

PUBLIC DISCLOSURE

JUNE 9, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NEW BEDFORD CREDIT UNION

**1150 PURCHASE STREET
NEW BEDFORD, MASSACHUSETTS 02740**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its 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 document is an evaluation of the CRA performance of **NEW BEDFORD CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$265 million, New Bedford Credit Union's overall CRA performance is considered Satisfactory. The rating of this institution is firmly established upon a review of the Performance Criteria, as shown below in the public evaluation.

A summary of the Credit Union's performance is provided below.

The Credit Union's net loan-to-share ratio for the previous eight quarters was 70.5 percent; this ratio is reasonable given the Credit Union's size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union's assessment area is very good as 94.1 percent of its HMDA reportable originations were within its assessment area.

The Credit Union demonstrates a good level of lending to members of different income levels.

The geographic distribution of the Credit Union's HMDA reportable loans reflects a reasonable dispersion throughout the assessment area.

Fair lending policies and practices are considered satisfactory. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

PERFORMANCE CONTEXT

Description of Institution

New Bedford Credit Union is a state-chartered credit union. Founded in 1932, the Credit Union was incorporated for two principal purposes. The first purpose was to provide a means of savings for its members. The second purpose was to provide personal and mortgage loans. Membership is limited to those who are employees of the City of New Bedford including pensioned employees, members of their immediate families, and 500 others. As of March 31, 2008, the Credit Union had 17,374 members.

The main office is located at 1150 Purchase Street in New Bedford, located in a low-income census tract. The Credit Union has one branch office located at 120 Dawson Street in New Bedford, located in a moderate-income census tract. Business hours are readily accessible to all members. Both the main office and branch location have 24 hour walk-up and ATM Teller. The Credit Union is a member of the SUM Program.

Some of the services and products the Credit Union offers are: Payroll Deduction and Direct Deposit, Audio Response System, "Free" Share Draft Checking Account, Passbook or Statement Account, Money Market Account, Christmas Club Account, Personal Loans, Auto Loans, Secured by Share Loans, VISA Credit Card, first and second mortgages, home equity line of credit, home improvement loans and credit life and disability insurance.

The Credit Union does not have a branch opening, closing or relocation policy.

The Credit Union was last examined for compliance with the CRA on February 11, 2002. The examination resulted in a CRA rating of Satisfactory.

The Credit Union's asset size has increased from \$59.6 million to \$99.8 million since the previous examination. As of March 31, 2008, the Credit Union's asset size was \$99,841,631 with total gross loans of \$62,650,794 or 62.8 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date was 68.7 percent. Total first mortgage real estate loans/lines of credit represent the largest portion of loans with 48.2 percent followed by new vehicle loans with 16.3 percent.

The following table provides details regarding the Credit Union's loan portfolio:

NEW BEDFORD CREDIT UNION LOAN PORTFOLIO DISTRIBUTION		
Loan Type	Dollar Volume	% of Total Loans
Total first mortgage real estate loans/lines of credit	\$30,200,823	48.2
New Vehicle Loans	\$10,228,878	16.3
Total Other Real Estate Loans/Lines of Credit	\$8,770,263	14.0
All Other Unsecured Loans/Lines of Credit	\$5,681,162	9.1
Used Vehicle Loans	\$5,326,817	8.5
Unsecured Credit Card Loans	\$1,988,940	3.1
Total All Other Loans/Lines of Credit	\$453,911	.8
Total	\$62,650,794	100.0

Source: 5300 Report, Statement of Financial Condition as of March 31, 2008

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (“MSA”)s for statistical reporting purposes by federal agencies. The Credit Union’s assessment area contains two MSAs:

- *Providence-New Bedford-Fall River, RI-MA MSA:* New Bedford, Acushnet, Dartmouth, Fairhaven and Freetown, all located in Bristol County.
- *Boston/Quincy, MA MSA:* Marion, Mattapoisett and Rochester, all located in Plymouth County.

The assessment area contains 48 census tracts. Of those tracts, 10 or 20.9 percent are low-income, 15 or 31.2 percent are moderate-income, 18 or 37.5 percent are middle-income, and 5 or 10.4 percent are upper-income. The low and moderate-income tracts are located in New Bedford and Fall River.

The following data provides demographic information pertaining to the Credit Union’s assessment area. According to 2000 US Census data, the assessment area contains 74,223 housing units, of which 40,852 or 55.0 percent are owner occupied and 27,331 or 36.8 percent are occupied- rental units and 6,040 or 8.1 percent are vacant units. Forty-six percent of the area’s housing units are located within the middle-income census tracts.

Based on 2000 Census data, the assessment area has a total population of 175,198 individuals of which 68,225 are households. Of the total population, 14.5 percent reside in the assessment area’s low-income census tracts, 26.3 percent in the moderate-income census tracts, 47.2 percent in middle-income census tracts, and 12.0 percent in the upper-income census tracts. Of the total households, 46,183 are families and of these families, 13.1 percent are low-income; 26.2 percent are moderate-income; 49.7 percent are middle-income; and 11.0 percent are upper-income families.

Selected Housing Statistics by Income Category of the Geography*						
Census Tract	Total Housing Units	Total Households	Rental Units %	Owner Occupied %	Vacant Units %	Median Housing Value
Low	12,138	10,747	30.4	5.9	23.8	102,036
Moderate	20,431	18,958	38.7	20.3	25.1	109,095
Middle	34,475	31,932	27.1	60.1	41.8	149,872
Upper	7,179	6,588	3.8	13.7	9.3	180,921
Total	74,223	68,225	100.0	100.0	100.0	147,250

*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census

The median housing value in 2000 for the assessment area was \$147,250. Like much of New England, the area's housing prices until recently saw dramatic increases in value. Recent figures from the Banker and Tradesman show that the area's median home prices in 2007 ranged from \$205,000 in New Bedford to \$425,000 in Mattapoisett.

Community Contact

A community contact was conducted with a Client Advocate at a local Community Development Corporation. The contact described the various economic development needs of Bristol County. The contact stated that she would like to see more industry move into the area in order create better paying jobs. The contact also stated that local financial institutions need to continue to make loans to assist low-and moderate-income individuals obtain affordable housing.

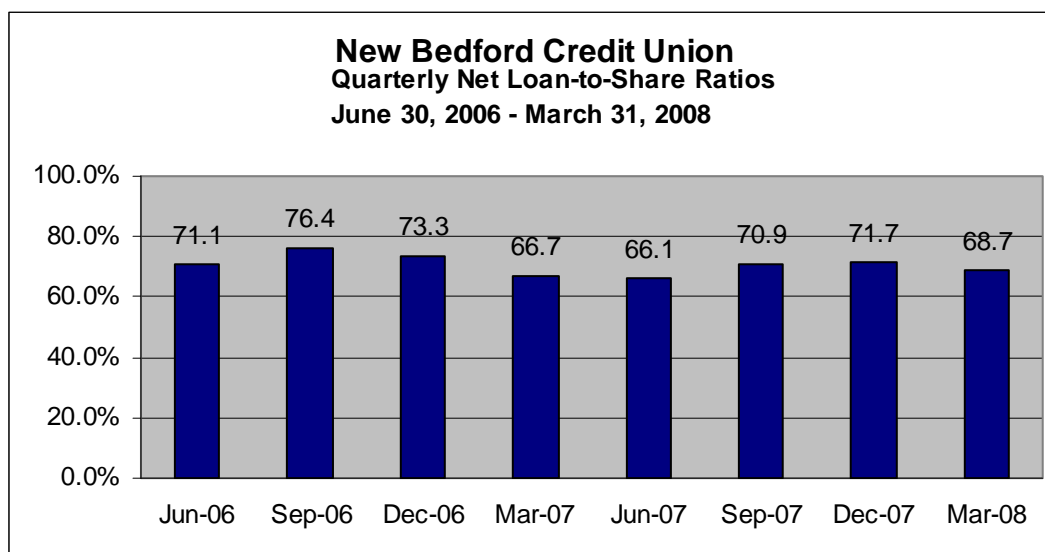
PERFORMANCE CRITERIA

An examination was conducted using small financial institution procedures, as defined by the CRA.

1. LOAN TO SHARES ANALYSIS

A comparative analysis of the New Bedford Credit Union's quarterly net loan-to-share ratios for the period of June 30, 2006 through March 31, 2008, was conducted during this examination. Using the Credit Union's last eight quarterly 5300 Call Reports, the average net loan-to-share ratio for this period was 70.5 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

As shown in the graph below, the Credit Union's loan-to-share ratio has fluctuated from a high of 76.4 percent in September 2006 to a low of 66.1 percent in June 2007. Net loans have increased 7.1 percent and shares have increased by 10.7 percent during this time period.



The following table illustrates the average loan-to-share ratio that was compared against the average loan-to-share ratio of three similarly situated institutions as of March 31, 2008.

Loans-to-Shares Ratios			
Credit Union	Net Loans (\$000)	Shares (\$000)	% LTS
New Bedford Credit Union	62,244,689	90,539,114	68.7
Somerset Credit Union	83,095,029	94,176,158	88.2
Taunton Credit Union	89,155,569	99,330,334	89.8
Southern Mass Credit Union	90,656,446	110,005,610	82.4

*Source: 5300 Report, Statement of Financial Condition as of March 31, 2008.

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending. The following table shows the distribution of the Credit Union's lending inside and outside of its assessment area.

New Bedford Credit Union's 2006 and 2007 Loan Application Registers ("LAR"s) were reviewed to determine the amount of credit extended within the Credit Union's assessment area. During this period, the Credit Union originated 304 loans reportable under the Home Mortgage Disclosure Act ("HMDA") totaling approximately \$20.3 million. Of these loans, 286 or 94.1 percent were originated inside the Credit Union's assessment area totaling \$18.6 million or 91.4 percent.

Refer to the following table for additional information regarding the Credit Union's HMDA reportable lending, by both number and dollar volume.

<i>Distribution of HMDA Loans Inside and Outside of the Assessment Area</i>										
<i>Year</i>	<i>Number of Loans</i>					<i>Dollars in Loans (000s)</i>				
	<i>Inside</i>		<i>Outside</i>		<i>Total</i>	<i>Inside</i>		<i>Outside</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	
<i>2006</i>	156	94.6	9	5.4	165	9,273	92.7	738	7.3	10,011
<i>2007</i>	130	93.6	9	6.4	139	9,378	90.3	1,001	9.7	10,379
<i>Total</i>	<i>286</i>	<i>94.1</i>	<i>18</i>	<i>5.9</i>	<i>304</i>	<i>18,651</i>	<i>91.4</i>	<i>1,739</i>	<i>8.6</i>	<i>20,390</i>

Source: PCI Corporation CRA Wiz, Data Source 2000 U.S. Census

As indicated in the table above, the vast majority of the Credit Union's loans originated during the examination period were inside the Credit Union's assessment area. Based on the above information, the Credit Union's lending inside its assessment area exceeds the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the New Bedford and Plymouth Counties. The income figures are based on 2000 U.S. Census data information. The median family incomes for the Providence/New Bedford MSA in 2006 and 2007 were \$64,000 and \$68,300, respectively. The median family incomes for the Boston/Quincy MSA were \$77,000 and \$76,900, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Families	Aggregate Lending Data (% of #)	Credit Union 2006		Credit Union 2007		Credit Union Total	
			2006	#	%	#	%	#
Low	13.1	5.3	11	7.0	14	10.8	25	8.8
Moderate	26.3	15.4	25	16.0	30	23.1	55	19.2
Middle	49.6	28.5	45	28.9	40	30.8	85	29.7
Upper	11.0	36.6	75	48.1	46	35.3	121	42.3
N/A	0.0	14.2	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	156	100.0	130	100.0	286	100.0

Source: CRA Wiz, Data Source 2000 U.S. Census

During the period reviewed, New Bedford Credit Union extended 25 HMDA reportable loans in the assessment area to low-income borrowers representing 8.8 percent of total originations and 55 loans to moderate-income borrowers representing 19.2 percent. The Credit Union's percentage of lending to low-income borrowers exceeded the aggregate's lending in 2006. The Credit Union originated 7.0 percent of its loans to low-income borrowers while the aggregate originated 5.3 percent. The Credit Union also originated a higher percentage of loans to moderate-income borrowers in 2006 than the aggregate. The Credit Union originated 16.0 percent of its loans to moderate-income borrowers while the aggregate originated 15.4 percent. Based upon the Credit Union's performance in lending to borrowers of different incomes, the Credit Union meets the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The Credit Union's lending activity within its assessment area was reviewed in order to determine the distribution of lending among the various census tracts. As mentioned previously, the Credit Union's assessment area contains 48 census tracts of which 10 are low-income, 15 are moderate-income, 18 are middle-income and 5 are upper-income.

The following table presents the Credit Union's HMDA reportable lending performance as well as the 2006 aggregate data (exclusive of New Bedford Credit Union). In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner-Occupied Housing Units	Aggregate Lending Data (% of #)	Credit Union 2006		Credit Union 2007		Credit Union Total	
			2006	#	%	#	%	#
Low	5.9	9.7	8	5.1	3	2.3	11	3.9
Moderate	20.3	26.2	42	26.9	39	30.1	81	28.3
Middle	60.1	53.7	100	64.1	80	61.5	180	62.9
Upper	13.7	10.4	6	3.9	8	6.1	14	4.9
Total	100.0	100.0	156	100.0	130	100.0	286	100.0

Source: PCI Corporation CRA Wiz, 2000 U.S. Census

During the period reviewed, New Bedford Credit Union extended 11 HMDA reportable loans in the assessment area to low-income census tracts representing 3.9 percent of total originations and 81 loans to moderate-income census tracts representing 28.3 percent. The Credit Union originated 26.9 percent of its loans to moderate-income census tracts while the aggregate originated 26.2 percent.

Based on the above information, the Credit Union's distribution of HMDA reportable loans by census tract income level meets the standards for satisfactory performance.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

A review of the Division's records, as well as the Credit Union's Public CRA File did not reveal any complaints relating to the Credit Union's CRA performance since the prior evaluation.

The Credit Union has a second review process in place. The President/CEO reviews all denied loan applications.

The Credit Union has an employee meeting/training session once every two months.

Currently, there are 11 bilingual employees to assist the non-English speaking customers and potential customers at the Credit Union. Ten employees speak Portuguese and one employee speaks Spanish. As a result, the Credit Union is able to provide better service to customers of different ethnic backgrounds.

The Credit Union advertises in local newspapers, radio stations and billboards. Advertisements are placed in English and Portuguese and the Credit Union also offers pamphlets in Spanish.

MINORITY APPLICATION FLOW

The Credit Union's LARs for 2006 and 2007 were reviewed to determine if the application flow from the different racial groups within the Credit Union's assessment area was reflective of the area's demographics. The Credit Union's assessment area contains 175,198 individuals, 28,475 or 16.2 percent whom are minorities. The assessment area's minority and ethnic population is 0.3 percent Native American, 0.7 percent Asian, 2.3 percent African American, 6.0 percent Hispanic or Latino, 0.1 percent Hawaiian/Pacific Islander and 7.0 percent other.

New Bedford Credit Union received 286 HMDA reportable loan applications from within its assessment area in 2006 and 2007. Of these applications, 32 or 11.2 percent were received from minority applicants, of which 31 or 97.0 percent resulted in originations. The Credit Union received no HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area. Refer to the following table for information on the Credit Union's minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union's assessment area. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority applicants.

MINORITY APPLICATION FLOW								
RACE	2006 Aggregate Data		Credit Union 2006		Credit Union 2007		Total Credit Union	
	#	%	#	%	#	%	#	%
<i>American Indian Alaska Native</i>	34	0.2	1	0.6	0	0.0	1	0.3
<i>Asian</i>	82	0.5	0	0.0	0	0.0	0	0.0
<i>Black/ African American</i>	653	3.6	15	9.6	8	6.1	23	8.1
<i>Hawaiian/Pac Isl.</i>	36	0.2	0	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	7	0.1	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	135	0.8	3	1.9	5	3.9	8	2.8
Total Minority	947	5.4	19	12.1	13	10.0	32	11.2
<i>White</i>	12,242	68.4	137	87.9	117	90.0	254	88.8
<i>Race Not Available</i>	4,698	26.2	0	0.0	0	0.0	0	0.0
Total	17,887	100.0	156	100.0	130	100.0	286	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	728	4.1	0	0.0	0	0.0	0	0.0
<i>Not Hispanic or Latino</i>	12,380	69.2	156	100.0	129	99.2	285	99.7
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	120	0.7	0	0.0	1	0.8	1	0.3
<i>Ethnicity Not Available</i>	4,659	26.0	0	0.0	0	0.0	0	0.0
Total	17,887	100.0	156	100.0	130	100.0	286	100.0

Source: PCI Corporation CRA Wiz, Data Source: 2000 U.S. Census Data

The Credit Union was significantly above the level of performance of the aggregate with regards to minority application flow.

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 1150 Purchase Street, New Bedford, MA 02740-6687"

- 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.