

PUBLIC DISCLOSURE

March 4, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CHICOPEE SAVINGS BANK

CERT # 90179

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**Division of Banks
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<p>NOTE: This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations 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>

TABLE OF CONTENTS

General Information.....	1
Institution’s CRA Rating.....	1
Scope of Examination.....	2
Description of Institution.....	4
Description of Assessment Area	5
Conclusions with Respect to Performance Criteria	9
Appendix A – Minority Application Flow.....	A-1

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 credit needs of its community, 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 **Chicopee Savings Bank (or the Bank)**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **March 4, 2013**. 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 and in Appendix A to 12 CFR Part 345.

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

The Lending Test is rated **"High Satisfactory"** by the Division

The Lending Test is rated **"Satisfactory"**¹ by the FDIC

The Community Development Test is rated **"Outstanding."**

An institution in this group has an excellent 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 assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. Chicopee Savings Bank's performance under each of these two tests is summarized below:

Lending Test

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the institution's assessment area.
- The distribution of loans to borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- There were no CRA-related complaints filed against the bank during the review period. Therefore, this performance criterion was not a factor in assigning the overall rating.

¹ Please note the FDIC does not have a High Satisfactory rating.

Community Development Test

The Bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and FDIC. Intermediate Small Bank (ISB) CRA evaluation procedures, as established by the Federal Financial Institutions Examination Council (FFIEC), were used to assess Chicopee Savings Bank's CRA performance, as the Bank had total assets of at least \$296 million, but less than \$1.186 billion, as of December 31 of each of the prior two calendar years. These procedures evaluate the Bank's performance 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 considers the number and dollar amount of community development loans, qualified investments, and community development services.

This evaluation focused on home mortgage and small business lending, as these reflect the primary loan product lines offered by Chicopee Savings Bank. Home mortgage and small business lending activity from January 1, 2011 to December 31, 2012 was analyzed. Considering the Bank's loan portfolio distribution and volume of lending by loan type during the evaluation period, equal weight is given to the Bank's performance in home mortgage and small business lending performance when arriving at overall conclusions.

Consumer loans and small farm loans were not considered in the evaluation as consumer loans represent a nominal percentage (0.5 percent) of the loan portfolio, and Chicopee Savings Bank does not maintain any small farm loans.

Information concerning home mortgage lending was derived from the Bank's Loan Application Registers (LARs), reported pursuant to the Home Mortgage Disclosure Act (HMDA). The 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. While the tables within this evaluation depict 2011 and 2012 home mortgage data, the primary focus of this evaluation is lending performance in 2011, as this is the most recent year for which aggregate data is available. Aggregate lending data is used for comparison purposes within the evaluation, is a measure of loan demand, and includes lending information from institutions reporting at least one home mortgage loan in the bank's assessment area. Residential lending activity for 2012 was also analyzed to identify any significant trends or anomalies. The borrower profile and geographic distribution criteria consider only those loans made within the bank's designated assessment area.

Chicopee Savings Bank is not required to collect its small business loan data due to its asset size, but has elected to do so; therefore, the Bank's 2011 and 2012 small business lending was evaluated. 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.

Demographic information from the 2000 U.S. Census data is used when evaluating Chicopee Savings Bank's 2011 home mortgage lending and 2010 U.S. Census data is used when evaluating the 2012 home mortgage lending. Financial data was derived from the December 31, 2012 FFIEC Report of Condition and Income (Call Report).

Management provided data on community development loans, investments, and services for the period from January 1, 2010 through December 31, 2012; therefore, this is the timeframe subject to analysis for purposes of the Community Development Test.

PERFORMANCE CONTEXT

Description of Institution

Chicopee Savings Bank is a state-chartered bank established in 1854 and headquartered in Chicopee, Massachusetts. Chicopee Savings Bank is a wholly-owned subsidiary of Chicopee Bancorp, Inc. Chicopee Bancorp, Inc., also headquartered in Chicopee, is a publicly traded holding company established in January 2006. The Bank's main office is located at 70 Center Street in Chicopee; the Lending and Operations Center is located at 229 Exchange Street in Chicopee. Chicopee Savings Bank also operates three additional branch offices in Chicopee and branch offices in Ludlow, South Hadley, Ware, and West Springfield, Massachusetts. The Bank's offices are all located within the Springfield, Massachusetts Metropolitan Statistical Area (MSA).

Chicopee Savings Bank is a full-service community bank offering a wide variety of products and services. Savings and checking accounts offered by the Bank include free and interest-bearing checking accounts, statement savings, money market savings, individual retirement accounts, certificates of deposit, and club accounts. Commercial lending programs include term loans, lines of credit, letters of credit, and Small Business Administration (SBA) loans. Home financing programs include adjustable- and fixed-rate options for the purchase, refinance, improvement, and construction of residential property. In addition, Chicopee Savings Bank offers first time homebuyer programs, home equity lines of credit, and home equity loans. Unsecured and secured consumer loans are also offered. Other services offered by the Bank include mobile banking, 24-hour automated teller machines (ATMs), online banking, safe deposit boxes, and investment services. For commercial customers, the Bank offers remote deposit capture, merchant card processing, cash management, and payroll services.

As of December 31, 2012, Chicopee Savings Bank reported total assets of \$599.3 million. Assets increased by 9.6 percent since September 30, 2009. The Bank's loan portfolio, which represents 78.4 percent of total assets, increased 12.0 percent during this time. Table 1 below details the distribution of the Bank's loan portfolio at December 31, 2012.

Table 1 - Loan Portfolio Distribution as of December 31, 2012		
Loan Type	Dollar Amount \$(000s)	% of Total Loans
Construction, Land Development, and Other Land Loans	40,928	8.7
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	24,710	5.3
Closed-end Loans Secured by 1-4 Family Residential Properties: First Liens	142,503	30.3
Closed-end Loans Secured by 1-4 Family Residential Properties: Junior Liens	7,022	1.5
Secured by Multi-Family (5 or more) Residential Properties	8,636	1.8
Secured by Nonfarm Nonresidential Properties	159,086	33.9
Total Real Estate Loans	382,885	81.5
Loans to depository institutions and acceptances of other banks	18	0.5
Commercial and Industrial	84,267	17.9
Loan to Individuals for Household, Family, and Other Personal Expenditures	2,492	0.5
Total Loans	469,662	100.0

Source: December 31, 2012 Call Report.

As shown in Table 1, Chicopee Savings Bank's portfolio is composed primarily of commercial and residential real estate secured loans. The largest percentage of the loan portfolio is represented by commercial real estate (Secured by Nonfarm Nonresidential Properties) at 33.9 percent. Commercial and industrial loans account for 17.9 percent of the loan portfolio, which combined with commercial real estate loans, account for 51.8 percent of the Bank's portfolio. At approximately \$243.4 million, Chicopee Savings Bank's commercial loan portfolio has increased by 36.6 percent since the prior CRA evaluation.

The increase in the commercial lending portfolio since the previous CRA evaluation is not unexpected considering discussions with senior management, which indicated that commercial lending continues to remain one of the Bank's primary lending focuses.

Residential real estate loans, including open- and closed-end credit secured by one-to-four family and multi-family properties, at a combined \$182.9 million, account for 38.9 percent of the portfolio. Residential loan growth since the prior examination is approximately 7.1 percent.

The Division and the FDIC last evaluated Chicopee Savings Bank's CRA performance on December 21, 2009, and assigned an overall rating of "Outstanding." There are no apparent 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 CRA requires each financial institution to define an assessment area within which its CRA performance will be evaluated. The Bank's assessment area as currently defined 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- or moderate-income areas.

Chicopee Savings Bank's assessment area consists of the Franklin County municipalities of Leverett, New Salem, and Shutesbury; the Hampden County municipalities of Agawam, Chicopee, East Longmeadow, Hampden, Holyoke, Longmeadow, Ludlow, Palmer, Southwick, Springfield, West Springfield, Westfield, and Wilbraham; the Hampshire County municipalities of Belchertown, Granby, South Hadley, and Ware; and the Worcester County municipalities of Hardwick, New Braintree, Petersham, Phillipston, Warren, and West Brookfield. All of these cities and towns are part of the Springfield, Massachusetts MSA, except for the municipalities located in Worcester County, which are located in the Worcester, Massachusetts MSA.

According to the 2000 U.S. Census data, the assessment area contained 103 census tracts: 17 low-income tracts, 20 moderate-income tracts, 44 middle-income tracts, and 22 upper-income tracts. All of the low-income tracts were located in Holyoke and Springfield, while the moderate-income tracts were located in the towns of Chicopee, Holyoke, Springfield, Ware, Warren, West Springfield, and Westfield. Refer to Table 2 for demographic information about the assessment area according to the 2000 U.S. Census data.

Table 2 Demographic Information for Assessment Area (2000)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	103	16.5	19.4	42.7	21.4
Population by Geography	498,941	11.5	20.8	44.2	23.5
Owner-Occupied Housing by Geography	120,329	3.1	14.6	52.4	29.9
Businesses by Geography	38,611	14.2	18.8	40.4	26.6
Family Distribution by Income Level	127,635	23.3	17.7	21.6	37.4
Distribution of Low- and Moderate-Income Families throughout AA Geographies	52,383	18.9	27.7	41.0	12.4
Median Family Income	\$55,075	Median Housing Value			\$112,188
HUD Adjusted Median Family Income for 2011	\$76,421	Unemployment Rate			7.5%
Families Below Poverty Level	10.9%				

Source: 2000 U.S. Census, 2011 HUD updated MFI, December 2011 Bureau of Labor Statistics Data, and 2011 Dun and Bradstreet Business Demographic Data.

According to the U.S. 2010 Census data, the composition of Chicopee Savings Bank's assessment area changed slightly. Census tracts increased to 112: there are 21 low-income tracts, 26 moderate-income tracts, 38 middle-income tracts, and 27 upper-income tracts. Refer to Table 3 for demographic information about the assessment area according to the 2010 Census data.

Table 3 Demographic Information for Assessment Area (2010)					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	112	18.8	23.2	33.9	24.1
Population by Geography	508,396	13.5	24.6	34.8	27.1
Owner-Occupied Housing by Geography	125,354	3.9	19.4	42.3	34.4
Businesses by Geography	37,062	17.6	20.9	32.3	29.2
Family Distribution by Income Level	126,310	25.6	16.6	19.6	38.2
Distribution of Low- and Moderate-Income Families throughout AA Geographies	53,311	22.1	32.4	30.8	14.7
Median Family Income	\$72,751	Median Housing Value			\$203,227
FFIEC Adjusted Median Family Income for 2012	\$77,205	Unemployment Rate			7.7%
Families Below Poverty Level	12.5%				

Source: 2010 U.S. Census, 2012 FFIEC updated MFI, December 2012 Bureau of Labor Statistics Data, and 2012 Dun and Bradstreet Business Demographic Data.

The Department of Housing and Urban Development (HUD) estimated adjusted Median Family Income (MFI) figures annually through 2011. The MFI figures are used to determine the income level for borrowers and geographies. HUD estimated the 2011 MFI figure of Chicopee Savings Bank's assessment area to be \$76,421. In 2012, and going forward, the FFIEC provides estimates for the adjusted MFI. In 2012, the MFI for the Bank's assessment area was \$77,205.

Population

According to the 2010 U.S. Census, Chicopee Savings Bank's assessment area has a total population of 508,396, comprised of 195,981 households, of which 126,310 are families. Of all

families in the assessment area, 25.6 percent are low-income, 16.6 percent are moderate-income, 19.6 percent are middle-income, and 38.2 percent are upper-income. A closer look at the family demographics reveals that the percentage of families below poverty level increased from 10.9 percent to 12.5 percent from the 2000 to the 2010 U.S. Census, and the percent of area households that receive some form of public assistance remained near 4.5 percent. These demographics may indicate an individual's reduced ability to secure a mortgage loan, given the median housing value for the assessment area. Therefore, the opportunity to lend to this market segment is reduced, as this portion of the population would likely not qualify for home mortgage financing.

Housing

Chicopee Savings Bank's assessment area consists of 210,770 total housing units, of which 125,354 or 59.5 percent are owner-occupied, 70,627 or 33.5 percent are rental units, and 14,789 or 7.0 percent are vacant units. The median housing value in 2012 for the assessment area was \$203,227.

By census tract income level, 3.9 percent of owner-occupied housing units are in low-income census tracts, 19.4 percent owner-occupied housing units are in moderate-income census tracts, 42.3 percent are in middle-income tracts, and 34.4 percent are in upper-income tracts. Compared to the data from the 2000 U.S. Census, the slight increase in percentages of owner-occupied housing units in both low- and moderate-income census tracts is directly proportionate with the increases in total housing units and also the number of census tracts.

Business Information

According to 2012 Dun and Bradstreet business demographic data, there are 37,062 businesses in the assessment area, of which 72.0 percent have gross annual revenues (GARs) of \$1 million or less, 5.0 percent have GARs greater than \$1 million, and the remaining 23.0 percent have unknown revenues. Of the total businesses in the assessment area, 17.6 percent are in low-income census tracts, 20.9 percent are in moderate-income census tracts, 32.3 percent are in middle-income census tracts, and 29.2 percent are in upper-income census tracts. The highest proportion of these business establishments are engaged in the services industry (44.9 percent). Businesses involved in retail trade (13.1 percent), finance/insurance/real estate (8.1 percent), construction (7.8 percent), manufacturing (3.5 percent), and wholesale trade, transportation, and agriculture (8.5 combined) make up the remainder of the establishments. In terms of employees, approximately 65.5 percent of the area's businesses employ four or fewer people. As 38.5 percent of businesses are in low- and moderate-income census tracts, this data suggest there is a reasonable demand for small business loans in low- and moderate-income census tracts. Compared to the 2011 business demographic data using census tracts based on the 2000 U.S. Census, the percentages in low- and moderate-income census tracts are slightly higher, proportionate with the increase in total low- and moderate-income census tracts.

Unemployment Data

According to the Bureau of Labor Statistics, unemployment rates have increased over the past year in the Springfield area. According to the annual December 2012 labor force data by county, Hampden County, where the Bank is located, had a 7.9 percent unemployment rate, the highest in the area, with bordering Hampshire County at 5.0 percent, Franklin County at 5.7 percent, and

Worcester County at 7.0 percent. The Springfield MSA experienced a 0.2 percent increase in unemployment from December 2011 to December 2012. While the increase is small, it is noteworthy because the unemployment rates in the majority of the MSAs nationwide have decreased over the same period. A rising unemployment rate is another factor that may inhibit a financial institution's ability to lend to both businesses and individuals.

Competition

Chicopee Savings Bank competes with larger commercial and regional banks, as well as finance companies for commercial loans, particularly loans to small- and medium-sized businesses. In 2011, 84 financial institutions reported originating and/or purchasing one or more small business loans in Franklin, Hampden, Hampshire, and Worcester Counties. Although the Bank is not a CRA small business data reporter, this level of competition is important to note, as the Bank is an active small business lender in these counties. It is also noteworthy that American Express Bank, FSB held the largest market share by number of small business loans (5,325) at 24.2 percent, and seven of the top ten lenders had average loan sizes of \$10,000 or less. This information indicates that these other lenders have achieved top rankings in the market due to their high volume of business credit cards, a product Chicopee Savings Bank does not offer.

Home mortgage lending within the assessment area is highly competitive. Over 309 lenders originated or purchased one or more home mortgage loans within the assessment area in 2011. Competition comes from large national banks and mortgage companies including Bank of America, NA (with 8.5 percent market share) and Wells Fargo Bank, NA (with 7.6 percent market share), as well as from locally- and non-locally-based financial institutions. Chicopee Savings Bank was ranked 19th in the market in 2011 with a 1.7 percent market share.

Community Contacts

In conjunction with this CRA evaluation, interviews were conducted with two community contacts in Chicopee. The first organization is a non-profit housing organization that provides financial education and housing services to first time homebuyers and low- and moderate-income individuals. The second organization administers community development block grants to a variety of community development programs that provide services to low- and moderate-income individuals and initiatives within the community.

The contacts stated that credit needs in the greater Chicopee area include affordable home purchase and rehabilitation lending with flexible underwriting for low- and moderate-income individuals and in low- and moderate-income neighborhoods. They also mentioned financial literacy as an ongoing need, as well as homeownership and credit counseling programs, credit repair programs, and savings assistance programs for low- and moderate-income individuals. Further, one of the contacts identified a growing need for financing and education/technical support for local small businesses, particularly those engaged in economic development and neighborhood revitalization. Both contacts specifically mentioned Chicopee Savings Bank by name, and indicated that they are a good community partner and very active within the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

This performance criterion determines what percentage of Chicopee Savings Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

Chicopee Savings Bank's net LTD ratio is 99.2 percent as of December 31, 2012. During the evaluation period, the bank's quarterly net LTD ratio ranged from a high of 119.5 percent at March 31, 2010 to a low of 96.8 percent at December 31, 2011. The average net LTD ratio of 106.5 percent was calculated by averaging Chicopee Savings Bank's 13 quarterly LTD ratios for the period of December 31, 2009, through December 31, 2012.

The Bank's average net LTD ratio was compared to those of similarly-situated financial institutions based on lending focus, geographic location, and asset size. As Table 4 illustrates, the average LTD ratios of the other institutions range between 77.0 percent and 95.2 percent. Chicopee Savings Bank's average LTD ratio at 106.5 percent is higher than all three similarly situated banks.

Table 4		
Net Loan-to-Deposit Ratio Comparison		
Institution	Avg. Net LTD Ratio	Asset Size \$(000s)
<i>Chicopee Savings Bank</i>	<i>106.5%</i>	<i>599,258</i>
Hampden Bank	95.2%	641,413
Hoosac Bank	87.2%	488,715
Webster Five Cents Savings Bank	77.0%	564,955

Source: December 31, 2012 Call Report.

Additionally, not reflected in the LTD ratio is the volume of loans sold on the secondary market. Since the previous evaluation, the Bank sold approximately 360 loans totaling approximately \$55.1 million. Selling loans not only permits the bank to manage its liquidity and interest rate risk, but also allows the Bank to originate a larger volume of loans than would otherwise be possible, further evidencing Chicopee Savings Bank's commitment to extending credit.

Assessment Area Concentration

This performance criterion determines what percentage of Chicopee Savings Bank's lending was inside and outside the assessment area. As Table 5 illustrates, the Bank originated a substantial majority of its home mortgage and small business loans within its designated assessment area.

Table 5 Distribution of Loans Inside and Outside of Assessment Area										
Loan Type	Number Loans					Dollar Volume \$(‘000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2011 HMDA										
Home Purchase	84	87.5	12	12.5	96	15,529	83.3	3,114	16.7	18,643
Home Improvement	36	92.3	3	7.7	39	2,943	82.4	628	17.6	3,571
Refinance	93	83.0	19	17.0	112	16,045	77.3	4,699	22.7	20,744
2011 Total	213	86.2	34	13.8	247	34,517	80.4	8,441	19.6	42,958
2012 HMDA										
Home Purchase	111	89.5	13	10.5	124	16,418	80.2	4,045	19.8	20,463
Home Improvement	31	96.9	1	3.1	32	3,674	93.3	265	6.7	3,939
Refinance	129	83.8	25	16.2	154	19,927	78.1	5,572	21.9	25,499
2012 Total	271	87.4	39	12.6	310	40,019	80.2	9,882	19.8	49,901
Total Home Loans	484	86.9	73	13.1	557	74,536	80.3	18,323	19.7	92,859
Small Business Loans										
2011	98	83.1	20	16.9	118	17,088	80.1	4,251	19.9	21,339
2012	135	83.3	27	16.7	162	21,204	74.5	7,243	25.5	28,447
Total Small Business Loans	233	83.2	47	16.8	280	38,292	76.9	11,494	23.1	49,786
Grand Total	717	85.7	120	14.3	837	112,828	79.1	29,817	20.9	142,645

Source: 2011 and 2012 HMDA LARs and Small Business Loan Registers (LRs) for 2011 and 2012.

Home Mortgage Lending

Table 5 shows that Chicopee Savings Bank originated 484 home loans totaling \$74.5 million in the assessment area during the evaluation period. In 2011, the Bank originated 86.2 percent by number, and 80.4 percent by dollar volume, of its home loans inside the assessment area. In 2012, the percentage of home loans in the assessment area remained relatively consistent at 87.4 percent by number and 80.2 percent by dollar volume. The general increase in home mortgage lending volume from 213 loans to 271 is attributed to the improved economy and recovery of the housing market in the assessment area. According to Bank management, the residential market has stabilized and residential lending has remained constant during the review period.

Small Business Lending

Table 5 reflects that Chicopee Savings Bank also originated a substantial majority of its small business loans by number and dollar volume in the assessment area in 2011 and 2012. Overall, the Bank made 233 small business loans inside its assessment area totaling \$38.3 million, accounting for 83.2 percent by number and 76.9 percent by dollar volume of loans during the evaluation period.

As a community bank, Chicopee Savings Bank strives to focus its lending efforts within its defined assessment area. The somewhat smaller percentage of loans by dollar amount within the assessment area is attributed to the fact the Bank made several large loans to local businesses and residents with lending needs outside the area.

Borrower Profile

This performance criterion evaluates the distribution of Chicopee Savings Bank's home mortgages by borrower income level, and small business loans by Gross Annual Revenue (GAR). 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. Overall, the distribution of borrowers reflects reasonable penetration among retail customers of different income levels and businesses of different sizes.

Home Mortgage Lending

The distribution of HMDA-reportable loans reflects a reasonable penetration among borrowers of different income levels. Table 6 illustrates HMDA loan originations, categorized by borrower income level, reported by Chicopee Savings Bank during 2011 and 2012. Lending in 2011 is compared to the 2011 aggregate lending data and the percentage of families by income level based on 2000 U.S. Census data. Lending in 2012 is compared to the distribution of families by income level based on 2010 U.S. Census data.

Table 6 Distribution of Home Mortgage Loans by Borrower Income Level							
Borrower Income Level	% of Total Families (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Total Families (2010 Census)
		#	%		#	%	
Low	23.3	25	11.7	7.7	24	8.9	25.6
Moderate	17.7	43	20.2	21.1	60	22.1	16.6
Middle	21.6	40	18.8	24.6	70	25.8	19.6
Upper	37.4	74	34.7	33.8	99	36.5	38.2
NA	0.0	31	14.6	12.8	18	6.6	0.0
Total	100.0	213	100.0	100.0	271	100.0	100.0

Source: 2000 and 2010 U.S. Census Data, 2011 and 2012 HMDA LARs, and 2011 Aggregate HMDA Data.

As shown in Table 6, the proportion of Chicopee Savings Bank's lending to low-income borrowers in 2011, at 11.7 percent, is above the aggregate performance of 7.7 percent but below the percentage of low-income families at 23.3 percent. However, is notable that 10.9 percent of the assessment area families have incomes below the poverty threshold (a sub-set of low-income families) and would most likely not qualify for a home mortgage loan. Market share reports for 2011 show the Bank ranked 12th in home mortgage lending to low-income borrowers out of 105 institutions who reported making or purchasing at least one such home mortgage loan in the assessment area. Eight of the 11 lenders with a higher market share were nationally-chartered financial institutions. In 2012, Chicopee Savings Bank's home mortgage lending to low-income borrowers decreased to 8.9 percent, but the volume (24 loans) was almost identical to 2011 (25 loans). Based on the 2010 U.S. Census data, the percentage of low-income families increased to 25.6 percent and the percentage of families below the poverty level increased to 12.5 percent.

In 2011, the Bank made 20.2 percent of its home mortgage loans to moderate-income borrowers, which is slightly below the aggregate percentage of 21.1 percent but above the percentage of

total moderate-income families at 17.7 percent. Market share reports for 2011 show that Chicopee Savings Bank ranked 21st in home mortgage lending to moderate-income borrowers out of 163 institutions who reported originating or purchasing at least one such home mortgage loan in the assessment area. Six of the 20 lenders with a higher market share were nationally-chartered financial institutions. In 2012, the Bank's percentage of loans to moderate-income borrowers, at 22.1 percent, exceeds the percent of moderate-income families at 17.4 percent.

In keeping with the Bank's strategy to remain locally focused, management indicated that establishing and building relationships was a key component to their success. For example, the Bank works with first time homebuyers throughout the process of purchasing their first home. In a discussion with a community contact, the contact specifically mentioned that providing first time homebuyers with one-on-one guidance and training was a need in the area, and Chicopee Savings Bank was named as being exemplary to work with in this process. This is likely one reason the Bank has been successful in lending to low- and moderate-income borrowers.

Small Business Lending

Chicopee Savings Bank's distribution of small business loans reflects reasonable penetration to businesses of different sizes. Tables 7 and 8 illustrate the distribution of the Bank's small business loans within the assessment area by the revenue size of the business, and include applicable business demographics for comparison purposes.

Table 7			
Distribution of 2011 Small Business Loans by Revenue			
Total Bank Loans	Businesses with Revenues of \$1 million or less		
	% of Businesses	# of Bank Loans	% of Bank Loans
98	67.8	40	40.8

Source: 2011 Small Business LR and Dun & Bradstreet 2011 business demographics.

Table 8			
Distribution of 2012 Small Business Loans by Revenue			
Total Bank Loans	Businesses with Revenues of \$1 million or less		
	% of Businesses	# of Bank Loans	% of Bank Loans
135	72.0	67	49.6

Source: 2012 Small Business LR and Dun & Bradstreet 2012 business demographics.

As shown in Tables 7 and 8, Chicopee Savings Bank originated 40.8 and 49.6 percent of its small business loans to businesses with gross annual revenues of \$1 million or less in 2011 and 2012, respectively. Performance in both years was less than the percentage of businesses in the assessment area that reported GARs of \$1 million or less. Discussions with senior management revealed Chicopee Savings Bank maintains several banking relationships with local commercial entities with GARs greater than \$1 million and has done so historically, which inherently increases the percentage of loans the Bank makes to businesses in the larger revenue category. Overall, the distribution is reasonable.

Geographic Distribution

This criterion evaluates the distribution of loans within the assessment area by census tract income level, with an emphasis on lending in low- and moderate-income census tracts. Overall,

the geographic distribution of home mortgage and small business loans reflects excellent penetration throughout the assessment area.

Home Mortgage Lending

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Table 9 illustrates the Bank's home mortgage lending activity by census tract income level in 2011 and 2012. The Bank's lending activity is compared with the distribution of owner-occupied housing units based on the 2000 and 2010 U.S. Census. In 2011, the Bank's home mortgage lending performance is also compared to aggregate lending data.

Table 9							
Distribution of Home Mortgage Loans by Census Tract Income Level							
Census Tract Income Level	% of Owner-Occupied Housing Units (2000 Census)	2011 Bank Lending		2011 Aggregate Lending Data (% of #)	2012 Bank Lending		% of Owner-Occupied Housing Units (2010 Census)
		#	%		#	%	
Low	3.1	11	5.2	1.9	8	3.0	3.9
Moderate	14.6	33	15.5	11.0	55	20.3	19.4
Middle	52.4	104	48.8	49.7	118	43.5	42.3
Upper	29.9	65	30.5	37.4	90	33.2	34.4
Total	100.0	213	100.0	100.0	271	100.0	100.0

Source: 2000 and 2010 U.S. Census Data, 2011 and 2012 HMDA Data, and 2011 Aggregate HMDA Data.

As reflected in Table 9, the overall percentage of Chicopee Savings Bank originated loans in 2011 in both low- and moderate-income census tracts exceeds demographic data and aggregate lending data. Market share reports show the Bank ranked 6th out of 64 lenders that reported making or purchasing at least one home mortgage loan in a low-income census tract in the assessment area in 2011. Four of the five lenders with a higher market share were nationally-chartered financial institutions. In 2012, the percentage of home mortgage loans Chicopee Savings Bank made in low-income census tracts, at 3.0 percent, is slightly below the percentage of owner-occupied housing units in low-income areas at 3.9 percent.

In 2011, similar to lending in low-income census tracts, Chicopee Savings Bank's lending in moderate-income census tracts exceeds demographic and aggregate data. Market share reports show the Bank ranked 12th out of 127 lenders that reported originating or purchasing at least one home mortgage loan in a moderate-income census tract in the assessment area in 2011. Eight of the 11 lenders with a higher market share were nationally-chartered financial institutions. In 2012, the percentage of home mortgage loans Chicopee Savings Bank made in moderate-income census tracts, at 20.3 percent, is slightly above the percentage of owner-occupied housing units in moderate-income areas at 19.4 percent and reflects an increase from 2011 levels.

Given the high level of competition in this area and the relatively high unemployment rates for the time period evaluated (which negatively impacts the demand for home mortgage loans), the Bank's performance of lending in low- and moderate-income census tracts is excellent.

Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Tables 10 and 11 summarize Chicopee Savings Bank's distribution of small business loans by census tract income level in 2011 and 2012. Each table also shows the distribution of businesses within the assessment area by census tract income level.

Table 10 Distribution of 2011 Small Business Loans by Census Tract Income Level				
Census Tract Income Level	Total Businesses in Assessment Area		2011 Small Business Loans	
	#	%	#	%
Low	5,481	14.2	8	8.2
Moderate	7,244	18.8	22	22.4
Middle	15,583	40.4	43	43.9
Upper	10,303	26.6	25	25.5
Total	38,611	100.0	98	100.0

Source: 2011 Small Business LR and 2011 Dun & Bradstreet demographic data.

Table 11 Distribution of 2012 Small Business Loans by Census Tract Income Level				
Census Tract Income Level	Total Businesses in Assessment Area		2012 Small Business Loans	
	#	%	#	%
Low	6,505	17.6	23	17.0
Moderate	7,728	20.9	29	21.5
Middle	11,958	32.3	54	40.0
Upper	10,871	29.2	29	21.5
Total	37,062	100.0	135	100.0

Source: 2012 Small Business LR and 2012 Dun & Bradstreet demographic data.

As shown in Table 10, the Bank's performance of lending in low-income geographies in 2011 was lower than the percentage of businesses in that income level of census tract. In 2012, the Bank's performance increased to 17.0 percent, which is relatively consistent with the percentage of businesses in low-income tracts. With respect to lending in moderate-income geographies, the Bank's performance exceeded the percentage of businesses in these tracts in 2011, and was comparable to demographics in 2012. Overall, the geographic distribution of the Bank's small business loans is reasonable.

Response to Complaints

There bank did not receive any CRA-related complaints during the evaluation period.

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

Lending, investment, and service-related activities evaluated under the Community Development Test include those with a primary purpose of: (1) Affordable housing (including multi-family rental housing) for low- or moderate-income individuals; (2) Community services targeted to low- or moderate-income individuals; (3) Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's (SBA) Development Company (SBDC) or Small Business Investment Company (SBIC) Programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; (4) Activities that revitalize or stabilize low- or moderate-income geographies; and, (5) Loans, investments, and services that support, enable, or facilitate Neighborhood Stabilization Program (NSP) eligible activities in designated target areas.

The Bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Opportunities to extend community development loans, investments, and services are evidenced through an analysis of demographic information, which shows that 42.2 percent of assessment area families are categorized as low- or moderate-income (based on 2010 Census data). Additionally, the needs identified by community contacts include the following: providing affordable housing to the local community, financial literacy and homeownership training, as well as technical support for small businesses in pursuit of area revitalization. As mentioned previously, both contacts noted Chicopee Savings Bank is a very committed partner within the community, a claim supported by the Bank's record of community development activities.

Community Development Lending

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 multi-family dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

The Bank originated 11 community development loans totaling \$7.6 million in its assessment area during this evaluation period, representing approximately 1.6 percent of total loans as of December 31, 2012. Additionally, 9 of the 11 community development loans for a total of \$5.7 million was designated toward affordable housing projects, which was a need identified by both community contacts. The Bank's community development lending activity is illustrated by year and by purpose in Table 12.

Table 12						
Community Development Loans						
Community Development Category	2010		2011		2012	
	#	\$	#	\$	#	\$
Affordable Housing	4	2,567,500	4	2,775,000	1	265,000
Community Services	1	200,000	0	0	0	0
Economic Development	0	0	1	1,820,228	0	0
Total	5	2,767,500	5	4,595,228	1	265,000

Source: Internal bank records.

A representative example of the Bank's community development loans is detailed as follows.

- In 2010, the Bank made a \$1.8 million multi-family loan secured by a 41-unit property in Springfield. All 41 apartments are designated for families at or below 60 percent of the area median income. The origination of this affordable housing loan reflects the culmination of over nine years of effort on part of the Bank and community organizations. While initially supported by tax credits programs, the majority of the project's funding eroded during the deterioration of the US credit markets. Subsequently, as the sole financial institution involved, Chicopee Savings Bank extended its short term financing several times in support of the project, as the team sought other funding. The effort and complexity in originating this loan exemplifies Chicopee Savings Bank's commitment to community development lending.
- In 2010, Chicopee Savings Bank increased an existing line of credit from \$400,000 to \$600,000. The line of credit was originally made in 2003 to provide working capital until funds are received from State and Federal grants and contracts. The borrower was an agency that provides various anti-poverty and human welfare services throughout Western Massachusetts, including an emphasis on employment skills training and education. As a demand line of credit, the extension and increase will continue to bridge the working capital needs of the organization.
- In 2011, the Bank made a loan for \$1.2 million for the purchase of a multi-family property in Chicopee. Of the 34 units, 22 are designated as affordable housing, and are supported by Section 8 or other rental voucher programs.
- In 2011, Chicopee Savings Bank originated a \$1.8 million loan to a small business in Chicopee. The loan was made through the SBA's 504 Certified Development Company program, and had economic development as its primary purpose.

Qualified Investments

A qualified investment for the purposes of CRA is a lawful investment, deposit, donation, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives.

The Bank made 254 qualified grants and donations during the assessment period, for a total of \$618,129. No qualified equity investments were made.

The Bank's donations are made either directly through the Bank or through the Chicopee Savings Bank Charitable Foundation. Funding is offered to numerous non-profit and charitable organizations whose missions are to preserve and enhance the quality of life within local neighborhoods and communities. Table 13 details the Bank's community development donations by funding source and by year.

Table 13				
Community Development Donations by Dollar Amount				
Source	2010	2011	2012	Total
Chicopee Savings Bank	17,871	19,958	28,188	66,017
Chicopee Savings Charitable Foundation	153,250	224,467	174,395	552,112
Total Donations	171,121	244,425	202,583	618,129

Source: Internal bank records.

Donations were made primarily to organizations that provide services to low- and moderate-income members of the community. Table 14 details the Bank's community development donations by community development purpose.

Table 14								
Community Development Donations								
Community Development Category	2010		2011		2012		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	3	2,000	3	2,125	4	4,500	10	8,625
Community Services	82	145,696	74	222,757	72	156,555	228	525,008
Economic Development	2	3,925	1	3,425	1	3,528	4	10,878
Revitalization/Stabilization	4	19,500	3	16,118	5	38,000	12	73,618
Total	91	171,121	81	244,425	82	202,583	254	618,129

Source: Internal bank records.

The following are examples of the organizations benefiting from the Bank's qualified donations during the evaluation period.

- Chicopee Downtown Revitalization - Holyoke Catholic High School: The Holyoke Catholic High School is located on Springfield Street in Chicopee, in an area in need of revitalization, as identified by the Massachusetts Department of Housing and Community Development. The building was formerly used as a school, but was vacant from approximately 2003 through 2008, when the new Holyoke Catholic High School opened. Chicopee Savings bank supported the school during their relocation efforts to Downtown Chicopee by pledging yearly donations to help fund the necessary renovations. During the evaluation period the Bank donated \$48,500 to this effort.
- Junior Achievement of Western Massachusetts: The mission of this organization is to empower young people to own their economic success. The K-12 programs foster entrepreneurship and financial literacy skills. Approximately 72 percent of the children served are from low- or moderate- income households in Western Massachusetts. During the evaluation period the Bank donated \$11,122.
- Lorraine's Kitchen: The mission of Lorraine's Soup Kitchen and Pantry is to feed and nurture those in need, primarily low- and moderate-income individuals, throughout the Chicopee community. During the evaluation period the Bank donated \$31,665.

- North End Educational Development Fund (NEED): NEED is the largest Hispanic nonprofit educational fund in Western Massachusetts. NEED raises funds to help low-and-moderate-income youth attend primary and secondary institutions with the ultimate goal of attaining a college education. During the evaluation period the Bank donated \$60,000.
- The Gray House: The four primary programs of Gray House are a food pantry, thrift store, adult education and Kid's Club, which is an after school and summer camp program. The mission of this organization is to encourage those in transition to achieve a more stable, safe and productive life through education and community service. A majority of individuals served by this organization are low- or moderate-income. The Bank donated \$10,175 over the evaluation period.

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. The Bank has been particularly responsive to the opportunities for community development services, including participation in small business technical assistance seminars, financial literacy throughout the assessment area, a good record of loan modifications to low- and moderate-income individuals in need, and incorporated bilingual programs to increase accessibility of services. These financial literacy services were identified by the community contacts as needs within the area, which supports why Chicopee Savings Bank was described by the contacts as an active participant in the community. Listed below are the community development services provided by the Bank.

Officer and Employee Involvement

Officers and employees of the Bank provide their financial expertise to a number of organizations that serve community development purposes, as summarized in the following table.

Table 15	
Community Development Officer and Employee Involvement	
<i>Community Development Category</i>	<i># Involved</i>
Affordable Housing	3
Community Services	23
Economic Development	8
Total	34

Source: Internal bank records.

Several examples of these organizations are provided below.

- HAP, Inc.: Also known as Haphousing, this non-profit organization is focused on facilitating access to affordable housing and homeownership. This mission is performed through education and support for families in need, as well as collaboration with other local organizations for the development of area housing. A Vice President of Commercial Lending currently serves as President of the Board for this organization, and formerly held the Finance Chair as well as the role of Treasurer.

- Goodwill Industries of the Springfield-Hartford Area: A non-profit organization, Goodwill Industries uses its retail locations to provide goods for those with limited resources, and uses the generated revenue to support educational and workforce development initiatives for those in need. A Senior Vice President of Commercial Lending sits on the Board of Directors.
- Pioneer Valley Planning Commission (PVPC): PVPC's mission is to improve the quality of life for the Pioneer Valley Region's residents. This is achieved through business and housing development as well as technical assistance. The Executive Vice President of Lending is a member of the Loan Review Committee for such development projects.
- Valley Opportunity Council: A Community Action Agency that serves the Greater Hampden County area, the Valley Opportunity Council's mission is to eliminate poverty through the advocacy of self-sufficiency for residents in need. The organization provides various forms of support, including education, workforce training, and housing and energy assistance. The Senior Vice President of Retail Lending is a member of the Board, and a Vice President of Financial Services is a member of the Adult Basic Education Partnership.
- Western Massachusetts Economic Development Council: A private, non-profit corporation, this regional council aims to assist businesses of all sizes in their efforts to expand and develop. All services are offered free of charge, including marketing opportunities, financing, workforce development, and relocation assistance. The Bank's President and Chief Executive Officer (CEO) is a Board Member.
- Gateway Stakeholder Group: This Committee worked with the City of Chicopee to create a Downtown Revitalization Plan to effect positive change in Chicopee Center and participate in the Delta Park/West End Brownfield planning. Grant funding sought will provide the necessary funds to begin planning for redevelopment of this former industrial complex at the confluence of the Chicopee and Connecticut Rivers and the West End of Chicopee Center. The goal of the project is to bring this underutilized area back into productive uses that may create jobs and revenue to benefit the City of Chicopee and the entire region. The President and CEO serves on this Committee.

Educational Seminars and Programs

In addition to the involvement of Bank officers and employees in the above-mentioned organizations, the Bank was also involved in the following community development services.

- Greater Springfield Hispanic Chamber of Commerce Business Event: In February 2010, the Executive Vice President (EVP) of Lending was the guest speaker on the Small Business segment at this event held in Springfield.
- Chicopee Neighborhood Development Corporation: Chicopee Savings Bank was a sponsor and instructor at a First Time Homebuyer event hosted by the Chicopee Neighborhood Development Corporation and held at the Chicopee Public Library. A Mortgage Officer represented the Bank by providing a one hour presentation on the process and requirements for obtaining a mortgage loan. Chicopee Savings Bank

participated in four of these classes over the evaluation period, with 143 attendees in total. One session was held in 2010, two in 2011, and one in 2012.

- New North Citizen's Council First Time Homebuyers Class: An Assistant Vice President of the Bank provided information on the process and requirements of obtaining a mortgage loan. While this event was hosted by the New North Citizen's Council in Springfield, Chicopee Savings Bank was the sole financial institution that participated. There were two 1½ hours classes in 2011 and 2012, and approximately 45 attendees in total. Both classes were conducted in Spanish.
- Chicopee High School - 2010 Reality Store: This educational event was sponsored by, and held at, Chicopee High School. The focus was to educate 90 tenth grade students on the importance of personal budgeting and how to learn the financial skills to be successful in society. The AVP of Operations represented Chicopee Savings Bank for this event held in 2010.
- Junior Achievement – Selser Elementary School: The AVP of Financial Reporting represented the Bank by teaching third graders a session on the community. The classroom participated in activities that involved building their city, starting their own businesses, and transacting at the bank. This event was held in 2010.
- Credit for Life Fair: A series of seminars held at area high schools, the fair is structured to teach students the importance of personal budgeting and how to learn the financial skills to be successful in our society. Students role-played by assuming the age of 25 and visited 13 booths to receive certification. Chicopee Savings Bank participated in six sessions over the evaluation period, reaching over 2,000 students. The Bank was represented by a variety of officers and employees, including the Deposit Service Manager, the Vice President of Cash Management, the Senior Vice President of IT, and the Senior Vice President of Commercial Lending, who staffed the booth and educated students on the financial segment. Two sessions were held each year, in 2010, 2011, and 2012. During the 2012 seminars, Chicopee Savings Bank not only participated by providing financial literacy information, but also sponsored the event.

Other Community Development Related Activities

- Loan Modifications: During the evaluation period, the bank offered a residential loan modification program to help customers avoid foreclosure and retain their homes. Under this program, the bank worked with customers to lower their interest rate and help borrowers meet their residential mortgage loan obligations. For the period under review, Chicopee Savings Bank made 114 such residential loan modifications. Of these 114 modifications, 16 or 14.0 percent were made to low- and moderate-income borrowers, and 17 or 14.9 percent were made within low- and moderate-income census tracts of the Bank's assessment area.
- Interest of Lawyers' Trust Accounts (IOLTA): Chicopee Savings Bank administers an IOLTA program. Interest earned on the applicable accounts is turned over to the Massachusetts IOLTA Program, the proceeds of which are used to provide low-income individuals with a variety of services, including education and legal services. During the

evaluation period, the Bank paid \$20,731.41 in interest from these accounts to the Massachusetts IOLTA Program.

- Massachusetts Community and Banking Council (MCBC): The bank participates in the Basic Banking for Massachusetts program. This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

APPENDIX A
Division of Banks
Fair Lending Policies and Procedures

The Bank's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3 106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Bank's loan policies include a written fair lending policy statement which the Board of Directors reviews and approves annually. The loan policy prohibits discrimination and requires training to be administered to all directors, officers and employees annually. The Bank has a second review procedure in place whereby all denied applications are reviewed by either the Senior Vice President of Lending or the Assistant Vice President of Retail Lending prior to communication with the prospective borrower. All exceptions to the underwriting policy require approval prior to origination and they must be reviewed by the Board.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable applications the Bank received from minority applicants. In 2011 and 2012, the Bank received 732 residential loan applications from within its assessment area. During this period, 21 applications, or 2.8 percent were received from racial minorities, and 33 or 4.5 percent of applications were of Hispanic or Latino ethnicity. Of the 21 applications received from minorities (based on race), 12 or 57.1 percent were originated. Of the 33 applications received from Hispanic or Latino applicants, 21 or 63.6 percent, were originated. Refer to the following table for further details.

Minority Application Flow					
Race	Bank 2011		2011 Aggregate Data	Bank 2012	
	#	%		#	%
<i>American Indian/ Alaska Native</i>	0	0.0	0.2	0	0.0
<i>Asian</i>	3	1.0	1.7	4	1.0
<i>Black/ African American</i>	3	1.0	3.3	6	1.4
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.2	0	0.0
<i>2 or more Minority</i>	0	0.0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	2	0.6	0.8	3	0.7
Total Minority	8	2.6	6.4	13	3.1
<i>White</i>	271	85.7	76.2	342	82.2
<i>Race Not Available</i>	37	11.7	17.4	61	14.7
Total	316	100.0	100.0	416	100.0
Ethnicity					
<i>Hispanic or Latino</i>	12	3.8	4.9	17	4.1
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	1	0.3	0.9	3	0.7
<i>Not Hispanic or Latino</i>	267	84.5	77.2	335	80.5
<i>Ethnicity Not Available</i>	36	11.4	17.0	61	14.7
Total	316	100.0	100.0	416	100.0

Source: 2010 US Census, 2011 and 2012 HMDA LAR, and 2011 Aggregate HMDA data.

In order to derive reasonable expectations for the rate of residential mortgage loan applications the Bank received from minorities, the Bank's minority application flow in each year was compared with the racial and ethnic composition of the assessment area and 2011 aggregate data. The aggregate data includes all other HMDA reporters that reported the origination or purchase of at least one home mortgage within the Bank's assessment area. Aggregate data for 2012 is not yet available.

According to 2010 Census data, the Bank's assessment area had a total population of 508,396, of which 30.3 percent are minorities by race or ethnicity. The breakout of the assessment area's minority population is as follows: 19.4 percent Hispanic; 1.6 percent "other race;" 2.0 percent Asian/Pacific Islander; 7.2 percent Black; and, 0.2 percent American Indian/ Alaska Native.

In 2011, the Bank received approximately 2.6 percent of all applications from minority applicants by race; this was below the 2011 aggregate data at 6.4 percent. The Bank's percentage of applications from Hispanic or Latino applicants (4.1 percent) was also below the aggregate in 2011 at 5.8 percent. In 2012, the minority application rates increased to 3.1 percent by racial minority group and 4.8 percent by ethnic minority group.

The relatively low minority application flow is comparable to that noted at the previous evaluation, and was discussed with management. In part, the low minority application rate can be attributed to the lack of branch presence in high minority geographies within the assessment area. However, in recognition of the low minority application flow, management has implemented several initiatives to monitor and improve its accessibility to potential applicants of all backgrounds. These initiatives included hiring Spanish-speaking loan originators, reviewing online advertisements to ensure minorities are represented, and a periodic review of minority applications and the actions taken. Despite these efforts, the application rate has only seen minimal improvements.