home mortgage loans, to low- and moderate-income borrowers. They also focused on the percentage, by number of small business loans, to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Examiners emphasized performance compared to the aggregate as this is a better indicator of lending opportunities. In 2015, lending to low-income borrowers was slightly above aggregate, but significantly below the percent of families in the area. Lending to low-income borrowers remained relatively consistent in 2016, falling just below aggregate, but significantly below demographics. It is important to note, a low-income family in the assessment area, with an annual income of less than \$49,300, would not likely qualify for a mortgage under the conventional underwriting standards, especially considering the median housing value of \$475,374. Therefore, the demand and opportunity for lending to low-income families is relatively limited. This helps explain the difference between the bank’s performance to low-income families and the 16.6 percent of families of this income level.

In 2015, lending to moderate-income borrowers fell below aggregate performance, trailing by 4.0 percent points. Similarly, lending to moderate-income borrowers fell significantly short of demographics. In 2016, lending dropped slightly in 2016 falling below aggregate and the demographics by 4.5 percentage points and 9.3 percentage points, respectively. Again, given the assessment area's median housing value and that a moderate-income borrower earns an annual income of \$78,880 or less, these factors present challenges for moderate-income borrowers and may limit lending demand and opportunity.

Market share data further supported the bank's reasonable performance under this criterion. In 2015, the bank ranked 24th out of 101 lenders, with a 1.1 percent market share, in originating loans to low-income borrowers. This ranking is comparable to the bank's overall market share ranking of 24th out of 369 lenders. In 2016, the ranking dropped to 42nd out of 91 lenders, with a 0.8 percent market share. It is important to note that the top ranked institution, Bank of America, N.A, a much larger national bank, originated just 13 loans to low-income borrowers in the assessment area in 2016. This demonstrates relatively limited demand and opportunity. Market share data for moderate-income borrowers reflects similar rankings. In 2015, the bank ranked 44th out of 182 lenders, with a 0.6 percent market share. In 2016, the ranking dropped to 54th out of 180 lenders with a 0.4 percent market share. These rankings are lower than the bank's overall market ranking.

Overall, considering the bank's lending compared to aggregate, the low median income and high housing prices, market share rankings, and the competition, loan distribution reflects reasonable penetration among individuals with different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	16.0	2.5	3	2.7	887	2.0
2016	16.0	2.2	2	2.1	413	1.1
Moderate						
2015	14.6	11.3	8	7.3	1,561	3.4
2016	14.6	9.8	5	5.3	668	1.8
Middle						
2015	22.1	21.9	28	25.5	7,801	17.2
2016	22.1	21.9	23	24.5	5,938	15.8
Upper						
2015	47.2	45.6	67	60.9	33,282	73.2
2016	47.2	56.2	61	64.9	29,019	77.4
Not Available						
2015	0.0	18.8	4	3.6	1,924	4.2
2016	0.0	9.9	3	3.2	1,436	3.8
Totals						
2015	100.0	100.0	110	100.0	45,455	100.0
2016	100.0	100.0	94	100.0	37,474	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 & 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. Examiners compared the bank's lending to demographics. As the following table demonstrates, in 2015, WSB made a substantial majority, 75.0 percent, of its loans to businesses with GARs of \$1 million or less. Further, lending is comparable to demographics. Although lending decreased in 2016, WSB made a majority of its small business loans to businesses with GARs of \$1 million or less. This level of lending reflects reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2015	78.5	6	75.0	1,049	72.5
2016	84.9	7	53.8	1,284	40.2
>\$1,000,000					
2015	5.9	2	25.0	398	27.5
2016	6.9	6	46.2	1,912	59.8
Revenue Not Available					
2015	15.6	0	0.0	0	0.0
2016	8.2	0	0.0	0	0.0
Totals					
2015	100.0	8	100.0	1,447	100.0
2016	100.0	13	100.0	3,196	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank 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; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

WSB Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services. The bank demonstrated a positive trend in their level of community development loans and qualified investments. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

WSB originated eight community development loans totaling approximately \$2.0 million during the evaluation period. The bank extended two community development loans totaling approximately \$597,000 during the previous CRA evaluation.

The current activity level represents 0.4 percent of average total assets and 0.5 percent of average total loans since the prior CRA evaluation. Of the eight community development loans, seven totaling \$1.6 million benefitted affordable housing. These loans demonstrate the bank's responsiveness to this community development need identified by a community contact. The following table illustrates 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	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	4	1,355	0	0	0	0	1	370	0	0	5	1,725
2016	2	130	0	0	0	0	0	0	0	0	2	130
2017	1	100	0	0	0	0	0	0	0	0	1	100
YTD 2018	0	0	0	0	0	0	0	0	0	0	0	0
Total	7	1,585	0	0	0	0	1	370	0	0	8	1,955

Source: Bank Records

The following originations represent a sample of community development loans made to organizations and corporations that benefit towns inside the assessment area and the surrounding neighborhoods:

- In 2015, the bank originated a \$700,000 loan to refinance a multi-family property in Stoneham. Of the six units, four benefit low or moderate- income individuals and receive below fair market rent including one property receiving Section 8 housing assistance.
- In 2015 and 2016, the bank renewed a \$30,000 line of credit to a housing corporation that serves Arlington. Proceeds were for property repairs. The organization provides affordable housing for low- and moderate-income families and individuals living in Arlington and the surrounding communities.

- In 2015, 2016, and 2017, the bank renewed a \$100,000 line of credit to repair a home located in a moderate-income tract in Melrose. The home is an investment property. All rents are below Housing and Urban Development's fair market rents.

Qualified Investments

WSB made 80 qualified investments totaling approximately \$2.0 million. This total includes qualified equity investments of approximately \$1.8 million and donations of \$179,000. Four are prior period investments. This dollar amount of equity investments equates to 0.3 percent of average total assets and 2.3 percent of average securities since the last evaluation.

Of the total dollar amount, 88.4 percent benefitted affordable housing efforts within the assessment area. These investments demonstrate the bank's responsiveness to need for affordable housing, which is an identified community development need. The following table illustrates the bank's community development investments by year and purpose.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	1,121	0	0	0	0	0	0	0	0	4	1,121
2014	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	1	100	0	0	1	100
2016	4	550	0	0	0	0	0	0	0	0	4	550
2017	0	0	0	0	0	0	0	0	0	0	0	0
YTD 2018	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	8	1,671	0	0	0	0	1	100	0	0	9	1,771
Qualified Grants & Donations	18	52	52	126	0	0	1	1	0	0	71	179
Total	26	1,723	52	126	0	0	2	101	0	0	80	1,950

Source: Bank Records

The following are notable examples of the bank's qualified investment activities:

Prior Period

- **NuPath, Inc.** – The bank invested in two \$500,000 tax exempt bonds. This organization supports individuals with developmental disabilities and provides day and residential programs. NuPath, Inc. primarily serves low- and moderate-income individuals in the bank's assessment area. The organization also offers affordable housing through group homes for disabled adults in 16 locations throughout Middlesex County. The current book value of these investments is \$920,687.

- **Massachusetts Housing Finance Agency (MassHousing)** – MassHousing is an independent, quasi-public agency charged with providing financing for affordable housing in Massachusetts. This organization sells bonds and lends the proceeds to low- and moderate-income individuals. The bank continues to hold two bonds totaling \$200,000.

Current Period

- **MassHousing** – In 2016, the bank purchased four bonds totaling \$550,000.
- **Town of Ayer Municipal Bond** – In 2015, the bank purchased a \$100,000 municipal bond. Ayer is within the broader regional and geographic area of Middlesex County. Proceeds assisted in revitalizing and stabilizing the town. Ayer is included within the designated Regional Enterprise Zone of Devens. Devens operates under MassDevelopment, the Commonwealth’s economic development and finance authority that stimulates business and drives economic growth.

Grants and Donations

- **Caritas Communities (CC)** – CC provides very low-income individuals with permanent housing, support, and expanded opportunities. For more than 30 years, CC has helped fill the need for safe, secure housing in the Greater Boston area. Of the organization’s clients, 59 percent earn less than \$15,000 annually.
- **Housing Corporation of Arlington (HCA)** – HCA provides and advocates for affordable housing for low- and moderate-income families and individuals in Arlington and surrounding communities. The organization provides down payment assistance programs for first-time moderate-income homebuyers and affordable housing development.
- **Boston Healthcare for the Homeless (BHCH)** – BHCH ensures access to the highest quality health care for homeless men, women, and children who are fighting substance abuse in the greater Boston area. The program provides primary care, behavioral services, family services, case management services, oral health care, and other specialized services.
- **Mystic Valley Elder Services (MVES)** – MVES is a non-profit agency that works one-on-one with adults 60 years or older and disabled adults of any age. The organization connects them with support services such as Meals on Wheels, home care management, money management, and elder abuse prevention. This organization offers services free or low-cost depending on income. The majority of adults are low- or moderate-income.
- **Council of Social Concern (CSC)** – CSC assists approximately 2,200 individuals and families annually who do not have the financial resources to meet basic needs. The organization offers a food pantry, subsidized childcare, parenting education, and various other social services to a predominantly low- and moderate-income client base.

- **American Red Cross (ARC)** – ARC prevents and alleviates human suffering during emergencies through volunteers and donations. The bank’s donation supported the relief and revitalization/stabilization efforts resulting from Hurricane Maria in Puerto Rico.

Community Development Services

During the evaluation period, employees provided 65 instances of financial expertise or technical assistance to 12 different community development-related organizations in the assessment area. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2014	7	9	0	1	0	17
2015	8	10	0	1	0	19
2016	7	8	0	1	0	16
2017	4	8	0	1	0	13
YTD 2018	0	0	0	0	0	0
Total	26	35	0	4	0	65

Source: Bank Records

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

- **Supportive Living, Inc. (SLI)** - SLI enhances the lives of brain injury survivors through developing appropriate and affordable housing for these survivors. A majority of individuals served are low- or moderate-income. A Trustee serves on the Board and another officer is a Community Partner, participating in fundraising and outreach efforts.
- **Housing Families, Inc. (HFI)** – HFI works to end family homelessness by providing safe, temporary shelter, and quality affordable housing to homeless and at-risk families. A vice president serves on the Board.
- **Massachusetts Community & Banking Council (MCBC)** - MCBC provides a collaborative forum for MA financial institutions and community organizations to meet and share information. The goal is to affect positive change in the availability of credit and financial services in traditionally underserved, low- and moderate-income communities across the Commonwealth. A vice president serves on the Council’s Mortgage Lending Committee.
- **Woburn Redevelopment Authority (WRA)** – WRA renovates the blighted facades in the moderate-income census tracts in Woburn’s downtown area. The program provides funding to property owners to renovate storefronts and signs. Preference is given to small business owners. The WRA has also implemented a revitalization plan to improve

Woburn Center. The plan includes lighting and streetscape improvements, financial and technical assistance to business owners for façade improvements, and parking system improvements. The downtown area of Woburn is in a moderate-income tract. A loan officer serves as a WRA Committee member.

Other Services

- The bank hosted four first time homebuyer education workshops in collaboration with Community Service Network, Inc. The workshops targeted low- and moderate-income homebuyers.
- The bank participates in the Interest on Lawyer's Trust Accounts program. Earned interest helps fund improvements in administering justice and delivering legal services to low-income clients. During the evaluation period, these accounts earned \$15,141.82 in interest.
- The bank's deposit products meet MCBC's Basic Banking in Massachusetts guidelines. This Statewide program offers low-cost checking and savings accounts. This assists in increasing access to financial services for low- and moderate-income individuals.

In addition, WSB operates one branch in a moderate-income census tract. The bank also operates two branches and one ATM that are contiguous to moderate-income tracts. The branches and the ATM dispersion demonstrate the availability of banking services to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

Please note any comments regarding the institution's fair lending policies and procedures in narrative form (Regulatory Bulletin 1.3-106).

Based on a review of the bank's public comment file and its performance relative to fair lending policies and practices, examiners did not identify any violations of the anti-discrimination laws and regulations.

MINORITY APPLICATION FLOW

Examiners reviewed WSB 2015 and 2016 HMDA LARs to determine if the minority application flow reflected the assessment area's demographics.

Examiners compared WSB 2015 and 2016 residential lending to 2015 and 2016 aggregate data. This comparison assists in deriving reasonable expectations for the minority application rate. Refer to the following table for information regarding WSB's minority application flow as well as the aggregates.

MINORITY APPLICATION FLOW						
RACE	Bank 2015		2015 Aggregate Data	Bank 2016		2016 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.1	0	0.0	0.1
Asian	5	3.8	9.3	2	1.8	10.9
Black/ African American	0	0.0	1.3	0	0.0	1.3
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.0	0	0.0	0.0
Joint Race (White/Minority)	5	3.8	2.1	2	1.8	2.1
Total Minority	10	7.6	11.9	4	3.6	14.5
White	82	62.6	60.6	73	65.8	65.6
Race Not Available	39	29.8	26.5	34	30.6	19.9
Total	131	100.0	100.0	111	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	1.4	0	0.0	1.7
Not Hispanic or Latino	85	64.9	71.2	62	55.9	77.0
Joint (Hisp/Lat /Not Hisp/Lat)	3	2.3	1.1	4	3.6	1.3
Ethnicity Not Available	43	32.8	26.3	45	40.5	20.0
Total	131	100.0	100.0	111	100.0	100.0

According to the 2010 U.S. Census data, the assessment area has a population of 263,072, of which 17.3 percent are minorities. The assessment area's minority population includes 0.9 percent American Indian, 8.1 percent Asian/Pacific Islander, 3.5 percent Black, 3.2 percent Hispanic, and 2.5 percent other race.

In 2015, the bank received 131 HMDA reportable loan applications within its assessment area. Of these applications, the bank received ten from racial minority applicants. The bank's application flow was below aggregate performance of 11.9 percent for applications received from minorities. The bank received no applications representing the Hispanic or Latino ethnic group in 2015. The 2015 aggregate performance was 1.4 percent.

In 2016, the bank received 111 HMDA reportable loan applications. Of these applications, the bank received four from racial minority applicants. The bank's application flow was below aggregate performance of 14.5 percent for applications received from minorities. The bank received no applications representing the Hispanic or Latino ethnic group in 2016. The 2016 aggregate performance was 1.7 percent.

Examiners reviewed housing and demographic data in the assessment area. There is a relatively high rental-occupancy rate (29.5 percent) in the assessment area which could limit the demand for home mortgage loans. Further, there are no majority-minority census tracts in the assessment area.

GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

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

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

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

Community Development Loan: A loan that

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

Community Development Service: A service that

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

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

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

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

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

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

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

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

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

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

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

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Underserved middle-income nonmetropolitan geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

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

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

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

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

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