

PUBLIC DISCLOSURE

May 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Walpole Co-operative Bank
Certificate Number: 26487

982 Main Street
Walpole, Massachusetts 02081

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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 concerning the safety and soundness of this financial institution.

INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's 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 among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the rating.

The Community Development Test is rated Satisfactory.

- The institution demonstrates adequate responsiveness to assessment area community development needs through community development loans, qualified investments, and community development services.

SCOPE OF EVALUATION

General Information

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This evaluation covers the period from the prior evaluation dated January 21, 2020, to the current evaluation dated May 8, 2023. The Massachusetts Division of Banks (“Division”) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Intermediate Small Institution Examination procedures. The procedures encompass the Lending Test and the Community Development Test.

Activities Reviewed

Examiners determined that the bank’s major product lines are home mortgage loans and small business loans. This conclusion considered the bank’s business strategy and the number and dollar volume of loans originated during the evaluation period. As of March 31, 2023, home mortgage loans represented 42.1 percent of the bank’s loan portfolio. Commercial loans consisting of nonfarm nonresidential real estate and commercial and industrial loans represented 38.2 percent of bank’s total loan portfolio. The bank’s record of originating home mortgage loans and Commercial loans contributed equal weight during the evaluation. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products.

The evaluation considered all home mortgage loans reported on the bank’s 2021 and 2022 HMDA Loan Application Registers (LARs). The bank reported 72 originations totaling \$63.5 million in 2021 and 58 originations totaling \$67.9 million in 2022. Examiners compared the bank’s home mortgage lending performance to 2021 and 2022 HMDA aggregate lending data. Examiners used 2015 ACS demographic data as a source of comparison for 2021, and 2020 U.S. Census data for 2022 bank lending.

Although WCB is not required to report small business loan data, it electronically collected small business loan data relevant for CRA performance in 2021 and 2022. This allowed examiners to evaluate the full universe of bank small business loans originated during this time period. The bank originated 54 small business loans totaling \$15.7 million in 2021 and 41 loans totaling \$10.5 million in 2022.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. For the Community Development Test, examiners

reviewed community development loans, investments and donations, and community development services since the prior CRA evaluation dated January 21, 2020, to the current evaluation date of May 8, 2023. The bank's Paycheck Protection Program (PPP) lending activity was evaluated as community development loans for the Community Development Test.

DESCRIPTION OF INSTITUTION

Background

Walpole Co-operative Bank (WCB or the bank) is a state-chartered cooperative bank headquartered in Walpole, Massachusetts (MA). The bank has not had any mergers or acquisitions since the previous evaluation. WCB received a Satisfactory rating at its previous Division of Banks joint Performance Evaluation, dated January 21, 2020. Examiners evaluated the bank's performance based on Interagency Intermediate Small Institution Examination Procedures.

Operations

WCB operates from a single location at 928 Main Street, Walpole, MA, and is located within an upper-income census tract. The bank has not opened or closed any branches since the last evaluation.

The bank offers loan products including commercial and home mortgage loans, while primarily focusing on commercial lending. The bank offers a variety of deposit services including, checking accounts, savings accounts, money market accounts, certificates of deposit, and IRAs. Alternative banking services include online and mobile banking, electronic bill pay, mobile deposit, and person-to-person payments. WCB is a member of the SUM Network, and as a member, the bank's customers can use any SUM program ATM surcharge-free. The bank also participates in several community lending programs that assist low-and moderate-income families and individuals with purchasing homes, including the Federal Home Loan Bank of Boston's Housing our Work Force and Equity Builder Programs, as well as Freddie Mac's Home Possible Program and MassHousing's MI Plus Program.

Ability and Capacity

As of March 31, 2023, WCB's reported assets totaling \$584.1 million, including total loans of \$485.6 million (83.1 percent of total assets) and total securities of \$67.6 million. Since the previous evaluation, total loans increased by 12.1 percent, and total assets increased by 14.5 percent. WCB also reported total deposits of \$443.8 million, which increased by 21.1 percent since the previous evaluation.

The following table shows that loans secured by nonfarm nonresidential properties represent the largest portion of the portfolio, followed by loans secured by 1-4 family residential properties, which is consistent with the prior evaluation. Loan composition has not changed significantly since the prior evaluation. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	97,512	19.8
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	129,554	26.3
Secured by Multifamily (5 or more) Residential Properties	77,890	15.8
Secured by Nonfarm Nonresidential Properties	178,128	36.2
Total Real Estate Loans	483,084	98.1
Commercial and Industrial Loans	9,373	2.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.3
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	11	0.0
Total Loans	492,446	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

WCB designated a single assessment area in Massachusetts consisting of portions of Norfolk and Bristol County. The bank's assessment area includes the following towns located in Norfolk County: Bellingham, Canton, Dedham, Dover, Foxboro, Franklin, Medfield, Medway, Millis, Needham, Norfolk, Norwood, Plainville, Sharon, Stoughton, Walpole, Wellesley, Westwood, and Wrentham, and the Bristol County town of Mansfield. There have been no changes to the assessment area since the last examination.

The following sections describe economic and demographic information for the assessment area.

Economic and Demographic Data

The assessment area comprises 82 census tracts with the following income designations according to the 2020 U.S. Census:

- 0 low-income census tracts,
- 5 moderate-income census tracts,
- 30 middle-income census tracts,
- 47 upper-income census tracts, and
- 0 census tracts with no income designation.

Due to the release of the 2020 U.S. Census, census-tract income designation and demographic data within Norfolk and Bristol County have changed from 2021 to 2022. For 2021, census-tract income designations are based off the 2015 ACS. According to the 2015 ACS, the assessment area consisted of 70 census tracts, of which there were no low-income census tracts and one moderate-income census tracts.

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)	82	0.0	6.1	36.6	57.3	0.0
Population by Geography	400,257	0.0	5.5	33.2	61.3	0.0
Housing Units by Geography	148,694	0.0	6.5	35.4	58.1	0.0
Owner-Occupied Units by Geography	111,503	0.0	4.7	32.3	63.1	0.0
Occupied Rental Units by Geography	31,364	0.0	13.0	46.0	41.0	0.0
Vacant Units by Geography	5,827	0.0	5.7	38.6	55.7	0.0
Business by Geography	--	--	--	--	--	--
Farms by Geography	--	--	--	--	--	--
Family Distribution by Income Level	104,559	12.9	12.5	18.9	55.7	0.0
Household Distribution by Income Level	142,867	17.1	12.1	15.2	55.6	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$560,606
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$89,555	Median Gross Rent			\$1,589
			Families Below Poverty Level			2.6%
<i>Source: 2020 U.S. Census</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2020 U.S. Census data, housing unit statistics in low- and moderate-income census tracts show an owner-occupancy rate of 75.0 percent, a rental unit rate of 21.1 percent, and a vacant unit rate of 3.9 percent.

Demographic data for moderate-income census tracts in the assessment area also indicate limited opportunities for home mortgage lending. Specifically, based on a review of individual census tracts, the median housing values are as high as \$447,800 and the median family income is as low as \$63,177. In addition, the percentage of families below the poverty level is as high as 18.1 percent within the moderate-income tracts, which further indicates limited opportunities for lenders to originate home mortgage loans in those areas.

Examiners use median family income figures from the Federal Financial Institutions Examination Council (FFIEC) to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the median income family ranges in the Boston, MA Metropolitan Division and the Providence-Warwick Metropolitan Statistical Area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2021 (\$113,700)	<\$56,850	\$56,850 to <\$90,960	\$90,960 to <\$136,440	≥\$136,440
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2021 (\$87,500)	<\$43,750	\$43,750 to <\$70,000	\$70,000 to <\$105,000	≥\$105,000
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
<i>Source: FFIEC</i>				

According to 2022 Dun & Bradstreet (D&B) data, 49,491 non-farm businesses are located in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR). GARs for these businesses are below:

- 88.0 percent have GARs of \$1.0 million or less.
- 4.6 percent have GARs of more than \$1.0 million.
- 7.4 percent have unknown revenues.

Service industries represent the largest portion of businesses at 38.1 percent, followed by non-classifiable establishments (22.2); finance, insurance, and real estate (11.7 percent); retail trade (9.3 percent); and construction (7.3 percent). In addition, 61.8 percent of businesses within the assessment area have four or fewer employees and 91.5 percent operate from a single location.

As shown in the following table, unemployment rates were elevated in 2020 due to the effects of the COVID-19 pandemic, and they decreased steadily in 2021 and 2022.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Norfolk County	8.8	5.0	3.3
Bristol County	10.8	6.3	4.6
Massachusetts	9.4	5.5	3.8
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

WCB operates in a highly competitive market for financial services. The presence of national, regional, and community banks and credit unions create significant competition in the area.

According to the June 30, 2022, FDIC deposit market share data, 35 institutions operated 144 offices in the assessment area. WCB ranked 14th with a market share of 2.0 percent. The top two institutions, Bank of America, NA and Citizens Bank, NA, have a combined deposit market share of 32.8 percent.

According to peer mortgage data, a high level of competition for home mortgage loans exists among banks, non-depository mortgage lenders, and credit unions in the assessment area. According to 2021 Home Mortgage Disclosure Act (HMDA) aggregate data, 447 lenders reported originating or purchasing 29,292 home mortgage loans in the assessment area. WCB originated 38 loans with a 0.1 percent market share. The top 10 institutions are large national and regional lenders with a combined market share of 36.9 percent.

The bank also faces a high level of competition for small business loans among banks and non-depository lenders in the assessment area. WCB is not required to collect or report its small business loan data, so the analysis of small business loans under the Lending Test does not include comparisons to aggregate data. Aggregate data for small business loans; however, provides context about demand for small business loans. Since the FFIEC releases peer small business data at the county level, the following data reflects activity in the entirety of Norfolk and Bristol Counties. According to 2021 CRA aggregate data for Norfolk and Bristol Counties, 177 institutions reported originating or purchasing 40,603 small business loans. The top three institutions, American Express National Bank; Bank of America, NA; and JPMorgan Chase Bank, NA, are large national lenders with a combined market share of 39.9 percent.

Community Contact

Examiners contacted a representative of a local Real Estate organization that has extensive knowledge about the housing market within the assessment area. The contact noted that the assessment area contains limited opportunities for new construction due to a lack of land and space for large new developments. As such, a majority of new housing stock is being created outside of the assessment area.

Due to the high cost of homes within the assessment area, the contact also noted that very few homebuyers are first-time homebuyers or low- and moderate-income due to being priced out of much of the existing housing stock. The contact also mentioned that due to the stringent requirements placed on many of the products offered by local financial institutions aimed at first-time homebuyers and low- and moderate-income homebuyers, many of these types of borrowers go through mortgage brokers when purchasing a home.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Examiners determined that affordable housing, in the form of down payment assistance programs and new construction is the primary need of the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

WCB demonstrated Satisfactory performance under the Lending Test. The bank's reasonable Geographic Distribution and Borrower Profile performances support this conclusion. The following sections summarize the bank's performance under each criterion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 105.3 percent over the past 14 quarters. The highest LTD ratio was 116.3 percent on December 31, 2019. The lowest LTD ratio was 93.2 percent on March 31, 2022. The bank's LTD ratio remained similar to that of the previous evaluation despite challenges posed by the COVID-19 pandemic.

Examiners compared the bank's average net LTD ratio to three similarly situated financial institutions. Examiners selected these similarly situated banks based on asset size, branching structure, geographic location, and lending focus. As shown in the following table, the bank's performance exceeds similarly situated institutions, reflecting more than reasonable performance.

LTD Ratio Comparison		
Bank	Total Assets as of 3/31/2023 (\$000s)	Average Net LTD Ratio (%)
Walpole Co-operative Bank	584,123	105.3
Mechanics Co-operative Bank	658,199	101.6
Dean Co-operative Bank	444,389	77.5
Charles River Bank	317,607	72.7
<i>Source: Reports of Condition and Income 12/31/2019 - 03/31/2023</i>		

Assessment Area Concentration

The bank originated a majority of its loans inside the assessment area. The bank did not originate a majority of home mortgage loans by number and dollar amount inside the assessment area. A large portion of the bank's home mortgage loans are based on existing relationships with real estate investors, who primarily invest in properties outside of the assessment area, particularly in the City of Boston, thus affecting home mortgage loan concentrations.

The following table shows the bank’s lending inside and outside the assessment area by loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	38	52.8	34	47.2	72	18,663	29.4	44,874	70.6	63,537
2022	22	37.9	36	62.1	58	14,940	22.0	52,929	78.0	67,869
Subtotal	60	46.2	70	53.8	130	33,603	25.6	97,803	74.4	131,406
Small Business										
2021	42	77.8	12	22.2	54	9,985	63.8	5,676	36.2	15,661
2022	33	80.5	8	19.5	41	8,203	77.9	2,322	22.1	10,525
Subtotal	75	78.9	20	21.1	95	18,188	69.5	7,998	30.5	26,186
Total	135	60.0	90	40.0	225	51,791	32.9	105,801	67.1	157,592

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

The geographic distribution reflects reasonable dispersion throughout the assessment area. The bank’s reasonable home mortgage and small business lending performances support this conclusion.

Home Mortgage

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the following table shows that the bank falls behind aggregate and demographic data in 2021, the bank’s performance in 2022 and demographic data support a reasonable conclusion.

The bank’s assessment area does not contain any low-income census tracts, and as such lending in this area was not considered. Under the 2015 ACS, the bank’s assessment area only contained one moderate-income census tract, because of this, the bank’s 2021 performance was given limited weight.

In 2021, the bank did not make any loans in moderate-income geographies. Demographic data and aggregate performance show limited opportunities for lending inside the one moderate-income census tract within the assessment area at that time.

In 2022, the bank made 3 or 13.6 percent of loans within moderate-income census tracts, which was slightly less than triple the performance of aggregate at 4.7 percent and the percentage of owner-occupied housing units within the census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
Moderate						
2021	0.3	0.3	0	0.0	0	0.0
2022	4.7	4.7	3	13.6	1,800	12.0
Middle						
2021	21.0	20.2	1	2.6	543	2.9
2022	32.3	30.8	2	9.1	726	4.9
Upper						
2021	78.7	79.5	37	97.4	18,120	97.1
2022	63.1	64.5	17	77.3	12,414	83.1
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
Totals						
2021	100.0	100.0	38	100.0	18,663	100.0
2022	100.0	100.0	22	100.0	14,940	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area, primarily due to its reasonable small business lending in moderate-income census tracts in 2022.

The bank's assessment area does not contain any low-income census tracts and as such lending to small businesses in this area was not considered. Under the 2015 ACS, the bank's assessment area only contained one moderate-income census tract, because of this, the bank's 2021 performance was given limited weight.

In 2021, the bank did not make any loans to businesses in moderate-income geographies. Demographic data showed limited opportunities for lending inside the one moderate-income census tract within the assessment area at that time.

In 2022, the bank made 2 or 6.1 percent of small business loans within moderate-income census tracts, which was slightly behind the percentage of businesses inside moderate-income census tracts.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2021	--	0	0.0	0	0.0
2022	--	0	0.0	0	0.0
Moderate					
2021	0.7	0	0.0	0	0.0
2022	6.5	2	6.1	342	4.2
Middle					
2021	20.9	9	21.4	2,415	24.2
2022	34.8	14	42.4	2,686	32.7
Upper					
2021	78.4	33	78.6	7,570	75.8
2022	58.8	17	51.5	5,175	63.1
Not Available					
2021	--	0	0.0	0	0.0
2022	--	0	0.0	0	0.0
Totals					
2021	100.0	42	100.0	9,985	100.0
2022	100.0	33	100.0	8,203	100.0
<i>Source: 2021 & 2022 D&B Data, 2021 & 2022 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable home mortgage and small business lending performances support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. Although the following table shows that the bank falls behind aggregate and demographic data in 2021 and 2022, demographic data supports a reasonable conclusion.

In 2021 and 2022, the bank did not make any loans to low-income borrowers. With a maximum 2021 income of \$56,850 and 2022 income of \$64,750 within the Boston, MA Metropolitan Division, which makes up the majority of the bank's assessment area, low-income families would have difficulty qualifying for a home mortgage loan under conventional underwriting standards. In addition, the assessment area also has a very high cost of homeownership, with a median home value of \$560,606.

In 2021, the bank made 3 or 7.9 percent of loans to moderate-income borrowers, this was below the aggregate performance of 12.4 percent and the percentage of moderate-income families within the assessment area. In 2022, the bank made 1 or 4.5 percent of loans to moderate-income borrowers, this was below the aggregate performance of 14.0 percent and the percentage of moderate-income families within the assessment area.

The bank's assessment area is highly competitive for lending to moderate-income borrowers. The competition is primarily made up of large community and national banks and non-depository lenders. In 2021, 283 lenders originated or purchased at least one loan to moderate-income borrowers within the assessment area, while the top ten lenders made up 37.8 percent of the overall market share of lending to moderate-income borrowers within the assessment area. In 2022, 242 lenders originated or purchased at least one loan to moderate-income borrowers, while the top ten lenders made up 37.1 percent of the overall market share of lending to moderate-income borrowers within the assessment area. The following table illustrates the distribution of home mortgage loans by borrower income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	11.0	3.0	0	0.0	0	0.0
2022	12.9	4.1	0	0.0	0	0.0
Moderate						
2021	11.2	12.4	3	7.9	621	3.3
2022	12.5	14.0	1	4.5	150	1.0
Middle						
2021	18.4	20.2	8	21.1	2,530	13.6
2022	18.9	20.4	2	9.1	460	3.1
Upper						
2021	59.4	51.6	16	42.1	6,536	35.0
2022	55.7	50.6	3	13.6	2,600	17.4
Not Available						
2021	0.0	12.8	11	28.9	8,976	48.1
2022	0.0	10.8	16	72.7	11,730	78.5
Totals						
2021	100.0	100.0	38	100.0	18,663	100.0
2022	100.0	100.0	22	100.0	14,940	100.0
<i>Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2021 & 2022 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 with GARs of \$1 million or less. The following table shows that 28.6 percent of loans in 2021 and 24.2 percent of loans in 2022 were originated to businesses with GARs of \$1 million or less. This number compares reasonably to the percent of businesses in this revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	86.8	12	28.6	2,065	20.7
2022	87.9	8	24.2	1,537	18.7
>\$1,000,000					
2021	5.3	30	71.4	7,920	79.3
2022	4.6	25	75.8	6,666	81.3
Revenue Not Available					
2021	8.0	0	0.0	0	0.0
2022	7.5	0	0.0	0	0.0
Totals					
2021	100.0	42	100.0	9,985	100.0
2022	100.0	33	100.0	8,203	100.0
<i>Source: 2021 & 2022 D&B Data, 2021 & 2022 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints and Fair Lending Policies and Procedures

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test.

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

Minority Application Flow

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

According to 2020 U.S. Census data, the assessment area contained 400,257 individuals. The assessment area’s minority and ethnic population is 4.7 percent Black/African American, 7.1 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 4.6 percent Hispanic or Latino, and 8.1 percent of other races.

Examiners compared the bank’s application activity with that of the 2021 and 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank’s minority application flow as well as the aggregate lenders in the bank’s assessment area.

MINORITY APPLICATION FLOW						
RACE	2021		2021 Aggregate Data	2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.0	0	0.0	0.2
Asian	0	0.0	7.6	0	0.0	8.0
Black/ African American	0	0.0	3.2	0	0.0	4.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	0	0.0	0.1	0	0.0	0.1
Joint Race (White/Minority)	0	0.0	1.8	0	0.0	2.0
Total Racial Minority	0	0.0	12.8	0	0.0	14.4
White	35	64.8	62.0	3	12.5	63.2
Race Not Available	19	35.2	25.2	21	87.5	22.5
Total	54	100.0	100.0	24	100.0	100.0
ETHNICITY						
Hispanic or Latino	0	0.0	2.8	0	0.0	3.7
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.4	0	0.0	1.6
Total Ethnic Minority	0	0.0	4.2	0	0.0	5.3
Not Hispanic or Latino	34	63.0	70.0	2	8.3	71.8
Ethnicity Not Available	20	37.0	25.8	22	91.7	22.9
Total	54	100.0	100.0	24	100.0	100.0
<i>Source: ACS Census 2015, 2020 U.S. Census, HMDA Aggregate Data 2021 and 2022, HMDA LAR Data 2021 and 2022</i>						

WCB did not receive any Home Mortgage loan applications from racial or ethnic minorities within the banks assessment area in 2021 or 2022. The bank is predominantly a commercial lender, because of this, many of the bank’s HMDA reportable loan applications come from non-natural persons or corporations, and as such, government monitoring information is not collected on those applications. This is noted in the minority application flow table as “Race or Ethnicity Not Available”. In 2021, the bank was above aggregate for applications reported as “Race or Ethnicity Not Available”, and in 2022 they were significantly above the aggregate. In 2021, the bank was in-line with aggregate for applications received from White applicants and below the aggregate for applications received from not Hispanic or Latino and in 2022, the bank was significantly below the aggregate for applications received from white applications and not Hispanic or Latino.

The bank has added several community lending products aimed at increasing applications from traditional borrowers since the last examination. These products include the Federal Home Loan Bank of Boston’s Housing our Workforce (HOW) and Equity Builder Programs (EBP) as well as Freddie Mac’s Home Possible Program and MassHousing’s MI Plus Program. The HOW and EBP programs both provide grant assistance to borrowers who meeting income guidelines and

attend complete a First-Time Homebuyer Seminar. Funds from the HOW grant provides assistance with down payments and the purchasing of a home, while the EBP funds can be used for down payments, closing costs, and costs associated with repairing the home. WCB is eligible to receive up to \$150,000 through the HOW program and \$220,000 through the EBP program.

Under the 2020 U.S. Census data, the assessment area is now comprised of one majority minority tract located in Stoughton. The census tract contained 2017 individuals, of which 55.8 percent are minorities. The census tracts minority and ethnic population is 19.6 percent Black/African American, 6.1 percent Asian, 0.4 percent American Indian, 7.8 percent Hispanic or Latino, and 21.9 percent of other race. This tract is located roughly 10 miles away from the bank's sole location and as such, potential applicants typically seek closer options. Within Stoughton and its surrounding communities, 15 institutions operate 51 branches, according to FDIC Deposit Market Share Reports as of June 30, 2022.

In 2021, the bank made one loan in Stoughton. According to 2021 Market Share Reports for Stoughton, WCB ranked 145th out of 212 lenders, with a total of 1,873 loans reported. In 2022, the bank did not make any HMDA reportable loans in Stoughton or its surrounding communities.

The bank employs individuals able to provide translation assistance in several languages, including Arabic, French, Gujrati, Hindi, Marathi, Tamil, and Turkish.

Considering the demographic composition of the assessment area, market competition, and the bank's commercial oriented business strategy, the bank's minority application flow is considered adequate.

COMMUNITY DEVELOPMENT TEST

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

Community Development Loans

WCB originated 167 community development loans totaling \$19.3 million during the evaluation period. This level of activity represents 3.5 percent of average total assets and 4.2 percent of average net loans over the evaluation period. This is a significant increase in both the number and dollar amount of community development lending from the last examination, during which the bank originated 26 community development loans for \$8.9 million. This level of lending and the responsiveness to the assessment area's need for affordable housing and economic development demonstrates the bank's commitment to community development within its assessment area and a broader statewide region. WCB originated 32 loans totaling \$9.5 million outside of the bank's assessment area, which benefited a greater statewide area. WCB's community development lending by number and dollar amount exceeded that of three similarly

situated institutions. The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
01/21/2020 - 12/31/2020	2	800	0	0	89	3,324	4	515	95	4,639
2021	7	5,335	0	0	58	7,021	2	418	67	12,774
2022	0	0	0	0	1	211	4	1,705	5	1,916
YTD 2023	0	0	0	0	0	0	0	0	0	0
Total	9	6,135	0	0	148	10,556	10	2,638	167	19,329

Source: Bank Records

Below are examples of the bank’s qualified community development loan activities:

- During the evaluation period, the bank originated 150 SBA Paycheck Protection Program (PPP) loans totaling \$7.3 million. Of the loans, 144 were qualified as economic development for retaining low- and moderate-income positions and 6 were qualified under revitalization and stabilization for stabilizing low- and moderate-income census tracts in response to the Covid-19 pandemic. Examiners considered these loans to be responsive as they helped revitalize and stabilize low-and moderate-income census tracts and assisted with the retention of low-and-moderate income jobs by supporting businesses impacted by the Covid-19 pandemic.
- During the evaluation period, the bank originated six SBA 504 loans totaling \$5.0 million. The loan program provides small businesses with long-term financing through a Certified Development Company (CDC). Small businesses use the financing to acquire fixed assets for expansion and modernization, which promotes business growth and job creation. Generally, the loan structure includes a 10.0 percent equity investment by the small business, 40.0 percent participation by the CDC, and 50.0 percent participation by the bank. These six loans helped retain low- and moderate-income jobs within the assessment area and a broader statewide area.
- In 2022, the bank originated two loans for \$705,000 under the Jobs for New England program. The program is offered through Federal Home Loan Bank Boston to its members and provides below market-rate financing for small business loans that create or preserve jobs, expand woman-, minority-, or veteran-owned businesses, or otherwise stimulate the economy in New England Communities. These loans helped expand two businesses within the bank’s assessment area.
- In 2021, the bank originated a loan for \$750,000 to a non-profit affordable housing organization. The funds were used to provide working capital to support the organization’s mission to preserve, maintain, and create affordable housing for low- and moderate-income individuals and families. This loan helped provide affordable housing to a broader statewide area.

Qualified Investments

WCB made 33 qualified investments for \$126,100. This amount comprises grants and donations benefitting the assessment area. This equates to 0.2 percent of average total assets since the prior evaluation and 2.0 percent of average total securities. The bank increased its qualified investments by both number and dollar amount since the previous evaluation. During the previous evaluation, the bank made 31 qualified investments totaling \$85,000. This increase in community development demonstrates the bank’s commitment to providing much need community services within the assessment area. The bank’s level of qualified investments was above one similarly situated institution by dollar amount and below all three by number.

The following table illustrates the bank’s community development investments by year and purpose. These investments demonstrate the bank’s responsiveness, particularly to the need for affordable housing and community services in the community.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
01/21/2020 - 12/31/2020	0	0	9	34,600	0	0	0	0	9	34,600
2021	0	0	9	34,000	0	0	0	0	9	34,000
2022	2	1,500	8	51,000	0	0	0	0	10	52,500
YTD 2023	2	2,500	3	2,500	0	0	0	0	5	5,000
Total	4	4,000	29	122,100	0	0	0	0	33	126,100

Source: Bank Records

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

- Food Pantries** – During the evaluation period, the bank made multiple grants and donations to food pantries that serve the assessment area. Pantries include the Dedham Food Pantry, Ecumenical Community Food Pantry, Emanuel Baptist Church’s Food Pantry, Food Pantry Foundation of Stoughton, Foxboro Discretionary Fund, Franklin Food Pantry, Helpline Food Pantry, HESSCO, Loaves & Fishes Food Pantry, Living Bread Food Pantry, Medfield Food Cupboard, Medway Food Pantry, Millis Ecumenical Food Pantry, Needham Community Council, Our Daily Bread, Walpole Food Pantry, Wellesley Food Pantry, Westwood Food Pantry, and the Wrentham Food Pantry. Many of the bank’s donations to food pantries were in direct response to needs faced by the community during the Covid-19 pandemic and are considered highly responsive. The bank’s contributions to food pantries across the assessment area helped provided community services to low- and moderate-income individuals and families.
- Hope Health Community VNA’s Elder Dental Program** – The bank made multiple donations to Hope Health’s Elder Dental Program. This program provides access to dental care for low-income seniors who do not have access to dental insurance and are age 60 or over who live in southern Norfolk County and Bristol County. Services include

diagnosis, cleanings, fillings, root canals, and extractions. The bank’s donations to this organization helped expand access to community services for low- and moderate-income seniors within the bank’s assessment area.

- **Neighbor Works** - This organization’s mission is to promote safe and affordable housing to low- and moderate-income individuals. Programs offered include financial counseling, homebuyer education, rental assistance, Section 8 housing, and homeless prevention. The bank made multiple donations to the organization during the examination period. The bank’s support of this organization helped provide affordable housing to low- and moderate-income individuals and families within the bank’s assessment area.

Community Development Services

During the evaluation period, WCB employees provided 8 instances of financial expertise or technical assistance to 2 community development related organizations that primarily benefitted low- or moderate-income individuals. Since the prior evaluation, the bank’s level of community services decreased from 12 instances of financial services. The bank’s community development services demonstrate a responsiveness to the affordable housing and economic development needs in the assessment area and a broader statewide area. WCB was below all three similarly situated institutions by instances of community development services.

The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
1/21/2020 – 12/31/2020	2	0	1	0	3
2021	2	0	1	0	3
2022	2	0	0	0	2
YTD 2023	0	0	0	0	0
Total	6	0	2	0	8

Source: Bank Data

The following are examples of the organizations that benefited from bank employee involvement and financial literacy programs provided by the bank.

Employee Involvement

- **Bay Colony Development Corporation** – Bay Colony is a certified community development corporation whose purpose is to stimulate economic development through the creation and preservation of jobs by providing companies with fixed asset financing at affordable rates and reasonable terms. The President of the bank served on the organization’s Advisory Board in 2020 and 2021. The bank’s involvement with this organization helped provide economic development within the assessment area.

- **Lexington Housing Assistance Board** – The Lexington Housing Assistance Board’s mission is to expand the Town of Lexington’s inventory of rentable affordable housing for low- and moderate-income families to reside in. Properties include single-family homes, duplexes, and condominium units. A Senior Vice-President at the bank served on the organization’s Board and as Assistant Treasurer from 2020 to 2022. The bank’s involvement with this organization helped maintain and expand affordable housing in a broader statewide area.

Other Services

- **MCBC Basic Banking** – WCB participates in the Basic Banking Program, which encourages low- and moderate-income individuals to establish banking relationships. The program features free or low-cost checking and savings accounts to meet the needs of local area customers.

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 bank’s overall CRA rating.

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 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 982 Main Street Walpole, Massachusetts 02081".

[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.