

PUBLIC DISCLOSURE

January 12, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

EASTHAMPTON SAVINGS BANK

859002

36 MAIN STREET

EASTHAMPTON, MASSACHUSETTS 01027

Division of Banks

1000 Washington Street, 10th Floor

Boston, MA 02118

<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 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) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit 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 **Easthampton Savings Bank (or the “Bank”)**, prepared by the Division, the institution's supervisory agency, as of **January 12, 2015**. The Division evaluates The Bank’s performance in the assessment area, as it is defined 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 rates the CRA performance of an institution consistent with the provisions set forth in the Division’s regulation 209 CMR 46.00 et seq.

INSTITUTION’S CRA RATING

The institution is rated **“High Satisfactory”** by the Division.

The following table indicates the performance level of Easthampton Savings Bank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	<u>Easthampton Savings Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than Investment and Service Tests when arriving at an overall rating.

LENDING TEST

The Bank's Lending Test performance is rated "High Satisfactory."

- Overall, the Bank's home mortgage and small business lending activity reflects reasonable responsiveness to assessment area credit needs considering the size of the institution, its loan portfolio composition, and the significant level of competition within the assessment area.
- A high percentage of the Bank's home mortgage and small business loans were made in the Bank's assessment area. Home mortgage and small business loans made within the assessment area represented a combined 87.9 percent by number and 87.3 percent by dollar amount.
- The geographic distribution of the Bank's home mortgage and small business loans reflects less than adequate dispersion throughout the assessment area, especially in low- and moderate-income geographies, when compared to assessment area demographics and aggregate lending performance.
- Overall, given the demographics of the assessment area, the distribution of loans reflects adequate penetration among individuals of different income levels (including low- and moderate-income) and business customers of different sizes.
- The Bank made an excellent level of community development loans within its assessment area or the broader regional area. These loans primarily benefitted organizations and businesses that provide affordable housing and community services throughout the area.
- The Bank made limited use of innovative and flexible lending programs to meet the credit needs of small businesses and low- and moderate-income homebuyers.

INVESTMENT TEST

The Bank's Investment Test performance is rated "High Satisfactory."

- The Bank has a significant level of qualified community development investments and grants. Overall, the Bank has 17 qualified equity investments totaling \$31.9 million. During the evaluation period, the Bank made 12 new qualified equity investments for approximately \$28 million. Additionally, the Bank made \$539,005 in qualified donations.
- The Bank demonstrated good responsiveness to credit and community development needs of the assessment area.
- The Bank occasional uses innovative and complex qualified investments.

SERVICE TEST

The Bank's Service Test performance is rated "High Satisfactory."

- Retail banking services are readily accessible to all portions of the assessment area, including low- and moderate-income areas and to individuals of different income levels and businesses of different sizes.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies.
- Services, including branch hours are convenient and comparable to other institutions and do not vary in a way that inconveniences certain parts of the assessment area.
- Easthampton Savings Bank provides a relatively high level of community development services.

PERFORMANCE CONTEXT

Description of Institution

Easthampton Savings Bank is a state-chartered bank headquartered in Easthampton, Massachusetts serving Hampshire and Hampden Counties in western Massachusetts. The Bank was established in 1869 and opened its first branch office in 1973 in Southampton. Effective October 1, 2008, Easthampton Savings Bank reorganized into a mutual holding company, ESB Bancorp MHC, with a mid-tier holding company (ESB Bancorp, Inc.). Easthampton Savings Bank is the continuing institution in stock form. Easthampton Savings Bank has the following wholly-owned subsidiaries: ESB Investment Services, which offers non-deposit investment products, ESB Securities Corporation, which holds investment securities for state tax benefits, and Easthampton Savings Bank Foundation, which supports local community oriented organizations.

In addition to its main office located at 36 Main Street in Easthampton, Massachusetts, the Bank operates nine branch offices located in the following Massachusetts cities and towns: Agawam, Belchertown, Easthampton, Hadley, Northampton (2 offices), South Hadley, Southampton, and Westfield. In addition to these locations, the Bank operates six full-service remote ATMs. The Service Test section of this evaluation provides further description of these branches and ATM locations.

Easthampton Savings Bank offers numerous types of deposit products for consumer and business customers, as well as a variety of residential, commercial, and consumer loan products. Consumer loan products include adjustable-rate and fixed-rate mortgages, construction loans, home equity lines and loans, automobile loans, boat loans, and personal loans. Business loan products include business lines of credit and term loans, commercial real estate mortgages, and small business loans. Table 1 illustrates the current distribution of the Bank's loan portfolio.

Table 1 – Loan Portfolio Distribution as of September 30, 2014		
Loan Type	Dollar Amount \$(‘000s)	Percent of Total Loans (%)
Revolving, Open-end Loans Sec. by 1-4 Fam. Res. Prop. Ext. Under Lines of Credit	27,715	3.6
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	546,248	71.9
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr. Liens	5,781	0.8
Secured by Multi-Family (5 or more) Residential Properties	45,546	6.0
Total Residential Real Estate Loans	625,290	82.3
Construction, Land Development, and Other Land Loans	14,635	1.9
Secured by Farmland (Including Farm Residential and Other Improvements)	1,053	0.2
Secured by Nonfarm Nonresidential Properties	80,622	10.6
Total Real Estate Loans	721,600	95.0
Commercial and Industrial	21,250	2.8
Consumer Loans	2,224	0.3
Obligations of states and political subdivisions in the U.S.	14,687	1.9
Loans to non-depository financial institutions and other loans	309	0.0
Total Loans	760,070	100.0

Source: September 30, 2014 Call Report

As of September 30, 2014, the Bank's total assets were approximately \$1.0 billion. Net loans (total loans less the allowance for loan and lease losses) totaled \$754.1 million, representing 73.9 percent of total assets. Assets increased approximately \$86.3 million, or 9.2 percent, while net loans increased by 19.5 percent since the previous evaluation. The Bank's loans are heavily concentrated in residential and commercial real estate (non-farm, non-residential properties).

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. The Bank's CRA performance was deemed "Satisfactory" at the previous evaluation on December 19, 2011, conducted jointly by the Division and the Federal Deposit Insurance Corporation.

Description of Assessment Area

The CRA requires financial institutions to define a specific assessment area or areas within which they will concentrate their lending efforts and within which its record of helping to meet the needs of its community will be evaluated. The Division evaluates an institution's CRA performance within one or more defined assessment areas. The assessment area meets the technical requirements of the CRA since it (1) consists of one or more political subdivisions; (2) includes geographies where the Bank has its main office, branches and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas. The assessment area as currently defined meets the technical requirements of the CRA.

The Bank's assessment area is comprised of 75 census tracts located in Hampshire and Hampden counties. The assessment area includes the 19 following towns and cities; Agawam, Belchertown, Easthampton, Hadley, Northampton, South Hadley, Southampton, Westfield, Amherst, Chesterfield, Chicopee, Goshen, Granby, Hatfield, Holyoke, Huntington, Westhampton, West Springfield, and Williamsburg. All of these towns and cities are contained within the Springfield MA, Metropolitan Statistical Area (MSA) #44140.

There have been no changes to the assessment area since the previous evaluation.

To assess the Bank's lending performance within this evaluation, certain demographic data is reviewed to determine the assessment area's characteristics. A large percentage of the demographic information was derived from the 2010 United States (U.S.) Census data, the most recently available during the evaluation. Table 2 highlights the relevant demographic characteristics of the Bank's assessment area.

Table 2 Assessment Area Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts)	75	10.7	16.0	38.7	32.0	2.6
Population by Geography	336,791	9.4	16.8	39.5	33.5	0.8
Owner-Occupied Housing by Geography	81,433	1.6	12.2	44.9	41.3	0.0
Businesses by Geography (2012)	26,641	8.4	16.3	42.6	32.4	0.3
Businesses by Geography (2013)	24,499	8.4	16.3	42.9	32.1	0.3
Farms by Geography (2012)	669	1.0	6.4	41.3	51.3	0.0
Farms by Geography (2013)	667	1.3	6.5	40.5	51.7	0.0
Distribution of Families by Income Level	77,983	21.5	16.1	19.8	42.6	0.0
Median Family Income (MFI)		\$69,413	Median Housing Value		\$239,226	
MSA #44140 FFIEC Updated MFI, 2012		\$70,200	Unemployment Rate (2010 U.S. Census)		7.8%	
MSA #44140 FFIEC Updated MFI, 2013		\$66,100				
Families Below Poverty Level		10.0%				

Source: 2010 U.S. Census, 2012 and 2013 D&B data, 2012 and 2013 Estimated Median Family Incomes

Geographies

The Bank's assessment area consists of 8 low-income census tracts, 12 moderate-income census tracts, 29 middle-income census tracts, 24 upper-income census tracts, and 2 tracts classified as "NA." The NA tracts consist of Hampshire College and Amherst College and are located in the Town of Amherst. Six low-income census tracts are located in the City of Holyoke, one low-income census tract is located in the City of Chicopee, and one low-income census tract is located in the Town of Amherst. The 12 moderate-income census tracts are located in the following cities and towns: Northampton (1), Holyoke (3), Chicopee (5), Westfield (2), and West Springfield (1).

Population

Based on 2010 U.S. Census data, the total population of the assessment area is 336,791. Of these individuals, 9.4 percent reside in low-income tracts, 16.8 percent in moderate-income tracts, 39.5 percent in middle-income census tracts, 33.5 percent in upper-income tracts, and 0.8 percent in NA income tracts.

Median Family Income Levels

According to 2010 U.S. Census data, the assessment area contains 129,886 households, of which 77,983 are considered families. In 2010, the Median Family Income ("MFI") for the assessment area was \$69,413. As per the 2010 U.S. Census, 21.5 percent of families are low-income, 16.1 percent are moderate-income, 19.8 percent are middle-income, and 42.6 percent are upper-income. The 2010 U.S. Census also indicates that 10.0 percent of the families in the assessment area are below the poverty level. The proportion of families below the poverty level indicates a portion of the low-income family demographic to which the institution may be incapable of granting credit.

Housing Characteristics

There are 137,083 total housing units within the assessment area, of which 81,433, or 59.4 percent, are owner-occupied, 48,453, or 35.4 percent, are occupied rental units, and 7,197, or 5.2

percent, are vacant. Of the owner-occupied units, 1.6 percent is located in low-income census tracts and 12.2 percent are located in moderate-income census tracts. The limited number of owner-occupied housing units in the assessment area’s low-income tracts may limit the Bank’s ability to make home mortgages in these areas during the review period.

As displayed in Table 2 the assessment area median housing value is \$239,226. Additional information was obtained from The Warren Group housing statistics; the average median sales price for Hampden County was \$160,000 in 2012 and \$163,250 in 2013, while the average median sales price in Hampshire County was \$250,000 in 2012 and \$211,450 in 2013.

Unemployment

According to the 2010 U.S. Census, the assessment area’s unemployment rate was 7.8 percent. More recent data from the U.S. Bureau of Labor Statistics shows that the unemployment rate for the Springfield MSA was 7.8 percent in 2012, 8.1 percent in 2013, and 6.2 percent as of November 2014. The unemployment rate for the state of Massachusetts was 6.8 percent in 2012, 7.1 percent in 2013, and 5.2 percent as of November 2014.

Business Demographic Data

As shown in Table 2, the number of non-farm businesses in the assessment area decreased from 26,641 in 2012 to 24,499 in 2013. The number of farm businesses in the assessment area decreased slightly from 669 in 2012 to 667 in 2013. The concentrations of businesses and farms by census tract remained relatively constant year to year.

Table 3 illustrates the number of non-farm businesses by annual revenue category.

Table 3				
Non-Farm Businesses by Annual Revenues				
Gross Annual Revenue (GAR) Category	2012		2013	
	#	%	#	%
≤ \$1 million	19,028	71.4	17,555	71.7
> \$1 million	1,279	4.8	1,263	5.2
Revenues Unknown	6,334	23.8	5,681	23.1
Total	26,641	100.0	24,499	100.0

Source: 2012 and 2013 Dun & Bradstreet Data

Dun & Bradstreet (“D&B”) data revealed that 71.4 percent of businesses reported GARs of \$1.0 million or less in 2012. This ratio remained constant at 71.7 percent in 2013. In 2012, approximately 65.0 percent of all businesses in the area employ between one and four individuals. In 2013, approximately 64.9 percent of all businesses in the area employ between one and four individuals.

Competition

The Bank faces a large amount of competition within the assessment area. In 2013, there were 250 lenders, which included large regional and national banks, credit unions, and mortgage companies that originated a total of 10,384 residential mortgage loans within the assessment area. For the same year, Easthampton Savings Bank originated 724 home mortgage loans, which ranked them 2nd with a share of 7.0 percent within the assessment area. The top five lenders included Wells Fargo Bank, NA.; Easthampton Savings Bank; Florence Savings Bank; PeoplesBank; and Bank of America, NA. Collectively, these top lenders accounted for 29.3 percent of the area’s total market share.

The Bank also faces competition for small business loans. During 2013, 55 CRA-reporting lenders originated 8,493 small business loans totaling \$370.5 million within Hampden and Hampshire Counties. For the same year, Easthampton Savings Bank originated 143 CRA loans, which ranked them 14th with a market share of 1.7 percent. The Bank competes for small business loans with institutions such as People's United Bank; Berkshire Bank; Chase Bank, N.A.; United Bank; and Westfield Bank.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with an organization that provides micro-loans to qualified small businesses located in Hampden and Hampshire Counties. The contact stated that there is a financing gap for small businesses located in low- and moderate-income census tracts. The contact noted several local community banks have been lost due to bank mergers and this in turn has resulted in a decrease of available credit for small businesses. The community contact also indicated larger national banks are not as accommodating when extending small business credit to businesses located in low-income and moderate-income census tracts.

The contact expressed hope that local financial institutions work in closer collaboration with local Community Development Financial Institutions (CDFIs) and Community Development Corporations (CDCs) to increase small business lending to businesses located in low- and moderate-income census tracts. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs.

SCOPE OF EVALUATION

The Division assessed Easthampton Savings Bank's CRA performance utilizing Large Bank procedures as established by the FFIEC. These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

The Lending Test considered the Bank's home mortgage and small business lending. Since consumer loans represent only 0.3 percent of total loans, these products were not included in the lending analysis. The Bank's most recent Report of Condition and Income dated September 30, 2014, indicated residential lending, including all loans secured by 1-4 family and multi-family residential properties, represented 82.3 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 13.4 percent of the loan portfolio. Residential lending also represented the majority of loan volume during the review period. Therefore, the Bank's performance in home mortgage lending carried greater weight in the Lending Test.

Data reviewed included all home mortgage loans reported on the Bank's HMDA loan application registers (LARs) for 2012, 2013, and YTD 2014 (1/1/2014-9/30/2014). The LARs contain data about home purchase and home improvement loans, including refinances of 1-4 family and multi-family properties. The Bank reported 888 loans totaling \$168.6 million in 2012, 840 loans totaling \$156.8 million in 2013, and 310 totaling \$75.7 million in YTD 2014. The Bank's 2013 home mortgage lending performance was compared against 2013 aggregate lending data. Aggregate data includes the lending activity within the Bank's assessment area of all institutions subject to HMDA reporting. The Bank's home mortgage loan data from YTD 2014 is used to illustrate trends regarding the Bank's home mortgage lending as compared to the previous years.

Small business loans were also reviewed for the same period. CRA regulations require large banks to collect and submit small business loan data. The small business loan registers contain information on originated commercial real estate, commercial and industrial loans, and farm loans with original balances of \$1 million or less. The Bank made 129 small business loans totaling \$16.3 million in 2012, 146 loans totaling \$17.4 million in 2013, and 93 loans totaling \$12.4 million in YTD 2014. The Bank's performance was compared to 2012 and 2013 aggregate data, which includes all small business loans reported in the assessment area. The Bank's small business loan data from YTD 2014 is used to illustrate trends regarding the Bank's small business lending as compared to the previous years. Aggregate data for 2014 small business loans was not available as of the evaluation date.

The evaluation considered community development lending and innovative and flexible lending programs since the prior CRA evaluation dated December 19, 2011 to January 12, 2015. The Investment Test and Service Test also considered the number and dollar amount of qualified investments and community development services since the prior CRA evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluated the Bank's record of helping to meet the credit needs of its assessment area by considering home mortgage, small business, and community development lending. As noted in the *Scope of Evaluation* section, consumer loans were not included in this analysis. More emphasis was placed on home mortgages than small business loans, as home mortgages reflect the Bank's primary lending focus. The institution's lending performance was evaluated pursuant to the following criteria:

- Volume of lending activity or level of lending;
- Proportion of lending within the assessment area;
- Geographic distribution;
- Borrower profile;
- Quality and volume of community development lending; and
- Use of innovative or flexible lending practices.

Easthampton Savings Bank is rated "High Satisfactory" in the Lending Test. The following sections address the Bank's performance by the Lending Test component throughout the assessment area.

Lending Activity

The Bank's lending activity reflects reasonable responsiveness to the credit needs of the assessment area considering the size of the institution, loan portfolio composition, and the significant level of competition within the assessment area. Examiners analyzed the Bank's loan-to-deposit (LTD) ratio to determine whether the Bank is reinvesting deposited funds back into the community. The Bank's average net LTD ratio was 86.0 percent and is considered reasonable given the institution's size, resources, business strategy, and assessment area credit needs. The average net LTD ratio was calculated by averaging the Bank's 12 quarterly LTD ratios since the previous CRA evaluation.

During the 12 quarters since the previous examination, the Bank's LTD ratio fluctuated from a low of 83.7 percent at March 31, 2013 and a high of 88.6 percent at September 30, 2014. The Bank has experienced loan growth over the past 12 quarters. Net loans increased by \$123.0 million, or 19.5 percent, from \$631.1 million to \$754.1 million. Deposits for the same time period increased 12.7 percent from approximately \$755.4 million to \$851.6 million. The increase in loan growth is attributed primarily to the relatively low interest rates during the evaluation period. The Bank did not sell any loans to the secondary market during the evaluation period.

Assessment Area Concentration

The Bank made a good percentage of its home mortgage and small business loans within the assessment area. As depicted in Table 4, the Bank originated 1,728 residential mortgage loans totaling \$325.4 million and 275 small business loans totaling \$33.7 million over 2012 and 2013.

Overall, a majority of home mortgage and small business loans were made inside the Bank's assessment area. Using the reported HMDA and small business information, 87.9 percent of the loans by number and 87.3 percent by dollar volume were originated inside the assessment area. Please refer to Table 4 for details concerning the Bank's assessment area concentration.

Table 4 – Assessment Area Concentration										
Loan Category or Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$(‘000s)	%	\$(‘000s)	%	
Home Mortgage Loans										
2012										
Home Purchase	197	86.4	31	13.6	228	42,593	84.9	7,551	15.1	50,144
Refinance	493	87.9	68	12.1	561	88,881	87.5	12,743	12.5	101,624
Home Improvement	89	89.9	10	10.1	99	15,139	89.7	1,734	10.3	16,873
Total	779	87.7	109	12.3	888	146,613	86.9	22,028	13.1	168,641
2013										
Home Purchase	261	82.6	55	17.4	316	54,751	82.9	11,310	17.1	66,061
Refinance	375	88.4	49	11.6	424	66,402	88.8	8,377	11.2	74,779
Home Improvement	88	88.0	12	12.0	100	14,449	90.7	1,483	9.3	15,932
Total	724	86.2	116	13.8	840	135,602	86.5	21,170	13.5	156,772
Total Home Mortgage	1,503	87.0	225	13.0	1,728	282,215	86.7	43,198	13.3	325,413
Small Business Loans										
2012	122	94.6	7	5.4	129	15,765	96.7	541	3.3	16,306
2013	135	92.5	11	7.5	146	15,671	90.1	1,729	9.9	17,400
Total Small Business	257	93.5	18	6.5	275	31,426	93.2	2,270	6.8	33,706
Grand Total	1,760	87.9	243	12.1	2,003	313,641	87.3	45,468	12.7	359,119

Source: 2012 and 2013 HMDA LARs and Small Business Loans

Home Mortgage Lending

In 2012, the Bank originated 87.7 percent of home mortgage loans in the assessment area by number and 86.9 percent by dollar volume. In 2013, the Bank originated 86.2 percent of home mortgage loans inside the assessment area by number and 86.5 percent by dollar volume. In YTD 2014, the Bank originated 74.0 percent of home mortgage loans in the assessment area by number and 81.8 percent by dollar volume.

The distribution of loans by number bears more weight on the Bank's rating than the distribution by dollar amount, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans.

Small Business Loans

In 2012, the Bank originated 94.6 percent of small business loans inside the assessment area by number and 96.7 percent by dollar volume. In 2013, the Bank originated 92.5 percent of small business loans inside the assessment area by number and 90.1 percent by dollar volume. In YTD 2014, the Bank originated 89.0 percent of small business loans by number and 78.9 percent by dollar volume inside the assessment area.

Geographic Distribution

The geographic distribution of loans was reviewed to assess the Bank's performance in addressing credit needs throughout its assessment area. The focus of this analysis is to assess the Bank's home mortgage and small business loan distribution in its assessment area, with emphasis placed on lending in low- and moderate-income census tracts.

Overall, the geographic distribution of home mortgage and small business lending reflects poor dispersion throughout the Bank's assessment area, particularly in low- and moderate-income census tracts, during the evaluation period.

Home Mortgage Lending

Table 5 illustrates loan originations, categorized by census tract income level, that were reported by Easthampton Savings Bank during 2012 and 2013, and compares this activity to the 2013 aggregate lenders and 2010 census demographic percentages of owner-occupied housing units within the assessment area.

Table 5						
Distribution of Home Mortgage Loans by Tract Income Level						
Tract Income Level	% of Total Owner-Occupied Housing Units	2012 Bank Lending Data		2013 Aggregate Lending Data	2013 Bank Lending Data	
		#	%	% of #	#	%
Low	1.6	4	0.5	1.3	3	0.4
Moderate	12.2	30	3.9	12.3	29	4.0
Middle	44.9	295	37.9	44.1	297	41.0
Upper	41.3	450	57.7	42.3	395	54.6
Total	100.0	779	100.0	100.0	724	100.0

Source: 2010 U.S. Census Data; 2012 and 2013 HMDA data

In 2012, the Bank originated 0.5 percent of loans to borrowers residing in low-income census tracts. This figure ranks below the percentage of total owner-occupied housing units at 1.6 percent. In 2013, the Bank originated 0.4 percent of loans in low-income census tracts. This figure ranks below the aggregate lending benchmark of 1.3 percent and the percentage of total owner-occupied housing units. In YTD 2014, the Bank originated 0.4 percent of loans to borrowers residing in low-income census tracts.

In 2012, the Bank originated 3.9 percent of loans to borrowers residing in moderate-income census tracts. This figure ranks below the percentage of total owner-occupied housing units at 12.2 percent. In 2013, the Bank originated 4.0 percent of loans in moderate-income census tracts. This figure ranks below the aggregate lending benchmark of 12.3 percent and the percentage of total owner-occupied housing units. In YTD 2014, the Bank originated 5.7 percent of loans to borrowers residing in moderate-income census tracts, an increase from 2013.

While the Bank's lending in low-income census tracts has been consistently below the aggregate, the demographics show that the opportunity to lend in low-income tracts is limited as only 1.6 percent of owner-occupied housing is located in these tracts. In addition, six of the eight low income census tracts are located in Holyoke where the Bank has no branch presence as well as in

Chicopee where there is one low-income census tract. The Bank's lending in moderate-income census tracts is also less than adequate, but again, there are limited opportunities in moderate-income tracts as only 12.2 percent of the owner-occupied properties are located there. In addition, the Bank has no branch presence in 9 of the 12 moderate-income tracts.

Small Business Lending

The geographic distribution of small business loans demonstrated poor dispersion throughout the assessment area. Table 6 illustrates 2012 and 2013 small business loans by census tract income level and compares this activity to the distribution of businesses within the assessment area.

Table 6 Geographic Distribution - Small Business Loans								
Census Tract Income Level	2012 Businesses	2012 Aggregate Data	2012 Bank Data		2013 Businesses	2013 Aggregate Data	2013 Bank Data	
	(% of #)	(% of #)	#	%	(% of #)	(% of #)	#	%
Low	8.4	6.3	0	0.0	8.4	5.9	1	0.7
Moderate	16.3	15.7	12	9.8	16.3	15.9	16	11.9
Middle	42.6	46.5	55	45.1	42.9	47.6	61	45.2
Upper	32.4	31.3	55	45.1	32.1	30.5	57	42.2
N/A	0.3	0.2	0	0.0	0.3	0.1	0	0.0
Total	100.0	100.0	122	100.0	100.0	100.0	135	100.0

Source: Dun & Bradstreet data and 2012 & 2103 Small Business Loan Registers

Table 6 shows that the Bank originated no loans in low-income census tracts in 2012. In 2013, the Bank originated one loan or 0.7 percent to low-income tracts, lower than the percentage of businesses at 8.4 percent and the aggregate data at 5.9 percent. In YTD 2014, the Bank increased its lending to low-income tracts to 1.2 percent.

In 2012, the Bank's lending to moderate-income tracts at 9.8 percent was lower than the percentage of businesses at 16.3 percent and the aggregate at 15.7 percent. In 2013, the Bank increased its lending to moderate-income tracts to 11.9 percent. This is lower than the percentage of small businesses at 16.3 percent and the aggregate at 15.9 percent. In YTD 2014 the Bank made 2.4 percent of its small business loans in moderate-income tracts.

Borrower Characteristics

The distribution of loans by borrower income level and small business revenue category was reviewed to determine the extent to which the Bank addressed the credit needs of individuals and small business customers within the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels (including low- and moderate- income) and businesses of different sizes.

Home Mortgage Lending

The Bank's performance reflects adequate penetration among individuals of different income levels. More weight was placed on the Bank's record of lending to low- and moderate-income borrowers. Table 7 illustrates the distribution of 2012 and 2013 loans by borrower income level compared to 2013 aggregate lending data and the percentage of families by income level within the assessment area.

Table 7 Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Total Families	2012 Bank Lending Data		2013 Aggregate Lending Data	2013 Bank Lending Data	
		#	%	% of #	#	%
Low	21.5	30	3.9	5.6	24	3.3
Moderate	16.1	125	16.1	17.1	88	12.2
Middle	19.8	194	24.9	24.9	189	26.1
Upper	42.6	383	49.1	40.1	377	52.1
Income NA	0.0	47	6.0	12.3	46	6.3
Total	100.0	779	100.0	100.0	724	100.0

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

In 2012, the Bank originated 3.9 percent of its home mortgage loans to low-income borrowers. In 2013, the Bank originated 3.3 percent of its home mortgage loans to low-income borrowers, which was lower than both the aggregate at 5.6 percent and the percentage of total families. In YTD 2014, the Bank level of lending to low-income borrowers increased to 4.0 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (21.5 percent) in the assessment area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult given the current economic environment.

In 2012, the Bank originated 16.1 percent of its home mortgage loans to moderate-income borrowers, which is similar to the percentage of families. In 2013, the Bank's level of lending to moderate-income borrowers decreased to 12.2 percent which is lower than the aggregate at 17.1 percent. In YTD 2014, the Bank originated 9.7 percent of its home mortgage loans to moderate-income borrowers, highlighting a decreasing trend over the evaluation period.

Small Business Lending

The distribution of small business loans reflects good penetration among businesses of different sizes. Table 8 illustrates small business loans compared to the percentage of businesses within the assessment area by revenue category.

Table 8 Distribution of Small Business Loans by Revenues								
Gross Annual Revenue \$(000s)	2012 Businesses (% of #)	2012 Aggregate Data (% of #)	2012 Bank Data		2013 Businesses (% of #)	2013 Aggregate Data (% of #)	2013 Bank Data	
			#	%			#	%
≤ \$1,000	72.1	41.3	79	64.7	72.3	44.3	79	58.5
> \$1,000 or Not Reported	27.9	58.7	43	35.3	27.7	55.7	56	41.5
Total	100.0	100.0	122	100.0	100.0	100.0	135	100.0

Source: Dun & Bradstreet data and 2012 & 2013 Small Business Loan Registers

In 2012, the Bank originated 64.7 percent of its small business loans to businesses with GARs of \$1 million or less. This figure is below the percentage of businesses (72.1 percent) in the assessment area with GAR of \$1 million or less and above the aggregate of 41.3 percent. In 2013, the Bank originated 58.5 percent of its small business loans to businesses in the revenue category of under \$1 million, which is lower than the percentage of total businesses at 72.3 percent and higher than the aggregate of 44.3 percent. In YTD 2014, the Bank originated 55.4 percent of its small business loans to businesses with GARs of \$1 million or less, highlighting a decreasing trend over the evaluation period.

Community Development Loans

Easthampton Savings Bank made a reasonable level of community development loans. During the evaluation period, the Bank made 28 qualified community development loans for approximately \$15.6 million. This is similar to the previous evaluation when the Bank made 33 community development loans totaling approximately \$15.7 million.

A majority of the Bank’s community development loans were to finance multifamily housing rental units which provide affordable housing to low-income individuals and families. Other community development loans were distributed to non-profit organizations and businesses primarily to provide community services to low- and moderate-income individuals. The Bank’s community development lending is detailed in Table 9.

Activity Year	Qualifying Category				Total	
	Affordable Housing		Community Services*			
	#	\$(000)	#	\$(000)	#	\$(000)
12/19/2011-12/31/2011	0	0	0	0	0	0
2012	4	473	4	438	8	911
2013	9	4,788	2	539	11	5,327
2014	9	9,367	0	0	9	9,367
Total	22	14,628	6	977	28	15,605

Source: Bank Records * Targeted to low- or moderate-income individual

The following loans represent a sample of the Bank’s community development record:

- In 2012, the Bank originated two loans for \$28,359 and \$39,495 for the purchase of two minivans by a non-profit organization that provides community services to low- and moderate-income individuals. In 2013, the Bank originated a loan for \$39,495 to the organization to purchase an additional minivan.
- In 2012, the Bank originated a loan for \$350,000 to a non-profit organization that provides programs and services to promote economic self-sufficiency for individuals with physical and mental disabilities. A majority of the individuals served are low- and moderate-income. In 2013, the Bank originated a working capital line of credit for \$500,000 for the same organization.

- In 2012, the Bank originated a mortgage loan for \$604,000 secured by a 9-unit dwelling. Rent for five of the nine units is below the market rate. The loan promoted affordable housing for low-income individuals.
- In 2013, the Bank originated a loan for \$30,000 to a non-profit organization that builds homes for low-income families in the Pioneer Valley. The proceeds from the loan were to purchase building materials to create affordable housing.
- In 2013, the Bank originated a mortgage loan for \$708,000 secured by a 14-unit dwelling. Rent for each unit is below the market rate. The loan promoted affordable housing for low-income individuals in the Town of Easthampton.
- In 2013, the Bank originated a mortgage loan for \$880,000 secured by a 20-unit dwelling. Rent for all 20 units are below the market rate. The loan promoted affordable housing for low- and moderate-income individuals.
- In 2014, the Bank originated a mortgage loan for \$6.8 million for the construction of a 38-unit apartment building. All units of the building will have below-market rents and are specifically for low- and moderate-income individuals and qualify as affordable housing.

Innovative or Flexible Lending Practices

The Bank's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the evaluation period.

Easthampton Savings Bank makes limited use of innovative or flexible lending practices and loan products. The Bank continues to offer a majority of the innovative and flexible lending practices that were noted in the previous evaluation.

Easthampton Savings Bank (ESB) Revitalization Loan Programs

The Revitalization Programs provide funds for revitalization projects for both residential and commercial properties. The towns that the Revitalization Programs are open to are: Amherst, Belchertown, Chesterfield, Chicopee, Easthampton, Goshen, Granby, Hadley, Hatfield, Holyoke, Huntington, Ludlow, Montgomery, Northampton, South Hadley, Southampton, Westfield, Westhampton, and Williamsburg. The following summarizes each Revitalization Program offered during the evaluation period.

- Residential Program- The residential program is open to residents of the downtown area of Easthampton with no income limitations, as well as to other residents of Easthampton and residents of surrounding towns who have incomes at or below the HUD median income. Qualifying projects include structural repairs, lead paint and asbestos abatement, weatherization, and other improvements necessary to meet health and building codes. No loans under the Residential Program were originated during the evaluation period. However, the Bank continues to offer this program to qualified applicants.

- Commercial Program- Similar to the residential program, this program offers loans to businesses in the designated downtown area of Easthampton with no income limitations and to businesses in other areas of Easthampton and surrounding towns with annual revenues less than \$1 million. Qualifying projects include façade and signage improvements, lead paint and asbestos abatement, access improvements, building rehabilitation, and equipment upgrades. During the evaluation period, the Bank originated one loan totaling \$14,250.

ESB Fuel Line

This program makes a line of credit available to qualified owners and tenants of 1-4 family residences for the purposes of paying heating expenses, including oil, gas, electric, and wood pellets. The line allows the borrower to pre-pay for fuel or draw on the line to pay when billed. The line is available for draws from November through April. Payments begin in December and run through November of the following year. The amount of the line is based on the previous year's fuel usage. The line is offered at a discounted rate to those customers whose income falls at or below 115 percent of the HUD median income, is unsecured, and has a maximum amount of \$5,000. Over the evaluation period, the Bank originated 3 lines totaling \$6,900.

First Time Homebuyer Program

This program is open to first time homebuyers or displaced homeowners who have an annual income not exceeding 115 percent of the median family income for Franklin, Hampden, or Hampshire Counties. The program provides an expanded loan-to-value ratio of up to 95 percent with private mortgage insurance for 1- or 2-family dwellings, expanded qualifying ratios, a discounted rate, and reduced fees. The loan is structured either as a 5/1 ARM with a thirty year amortization or a thirty-year fixed rate mortgage. During the evaluation period, the Bank originated three ARMs totaling \$475,455 and 124 fixed rate mortgages totaling \$19.4 million under its First Time Homebuyer Program.

Department of the State Treasurer Small Business Banking Partnership

For 2012 and 2013, the Bank has contributed \$10 million to the State Treasurer's Small Business Banking Partnership. Although these loans are counted in the small business lending portion of the Lending Test, these loans have contributed to job growth and economic development in the Bank's assessment area warranting special mention under the innovative/flexible portion of the evaluation.

INVESTMENT TEST

The Bank's Investment Test performance is rated "High Satisfactory." The Investment Test evaluates an institution's record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the Bank's assessment area. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Community development purposes include those that either: 1) provide affordable housing for low- or moderate- income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; 4) revitalize or stabilize low- or moderate-income geographies; or 5) support, enable or facilitate eligible projects or activities in accordance with the Neighborhood Stabilization Plan. Activities considered under the Lending or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA evaluation as well as those made in prior periods and still held by the institution.

Easthampton Savings Bank's qualified community development investments, donations and contributions reflect a good responsiveness to credit and community development needs given the extent to which such opportunities are available within the assessment area. During the evaluation period the Bank's equity investments and charitable donations total approximately \$1.8 million.

Equity Investments

Qualified equity investments total \$1.4 million. The Bank did not make any new equity investments since the last exam. The Bank continues to hold three Federal National Mortgage Association (FNMA) mortgage backed securities and an investment in the Access Capital Strategies Community Investment Fund. These investments are described in detail below.

Current period Investments

In April 2013, the Bank made a commitment towards a direct investment of \$493,500 in Low Income Housing Tax Credits. The funds from the investment will be used to rehabilitate 50 units of affordable housing in Easthampton specifically targeted to low- and moderate-income individuals in Easthampton and the surrounding communities which benefits eligible residents of the Bank's assessment area.

Prior period Investments

Access Capital Strategies Community Investment Fund, Inc. (ACSCIF)

The Bank purchased this investment in 2011 and the current book value is \$1,055,819. The ACSCIF is a SEC-registered fund structured as a business development corporation. The primary purpose of the fund is to provide a secondary market and financing vehicle for community development loans. The fund invests private placement debt securities that support affordable housing, education, small business loan securitization, and other job creating investments.

Federal National Mortgage Association (FNMA) Mortgage Backed Securities

In 2003 and 2004, the Bank purchased three mortgage-backed securities. The securities are backed by mortgages located within the Bank's assessment area to low- and moderate-income borrowers. The current book value is \$343,795.

Charitable Contributions

The Bank directly donated approximately \$1.7 million to charitable organizations since the previous evaluation. Of this total, \$431,596 (24.8 percent) was qualified for CRA purposes. All qualified grants and donations benefitted the Bank's assessment area or the broader statewide or regional area including the Bank's assessment area. These funds primarily supported

organizations that provide community services to low- and moderate-income individuals and families. The Bank increased its level of charitable contributions since the previous CRA evaluation.

Table 10 details all qualified donations made during the review period by year and community development category.

Table 10 - Community Development Grants and Donations								
Activity Year	Qualifying Category**						Totals	
	Affordable Housing		Community Services*		Economic Development			
	#	\$	#	\$	#	\$	#	\$
12/19/11-12/31/11	0	0	5	25,500	1	5,000	6	30,500
2012	2	4,000	35	148,116	2	3,500	39	155,616
2013	4	8,450	32	140,660	1	5,000	37	154,110
2014	0	0	34	88,370	3	3,000	37	91,370
Total	6	12,450	106	402,646	7	16,500	119	431,596

Source: Bank Records

*Targeted to Low- or Moderate-Income Individuals

** The Bank had no grants or donations for Revitalization/Stabilization or Neighborhood Stabilization Projects during the review period.

The following is a sample of organizations supported by the Bank.

Common Capital Inc.

Common Capital is a non-profit organization that provides financing and business assistance consultation to small businesses and community projects in low-income areas.

Amherst Survival Center

This organization provides food, clothing, health care and other community services to low-income residents of Hampshire and Franklin Counties.

Valley CDC

Valley CDC addresses the needs of low- and moderate-income individuals through developing and preserving affordable housing, cultivating economic self-sufficiency, and providing technical assistance to small business owners. Since 1988, the organization has developed over 180 units of affordable housing in Hampden and Hampshire Counties.

Community Involved in Sustaining Agriculture (CISA)

This organization provides financing, networking and consultation services to small farm owners residing in Hampden County. CISA also runs the Emergency Farm Fund that offers zero-interest loans to farms that have suffered damage due to storms and flooding.

Northeast Center for Youth and Families

This organization provides educational, childcare, and healthcare services to economically disadvantaged families residing in the towns of Northampton and Easthampton.

SERVICE TEST

The Bank's Service Test performance is rated "High Satisfactory" The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Easthampton Savings Bank has an effective system for delivering retail banking and community development services to the assessment area. Retail banking services are accessible to essentially all portions of the assessment area. To the extent changes have been made, the Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- or moderate-income individuals. Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals.

Retail Banking Services

An institution's retail banking services are evaluated pursuant to the following criteria:

- 1) The distribution of the institution's branches among geographies of different income levels;
- 2) The record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals;
- 3) the availability and effectiveness of alternate systems for delivering retail banking services; and the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The Bank's retail services are accessible to all customers including low- and moderate-income individuals and residents of the low- and moderate-income geographies of the assessment area. Bank services include various deposit products and residential and commercial loan products. Changes in branch locations did not adversely affect the accessibility of services. Banking hours and services do not vary in a way that that inconveniences any portion of the assessment area.

Accessibility of Delivery Systems

The Bank's delivery systems are accessible to essentially all portions of the assessment area. Bank locations are distributed in such a way that no portion of the assessment area is inconvenienced. Alternative delivery systems are available to supplement the Bank's branches.

Distribution of Branches

Easthampton Savings Bank operates 10 full-service branches; one located in a moderate-income geography, six in middle-income geographies, and three in upper-income geographies. The

Bank does not have any branches located in low-income geographies. All branches offer drive-up services.

Automated Teller Machines (ATMs)

Bank ATMs are located at each of the branch offices and provide 24-hour account access. In addition to the ATMs at the branches, there are six remote ATMs located in the following towns; Amherst, Northampton, Southampton, Leeds, Easthampton and Westfield. Four of these remote ATMs are located in middle-income census tracts and two are located in upper-income census tracts. The Bank is a member of the SUM ATM Network. Bank customers may use their ATM and debit cards at any terminals displaying the NYCE® or Cirrus® logos.

Alternative Delivery Systems

As stated previously, ATMs and drive-ups are available at each of the Bank's office locations, and the Bank has six remote ATMs within the assessment area. Other alternative delivery systems include internet banking at www.bankesb.com. Internet banking enables customers to open accounts, apply for a mortgage or loan, view check images online, view eStatements online, transfer funds between accounts, review balance and transaction history, and pay bills. The Bank also offers automated telephone banking which allows customers access to deposit and loan account information, deposit and loan interest rates, and the ability to transfer funds between two statement accounts.

Changes in Branch Locations

To the extent that changes have been made, the Bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems to low- and moderate-income geographies or individuals in its assessment area. The Bank maintains a Branch Opening and Closing Policy that outline factors that are considered when deciding to open or close a branch office. The Bank opened one branch since the previous evaluation. The branch is located in the Town of Easthampton in a middle-income census tract.

Reasonableness of Hours/Services

Overall, business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income individuals. The hours and services offered at each branch are typical, with some offering extended evening hours. All branches also offer Saturday morning hours. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

An institution's community development services are evaluated pursuant to the following criteria:

- 1) the extent of community development services offered and used;
- 2) the innovativeness of community development services, including whether they serve LMI customers in new ways or serve groups of customers not previously served;
- 3) the degree to which they serve LMI areas or individuals; and
- 4) the responsiveness to available opportunities for community development services.

The CRA regulation defines a community development service as a service that is primarily for community development purposes and is related to the provision of financial expertise.

Officer Involvement

The Bank devotes time and resources to assisting with community development initiatives within its assessment area by having representatives serve in leadership roles in community-based organizations. Through various levels of involvement, Bank personnel are very active in lending financial and technical expertise to these organizations. The following are examples of the organizations in which Bank officers are involved.

Friends of Hampshire County Homeless

This organization provides financial and volunteer support for the Interfaith Winter Shelter for homeless individuals. The organization's programs include free healthcare, prescription medication assistance, rent assistance, and emergency food and clothing. The Assistant Treasurer of the Bank serves on the organization's Finance Committee.

Northwest District Attorney Children's Advocacy Project

This organization provides medical and therapeutic intervention to abused children in Western Massachusetts. All services are free of charge and a majority of the children served come from low-income households. The Senior Vice President of Branch Administration serves as the organization's Treasurer.

Deerfield Economic Development and Industrial Corporation

Formed in 1977, the development corporation is in charge of developing land in the town to create jobs. The organization is in the process of developing and attracting businesses to the 75-acre Deerfield Industrial Park. The Bank's Director of Internal Audit serves as the Treasurer for this organization.

Riverside Industries

This organization provides programs and services to promote economic self-sufficiency for individuals with physical and mental disabilities. A majority of the individuals served are low- and moderate-income. The Vice President of Online Business Banking serves as the organization's Treasurer and the Senior Vice President of Branch Administration serves on the organization's Finance Committee.

Pioneer Valley Habitat for Humanity

This organization's mission is to provide homeownership opportunities to low-income families. Each Habitat partner family provides at least 200 hours of "sweat equity," or physical labor, toward the construction of their own home, other Habitat family homes, and special projects. The Vice President of Commercial Lending serves on the organization's Finance Committee.

Nuestra Raices

Based in the City of Holyoke, this organization creates and maintains community gardens and farms in low-income areas of the city. Nuestra Raices also runs a Youth Program for inner city youth that gives them the opportunity to learn about healthy food and environment-related topics. A loan officer from the Bank provides bank expertise serving on the organization's Board.

Massachusetts Mortgage Bankers Foundation

The Foundation was established in 2004 for the purpose of providing grants to develop and promote affordable housing in the state of Massachusetts. The Bank's Compliance Officer provides their bank expertise on the organization's Board.

Lathrop Home

This residential facility provides affordable housing to the low-income elderly residing in the Town of Northampton. The Bank's Chief Financial Officer serves on the organization's Audit Committee.

Financial Educational Seminars and Services

Throughout the evaluation period, Bank personnel and management participated in various education and outreach events that had community development as their primary purpose. The following illustrates examples of these community development activities during the evaluation period:

First Time Homebuyer Seminars

The Bank partnered with the Valley Community Development Corporation to sponsor several first time homebuyer classes. Topics included an overview of the lending process, what is required to qualify for a loan, what programs and products are available, and how to prepare and maintain your credit. Furthermore, Easthampton Bank held two additional seminars in Holyoke on March 4 and March 6, 2013.

Credit for Life Fair

This program promotes financial literacy by explaining to students the impact of spending decisions, the importance of credit, how to budget and manage money, and the skills needed to be financially prudent. The Fair is held at Holyoke High School.

Savings with Mandy and Randy

This financial literacy program teaches students the importance of savings and smart spending. Topics include basic saving and spending practices, how interest works, what credit is and why it is important, and the difference between credit and debit cards.

Saving Makes Cents

For this program employees visit local elementary schools to teach students about saving. The students are able to deposit money into their own bank account right from their classroom.

Volunteer Income Tax Assistance Program (VITA)

Bank employees participated in this program that offers free tax help to low-income individuals, people with disabilities, the elderly, and those with limited English speaking ability. Volunteers provide free basic income tax return preparation with electronic filing to qualified individuals.

Other Services

Interest on Lawyers' Trust Accounts (IOLTA)

Interest earned on the account is used to provide legal services to low-income clients. The Bank contributed \$15,526 during the evaluation period.

Massachusetts Community and Banking Council (MCBC) Basic Banking

The Bank participates in this statewide program that is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

APPENDIX A
Fair Lending Policies and Procedures Review

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Based on a 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 policy prohibits discrimination in compliance with the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA). Also included in the Bank’s loan policy are procedures for the second review process of denied loan applications.

Minority Application Flow

The Bank’s residential lending was compared with the 2013 aggregate’s lending performance to assist in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table A1 for information on the Bank’s minority application flow as well as a comparison of the aggregate lenders throughout the Bank’s assessment area.

Table A1					
Minority Application Flow					
RACE	Bank 2012		2013	Bank 2013	
	#	%	Aggregate Data %	#	%
<i>American Indian/ Alaska Native</i>	5	0.5	0.1	5	0.5
<i>Asian</i>	11	1.1	1.7	13	1.4
<i>Black/ African American</i>	5	0.5	1.0	4	0.4
<i>Hawaiian/Pac Isl.</i>	1	0.1	0.3	0	0.0
<i>2 or more Minority</i>	0	0.0	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	12	1.1	1.2	17	1.8
Total Minority	34	3.3	4.4	39	4.1
<i>White</i>	943	91.0	77.8	853	89.0
<i>Race Not Available</i>	59	5.7	17.8	66	6.9
Total	1,036	100.0	100.0	958	100.0
ETHNICITY					
<i>Hispanic or Latino</i>	5	0.5	3.4	7	0.7
<i>Not Hispanic or Latino</i>	940	90.7	77.6	871	90.9
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	18	1.7	1.0	11	1.2
<i>Ethnicity Not Available</i>	73	7.1	18.0	69	7.2
Total	1,036	100.0	100.0	958	100.0

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

According to the 2010 U.S. Census Data, the Bank’s assessment area contained a total population of 336,791 individuals, of which 19.4 percent are minorities.

In 2012, the Bank received 34 applications, or 3.3 percent, from minorities and received 23 applications, or 2.2 percent, from Hispanic or Latino applicants or joint applicants in which one applicant was Hispanic or Latino.

In 2013, the Bank received 39 applications, or 4.1 percent, from minorities. This percentage is lower than the aggregate at 4.4 percent. The Bank received 18 applications, or 1.9 percent, from Hispanic or Latino applicants or joint applicants. This is lower than the aggregate at 4.4 percent.

In YTD 2014, the Bank received a total of 334 applications from the assessment area. Of these applications, 3.9 percent were received from minorities, which is lower than the percentage in 2013. For the same year, the Bank received 2.4 percent of applications from Hispanic or Latino applicants or joint applicants, which is higher than the percentage in 2013.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

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

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks at 36 Main Street, Easthampton, Massachusetts 01027."

[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.