

PUBLIC DISCLOSURE

March 20, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. VINCENT HOSPITAL CREDIT UNION

CERT # 67964

**123 SUMMER STREET, SUITE 510
WORCESTER MA 01608**

**DIVISION OF BANKS
1000 WASHINGTON ST
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</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 needs of its entire assessment area, including low and moderate-income individuals, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of St. Vincent Hospital Credit Union (or the "Credit Union") prepared by the Division, the institution's supervisory agency, as of March 20, 2013. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

According to CRA regulations, an institution shall delineate one or more assessment areas in which the institution will serve to meet the credit needs and by which the Division will evaluate the institution's CRA performance. Credit unions whose membership by-law provisions are not based upon residence are permitted to designate its membership as its assessment area.

This evaluation is based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$296 million. A summary of the Credit Union's performance is provided below.

- The Credit Union's average net loan-to-share (LTS) ratio for the past eight quarters was 41.8 percent and is considered reasonable.
- The distribution of loans to borrowers of different income levels is considered reasonable and is representative of the membership.
- No CRA-related complaints were received during the evaluation period and fair lending policies and procedure indicate that the Credit Union has made reasonable efforts to ensure that members of different income levels have equal access to credit and services.

SCOPE OF EXAMINATION

This evaluation considered the Credit Union's lending from January 1, 2011 through December 31, 2012. Consumer loans were analyzed for this evaluation.

The Credit Union granted a total of 72 home-secured equity loans during the evaluation period; 35 in 2011 and 37 in 2012. The Credit Union does not offer first position real estate secured mortgages, and has stopped offering home equity lines of credit. A representative sample of 12 home equity loans were used to determine the distribution of credit based on the income levels of Credit Union members: 3 home equity loans from 2011, and 9 home equity loans from 2012. The volume of real estate secured loans originated during the evaluation period was too low to provide any meaningful conclusions.

The Credit Union granted a total of 1,242 consumer loans (including new/used automobile loans, personal, secured and unsecured loans) during the evaluation period: 586 in 2011 and 656 in 2012. A representative sample of 60 consumer loans was selected for analysis; 30 for 2011 and 30 for 2012.

PERFORMANCE CONTEXT

Description of Institution

St. Vincent Hospital Credit Union was incorporated in 1973, as a Massachusetts state-chartered credit union to meet the savings and credit needs of the Saint Vincent Hospital System. Today, the Credit Union's field of membership is extended to employees of St. Vincent Hospital Credit Union and their families. The Credit Union has one full service branch located on the 5th floor of St. Vincent Hospital, located at 123 Summer Street, in Worcester and is open five days a week: Monday, Thursday, and Friday, 7:00AM to 3:30PM, and Tuesday and Wednesday 7:30AM to 3:30PM. The Credit Union has two Automated Teller Machines ("ATMs") located onsite at the St. Vincent Hospital, which are members of the SUM-network. As of February 28, 2013, the Credit Union's membership consisted of 1,788 members.

The Credit Union offers online banking services, including direct deposit, payroll deduction, online bill pay, and e-statements. The Credit Union also offers the following deposit/savings products: certificates of deposit, statement and passbook share accounts, and holiday and vacation club accounts. The Credit Union receives applications for Real Estate-Secured Home Equity & Home Improvement Loans, New & Used Automobile and Recreational Vehicle Loans, and Secured and Unsecured Personal Loans. The Credit Union also offers vacation and holiday loan specials and Credit Builder and Rebuilder Loans to assist members in establishing or rebuilding credit.

As of December 31, 2012, the institution's total assets were \$11.5 million with total loans representing \$4.6 million, or 40.6 percent of total assets. The Credit Union has increased in asset size by \$3.4 million since the last examination in April 2008, when the asset size was \$8.1 million. The largest portion of the loan portfolio is consumer loans at 79.4 percent. The remainder of the Credit Union's loan portfolio is comprised of real estate secured loans at 20.6 percent. The Credit Union extended a total of 72 real estate secured loans (home equity loans) in 2011 and 2012 combined (35 in 2011, and 37 in 2012). Refer to Table 1 below for detailed information regarding the Credit Union's loan portfolio.

Table 1 -Loan Distribution as of December 31, 2012		
	Dollar Amount \$(‘000s)	% of Total Loans
Loans Secured by Real Estate		
1st Mortgage	-	-
2nd Mortgage/Revolving Lines of Credit	966	20.6
Unsecured Consumer Loans	1,335	28.5
Used Auto Loans	1,665	35.6
New Auto Loans	697	14.9
Other Loans/ Lines of Credit	19	0.4
Total Loans	4,682	100.0

*Source: NCUA Quarterly Call Report, December 31, 2012

The Division last examined the Credit Union for compliance with the CRA on April 17, 2008. That examination resulted in a CRA rating of "Satisfactory."

There are no apparent financial or legal impediments limiting the Credit Union's ability to help meet the credit needs of its membership. However, the Credit Union's relative small size and product offering does affect its ability to compete for loan products.

Description of Assessment Area

In accordance with 209 CMR 46.41, the Credit Union defines its assessment area as its membership. According to the Credit Union's bylaws, membership is "open to employees of Saint Vincent Hospital and its affiliates, immediate family members of employees, and to anyone employed in a building owned by SVH. Immediate family members are defined as: spouse, mother, father, children, brother, sister, grandmother, grandfather, and grandchildren."

Because the Credit Union's membership is not based on geographic boundaries, this evaluation did not include an analysis of lending by geographic location of the borrower.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

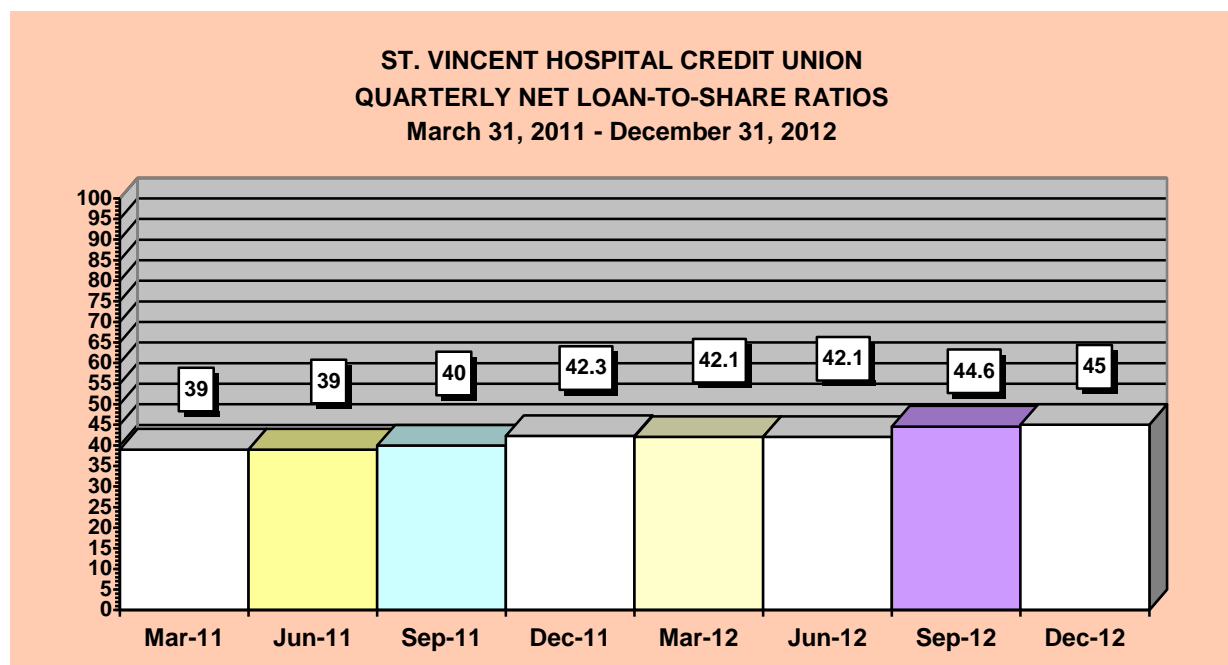
Small Institution CRA evaluation procedures were utilized to assess the CRA performance. These procedures utilize the Lending Test. Since the Credit Union defined its assessment area as its membership, this evaluation considered the institution's performance pursuant to the following criteria: loan-to-share (LTS) ratio, lending to borrowers of different incomes, and record of taking action in response to CRA complaints and a fair lending review.

LOAN TO SHARE (LTS) ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness.

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of the membership, the analysis of St. Vincent Hospital Credit Union's net loan-to-share ratio indicates the Credit Union meets the standards for satisfactory performance.

The Credit Union's net LTS ratio as of December 31, 2012 was 45.0 percent. The Credit Union's average quarterly net LTS ratio was 41.8 percent and was calculated by averaging the previous eight quarterly net LTS ratios between March 31, 2011 and December 31, 2012. As shown in the graph below, the net LTS ratio reached a high of 45.0 percent in December 2012 and a low of 39.0 in both March and June of 2011.



*Source: NCUA Quarterly Call Report, 12/31/2012

As illustrated by the chart above, the Credit Union's ratios have been relatively consistent over the last eight quarters, with a slight upward trend over the last eight quarterly time periods. Net loans have consistently grown over the eight quarter time period by 22.8 percent, while simultaneously, total shares have risen 6.9 percent. The increase in both the loan volume and share deposits contributed to a generally consistent LTS ratio. This is consistent with current economic trends and does not negatively reflect upon the Credit Union's performance. It is also important to note that

the overall asset size of the Credit Union over the prior eight quarters has also grown by 5.8 percent.

A comparison of the Credit Union's net LTS ratio to that of three other industrial credit unions was also performed. The average net LTS ratios of three other similarly situated credit unions, over the same eight quarter period are shown below.

Net Loan-to-Share Ratios		
Institution	Total Assets (in \$ millions) as of December 31, 2012	Average LTS ratio
St. Vincent Hospital Credit Union	\$11.5	41.8
Worcester Police Department Credit Union	\$14.2	83.4
Worcester Fire Department Credit Union	\$38.4	41.2
Worcester Postal Credit Union	\$9.8	42.5

Source: NCUA Quarterly Call Reports, averaged from 3/31/2011 through 12/31/2012.

The St. Vincent Hospital Credit Union's net LTS ratio is consistent with two of the three similarly situated industrial credit unions and is considered reasonable.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

Consumer Loans

The distribution of consumer loans by borrower income level was reviewed to determine the extent to which the Credit Union is addressing the credit needs of its members at all income levels. The Credit Union achieved an adequate penetration among borrowers of different income levels based on a comparison to the median family incomes for the Worcester MSA, which was estimated to be \$82,500 in 2011 and \$83,600 in 2012. The table below reflects the Credit Union's penetration among members of different incomes.

Distribution of Consumer Loans by Borrower Income						
Median Family Income Level	2011		Percent of Families*	2012		Percent of Families**
	#	%	%	#	%	%
Low	1	3.3	4.7	13	43.3	6.8
Moderate	14	46.7	17.0	8	26.7	18.7
Middle	8	26.7	53.0	7	23.3	47.6
Upper	7	23.3	25.3	2	6.7	31.1
Total	30	100.0	100.0	30	100.0	100.0

Source: Internal loan files for 2011 and 2012 *2000 US Census **2010 US Census

In 2011, 3.3 percent of consumer loans were made to low-income borrowers and 46.7 percent were made to moderate-income borrowers. In 2012, 43.3 percent of consumer loans were made to low-income borrowers and 26.7 percent were made to moderate-income borrowers. Overall, 23.3 percent of consumer loans were made to middle-income borrowers and 6.7 percent were made to upper-income borrowers.

The proportion of consumer loans originated by the Credit Union to low- and moderate-income borrowers increased from 2011 to 2012, from 50 percent to 70 percent of the files sampled. This reflects an increase of 20 percent.

The Credit Union's extension of credit to members of the different income levels appears to demonstrate the Credit Union's willingness to lend to members at all income levels. However, the performance is somewhat tempered by the fact the MFI is generally based on more than one individual and consumer loans are generally originated utilizing the income of one borrower.

The Credit Union achieved an adequate penetration of lending to low- and moderate-income borrowers within its membership.

RESPONSE TO CRA COMPLAINTS AND FAIR LENDING

The Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination.

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

The Credit Union's Member Loan Policy is approved annually by the Board of Directors and includes a statement on fair lending and non-discrimination based on the prohibited basis.

The Credit Union plans to implement annual refresher training on Fair Lending and Equal Credit Opportunity Act (ECOA).

All credit applications are processed by the Credit Union Manager or Customer Service Representative within respective lending limits, and all applications, both approved and denied, are reviewed and approved by the Credit Union's Credit Committee, thereby creating a secondary review process.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

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 123 Summer Street, Worcester, MA 01608."

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