

PUBLIC DISCLOSURE

July 7, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ATHOL SAVINGS BANK

Certificate # 90146

**444 MAIN STREET
ATHOL, MASSACHUSETTS 01331**

Division of Banks

1000 Washington Street, 10th Floor

Boston, Massachusetts 02118

Federal Deposit Insurance Corporation

350 Fifth Avenue, Suite 1200

New York, New York 10118

<p>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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) and the Federal Deposit Insurance Corporation (FDIC) 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 agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of Athol Savings Bank (or the Bank), prepared by the Division and the FDIC, as of July 7, 2014. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 et seq. and in Appendix A to 12 CFR Part 345.

INSTITUTION RATING

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

Athol Savings Bank’s satisfactory performance under the Lending Test and Community Development Test support the overall rating. Examiners did not identify any discriminatory or other illegal credit practices; therefore, this consideration did not affect the overall rating. The following points summarize the Bank’s Lending Test and Community Development Test performance:

Lending Test: The Lending Test is rated “Satisfactory.”

- The loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs.
- The Bank originated a majority of its residential mortgages and small business loans inside the assessment area.
- The distribution of home mortgage and small business loans reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The Bank did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the Lending Test rating.

Community Development Test: The Community Development Test is rated “Satisfactory.”

- The Bank demonstrated adequate responsiveness to the community development needs of its assessment area. The Bank met these community development needs through community development loans, qualified donations, and community development services.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and FDIC. Athol Savings Bank's CRA performance was assessed using Intermediate Small Bank (ISB) CRA evaluation procedures. These procedures, which are established by the Federal Financial Institutions Examination Council (FFIEC), are used as the Bank had total assets of at least \$300 million, but less than \$1.202 billion, as of December 31 of each of the prior two calendar years. The Bank's performance was evaluated based upon a Lending Test and a Community Development Test. The Lending Test considers the institution's performance pursuant to the following criteria: LTD ratio; assessment area concentration; geographic distribution of loans; lending to borrowers of different incomes and businesses of different sizes (borrower profile); and, record of taking action in response to CRA complaints. The Community Development Test considered the number and dollar amount of community development loans, qualified investments, and community development services, and the level of responsiveness to assessment area community development needs.

This evaluation focused on residential mortgage and small business loans, as these reflect the primary loan products offered by Athol Savings Bank. Considering the Bank's loan portfolio distribution and volume of lending by loan type during the evaluation period, more weight is given to the Bank's performance of residential mortgage lending than its small business lending performance when arriving at overall conclusions. Consumer loans were not analyzed, as this loan type represents a nominal percentage of the total loan portfolio. Additionally, the Bank did not make any small farm loans during the evaluation period.

Information regarding residential mortgage lending was derived from the Bank's Loan Application Registers (LARs), reported pursuant to the Home Mortgage Disclosure Act (HMDA). The HMDA LARs contain data about home purchase and home improvement loans, including refinancing, of one-to-four-family and multi-family (five or more units) properties. The primary focus of this evaluation is lending performance in 2012, as this is the most recent year for which aggregate data is available. Aggregate lending data is used for comparison purposes within the evaluation, and includes lending information from institutions that originated or purchased at least one loan in the Bank's assessment area in 2012. Residential lending activity for 2013 was also analyzed to identify any significant trends or anomalies, and is included in the tables. The borrower profile and geographic distribution criteria consider only those loans made within the Bank's designated assessment area.

Demographic information from the 2010 United State (U.S) Census data is used for comparison purposes when evaluating the residential mortgage lending for 2012 and 2013. Financial data was derived from the March 31, 2014 FFIEC Report of Condition and Income (Call Report).

As an ISB, the Bank is not required to collect and report its small business loan data. The Bank has elected to collect (but not report) data on its small business loans for 2012 and 2013. For purposes of this evaluation, small business loans include commercial real estate and commercial and industrial loans in amounts of \$1 million or less. Comparisons to small business aggregate data are not included, as the aggregate lenders are generally much larger institutions required to report small business lending data. Instead, the Bank's small business lending performance is compared to pertinent business demographic information provided by Dun & Bradstreet (D&B) from 2012 and 2013.

The timeframe subject to analysis for purposes of the Community Development Test is March 30, 2011 through July 7, 2014. Data on community development loans, investments, and services for the period was provided by management.

PERFORMANCE CONTEXT

Description of Institution

Athol Savings Bank is a mutual savings bank operating in Massachusetts since 1867. The Bank currently operates eight full-service branches located throughout Northwestern Central Massachusetts. The offices are located in Athol (main office and two other offices), Ashburnham, Baldwinsville, Barre, Gardner, and Winchendon. The Athol and Gardner branches are located in moderate-income census tracts. Each branch office has an automatic teller machine (ATM). The Bank operates no off-site ATMs.

The Bank offers many products and services. Personal checking and savings accounts offered include interest and noninterest bearing checking accounts, statement savings, money market savings, passbook savings, club accounts, certificates of deposit, and individual retirement accounts. For commercial customers, the Bank offers business checking, commercial savings accounts, money market accounts, and night depository service. The Bank also offers municipal checking and money market accounts. Online bill payment services and online banking are available for both personal and business accounts as are debit cards.

The Bank offers mortgage lending products including fixed-rate options for the purchase, refinance, improvement, and construction of residential property. This includes a first-time homebuyers program. In addition, the bank offers home equity loans and lines of credit. Auto loans, personal installment loans, and overdraft protection lines of credit are also offered. Commercial lending programs include term loans, business real estate loans, lines of credit, business construction loans, and Small Business Administration (SBA) loans. Other services offered by the bank include telephone banking 24 hours a day, mobile banking, 24-hour ATMs, and deposit overdraft transfer services.

As of March 31, 2014, the Call Report date used for this examination, the Bank had total assets of \$334.5 million. As illustrated in Table 1, the Bank's primary business focus is residential real estate lending. One-to-four family residential closed-end loans secured by first liens, account for the largest share of all loans representing 70.9 percent of the portfolio.

Table 1 Loan Portfolio as of March 31, 2014		
Loan Type	Dollar Amount (\$'000s)	Percent of Total (%)
Construction, Land Development, and Other Land Loans	1,162	0.6
Secured by Farmland	272	0.2
1-4 Family Residential (Revolving, open-end loans)	14,034	7.6
1-4 Family Residential (Closed-end loans secured by first liens)	131,500	70.9
1-4 Family Residential (Closed-end loans secured by junior liens)	4,261	2.3
Multi-Family (5 or more) Residential	2,356	1.3
Secured by Nonfarm Nonresidential Properties	7,763	4.2
Total Real Estate Loans	161,348	87.1
Commercial and Industrial	10,862	5.9
Loans to Individuals for Household, Family and Other Personal Expenditures (Consumer Loans)	11,272	6.1
Other Loans	1,778	0.9
Total Loans	185,260	100.0

Source: Report of Condition and Income (Call Reports) as of March 31, 2014.

Athol Savings Bank was rated “High Satisfactory” by the Division and “Satisfactory” by the FDIC at the prior CRA evaluation dated March 30, 2011. There are no significant financial or legal impediments that would limit the Bank’s ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The Bank’s assessment area meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate- income areas.

Athol Savings Bank’s assessment area comprises 17 towns covering portions of Worcester, Franklin, and Middlesex Counties. Of these 17 towns, 15 are located in Worcester County, including: Athol, Ashburnham, Barre, Gardner, Hardwick, Hubbardston, New Braintree, Oakham, Petersham, Phillipston, Royalston, Rutland, Templeton, Westminster, and Winchendon. All of these towns are part of the Worcester Metropolitan Statistical Area (MSA). For the two remaining towns, one is located in Franklin County and is part of the Springfield Metropolitan Area (Orange) and the other is in Middlesex County and part of the Cambridge-Newton-Framingham Metropolitan Division (Ashby).

The Bank’s assessment area contains 22 census tracts, of which 19 are in the Worcester MSA. Of the 22 tracts, 7 are moderate-income and 15 are middle-income. The moderate-income census tracts are located in Athol (3), Gardner (3), and Orange (1). Table 2 depicts select demographics of the Bank’s assessment area.

Table 2 Assessment Area Demographics					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	22	0.0	32.0	68.0	0.0
Population by Geography	102,214	0.0	24.3	75.7	0.0
Owner-Occupied Housing Units by Geography	28,968	0.0	23.4	76.6	0.0
Businesses by Geography (2012)	7,377	0.0	25.1	74.9	0.0
Businesses by Geography (2013)	6,736	0.0	25.1	74.9	0.0
Family Distribution by Income Level	26,132	21.6	19.6	27.3	31.5
Median Family Income		\$73,502	Unemployment Rate		7.5
FFIEC Adjusted Median Family Income (MFI) for 2012		\$83,600			
Families Below Poverty Level		8.8			

Source: 2010 U.S. Census, 2012 & 2013 Business Demographic Information

*Source Bureau of Labor and Statistics Worcester County 4th Quarter.

Population

As illustrated in Table 2, Athol Savings Bank's assessment area has a total population of 102,214, which comprises 26,132 families. Of the families living in the assessment area, 8.8 percent are below the poverty level. The level of families with incomes below the poverty threshold indicates further limited opportunity for banks to lend to low-income families.

Housing

There are 41,723 housing units in the Bank's assessment area. Of these housing units, 28,968 (69.4 percent) are owner-occupied, 8,914 (21.4 percent) are rental occupied units, and 3,841 (9.21 percent) are vacant. The weighted average of median housing values is \$231,119. A vast majority of housing units, (90.5 percent) are 1-4 family units.

Business Demographics

According to 2012 business demographic data, there were 7,377 businesses in the assessment area, of which 74.3 percent had gross annual revenues (GARs) of \$1 million or less, 3.2 percent have GARs greater than \$1 million, and the remaining 22.5 percent did not report revenues. The distribution of businesses by GAR level remained relatively consistent in 2013.

Of the total businesses in the assessment area, 25.1 percent are located in the moderate-income census tracts and 74.9 percent are in the middle-income census tracts. Of these businesses, the top three industries are services, retail trade, and construction.

Competition

There is strong competition from different mortgage lenders throughout the Bank's assessment area. Based on the 2012 HMDA aggregate data, there were 214 institutions that reported HMDA loan activity in the assessment area, 38 of which were locally-based financial institutions (institutions headquartered in or with a significant majority of their branch offices located in the Worcester MSA). Athol Savings Bank ranked 5th capturing 4.8 percent of the market. Two of the much larger institutions with greater market shares were Wells Fargo (1st) and JP Morgan

Chase (3rd). The second ranked institution was a local credit union. All four of the institutions with greater market shares than Athol Savings Bank were much larger institutions.

Community Contact

As part of the evaluation process, third parties active in community affairs are contacted to assist in assessing the housing and general banking needs of the community. Relevant information obtained from such sources helps to determine whether local financial institutions are responsive to the credit and service needs of their communities and what further opportunities, if any, are available.

For purposes of this evaluation, information provided by one such contact made with an organization which serves Fitchburg, Gardner and Leominster was referenced. The organization focuses on the creation and preservation of quality housing for low- and moderate-income individuals. The contact indicated home prices have stabilized since the economic crisis that began in 2008. There is a concern with housing quality as many residential properties require significant rehabilitation. The contact stated there are several opportunities for financial institutions to assist in meeting the credit needs of the community. These include homebuyer education, providing innovative and flexible financing options for both consumers and investors, and economic development activities that will attract businesses to the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Loan-to-Deposit Ratio

This performance criterion determines what percentage of the Bank's deposit base is invested in loans. Athol Savings Bank's LTD ratio is reasonable given the institution's size, resources, business strategy, and assessment area credit needs. The average LTD ratio during the evaluation period is 64.3 percent. Athol Savings Bank's average net LTD ratio is higher than one similarly-situated institution and lower than two other institutions. Similarly situated institutions were selected based on geographic area, asset size, and loan portfolio composition. As shown in Table 3, the three other institutions' average net LTD ratios ranged from 62.9 percent to 98.3 percent.

Table 3 Net Loan-to-Deposit Ratio				
Bank	Assets (\$'000s)	Beginning LTD Ratio (3/31/2011) (%)	Ending LTD Ratio (3/31/2014) (%)	Net LTD Ratio (%)
Athol Savings Bank	334,975	61.5	64.9	64.3
Greenfield Co-operative Bank	346,457	69.8	73.3	70.5
Hometown Bank	372,131	96.8	97.4	98.3
North Brookfield Savings	216,144	61.5	65.2	62.9

Since the previous evaluation, the Bank's LTD ratio has fluctuated from a low of 59.6 percent as of June 30, 2011, to a high of 66.3 percent as of December 31, 2013. Not reflected in the Bank's net LTD ratio is the volume of loans sold on the secondary market. In 2012 and 2013, Athol Savings Bank sold 24 mortgages totaling approximately \$3.8 million to secondary market investors. This, in addition to the Bank's LTD ratio, demonstrates its willingness to reinvest in the community through its lending services.

Assessment Area Concentration

This performance criterion determines what percentage of Athol Savings Bank's lending was inside and outside the defined assessment area. As illustrated in Table 4, a majority of the Bank's home mortgage and small business loans were originated within the assessment area.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number of Loans					Dollar Volume ('000s)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
2012 Home Mortgages										
Home Purchase	27	90.0	3	10.0	30	3,191	87.6	451	12.4	3,642
Home Improvement	33	61.1	21	38.9	54	3,359	57.7	2,465	42.3	5,824
Refinance	139	69.5	61	30.5	200	16,926	64.6	9,278	35.4	26,204
2012 Total	199	70.1	85	29.9	284	23,476	65.8	12,194	34.2	35,670
2013 Home Mortgages										
Home Purchase	29	82.9	6	17.1	35	4,469	81.6	1,010	18.4	5,479
Home Improvement	31	67.4	15	32.6	46	2,574	58.0	1,866	42.0	4,440
Refinance	74	54.8	61	45.2	135	8,843	48.4	9,413	52.6	18,256
2013 Total	134	62.0	82	38.0	216	15,886	56.4	12,289	43.6	28,175
Total Home	333	66.6	167	33.4	500	39,362	61.7	24,483	38.3	63,845
Small Business Loans										
2012	46	93.9	3	6.1	49	5,600	98.2	102	1.8	5,702
2013	35	85.4	6	14.6	41	5,006	94.4	295	5.6	5,301
Total Small Business	81	90.0	9	10.0	90	10,606	96.4	397	3.6	11,003
Grand Total	414	70.2	176	29.8	590	49,968	66.8	24,880	33.2	74,848

Source: HMDA LARs and Small Business Loan Data for 2012 & 2013.

Home Mortgage Lending

The Bank's lending inside its assessment area declined from 70.1 percent in 2012 to 62.0 percent in 2013. The percentage of loans by dollar volume inside the assessment area also declined from 65.8 percent in 2012 to 56.4 percent in 2013. Overall, at 66.6 percent, the Bank originated a majority of residential mortgage loans inside the assessment area during the evaluation period.

The decrease in lending, particularly in the number and dollar amount of refinances from 2012 to 2013 can be explained by market conditions at the time. Due to the interest rate environment in 2012 and 2013, demand for refinance loans in 2013 was less than in 2012.

Small Business Lending

A substantial majority of the Bank's small business loans were originated in the assessment area in 2012 and 2013. In 2012, the Bank originated 93.9 percent of its small business loans by number and 98.2 percent by dollar volume its assessment area. The level of lending in the assessment area decreased to 85.4 percent by number and 94.4 percent by dollar volume in 2013. The overall level of small business lending in the assessment area constitutes a substantial majority of loans.

Borrower Profile

This performance criterion evaluates the distribution of the Bank's residential mortgages by borrower income level and small business loans by GAR level. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with GARs of \$1 million or less.

The distribution of borrowers reflects reasonable penetration of loans to borrowers of different income levels and businesses of different sizes. The following sections discuss the Bank's performance by loan type.

Home Mortgage Lending

The distribution of loans by borrower income level reflects reasonable penetration to borrowers of different income levels, particularly those of low- and moderate-income borrowers. Table 5 shows the distribution of residential mortgage loans originated in 2012 and 2013 by borrower income level. Demographic and aggregate data are included for comparison purposes.

Table 5						
Distribution of HMDA Loans by Borrower Income						
Median Family Income Level	% of Families	Aggregate Lending Data 2012	Athol Savings Bank			
			2012		2013	
		% of #	#	%	#	%
Low	14.1	11.7	27	13.6	19	14.2
Moderate	24.2	23.2	39	19.6	31	23.2
Middle	26.8	26.9	63	31.7	37	27.6
Upper	25.1	26.3	65	32.6	43	32.1
N/A	9.8	11.9	5	2.5	4	2.9
Total	100.0	100.0	199	100.0	134	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, and 2010 U.S. Census Data

Athol Savings Bank originated 13.6 percent of its residential mortgage loans to low-income borrowers in 2012. This exceeded aggregate performance and was slightly less than demographic data. The level of lending to low-income borrowers increased in 2013, to 14.2 percent, which was in line with demographics. In 2012, the Bank's lending to moderate-income borrowers was 19.6 percent. This was below both aggregate and demographic data. In 2013, the Bank's lending to moderate-income increased to 23.2 percent, which was in line with demographic data.

Further review of market rank reports revealed that Athol Savings Bank ranked 6th, with a market share of 4.9 percent, in lending to low-income borrowers. The Bank maintained the same market ranking in terms of lending to moderate-income borrowers, with a market share of 3.9 percent. The institutions ranking higher than Athol Savings Bank were significantly larger.

Small Business Lending

The Bank's distribution of small business loans reflects reasonable penetration to businesses of different sizes. Table 6 illustrates the distribution of the Bank's small business loans within the assessment area by revenue size and includes business demographics for comparison purposes.

Table 6 Distribution of Small Business Loans by Business Size						
Gross Annual Revenues (\$000s)	% of Total Businesses (2012)	% of Total Businesses (2013)	Athol Savings Bank			
			2012		2013	
≤ \$1,000	74.3	74.4	27	58.7	22	62.9
> \$1,000	3.2	3.4	17	37.0	13	37.1
Revenue Not Reported	22.5	22.2	2	4.3	0	0.0
Total	100.0	100.0	46	100.0	35	100.0

Source: Bank's Small Business loan data for 2012 and 2013, and Business demographic data for 2012 and 2013.

In 2012, the Bank originated 58.7 percent of its small business loans to businesses with GARs of \$1 million or less, which was below the percentage of businesses of this GAR level. The percentage level of loans to small businesses increased in 2013. Overall, the Bank's level of lending to small businesses is within a reasonable range of demographic data, especially considering that over 21 percent of businesses did not report revenue information each year.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance of addressing credit needs throughout its assessment area, particularly within low- and moderate-income census tracts. Overall, the geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Home Mortgage Lending

The distribution of residential mortgage loans by income level of census tract reflects excellent dispersion throughout the assessment area, particularly in the moderate-income geographies. Table 7 depicts the distribution of loans by census tract income level in 2012 and 2013, and includes applicable demographic and aggregate data for comparison purposes.

Table 7 Distribution of HMDA Loans by Census Tract Income Level						
Census Tract Income Level	% Owner- Occupied Housing Units	Aggregate Lending Data 2012	Athol Savings Bank			
			2012		2013	
		% of #	#	%	#	%
Moderate	23.4	16.0	60	30.2	27	20.1
Middle	76.6	84.0	139	69.8	107	79.9
Total	100.0	100.0	199	100.0	134	100.0

Source: 2012 and 2013 HMDA LARs, 2012 Aggregate Data, and 2010 U.S. Census Data

The Bank originated 30.2 percent of its residential mortgage loans in the moderate income-census tracts during 2012. This is significantly greater than the aggregate and the percentage of owner-occupied housing units in these tracts. The Bank's physical branch presence in moderate-income census tracts of Athol and Gardner has had a positive impact on performance under this criterion. In 2013, the percentage of originations in the moderate-income tracts decreased to

20.2 percent. This may be attributed, in part, to the overall decrease in the number of originations and lower refinance demand in 2013.

Further analysis of market rank reports indicates that Athol Savings Bank ranked 3rd, with a market share of 7.6 percent, in the assessment area's moderate-income tracts. This market ranking exceeds its overall assessment area market rank of 5th, and demonstrates the Bank's commitment to meeting the credit needs of all portions of its assessment area, including moderate-income tracts.

Small Business Lending

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Table 8 illustrates the distribution of small business loans by census tract income level compared to business demographic data.

Table 8 Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	% of Total Businesses (2012)	% of Total Businesses (2013)	Athol Savings Bank			
			2012		2013	
Moderate	21.0	25.1	21	45.7	20	57.1
Middle	79.0	74.9	25	54.3	15	42.9
Total	100.0	100.0	46	100.0	35	100.0

Source: Bank's Small Business Loan data for 2012 and 2013 and Business Geo-demographic data for 2012 and 2013.

In 2012, the Bank originated 45.6 percent of its small business loans in the moderate-income census tracts. The overall percentage of lending in moderate-income tracts increased to 57.1 percent in 2013. The Bank's performance in both years far exceeds the percentage of businesses in moderate-income geographies, thereby demonstrating excellent performance under this criterion.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

COMMUNITY DEVELOPMENT TEST

The Bank demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, qualified donations, and community development services. The following sections detail the bank's community development activities by type.

Community Development Loans

For purposes of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose; (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a loan secured by a multi-family dwelling); and, (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

During the evaluation period, the Bank originated or renewed 10 community development loans totaling \$630,000, or 0.3 percent of net loans as of March 31, 2014. During the prior evaluation period, the Bank had originated or renewed 11 loans totaling \$615,000, or 0.35 percent of net loans. Summarized in Table 9 are the community development loans extended during this evaluation period by community development category and year originated.

Table 9 Community Development Loans								
Community Development Category	3/30/2011- 12/31/2011		2012		2013		1/1/2014- 7/7/2014	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	1	140,000	0	0	1	50,000
Community Services*	2	80,000	3	180,000	3	180,000	0	0
Economic Development	0	0	0	0	0	0	0	0
Revitalization or Stabilization**	0	0	0	0	0	0	0	0
Neighborhood Stabilization Program	0	0	0	0	0	0	0	0
Total	2	80,000	4	320,000	3	180,000	1	50,000

Source: Internal bank records

*Targeted to Low- or Moderate-Income Individuals

**Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following list details a representative example of community development loans made by the Bank during the evaluation period:

- The Bank renewed a \$30,000 working capital line of credit to a non-profit organization in 2011, 2012, and 2013. The organization is based in a moderate-income census tract in Athol, and provides services to children of low- and moderate-income families.
- The Bank renewed a \$50,000 line of credit to a non-profit organization in 2011 and 2014. The organization provides services to low- and moderate-income families and children in the local community. In 2013, the organization provided assistance to 760 individuals, of which 433 were low- and moderate-income.

- In 2012, the Bank originated a \$140,000 residential mortgage loan secured by a multi-family rental property located in a moderate-income census tract of Athol. All five units are rented at rates below fair market value according to the Office of Management and Budget and the Department of Housing and Urban Development, which defines the Metropolitan areas and the fair market rent calculations.

Community Development Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. During the evaluation period, the bank made \$146,564 in community development investments, which consisted exclusively of qualified donations.

For calendar years 2012 and 2013, the Bank's donations represented 1.5 percent and 2.0 percent of pre-tax net operating income, respectively. Table 10 illustrates the Bank's community development donations by year and purpose.

Table 10								
Qualified Donations								
Community Development Category	3/00/2011 - 12/31/2011		2012		2013		1/1/2014 - 7/7/2014	
	\$	#	\$	#	\$	#	\$	#
Affordable Housing	0	0	0	0	0	0	0	0
Community Services*	39,152	17	44,681	27	49,393	28	11,338	11
Economic Development	1,000	1	1,000	1	0	0	0	0
Revitalization or Stabilization**	0	0	0	0	0	0	0	0
Neighborhood Stabilization Program	0	0	0	0	0	0	0	0
Total	40,152	18	45,681	28	49,393	28	11,338	11

Source: Internal bank records

**Targeted to Low- or Moderate-Income Individuals*

***Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies*

The following list illustrates a representative example of organizations to which the Bank made community development donations during the evaluation period:

Athol Area United Way and North Central United Way – This organization provides social services that include outreach, education, and health and human service needs. Funds are donated to the community impact fund and the majority of the recipients are low- and moderate-income individuals.

Athol YMCA and Wendell P. Clark Memorial YMCA – These YMCAs provide social services that include outreach, education, and health. Both YMCAs provide a significant number of scholarships to those who cannot afford memberships. The Bank's contributions funded the family financial assistance program that assists low- and moderate income individuals that are most needy.

House of Peace and Education (Hope) – This is a community-based organization housed in North Central Massachusetts with a mission to empower underserved women and children, primarily those of low- and moderate-income, through education and mentorship. The organization provides them with the skills needed to ensure independence and self-sufficiency so

they can work and meet their other responsibilities.

Greater Gardner Community Development Corporation (CDC) – The Gardner CDC promotes self-sufficiency by creating affordable housing opportunities and providing programs that raise the economic, educational, and social levels of residents in its service area. The Bank sponsors first-time homebuyer seminars and assists with financial mortgage training.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial or technical services and assistance. Table 11 details the number of community development services provided by the bank during the evaluation period.

Table 11	
Community Development Services	
Community Development Category	#
Affordable Housing	1
Community Services*	5
Promote Economic Development	1
Revitalization or Stabilization**	0
Neighborhood Stabilization Program	0
Total	7

Source: Internal bank records

**Targeted to Low- or Moderate-Income Individuals*

***Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies*

Bank officers and employees are involved in local community development and non-profit organizations in various capacities. Bank personnel provide these organizations with financial and management expertise while serving as Directors, officers, and Loan Committee members. The following is a representative sample of employee involvement during the evaluation period:

North Quabbin Loan Fund – This organization is composed of community members who make decisions regarding the disbursement of state grant funds held by the Town of Athol for the nine towns that comprise the North Quabbin Region. Current and prospective business owners can apply for grant funds when traditional financing may not be available. Applicants must have a plan to create one or more jobs in one of the nine towns. A Branch Manager/Community Banking Officer has been a member of the North Quabbin Loan Fund Committee since 2010.

United Way of North Central Massachusetts – This organization provides education, health, and social services to the most needy. In 2013, the Athol Area United Way merged with the United Way of North Central Massachusetts. A Senior Vice President served as Treasurer, currently serves as a Director, and previously served as a site volunteer visiting agencies that requested funds.

Greater Gardner CDC – This organization promotes self-sufficiency by creating affordable housing opportunities and providing additional programs that raise the economic, educational, and social levels of residents in its service area. An Assistant Vice President is the President, and a Senior Vice President serves as the Treasurer.

Educational Services

The Bank also conducted or sponsored educational workshops or programs during the evaluation period. A description of those seminars follows. Of the schools benefitting from the Bank's educational efforts, 41 percent to 60 percent of the students receive free or reduced-price lunches, which is a proxy for the percentage of low- and moderate-income individuals.

First-Time Homebuyer's Seminars – During the review period, the Bank sponsored and participated in five first-time homebuyers seminars in conjunction with the Greater Gardner CDC. These seminars were geared toward first-time home buyers and low- and moderate income-individuals. The seminars were held at the Greater Gardner CDC Office.

SaveSum Program – The SaveSum Program is offered at the Pleasant Street School in Athol, the Toy Town Elementary School in Winchendon, the Phillipston Memorial School in Phillipston, the Baldwinville and JR Briggs Elementary Schools in Ashburnham and formally the Elementary School in Baldwinville. This program is an interactive, hands on educational program designed for students. The purpose of the program is to educate children on the importance of saving money, being self-disciplined, and feeling the self-satisfaction in watching their money grow.

High School Training Material – The Bank provides training materials to area high schools. This bank provided the training “Your Checking Account” to students attending Athol High School, Murdock Middle/High School, and Narragansett Regional High School. These materials provide fundamental information on managing a checking account. The Bank also provided the program “Your Personal Guide to Loans & Credit” to students attending Athol High School and Murdock Middle/High School.

After School Program – The Bank's Community Banking Officer and the Assistant Branch Manager participate in the after school program at Toy Town Elementary School in Winchendon. The program offers four sessions, and the Bank participated in three of the sessions. The Bank officer prepares a banking lesson for each class. The lessons used for the program are derived from the Commonwealth of Massachusetts, “Saving Makes Cents” program. The lessons focus on the ABC's of money management. The lessons are designed to teach children basic monetary concepts, including how to open a savings account, the origin of money, and basic budgeting skills. Although the school program is funded by a grant, the Bank volunteers its employees and pays for all materials.

Other Community Development Services

Interest on Lawyers Trust Accounts (IOLTA) – The Bank maintains Interest on Lawyers Trust Accounts (IOLTA), a Massachusetts funded program, which provides legal assistance to over 100,000 individuals statewide. IOLTA continues to be the primary source for consumer, family, education, disability, and elder law services for low-income clients. The program's goal is to use the interest received to improve the administration of justice and for civil and legal services for low-income clients.

APPENDIX

MINORITY APPLICATION FLOW

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 102,214, of which 7.2 percent are minorities. The assessment area's minority population includes: 1.2 percent Black/African American; 1.1 percent Asian/Pacific Islander; 0.2 percent American Indian; 3.3 percent Hispanic or Latino; and 1.4 percent other.

For 2012 and 2013, the Bank received 476 HMDA reportable loan applications from within its assessment area. Of these applications, 10 or 2.1 percent were received from racial minority applicants. For the same time period, the Bank also received 3 applications or 0.6 percent from Hispanic/Latino applicants within its assessment area.

The Bank's level of lending in 2012 was compared with 2012 aggregate data. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the following table for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the assessment area.

Table A1 MINORITY APPLICATION FLOW					
RACE	Bank 2012		2012 Aggregate Data	Bank 2013	
	#	%	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0.3	0	0.0
<i>Asian</i>	4	1.4	0.6	0	0.0
<i>Black/ African American</i>	0	0.0	0.6	1	0.5
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	1	0.4	0.9	4	2.0
Total Minority	5	1.8	2.4	5	2.5
<i>White</i>	250	90.3	81.5	172	86.4
<i>Race Not Available</i>	22	7.9	16.1	22	11.1
Total	277	100.0	100.0	199	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	0	0.0	1.2	0	0.0
<i>Not Hispanic or Latino</i>	252	91.0	82.0	175	87.9
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	2	0.7	.9	1	0.5
<i>Ethnicity Not Available</i>	23	8.3	15.9	23	11.6
Total	277	100.0	100	199	100.0

Source: 2012 and 2013 HMDA LAR, 2102 HMDA Aggregate Data

The Bank's performance was below the 2012 aggregate level of applications from racial minority applicants but showed a positive trend in 2013. The Bank's 2012 application level from Hispanic/Latino applicants, at 0.7 percent, was below the aggregate level of 1.2 percent.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 444 Main Street, Athol, MA 01331."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment 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.