



**PUBLIC DISCLOSURE**

July 14, 2014

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Westbury Bank  
Charter Number 717893

200 South Main Street  
West Bend, WI 53095

Office of the Comptroller of the Currency  
Milwaukee Field Office  
1200 North Mayfair Road, Suite 200  
Wauwatosa, WI 53226

**NOTE:** 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment area (AA).
- A majority of loan originations are made within the bank's AA.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution reflects excellent dispersion among geographies of different income levels and reasonable dispersion of businesses of different sizes.
- The bank's community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the AA.

## **Scope of Examination**

Westbury Bank's (Westbury) Community Reinvestment Act (CRA) performance was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area through lending activities. The CD test evaluates the bank's responsiveness to CD needs in its assessment area through CD lending, qualified investments, and services. We reviewed data for the bank's primary loan products, residential real estate loans and commercial loans, to evaluate the bank's lending performance.

The evaluation period covers the date of the previous CRA examination, November 15, 2010 through July 14, 2014. The lending test evaluates loans originated or purchased between January 1, 2012 and December 31, 2013. The community development test assesses loans, investments, and services over the entire evaluation period.

Prior to conducting this evaluation, we tested the accuracy of the bank's Home Mortgage Disclosure Act (HMDA) data for 2012 and 2013. We found the data to be accurate; therefore, we used all reported HMDA data for both years in our evaluation of residential real estate lending. We selected a random sample of 25 commercial loans from bank-generated reports. Additionally, we obtained aggregate HMDA peer group data for the lending test. The bank's community development loans, investments, and services were reviewed based on information provided by the bank. Only those items that met the regulatory definition of community development were considered in the Community Development Test.

## Description of Institution

Westbury is a \$529 million federally chartered savings bank headquartered in West Bend, Wisconsin. The bank is 100 percent owned by Westbury Bancorp Inc., a one-bank holding company that is also located in West Bend, Wisconsin.

As of March 31, 2014, the bank has a total loan portfolio of \$361 million, representing 68 percent of total assets. By dollar volume, the loan portfolio is comprised of commercial loans (58.68 percent), residential real estate (39.80 percent), and consumer loans (1.52 percent).

<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Commercial	\$212,127	58.68%	40.09%
Residential Real Estate	\$143,861	39.80%	27.19%
Consumer	\$5,482	1.52%	1.04%
Agriculture	0	N/A	N/A
<b>Total</b>	<b>\$361,470</b>	<b>100.00%</b>	<b>68.32%</b>

In addition to its main office, the bank operates eight full service branches located in Brookfield, Germantown, Hartford, Jackson, Kewaskum, Colgate, Slinger, and West Bend. All of these branches are in middle-income census tracts (CT), except for Brookfield and Colgate, which are located in upper-income census tracts. All branches are equipped with drive-up facilities and automated teller machines (ATMs). The bank has closed 13 branches over the evaluation period, as management has determined that its primary market area is centered around continued growth in Washington and Waukesha Counties and to a lesser extent northern Milwaukee County.

The bank's continued business strategy has been to serve the credit needs of its local community. The bank has changed its lending strategy from primarily residential real estate lender to a combined focus on commercial and residential lending. The bank's primary loan products now consist of commercial and residential real estate lending. The bank offers a variety of products and services for lending, deposit accounts, and investment services that are designed to meet the needs of a wide range of individual income levels.

There are no financial constraints limiting the bank's ability to meet the community's credit needs. The bank received a Satisfactory rating from the last CRA examination dated November 15, 2010.

## Description of Assessment Area

Westbury's defined assessment area includes a portion of the Milwaukee-Waukesha-West Allis Metropolitan Statistical Area (MSA) and one census tract in the Fond du Lac MSA. The Milwaukee-Waukesha-West Allis MSA AA consists of all of Washington and Waukesha Counties, and 10 census tracts in Milwaukee County. The one census tract in Fond du Lac County is located in the Fond du Lac MSA. This census tract does not substantially extend

beyond the Milwaukee MSA and was therefore include in the Milwaukee MSA AA. The CTs within the bank's AA represent 30 percent of the total number of CTs in the Milwaukee-Waukesha-West Allis MSA. Given Westbury's asset size, available resources, and limited branch locations, the designation for the entire Milwaukee-Waukesha-West Allis MSA would be too large for the bank to reasonably serve. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

According to 2010 census data, the AA consists of 125 CTs: three (2 percent) are low-income; seven (6 percent) are moderate-income, 48 (38 percent) are middle-income; and 67 (54 percent) are upper-income.

The total population of the AA is 572,943. The average median family income is \$86,043, and the U.S. Department of Housing and Urban Development (HUD) 2013 updated MSA median family income to \$70,163. Based on 2013 demographic data, the total number of businesses in the assessment area was 40,010. Of these businesses, 28,325 (71 percent) had gross revenues of less than \$1 million, 3,333 (8 percent) had gross revenues of \$1 million or over, and 8,352 (21 percent) had revenues not reported. The percentage of families below the poverty level is 3.89 percent. Owner-occupied units comprise 72 percent of total housing units.

<b>Table 2 - Demographic Data Based on 2010 U. S. Census Data</b>	
<b>Demographic Data</b>	<b>2010 Census</b>
Population	572,943
Total Families	159,598
One-to Four-Family Units	192,125
Multi-family Units	41,718
% Owner-Occupied Units	72.00%
% Occupied Rental Units	22.76%
% Vacant Housing Units	5.23%
HUD Estimated Median Family Income, 2013	\$70,163

The local economy is slowly recovering. Major employers include Aurora, Wheaton Franciscan, Kohl's Corporation, and Wal-Mart Stores. The 2013 annual unemployment rate for the AA consisted of 8.3 percent for Milwaukee County, 6.1 percent for Washington County, and 5.9 percent for Waukesha County; as compared to the state unemployment rate of 6.7 percent.

Competition from other financial institutions is strong in the local market. The bank's competitors include large national banks, branches of state banks, and several credit unions. As of June 30, 2013, Westbury's market share for total deposits was 0.81 percent and ranked 19th out of 61 institutions. The balance of the market share is divided among the 61 institutions with market shares ranging from 37 percent down to 0.01 percent.

In assessing the bank's CRA performance, we contacted a representative from Washington County Human Services Department to determine the community's profile and performance of local financial institutions. Community needs include financing of low-income housing, revitalizing the downtown area of West Bend, and programs to assist the low- and moderate-income residents of Washington County. Overall, the representative indicated that local

financial institutions, including Westbury, are satisfactorily meeting credit needs within the community.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Westbury’s performance under the Lending Test is rated Satisfactory. The bank’s loan to deposit is reasonable. A majority of loans are originated inside the bank’s assessment area. The overall distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. The overall geographic distribution reflects reasonable dispersion among geographies of different income levels and businesses of different sizes.

#### Loan-to-Deposit Ratio

Westbury’s loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial condition, and credit needs of the community. The bank’s quarterly average LTD ratio was 77.06 percent over the last 15 quarters from the last CRA exam dated November 15, 2010. Westbury ranked 13th out of a peer group of 20 financial institutions. We reviewed LTD ratios of financial institutions with total assets between \$100 million and \$800 million. The peer group average quarterly LTD ratio ranged from 58.06 percent to 106.87 percent.

#### Lending in Assessment Area

Westbury originates a majority of its loans to borrowers inside its AA. The bank granted 1,680 HMDA-reportable loans totaling \$272.7 million during the review period. We selected a random sample of business loans from bank-generated reports that includes 25 loans totaling \$11 million. Our analysis showed 78.12 percent by number and 75.14 percent by dollar volume of loans were made to individuals and businesses located within the bank’s AA.

Type of Loan	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	221	70.83%	91	29.17%	312	\$35,364	56.34%	\$27,402	43.66%	\$62,766
Home Refinance	974	79.58%	250	20.42%	1,224	\$153,529	79.58%	\$39,404	20.42%	\$192,933
Home Improvement	115	79.86%	29	20.14%	144	\$13,934	81.94%	\$3,071	18.06%	\$17,005
Commercial Loans	22	88.00%	3	12.00%	25	\$10,345	94.14%	\$644	5.86%	\$10,989
<b>Total</b>	<b>1,332</b>	<b>78.12%</b>	<b>373</b>	<b>21.88%</b>	<b>1,705</b>	<b>\$213,172</b>	<b>75.14%</b>	<b>\$70,521</b>	<b>24.86%</b>	<b>\$283,693</b>

Source: 2012 and 2013 HMDA data and 2012 and 2013 random sample of bank loan files.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall distribution of borrowers reflects excellent penetration among individuals of different income levels.

The borrower distribution of home mortgage loans within the assessment area is excellent. Westbury originated 7.71 percent of its home mortgage loans to low-income borrowers and 21.53 percent to moderate-income individuals. The bank exceeds the percentages of 4.60 percent for low-income and 15.07 percent for moderate-income from the 2012 HMDA aggregate data for lenders making loans within the AA.

Borrower Income Level	2012		2013		Review Period 1/1/2012 – 12/31/2013		Aggregate 2012
	#	%	#	%	#	%	% by #
<b>By Number</b>							
Low	67	7.32%	34	8.61%	101	7.71%	4.61%
Moderate	190	20.76%	92	23.29%	282	21.53%	15.07%
Middle	301	32.90%	120	30.38%	421	32.14%	24.09%
Upper	336	36.72%	130	32.91%	466	35.57%	51.25%
Income NA	21	2.30%	19	4.81%	40	3.05%	4.98%
Total	915	100%	395	100%	1,310	100%	100%
<b>By \$ Amount</b>							
Low	\$5,829	4.04%	\$3,177	5.43%	\$9,006	4.44%	2.24%
Moderate	\$23,621	16.38%	\$8,156	13.91%	\$31,777	15.67%	10.04%
Middle	\$44,285	30.71%	\$15,541	26.51%	\$59,826	29.50%	19.90%
Upper	\$67,250	46.63%	\$23,663	40.37%	\$90,913	44.82%	61.17%
Income NA	\$3,226	2.24%	\$8,079	13.78%	\$11,305	5.57%	6.65%
Total	\$144,211	100%	\$ 58,616	100%	\$202,827	100%	100%

Source: 2012 and 2013 HMDA data and 2012 peer mortgage data (aggregate).

The borrower distribution of business loans within the AA is excellent. The number of loans originated to businesses with revenues under \$1 million significantly exceeds the comparable demographic data. By number, the percent of small business loans originated is 81.82 percent. By dollar, the percent of small business loans originated is 88.70 percent.

Business Revenues (or Sales)	<=\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	70.79%	8.33%	20.88%	100%
% of Bank Loans in AA by #	81.82%	18.18%	0.00%	100%
% of Bank Loans in AA by \$	88.70%	11.30%	0.00%	100%

Source: 2012 and 2013 random sample of bank loan files and U.S Census Demographic data.

In addition, Westbury also makes small loans with 18.18 percent of loans originated for \$100,000 or less and 27.27 percent to for loans greater than \$100,000 and up to \$250,000. That results in about 45 percent of loans being made with a loan size of \$250,000 or less. This demonstrates Westbury's willingness to grant small loan amounts to small businesses, which is viewed favorably under CRA.

Loan Size	Number of loans	Percent of Number	Dollar Volume of Loans	% of Dollars
\$100,000 or Less	4	18.18%	221,425	2.14%
Greater than \$100,000 up to \$250,000	6	27.27%	1,028,053	9.94%
Greater than \$250,000 up to \$500,000	7	31.82%	2,093,081	20.23%
Greater than \$500,000 up to \$1 million	1	4.55%	516,000	4.99%
Greater than \$1 million	4	18.18%	6,486,192	62.70%
Total	22	100%	10,344,751	100%

Source: 2012 and 2013 random sample of bank loan files.

### Geographic Distribution of Loans

The overall geographic distribution of loans reflects reasonable dispersion throughout the bank's AA.

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the bank's AA. Although Westbury did not originate loans in low-income census tracts, consideration is given to the low percentage of overall lending. When compared to the 2012 aggregate peer data, it shows only 0.17 percent of lending was made in low-income census tracts. Westbury did originate 3.21 percent of its loans in moderate-income CTs, which exceeds 1.81 percent for the 2012 aggregate HMDA data for lenders within the AA.

Geography Income Level	2012		2013		Review Period 1/1/2012– 12/31/2013		Aggregate 2012
	#	%	#	%	#	%	% by #
Low	0	0%	0	0%	0	0%	0.17%
Moderate	31	3.39%	11	2.78%	42	3.21%	1.81%
Middle	656	71.69%	297	75.19%	953	72.75%	35.45%
Upper	228	24.92%	87	22.03%	315	24.04%	62.57%
Total	915	100%	395	100%	1,310	100%	100%
<b>By \$ Amount</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>% by \$</b>
Low	\$0	0%	\$0	0%	\$0	0%	0.16%
Moderate	\$4,702	3.26%	\$1,322	2.26%	\$6,024	2.97%	1.14%
Middle	\$95,226	66.03%	\$42,127	71.87%	\$137,353	67.72%	28.84%
Upper	\$44,283	30.71%	\$15,167	25.87%	\$59,450	29.31%	69.86%
Total	\$144,211	100%	\$58,616	100%	\$202,827	100%	100%

Source: 2012 and 2013 HMDA data and 2012 peer mortgage data (aggregate).

The geographic distribution of business loans reflects reasonable dispersion throughout the bank's AA. Westbury originated no business loans in low-income census tracts. However, two of the three low-income census tracts in the bank's AA are located in Milwaukee County, which is on the outer edges of the bank's AA. Geographically, there are other financial institutions located in Milwaukee County that are more accessible for customers and businesses. The bank

did originate 4.55 percent of loans in moderate-income census tracts; this is slightly lower than 4.86 percent for the 2012 aggregate business loan percentage for other lenders in the AA.

<b>Table 8 – Business Loan Activity</b>			
<b>By Geography Income Level in the Assessment Area (\$000's)</b>			
<b>Type of Census Tract</b>	<b>Number of Loans</b>	<b>Percentage of Loans</b>	<b>2012 Business Aggregate</b>
Low-Income	0	0%	1.18%
Moderate-Income	1	4.55%	4.86%
Middle-Income	19	86.36%	37.60%
Upper-Income	2	9.09%	56.36%
Total	22	100%	100%

Source: 2012 and 2013 random sample of bank loan files and 2012 peer business data (aggregate).

### **Responses to Complaints**

The bank has not received any CRA-related complaints since the last examination.

### **COMMUNITY DEVELOPMENT TEST**

Westbury’s performance under the Community Development Test is rated Satisfactory. Community development performance through community development loans, qualified investments, and services demonstrates adequate responsiveness to community development needs in the AA.

### **Number and Amount of Community Development Loans**

Westbury provided an adequate level of community development (CD) lending. The bank originated nine qualifying CD loans totaling \$4.6 million, and all loans provided benefit to the AA.

- Four loans totaling \$3.6 million were made to an individual to purchase multifamily buildings that provide affordable housing to low- and moderate-income individuals.
- One loan totaling \$245,089 financed the purchase of a building to a non-profit organization that provides services to adults and children with disabilities. Services provided include job training, job creation, and free community based health screenings. Clients are typically long-term residents that receive government assistance.
- Two loans for \$414,573 were granted to a nursing home facility where residents are receiving Medicaid. The facility is licensed as a Medicaid (Title 19) facility for low-income seniors.
- Three loans were purchased from Habitat for Humanity of Washington County. These interest-free loans totaled \$143,129, and all properties were located in moderate-income census tracts.



- A line of credit for \$25,000 was granted to Habitat for Humanity to assist the organization with housing project costs while waiting for grants and donations.
- A loan for \$237,275 was used to purchase and rehabilitate seven commercial spaces and four residential units. The commercial space and housing units will help revitalize and stabilize the area and provide affordable housing in a low-income census tract.

Although not included as community development loans, Westbury also participates in the following loan programs that target or primarily benefit small businesses and low- and moderate-income individuals.

- The bank participates in the Federal Home Loan Bank of Chicago's (FHLBC) Affordable Housing Program that includes down payment assistance and closing cost assistance to low and moderate-income borrowers. Under this program, the bank made 11 loans totaling \$76,000.
- The bank participates in a down payment assistance program that provides eligible homebuyers with a forgivable loan of up to \$5,000 to be used for down payment and/or closing costs for low- and moderate-income borrowers. Under this program, the bank made three loans totaling \$15,000.
- The Wisconsin Housing & Economic Development Authority (WHEDA) program is a first-time homebuyer program that provides low, fixed rate mortgage products, which allows for lower down payment than conventional mortgage programs. This program primarily benefits low- and moderate-income borrowers. The bank made 21 WHEDA loans that totaled \$2.5 million.
- Small Business Administration (SBA) loans are available in the assessment area for businesses that may not qualify for conventional loan terms. Under the SBA program, the bank originated loans totaling \$2.3 million.

### **Number and Amount of Qualified Investments**

The bank made an adequate amount of qualified donations in its AA. During the evaluation period, Westbury made investments to six organizations within the AA totaling \$6,000. In addition, the Westbury Charitable Foundation also donated \$54,000 to two local area organizations. These donations supported social services, job skills training for low- and moderate-income individuals, small business development, and affordable housing.

### **Extent to Which the Bank Provides Community Development Services**

Westbury provides an adequate level of community development services through its branches, products and activities with local organizations that support activities directly benefiting low- and moderate-income individuals. Westbury provides affordable banking services in their assessment area. The bank offers a full range of consumer and commercial banking products and

services. In addition to full service branches and ATM locations, the bank also offers internet banking and telephone banking for added accessibility to products.

During the evaluation period, Westbury employees provided technical assistance and financial expertise to community development organizations. These organizations address AA needs for affordable housing, economic development, and social services to low- and moderate-income individuals. Although not a comprehensive list, some of the community development services include:

- One employee is a member of Milwaukee Homeownership Consortium and serves as a committee member for loan products and programs. Milwaukee Homeownership Consortium (known as Take Root Milwaukee) services include free or low-cost assistance to help individuals purchase a home and offers housing counseling. The organization offers forgivable loans to help with down payment assistance and closing costs.
- One employee is on the board and executive committee of West Bend Economic Development Corporation. The purpose is to improve economic development through downtown development, creation of family supporting jobs, workforce development, enhancing the educational, health and cultural climate of West Bend, and supporting infrastructure development.
- Two employees serve on the board of Family Promise. Family Promise provides emergency service/housing for at risk children and their families and operates a temporary housing facility in West Bend. As board members, the employees oversee operations & staff, fundraising, and work with host facilities for the homeless.
- One employee is on the board of Boys and Girls club. The club provides services for low- and moderate-income children in the community. In addition, the employee is also the secretary of the board for West Bend Sunrise Rotary Foundation, which works directly with Family Promise (provides temporary housing facility for low- or moderate-income individuals) and food pantries.
- An employee volunteers at a local elementary school (located in a moderate-income area) that teaches financial literacy. Students are taught how to save money and plan for future careers. In addition, this employee volunteers for Junior Achievement, where all grade levels have at least one lesson that emphasizes financial literacy.
- An employee serves on the board of New Horizon Center Inc. This non-profit organization specializes in group homes and treatment foster care. New Horizon Center Inc. is located in a low-income census tracts and primarily services low- and moderate-income individuals.

### **Responsiveness to Community Development Needs**

Given available opportunities, the bank's performance in meeting community development needs reflects reasonable responsiveness to the needs of its communities.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 195.28(c), in determining a federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.